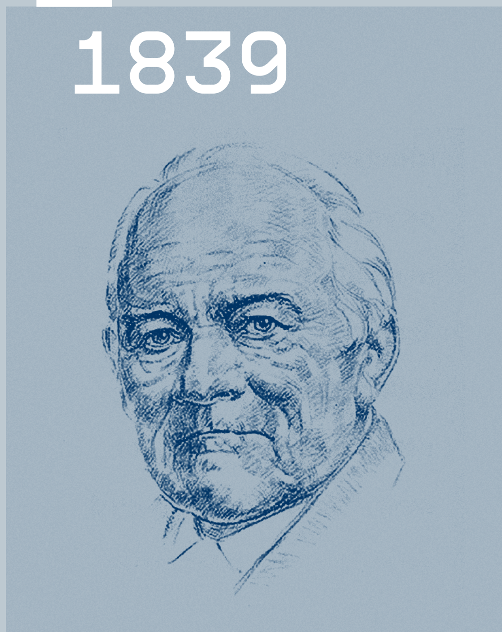
ANNUAL REPORT 2012 / 13
FORMING THE FUTURE – SINCE 1839

SCHULER
Member of the ANDRITZ GROUP

TAKING SCHULER TO THE NEXT LEVEL
175 YEARS OF FUTURE

COMPANY FOUNDED
BY LOUIS SCHULER

1839

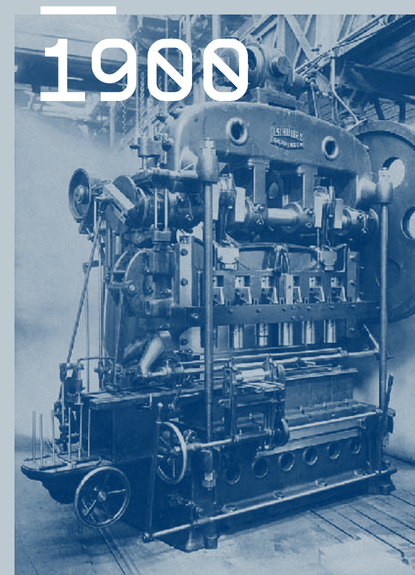


MASS MANUFACTURING IN THE
AUTOMOTIVE INDUSTRY

1924

WORLD'S FIRST
TRANSFER PRESS

1900



PRODUCTION OF METAL-WORKING
MACHINES BEGINS

1852

MARKET LAUNCH OF
SERVODIRECT TECHNOLOGY

2007

TWINSERVO TECHNOLOGY

2012

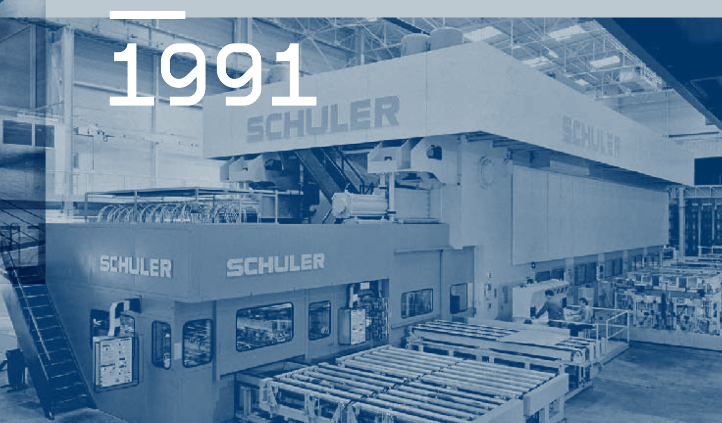
FIRST LARGE-PANEL
TRANSFER PRESS
WITH TRI-AXIS TRANSFER

1983

TAKING
SCHULER
TO THE NEXT
LEVEL

LARGE-PANEL TRANSFER PRESS
WITH CROSSBAR TRANSFER

1991



KEY FIGURES

KEY FIGURES OF THE SCHULER GROUP (IFRS)

		2012/13	2011/12	2010/11[1]	2009/10[2]	2008/09[2]
Sales	€ million	1,185.9	1,226.1	958.5	650.3	823.1
outside of Germany	%	62.6	67.8	69.0	65.5	60.7
New orders	€ million	1,163.3	1,300.9	1,319.0	818.4	590.5
Order backlog[3]	€ million	1,087.9	1,110.6	1,035.7	675.3	507.1
EBITDA	€ million	123.0	118.3	84.8	30.0	− 2.9
EBITA	€ million	101.1	99.8	57.3	19.9	− 40.3
EBIT	€ million	98.3	95.8	54.4	17.1	− 43.9
EBT	€ million	89.7	79.2	22.4	− 15.8	− 71.8
Group profit or loss	€ million	61.7	51.8	24.0	− 11.8	− 64.9
EBITDA margin	%	10.4	9.6	8.8	4.6	− 0.4
EBITA margin	%	8.5	8.1	6.0	3.1	− 4.9
EBIT margin	%	8.3	7.8	5.7	2.6	− 5.3
EBT margin	%	7.6	6.5	2.3	− 2.4	− 8.7
Personnel incl. apprentices[3]		5,580	5,443	5,168	4,969	5,332
Cash flow from operating activities	€ million	129.0	12.3	180.7	54.3	− 32.9
Cash flow from investing activities	€ million	− 27.7	− 45.3	− 4.4	11.4	− 7.9
Cash flow from financing activities	€ million	1.3	− 13.5	− 38.4	− 20.1	1.9
Free cash flow	€ million	101.3	− 32.9	176.3	65.7	− 40.8
Balance sheet total[3]	€ million	997.3	902.7	896.5	726.8	748.5
Shareholders' equity[3]	€ million	302.0	244.6	205.2	116.8	116.5
Equity margin[3]	%	30.3	27.1	22.9	16.1	15.6
Net financial status[3]	€ million	202.2	100.2	137.8	− 106.3	− 173.8
Return on equity	%	22.6	23.0	14.8	− 10.1	− 43.8
Return on investment	%	7.4	7.6	6.9	2.9	− 4.6
Return on capital employed (ROCE)	%	28.4	32.2	16.7	4.1	− 9.4

1) Figures were adjusted according to IAS 8.
2) Figures were not adjusted according to IAS 8.
3) 09/30
Due to rounding effects, there may be slight deviations in the totals and percentages presented in this annual report.

SCHULER AG ANNUAL REPORT 2012/13

175 YEARS OF FUTURE

Schuler celebrates its anniversary in the coming year.

Only very few companies around the world can look back on such a long history and still have so much future ahead of them. What are the roots of this success? What must a company do to stay successful in the market over such a long period of time – through all the economic and historic highs and lows?

This annual report provides the answers – innovative strength, enduring customer relationships, the rigorous pursuit of growth, technical expertise and mutually beneficial partnerships are all key components of Schuler's success story. Just as important though are the people and how they form the company.

"Forming the future" is our motto – we look forward to the next 175 years of future.

CONTENT

FORMING
THE FUTURE

175 YEARS OF FUTURE

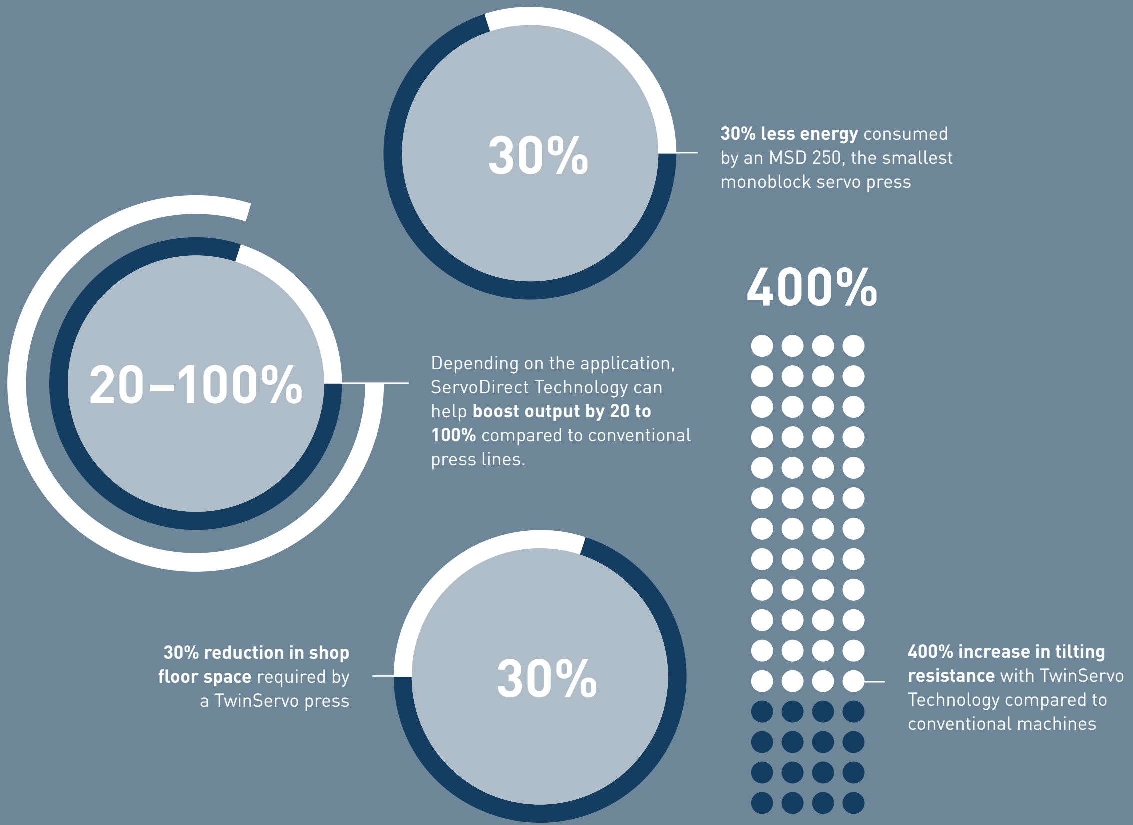
MICHAEL WERBS
Head of Technology Management

Permanent development is part of our corporate culture and our daily work. Innovations are new kinds of solutions for customer needs that can be successfully and economically implemented. Currently in the pipeline: the forging of gear wheels from sheet metal using a servo press.

175 YEARS OF
INNOVATION

Servo presses are a good example of the successful implementation of innovations: ServoDirect Technology combines flexibility, high output, outstanding part quality, and energy efficient production. This ensures the most cost-efficient solution for all processes.

IMPROVEMENTS ACHIEVED



1900

Schuler unveils the world's first transfer press at the World Exhibition in Paris.

1983

Production is launched on the first, fully automated large-panel transfer press with three-axis transfer.

2012

TwinServo Technology marks a new chapter in metalforming.

175 YEARS OF INNOVATION

SERVODIRECT TECHNOLOGY

ENERGY EFFICIENT METALFORMING

Forming lines with ServoDirect Technology have changed the market for press technology and also for the world's press shops. ServoDirect Technology has become the new standard in metalforming. This technology combines maximum flexibility, short die change times, high output, high part quality, and energy efficiency in production. The slide motion can be freely programmed during operation; making virtually any movement possible. In each press along the press line, the slide motion for each part can be adapted individually to the forming process, the die and the automation. As the forming speed can be perfectly adapted to the material and part geometry, a wide variety of products can be produced on the same line – increasing the spectrum of possible parts. Customers are increasingly looking to increase their energy efficiency. In addition to production speed, material savings and die costs are just as important for the economic manufacturing of parts. We are, therefore, examining how we can use ServoDirect Technology to make production processes and process chains more flexible for sheet metal forming. After conquering the field of blanking, for example, ServoDirect Technology is now gradually being introduced for forging processes as well. The economic integration of additional processes has already begun and provides tremendous scope for the future.

SINCE 2007

340

Presses with ServoDirect Technology have been sold around the world.

A . TwinServo press
B . Press line with ServoDirect Technology

3 minutes is all it takes for a fully automatic die and tooling change on a six-station servo press line.

3
Min.

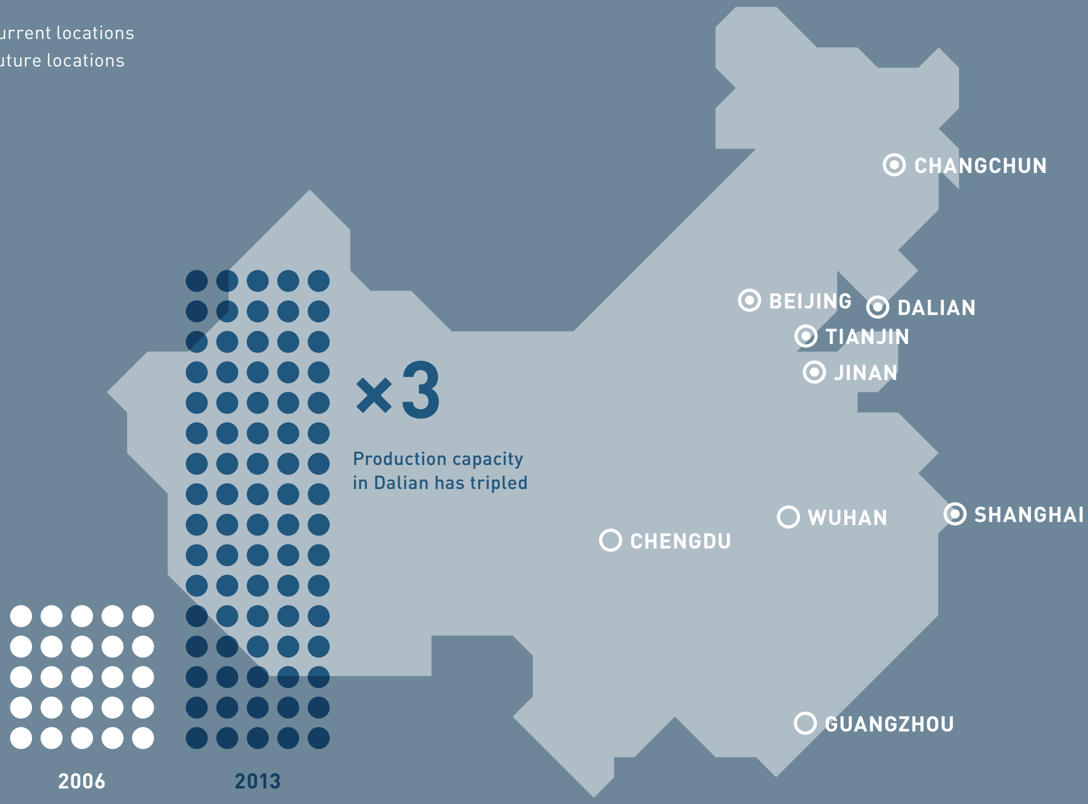
DONG ZHI
Sales Director Automotive,
North China

We want to continue growing in future markets like China. We will, therefore, increase our local manufacturing output in order to adapt products more fully to customer needs. This also applies to forging lines, used, for example, to produce transverse links for cars.

175 YEARS OF GROWTH

China is one of our most important strategic market for the future. Schuler has been represented in China by its own facilities since the mid 1990s. We plan to position ourselves in a way that enables us to benefit from the growth of the world's largest market for machine tools. We will do this by local value added, expanding our production facilities and establishing a widespread service network.

SERVICE LOCATIONS IN CHINA



1996

First production facility in China opened in Shanghai.

2006

The second production facility was opened in Dalian, an important port and industrial metropolis.

2013

Schuler triples production capacity in Dalian, China, to 16,000 m².

175 YEARS OF GROWTH

GROWTH MARKETS

EXPLOITING GLOBAL OPPORTUNITIES

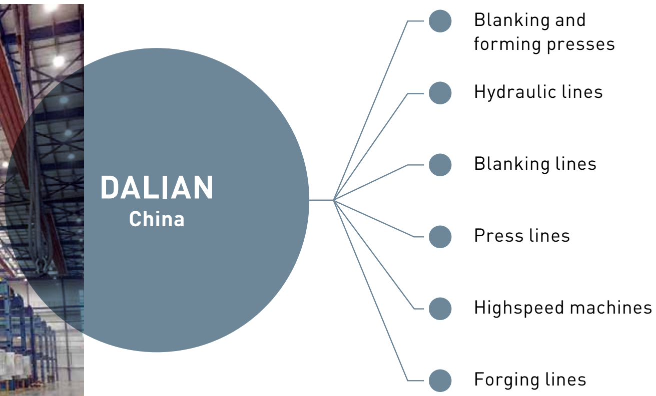
Every second machine tool in the global market place is now bought by a company in China. It therefore goes without saying that this market is of major strategic importance for us. But the other BRIC states, i.e. Brazil, Russia and India, are also promising. Moreover, we believe the United States is on the verge of reindustrialization and Turkey is well on its way to becoming an industrial "global player." Our presses meet the needs of many industries. The opportunities for growth are correspondingly vast if we can demonstrate a strong presence in these markets, and also establish local development, procurement and manufacturing facilities. This close customer proximity helps us to better adapt our products and services to the prevailing market conditions – without renouncing our "Made by Schuler" claim. In addition to our focus on the automotive industry, we are successfully breaking into new and promising market segments. One example is packaging technology. An increasing number of cans and tubes in daily use are formed on our presses. The same applies to the growing demand for pipelines. In this field, we can supply turnkey solutions for the production of large pipes. Or equipment for the forging and rolling of railway wheels for high-speed trains.

PRESENCE IN CHINA

9

Locations.

C



A . The new facility layout is state-of-the-art and production has already been running for several months.

B . Schuler can produce a wide variety of press models here: from blanking and forming cells to press lines.

C . Core competencies of the Dalian site in China.

HANS-PETER BESUCH
Head of on-site assembly and production start-up

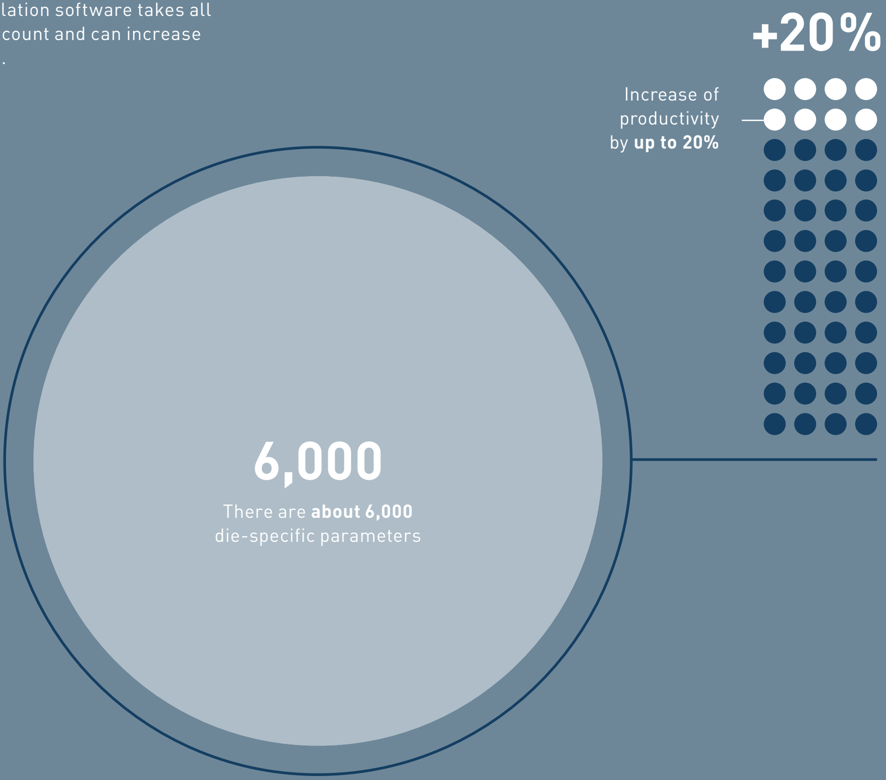
A good apprenticeship is the basis for the development and acquisition of expertise. Every apprentice in a technical profession is introduced to metal by being given a U-steel to file.

175 YEARS OF EXPERTISE

There are about 6,000 die-specific parameters which affect the output of a press line.
They include

/ Lift height of the part
/ Motion behavior of the die
/ Die monitoring
/ Motion of the press slide
/ Die weights

Schuler’s advanced simulation software takes all these parameters into account and can increase productivity by up to 20%.



1978

Introduction of CAD software for designing presses.

1994

First use of three-dimensional CAD software.

2012

Schuler develops software for the press simulation of servo lines.

175 YEARS OF EXPERTISE

CLOSE TO THE PART

EXPERTISE BASED ON EXPERIENCE

On-site assembly technicians and press start-up specialists know how important it is for their job to experience the requirements of the forming process at first hand. Even if you no longer have daily contact with steel and aluminum in your later career – such as Process Manager Dietmar Schöllhammer. He developed a simulation software which can not only display but also optimize the running operation of a press line. Long before a press line is installed, the first virtual car parts can already be produced.

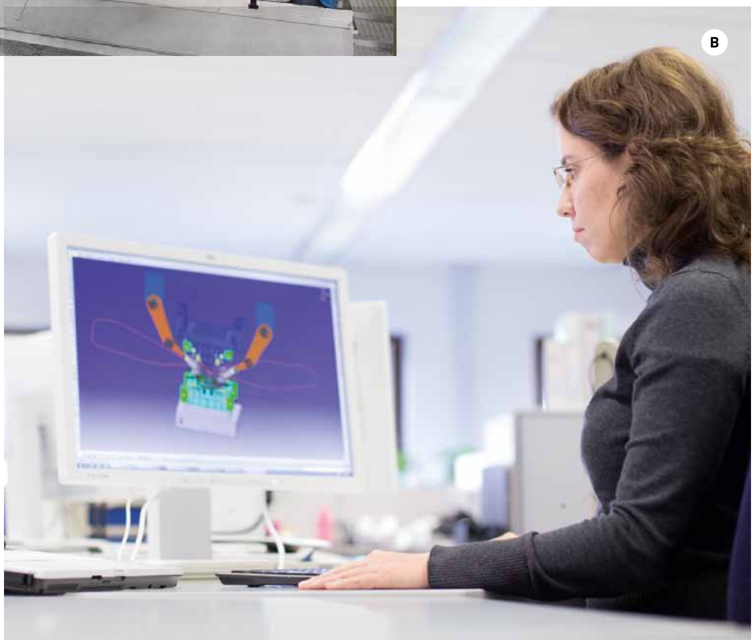
At what angle must the car door be removed from the die to ensure maximum speed and the absolute avoidance of collisions? And, with this in mind, how can it then be transferred in the best possible way to the next forming stage? The software answers all these questions – provided you press the right buttons. This mass of parameters is a little too much for the computer alone: it also needs an expert operator, such as Florentine Wurster, with the necessary production experience. With her trained eye, she knows how much clearance she needs to allow at which point and where the suction cups will get the best grip on the component. And this is why a technical apprenticeship at Schuler will continue to start with the filing of a U-steel – also in the future.

INCREASE OF PRODUCTIVITY

20

% more productive with the aid of simulation software developed by Schuler.

A . View of the die area
B . Shorter set-up times thanks to Schuler’s simulation software



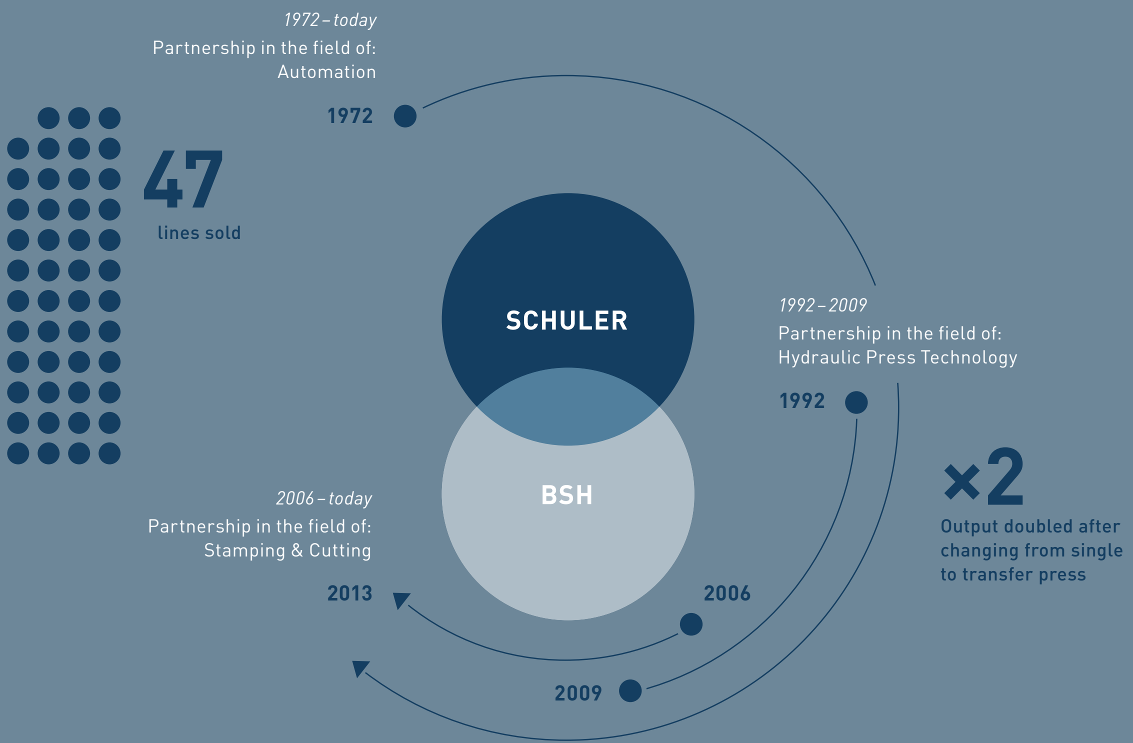
OLIVER BEISEL
Sales Manager Stamping and Cutting

Only companies that truly understand their customers can provide expert advice. The longer you work together the better. This can enable customers, for example, to double the output of their mass manufactured parts. The best example is this front panel for an electric oven made by BSH Bosch und Siemens Hausgeräte GmbH.

175 YEARS OF
PARTNERSHIP

Our goal is for our customers to succeed. With their cooperation, we have developed numerous metalforming trends and production processes. One example is our partnership with BSH Bosch und Siemens Hausgeräte GmbH:

OVER 40 YEARS OF PARTNERSHIP



1960

Flexibility: moving bolsters enable die changes for the first time, meaning that different dies can be used on one line and different parts can be manufactured.

1980

Productivity boost: new technologies like tri-axis transfer presses and crossbar presses increase the lines' output and make them more cost-efficient.

2013

Lightweight: high-strength steels and aluminum are becoming increasingly popular. Forming processes have a key role to play. Mechanical presses with ServoDirect Technology are particularly well suited for the job.

175 YEARS OF

PARTNERSHIP

A STRONG PARTNER

DEVELOPING THE FUTURE

We work in partnership with our customers, suppliers and technology partners. A press manufacturer should not only supply the machines but cover the entire process – from feasibility study and process simulation to part development, service and retro-fits. Schuler Service does exactly that. We offer one-stop shopping, from planning to production launch and beyond. The perfect partnership over the machine's entire useful life. Together with our customers, we develop modernization solutions tailored precisely to their manufacturing needs – taking into account the latest requirements concerning flexibility, high availability, output increases and energy efficiency -- and help reduce part costs. A key aspect of our ongoing development of products and production solutions is constant communication with our business partners. Communication multiplies knowledge and generates ideas. A good partnership provides peace of mind. Schuler helps source solutions when things are not going so well. As the market leader with a global presence in all major markets, Schuler offers security to its customer partners.

SINCE 1972

47

presses for our customer and partner BSH Bosch und Siemens Hausgeräte GmbH.

A . 800-t-platform press with ServoDirect Technology
B . Increase in output

12

Parts per minute with conventional press technology

20

Parts per minute with ServoDirect Technology

B

INCREASE IN OUTPUT

example of a front panel produced by BSH Bosch und Siemens Hausgeräte GmbH

By changing to ServoDirect Technology, BSH Bosch und Siemens Hausgeräte GmbH can produce approx. 1 million more parts per year.

THE BOARD OF MANAGEMENT OF SCHULER AG

[left to right]

**DIPL.-KFM.
NORBERT BROGER**
Chief Financial Officer,
Member of the
Board of Management
since January 2013

DR. PETER JOST
Chief Operating Officer,
Member of the
Board of Management
since March 2013

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

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


RS
TURE

SELECTED KEY FIGURES

EBITDA
123.0
€ MILLION

NET PROFIT
61.7
€ MILLION

GROUP SALES
1.19
€ BILLION

EBITDA MARGIN
10.4
PERCENT

NEW ORDERS
1.16
€ BILLION

EMPLOYEES INCLUDING APPRENTICES
5,580
PEOPLE

LETTER TO THE SHAREHOLDERS

GÖPPINGEN
DECEMBER 4, 2013

Dear shareholders, customers and friends,

In fiscal year 2012/13, we were able to seamlessly continue the records set in the two preceding years with unchanged sales revenues and year-on-year growth in earnings. Consolidated sales amounted to € 1.19 billion and our operating result rose to € 123.0 million. The EBITDA margin was increased to 10.4%. We therefore reached the targets which we set in 2010 for fiscal year 2013/14 – sales of € 1.2 billion and an EBITDA margin of 10% – one year sooner than planned.

Despite a slowdown in market demand, we received new orders worth € 1.16 billion – which was almost on a par with sales. We succeeded in obtaining the largest service order and the largest single order in our company history. All in all, Schuler was once again very successful in 2012/13.

In April 2013, we launched the second stage of our strategic growth program "Growing Together 2.0." an initiative to help keep Schuler on this successful course in the future. Firstly, we will continue to drive Schuler's globalization by significantly expanding our presence in major growth markets like China. For example, we expanded our production plant in Dalian and tripled capacities last year. We also made strong increases in manpower for our local procurement, development and service capabilities and opened additional service offices.

Internally, we plan to simplify and streamline the organizational structures that have evolved over the years. We made a deliberate decision to start at the top, and the Board of Management and second-tier management levels were the first to be downsized. The manufacturing and administrative functions of our German companies are to be realigned in order to improve the efficiency, flexibility and cost-effectiveness of our production. The planned changes will result in a number of internal relocations among the Group's domestic sites and affect 350 jobs in Germany over the medium term. In the last three years, we have created almost 600 new jobs around the world.

Over the past few years, we have succeeded in strengthening our position as the global and technological market leader in metalforming. In addition, we were able to successfully enter new market segments – also outside the automotive industry. These achievements owe a great deal to the efforts of our employees and managers, and especially to the trust our customers continue to place in us. We would therefore like to express our sincere gratitude to all these people. With this in mind, we aim to continue our successful development in the future.

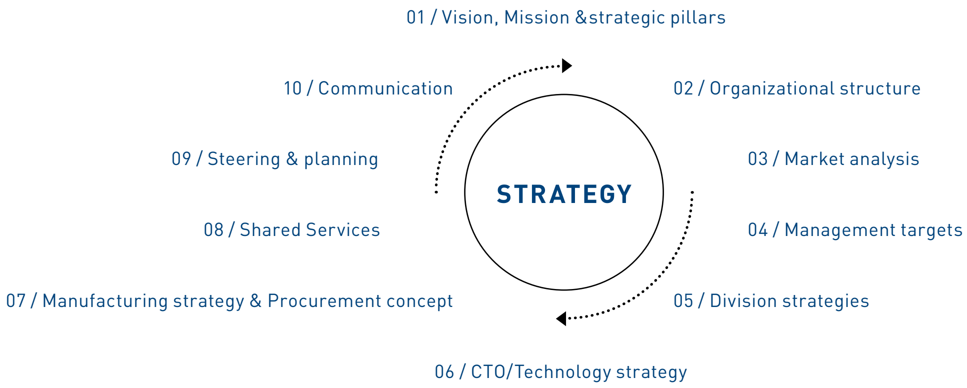
With best regards,

STEFAN KLEBERT
CEO

GROWING TOGETHER 2.0

Our strategy for profitable growth

Schuler is on a successful path. Over the past three years, we have achieved strong growth in sales and earnings. In late 2010, we laid the cornerstone for this success with the launch of our group-wide project, "Growing Together." The merger of Müller Weingarten and Schuler Pressen, the introduction of a CTO organization, the pooling of procurement activities and the expansion of capacities in China were key drivers of our success. In order to remain successful in the future, we launched the latest version of our strategic program, "Growing Together 2.0," in March 2013 and extended our outlook to the year 2020. The key questions are: With which products and in which markets can Schuler achieve further growth? The strategic and growth program, "Growing Together 2.0" aims to lay the foundation for profitable growth and thus secure Schuler's long-term success. "Growing Together 2.0" contains the following 10 work modules:



GROWING TOGETHER 2.0
OUR STRATEGY FOR PROFITABLE GROWTH

All are handled by teams of experts, and the first provisional results were achieved in fiscal year 2012/13. The aim is to successfully complete the concept phase by summer 2014.

Strategic pillars

The ultimate vision of the Schuler Group is to be the best: not only in metalforming as the supplier offering the best value for money with top profitability, but as the preferred employer for our employees. We want to be the world's most reliable partner and supplier of metalforming solutions, and as the technological leader create added value for our customers, shareholders, employees, suppliers and the environment based on our innovative strength. We can achieve this by means of an efficient organization with strategic clarity, transparent communication and operational excellence.

Organizational structure

Restructuring of the Schuler Group. The aim is to achieve a significant increase in efficiency by streamlining the organization. Fast decision processes and clear responsibilities will pave the way to our continued success. This also involves streamlining the Group's senior management level. At the beginning of the current fiscal year, Schuler already made significant reductions at its Board of Management and second-tier management levels. Additional synergy potential is expected from the merger of several German subsidiaries with Schuler Pressen GmbH.

Moreover, as of October 1, 2013 the eight Technology Fields were replaced by just six Divisions with global responsibility for their respective product ranges.

DIVISIONS OF THE SCHULER GROUP

AUTOMOTIVE | HYDRAULIC | INDUSTRY | SYSTEMS | SERVICE | AUTOMATION

The Hydraulic Division comprises the former Technology Field Hydraulic Press Technology and the hydraulic business of Forging. The Industry Division includes the former Technology Field Stamping & Cutting Technology and the mechanical business of Forging. The Systems Division was formed from the former Technology Fields Process Technology and Highspeed Technology. The Automotive, Service and Automation Divisions were not affected by the restructuring.

Market and division strategies

We have noticed a growing need among our customers for country-specific products and local value added. Also, there is an increasing number of local competitors in the global market – especially in China. We are, therefore, working hard on possibilities to tap new markets. In a nutshell, we are trying to answer the following questions:

/ Which strategies will enable us to be successful in the future regarding our existing and new markets?
/ Which products do we need to remain the global market leader and build on our position?
/ How can we use new products to tap an even broader market, the so-called B and possibly C segments?
/ Can we strengthen our expertise with the aid of targeted acquisitions, which will complement our own product range?
/ Where is the best place to produce these products with our "Made by Schuler" expertise?

GROWING TOGETHER 2.0
OUR STRATEGY FOR PROFITABLE GROWTH

Manufacturing strategy and shared services

Many aspects of our organization have evolved over the years, leading to complex processes and long paths to decisions. We also need to follow our customers into their overseas markets – with local production, procurement and development – if we want to remain a leading global company in the metalforming industry based in Germany. This has led us to examine the level of vertical integration, cost efficiency and division of labor at our German production facilities, as well as our administrative functions. We plan to make targeted corrections that will provide us with greater scope for future action and strengthen our competitiveness.

Germany to remain Group's headquarters

The bottom line is that Germany will remain the Group's most important location with around 75 percent of Schuler's workforce located there. However, we plan to streamline production in that country, reduce the level of vertical integration and increase our flexibility. Moreover, we will pool our administrative functions and set up central service centers, so-called Shared Service Centers. This will impact Accounts, Controlling, HR and IT.

The above-mentioned structural measures in production and administration will require adjustments in staffing levels. In Germany, we predict this will lead to the loss of approximately 350 jobs, and we will take all necessary steps to ensure that impact to employees is as minimal as possible.

The company's traditional foundry in Göppingen, which has been running at a loss for several years, will be closed after no potential buyer was prepared to guarantee its continued existence. In Weingarten, Schuler will focus on manufacturing its core competencies and its fast-growing service business. Waghäusel will remain our site for hydraulic solutions, with a strategic focus on the production of hydraulic core components, assembly and production launches. Our plant in Erfurt will become the central production plant for large-scale presses in Europe. Göppingen will be the center for presses with in-house production launches.

Introduction of shared services in Germany

Schuler's administrative functions are currently decentralized, i.e. many of its administrative tasks are conducted at each location. With the introduction of Shared Service Centers, these processes can be optimized and standardized – raising their quality and speed. In the future, administrative tasks for the whole of Germany will be pooled at the sites in Göppingen, Weingarten and Erfurt. This will lead to the loss of around 40 jobs in Germany.

Steering and planning

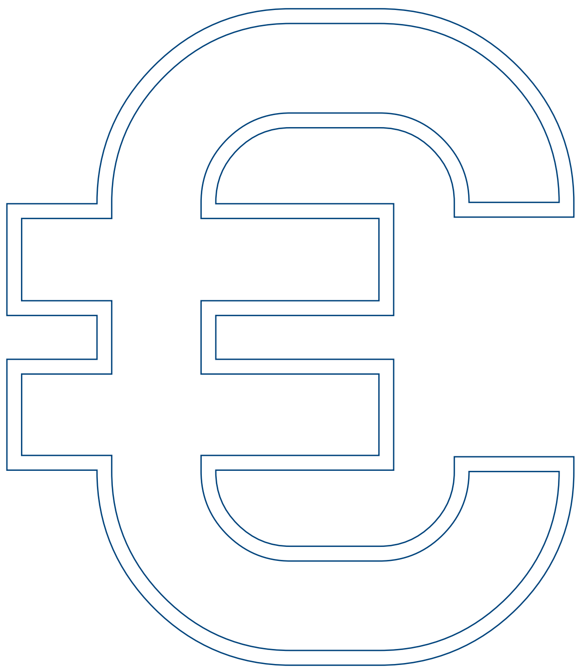
The use of a consistent system of key performance indicators to steer the Group and measure its performance over time is a key element of successful management. Only those companies who know their targets and regularly check their achievement can also take swift corrective measures in the case of deviations. As a globally active engineering company, we operate in a challenging environment. In the past, we have proven that we have efficient instruments to steer the company. True to the motto, "Those who stop becoming better will stop being good," we are constantly working on optimizing our control system in line with ever-changing market conditions.

Communication

The regular monitoring of module progress, status reports to the Steering Committee, and the establishment of transparent communication across all modules are essential for the project's success. Since starting the project in March 2013, we have continually informed the Supervisory Board, our managers and employees about the project's status and communicated decisions taken by our executive bodies as quickly as possible.

SCHULER AG
ANNUAL REPORT 2012/13

THE INVESTMENT



CONTENTS

SCHULER
Member of the ANDRITZ GROUP

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

CHART 01 SELECTED DATA ON THE SCHULER SHARE

2012/13

+27.9
[PERCENT]
INCREASE IN VALUE OF SCHULER SHARE
Change as of 09/30/2013, compared to prior year

93.57
[PERCENT]
SHARE PACKAGE OF ANDRITZ
as of 02/15/2013

708.3
[€ MILLION]
MARKET CAPITALIZATION
as of 09/30/2013

0.11
[EURO]
DIVIDEND PER SHARE
Proposal to the Annual General Meeting 2014

SCHULER ON THE CAPITAL MARKET

THE STOCK EXCHANGE IN 2012/13

Following a surge in stock prices during the summer of 2012, the forces driving up German stocks were largely exhausted by fall 2012. Despite the markedly downbeat mood, however, the important 7,000-mark was never in danger. From mid November onward, stocks embarked on an extended year-end rally. This trend was helped in particular by optimistic economic forecasts. At 7,612 index points, the Dax was up by as much as 29% over the prior-year figure.

Dax passes the 8,000-mark.

The German stock market began 2013 in a more cautious mood. Following the disproportionately strong development toward the end of 2012, there was an extended phase of consolidation in January and February. In March, the global stock markets began to pick up momentum again and the Dax passed the 8,000-mark in the middle of the month. After peaking in spring, however, stock prices began to weaken again due to poor economic data, especially for China and Europe, and profit taking. The mood began to brighten as of July and stock markets began the second half of the year with a more positive outlook. The decline in early summer was corrected, and the Dax once again forged beyond the 8,000-mark. New, year-highs were recorded in September. Positive early indicators from the eurozone and China prompted strong increases in the German and European indices. At the end of September 2013, the Dax stood at 8,594 points – up 10.5% from the beginning of the year.

SUCCESSFUL STOCK DEVELOPMENT

Over the past twelve months, the Schuler share has continued to make strong progress. Compared to the previous year, its value rose by 27.9% to close at € 23.68 on September 30.

Strong performance of Schuler share.

As a result, the Schuler share once again outperformed the blue-chip Dax index (+19.1%) and small-cap SDax index (+27.8%). The Schuler share reached a year-high of € 25.31 on September 3, 2013. Its lowest quote was € 15.64 on November 16, 2012.

The reduced free float portion following the completed takeover by Andritz, led to a strong decrease in the number of shares traded and trading volume. The average daily turnover was 13,780 shares (prior year: 88,950 shares), while the trading volume amounted to T€ 279 (prior year: T€ 1,398).

There was an encouraging increase, however, in the company's market capitalization. Thanks to the strong, share price performance and the issue of 220,416 shares in connection with the Stock Option Program 2008, market capitalization rose by 28.9% to € 708.3 million.

GREEN LIGHT FOR ANDRITZ TAKEOVER FROM ANTI-TRUST AUTHORITIES

Following the approval of the antitrust authorities of Brazil, the European Union, Turkey and the United States of America for the takeover by the Austrian-based Andritz Group in the past fiscal year, the antitrust authorities of the People's Republic of China also gave their approval in February this year. The takeover by Andritz could therefore be completed. According to the last announcement on February 15, 2013, Andritz now holds over 93.57% of shares in Schuler AG.

The background: in late May 2012, Schuler-Beteiligungen GmbH (controlled by the founding family Schuler-Voith) sold its share package – totaling 38.5% of Schuler shares – to Andritz. Subsequently, the Graz-based technology group made an unsolicited public takeover offer to the remaining shareholders. Both transactions were subject to approval from the antitrust authorities.

CHANGE TO GENERAL STANDARD

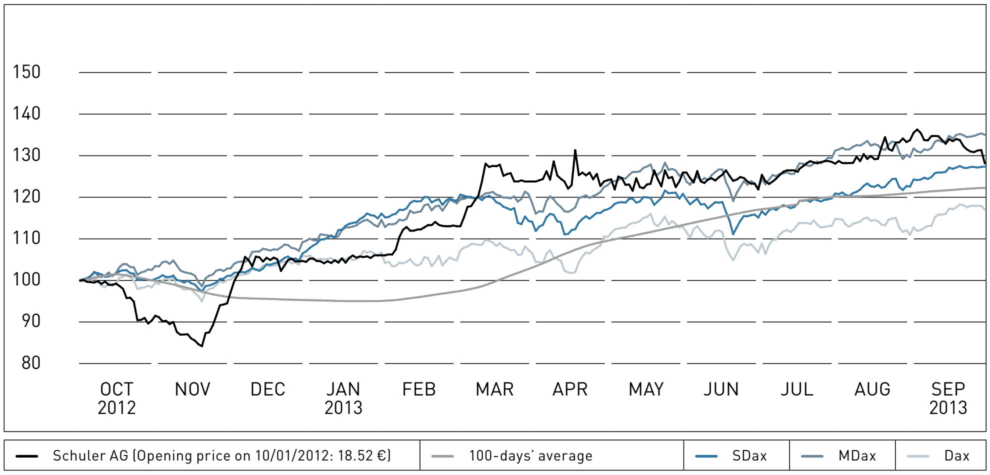
In September of the past fiscal year, the Board of Management of Schuler AG applied for a revocation of admission to the Prime Standard segment. The main motivation for the decision to change to the General Standard was the decision of Deutsche Börse to exclude the Schuler share from the SDax index, and the fact that institutional investors would probably not focus on Schuler shares once the takeover offer of Andritz Beteiligungsgesellschaft IV GmbH was completed.

As of January 2013, the Schuler share is traded in the General Standard segment of the Regulated Market.

CHART 02 SCHULER SHARE AT A GLANCE

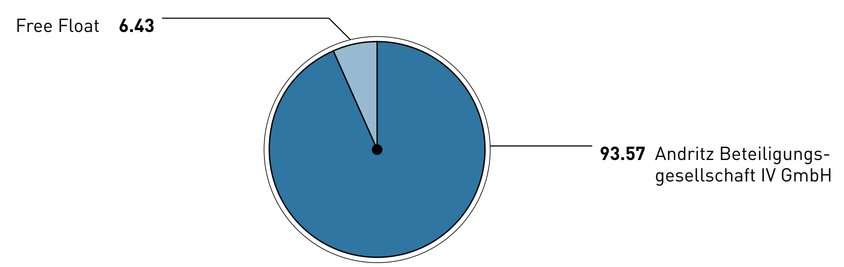
PERFORMANCE OF THE SCHULER SHARE

INDEX: OCTOBER 1, 2012 = 100 PERCENT



SHAREHOLDER STRUCTURE

IN PERCENT



Status: 02/15/2013

DEVELOPMENT OF THE SCHULER SHARE

		2012/13	2011/12	Change
Number of shares issued	(pcs)	29,911,250	29,690,834	0.7%
Share price (as of 09/30)	(in €)	23.68	18.51	27.9%
Market capitalization (as of 09/30)	(in € million)	708.3	549.6	28.9%
Average daily trading volume on Xetra	(pcs)	13,780	88,950	–84.5%
Average daily trading volume on Xetra	(in T€)	279	1,398	–80.1%

SCHULER LISTED UNDER A SINGLE STOCK IDENTIFICATION NUMBER

In connection with the unsolicited public takeover bid of Andritz Beteiligungsgesellschaft IV GmbH, two new stock identification numbers were introduced for Schuler shares: ISIN DE000A1PG9F9 ("Schuler shares submitted for sale") and ISIN DE000A1PG9G7 ("Schuler shares subsequently submitted for sale"). Five working days after expiry of the extended acceptance period, the Schuler shares subsequently submitted for sale were reclassified to the ISIN of the Schuler shares submitted for sale during the acceptance period. After the Chinese antitrust authorities approved the takeover on February 7, 2013, and all necessary antitrust clearance had been received, the Schuler shares submitted for sale were reclassified as ISIN DE000A0V9A22.

TABLE 01 KEY FIGURES OF SCHULER SHARE

		2012/13	2011/12		2010/11[1]		2009/10[2]	2008/09[2]
			diluted	basic	diluted	basic		
Earnings per share	€	2.06	1.72	1.74	0.95	0.97	−0.60	−3.12
Book value per share	€	9.97	8.09	8.14	8.14	8.25	5.00	5.43
Cash flow[3] per share	€	4.32	0.41	0.42	7.32	7.41	2.54	−1.57
Dividend per share	€	0.11[6]	0.11[5]	0.11[5]	0.25[4]	0.25[4]	0.00	0.00
Price/earnings ratio[7]		11.51	10.73	10.67	8.27	8.17	n.a.	n.a.
Capital stock[8]	€ million	77.77	77.20	77.20	76.05	76.05	59.15	54.60
Number of shares (average weighting)	million	29.85	29.72	29.54	24.70	24.39	21.37	21.00
Year-end price	€	23.68	18.51	18.51	7.90	7.90	4.67	2.99
Year-high	€	25.31	20.45	20.45	12.90	12.90	5.40	7.00
Year-low	€	15.64	7.65	7.65	4.17	4.17	4.67	2.99

1) Figures adjusted according to IAS 8.
2) Figures were not adjusted according to IAS 8.
3) Cash flow from operating activities.
4) Dividend proposal for the Annual General Meeting for shares with the number ISIN DE000A0VA22 (different proposal of 12 cents for shares with the number ISIN DE0007210601).
5) Dividend amount varies from original dividend proposal to Annual General Meeting of € 0.25 due to counter-proposal of majority shareholder.
6) Dividend proposal to the Annual General Meeting.
7) Year-end price on September 30/earnings per share.
8) As of September 30.

The subscription rights issued during the implementation of the Stock Option Program 2008 in January 2013 were not entitled to dividends for fiscal year 2011/12. A separate stock identification number was also required for these shares (ISIN DE000A1RFH26). With a resolution of the Annual General Meeting on April 18, 2013 regarding the dividend payment, separate identification was no longer needed for these shares.

As of April 19, 2013, the Schuler share is therefore listed under a single ISIN (DE000A0V9A22).

SUCCESSFUL ANNUAL GENERAL MEETING 2013

The Annual General Meeting of Schuler AG was held on April 18, 2013. The Board of Management of Schuler AG informed approximately 400 shareholders and guests of the company's successful fiscal year 2011/12 and its future strategy.

Shareholders vote in favor of all items on the agenda with large majorities.

The shareholders of Schuler AG confirmed the course charted by the company's management and voted in favor of all items on the agenda, which passed with wide margins. With over 99% of votes cast, the actions of the Board of Management and Supervisory Board were approved for fiscal year 2011/12. The countermotion of majority shareholder Andritz to distribute a dividend of just € 0.11 per share, instead of € 0.25 as proposed by the Board of Management and Supervisory Board, was also approved by shareholders with a majority of over 99%. The retained earnings are to help the company achieve further growth.

OPEN CAPITAL MARKET COMMUNICATION

We attach great importance to open and transparent communication with our shareholders and the interested public, and therefore take great care to ensure prompt and comprehensive reporting.

Shareholders and potential investors are informed about the company's major developments on our corporate website ↦ WWW.SCHULERGROUP.COM in the "Investor Relations" and media sections. All key data and reports can be accessed or downloaded here.

TABLE 02 SHARE DATA

ISIN	DE 000A0V9A22
Stock exchange symbol	SCUN
Number of shares	29,911,250
Market segment	General Standard
Capital stock	€ 77,769,250
Stock exchanges	Listed on the Regulated Markets of the Frankfurt and Stuttgart stock exchanges since March 23, 1999
Designated sponsor	Close Brothers Seydler Bank
Fiscal year ending	09/30 (as of October 1, 2013, the fiscal year ends on December 31)

SCHULER AG
ANNUAL REPORT 2012/13

THE STANDARDS

CONTENTS

SCHULER
Member of the ANDRITZ GROUP

HTTP://WWW.SCHULERGROUP.COM/GB

CHART 03 **KEY ELEMENTS OF GOOD CORPORATE GOVERNANCE**

2012/13

VISION

STRATEGY

TRANSPARENCY

SECURITY

TRUST

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

It should be noted in the following report that there were considerable changes in the composition of the Supervisory Board during fiscal year 2012/13, as will be described in detail below. The report is therefore not completely based on the direct personal experience of all members.

Throughout the fiscal year 2012/13, the Supervisory Board performed with due care, the duties assigned to it by law, the company's articles and its own rules of procedure. It offered support and advice for the Board of Management and permanently monitored its activities. The Board of Management provided the Supervisory Board with prompt and detailed information, both orally and in writing, on the Group's current situation and progress, on all business transactions requiring approval, on the risk situation and on relevant questions of corporate strategy and planning. The Supervisory Board was directly involved in all decisions of major importance for the company from an early stage and adopted its resolutions after careful examination and on the basis of the written proposals presented.

The Supervisory Board held a total of five ordinary meetings in the reporting period, which were also attended by the members of the Board of Management. Written circular resolutions were also adopted. No member of the Supervisory Board attended fewer than half the meetings. In addition to these meetings, the Chairman of the Supervisory Board remained in close contact with the Board of Management in order to gain prompt information about developments and significant events.

PRIMARY AREAS OF THE SUPERVISORY BOARD'S ADVISORY AND MONITORING ACTIVITIES

A regular feature of all meetings was the Board of Management's reports on the current business situation of the Schuler Group, and particularly the latest sales and earnings figures, as well as the financial and asset position.

At its meeting on November 8, 2012, the Supervisory Board once again appointed Stefan Klebert as an ordinary member of the Board of Management and as Chief Executive Officer with effect from October 1, 2013. The appointment to both positions is valid for a period of five years, ending September 30, 2018.

At its meeting on December 18, 2012, the Supervisory Board focused on the auditing of the annual financial statements for fiscal year 2011/12 of Schuler AG and the Schuler Group, as well as the related management reports, the affiliated companies report of the Board of Management according to § 312 of the German Stock Corporation Law (AktG), and the appropriation of the balance sheet profit. The Supervisory Board approved the annual financial statements of Schuler AG and the consolidated financial statements. After careful examination, the Supervisory Board accepted the proposal of the Board of Management regarding the appropriation of the balance sheet profit. Another key item on the agenda was the amendment to the termination agreement with Chief Financial

Officer (CFO) Marcus A. Ketter, which moved his retirement date from the Board of Management to December 31, 2012, from January 31, 2013.

The main topics of the meeting held on March 5, 2013 were the election of the new Chairman of the Supervisory Board, Dr. Wolfgang Leitner, who succeeded the retiring chairman Dr. Robert Schuler-Voith, and the appointment of Dr. Peter Jost as a member of the Board of Management. This also involved the adoption of a new schedule of responsibilities for the Board of Management, and the new composition of the Supervisory Board's committees. Another area of focus was the adoption of proposals for the agenda items of the Annual General Meeting on April 18, 2013. The Supervisory Board dealt in great detail with the proposed candidates for the election of shareholder representatives.

In its constituent meeting after the Annual General Meeting, the Supervisory Board elected Dr. Wolfgang Leitner as Chairman of the Supervisory Board and Thomas Bohlender as his deputy. The members of the Supervisory Board's committees were then elected. At the same time, the Supervisory Board adopted the targets for the composition of supervisory boards pursuant to Section 5.4.1 of the German Corporate Governance Code.

The main topic of the meeting on August 28, 2013 was the presentation of the planned, new corporate structure of the Schuler Group. The restructuring aims to significantly streamline the Schuler Group and thus optimize its processes. At the same meeting, the Supervisory Board also discussed the non-prolongation of the service agreement with Dr. Markus Ernst and the reallocation of responsibilities within the Board of Management.

On September 30, 2013, the Supervisory Board adopted a circular resolution on the Declaration of Conformity 2013 with the German Corporate Governance Code pursuant to § 161 AktG.

PERSONNEL CHANGES IN THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

There were several changes in the composition of the Supervisory Board and Board of Management during the reporting period.

The completion of a majority takeover by the Austria-based Andritz Group led to changes in the composition of Schuler AG's Supervisory Board. The controlling body appointed the CEO of Andritz AG, Dr. Wolfgang Leitner, as successor to the former Supervisory Board Chairman Dr. Robert Schuler-Voith. Along with another member of the Supervisory Board, Mr. Helmut Zahn, Dr. Robert Schuler-Voith had agreed to step down from his position. On application of the Board of Management, Dr. Wolfgang Leitner and Prof. Christian Nowotny, a member of the Supervisory Board of Andritz AG, were appointed by court as new members of the Supervisory Board for the period up to the end of the Annual General Meeting on April 18, 2013.

The scheduled term of office for the Supervisory Board ended on completion of the Annual General Meeting on April 18, 2013. The shareholder representatives Prof. Dr. Hartmut Hoffmann and Dr. Hans Michael Schmidt-Dencker no longer stood for election, and their mandates as members of the Supervisory Board ended on completion of the Annual General Meeting. The remaining shareholder representatives, Dr. Wolfgang Leitner, Prof. Dr. h.c. Roland Berger, Prof. Dr. Christian Nowotny and Hans-Jürgen Thaus, were all re-elected by the Annual General Meeting for an additional term of office. Ralf Dieter, CEO of Dürr AG, Stuttgart, and Friedrich Papst, member of the Board of Management of Andritz AG, Graz, Austria, were elected as new members of the Supervisory Board.

The election of worker representatives to the Supervisory Board was held earlier, on March 20, 2013. This also resulted in a change in personnel. Heiko Maßfeller retired from the Supervisory Board of Schuler AG. He was replaced by Martin Sambeth, Chief Representative of the Metal Workers' Union (IG Metall), Regional HQ Baden-Württemberg, Stuttgart.

In the constituent meeting on April 18, 2013, Dr. Wolfgang Leitner was elected as Chairman of the Supervisory Board and Thomas Bohlender as Deputy Chairman.

The following personnel changes were made to the Board of Management in the reporting period and the following reappointment was adopted. At its meeting on November 8, 2012, the Supervisory Board once again appointed Stefan Klebert as an ordinary member of the Board of Management and as Chief Executive Officer with effect from October 1, 2013. The appointment to both positions is valid for a period of five years, ending September 30, 2018. Norbert Broger was appointed to Board of Management of Schuler AG as of January 1, 2013. He is responsible for the Finance division, including the function of Labor Director. Norbert Broger succeeds Marcus A. Ketter who left the company on December 31, 2012 at his own request.

Dr. Peter Jost was appointed as a new member of the Board of Management of Schuler AG, effective beginning March 6, 2013. As Chief Operating Officer (COO), Dr. Jost is responsible for the Procurement, Production and Logistics divisions as well as Quality Management.

Dr. Markus Ernst retired from the Board of Management of Schuler AG as of September 30, 2013. He had been a member since 2007 and prior to his departure was responsible for five Technology Fields of the Non-Automotive business. His tasks will be assumed in the future by the CEO, Stefan Klebert. The Supervisory Board would like to thank Dr. Ernst for his outstanding commitment and contribution to the success of the Schuler Group over the past years, and wishes him all the best for the future.

COMPOSITION AND WORK OF THE COMMITTEES

In keeping with the same operating procedure as before, the Supervisory Board of Schuler AG has four committees: the Permanent Committee acc. to § 27 (3) of the German Codetermination Act (MitbestG), the Personnel Committee, the Audit Committee, and the Nomination Committee.

The Personnel Committee was convened three times during the reporting period. Its activities involved the reappointment of Stefan Klebert, preparing for the departure of Marcus A. Ketter and Dr. Markus Ernst, and appointing Dr. Peter Jost as Chief Operating Officer.

The Audit Committee met four times. At these meetings, the focus was on interim announcements, the half-yearly financial report, and annual and consolidated financial statements. In addition, discussions were held regarding questions of accounting, auditing, the internal control and audit system, and risk and compliance management.

The Nomination Committee was convened once to discuss proposals for suitable candidates for election to the Supervisory Board.

As in the previous years, the Mediation Committee did not need to be convened.

At its full plenary meetings, the Supervisory Board was regularly provided with comprehensive information on the work of the committees.

CORPORATE GOVERNANCE

The Supervisory Board continually monitors the application and further development of corporate governance regulations, and especially the implementation of recommendations stated in the German Corporate Governance Code. The Declaration of Conformity with the German Corporate Governance Code pursuant to § 161 AktG issued by the Board of Management and Supervisory Board was unanimously adopted by circular resolution and published on the company's website on September 30, 2013.

The composition of the Supervisory Board corresponds to the legal regulations and targets that the Supervisory Board has stated pursuant to Section 5.4.1 of the German Corporate Governance Code. There are no direct consultancy or other service relationships between the company and any member of the Supervisory Board. No conflicts of interest as defined by Section 5.5 of the German Corporate Governance Code were disclosed during the reporting period and are not otherwise known by the Supervisory Board.

Further information on the subject of corporate governance is provided in the Corporate Governance Report.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2012/13

The annual financial statements prepared by the Board of Management as of September 30, 2013 for Schuler AG and the consolidated group, as well as the management reports for Schuler AG and the consolidated group, and the affiliated companies report prepared by the Board of Management, were audited by the accountancy firm of KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, and received unqualified certification.

The report concerning relations to affiliated companies, as prepared by the Board of Management pursuant to § 312 AktG, was awarded the following certificate by the chief auditor: "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 performance resulting from the legal transactions listed in the report was not inappropriately high,
3. there are no circumstances that would suggest an assessment substantially different from that of the Board of Management with respect to the measures listed in the report."

The audit order to the auditing company was issued by the Supervisory Board according to a resolution adopted by the Annual General Meeting of April 18, 2013. 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, the affiliated companies report prepared by the Board of Management, as well as the auditor's reports. The financial statements and reports were examined in detail by the Audit Committee at its meeting on December 3, 2013. The Audit Committee gave a detailed report at the full Supervisory Board's balance sheet meeting on December 4, 2013. The chief auditor was present at the meetings in order to report on the result of the audit as well as to answer detailed questions. Following careful inspection of the annual financial statements and management reports of Schuler AG and the Group, the affiliated companies report prepared by the Board of Management, as well as the auditor's reports, and following the final result of this report, the Supervisory Board raised no objections and concurred with the opinion of the independent auditor. In particular, there were no objections to the declaration of the Board of Management at the end of the report concerning relations to affiliated companies pursuant to § 312 (3) AktG.

The Supervisory Board approved the annual and consolidated financial statements at its balance sheet meeting on December 4, 2013; the annual financial statements are thus adopted in accordance with § 172 AktG.

GRATITUDE OF THE SUPERVISORY BOARD

The Supervisory Board would like to thank the Board of Management and all employees for their hard work and dedication, as well as the workers' representatives for their good cooperation, and our shareholders for their trust in the company. The Supervisory Board would like to express its gratitude to those retiring members of the Supervisory Board and Board of Management during the past fiscal year for their many years of cooperation and trust.

Göppingen, December 4, 2013

The Supervisory Board

CORPORATE GOVERNANCE

As a guiding principle for sustained value creation, responsible corporate governance is a key component of the company's long-term success and strengthens the confidence of investors, employees, customers and suppliers in the company. The Board of Management and Supervisory Board of Schuler AG are committed to responsible corporate governance and have thus been complying with the recommendations of the German Corporate Governance Code (GCGC) for several years now, with just a few exceptions. The Board of Management and Supervisory Board submitted the following Declaration of Conformity in September 2013.

DECLARATION OF CONFORMITY AS OF SEPTEMBER 30, 2013

"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 section 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 section 161 AktG on September 19, 2012. For the period September 20, 2012 to June 9, 2013, the following declaration refers to the recommendations of the German Corporate Governance Code ("Code") in the version dated May 15, 2012, as published in the Federal Gazette on June 15, 2012 ("Version 2012"). For the period from June 10, 2013 onward, the following declaration refers to the recommendations of the Code in the version dated May 13, 2013, as published in the Federal Gazette on June 10, 2013 ("Version 2013").

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 PARA. 3 OF THE CODE – D&O INSURANCE AND DEDUCTIBLES

If the company takes out a D&O (Directors and Officers' Liability Insurance) policy for members of the Supervisory Board, section 3.8 para. 3 of the Code recommends that there be a suitable deductible. Schuler AG believes that agreeing to 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 para. 3 of the Code insofar as no deductibles were agreed. For reasons already stated, Schuler AG will also not agree to deductibles for the D&O policies of Supervisory Board members in the future and so differs from the recommendation stated in section 3.8 para. 3 of the Code.

/ 2. SECTION 4.2.3 PARA. 2 SENTENCE 6 OF THE CODE – MANAGEMENT BOARD COMPENSATION CAPS

The revised version of the Code in 2013 introduced a new recommendation regarding management board compensation. According to section 4.2.3 para. 2 sentence 6 GCGC, the amount of compensation for management board members is to be capped, both overall and for variable compensation components. The service contracts of Schuler AG's current Board of Management members only include caps with regard to fixed and variable compensation components, not for "overall compensation." As a result, section 4.2.3 para. 2 sentence 6 of the Code ("2013 Version") has not been met in full since June 10, 2013.

The service contracts of Board of Management members are to be adapted to the new recommendation in section 4.2.3 para. 2 sentence 6 of the Code in the near future.

/ 3. SECTION 5.4.1 PARA. 2 OF THE CODE – AGE LIMIT FOR MEMBERS OF THE SUPERVISORY BOARD

There is no age limit for membership of the Supervisory Board of Schuler AG. 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 para. 3 sentence 1, which states that supervisory board compensation should be individualized and itemized when disclosed in the notes to the annual financial statements or management report. Schuler AG believes that the disclosure of total compensation for Supervisory Board members according to accounting regulations in the Annual Report is sufficient to meet the shareholders' interest in such information.

/ 5. SECTION 6.3 OF THE CODE – MANAGEMENT BOARD AND SUPERVISORY BOARD SHAREHOLDINGS

Contrary to the recommendation in section 6.3 sentence 1 of the Code, individual shareholdings of executive body members (including related financial instruments) exceeding 1% of all shares issued by the company have not been disclosed so far. This was to protect the interests and privacy of the persons involved. Furthermore, and for the same reason, it was not disclosed in the Corporate Governance Report whether the total shareholding of all members of a body exceeded 1% of the shares issued by the company, as required by section 6.3 sentence 2 of the Code.

In spite of the above reasons, Schuler AG will no longer deviate from the recommendations in section 6.3 sentences 1 and 2 of the Code in future.

With the exception of the above-mentioned items 1 to 4, we shall continue to comply with the recommendations of the Government Commission on the German Corporate Governance Code in future."

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 26 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.

/ BOARD OF MANAGEMENT

In fiscal year 2012/13, the Board of Management of Schuler AG was composed of the following members:

- Stefan Klebert (Chief Executive Officer)
- Joachim Beyer (Chief Technology Officer)
- Norbert Broger (Chief Financial Officer), since January 1, 2013
- Dr. Markus Ernst (Chief Market Officer)
- Dr. Peter Jost (Chief Operating Officer), since March 6, 2013
- Marcus A. Ketter (Chief Financial Officer), until December 31, 2012

On September 19, 2012, the Supervisory Board appointed Norbert Broger as the new Chief Financial Officer (CFO) and Labor Director of Schuler AG in effect from January 1, 2013. Norbert Broger succeeds Marcus A. Ketter, who left the company as of December 31, 2012.

The Supervisory Board appointed Dr. Peter Jost as Chief Operating Officer (COO) of Schuler AG as of March 6, 2013. As a member of the Board of Management, the doctor of engineering is responsible for Procurement, Production and Logistics for the Schuler Group.

Dr. Markus Ernst retired from the Board of Management of Schuler AG as of September 30, 2013. In his last position, he was responsible for the Technology Fields of the Non-Automotive business. His tasks have been assumed by the Chief Executive Officer (CEO), Stefan Klebert.

The responsibilities of the various members of the Board of Management are regulated by a document detailing the division of duties. The Board of Management carefully coordinates its activities and meets at regular intervals.

TABLE 03 **BOARD OF MANAGEMENT DIVISION OF RESPONSIBILITIES**

Stefan Klebert Chief Executive Officer	**Joachim Beyer** Chief Technology Officer	**Norbert Broger** Chief Financial Officer	**Dr. Peter Jost** Chief Operating Officer
/ Automotive / Automation / Hydraulic / Industry / Systems / Service / Corporate Communications / Corporate Development / Marketing	/ Market and Competition Monitoring / Patents / Technology Management / Product Development / Standardization	/ Finance and Controlling / Investor Relations / HR / IT / Legal Affairs and Compliance / Internal Audit	/ Procurement / Production and Logistics / Quality Management

/ SUPERVISORY BOARD

The Supervisory Board of Schuler AG is composed in accordance with the German Codetermination Act and consists of twelve members: six are voted in by the representatives of the shareholders, and six are elected by the company's employees for a period of five years. The last election was held in 2013. 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; this includes the necessary independence of the external auditors, deciding which areas they should focus on, agreeing on their remuneration and commissioning them to audit the company's annual financial statements. Additionally, 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.

/ WORKING PROCEDURE OF BOARD OF MANAGEMENT AND SUPERVISORY BOARD

The Board of Management and Supervisory Board of Schuler AG collaborate closely in a spirit of mutual trust in the interests of the company. The main objective of both bodies is to ensure the company's continued existence and drive its successful development.

In accordance with legal regulations, there is a strict separation between the composition of the management and supervision bodies at Schuler. The Board of Management regularly provides the Supervisory Board with prompt and detailed information on the company's current progress, its strategy, the financial and earnings position, corporate planning, and risk management. The Supervisory Board advises and monitors the Board of Management in its management of the company.

The members of the Board of Management took part in all Supervisory Board meetings in fiscal year 2012/13. There was also a regular exchange of information outside the Supervisory Board meetings.

/ 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 Directors' Dealings announcements reported to Schuler AG can be found online at ↦ WWW.DGAP.DE or ↦ WWW.SCHULERGROUP.COM. Schuler AG publishes such transactions immediately after they have been communicated to the company.

TABLE 04 DIRECTORS' DEALINGS IN FISCAL YEAR 2012/13

Date	Name	Function	Type and place of transaction	Amount	Price per share (€)	Total volume (€)
Feb. 07, 2013	Prof. Hartmut Hoffmann	Member of the Supervisory Board	Sale of shares, OTC	642	20.00	12,840.00
Feb. 07, 2013	Stefan Klebert	Member of the Board of Management	Sale of shares, OTC	20,000	20.00	400,000.00
Feb. 07, 2013	Joachim Beyer	Member of the Board of Management	Sale of shares, OTC	57,500	20.00	1,150,000.00
Feb. 07, 2013	Dr. Markus Ernst	Member of the Board of Management (until Sept. 30, 2013)	Sale of shares, OTC	28,750	20.00	575,000.00
Jan. 07, 2013	Joachim Beyer	Member of the Board of Management	Acquisition through exercise of stock options, OTC	57,500	2.60	149,500.00
Jan. 07, 2013	Dr. Markus Ernst	Member of the Board of Management (until Sept. 30, 2013)	Acquisition through exercise of stock options, OTC	28,750	2.60	74,750.00

/ ANNUAL GENERAL MEETING

The Annual General Meeting is the company's third executive body, in addition to the Board of Management and Supervisory Board. At the Annual General Meeting, shareholders have the opportunity to direct questions to the Board of Management and Supervisory Board, and to exercise their voting rights. 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 indicated with a written certificate of shareholding issued in German or English by the depositary institution. This proof must be related to the 21st 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 financial statements are based on the accounting regulations of the German Commercial Code (HGB). The Annual General Meeting elects an independent auditor who is responsible for auditing the annual financial statements of Schuler AG and the consolidated group. The accounting firm KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, was appointed to audit the annual financial statements for the Group and Schuler AG.

/ INTERNAL CONTROLLING SYSTEM (ICS) AND RISK MANAGEMENT

Schuler AG has an efficient 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

In a dialogue with the capital market, we pursue a strategy of open and transparent communication. We provide shareholders, analysts, business associates, employees and the general public with extensive and up-to-date information on current company developments. Information is also shared in the form of financial reports, press releases, ad-hoc announcements, and other publication formats. All information can be accessed on our website ↦ WWW.SCHULERGROUP.COM. A financial calendar provides all dates for financial reports and other important events.

REMUNERATION REPORT

The following remuneration report is a constituent part of the Management 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 and develops recommendations for the full Supervisory Board. The appropriateness of the Board of Management's remuneration is assessed using a variety of criteria: these include the tasks of the Board of Management as a whole and of its individual members, the personal performance of each member, the economic environment and the company's success and future prospects. Moreover, the Supervisory Board considers the development of Board of Management remuneration at other companies.

The remuneration of the Board of Management comprises a non-performance-related and a performance-related component. The non-performance-related remuneration component consists of fixed basic compensation and other benefits, as well as post-employment benefits in the case of two Board of Management members. The additional performance-related component is designed as a variable bonus. In the case of contracts newly signed or prolonged in the past fiscal year, it is based on the key performance indicators "consolidated EBITDA margin" and "consolidated EBT." In the case of two Board of Management members, it is based on "consolidated EBITDA" or "consolidated net profit."

The performance-related remuneration elements are capped at a specific maximum amount. Moreover, with the exception of one old contract, the variable remuneration components are divided into an annual amount paid immediately (short-term incentive) and an amount whose payment is postponed for two or three years (depending on the contract) and triggered by the fulfillment of specific service periods, and whose size depends on the achievement of specific performance targets at the later date of payment (long-term incentive). In the past fiscal year 2012/13, a commitment of T€ 1,558 was made for components with a long-term incentive. The subsequent payment of these components depends on the fulfillment of future conditions.

In the past fiscal year, "other remuneration" comprises payments in connection with the premature termination of contracts with two Board of Management members as well as 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 German Stock Corporation Act (AktG).

The post-employment benefits existing in certain cases are all based on standard group-wide regulations concerning the granting of pension supplements and also 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 amounted to € 5.1 million in fiscal year 2012/13 (prior year: € 4.6 million), of which € 2.3 million (prior year: € 3.0 million) were in the form of variable, performance-related payments. In addition, pension obligations include current pension expenses of € 0.2 million (prior year: € 0.1 million).

TABLE 05 BOARD OF MANAGEMENT REMUNERATION 2012/13 IN € THOUSAND

	Non-performance-related remuneration granted		Performance-related remuneration granted				
	Basic remuneration granted	Other remuneration granted	Short-term remuneration granted	Components granted with a long-term incentive	Total Board of Management remuneration granted in the fiscal year without pension benefits	Expenses for pension benefits	Total
Total Board of Management	**1,730**	**1,110**	**2,036**	**220**	**5,096**	**203**	**5,299**

TABLE 06 BOARD OF MANAGEMENT REMUNERATION 2011/12 IN € THOUSAND

	Non-performance-related remuneration granted		Performance-related remuneration granted				
	Basic remuneration granted	Other remuneration granted	Short-term remuneration granted	Components granted with a long-term incentive	Total Board of Management remuneration granted in the fiscal year without pension benefits	Expenses for pension benefits	Total
Total Board of Management	**1,508**	**108**	**3,007**	**0**	**4,623**	**138**	**4,761**

The components with a long-term incentive granted in fiscal year 2012/13 were promised in fiscal year 2010/11.

There is no disclosure of individualized Board of Management remuneration stating the member's name acc. to § 314 (1) No. 6b, Sentence 5 – 8 HGB due to the resolution adopted by the Board of Management on April 18, 2013, pursuant to § 286, (5) HGB for a period of five years.

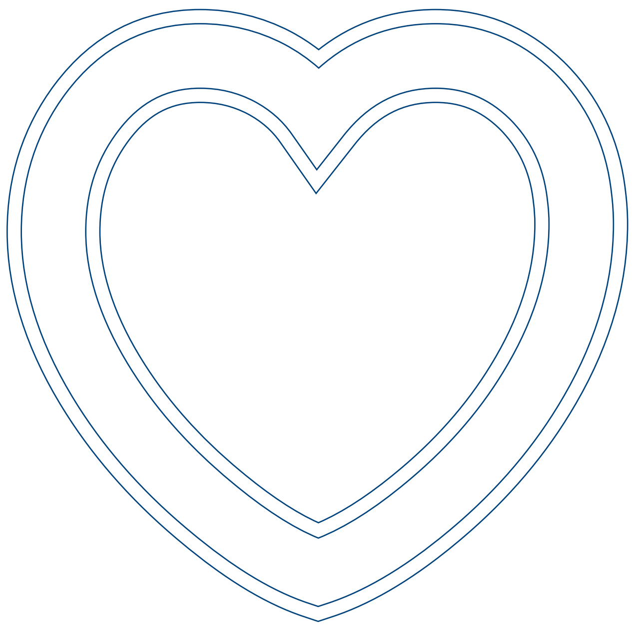
REMUNERATION OF THE SUPERVISORY BOARD

§ 10 of the company's articles regulates the remuneration paid to members of the Supervisory Board. The members of the Supervisory Board receive a fixed remuneration, which was last set by the Annual General Meeting of Schuler AG on April 18, 2012. Basic annual remuneration amounts to € 25,000 per Supervisory Board member and is increased according to function and the frequency of meetings. The remuneration of the Supervisory Board does not contain any variable component. Chairmanship and deputy chairmanship of the Supervisory Board, and membership and chairmanship of its committees qualify for higher remuneration. In addition to the fixed annual amount, 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 € 0.4 million (prior year: € 0.5 million). 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.

SCHULER AG
ANNUAL REPORT 2012/13

GROUP MANAGEMENT REPORT THE GROUP



CONTENTS

SCHULER
Member of the ANDRITZ GROUP

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

CHART 04 **SELECTED FIGURES ON EARNINGS IN 2012/13**

2012/13

10.4
[PERCENT]
EBITDA MARGIN

8.3
[PERCENT]
EBIT MARGIN

7.6
[PERCENT]
EBT MARGIN

SCHULER AT A GLANCE

BRIEF PROFILE

As the technological and global market leader in metalforming, Schuler supplies presses, automation solutions, dies, process technology and services for the entire metal-working industry and the lightweight construction of vehicles. We supply a wide range of innovative products and solutions in all areas of metalforming technology: from mechanical and hydraulic press systems, transfer and tryout presses, automation equipment, dies, high-speed presses, and systems for solid forming, to hydroforming. In addition, we offer our customers an excellent service program.

Innovative products and solutions in all areas of metalforming technology.

Our leading market position is due mainly to our strength for developing products and solutions with a clear customer benefit – in close cooperation with the customers themselves. We have been active in the metalforming sector for almost 175 years and have great experience in the handling of projects. 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 lightweight materials.

Our strong international alignment enables us to be on site for our customers around the world. We employ over 5,500 people in over 40 countries and boast a global network of service and sales offices.

THE CORPORATE STRUCTURE

Our business activities are managed by legally-independent subsidiaries and grouped into three segments.

Our three segments – Forming Systems, Automation and Tools – comprise the entire spectrum of products and services for the metalforming sector.

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 press 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, such as the packaging industry and the aerospace sector.

THE RESULTS

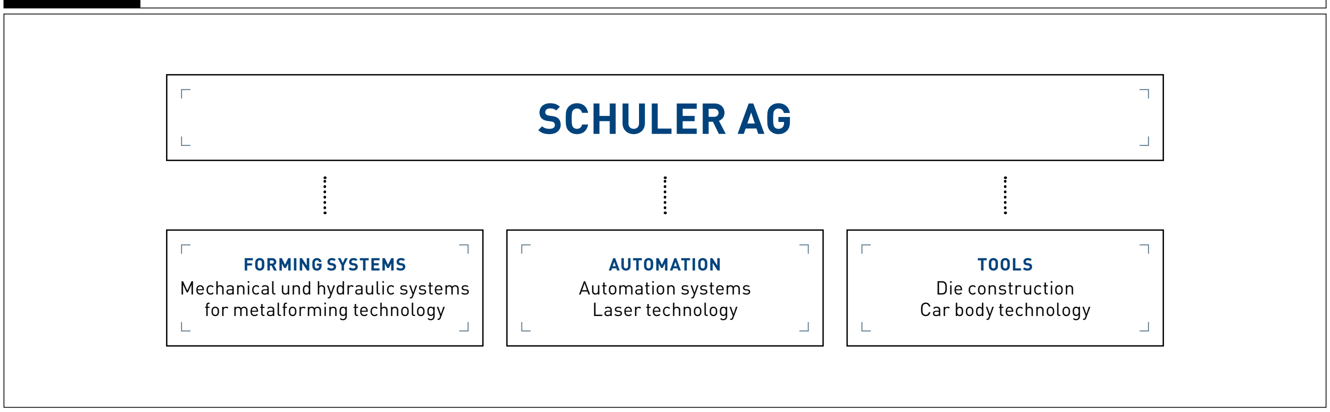
“Automation” develops and installs solutions for automating machine tools, including control systems for linked production lines and systems for the manufacturing and transporting of blanks, work pieces and tools. These play a major role in enhancing the performance of manufacturing processes.

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 offer turnkey solutions from a single source.

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 05 **SEGMENTS**



SERVICES

Our comprehensive range of services provides support for our customers in all business segments. Our Schuler Service concept of "On-site service around the world" offers a wide spectrum of services in over 40 countries based on the three pillars: technical service, know-how transfer and performance enhancement.

Comprehensive spectrum of services in over 40 countries.

In the field of technical service, we ensure product support over the entire life cycle. These services include 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 helps our customers' employees to operate Schuler equipment and secure efficient production results.

Our range of services also includes the optimization and modernization of existing machinery. This enables our customers to enhance the performance of their equipment. In addition, we offer customers the possibility to buy used machines and stamping plant equipment that have been overhauled and modernized.

LEGAL STRUCTURE

The consolidated Schuler Group comprises 26 companies (prior year: 27). 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, marketing and communication.

In a share purchase agreement signed on May 29, 2012, Andritz Beteiligungsgesellschaft IV GmbH, a wholly-owned subsidiary of the listed company Andritz AG, Graz, Austria, acquired 38.5% of the capital stock of Schuler AG subject to antitrust clearance. It subsequently submitted an unsolicited public takeover bid to the external shareholders of Schuler AG, subject to antitrust clearance, which was accepted by various shareholders. In addition, Andritz Beteiligungsgesellschaft IV GmbH acquired around 24.99% of the capital stock of Schuler AG unconditionally. As of the transfer in rem of shares from the takeover bid and the share package of Schuler-Beteiligungen GmbH on February 14, 2013, Andritz holds over 90% of the capital stock of Schuler AG.

The Annual General Meeting of Schuler Aktiengesellschaft on April 18, 2013 resolved, amongst other things, to change the fiscal year of Schuler Aktiengesellschaft to the calendar year with effect from October 1, 2013. The period from October 1, 2013 to December 31, 2013 is a short fiscal year.

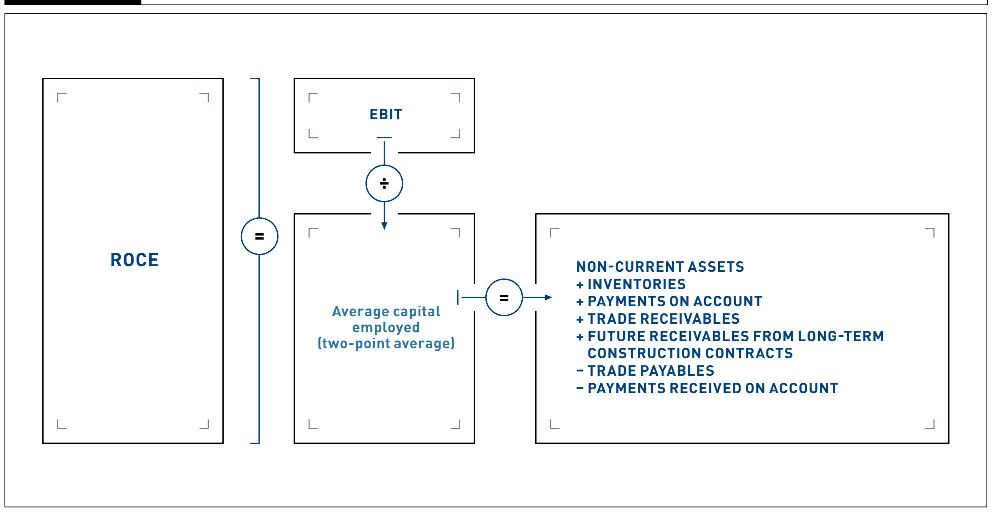
KEY PERFORMANCE INDICATORS

The key indicators used to measure Schuler's financial performance are EBIT, EBITA, EBITDA and ROCE.

Our main objective is to continually raise the value of the Schuler Group. In order to achieve this aim while securing and expanding Schuler's position on the market, we have defined various key performance indicators. These are also used to determine the variable remuneration components for our managers.

The key performance indicators for Schuler's financial performance are earnings before interest, taxes, depreciation and amortization (EBITDA), earnings before interest, taxes and amortization of intangible assets from company acquisitions (EBITA), earnings before interest and taxes (EBIT) and return on capital employed (ROCE). ROCE compares EBIT with the average capital employed in operating business, and thus measures the efficiency of our capital employed. Schuler uses the following calculation for ROCE:

CHART 06 CALCULATION OF ROCE (RETURN ON CAPITAL EMPLOYED)



Our target figure for ROCE is 16%.

The ability to translate sales into earnings is measured by the EBITDA margin, and EBITA margin, which is defined as the ratio of EBITDA or EBITA to sales. Our targets are still 10% (EBITDA margin) and 8.5% (EBITA margin).

Compliance with these performance targets is constantly monitored by means of regular target/actual comparisons, both for the business divisions as a whole and the individual companies. This ensures that developments are recognized at an early stage and corresponding measures can be introduced in the case of any deviation from the defined performance targets.

Compliance with performance targets is monitored by means of regular target/actual comparisons.

TABLE 07 KEY PERFORMANCE INDICATORS OF THE SCHULER GROUP

		2012/13	2011/12	2010/11	2009/10	2008/09
Sales	€ million	1,185.9	1,226.1	958.5	650.3	823.1
EBITDA	€ million	123.0	118.3	84.6	30.0	– 2.9
EBITDA margin	%	10.4	9.6	8.8	4.6	– 0.4
EBITA	€ million	101.1	99.8	57.3	19.9	– 40.3
EBITA margin	%	8.5	8.1	6.0	3.1	– 4.9
EBIT	€ million	98.3	95.8	54.2	17.1	– 43.9
EBIT margin	%	8.3	7.8	5.7	2.6	– 5.3
ROCE	%	28.4	32.2	16.6	4.1	– 9.4

RESEARCH AND DEVELOPMENT

KEY R&D FIGURES

In the fiscal year 2012/13, a total of € 7.2 million (prior year: € 7.0 million) was invested in ongoing research and development activities (R&D expenses), of which € 0.0 million (prior year: € 0.4 million) fulfilled the IFRS capitalization criteria. After consideration of amortization on capitalized development costs of € 0.8 million (prior year: € 1.4 million), the total expense charged to the income statement amounted to € 8.0 million (prior year: € 8.0 million). The carrying amount of capitalized development costs amounted to € 1.7 million at the end of the reporting period (prior year: € 2.5 million).

A large part of Schuler's development work is involved with customer projects.

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

OUTSTANDING SCHULER INNOVATION PROJECTS OF FISCAL YEAR 2012/13

We once again launched numerous, innovative projects in fiscal year 2012/13. The spotlight was placed on the development of resource-efficient and eco-friendly products and technologies. Two new products launched in the past fiscal year are presented below:

/ NEW MSD2-250 MONOBLOCK SERVO PRESS

Schuler unveiled its new MSD2-250 monoblock servo press – the smallest of the "MSD" range with a maximum press force of 2,500 kN – at its in-house fair in Göppingen on July 18 and 19, 2013. The innovation project succeeded in raising resource efficiency as well as optimizing the price/performance ratio.

Energy needs reduced by up to 30%.

The press is much more compact than its predecessor and can also reach higher stroke rates. Moreover, power consumption at the same output level was reduced by up to 30%. The press features a much more dynamic drivetrain and increased rigidity. Both of these factors offer considerable benefits with regard to raising economic efficiency and integrating other process stages.

/ SHEET METAL BLANKS FROM MOVING COIL – NEW LASER CUTTING PROCESS ENABLES ECONOMIC BLANK PRODUCTION STRAIGHT FROM THE COIL

Schuler presented its first Laser Blanking Line to be delivered to a customer on June 20, 2013. During the presentation at ALS GmbH, Dormagen, Germany, customers, mostly from the automotive industry and its suppliers, were given a demonstration of how the new line cuts blanks from continuously moving aluminum coil.

New laser cutting technique successfully introduced in 2013.

Rectangular and tailored blanks are normally produced on blanking lines with cutting presses or cut-to-length shears. This newly-developed machine technology means that blanks can be cut and stacked directly from the coil – from batch sizes of one or more and without cutting dies. The DynamicFlow Technology (DFT) uses several laser heads working in parallel. This enables all steel and aluminum grades to be processed with a consistently high level of accuracy and blanking quality. The patented process is well suited to sensitive material surfaces and its flexibility means that blank designs can be altered at any time –significantly reducing development and tryout times. Moreover, the process improves material utilization thanks to optimized blank nesting, and makes an important contribution toward conserving resources.

PROCUREMENT AND SOURCING

Schuler's procurement organization continuously optimized and developed its structures and processes in fiscal year 2012/13. With the aid of standardized sourcing processes and the early involvement of the procurement division in projects and product developments, numerous sustainable cost savings were achieved.

COMBINING SYNERGIES WITH ANDRITZ

Successful start to cooperation between Schuler and Andritz.

The cooperation between Schuler and Andritz results in numerous synergy effects. By bundling procurement activities and utilizing economies of scale, both companies can benefit from improved purchasing conditions. Initial results were achieved in the field of indirect materials during the reporting period.

SUPPLIER MANAGEMENT

Work continued on the implementation of Schuler's holistic supplier management system. Intensive and timely preparation of short- and medium-term measures resulted in a significant and sustainable improvement in delivery reliability. This helped raise material availability.

PROCESS EFFICIENCY

Continuous improvement of processes.

With the aid of common process improvement methods (Deming Circle, Ishikawa diagrams etc.), purchasing processes and the upstream process chain were systematically investigated with regard to the main influencing factors. Improvement measures were subsequently discussed with the individual divisions and initiated. In addition to improvements to the internal interfaces within the company for purchasing, we continued to drive the division of the purchasing organization into strategic and operational procurement.

GLOBAL SOURCING

Schuler has local procurement offices in China, Brazil, the USA, India and Eastern Europe. Together with the German procurement organization, they take care of the ongoing development of mostly local, but also global supply partnerships. For example, we utilize regional location benefits in the procurement process with regard to quality, cost and delivery speed.

In the reporting period, our global sourcing activities focused on China. We successfully established a supplier network for the manufacturing and processing of large parts. We aim to use these capacities more fully in future in order to cope with the high project volume in China. Initial talks are underway with Andritz's Chinese subsidiary regarding closer cooperation.

Establishment of supplier network in China.

COMMODITY PRICES

The sourcing of metals and metal alloys – especially steel – accounts for a major share of our procurement costs. Our strategic sourcing team therefore closely monitors the market price of these commodities and includes such developments in the company's procurement strategy.

The international purchasing organizations conduct comparisons of global commodity prices. Any temporary disequilibrium in global commodity prices can thus be identified at an early stage and either utilized or offset. In fiscal year 2012/13, the price of steel was below the level of the previous year. Prices of other important commodities, such as iron ore, coking coal and copper, displayed a slight downward trend over the course of 2013. At present, there are no signs in Europe or China of any imminent leap in steel demand and thus any short-time spike in the steel price.

Commodity prices in 2012/13 below prior-year level.

PRODUCTION

SUCCESS WITH GLOBAL MANUFACTURING NETWORK

Schuler processes many of its large-scale projects via its global manufacturing network. The prerequisite for a functioning manufacturing network are the systematic and continuous optimization of production processes and the implementation of best-practice concepts. We continued to drive these efforts in the past fiscal year.

EFFICIENT STRUCTURES AND REALIGNMENT OF COO ORGANIZATION

All production divisions worldwide under common management.

With the creation of a dedicated division headed by the Chief Operating Officer (COO), Schuler is focusing more than ever on the topics of Production, Quality, Procurement and Logistics. All of the Schuler Group's manufacturing divisions worldwide have been placed under a single management position for the first time. This enables the Group to utilize synergies more fully and react more swiftly to fluctuations in capacity utilization. The realignment is an important step in ongoing efforts to raise the efficiency of Schuler's global manufacturing network.

INCREASED FLEXIBILITY

As a company involved in project business, Schuler must also adapt its manufacturing capacities to the respective utilization levels and define the right mix of developed and procured products that are created outside of the company. Flexible working time models, an increased proportion of temporary staff and reliable suppliers with regard to quality and punctuality will help us with this strategy. This will enable the company to maintain the necessary degree of flexibility for its project-driven business.

FOCUS ON CORE COMPETENCIES

In the future, production will focus on value-adding core competencies – the manufacturing of A-parts, assembly, production launch and service. Schuler has already conducted a detailed ABC analysis and part classification. A-parts – i.e. technology-critical know-how parts – will always be produced by the company itself, regardless of whether capacity utilization is high or low. B-parts will be procured from suppliers when capacity utilization is high and produced internally when capacity utilization is lower. Category C parts are not critical and can always be produced by external suppliers, irrespective of capacity utilization levels. For the customer, this means consistently high quality.

INTERNATIONALIZATION – ESTABLISHMENT AND EXPANSION IN CHINA

Expansion of capacities in China.

China is Schuler's most important strategic market for the future. In the past fiscal year, Schuler focused efforts on driving its growth in China. One important step was the expansion of Schuler's production facility in Dalian. With an increase in capacity from 5,000 to 16,000 square meters, we have laid the foundation for increased capacity. The layout of the expanded factory was designed according to cutting-edge principles. The production processes are based on proven concepts also used at Schuler's German facilities. Assembly was launched in the new factory extension in June 2013. Schuler invested around € 16 million euros in the site's expansion, which also resulted in the creation of new jobs. Schuler now employs over 300 people in China. Dalian is to become a key pillar of Schuler's manufacturing activities in China. The new facility makes it possible to manufacture a large number of products locally, in line with German standards and safety regulations. This means we can meet the high level of demand from Chinese industry for top-quality machines.

Due to the growing needs of our customers for country-specific products and local value added, procurement and production will become even more global in future.

HIGH MANUFACTURING STANDARDS

Safe workplaces, a high level of product and service quality, punctual deliveries, cost reductions along with motivation are the key factors for success. Schuler has set these so-called SQPCM targets (**s**afety, **q**uality, **p**unctuality, **c**ost reduction, **m**otivation) as its new standard.

CONTINUOUS IMPROVEMENT PROCESS (CIP) ESTABLISHED

The ideas and commitment of each employee are integral to the company's success. Schuler encourages such participation with its CIP program. Continuous improvement is the sum of many major and minor improvements and helps secure Schuler's leading position in press construction.

This in turn benefits our customers. Our goal is to supply them with top-quality technological products on the agreed date and with maximum customer satisfaction – and to achieve this with optimum cost structures.

MARKETING

EXPANSION OF INTERNATIONAL MARKETING ACTIVITIES

The corporate division of Marketing develops communication strategies and activities for the international positioning and marketing of our brand, technologies, products and services. Marketing accompanies products from their development to market launch and the after-sales phase. The spectrum of measures comprises cross-media print, as well as live and online communication in all relevant target markets. Marketing managers at Schuler's facilities around the world adapt the corporate strategies according to regional requirements.

Following the launch of TwinServo Technology in Erfurt in September 2012, the first highlight of the fiscal year was the leading international trade show for the metalworking industry, EUROBLECH in Hanover, Germany. Under the motto "Going Ahead. Being Beyond." Schuler's main focus was on innovative servo technology and the various possibilities of process integration. These included the new tri-axis transfer IntraTrans, as well as efficient solutions for sheet metal forging, along with special presentations that included, "Lightweight Construction Technologies" and "Energy Efficiency." Schuler Service also showcased its expanded range of services, as well the programs "Service Contracts" and "Modernization Solutions."

International marketing strategy for all ten Technology Fields adopted.

Over the further course of the fiscal year 2012/13, marketing activities centered on the roll-out of new products and technologies, the expansion of marketing measures for Schuler Service and the successful continuation of our program to harmonize all marketing activities worldwide. At the third International Schuler Marketing Meeting in Göppingen, managers from the corporate division in Germany and their marketing colleagues from the foreign subsidiaries developed strategies and measures for an international market presence in all market segments. One example of technology communication that was successfully implemented around the world was the "Schuler Hotforming Day," a special event focused on lightweight car manufacturing. The event was initially held in Germany and subsequently in the USA and at two facilities in China and Brazil.

Schuler was present at 47 trade fairs around the world in fiscal year 2012/13.

With a mixture of highly-varied measures, Schuler's marketing provides global platforms for excellent customer communication. In fiscal year 2012/13, we attended 47 international trade shows, 18 of which were in Europe, 15 in Asia, eleven in North and South America and three in Russia. In addition to lectures at 27 international conferences, we also held our target group-oriented Schuler Technology presentations. Whether it was the introduction of new technologies, topic-based in-house fairs, workshops or Schuler's specialist conferences, these events – developed in close collaboration with the corporate Research and Development division (CTO), Product Management, Sales and Service – enable us to give a live demonstration of our technological leadership and innovative strength. One example of this was the presentation of the Schuler Dual Drive for refitting machines with Schuler's servo technology, which was demonstrated impressively at the facility of our customer Eberspacher in Saarlouis, Germany. Other special events were held on the following topics: the launch of DynamicFlow Technology for laser blanking; the presentation of the new monoblock servo press MSD2-250 with ServoDirect Technology; the new Formmaster, the first servo press for Forging; the new flexible automation solutions for sheet metal forming; and new advances in Hydraulic Press Technology.

As part of its ongoing cooperation project, Schuler regularly coordinates its communication measures and branding with ANDRITZ. The first joint trade show appearance was in the Ukraine in September for the Railway market segment.

First joint trade show presence of Schuler and Andritz.

At the end of the fiscal year, Schuler presented its automation equipment for machine tools and all new products in the Technology Field Forging at Europe's leading fair for the metalworking industry, the EMO in Hanover, Germany.

MARKET DEVELOPMENT IN CHINA STEPPED UP

China has not only been the focus of Schuler's marketing activities since the successful opening of our expanded Chinese facility in Dalian. During the course of fiscal year 2012/13, we presented our latest technologies at five trade shows in China. These fairs were complemented by Schuler symposiums on the topics: Value Notcher for the Manufacturing of Electric Motor Laminations, ServoDirect Technology for the Automotive Industry, and the Schuler Hotforming Day held in Shanghai and Beijing. The fifth Schuler Automotive Symposium was held in October 2013. This is the key event in China for all car manufacturers to learn about the future of automotive press shops.

PERSONNEL

SLIGHT HEADCOUNT GROWTH IN GERMANY – INCREASES OF OVER 44% IN ASIA

Moderate increase in headcount of 2.5%.

As of September 30, 2013, the Schuler Group employed 5,580 people around the world. This represents an increase of around 2.5% year on year. This growth in headcount resulted from the increase in business and strong demand for our products.

The number of employees in Germany rose by 2.2% to 4,328. Headcount outside Germany grew by 3.8% to 1,252. The strongest growth was in Asia, where we employed 323 people – an increase of more than 44% over the previous year.

TABLE 08 **EMPLOYEES INCLUDING APPRENTICES**

	09/30/2013	09/30/2012
Schuler Group	**5,580**	**5,443**
Forming Systems segment	3,892	3,881
Automation segment	605	576
Tools segment	355	348
Others	728	638

TABLE 09 **EMPLOYEES BY REGION INCLUDING APPRENTICES**

	09/30/2013	09/30/2012
Schuler Group	**5,580**	**5,443**
Germany	4,328	4,236
Europe excluding Germany	83	92
Americas	846	891
Asia	323	224

OUR EMPLOYEES ARE THE KEY TO SUCCESS

Future-oriented and global personnel development.

In order to secure the current and future need for skilled and dedicated specialists and managers, and to promote young talent, the HR division established its first Center of Excellence for Personnel Development and Marketing in fiscal year 2012/13. Its aim is to engage in modern, future-oriented and global personnel development and training for Schuler, working together with the company's management. Based on the Group's business and HR strategy, the division has developed "SCHULER.EINS" – a global and sustainable personnel development concept.

It includes:

/ the implementation of a 3-stage career plan for start-up technicians in order to secure necessary capacities over the long term
/ group-wide management (development) and junior management programs as preparation for and common alignment with the company's future challenges
/ a global, annual process for systematic succession planning with the aim of minimizing risk and securing the development of skilled specialists and managers
/ a global trainee program to attract suitable young staff with future potential
/ a group-wide management competency model to secure and develop the necessary management skill for the company's long-term success.

POSITIVE RESULTS OF STAFF SURVEY

In late June 2013, we conducted our first staff survey of nearly all German sites in order to get a clear view of the opinions and needs of our employees and to identify strengths and areas for improvement. With a response rate of 58%, some 92% of participants expressed a positive opinion with regard to the company in general. Schuler's products and the work atmosphere at the company scored particularly well. Based on these results and the criticism expressed, action points were identified and measures defined for all divisions. These will be gradually implemented over the course of 2014.

Positive confirmation from staff survey.

SCHULER ONE OF THE TOP EMPLOYERS 2013

Schuler is one of Germany's best employers. This was confirmed by the independent CFR Institute in spring 2013. The company was bestowed with the honors of "Top Employer Germany" and "Top Employer for Engineers."

Schuler honored as Top Employer 2013.

As part of its employer branding efforts, the HR division has begun highlighting the special features of Schuler as an employer at staff workshops, in interviews with specialist and management staff, with worker representatives and in the external job market. The jointly developed employer values of "Variety, Passion, Free Space, Partnership and Reliability" will form the basis for all of Schuler's personnel marketing activities in the future. We will communicate these messages via job ads and image campaigns, as well as at universities, recruitment and education fairs, in social media channels, printed materials and on the HR portal of Schuler's corporate website.

SCHULER STAFF EMBODY COMPANY'S INTERNATIONAL OUTLOOK

Extensive support during foreign assignments.

Many German employees are currently working as expatriates at Schuler's international facilities. And people from other countries come to Germany. We carefully select these specialists and managers and prepare them for their international assignments. Key components of training include cross-cultural training sessions, which give staff the necessary knowledge and understanding about the host country's social and cultural differences. This helps clear up any prejudices and eases the transition into the new environment. HR experts also assist staff with the numerous organizational and bureaucratic preparations: they deal with residence permits, find housing and help choose the kindergarten or school for children of employees. In 2013, we developed a new "Global Transfer Policy" with an international alignment and standard support processes. Its goal is to create an attractive, competitive and economically-feasible transfer program. It is set to begin in 2014.

FOCUS ON VOCATIONAL TRAINING

Schuler has always attached great importance to high-quality apprenticeships. We strive to provide young people with the best possible training and at the same time ensure a high level of skill for our employees.

Apprenticeship figures up 11.0%.

In the past fiscal year, we increased the number of apprentices by 11.0% year on year and reached a training ratio (apprentices as proportion of total staff) of 6.3% as of September 30, 2013.

TABLE 10 APPRENTICES

	09/30/2013	09/30/2012
Schuler Group	**353**	**318**
Forming Systems segment	257	241
Automation segment	33	30
Tools segment	29	25
Others	34	22

Schuler provides apprenticeships for a total of 13 industrial-technical professions and two commercial professions. The eight dual and cooperative degree programs with a technical orientation, and three dual degree programs with a business administration focus, have proved successful and are still in strong demand.

Thanks to our stable order position, we were able to offer full-time employment contracts to those apprentices who successfully completed their training with good results and displayed a high level of motivation in fiscal year 2012/13.

Unlimited contracts offered to successful apprentices.

SCHULER EXPANDS COLLABORATIVE TRAINING IN WEINGARTEN

Eight years after the foundation of the collaborative training network for the Ravensburg regions, the partners extended the existing agreement on September 1, 2013. In this arrangement, Schuler is responsible for the design and handling of practical training for industrial and technical professions – such as for Andritz Hydro and other regional companies. Schuler also oversees applicant management, recruiting, apprenticeship contract management and the coordination of organizational processes.

DUAL VOCATIONAL TRAINING IN MEXICO

With its new dual education and training center in Puebla, Schuler is actively supporting vocational education in Mexico. This form of basic technical training was previously missing, although the demand for skilled staff in Mexico is high. Schuler was able to enlist the support of other companies for the project, who all train their staff at the new facility. The center is equipped with drilling, turning, milling and grinding machines, as well as 30 work benches. The technical college element is also held on Schuler's premises. Mexican teachers and German instructors from Schuler teach the apprentices in an audio-visual lecture theater and three classrooms. The new Schuler training center has enough space to train a total of 90 industrial mechanic and tool mechanic apprentices according to the German system. On completing their three-year course, the future skilled workers are awarded a certificate from the German Chamber of Commerce and Industry (IHK). This is equivalent to the qualification received in Germany. Schuler's training team in Germany helped their Mexican colleagues develop the course content.

WORLDSKILLS – FURTHER SUCCESS FOR PROFESSIONAL CHAMPIONSHIPS

Our apprentices were able to build on the success of previous years at WorldSkills, an initiative designed to promote national and international competitions in vocational skills. Once again, apprentices from Erfurt successfully demonstrated their aptitude in mobile robotics at national and international competitions. In fall 2012, they won the European Championships in Mobile Robotics at the event in Spa, Belgium. With another victory at the German Championships in Mobile Robotics in spring 2013, the Erfurt team qualified for WorldSkills 2013 in Leipzig, where they finished in fifth position.

THE RESULTS

PIQUING INTEREST AT AN EARLY AGE

Schuler promotes cooperation with schools.

The promotion of education is an important topic for us, and Schuler actively supports the teaching of STEM subjects at schools (science, technology, engineering and mathematics). The company's training division has forged close cooperation with local schools. One example is the CNC Project, in which Schuler and the teachers integrate a specific manufacturing task into technology lessons. The project comprises theoretical and practical elements, as well as quality assurance, technical drawing using CAD systems, CNC programming and the production of a chosen product. This helps encourage interest in technology at an early age and gives schoolchildren direct experience of an engineer's work.

We also aim to get the little ones excited about technology. Under the heading: "Junior Technicians," Schuler sponsors a number of kindergartens. Schuler trainers and apprentices encourage the children's fascination of technology by supporting kindergarten technology courses and excursions to Schuler's large-scale technology world. The apprentices are closely involved in these efforts and can become role models for the children by displaying responsibility and enthusiasm.

Apprenticeship ambassadors.

At career information days held by schools, we present the company and the apprenticeships it offers by way of presentations, pictures and tools. Schoolchildren can find out about the various opportunities and career prospects of an apprenticeship. We also hold highly-popular open days at our training facilities, which are regularly attended by large numbers of schoolchildren and their families.

EXPANSION OF HEALTH PROMOTION PROGRAM

New concept for Company Health Management scheme.

Schuler places great importance on its vocational health program. At the beginning of 2013, we conducted a targeted analysis of the current health management activities at all of our German facilities. One finding of the survey was that certain facilities offered activities like lectures, gymnastics, anti-stress courses, and running seminars. A variety of development areas were identified for certain sites and the Group as a whole. The findings formed the basis for a new professional, holistic and strategically aligned vocational health management concept at our company. Our mission is to establish a standard level of health promotion from and for Schuler employees across the entire company. This applies, above all, to physical and psychological health promotion, and also to a more health-oriented management culture and the creation of health-promoting work environments.

GROUP MANAGEMENT REPORT THE FISCAL YEAR

CONTENTS

SCHULER
Member of the ANDRITZ GROUP

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

CHART 07 SELECTED BUSINESS DEVELOPMENT FIGURES IN 2012/13

2012/13

28.4
[PERCENT]
ROCE

202.2
[€ MILLION]
NET FINANCIAL STATUS
(September 30, 2013)

30.3
[PERCENT]
EQUITY RATIO
(September 30, 2013)

ECONOMIC AND SECTOR ENVIRONMENT

GLOBAL ECONOMIC GROWTH CONTINUES TO SLOW IN 2013

Falling growth expectations for emerging nations.

In its latest projections, the International Monetary Fund (IMF) expects global gross domestic product (GDP) to grow by 2.9% in 2013. This means it will fail to reach the growth achieved during the previous year. The IMF blamed the strong downgrade of 0.4 percentage points compared to spring (3.3%) on the slowdown in growth among the emerging and developing nations. According to the IMF, this group of countries is now expected to reach a much lower growth rate of 4.5%, compared to the 5.0% forecast in July 2013.

Further decline in eurozone GDP.

In 2012, the eurozone suffered a decline in GDP of 0.6%. Although this trend is expected to slow in 2013, an additional decline in the GDP of 0.4% is expected. By contrast, the German economy is making good progress and is expected to grow by 0.5% in 2013 (prior year: 0.9%). The USA enjoyed strong growth of 2.8% in 2012 and experts predict a further increase of 1.6% in 2013. Growth in Japan is likely to be on a par with the previous year at 2.0%. China continued its dynamic development in 2012 with growth of 7.7% and an additional increase in GDP of 7.6% is forecast for 2013. India grew by 3.2% in 2012 and GDP is likely to grow by 3.8% in 2013. In Brazil, growth is expected to reach 2.5% (prior year: 0.9%), while in Russia the IMF forecasts weaker growth of 1.5%, compared to 3.4% in the previous year.

TABLE 11 GDP DEVELOPMENT — IN PERCENT

	2013	2012
World	**2.9**	**3.2**
Eurozone	–0.4	–0.6
Germany	0.5	0.9
USA	1.6	2.8
Japan	2.0	2.0
China	7.6	7.7
India	3.8	3.2
Brazil	2.5	0.9
Russia	1.5	3.4

Source: IMF, October 2013

GLOBAL AUTOMOTIVE MARKET STILL MAKING PROGRESS

The number of new car registrations around the world rose by 5.7% to 69.1 million units in 2012. There was particularly strong growth in the major sales markets of China and the USA.

Further decline in car sales throughout Western Europe.

In Western Europe, however, the sovereign debt crisis had a negative impact on demand. New registrations were down 8.8% year on year to 11.7 million vehicles in 2012. This downward trend continued in 2013 with sales of around 8.8 million cars in the first nine months of the year (– 4.0%). Demand was also down in the new EU countries (EU 11). At 0.8 million units, sales were 6.3% below the prior-year figure. Up to September 2013, new registrations were down 3.4% year on year at 0.5 million vehicles.

New registrations in Germany were around 3.1 million cars in 2012, about 3.1% less than in the previous year. Domestic production fell by 8.5% to 5.4 million units in 2012, while 4.1 million cars were exported (– 9.3%). At around 2.2 million vehicles sold, the German market suffered a decline of 6.0% in the period up to September 2013. The German Association of the Automotive Industry (Verband deutscher Automobilindustrie – VDA) expects output and exports to remain on a par with the previous year over the same period.

Demand still high in US market.

The US market for light vehicles (cars and light trucks) remained buoyant in 2012 with growth in sales of 13.4% to 14.4 million units. From January to September 2013, sales rose by 8.1% to 11.7 million light vehicles.

In Japan, sales in 2012 were up by 31.4% to 4.6 million units – whereby the previous year was dominated by a dramatic slide in sales due to the consequences of the natural disaster. Up to September 2013, sales were down 5.3% to almost 3.5 million units. This is partly explained by the end of a state subsidy program.

Strong growth in China.

There was further growth throughout the BRIC nations (Brazil, Russia, India and China) in 2012. Sales in Brazil grew by 6.1% to 3.6 million light vehicles, while in the first nine months of 2013 there was a slight decline of 0.9%. Around 2.9 million units were sold in Russia during 2012 (+10.6%). As of the end of September 2013, sales of just over 2.0 million light vehicles were 6.6% below the prior-year figure. In 2012, sales of 2.8 million cars in India exceeded the prior-year volume by 10.3%. At 1.9 million vehicles, new registrations in the period January to September 2013 were down 7.7%. A total of 13.3 million units were sold in China in 2012 (+8.7%). At 11.6 million new registrations (+20.8%), the Chinese market continued to enjoy strong growth in the first nine months of 2013.

SLOWER GROWTH FOR MACHINE TOOL INDUSTRY

The global machine tool market continued to grow in 2012. According to the calculations of the German Machine Tool Builders' Association (Verein Deutscher Werkzeugmaschinenfabriken – VDW), global output of machine tools rose by 8.0% to € 66.5 billion in 2012. In an international comparison, China was again the leading manufacturer with a share of 21.9%, followed by Japan (21.4%) and Germany (16.2%). Compared to the previous year, German machine tool manufacturers expanded their market share by 0.6 percentage points.

Machine tools worldwide in demand during 2012.

With a production volume of € 14.2 billion, the German machine tool industry grew year on year by 10.0%. New orders reached € 15.1 billion (– 10.0%) and were – as expected – somewhat below the record prior-year level. This was also reflected by the order backlog position: With an annual average order backlog level of 8.5 months, the figure fell short of the corresponding prior-year level of 9.1 months. Capacities were almost fully utilized at an average of 95.2% (2011: 93.8%). Domestic consumption was up slightly to € 6.8 billion (+1.0%), while exports climbed 20.0% to a record level of around € 9.6 billion. China was once again the largest sales market, accounting for 27.3% of total exports, followed by the US with 10.7%.

The German machine tool industry achieved slight growth in the first nine months of 2013. At € 10.1 billion, output was up 1% on the prior-year period. At the same time, however, demand is falling. New orders were down 6%, whereby foreign demand declined by 4% and domestic demand by 10%. In June, the order backlog level stood at 7.4 months and was below the prior-year figure of 8.4 months. Capacities were still well utilized in October at 91.9%, but 1.4 percentage points below the prior-year figure.

Falling order volumes in 2013.

THE RESULTS

BUSINESS DEVELOPMENT

SLIGHT DECLINE IN NEW ORDERS

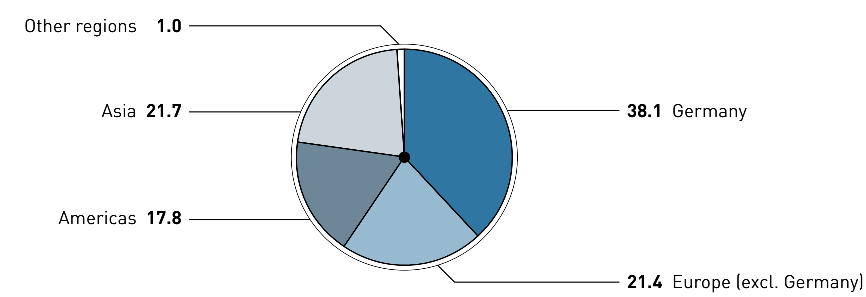
Expected year-on-year decline in new orders.

There was an expected decline in new orders during fiscal year 2012/13. At € 1,163.3 million, the order volume was 10.6% below the prior-year figure of € 1,300.9 million. The exceptional growth in orders of the previous year resulted from catch-up effects as customers recovered from the economic crisis of 2008/2009, as well as from large-scale projects typical for the plant construction industry.

TABLE 12 NEW ORDERS IN € MILLION

	2012/13	2011/12
Germany	443.7	552.3
Europe (excl. Germany)	248.8	180.4
Americas	207.5	164.6
Asia	252.5	399.1
Other regions	10.8	4.6
Total	**1,163.3**	**1,300.9**

CHART 08 NEW ORDERS BY REGION 2012/13 IN PERCENT



Noticeable fall in demand in Germany and Asia, sharp increase in America and rest of Europe.

There were strong regional differences in the development of new orders: Whereas new orders in Germany and Asia were down, there was growth in all other regions.

In Germany, orders fell by 19.7% to € 443.7 million. Orders received from Asian customers were also down from the previous year with a decline of 36.7% to € 252.5 million.

By contrast, there was encouraging growth in the number of new orders received from non-German customers in Europe. In spite of the ongoing economic and financial crisis in Europe, we raised new orders by 37.9% year on year to € 248.8 million. There was also further growth in the Americas: new orders were up 26.1% year on year to € 207.5 million.

Other regions recorded orders worth € 10.8 million – an increase of 133.2% compared to the previous year.

All in all, new orders received from outside Germany in fiscal year 2012/13 amounted to 61.9% (prior year: 57.5%). Germany remained the most important market with 38.1% of all new orders received, followed by Asia with 21.7%.

Forming Systems segment remains strongest segment with 70.5% of total volume.

The Forming Systems segment received new orders with a value of € 955.6 million (prior year: € 1,062.8 million). Despite a slight fall in demand of 10.1%, Forming Systems was once again the strongest segment in terms of total order volume (70.5%).

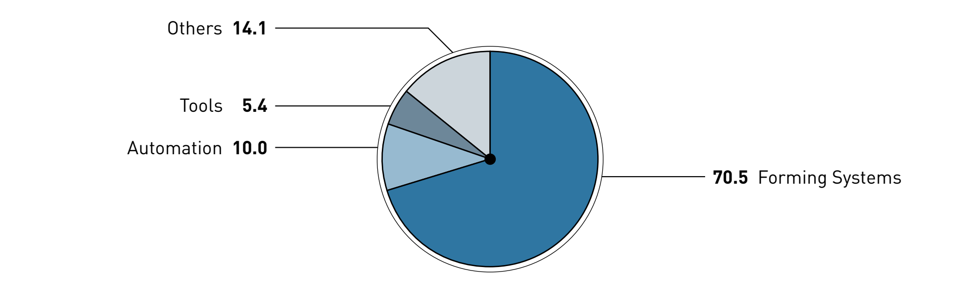
New orders in the Automation segment totaled € 135.1 million. This corresponds to a year-on-year decline of 26.7%.

Tools and Others segments post increase in new orders.

With an order volume of € 73.2 million, the Tools segment exceeded the prior-year figure of € 67.4 million by 8.6%.

In the Others segment, new orders increased by 16.6% to € 191.0 million.

CHART 09 NEW ORDERS BY SEGMENT 2012/13 IN PERCENT



THE RESULTS

ORDER BACKLOG REMAINS HIGH

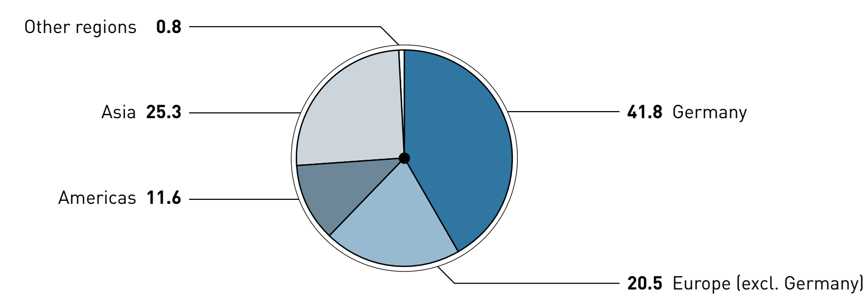
Order backlog almost reaches high prior-year level.

At the end of the fiscal year, the order backlog stood at € 1,087.9 million, falling just short of the high, prior-year level of € 1,110.6 million. It provides a safe cushion and forms a strong starting point for the coming fiscal years.

TABLE 13 ORDER BACKLOG IN € MILLION

	09/30/2013	09/30/2012
Germany	454.3	453.9
Europe (excl. Germany)	223.1	163.1
Americas	126.7	119.5
Asia	275.6	372.5
Other regions	8.2	1.5
Total	**1,087.9**	**1,110.6**

CHART 10 ORDER BACKLOG BY REGION 09/30/2013 IN PERCENT



Domestic backlog remains high, strong increase in European order backlog.

The order backlog for domestic clients remained strong at € 454.3 million, accounting for almost 42% of the total volume. There was particularly encouraging growth in the backlog of European orders from outside Germany: compared to the previous year, it increased strongly by 36.7% to € 223.1 million.

There was also a slight increase in order backlog from the American market of 6.0% to € 126.7 million.

With a volume of € 275.6 million, the order backlog figure for Asia failed to reach the high prior-year level of € 372.5 million.

There was a strong increase in the order backlog of other regions – at € 8.2 million, the figure was more than five times higher than in the previous year.

Foreign orders accounted for 58.2% of the total order backlog (prior year: 59.1%).

With an order backlog of € 977.3 million, Forming Systems was once again the strongest segment, accounting for 81.3% of the total order book.

Forming Systems strongest segment in order book.

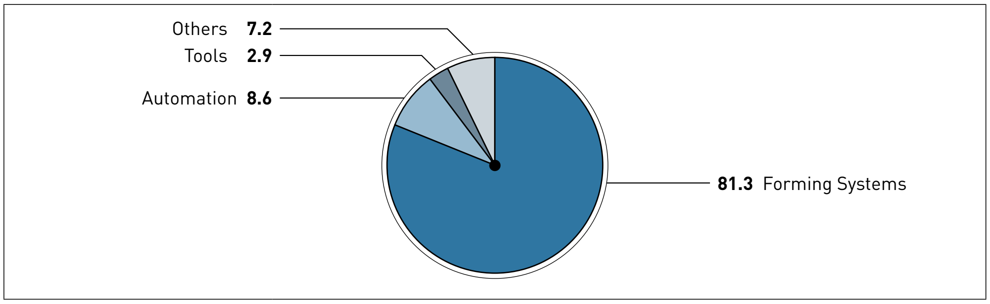
In the Automation segment, the order backlog fell by 25.1% to € 103.7 million.

There was a strong increase in the Tools segment, where the order backlog rose by 31.9% to € 34.3 million.

Tools segment with growth of 31.9%.

The Others segment also displayed growth of 12.3% to € 86.4 million.

CHART 11 ORDER BACKLOG BY SEGMENT 09/30/2013 IN PERCENT



SALES SLIGHTLY BELOW PRIOR-YEAR LEVEL

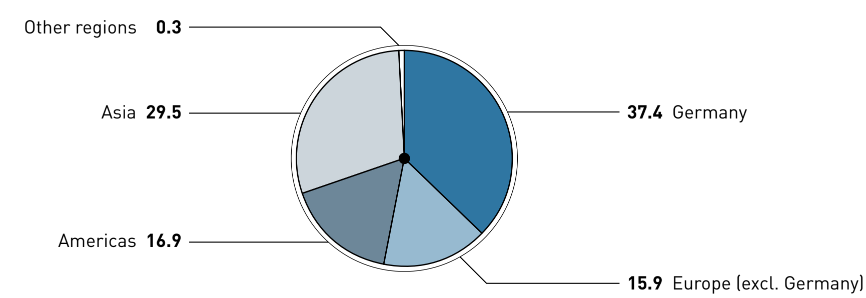
Sales of € 1,185.9 million 3.3% down on previous year.

At € 1,185.9 million, consolidated sales of the Schuler Group in fiscal year 2012/13 were slightly below the prior-year figure of € 1,226.1 million.

TABLE 14 SALES IN € MILLION

	2012/13	2011/12
Germany	443.3	394.9
Europe (excl. Germany)	188.9	245.7
Americas	200.3	179.8
Asia	349.4	401.2
Other regions	4.1	4.5
Total	**1,185.9**	**1,226.1**

CHART 12 SALES BY REGION 2012/13 IN PERCENT



Germany largest sales market with 37.4% share.

Sales in Germany performed particularly well with growth of 12.2% to € 443.3 million, accounting for 37.4% of total revenue. Schuler's domestic market replaced Asia as the region with the highest sales.

Sales revenues in Asia reached € 349.4 million. This corresponds to a year-on-year decline of 12.9%.

Sales generated in the rest of Europe also failed to reach the level of the previous year. At € 188.9 million, revenues were down 23.1% year on year. A key driver of this downward trend is still the noticeable effect of the European economic and debt crisis.

There was a positive development, however, on the American market. Revenues rose by 11.4% to € 200.3 million.

All in all, revenues from our foreign markets accounted for 62.6% of total sales (prior year: 67.8%).

Sales were once again strongest in the Forming Systems segment, which generated revenues of € 981.9 million and accounted for 70.3% of total sales. This represents a slight year-on-year decline of 2.4%.

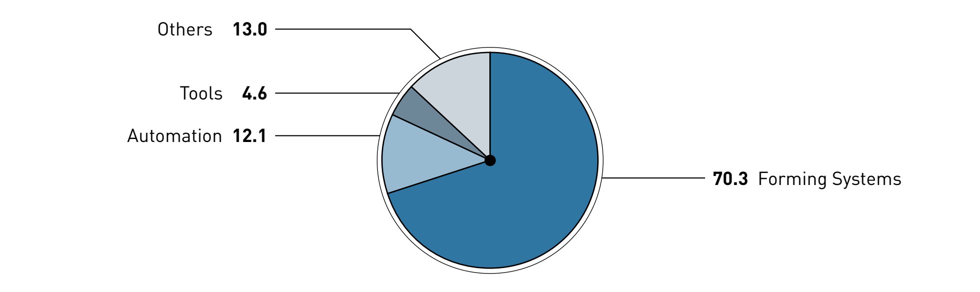
The Automation segment also fell short of its prior-year level. At € 169.8 million, revenues were down 9.0% on the previous year.

The Tools segment generated revenues of € 64.9 million and thus also suffered a slight decline of 5.4%.

By contrast, revenues of the Others segment rose strongly by 33.7% to € 181.6 million.

Sales of Others segment up by almost 34%.

CHART 13 **SALES BY SEGMENT 2012/13** IN PERCENT



EARNINGS POSITION

GOOD DEVELOPMENT IN EARNINGS FIGURES

The Schuler Group made encouraging progress in its past fiscal year 2012/13. Despite a slight fall in sales, there was an improvement in profitability.

Sales revenues almost reach record prior-year level.

Sales revenues of € 1,185.9.million were slightly down on the previous year (– 3.3%). The total performance fell by 4.0%, from € 1,235.4 million to € 1,186.2 million. As expected, new orders of € 1,163.3 million were unable to match the high, prior-year figure of € 1,300.9 million. As a result, the book-to-bill ratio (new orders in relation to sales revenues) amounted to 1.0 (prior year: 1.1).

TABLE 15 CONDENSED INCOME STATEMENT IN € MILLION

	2012/13	2011/12
Sales	1,185.9	1,226.1
EBITDA	123.0	118.3
Depreciation/write-ups on non-current assets, and interests in affiliates and participations	24.7	22.5
EBIT	98.3	95.8
Interest result	– 8.6	– 16.6
EBT	89.7	79.2
Income taxes	28.0	27.4
Group profit or loss	61.7	51.8

In fiscal year 2012/13, the consolidated cost of materials amounted to € 513.5 million (prior year: € 611.4 million). Based on total performance, the cost of materials ratio fell year on year from 49.5% to 43.3%. This decline was due to a higher proportion of invoiced projects. There were also a number of long-term construction orders at an advanced stage with a higher level of value added and a relatively low material proportion. Personnel expenses increased by 3.6% to € 376.3 million (prior year: € 363.3 million). Due to the decrease in total performance, the personnel expense ratio rose from 29.4% to 31.7% with a moderate increase in headcount.

Other expenses rose by 16.8%, from € 164.7 million to € 192.3 million. This increase resulted mainly from additions to provisions for order costs and employment-related costs such as travel expenses for assembly work and commission fees. Other income fell by € 3.8 million to € 18.4 million during the reporting period. This was mainly due to lower reductions of order-based provisions.

EBITDA margin rises to 10.4%.

All in all, the Schuler Group succeeded in improving profitability compared to the previous reporting period. EBITDA increased by € 4.7 million to € 123.0 million, resulting in an improvement of the EBITDA margin from 9.6% to 10.4%. After deducting depreciation and amortization, EBIT stood at € 98.3 million (prior year: € 95.8 million).

In the reporting period, interest improved by € 7.9 million to € – 8.6 million, while EBT rose from € 79.2 million to € 89.7 million. This improvement was helped by the more favorable terms of the syndicated loan agreement, signed in November 2011.

Consolidated profit improves by 19.1%.

Moreover, the interest result in 2011/12 was burdened by a prepayment penalty and arrangement fees. After consideration of income taxes, the consolidated profit rose from € 51.8 million last year to € 61.7 million for the reporting period. The other financial result includes writedowns on shares in affiliates and participations of € 2.0 million.

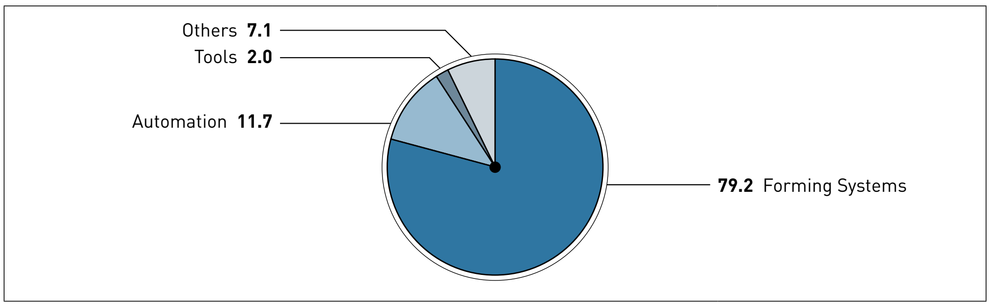
The tax ratio for the reporting period amounted to 31.2% (prior year: 34.6%). Tax expenses of € 28.0 million include domestic taxes of € 11.1 million (prior year: € 2.9 million), foreign taxes of € 5.4 million (prior year: € 6.5 million) and deferred taxes of € 11.6 million (prior year: € 18.1 million).

GOOD OVERALL RESULT IN THE SEGMENTS

Forming Systems and Others segments post earnings growth.

The operating results of the Group's business segments made strong progress. Revenues of the Forming Systems segment fell by 2.5% to € 981.9 million (prior year: € 1,007.1 million), while EBIT improved by € 3.6 million to € 91.0 million (prior year: € 87.4 million). In the Automation segment, revenues were down 9.0% to € 169.8 million (prior year: € 186.6 million), while EBIT fell by € 3.3 million to € 13.4 million (prior year: € 16.7 million). Revenues of the Tools segment were down on the previous year at € 64.9 million (prior year: € 68.7 million), as was EBIT at € 2.3 million (prior year: € 3.3 million). The Others segment posted sales growth of 34.8% to € 180.3 million (prior year: € 133.7 million) and generated EBIT of € 8.2 million (prior year: € 6.0 million).

CHART 14 EBIT BY SEGMENT IN PERCENT



FINANCIAL POSITION

LONG-TERM FUNDING OF FUTURE DEVELOPMENT

Schuler AG plays a major role with regard to financing and securing liquidity within the Group. It is responsible for most debt financing and provides the Group's subsidiaries with funds as and when they are required. Via the Group's central cash pooling activities, the Treasury department of Schuler AG takes any surplus funds from the Group's subsidiaries – wherever legally possible – and in turn provides them with liquidity as required.

New syndicated loan with improved terms.

A key element of the Group's funding is the syndicated loan agreement concluded in November 2011 with a total volume of € 450.0 million and a term until September 30, 2016. The agreement comprises a guarantee facility tranche of € 300.0 million (prior year: € 300.0 million), which can be increased if required by an additional € 50.0 million, and a credit facility tranche of € 150.0 million (prior year: € 150.0 million), which may also be used in full as a guarantee facility. The 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. In order to reflect Schuler's improved credit rating, the conditions were reduced as part of a contract adjustment implemented in August 2013. The agreed financial covenants were met at all times during the past fiscal year.

In addition, the Schuler Group has bilateral credit lines and loans that are mainly denominated in euro, Brazilian real and Chinese yuan (renminbi). The average term of the fixed-interest loans is 1.7 years (prior year: 2.7 years) and that of the variable-interest loans 2.9 months (prior year: 3.6 months).

In total, the Schuler Group has credit and guarantee facilities with various credit institutes and credit insurance partners amounting to € 550.4 million (prior year: € 582.7 million), of which € 204.0 million (prior year: € 217.3 million) were unused at the end of the reporting period. At the end of the reporting period, cash and cash equivalents amounted to € 288.3 million (prior year: € 189.2 million).

Furthermore, we use selected off-balance-sheet financial instruments, such as operating leases. As of September 30, 2013, payment obligations from operating leases amounted to € 102.7 million (prior year: € 111.5 million).

Additional details on finance and on the principles and targets of financial management are provided in the notes to the consolidated financial statements.

FURTHER IMPROVEMENT IN FINANCIAL STATUS

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 16 CONCISE STATEMENT OF CASH FLOWS IN € MILLIONS

	2012/13	2011/12
Profit or loss for the year	61.7	51.8
Depreciation/write-up of non-current assets	24.7	22.5
Changes		
Net working capital	13.8	–63.5
Provisions/other	28.8	1.5
Cash flow from operating activities	129.0	12.3
Capital expenditures	–31.4	–26.2
Other	3.8	–19.1
Cash flow from investing activities	–27.7	–45.3
Increase/redemption of financial liabilities	4.0	–8.0
Other	–2.7	–5.5
Cash flow from financing activities	1.3	–13.5
Change in cash and cash equivalents	102.5	–46.4
+/– Change in cash and cash equivalents due to exchange rate fluctuations	–3.4	–1.0
Net change in cash and cash equivalents	99.1	–47.5

Strong increase in cash flow from operating activities.

In fiscal year 2012/13, the Schuler Group generated cash flow from operating activities of € 129.0 million, compared to € 12.3 in the previous year. This increase of € 116.6 million is mainly due to the decrease in net working capital, in contrast to the strong increase in the previous year. There was a further positive effect on cash flow from operating activities from the increase in profit after tax of € 9.8 million to € 61.7 million.

Cash flow from investing activities changed from € –45.3 million to € –27.7 million in the reporting period. Whereas the one-off payment of € 20.0 million for the open purchase price obligation for the purchase of Müller-Weingarten AG dominated cash flow from investing activities in the previous year, the main focus was on investments in property, plant and equipment in fiscal year 2012/13.

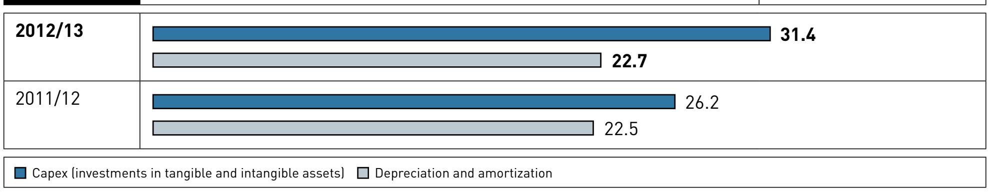
Cash flow from financing activities amounted to € 1.3 million in fiscal year 2012/13 (prior year: € – 13.5 million). The positive balance mainly includes the bank liabilities of our Brazilian subsidiary to finance customer orders. There was an opposing effect from the dividend payment of € 3.3 million in the third quarter of the reporting period.

Schuler paid dividend of € 3.3 million for fiscal year 2011/12.

All in all, the change in cash and cash equivalents amounted to € 102.5 million (prior year: € – 46.5 million). After accounting for changes due to currency fluctuations, cash and cash equivalents increased from € 189.2 million as of September 30, 2012 to € 288.3 million. In the reporting period, net liquidity rose from € 100.2 million in the previous year to € 202.2 million.

Net liquidity more than doubled.

CHART 15 CAPEX AND DEPRECIATION IN € MILLIONS



In fiscal year 2012/13, the Schuler Group increased its investment volume from € 26.2 million to € 31.4 million. The main focus of investment was property, plant and equipment with an amount of € 28.7 million (prior year: € 22.7 million). Investments in intangible assets amounted to € 2.7 million, compared to € 3.5 million in the previous year, and mainly comprise investments to expand and optimize the IT infrastructure. Total depreciation of tangible and intangible assets amounted to € 22.7 million (prior year: 22.5 million).

Capex up 19.8%.

ASSETS POSITION

FURTHER IMPROVEMENT IN EQUITY

TABLE 17 CONCISE STATEMENT OF FINANCIAL POSITIONS IN € MILLIONS

		2012/13	2011/12
Assets		997.3	902.7
A.	Non-current assets	269.1	283.2
	of which intangible assets, property, plant and equipment, interests in affiliates and participations	236.5	233.6
B.	Current assets	728.2	619.5
	of which inventories	127.5	131.7
	of which trade receivables and future receivables from long-term construction contracts	263.3	239.5
	of which cash and cash equivalents	288.3	189.2
Liabilities		997.3	902.7
A.	Shareholders' equity	302.0	244.6
B.	Non-current liabilities	158.2	178.9
	of which financial liabilities	31.1	57.1
	of which pension provisions	100.2	97.6
	of which other provisions	13.9	16.0
C.	Current liabilities	537.0	479.2
	of which financial liabilities	55.0	31.9
	of which trade payables	72.5	86.9
	of which other liabilities	289.4	270.0
	of which other provisions	103.9	80.0

At the end of the reporting period on September 30, 2013, the total statement of financial positions of the Schuler Group was up € 94.6 million over the previous year at € 997.3 million. On the asset side, non-current assets fell by € 14.1 million to € 269.1 million (prior year: € 283.2 million). Fixed assets rose by a total of € 2.8 million. This figure includes an increase in property, plant and equipment of € 7.7 million, which mainly results from the expansion of capacity at the facility in Dalian, China, as well as non-scheduled depreciation of € 2.0 million on property, plant and equipment belonging to Schuler Guss GmbH & Co. KG.

There was an opposing development in intangible assets and financial assets, which fell in total by € 4.9 million. There was also a decline in deferred tax assets of € 8.4 million to € 26.8 million. This decline resulted mainly from the greatly increased use of loss carryforwards in Germany compared to the previous year. Current assets rose by € 108.7 million to € 728.2 million. This was mainly a result of the strong increase in cash and cash equivalents of € 99.1 million, due in particular to payments on account received from customers. Receivables from long-term construction contracts fell slightly by € 2.8 million to € 154.6 million, while trade receivables increased by € 26.6 million to € 108.7 million.

Equity ratio rises to 30.3%.

As a result of the consolidated profit, shareholders' equity rose by € 57.4 million to € 302.0 million in fiscal year 2012/13. There was a negative effect on equity, however, from other comprehensive income and the dividend payment to shareholders of Schuler AG amounting to € 3.3 million. The increase in shareholders' equity of 23.5% exceeded growth in the total statement of financial positions, resulting in an improvement in the equity ratio from 27.1% to 30.3%.

Non-current liabilities fell from € 178.9 million to € 158.2 million in the reporting period. This decrease of € 20.7 million resulted mainly from the redemption of long-term bank liabilities. Moreover, other provisions decreased by € 2.2 million to € 13.9 million, mainly as a result of the decline in staff-related provisions. Deferred tax liabilities increased by € 4.7 million to € 9.4 million, while pension provisions grew by € 2.6 million to € 100.2 million.

The increase in current liabilities of € 57.9 million to € 537.0 million was due to an increase in payments on account received of € 22.6 million and the increase in current financial liabilities of € 23.1 million to € 55.0 million. The increase in funding mainly serves to finance operations in Brazil. There was also a rise in other provisions of € 23.9 million to € 103.9 million, due mainly to order-related items. By contrast, there was a decrease in trade payables from € 86.9 million to € 72.5 million.

RISK AND OPPORTUNITY REPORT

1. RISK MANAGEMENT PROCESS

/ 1.1 PRINCIPLES

Risk management is an integral part of corporate management.

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 opportunities and risks 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 opportunities and risks in all major organizational units are analyzed systematically and measured in the same way. The risk transparency this creates enables us to derive suitable measures to control or counter such risks. Implementing these measures generally results in a reduction of the potential damage or the realization of potential opportunities.

/ 1.2 GROUP RISK MANAGEMENT

Binding regulations on handling of opportunities and risks.

The Schuler Group has a corporate guideline on opportunity and risk management. This 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 opportunities and risks.

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 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 Audit Committee.

Systematic classification and evaluation of risks.

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.

Opportunities and risks are classified and evaluated by Risk Officers according to the probability of their occurrence, the extent of their potential damage, and their time horizon. We distinguish between opportunities and risks that may occur within the next twelve months, and those whose probability of their occurrence has a time horizon of over one year. As a result, our risk and opportunity reporting also considers strategic issues.

Risk control measures are defined for each risk and monitored as part of the measures controlling process.

In the event of risks that have a high-potential for damage and a high probability of occurrence, Risk Officers are required to submit an ad-hoc report to Central Risk Management.

/ 1.3 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 (ICR) 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.

Decentralized organization of accounting as key feature of Schuler's ICR system.

A key feature of the ICR 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 from each other 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, audited data is compared with information from corporate planning and ongoing internal reporting to ascertain and analyze 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 codified for the Group in the Treasury Manual.

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." Interest and foreign currency risks above a specified threshold must always 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 underlying transactions as a result of ordinary business are continually monitored by 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, calculation or inventory, 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 that have a material impact on the financial statements is reported every quarter as part of the risk management process. Current financial planning and the use of credit lines are stated in the monthly treasury report, while any open positions are presented in the foreign exchange report. All deviations are discussed and monitored.

Quarterly reporting on opportunities and risks.

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.

Extensive measures taken to secure the quality of the financial statements.

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.

/ 1.4 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.

2. RISK REPORT

/ 2.1. FINANCIAL RISKS

2.1.1 Liquidity risks

Syndicated loan provides long-term financial basis.

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. In fiscal year 2012/13 we were always capable of meeting our financial commitments.

The syndicated loan agreement with a total volume of € 450 million signed in November 2011 and expiring on September 30, 2016 provides a sound financial basis for the implementation of our growth strategy.

Standard financial covenants were agreed for the syndicated loan. In the case of infringement, 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. Schuler met all the financial covenants during the past fiscal year. According to our planning, the financial covenants will all be met during the planning period.

In September 2012, the banking syndicate agreed that if the 50% threshold was crossed by the technology group Andritz, there would be no obligation to immediately repay the syndicated loan.

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

2.1.2 Interest and foreign currency risks

Continual monitoring of currency and financial risks.

Due to its international alignment, the Schuler Group is exposed to certain interest and foreign currency risks. These include possible value fluctuations of a financial instrument due to changes in the market interest rate or exchange rate. Coverage against such risks is provided by so-called netting, 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, 2013, currency risks were covered by forward exchange contracts and foreign currency swaps with a nominal value of € 50.0 million (prior year: € 90.5 million). The nominal value of the interest swaps and interest options to cover such interest rate risks amounted to € 2.4 million at the end of the reporting period (prior year: € 4.7 million). There was no interest hedge not recognized as a cash flow hedge as of September 30, 2012, due to the dedesignation or non-fulfillment of the strict requirements of hedge accounting. Derivatives are negotiated exclusively with banks offering good credit ratings.

2.1.3. 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.

Active management of accounts receivable and credit checks limit the risk of default.

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

2.1.4 Risks from pension plans

Schuler has performance-based pension obligations that 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.

2.1.5 Tax risks
The tax audit for the years 2005 to 2009 at Schuler AG and the German companies of the Schuler Group has been completed. Due to the possibility of differing assessments of items in the subsequent audit for the following years, as well as audits of foreign subsidiaries, a burden for the Group may arise from subsequent demands and the respective interest. A suitable provision has been formed for such risks.

With regard to planned restructuring processes within the Group, there will be a loss of tax loss carryforwards amongst those legal entities transferring assets. This risk has been considered in the impairment test of tax loss carryforwards for these companies. At the same time, however, the use of discretionary measures in the new structure will enable the use of tax loss carryforwards of Schuler AG previously regarded as worthless. This was also considered when measuring the amount of tax loss carryforwards to be capitalized.

The acquisition by Andritz resulted in the loss of domestic tax loss carryforwards and any domestic tax losses in the period October 2012 to February 2013, insofar as these loss carryforwards or losses exceed domestic taxable hidden reserves, which result from the difference between the fair market value of the shares and the prorated taxable equity on the date of acquisition. The risk that significantly more tax loss carryforwards or losses are lost due to a differing assessment of hidden reserves by the tax authorities than we have measured, or that the acquisition may lead to other tax burdens, is regarded as low.

/ 2.2 BUSINESS ENVIRONMENT AND SECTOR RISKS

2.2.1 Competitive environment with regard to customers and competitors
Schuler is the technological leader in the global market. In emerging markets, we often face competition from local, low-cost suppliers.

Product innovations and constant improvements in productivity ensure Schuler remains competitive.

China is now the world's largest manufacturer of machine tools. A large proportion of this volume was produced for China's domestic market. However, China is now the world's sixth largest exporter of machine tools. In the automotive sector, we have observed increased attempts by Chinese press manufacturers to penetrate overseas markets.

In order to remain competitive in the 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 a large amount of our highly technical 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.

In terms of customers, the German OEMs are important business partners for Schuler. In the non-automotive segment, we have a wide variety of customers in sectors such as white goods, railway, aerospace, packaging and large pipes.

Our global service network also plays an important role in strengthening the long-term loyalty of customers. By expanding our service activities further, we see an opportunity to achieve additional competitive advantages.

2.2.2 Market and sector

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.

Due to its competitive advantages from innovation and strong standing in growth markets, the past fiscal year was very successful for Schuler. In a worsening market environment, new orders worth € 1.2 billion were received – compared to record orders of around € 1.3 billion in the two preceding years with much more favorable market conditions.

The order backlog as of September 30, 2013 was still high at € 1.1 billion (prior year: € 1.1 billion) and forms a solid starting point for the coming fiscal year.

The economic conditions for the following quarters are currently difficult to predict. Although there are growing signs of a slight economic recovery in 2014, diverging economic trends in the Eurozone economies or the ongoing budget debate in the US could once again dampen the macroeconomic prospects.

Economic trend difficult to predict. Risk potential is present.

The future investment decisions of OEMs, and in particular the development of the Chinese market, will influence the ongoing progress of Schuler's business.

2.2.3 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.

/ 2.3 OPERATING RISKS

2.3.1 Order creation process

Detailed project calculations and feasibility studies in the acquisition phase.

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 the regulations require advance approval by the respective Division Managers or the Board of Management.

2.3.2 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.

Serial products in particular are only marketed after the prototype has been put into operation.

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 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 practised as part of the error prevention process.

2.3.3 Procurement

In terms of procurement, the Group is exposed to risks mainly from commodity price fluctuations, delays in deliveries, quality defects or the economic situation of our suppliers.

The procurement of metals and metal alloys, especially steel accounts for a significant proportion of our costs. As a result, strategic sourcing closely monitors market price trends for these commodities and includes such developments in the company's procurement strategy.

In fiscal year 2012/13, the steel price remained below the level of the previous year. In general, there was an overall decline in the price of important commodities, such as iron ore, coking coal and copper throughout 2013. At present, there are no signs in Europe or China of any imminent leap in steel demand and thus any short-time spike in the steel price.

Assessments of future commodity prices are based on cyclical factors as well as micro- and macroeconomic trends. Our international procurement organization attempts to balance out or exploit any temporary disequilibrium in global commodity prices.

Due to the current low price level, no additional, significant price decreases are expected. As the reductions in capacity made by the steel market and the reduced supply have not led to price increases so far, the general market opinion is that such an effect is not expected in the near future. We, therefore, anticipate a moderate price development. No significant price leaps in the commodities that we mainly procure are currently visible. Fluctuations in the prices of commodities we procure can generally be passed on to the market via project-based orders.

As part of our strategic procurement management, and by comparison with the purchasing conditions of the Andritz Group, we continually develop our structures and business processes. With the aid of our international procurement offices in China, Brazil, the US, India and Eastern Europe, and the enhancement of our global supply partnerships, we aim to utilize our regional location benefits with regard to procurement.

The general cooling of the procurement markets has greatly improved the delivery situation of our suppliers. When awarding new contracts, the feasibility of delivery dates is critically examined. By concluding master agreements and involving suppliers in the planning process from an early stage, we have achieved a sustainable improvement in availability. In the case of key components, agreements are made with suppliers for individual cases to ensure that orders are processed on schedule. Despite these measures, however, delivery delays cannot be completely eliminated.

THE RESULTS

In order to minimize the risk of non-delivery by our suppliers, Schuler assesses associated risks, such as their financial stability, with the aid of an external and independent financial services provider. If a high, default risk is identified for a supplier, steps are taken to ensure uninterrupted supplies.

2.3.4 Infrastructure

Securing stable production conditions is a necessary prerequisite for the efficient execution of work processes. We regularly calculate the need for modernization of our infrastructure (buildings, power supply, heating) and conduct any necessary measures.

2.3.5 Production

Focus still on management of production capacities and delivery dates.

As of September 30, 2013, the order backlog remained high at € 1.1 billion.

However, not all facilities are working at full capacity. Utilization of capacity deteriorated at certain sites in the second half of the year due to delays in the planned receipt of new orders. Counter-measures included the reduction of flextime balances and short-time work in selected functional areas.

In order to fully or partially compensate for the delayed receipt of project orders, measures are defined and implemented by the units concerned at an early stage.

On January 1, 2013, the corporate divisions Production and Procurement were pooled together for the first time in a separate Board of Management division. This division is currently undertaking a thorough analysis of the Group's manufacturing facilities, reviewing the current allocation of production tasks and assessing make-or-buy strategies.

Depending on the outcome of these analyses, there may be changes at certain facilities regarding product allocations and existing capacities.

In the past fiscal year, there was still a 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.

In order to streamline this area further, the production of hydraulic presses has now been integrated into the global management of production capacities and delivery dates.

A key success factor is the production launch phase of our products. A corresponding increase in manpower has been initiated and to some extent implemented in this field. However, in some cases, it is proving difficult to find sufficiently qualified specialists on the labor market. Internal training opportunities have therefore been stepped up in order to ensure a suitable supply of our own skilled staff in the medium to long term (see also section 2.4.5 Personnel).

Close coordination between Procurement and Production is thus also essential in this field, in order to secure external capacities in bottleneck areas at the right time.

At Group level, there is also continuous reporting on planned schedules and monitoring of steps taken. Despite these precautions, however, the risk of delays in delivery cannot be entirely excluded.

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.

2.3.6 Project management

In order to optimize order processing, we have pooled all activities involved in supplying the customer, after receipt of the order, 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.

/ 2.4. OTHER RISKS

2.4.1 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 2.3.5 "Production"), the environmental management systems of various Group companies are also certified according to the DIN EN ISO 14001 standard.

2.4.2 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 a lawsuit regarding an alleged contravention of anti-trust regulations. The risk is regarded as minor, though.

2.4.3 Compliance
As an internationally operating company, Schuler has to comply with the respective legal regulations of every country in which it operates. The variety and increasing complexity of the relevant regulations at local and international level increases the risk that Schuler may be exposed to significant legal and economic risks through non-compliance, e.g. fines or damage claims. Major compliance risks include the contravention of environmental and tax laws, or health and safety regulations, as well as corruption, cartel or export infringements.

In order to minimize these risks, Schuler has enhanced its Compliance organization with the aid of several measures, e.g. the creation of a central code of conduct, the establishment of Compliance Officers at the Group companies, the definition and implementation of processes for avoiding legal infringements, and the regular briefing or training of staff to make them aware of the risks.

In the past fiscal year, the majority of Group employees were trained in key compliance topics. Further detailed training was provided, e.g. for staff involved in export law.

2.4.4 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.

We continually adapt our IT capacities to current needs. Differentiated back-up and recovery strategies help avoid any loss of data.

2.4.5 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.

Personnel development system is important component for ensuring future personnel capacities.

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.

Our efforts were honored with the "Top Employer" award in the past year. Schuler was one of 118 companies to receive the independent certificate "Top Employer Germany 2013".

Despite all efforts, the shortage of skilled staff will remain a future challenge due to the demographic development. Internal training opportunities have therefore been stepped up in order to ensure a suitable supply of our own skilled staff in the medium to long term and thus counter the shortage. To this end, we also extended the collaborative training network in Weingarten and opened the first dual education and training center in Puebla, Mexico.

3. OPPORTUNITY REPORT

/ 3.1 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 are focusing on ten strategic markets. This will enable us to align ourselves more closely with customer requirements and tap further growth potential.

Strong presence in growth markets

Our international presence with manufacturing facilities and service offices around the world forms the basis for a strengthening of our competitiveness and the profitable expansion of our business activities. In the past fiscal year, for example, we completed the expansion of our Dalian production facility in China and strengthened our sales, procurement and development facilities in Shanghai. We are also expanding our service activities in numerous Chinese provinces.

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.

/ 3.2 TECHNOLOGIES

Securing the Group's technological lead is vital for its sustainable growth. 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 research and development unit includes defining technology platforms and developing product strategy in the various Technology Fields, as well as innovation management, product development and standardization.

We are continuing to systematically expand the application possibilities of servo technology. In the past fiscal year, there were further sensible additions to the product portfolio with the new MSD2-250 servo press, the servo knuckle-joint press and Load Master loading systems, for example.

As already described above, TwinServo Technology offers further opportunities.

/ 3.3 TAKEOVER BY ANDRITZ/USE OF SYNERGIES

The takeover of Schuler by the technology company Andritz led to initial synergies in the acquisition of orders in the past year.

Synergy potential in the acquisition of orders.

Schuler was awarded an order for a production line to manufacture railway wheels worth over € 90 million. ANDRITZ Maerz will supply the heat treatment technology for the railway wheels.

In the field of procurement, the first steps have already been taken to achieve synergy effects. The synergy potential of other areas is being examined.

/ 3.4 INCREASED PROFITABILITY THROUGH FURTHER OPTIMIZATION OF MANAGEMENT STRUCTURE

The planned merger of several German subsidiaries with Schuler Pressen GmbH as October 1, 2013 is expected to generate further synergy potential. Schuler SMG GmbH & Co. KG, Schuler Cartec GmbH & Co. KG and other subsidiaries are to be retroactively merged with Schuler Pressen GmbH.

Further improvement in organizational structure introduced.

In this connection, we reduced the number of Board of Management members from five to four and significantly streamlined the second-tier management level in Germany.

Moreover, we are carefully examining the possibilities of a shared service organization.

4. SUMMARY OF RISK AND OPPORTUNITY EVALUATION

There are currently no recognizable risks that may endanger the continued existence of the Schuler Group.

There are currently no recognizable risks that may endanger the continued existence of the Schuler Group.

Macroeconomic risks continue to exert a strong influence on business activities.

Due to the consistently high level of order backlog, we must continue to make every effort to ensure that orders are processed punctually and with perfect quality.

Schuler's innovations are aimed at securing its technological lead.

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, 2013, the capital stock of Schuler AG amounts to € 77.769.250.00 and is divided into 29,911,250 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:

Andritz Beteiligungsgesellschaft IV GmbH, Berlin 93.57%

There are no shares with special rights that 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 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 details of the conditional capital increase and its implementation.

On January 7, 2013, the beneficiaries of the Stock Option Program made use of their right and exercised one third of the stock options in the three tranches (=220,416 units) at a unit price of € 2.60. This raised the number of outstanding common shares from 29,690,834 to 29,911,250. Subscribed capital increased from € 77,196,168.40 to € 77,769,250.00. The common stock in question are no-par value common shares; as such, each share entitles the holder to an imputed share of nominal capital of € 2.60. The shares are made out to the bearer, the capital is fully paid.

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 Schuler AG is obliged to repay the loan prematurely if one shareholder or several shareholders acting in unison (as defined by § 2 Abs. 5 WpÜG) acquire more than 50% of the shares and voting rights in Schuler AG.

In September 2012, the banking syndicate agreed that if the 50% threshold were crossed by the technology group Andritz, there would be no obligation to prematurely repay the syndicated loan.

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

On October 30, 2013, the Board of Management of Schuler AG announced extensive measures with regard to adapting the company's level of vertical integration and centralizing administrative functions. The company has earmarked around € 50 million for the restructuring process, of which around € 35 million will be incurred in the short fiscal year 2013 (October to December 2013). The Management Board expects annual savings in operating costs of € 15 to € 20 million in the following fiscal years.

FORECAST REPORT

FUTURE ECONOMIC CONDITIONS

/ GLOBAL ECONOMIC GROWTH EXPECTED IN 2014

The pace of global economic growth will continue to slow in 2013. In its fall outlook for 2013, the International Monetary Fund (IMF) forecasts an increase in global gross domestic product (GDP) of 2.9% (prior year: 3.2%), after predicting stronger growth than last year in its previous forecasts. The main reason for the IMF's more modest outlook is the slower pace of growth in the emerging and developing countries. The eurozone is still unable to contribute to global growth and must face a decline in GDP of 0.4% – representing a slight improvement on the previous year (– 0.6%). The German economy is expected to grow by 0.5%. The USA will continue to make a valuable contribution to growth with an expected increase in GDP of 1.6%, following a rise of 2.8% in the previous year. The Japanese economy is continuing its recovery and is likely to grow by 2.0%, as in the previous year. Once again, global economic growth is being driven by the emerging and developing economies in 2013. However, they are unlikely to match the exceptionally high growth rates of previous periods.

Eurozone remains in decline in 2013.

The IMF's fall outlook is more upbeat about 2014. Global GDP is expected to grow by 3.6%. The industrial nations in particular are likely to drive this development. The IMF forecasts slight growth of 1.0% for the eurozone. Germany can expect accelerated growth of 1.4%. The US economy can expect far stronger growth than the previous year with an increase in GDP of 2.6%. However, this improvement is still subject to a successful resolution of the ongoing budget debate.

Global economic growth to gather pace again in 2014.

In Japan, however, growth is likely to slow in 2014. Global economic growth is expected to be driven by the emerging and developing economies again in 2014, despite a further slowdown in the pace of growth among these nations.

TABLE 18 **GDP DEVELOPMENT** IN PERCENT

	2014	2013
World	**3.6**	**2.9**
Eurozone	1.0	– 0.4
Germany	1.4	0.5
USA	2.6	1.6
Japan	1.2	2.0
China	7.3	7.6
India	5.1	3.8
Brazil	2.5	2.5
Russia	3.0	1.5

Source: IMF, October 2013

/ DIVERGENT DEVELOPMENT OF CAR MARKETS

The German Association of the Automotive Industry (Verband deutscher Automobilindustrie – VDA) forecasts further growth of around 2.0% to 70.5 million units for the global car market in 2013. According to the VDA, weak demand in Europe will be more than compensated for by growth in the other core international markets.

Global car market grows, passes 70 million mark in 2013.

In Western Europe, new registrations are likely to fall by 5.0% to 11.1 million units. Although the German market is more stable, it will probably fall slightly short of its prior-year figure with 3.0 million units (– 3.0%). Experts predict a fall in car sales in the New EU States (EU 11) of 2.0% to 740 thousand.

The US market continues to enjoy strong demand. Sales of light vehicles are expected to grow by 7.3% to around 15.5 million units. Following the boost to demand in the previous year, new registrations in Japan are likely to fall by 11.0% to 4.1 million cars.

The sales markets of the BRIC states are likely to differ in their development. Sales in Brazil are expected to grow by 0.5% to 3.6 million units. Forecasts for Russia assume a decline of 6.1% to around 2.8 million light vehicles. At 2.7 million new car registrations, sales in India are expected to fall year on year by 3.5%. In China, sales in 2013 are likely to grow strongly by 10.0% to 14.6 million cars.

Strong growth in China.

/ MODERATE GROWTH FOR GLOBAL CAR MARKET IN 2014

The global car market is likely to achieve modest growth in 2014. We currently expect an increase in new registrations of 2.4% to around 72.2 million units. The key growth drivers will be the core markets of China and the USA.

In Europe, new registrations are still expected to decline slightly. The forecast for Western Europe assumes sales of 10.9 million cars (– 2.0%). In Germany, the number of new registrations is likely to reach 2.9 million – up to 2.5% below the prior-year level.

Trend toward greater stability in Europe.

Expectations for the US market assume further growth of 5.8% to 16.4 million light vehicles. New registrations in Japan will probably fall by a further 2.0% to 4.0 million units in 2014.

A positive development of the car markets is expected in the BRIC states. New registrations in Brazil are likely to grow by 5.4% to around 3.8 million units. Growth is also expected in Russia – the latest calculations predict a growth potential of 3.6% to almost 2.9 million light vehicles. The Indian car market is likely to grow by 3.0% to 2.8 million units. New car registrations in China are likely to rise by 7.5% to 15.7 million units.

Further growth in BRIC states.

/ GOOD PROSPECTS FOR MACHINE TOOL INDUSTRY IN 2014

Machine tool consumption falls in 2013.

According to the German Machine Tool Builders' Association (VDW), the global market for machine tools will be weaker in 2013. Adjusted for currency fluctuations, experts believe that consumption of machine tools in 2013 will fall year on year by 7.4%. This decline is mainly due to slower growth expectations for the global economy and industrial production.

In a comparison of the economic triad, current forecasts show a slight fall in machine tool consumption in Europe (– 2.4%). A modest decline of 1.9% is forecast for America and a fall of 10% for Asia.

Slight year-on-year growth in output of German machine tool sector.

For the German machine tool market, output is expected to rise slightly year on year to € 14.2 billion. This trend will be aided by – albeit reduced – order backlogs stretching over 7.4 months (as of June 2013). Demand is likely to weaken in 2013. Following a decline in orders of 10% in the previous year, a fall of 5% is expected this year. Orders in Germany are likely to be down by 7% in 2013. Experts believe that foreign orders will fall by 4%.

Good prospects for 2014.

In its medium-term forecast, the VDW predicts a strong increase in demand. The experts believe that investment volume in the eight most important customer sectors for machine tools will grow strongly by 11.5% compared to the previous year (+4.1%). Global consumption of machine tools is expected to rise by 5.0%. Increased consumption is forecast across the entire economic triad, whereby growth in America will be strongest (+6.6%), followed by Asia (+4.8%) and Europe (+4.6%).

The sector association sees a growth potential of 3.7% for the German machine tool industry in 2014. New orders are expected to grow by 11%, with growth in foreign orders of 12% and in domestic orders of 10%.

FUTURE DEVELOPMENT OF THE SCHULER GROUP

With an order backlog as of September 30, 2013 of around € 1.1 billion, we are in a strong position for both the current short fiscal year – from October 1, 2013 to December 31, 2013 – as well as for fiscal year 2014. Despite a more difficult market environment, we are cautiously optimistic about the future prospects. The consistent implementation of our strategic program “Growing Together”, aimed at raising the efficiency of our internal processes and optimizing cost structures, makes us well prepared for the growing market challenges. In our short fiscal year, we expect to post sales revenues of € 250 to € 300 million. In fiscal year 2014, revenues are expected to reach around € 1.1 billion. We will therefore continue to maintain a stable level. Car manufacturers and their suppliers will remain our most important sales market. In the medium to long term, however, other customer groups will grow in importance. The development of our business segments is likely to mirror the Group’s overall development.

Revenues of around € 1.1 billion expected for fiscal year 2014.

In our medium-term strategy formulated in early 2011, we targeted a steady increase in our level of profitability. We already reached the EBITDA margin target for 2013/14 of around 10% in the past fiscal year. Following the takeover by Andritz and our adaptation to the reporting and controlling system used by the Andritz Group, we now use EBITA as our most important key performance indicator. Our previous target of 10% EBITDA margin corresponds to an EBITA return of around 8.5%, based on our current cost and revenue situation.

In March 2013, we launched the group-wide project “Growing Together 2.0” with the aim of keeping Schuler on its successful course in future. In addition to the extension of our growth strategies to the year 2020, particular importance is attached to the development of a suitable manufacturing organization and the introduction of a cross-company shared service organization.

The planned changes will result in internal restructuring throughout Germany and affect 350 jobs in the medium term. Redundancies will be avoided wherever possible. We have earmarked costs of approximately € 50 million for the corporate restructuring process, of which around € 35 million are expected to be incurred in the current short fiscal year 2013 (October to December 2013). The Board of Management anticipates annual cost savings in the coming fiscal years of € 15 to € 20 million.

The planned one-off expenses will result in a negative EBITA result in the short fiscal year. Due to the slight decline in sales volume compared to fiscal year 2012/13, and further fierce competition on the market, we are somewhat more cautious about our forecast for 2014. It is unlikely that we will be able to match the results of 2012/13 in 2014.

OVERALL STATEMENT OF THE BOARD OF MANAGEMENT REGARDING FUTURE DEVELOPMENT IN THE SHORT FISCAL YEAR 2013 AND FISCAL YEAR 2014

The market environment is currently dominated by uncertainty. The ongoing financial and economic crisis in Europe and reports of a slowdown in our important sales market of China indicate a more difficult environment ahead.

EBITA margin expected to fall in 2014.

We also expect that sales revenues will decline slightly in the coming fiscal year 2014. In the current short fiscal year from October 1, 2013, to December 31, 2013, we anticipate sales revenues of € 250 to € 300 million. In fiscal year 2014, revenues are expected to reach around € 1.1 billion. Due to the planned one-off expenses for restructuring, we expect a negative EBITA result for the short fiscal year 2013. The EBITA margin for 2014 is unlikely to reach the level of fiscal year 2012/13. Following the implementation of our measures, we aim to achieve the targeted EBITA return of 8.5% again in the medium term.

Göppingen, November 18, 2013

The Board of Management

SCHULER AG
ANNUAL REPORT 2012/13

THE RESULTS

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SCHULER
Member of the ANDRITZ GROUP

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CHART 20 KEY ELEMENTS OF THE ANNUAL FINANCIAL STATEMENTS

2012/13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

STATEMENT OF CASH FLOWS

CONSOLIDATED INCOME STATEMENT

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, November 18, 2013

Schuler AG
The Board of Management

Stefan Klebert Joachim Beyer Norbert Broger Dr. Peter Jost

CONSOLIDATED INCOME STATEMENT OF THE SCHULER GROUP

FOR THE PERIOD OCTOBER 1, 2012, TO SEPTEMBER 30, 2013

IN € THOUSANDS

		Notes	2012/13	2011/12
1.	**Sales**	(1)	**1,185,932**	**1,226,090**
2.	Changes in inventories of finished goods and work in progress		– 84	6,043
3.	Internally produced and capitalised assets		347	3,242
4.	Other income	(2)	18,426	22,208
5.	Cost of materials	(3)	513,477	611,367
6.	Personnel expenses	(4)	376,302	363,255
7.	Depreciation and amortization of intangible and tangible assets	(5)	22,709	22,494
8.	Other expenses	(6)	192,342	164,668
9.	**Operating result**		**99,792**	**95,799**
10.	Interest income		4,367	7,024
11.	Interest expense		13,005	23,581
12.	Other financial result		– 1,480	1
13.	**Financial result**	**(7)**	**– 10,118**	**– 16,556**
14.	**Profit or loss before tax**		**89,674**	**79,243**
15.	Income taxes	(8)	28,007	27,416
16.	**Consolidated profit or loss for the year**		**61,667**	**51,827**
	of which attributable to shareholders of Schuler AG		61,401	51,260
	of which attributable to non-controlling interest		267	568
	Earnings per share in €	(9)		
	Basic earnings per share		2.06	1.74
	Diluted earnings per share		2.06	1.72

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE SCHULER GROUP

FOR THE PERIOD OCTOBER 1, 2012, TO SEPTEMBER 30, 2013

IN € THOUSANDS

	Notes	2012/13	2011/12
Consolidated profit or loss for the year		**61,667**	**51,827**
Items which cannot be recycled in profit or loss			
Actuarial gains/losses on defined benefit pensions and similar obligations	(24)	82	– 15,651
Deferred taxes on items which cannot be recycled in profit or loss	(8)	– 169	4,827
Items which can be recycled in profit or loss			
Exchange differences on translation of foreign operations		– 4,691	2,175
Cash flow hedges:			
valuation changes recognized in other comprehensive income		– 126	– 1,683
recognized in gain and loss		1,405	3,954
Deferred taxes on items which can be recycled in profit or loss	(8)	– 398	– 732
Other comprehensive income for the year, net of tax		**– 3,897**	**– 7,110**
Total comprehensive income for the year, net of tax		**57,770**	**44,717**
of which attributable to shareholders of Schuler AG		57,601	43,900
of which attributable to non-controlling interest		170	817

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 POSITION OF THE SCHULER GROUP

AS AT SEPTEMBER 30, 2013

IN € THOUSANDS

		Notes	09/30/2013	09/30/2012
ASSETS				
A.	**Non-current assets**			
1.	Intangible assets	(10)	78,063	80,786
2.	Property, plant and equipment	(11)	155,813	148,076
3.	Interests in affiliates and participations	(12)	2,585	4,771
4.	Income tax receivables		1,667	2,723
5.	Other assets	(13)	4,153	11,673
6.	Deferred tax assets	(8)	26,773	35,158
			269,053	**283,187**
B.	**Current assets**			
1.	Inventories	(14)	127,549	131,661
2.	Trade receivables	(15)	108,662	82,050
3.	Future receivables from long-term construction contracts	(16)	154,639	157,477
4.	Income tax receivables		3,548	6,035
5.	Other assets	(13)	45,515	52,292
6.	Cash and cash equivalents	(17)	288,311	189,184
7.	Non-current assets held for sale	(18)	0	777
			728,225	**619,477**
			997,278	**902,664**

IN € THOUSANDS

		Notes	09/30/2013	09/30/2012
LIABILITIES				
A.	**Equity**	(19)		
1.	Share capital		77,769	77,196
2.	Capital reserves		125,411	125,371
3.	Retained earnings		103,394	43,066
4.	Accumulated other comprehensive income		–8,938	–5,138
	Equity attributable to shareholders of Schuler AG		297,635	240,495
5.	Non-controlling interest	(20)	4,366	4,073
			302,001	**244,568**
B.	**Non-current liabilities**			
1.	Financial liabilities	(21)	31,112	57,099
2.	Other liabilities	(22)	3,679	3,502
3.	Pension provisions	(24)	100,158	97,586
4.	Other provisions	(25)	13,882	16,037
5.	Deferred tax liabilities	(8)	9,397	4,720
			158,228	**178,944**
C.	**Current liabilities**			
1.	Financial liabilities	(21)	54,976	31,862
2.	Trade payables	(26)	72,509	86,938
3.	Other liabilities	(22)	289,385	269,975
4.	Income tax liabilities	(23)	16,279	10,334
5.	Other provisions	(25)	103,900	80,042
			537,048	**479,152**
			997,278	**902,664**

STATEMENT OF CHANGES IN EQUITY OF THE SCHULER GROUP

FOR THE PERIOD OCTOBER 1, 2012, TO SEPTEMBER 30, 2013

IN € THOUSANDS

	Share capital	Capital reserves	Retained earnings
As at October 1, 2011	**76,050**	**125,224**	**– 2,365**
Consolidated profit or loss for the year	–	–	51,260
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	–	51,260
Capital increase Schuler AG	–	–	– 5,834
Share-based payment transactions	1,146	147	–
Other changes	–	–	5
As at September 30, 2012	**77,196**	**125,371**	**43,066**
Consolidated profit or loss for the year	–	–	61,401
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	–	61,401
Dividend	–	–	– 3,266
Share-based payment transactions	573	39	–
Change in consolidated group	–	–	2,317
Acquisition of non-controlling interests without change of control	–	–	– 124
As at September 30, 2013	**77,769**	**125,411**	**103,394**

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

			Shareholders of Schuler AG	Non-controlling interest	Total
Accumulated other comprehensive income					
Foreign currency translation differences	Unrealized gains and losses from cash flow hedges	Acturial gains and losses of defined benefit pension plans and similar obligations after deferred taxes	Equity capital	Equity capital	Consolidated equity capital
8,965	**–2,396**	**–4,348**	**201,130**	**4,021**	**205,152**
–	–	–	51,260	568	51,827
1,937	1,527	–10,824	–7,360	249	–7,110
1,937	1,527	–10,824	43,900	817	44,717
–	–	–	–5,834	–765	–6,599
–	–	–	1,293	–	1,293
–	–	–	5	–	5
10,902	**–868**	**–15,173**	**240,495**	**4,073**	**244,568**
–	–	–	61,401	267	61,667
–4,586	873	–87	–3,800	–97	–3,897
–4,586	873	–87	57,601	170	57,770
–	–	–	–3,266		–3,266
–	–	–	612	–	612
–	–	–	2,317	–	2,317
–	–	–	–124	123	–1
6,316	**5**	**–15,259**	**297,635**	**4,366**	**302,001**

STATEMENT OF CASH FLOWS OF THE SCHULER GROUP

FOR THE PERIOD OCTOBER 1, 2012, TO SEPTEMBER 30, 2013

IN € THOUSANDS

		2012/13	2011/12
	Consolidated profit or loss for the year	61,667	51,827
+/–	Depreciation, amortization and impairments/impairment reversals of non-current assets and interests in affiliates and participations	24,670	22,494
+/–	Increase/decrease in pension provisions (less indemnity claims)	2,512	7,291
+	Share-based payment transactions	39	147
–/+	Gain/loss from disposal of non-current assets	–867	–1,263
–/+	Increase/decrease in inventories	4,213	–6,599
–/+	Increase/decrease in receivables and other assets not relating to investing or financing activities	–1,978	–39,125
–/+	Decrease/increase in provisions (excluding pension provisions)	27,104	–4,670
–/+	Decrease/increase in liabilities not relating to investing or financing activities	11,597	–17,776
Cash flow from operating activities		**128,958**	**12,327**
	Proceeds from sale of tangible and intangible assets	2,959	3,005
–	Additions from capitalized development costs	0	–404
–	Purchases of other tangible and intangible assets	–31,425	–25,821
+	Proceeds from the sale of financial assets	0	1,541
–	Purchase of financial assets	0	–3,175
–	Subsequent disbursement in connection with company acquisition	0	–20,422
+	Proceeds from events attributable to neither operating nor financial activities	794	0
Cash flow from investing activities		**–27,672**	**–45,276**
–	Dividend payment to shareholders of Schuler AG	–3,266	–5,834
–	Dividend payment to non-controlling interest	0	–765
+	Increase in capital of Schuler AG	573	1,146
+	Proceeds from non-current financial liabilities	55,033	11,282
–	Repayment of non-current financial liabilities	–34,727	–21,096
–	Change in current financial liabilities	–16,352	1,766
Cash flow from financing activities		**1,261**	**–13,501**
Change in cash and cash equivalents		102,547	–46,450
+/–	Change in cash and cash equivalents due to exchange rate fluctuations	–3,775	–1,048
+	Change in cash and cash equivalents due to changes in the consolidated group	354	0
Net change in cash and cash equivalents		**99,127**	**–47,498**
+	Cash and cash equivalents at beginning of period	189,184	236,682
Cash and cash equivalents at end of period		**288,311**	**189,184**
Cash flow from operating activities includes:			
Interest received		4,213	6,747
Interest paid		8,554	19,951
Income taxes paid		6,773	7,361

The cash flow statement is explained in note (28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF SCHULER AG

AS AT SEPTEMBER 30, 2013

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, 2013 were prepared in accordance with International Financial Reporting Standards (IFRS), as they are to be applied in the European Union (EU), and according to the supplementary regulations of § 315a (1) German Commercial Code (HGB) to be observed under German commercial law. All IFRS, including the interpretations of the IFRS Interpretations Committee, that were binding for the fiscal year 2012/13 and had been adopted into European law by the European Commission were applied. 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, 2012 were observed – insofar as they were relevant for Schuler:

/ Amendment of IAS 1 "Presentation of Financial Statements" – "Presentations of Items of Other Comprehensive Income"

/ Amendment of IFRS 1 "First-time Adoption of International Financial Reporting Standards" – "Government Loans"

/ Amendment of IAS 12 "Income Taxes" – "Deferred Tax: Recovery of Underlying Assets"

The amendment of IAS 1 introduces new terms for the statement of comprehensive income which are not yet effective. Companies still have the choice between presenting comprehensive income in a single statement of comprehensive income or two statements, one displaying components of profit or loss and one displaying components of other comprehensive income. However, the items of other comprehensive income (OCI) are now grouped according to whether or not the income and expenses included can be 'recycled' (reclassified) at a later date in the income statement. Subtotals are also formed for both groups. Companies still have the choice to disclose items of OCI before or after tax. However, in the case of a pre-tax disclosure, the groups in other comprehensive income must be presented separately. The Schuler Group has applied the amendments retroactively and adapted the presentation of its statement of comprehensive income. The application of this amended standard had no impact on the consolidated profit, other comprehensive income or total comprehensive income.

The adoption of the other new standards had no material effect on the consolidated financial statements of Schuler AG as at September 30, 2013.

The IASB passed the following new or revised standards 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 applied in advance of their effective date by Schuler on a voluntary basis:

- IFRS 10 “Consolidated Financial Statements” (mandatory for fiscal years beginning after January 1, 2014)
- IFRS 11 “Joint Arrangements” (mandatory for fiscal years beginning after January 1, 2014)
- IFRS 12 “Disclosures of Interests in Other Entities” (mandatory for fiscal years beginning after January 1, 2014)
- IFRS 13 “Fair Value Measurement” (mandatory for fiscal years beginning after January 1, 2013)
- IAS 27 IAS 27 “Separate Financial Statements” (mandatory for fiscal years beginning after January 1, 2014)
- IAS 28 “Investments in Associates and Joint Ventures” (mandatory for fiscal years beginning after January 1, 2014)
- Amendment of IAS 32 “Financial Instruments: Presentation” – “Offsetting Financial Assets and Financial Liabilities” (mandatory for fiscal years beginning after January 1, 2014)
- Amendment of IFRS 1 “First-time Adoption of International Financial Reporting Standards” – “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters” (mandatory for fiscal years beginning after January 1, 2013)
- Amendment of IFRS 1 “First-time Adoption of International Financial Reporting Standards” – “Government Loans” (mandatory for fiscal years beginning after January 1, 2013)
- Amendment of IFRS 7 “Financial Instruments: Disclosures” – “Offsetting Financial Assets and Financial Liabilities” (mandatory for fiscal years beginning after January 1, 2013)

- IFRS 10, IFRS 11, IFRS 12 (Transition Guidance) (mandatory for fiscal years beginning after January 1, 2013)
- Amendments as part of the Annual Improvements 2009 – 2011 (mandatory for fiscal years beginning after January 1, 2013)
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (mandatory for fiscal years beginning after January 1, 2013)

The mandatory application of these revised standards as of the short fiscal year October 1 – December 31, 2013 and the fiscal year 2014 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" (mandatory for fiscal years beginning after January 1, 2015)
- Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27) (mandatory for fiscal years beginning after January 1, 2014)
- Recoverable Amount Disclosures for Non-Financial Assets (amendments to IAS 36) (mandatory for fiscal years beginning after January 1, 2014)
- Novation of Derivatives and Continuation of Hedge Accounting (amendments to IAS 39 Financial Instruments: Recognition and Measurement) (mandatory for fiscal years beginning after January 1, 2014)
- IFRIC 21 "Levies" (mandatory for fiscal years beginning after January 1, 2014)

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. These standards are not likely to be adopted in advance of their effective dates.

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 "nature of expense" method. Items in the statement of financial position are presented according to maturity. Assets and liabilities are classified as current if they are expected to be recovered or settled 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 presentation 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 (39) to 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 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 November 18, 2013, for submission to the Supervisory Board. Following the Supervisory Board's inspection and approval, they are expected to be published on December 5, 2013.

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), and companies on which a significant influence can be exerted, 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, 28 and 39, they are carried at fair value or cost.

Schuler Sales & Service Co. Ltd., Shanghai, PR China, was fully consolidated for the first time on October 1, 2012. Following the acquisition of minority interests, Eclips Vermietungsgesellschaft mbH & Co. Objekt Göppingen Kommanditgesellschaft, Düsseldorf, was merged with Schuler AG on July 1, 2013. Schuler Hydrap GmbH & Co. KG, Esslingen, was merged with Schuler SMG GmbH & Co. KG on September 1, 2013. Schuler Pressen Geschäftsführungs GmbH i. L., Göppingen, was liquidated in fiscal year 2012/13.

The Schuler Group now comprises the following number of companies:

	09/30/2013	09/30/2012
Schuler AG and fully consolidated subsidiaries		
Domestic	16	18
Foreign	10	9
Subsidiaries carried at amortized cost		
Domestic	10	11
Foreign	9	10
	45	**48**

PRINCIPLES OF CONSOLIDATION

The financial statements of domestic and foreign companies included in the consolidation are all prepared using uniform accounting and valuation methods. These methods and the consolidation principles applied remain unchanged in respect of the previous year. Subsidiaries with fiscal years different to the Schuler Group are consolidated on the basis of their interim financial statements as of September 30.

According to IFRS 3 (2004), all business combinations had to be accounted for using the purchase method. Capital consolidation of subsidiaries being consolidated for the first time was performed at the date of acquisition by netting the purchase price and ancillary costs with the newly valued proportionate share of net assets of the subsidiary. The assets, liabilities and contingent liabilities of the subsidiaries were measured at their full fair value, irrespective of the size of any minority interests. Intangible assets were disclosed separately from goodwill if they could be separated from the company or resulted from a contractual or other right. Restructuring provisions were not allowed to be recognized as part of the purchase price allocation. Any excess of acquisition cost over net assets acquired was recognized as goodwill. Negative goodwill resulting from initial consolidation was booked as income. As of the reporting date, there were no business combinations which would have had to be accounted for in accordance with IFRS 3 (rev. 2008). The changes prescribed by this revised version of the standard (e.g. non-capitalization of acquisition-related costs, fair value measurement of contingent considerations, revaluation of previous investments in business combinations achieved in stages) are therefore of no relevance for Schuler at present.

According to IAS 36, goodwill is not amortized. Instead, an impairment test is carried out annually or on indication of any impairment. 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 a goodwill impairment in the amount of the difference is recorded. Any further impairment needs are considered by a proportionate reduction of the carrying amounts of the other non-current assets. 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 expenses 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. Inter-company profits from sales and services are eliminated from non-current assets and inventories, insofar as they are not minor. Deferred taxes are recognized on consolidation measures that affect the income statement. In this context, 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 € =**	**09/30/2013**	**09/30/2012**	**2012/13**	**2011/12**
UK	GBP	0.8358	0.7968	0.8431	0.8218
Switzerland	CHF	1.2239	1.2092	1.2230	1.2070
USA	USD	1.3536	1.2867	1.3149	1.3018
Mexico	MXN	17.8158	16.5445	16.9028	17.2887
Brazil	BRL	3.0119	2.6104	2.7822	2.4570
PR China	CNY	8.2849	8.0884	8.1253	8.2400

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. The cost of conversion comprises all costs which can be directly allocated to the development process as well as a reasonable proportion of development-related overheads. Financing costs are capitalized providing the intangible assets meet the criteria prescribed by IAS 23. Should there be no earlier indication of impairment, capitalized costs are tested 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 expensed in the period in which they are incurred.

Due to the indefinite useful live, 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. Goodwill is assigned to the level of the Group companies 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 goodwill of T€ 45,094 (prior year: T€ 45,094) at the end of the reporting period (September 30, 2013) 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: T€ 34,624) and Schuler SMG GmbH & Co. KG T€ 7,098 (prior year: T€ 7,098). The remaining amount of T€ 3,372 (prior year: T€ 3,372) is attributable to two further companies (prior year: two).

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 the perpetual annuity, free cash flows after this detailed planning period are 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 an unchanged market risk premium of 6.0%. The cost of debt is calculated on a peer group basis. 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 4.8% to 10.5% (prior year: 4.2% to 9.1%). The cost of capital for the two most important cash generating units amounts to 8.0% for Schuler Pressen GmbH (prior year: 6.8%) and 8.8% for Schuler SMG GmbH & Co. KG (prior year: 7.9%). In the case of impairment, goodwill is subject to non-scheduled amortization. This is the case if the carrying amount of the assets attributable to the cash generating unit, less liabilities, exceeds the calculated value in use. 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.

In the previous year, the annual goodwill impairment test revealed an impairment need for Schuler Guss GmbH & Co. KG of T€ 1,142. In the past fiscal year, the values in use were above the carrying values and no impairment need was therefore identified for goodwill. In the reporting period, there were no write-ups from the reversal of other impairment losses on intangible assets pursuant to IAS 36.104 (b) (prior year: T€ 0).

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 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 assets 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.

/ 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, and in some cases plus directly attributable transaction costs. Fair value is 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

/ 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 interest-bearing 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 hitherto reported in other comprehensive income 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. As in the previous year, available-for-sale financial assets only 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.

/ NON-DERIVATIVE FINANCIAL INSTRUMENTS

The amount of non-derivative 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 any collateral. In the case of all underlying performance relations in respect of non-derivative 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. As in the previous year, there were no fair value hedges on the reporting date.

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 and 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.

/ LONG-TERM 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€ 640 (prior year: T€ 747) were capitalized for qualified inventory assets whose conversion began after October 1, 2009. A weighted average borrowing cost rate of 7.2% (prior year: 10.2%) 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 recognized for temporary differences between the tax-base and the carrying amount 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 taxable profit nor accounting profit at the time of the transaction are not considered. Deferred tax assets also consider 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 recognized in other comprehensive income are recognized in the relevant equity category and not in the income statement. Deferred taxes which refer to items to be recognized directly in equity are recognized directly in equity.

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 (2011). 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 from the valuation of the DBO and plan assets, which result from changes in actuarial assumptions or from deviations between actuarial assumptions and the actual development, are recognized directly in other comprehensive income in the period they are incurred and disclosed separately in the statement of comprehensive income. Past service cost is recognized immediately in profit or loss. In the case of indemnity claims, these are offset as plan assets with pension obligations if they meet the criteria of IAS 19. Interest income from plan assets and expenses from the discounting of obligations are disclosed in the interest result. Current service cost is recognized in personnel expenses.

/ 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 set-ups, 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, the future use of deferred tax assets depending on expected taxable income, and the recognition and measurement of provisions.

Key individual factors include discount rates, cost increases, salary trends, tax rates, cash flows or biometric assumptions – e.g. life expectancy – cost and revenue estimates for customer projects, and above all an overall assessment of expected business development and the sector-specific environment which will impact the development of future cash flows or results of the Schuler Group.

Due to fluctuating market and economic conditions, actual amounts may 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 (29)), 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€ 820,654 (prior year: T€ 826,472).

(2) OTHER INCOME

IN € THOUSANDS

	2012/13	2011/12
Reversal/usage of provisions	1,829	7,909
Income from rent and leases	1,333	1,681
Cost refunds/compensation from third parties (incl. insurance payments)	5,123	1,579
Income from ancillary activities (material and scrap sales etc.)	2,143	2,348
Income from the disposal of fixed assets	1,045	1,534
Other income	6,954	7,156
	18,426	**22,208**

Other operating income includes currency gains of T€ 1,930 (prior year: T€ 1,057).

(3) COST OF MATERIALS

IN € THOUSANDS

	2012/13	2011/12
Expenses for raw materials, supplies and goods purchased	426,150	523,952
Expenses for services purchased	87,327	87,416
	513,477	**611,367**

(4) PERSONNEL EXPENSES

IN € THOUSANDS

	2012/13	2011/12
Wages and salaries	319,582	306,833
Social security costs	56,720	56,422
	376,302	**363,255**

The annual average number of employees developed as follows:

IN € THOUSANDS

	2012/13	2011/12
Direct employees	3,149	3,067
Indirect employees	2,093	1,985
	5,242	**5,052**
Apprentices	306	283
	5,548	**5,335**

(5) DEPRECIATION AND AMORTIZATION OF INTANGIBLE AND TANGIBLE ASSETS

IN € THOUSANDS

	2012/13	2011/12
Intangible assets	5,335	7,375
Tangible assets	17,374	15,119
	22,709	**22,494**

In the fiscal year 2012/13, impairment on intangible assets amounted of T€ 88 (prior year: T€ 1,707). Moreover, due to the negative business prospects of Schuler Guss GmbH & Co. KG, the value in use (cost of capital after taxes 6.0%) was reduced, resulting in impairment on property, plant and equipment of T€ 2,017. In the previous year, impairment on property, plant and equipment amounted to T€ 175.

(6) OTHER EXPENSES

IN € THOUSANDS

	2012/13	2011/12
Packaging, outgoing freight costs, duties	23,516	25,367
Travel costs for machine assembly, other travel expenses	28,548	22,255
Advertising, trade fair and exhibition costs, commissions	16,745	19,060
Repairs, servicing, maintenance	26,881	22,851
Rent and leasing	22,067	19,708
Other expenses	74,585	55,427
	192,342	**164,668**

Currency losses included in other expenses amount to T€ 1,733 (prior year: T€ 1,592).

(7) FINANCIAL RESULT

IN € THOUSANDS

	2012/13	2011/12
Interest income	4,367	7,024
of which from affiliated companies	38	47
Interest expense	13,005	23,581
of which to affiliated companies	8	36
Interest result	**– 8,637**	**– 16,556**
Income from investments	481	1
of which from affiliated companies	480	0
Write-downs on financial assets	1,961	0
of which from affiliated companies	1,961	0
Other financial result	**– 1,480**	**1**
Financial result	**– 10,118**	**– 16,556**

(8) INCOME TAXES

IN € THOUSANDS

	2012/13	2011/12
Current tax expense, Germany	11,073	2,887
Current tax expense, other countries	5,370	6,473
Current income taxes	**16,443**	**9,360**
of which relating to other periods	–454	2,385
Orgination and reversal of temporary differences	13,775	25,015
Recognition of previously unrecognized tax losses	–4,948	–6,959
Valuation allowances on tax losses due to mergers	2,737	0
Deferred taxes	**11,564**	**18,056**
of which relating to other periods	0	1,677
Total tax expense	**28,007**	**27,416**

At the end of the reporting period, there were domestic corporate tax loss carryforwards amounting to T€ 202,830 (prior year: T€ 264,551), trade tax loss carryforwards of T€ 130,800 (prior year: T€ 311,678), and interest carryforwards of T€ 7,574 (prior year: T€ 9,756). Tax loss carryforwards of non-German Group companies amount to the equivalent of T€ 14,805 (prior year: T€ 18,628). The total amount includes loss carryforwards of T€ 103,843 (prior year: T€ 240,753) deemed non-usable (corporate tax T€ 59,751 (prior year: T€ 85,589), trade tax T€ 35,103 (prior year: T€ 143,902), foreign income taxes T€ 1,414 (prior year: T€ 1,506), interest carryforwards T€ 7,574 (prior year: T€ 9,756)). Of this amount, T€ 103,033 (prior year: T€ 239,881) can be carried forward indefinitely, while T€ 0 of foreign Group companies (prior year: T€ 0) can be used to reduce tax within a period of up to five years and T€ 810 (prior year: T€ 872) can be used within the next seven (prior year: eight) fiscal years.

The acquisition of over 50% of the capital stock of Schuler AG by Andritz Beteiligungsgesellschaft IV GmbH, Berlin, resulted in the loss of tax loss carryforwards and current losses incurred up to the take-over date of Schuler AG and its domestic subsidiaries in fiscal year 2012/13. This does not apply to loss carryforwards or losses not used which no not exceed domestic taxable hidden reserves, which result from the difference between the fair market value of the shares and the prorated taxable equity. The total elimination of losses and loss carryforwards amounted to T€ 134,359 (T€ 131,545 trade tax, T€ 2,814 corporate tax). These amounts refer to trade tax loss carryforwards of T€ 124,482 and corporate tax loss carryforwards of T€ 2,814 which already existed in the previous year but which were not regarded as being of value, as well as current trade tax losses of T€ 6,619.

In addition, valuation adjustments were made to trade tax loss carryforwards of domestic subsidiaries amounting to T€ 27,855 and corporate tax loss carryforwards of T€ 835, which will be lost due to planned mergers.

At the end of the reporting period, there were temporary differences (outside basis differences) in the individual financial statements in connection with shares in affiliated companies and investments amounting to T€ 148,798 (prior year: T€ 95,205). However, these are only liable to tax to a minor extent.

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 12.8% (prior year: 14.0%) and 34.0% (prior year: 34.0%).

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

IN € THOUSANDS

	2012/13	2011/12
Profit or loss before taxes	89,674	79,243
Statutory income tax rate	30.0%	30.0%
Expected income taxes	**26,902**	**23,773**
Tax-free income	– 89	– 21
Non-deductible expenses, incl. foreign withholding tax	1,623	2,060
Adjustments in respect of current income tax and deferred taxes of previous year	– 454	4,062
Subsequent capitalization of deferred taxes for temporary differences and tax loss carryforwards	– 4,948	– 6,959
Unrecognized deferred taxes for temporary differences and tax loss carryforwards	1,201	5,232
Elimination of loss carryforwards due to §§ 10a GewStG and 8c KStG	940	0
Different tax rates	194	– 401
Change in tax rates	– 17	– 194
Valuation adjustment on tax loss carryforwards as a result of merger	2,737	0
Other	– 83	– 136
Current income taxes	**28,007**	**27,416**
Effective tax rate	31.2%	34.6%

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	
	09/30/2013	09/30/2012	09/30/2013	09/30/2012
Non-current assets	2,774	1,994	12,572	13,124
Inventories and receivables	13,300	11,488	96,734	79,000
Tax loss carryforwards	56,672	93,351	–	–
Other assets	5,367	4,623	117	387
Pension provisions	10,940	9,971	837	742
Other provisions	6,877	3,007	542	2,071
Liabilities	52,980	42,984	2,922	4,491
Gross value	**148,910**	**167,418**	**113,724**	**99,815**
Valuation allowances	– 17,810	– 37,165	–	–
Offsetting	– 104,327	– 95,095	– 104,327	– 95,095
Recognition in the statement of financial position	**26,773**	**35,158**	**9,397**	**4,720**

Despite the positive earnings 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. This covers a period of five years and takes account of 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€ – 567 (prior year: T€ 4,095) was recognized in other comprehensive income from changes in deferred taxes. At the end of the reporting period, deferred taxes totaling T€ 50 (prior year: T€ 448) were recognized in other comprehensive income in connection with the market valuation of cash flow hedges and an amount of T€ 6,521 (prior year: T€ 6,690) due to actuarial gains on pension commitments.

Currency translation differences recognized in other comprehensive income in connection with deferred taxes of foreign subsidiaries amounted to T€ – 931 (prior year: T€ – 241).

All other changes to deferred taxes 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 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 stock options for the first two thirds of these tranches were exercised in February 2012. The resulting capital increase of 440,834 no-par value shares was recognized in the previous year pro rata temporis from the exercising of the stock options when calculating the average number of outstanding shares. The prescribed performance targets for the remaining third of the tranches were met in the fiscal year 2011/12 and the stock options were exercised on January 7, 2013. The resulting capital increase of 220,416 no-par value shares was recognized in the current fiscal year pro rata temporis from the exercising of the stock options when calculating the average number of outstanding shares.

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

IN € THOUSANDS

	2012/13	2011/12
Consolidated profit or loss for the year	61,667	51,827
Profit attributable to non-controlling interest	267	568
Profit attributable to shareholders of Schuler AG	61,401	51,260
Weighted average number of common shares outstanding – basic (number of shares in thousands)	29,852	29,537
Diluting potential common shares from stock option program (number of shares in thousands)	0	181
Weighted average number of common shares outstanding – diluted (number of shares in thousands)	29,852	29,718
Earnings per common share (€) – basic	2.06	1.74
Earnings per common share (€) – diluted	2.06	1.72

STATEMENT OF FINANCIAL POSITION DISCLOSURES

(10) INTANGIBLE ASSETS

/ CHANGES IN INTANGIBLE ASSETS BETWEEN OCTOBER 1, 2012, AND SEPTEMBER 30, 2013

IN € THOUSANDS

	Customer-based intangible assets and trademarks	Technology-based intangible assets	Capitalized development costs	Contract-based intangible assets	Goodwill	Total
Cost of acquisition/conversion						
Balance at October 1, 2012	**25,464**	**18,250**	**11,707**	**37,342**	**58,720**	**151,483**
Changes in the consolidated group	–	–	–	7	–	7
Foreign exchange differences	–7	–2	–378	–607	–	–994
Additions	18	488	–	2,181	–	2,687
Disposals	–	–	–	140	–	140
Balance at September 30, 2013	**25,476**	**18,736**	**11,329**	**38,782**	**58,720**	**153,043**
Amortization and impairment						
Balance at October 1, 2012	**9,145**	**6,294**	**9,189**	**32,443**	**13,626**	**70,697**
Changes in the consolidated group	–	–	–	–	–	0
Foreign exchange differences	–1	–	–366	–545	–	–912
Additions	1,930	929	789	1,687	–	5,335
of which non-scheduled (Note (5))	–	–	88	–	–	88
Disposals	–	–	–	140	–	140
Balance at September 30, 2013	**11,075**	**7,222**	**9,612**	**33,446**	**13,626**	**74,980**
Carrying amounts						
Balance at October 1, 2012	**16,319**	**11,956**	**2,518**	**4,899**	**45,094**	**80,786**
Balance at September 30, 2013	**14,401**	**11,514**	**1,717**	**5,336**	**45,094**	**78,063**

/ CHANGES IN INTANGIBLE ASSETS BETWEEN OCTOBER 1, 2011, AND SEPTEMBER 30, 2012

IN € THOUSANDS

	Customer-based intangible assets and trademarks	Technology-based intangible assets	Capitalized development costs	Contract-based intangible assets	Goodwill	Total
Cost of acquisition/conversion						
Balance at October 1, 2011	**25,328**	**18,248**	**16,759**	**35,113**	**58,720**	**154,169**
Changes in the consolidated group	–	–	–	–436	–	–436
Foreign exchange differences	–	2	–136	–47	–	–182
Additions	136	–	404	2,999	–	3,539
Disposals	–	–	5,320	288	–	5,608
Balance at September 30, 2012	**25,464**	**18,250**	**11,707**	**37,342**	**58,720**	**151,483**
Amortization and impairment						
Balance at October 1, 2011	**7,219**	**5,295**	**13,261**	**31,303**	**12,484**	**69,563**
Changes in the consolidated group	–	–	–	–436	–	–436
Foreign exchange differences	0	0	–132	–44	–	–176
Additions	1,926	998	1,379	1,929	1,142	7,375
of which non-scheduled (Note (5))	–	–	565	–	1,142	1,707
Disposals	–	–	5,320	309	–	5,629
Balance at September 30, 2012	**9,145**	**6,294**	**9,189**	**32,443**	**13,626**	**70,697**
Carrying amounts						
Balance at October 1, 2011	**18,109**	**12,953**	**3,498**	**3,810**	**46,236**	**84,606**
Balance at September 30, 2012	**16,319**	**11,956**	**2,518**	**4,899**	**45,094**	**80,786**

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, 2013, 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€ 26,893 (prior year: T€ 30,300).

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

IN € THOUSANDS

	2012/13	2011/12
Research costs and non-capitalized development costs	7,223	6,567
Amortization of capitalized development costs [1]	700	814
R&D costs recognized in the income statement	**7,923**	**7,381**

1) excluding non-scheduled amortization (T€ 88, prior year: T€ 565)

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 2012/13 amounting to T€ 0 (prior year: T€ 404) fulfilled the conditions for capitalization pursuant to IAS 38.

In fiscal year 2012/13, government grants of T€ 0 (prior year: T€ 226) were received for investment in plant and machinery and offset from acquisition costs. Other government grants amounting to T€ 1,096 (prior year: T€ 2,039) 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, 2012, AND SEPTEMBER 30, 2013

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, 2012	**171,159**	**200,816**	**96,571**	**9,962**	**478,507**
Changes in the consolidated group	–	–	174	–	174
Foreign exchange differences	– 845	– 3,661	– 1,211	– 28	– 5,746
Additions	629	7,687	6,418	14,005	28,739
Transfers	7,344	4,858	1,363	– 13,565	0
Disposals	1,026	7,614	3,376	873	12,889
Reclassification as assets held for sale	–	–	–	–	0
Balance at September 30, 2013	**177,261**	**202,085**	**99,939**	**9,501**	**488,786**
Amortization and impairment					
Balance at October 1, 2012	**88,313**	**163,593**	**78,526**	**–**	**330,431**
Changes in the consolidated group	–	–	84	–	84
Foreign exchange differences	– 265	– 2,872	– 1,038	–	– 4,174
Additions	4,826	6,995	5,554	–	17,374
of which non-scheduled (Note (5))	–	773	1,244	–	2,017
Transfers	–	–	–	–	0
Disposals	205	7,397	3,139	–	10,741
Reclassification as assets held for sale	–	– 37	37	–	0
Balance at September 30, 2013	**92,668**	**160,282**	**80,024**	**–**	**332,973**
Carrying amounts					
Balance at October 1, 2012	**82,847**	**37,223**	**18,046**	**9,962**	**148,076**
Balance at September 30, 2013	**84,593**	**41,803**	**19,916**	**9,501**	**155,813**

/ CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN OCTOBER 1, 2011, AND SEPTEMBER 30, 2012

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, 2011	**174,206**	**200,455**	**90,796**	**3,254**	**468,712**
Changes in the consolidated group	– 3,079	– 3,989	– 470	–	– 7,539
Foreign exchange differences	1,191	– 65	– 119	– 25	982
Additions	1,444	4,627	7,844	8,770	22,686
Transfers	–	1,297	366	– 1,662	0
Disposals	–	1,484	1,846	376	3,706
Reclassification as assets held for sale	2,603	25	–	–	2,628
Balance at September 30, 2012	**171,159**	**200,816**	**96,571**	**9,962**	**478,507**
Amortization and impairment					
Balance at October 1, 2011	**87,336**	**163,004**	**76,704**	**–**	**327,044**
Changes in the consolidated group	– 2,506	– 3,848	– 470	–	– 6,825
Foreign exchange differences	402	– 189	– 176	–	37
Additions	4,920	6,319	3,880	–	15,119
of which non-scheduled (Note (5))	175	–	–	–	175
Transfers	–	– 268	268	–	0
Disposals	–	1,414	1,679	–	3,093
Reclassification as assets held for sale	1,839	12	–	–	1,851
Balance at September 30, 2012	**88,313**	**163,593**	**78,526**	**–**	**330,431**
Carrying amounts					
Balance at October 1, 2011	**86,870**	**37,451**	**14,093**	**3,254**	**141,668**
Balance at September 30, 2012	**82,847**	**37,223**	**18,045**	**9,962**	**148,077**

In the current fiscal year, disposals of land, land rights and buildings, including buildings on third-party land include a subsequent reimbursement of acquisition costs referring to land usage rights at the Dalian facility, China, amounting to T€ 835.

Please refer to the explanations in note (5) regarding non-scheduled depreciation.

Restricted right of use regarding property, plant and equipment amounts to T€ 64,546 (prior year: T€ 94,264). As in the previous year, there were no leasing relationships to be classified as financial leases at the end of the reporting period.

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. Real estate at the Göppingen site, including the building and major components, were sold in 2007 in a sale-and-rent-back transaction and rented back over a period of 20 years. The annual rent originally amounted to T€ 4,940. The rent is adapted annually to the German consumer price index (max. 4%). Real estate at the São Paulo site was sold in 2009 and subsequently rented back over a period of 10 years. 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	09/30/2013
	up to 1 year	from 1 to 5 years	over 5 years	Total
Future minimum payments for operating leases	13,150	40,649	48,865	102,663

IN € THOUSANDS

			Due	09/30/2012
	up to 1 year	from 1 to 5 years	over 5 years	Total
Future minimum payments for operating leases	12,893	40,973	57,618	111,484

In the period under review, payments recognized in the income statement for operating leases amount to T€ 22,067 (prior year: T€ 19,708). This figure comprises minimum leasing payments of T€ 21,433 (prior year: T€ 19,074) and contingent rents of T€ 635 (prior year: T€ 634), which are based on contractually agreed annual adjustments of rent payments to consumer price indices.

The Group leases a minor amount of real estate, machines and equipment to third parties under operating lease agreements. The following payments are expected to be received from these operating leases with third parties:

IN € THOUSANDS

	Due			09/30/2013
	up to 1 year	from 1 to 5 years	over 5 years	Total
Future payments received from operating leases	0	0	0	0

IN € THOUSANDS

	Due			09/30/2012
	up to 1 year	from 1 to 5 years	over 5 years	Total
Future payments received from operating leases	10	0	0	10

(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 2012/13, impairments on interests in affiliates and participations amounted to T€ 1,961 (prior year: T€ 0). The non-scheduled depreciation concerned ATIS GmbH, as its expected earnings no longer justified the acquisition costs in view of its business development and focus on development activities.

Interests in non-consolidated affiliated companies include restricted right of use amounting to T€ 158 (prior year: T€ 158).

(13) NON-CURRENT AND CURRENT OTHER ASSETS

IN € THOUSANDS

	Remaining term		09/30/2013	Remaining term		09/30/2012
	up to 1 year	over 1 year	Total	up to 1 year	over 1 year	Total
Receivables from other taxes	15,472	1,083	16,555	22,614	5,024	27,638
Positive fair values of derivatives	378	120	498	536	13	549
Payments on account	16,849	0	16,849	17,086	0	17,086
Other non-financial assets	5,631	1,483	7,115	5,020	2,066	7,087
Other financial assets	7,185	1,466	8,650	7,035	4,570	11,605
	45,515	**4,153**	**49,668**	**52,292**	**11,673**	**63,965**

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€ 8,760 at the end of the reporting period (prior year: T€ 5,039).

Valuation allowances for other financial assets developed as follows:

IN € THOUSANDS

	2012/13	2010/11
Valuation allowances as at Oct. 1	**2,690**	**2,702**
Additions	1,881	50
Utilization	0	0
Reversals	312	61
Valuation allowances as at Sep. 30	**4,260**	**2,690**

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

IN € THOUSANDS

	09/30/2013	09/30/2012
Neither impaired nor past due as at the closing date	8,541	11,760
Not impaired at the closing date and past due in the following time periods:		
less than 3 months	114	163
between 3 and 6 months	55	2
between 6 and 9 months	147	66
between 9 and 12 months	167	0
over 12 months	10	52
	492	**283**
Valuation allowances to individual other receivables and other financial assets (net)	115	111
Carrying amount (net)	**9,148**	**12,154**

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

	09/30/2013	09/30/2012
Raw materials, consumables and supplies	23,319	26,921
Work in progress	94,520	95,033
Finished goods and purchased merchandise	9,710	9,707
	127,549	**131,661**

In the period under review, valuation allowances for raw materials, consumables and supplies amounting to T€ 1,261 (prior year: T€ 797), as well as reversals of valuation allowances amounting to T€ 619 (prior year: T€ 2,446) 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€ 15,532 (prior year: T€ 19,741). Of the total inventories, a volume of T€ 84,114 (prior year: T€ 78,466) is recognized at net realizable value.

Restricted right of use from the provision of collateral amounts to T€ 99,756 (prior year: T€ 103,713).

(15) TRADE RECEIVABLES

IN € THOUSANDS

	09/30/2013	09/30/2012
Trade receivables from		
third parties	107,951	81,047
affiliated companies	653	994
companies in which an investment is held	58	9
	108,662	**82,050**

Valuation allowances for trade receivables developed as follows:

IN € THOUSANDS

	2012/13	2011/12
Valuation allowances as at Oct. 1	**4,736**	**6,200**
Change in the consolidated group	3	– 92
Additions	952	747
Utilization	559	854
Reversals	593	1,277
Exchange rate effects and other changes	– 31	13
Valuation allowances as at Sep. 30	**4,507**	**4,736**

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

IN € THOUSANDS	09/30/2013	09/30/2012
Neither impaired nor past due as at the closing date	61,098	33,531
Not impaired at the closing date and past due in the following time periods:		
less than 3 months	38,998	39,912
between 3 and 6 months	2,999	6,260
between 6 and 9 months	2,959	1,757
between 9 and 12 months	1,715	320
over 12 months	577	3
	47,248	**48,253**
Valuation allowances to individual trade receivables (net)	316	266
Carrying amount (net)	**108,662**	**82,050**

An amount of T€ 1,147 (prior year: T€ 1,971) 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.

Restricted right of use from the provision of collateral amounts to T€ 70,438 (prior year: T€ 52,213). The parties concerned have no rights to sell or pledge the collateral provided.

(16) FUTURE RECEIVABLES FROM LONG-TERM CONSTRUCTION CONTRACTS

IN € THOUSANDS

	09/30/2013	09/30/2012
Contract costs incurred, including partial profits	896,924	955,030
Payments received on account for construction contracts not yet invoiced	– 905,003	– 942,346
Impending loss provisions	– 34	– 250
Future receivables from long-term construction contracts, net	**– 8,113**	**12,434**
of which contracts with net receivables	154,639	157,477
of which contracts with net payables	162,752	145,043

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€ 148,866 (prior year: T€ 130,047). 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€ 288,311 (prior year: T€ 189,184) include bank balances (T€ 288,164, prior year: T€ 189,076), as well as checks and cash in hand (T€ 147, prior year: T€ 109). At the end of the reporting period, the average effective interest rate for short-term bank deposits amounted to 0.34% (prior year: 0.55%) in €, to 0.00% (prior year: 0.04%) in USD, to 9.09% (prior year: 7.50%) in BRL, to 2.27% (prior year: 3.50%) in CNY, to 0.05% (prior year: 0.05%) in CHF, and to 0.05% (prior year: 0.05%) in GBP. These deposits have terms of between one and 39 days and are subject to only minor value fluctuations. At the end of the reporting period, account balances totaling T€ 7,431 (prior year: T€ 10,389) were provided as collateral for obligations from semi-retirement agreements.

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

In fiscal year 2012/13, Schuler Incorporated, USA, sold land and buildings at its former base in Columbus/Ohio, consisting of offices and a factory hall, as well as a small amount of electrical fittings. The assets were let after the company moved to its current base in Canton in 2001. The resulting gain from disposal of T€ 55 is included in other income.

The breakdown of assets held for sale belonging to the "Other segments" division is shown below:

IN € THOUSANDS

	09/30/2013	09/30/2012
Company land and buildings	0	763
Technical plant and machinery	0	14
Non-current assets held for sale	**0**	**777**

(19) EQUITY

/ SHARE CAPITAL

On the basis of a resolution adopted by the Annual General Meeting on April 10, 2008, the beneficiaries of the Stock Option Program made use of their right and exercised the last third of the stock options in three tranches (=220,416 units) at a unit price of € 2.60 on January 7, 2013. This raised the number of outstanding common shares from 29,690,834 to 29,911,250. Subscribed capital increased from € 77,196,168.40 to € 77,769,250.00. The common stock in question are no-par value common shares; as such, each share entitles the holder to an imputed share of nominal capital of € 2.60. The shares are made out to the bearer, the capital is fully paid.

/ 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 nopar 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 capital increase was conducted to the full amount of 6,500,000 new common nopar value shares at a subscription price of € 10.50 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.

Due to the exercising of 220,416 (prior year: 440,834) stock options by the beneficiaries, a conditional capital increase was conducted in the reporting period (see the above explanations under Share Capital).

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 ten percent 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 or profit 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 (at the time) 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 in fiscal year 2009/10, the program was completed. Details regarding the development of outstanding options can be seen from the following table:

Stock Option Program 2008

	Number of stock options	Max. (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**
Exercise of 2/3 of tranches (02/06/2012)	440,834		2.60		
As of September 30, 2012	**220,416**	**0.6**	**2.60**	**3.23**	**1.51**
Exercise of 1/3 of tranches (01/07/2013)	220,416	0.0	2.60		
As of September 30, 2013	**0**				

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 2012/13 amounts to T€ 39 (prior year: T€ 147). On January 7, 2013, the Board of Management of Schuler AG made use of its right and exercised the remaining third of the stock options. On the day of exercise, the weighted average share price was € 19.54.

/ 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€ 39 (prior year: T€ 147) in fiscal year 2012/13. The increase results from 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

Accumulated other comprehensive income comprises any changes in fair values from cash flow hedges, actuarial gains and losses from the valuation of pension commitments – 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

	2012/13			2011/12		
	Before taxes	Tax effect	Net	Before taxes	Tax effect	Net
Exchange differences on translation on foreign operations	– 4,691	–	– 4,691	2,175	–	2,175
Cash flow hedges:						
Valuation changes recognized in other comprehensive income	– 126	74	– 52	– 1,683	536	– 1,147
recognized in profit and loss	1,405	– 472	932	3,954	– 1,267	2,686
Actuarial gains and losses on defined benefit plans	82	– 169	– 87	– 15,651	4,827	– 10,824
Other comprehensive income for the year	**– 3,330**	**– 567**	**– 3,897**	**– 11,206**	**4,095**	**– 7,110**

/ DISCLOSURES ON CAPITAL MANAGEMENT

The primary aim of capital management is to achieve and maintain a satisfactory equity ratio for the Group of at least 30% 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 € THOUSANDS

	09/30/2013	09/30/2012
Equity capital	302,001	244,568
Total of statement of financial position	997,278	902,664
Equity ratio	30.3%	27.1%

In the existing syndicated loan agreement, Schuler AG committed itself to meeting certain financial covenants. The capital measures include achieving a minimum level of equity capital. According to our calculations, the terms of the agreement were met at all times throughout fiscal year 2012/13.

/ 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. In fiscal year 2012/13, Schuler AG distributed a total dividend of T€ 3,266. Of this amount, € 0.11 per share was paid for the 29,690,834 no-par value shares WKN A0V9A2. The remaining consolidated profit of € 9,271,819.38 was carried forward. The Board of Management proposes to distribute a dividend of € 3,290,237.50 from the statement of financial position profit of Schuler AG as of September 30, 2013 amounting to € 53,030,232.82, corresponding to € 0.11 per common share for the 29,911,250 no-par value shares WKN A0V9A2, and to carry forward the remaining amount of € 49,739,995.32.

(20) NON-CONTROLLING INTEREST

The minority interest in equity is attributable to the companies Shanghai Schuler Presses Co. Ltd. and Beutler Nova AG.

(21) NON-CURRENT AND CURRENT LIABILITIES

IN € THOUSANDS

	Remaining term			09/30/2013	Remaining term			09/30/2012
	up to 1 year	from 1 to 5 years	over 5 years	Total	up to 1 year	from 1 to 5 years	over 5 years	Total
Liabilities to banks	54,976	26,744	4,369	86,088	31,862	48,980	8,120	88,961

In November 2011, Schuler AG and its major subsidiaries concluded a syndicated loan agreement with a total volume of T€ 450,000 with a syndicate of banks and credit insurance companies in order to cover their financial requirements. The 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 terms of the 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. In order to reflect Schuler's improved credit rating, the conditions were reduced as part of a contract adjustment implemented in August 2013. The collateral for the syndicated loan agreement includes shares in subsidiaries, property, plant and equipment, and current assets.

Liabilities to banks include fixed-interest loans with a carrying amount of T€ 65,807 (prior year: T€ 83,870) and variable-interest loans of T€ 20,281 (prior year: T€ 5,091). The weighted average interest rates for fixed-interest liabilities amounted to 4.86% in EUR (prior year: 4.35%), 3.95% in BRL (prior year: 6.61%) and 4.94% in USD (prior year: n.a.). In the case of variable-interest liabilities, the corresponding figures amounted to 2.22% in EUR (prior year: 1.47%), and 7.02% in CNY (prior year: n.a.). The average remaining term of fixed-interest liabilities amounts to 1.7 years as of September 30, 2013 (prior year: 2.7 years), while the average term (interest adjustment dates) of variable-interest liabilities is around 2.9 months (prior year: 3.6 months).

Variable-interest liabilities are secured in part by interest swaps or opposing positions in the respective currency. 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€ 53,183 (prior year: T€ 51,209) is payable in BRL, T€ 4,099 (prior year: n.a.) in CNY and T€ 14 (prior year: n.a.) in USD. 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€ 550,433 (prior year: T€ 582,679). Credit/guarantee lines used at present amount to T€ 346,398 (prior year: T€ 365,339).

Of the financial liabilities, an amount of T€ 28,793 (prior year: T€ 37,729) is secured by encumbrances and other non-current and current assets, of which the carrying values of financial assets is T€ 158 (prior year: T€ 158). Credit lines with banks amounting to T€ 273,058 (prior year: T€ 249,251) are secured by various non-current and current assets.

(22) NON-CURRENT AND CURRENT OTHER LIABILITIES

IN € THOUSANDS

	Remaining term			09/30/2013	Remaining term			09/30/2012
	up to 1 year	from 1 to 5 years	over 5 years	Total	up to 1 year	from 1 to 5 years	over 5 years	Total
Payments on account received in respect of long-term construction contracts (net)	162,718	0	0	162,718	144,793	0	0	144,793
Other payments on account received from customers	56,011	0	0	56,011	51,381	0	0	51,381
Financial liabilities in respect of staff	46,304	3,228	0	49,532	49,696	1,942	0	51,638
Liabilities relating to social security	6,389	240	0	6,629	7,076	270	0	7,346
Liabilities from other taxes	11,760	0	0	11,760	7,086	0	0	7,086
Negative fair values of derivatives	588	0	0	588	1,545	563	0	2,108
Other financial liabilities	5,312	22	0	5,334	8,070	369	78	8,517
Other non-financial liabilities	303	190	0	493	328	281	0	609
	289,385	**3,679**	**0**	**293,064**	**269,975**	**3,424**	**78**	**273,477**

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.

(23) INCOME TAX LIABILITIES

Income tax liabilities consist of the following:

IN € THOUSANDS

	09/30/2013	09/30/2012
Income tax liabilities	1,666	824
Provisions for income taxes	14,613	9,510
	16,279	**10,334**

(24) PENSION PROVISIONS

The Schuler Group's company pension scheme can be 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€ 22,923 (prior year: T€ 24,478). This total includes employer contributions to the German state pension fund of T€ 22,633 (prior year: T€ 24,177).

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 main proportion of pension provisions formed by the Schuler Group concern domestic subsidiaries. Outside of Germany, there are only defined benefit plans in Switzerland. These are pension schemes according to the Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pensions (BVG). These plans represent so-called full insurance solutions for which all actuarial risks, including capital market risks, are borne by an insurance company, at least temporarily. These obligations are thus covered to a large extent by plan assets.

In order to reduce the risks associated with pension plans, Schuler adjusted certain major pension plans over the past few years in such a way that their benefits are largely based on remuneration conversions. In fiscal year 2012/13, the pension obligations refer to a total of 9,010 beneficiaries (prior year: 8,761), including 5,269 active employees (prior year: 5,050), 1,290 former employees with vested rights (prior year: 1,201) and 2,451 pensioners and survivors (prior year: 2,510).

There are individual defined benefit plans for certain former and active members of the Board of Management and General Managers of Schuler AG and its German subsidiaries. There are also general pension obligations. The size of the obligation generally depends on one or more factors, such as age, service years and income. These obligations are mostly financed internally by Schuler via provisions, which mainly concern the domestic group. 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.

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 plans grant employees the right to a limited monthly pension or a one-off capital payment with a guaranteed annual interest payment on the converted remuneration. The actuarial risk and/or investment risk are mainly borne by the company.

The present value of pension obligations is calculated using the projected unit credit method, which is prescribed by IAS 19.67 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 to calculate the present value of pension expenses of domestic subsidiaries:

IN %

	2012/13		2011/12	
	Germany	Switzerland	Germany	Switzerland
Discount rate	3.5	2.1	3.5	2.1
Future salary increases	2.5	1.3	2.5	1.3
Automatic adjustment of vested benefit claims for entitled staff with income-independent benefit arrangements	0.0	0.0	0.0	0.0
Adjustment of current benefits acc. to § 16 BetrAVG	2.0	n/a	2.0	n/a

The assumptions used to calculate the present value of pension obligations at the end of the previous reporting period apply for the calculation of interest expense and the current service cost in the following fiscal year.

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

IN € THOUSANDS

	2012/13	2011/12
Defined benefit obligation (DBO) as of Oct. 1	**125,536**	**104,784**
Currency translation differences	– 76	19
Current service cost	2,323	1,274
Interest cost of pension obligations	4,359	4,982
Contributions by plan participants	2,370	2,248
Remeasurements of the net defined benefit liability		
actuarial gains and losses from changes		
in financial assumptions	0	18,409
in demographic assumptions	0	0
experience adjustments	– 905	– 225
Benefits paid	– 7,741	– 6,121
Other additions	3,980	0
Past service cost	0	166
Defined benefit obligation (DBO) as of Sep. 30	**129,846**	**125,536**

IN € THOUSANDS

	2012/13	2011/12
Fair value of plan assets as of Oct. 1	**27,951**	**25,333**
Currency translation differences	– 42	0
Expected return on plan assets	1,105	1,213
Contributions by plan participants	86	0
Contributions by employer	358	0
Remeasurement of plan assets		
return on plan assets (excluding amounts included in net interest expense)	– 238	2,450
other effects	0	83
Benefits paid	– 2,502	– 1,128
Other additions	3,555	0
Fair value of plan assets as of Sep. 30	**30,273**	**27,951**

In order to ascertain the funding status, or the net obligation, 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.

IN € THOUSANDS

	09/30/2013	09/30/2012
DBO of externally financed obligations	36,350	34,632
Fair value of plan assets	30,273	27,951
Fund assets after consideration of the asset ceiling acc. to IAS 19.64	29,688	27,951
Benefit liability	**6,662**	**6,681**
DBO of internally financed obligations	93,496	90,904
Funding status	**100,158**	**97,586**
Pension provisions recognized in the statement of financial position	**100,158**	**97,586**

The asset ceiling of T€ 585 (prior year: T€ 0) results from the overfunding of individual post-employment benefits.

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

IN € THOUSANDS

	2012/13	2011/12
Current service cost	2,323	1,274
Interest cost of pension obligations	4,359	4,982
Expected return from plan assets	– 1,105	– 1,213
Past service cost	0	166
Portion of pension expense recognized in income statement	**5,577**	**5,209**

The following amounts were recognized in the statement of comprehensive income:

IN € THOUSANDS

	2012/13	2011/12
Remeasurement of the net pension obligation:		
Return on plan assets (excluding amounts included in net interest expense)	238	– 2,450
Effect from asset ceiling acc. to IAS 19.64	585	0
Actuarial gains(–) and losses (+) from changes		
in financial assumptions	0	18,409
in demographic assumptions	0	0
experience adjustments to the defined benefit obligation	– 905	– 308
Portion of pension expense recognized in other comprehensive income	**– 82**	**15,651**

The service cost and the past service cost are considered in personnel expenses, while the remaining components of that portion of pension expenses which is recognized in the income statement are included in the interest result. The revaluation of net pension obligations is included in the statement of comprehensive income as part of other comprehensive income.

The plan assets relate to domestic Group companies and the Swiss subsidiary which cover the acquired pension claims of plan participants in part via reinsurance policies (in Germany and so-called full insurance solutions in Switzerland). The 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. There are no quoted prices on any active market for the reinsurance policies.

The main actuarial assumptions for the calculation of the pension obligation are the discount rate and expected salary increases at year-end. The sensitivity analyses below, in the form of scenario analyses, show how the defined benefit obligation would have been influenced by possible changes in the corresponding assumptions.

If the discount factor had been 0.25 %-points higher (lower), the pension obligation would have declined by T€ 3,698 (risen by T€ 4,060), ceteris paribus.

If the expected pension increases had been 0.25 %-points higher (lower), the pension obligation would have risen by T€ 2,097 (declined by T€ 1,819), ceteris paribus.

The Company is exposed to various risks from the defined benefit pension plans. In addition to the general actuarial risks, such as the risk of long life and the risk of interest rate changes, the Company is also exposed to the currency risk and risks associated with the capital market and investments.

The calculations were made in isolation in order to display the effects on the present value of pension obligations as of September 30, 2013 separately. In reality, there are certain dependencies between the actuarial assumptions – especially between the discount factor and the expected salary increases – as both depend to a certain degree on the expected inflation rate. The sensitivity analysis does not consider these dependencies and therefore leads to approximate information or trend statements.

The average duration of the defined benefit pension obligations at the end of the reporting period is 12.4 years (prior year: 10.8 years).

Employer contributions to plan assets are expected to reach T€ 26 in the following short fiscal year 2013.

(25) NON-CURRENT AND CURRENT OTHER PROVISIONS

IN € THOUSANDS

	Other taxes	Contract costs	Personnel expenses	Other obligations and risks	Total
Balance at 10/1/2012	**264**	**65,205**	**18,374**	**12,236**	**96,080**
of which current	264	63,993	6,400	9,385	80,042
Changes in the consolidated group	–	–	122	20	142
Foreign exchange differences	– 23	– 712	– 70	– 111	– 915
Utilization	1	11,906	4,990	2,744	19,641
Reversals	0	12,327	406	968	13,702
Additions	387	44,765	4,885	5,385	55,422
Unwinding of discount	0	74	268	54	396
Balance at 09/30/2013	**628**	**85,100**	**18,182**	**13,872**	**117,782**
of which current	628	84,322	8,114	10,836	103,900

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 provisions also include 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€ 1,090 (prior year: T€ 8).

(26) TRADE PAYABLES

IN € THOUSANDS

	09/30/2013	09/30/2012
Trade payables to		
third parties	48,804	70,101
affiliated companies	1,190	1,624
Liabilities from outstanding invoices	22,515	15,213
	72,509	**86,938**

Trade payables with a remaining term of over one year amount to T€ 15 (prior year: T€ 15).

(27) 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	Fair value	Recognized in equity	Recognized in profit/loss	09/30/2013
ASSETS					
Interests in affiliates and participations	2,585	2,585	–	–	2,585
Trade receivables	108,662	108,662	–	–	108,662
Future receivables from long-term construction contracts	154,639	154,639	–	–	154,639
Other financial assets	8,650	8,650	–	–	8,650
Derivatives without hedging relationship	–	–	–	0	0
Derivatives with cash flow hedging relationship	–	–	498	–	498
Cash and cash equivalents	288,311	288,311	–	–	288,311
LIABILITIES					
Liabilities due to banks	86,088	85,018	–	–	86,088
Trade payables	72,509	72,509	–	–	72,509
Other financial liabilities	54,866	54,866	–	–	54,866
Derivatives without hedging relationship	–	–	–	45	45
Derivatives with cash flow hedging relationship	–	–	543	–	543

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	Fair value	Recognized in equity	Recognized in profit/loss	09/30/2013
Financial assets measured at fair value through profit or loss	–	–	–	0	0
Loans and receivables	560,262	560,262	–	–	560,262
Available-for-sale financial assets	2,585	2,585	–	–	2,585
Financial liabilities measured at fair value through profit or loss	–	–	–	45	45
Financial liabilities measured at amortized cost	213,463	212,393	–	–	213,463

IN € THOUSANDS

	Amortized cost		Fair value		Carrying amount
	Carrying amount	Fair value	Recognized in equity	Recognized in profit/loss	09/30/2012
ASSETS					
Interests in affiliates and participations	4,771	4,771	–	–	4,771
Trade receivables	82,050	82,050	–	–	82,050
Future receivables from long-term construction contracts	157,477	157,477	–	–	157,477
Other financial assets	11,605	11,605	–	–	11,605
Derivatives without hedging relationship	–	–	–	71	71
Derivatives with cash flow hedging relationship	–	–	478	–	478
Cash and cash equivalents	189,184	189,184	–	–	189,184
LIABILITIES					
Liabilities due to banks	88,961	88,545	–	–	88,961
Trade payables	86,938	86,938	–	–	86,938
Other financial liabilities	60,155	60,155	–	–	60,155
Derivatives without hedging relationship	–	–	–	8	8
Derivatives with cash flow hedging relationship	–	–	2,100	–	2,100

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	Fair value	Recognized in equity	Recognized in profit/loss	09/30/2012
Financial assets measured at fair value through profit or loss	–	–	–	71	71
Loans and receivables	440,316	440,316	–	–	440,316
Available-for-sale financial assets	4,771	4,771	–	–	4,771
Financial liabilities measured at fair value through profit or loss	–	–	–	8	8
Financial liabilities measured at amortized cost	236,054	235,637	–	–	236,054

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			09/30/2013
	Level 1	Level 2	Level 3	Carrying amount
Financial assets measured at fair value	**–**	**498**	**–**	**498**
Derivative financial instruments	–	498	–	498
Financial liabilities measured at fair value	**–**	**588**	**–**	**588**
Derivative financial instruments	–	588	–	588

IN € THOUSANDS

	Fair value hierarchy			09/30/2012
	Level 1	Level 2	Level 3	Carrying amount
Financial assets measured at fair value	**–**	**549**	**–**	**549**
Derivative financial instruments	–	549	–	549
Financial liabilities measured at fair value	**–**	**2,108**	**–**	**2,108**
Derivative financial instruments	–	2,108	–	2,108

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. We assume 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.

/ 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

	2012/13	2011/12
Financial assets measured at fair value through profit or loss	414	0
Loans and receivables	1,523	5,127
Available-for-sale financial assets	– 1,480	13
Financial liabilities measured at fair value through profit or loss	– 108	– 79
Financial liabilities measured at amortized cost	– 4,148	– 8,780

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€ – 4,148, prior year: T€ – 8,780) 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€ 3,892 (prior year: T€ 6,821) and T€ – 4,382 (prior year: T€ – 10,589). 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

(28) 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.

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 is 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. The increase in cash flows from operating activities from T€ 12,327 to T€ 128,958 is mainly due to the change in net working capital and provisions.

Investing activities mainly include additions to property, plant and equipment, and financial assets. The previous fiscal year includes the one-off payment of € 20.0 million for the open purchase price obligation pertaining to the debtor warrant agreed on the purchase of the former Müller-Weingarten AG in 2007. In total, cash flows from investing activities amounted to T€ – 27,672 compared with T€ – 45,276 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. Cash flows from financing activities amount to T€ 1,261 (prior year: T€ – 13,501) in the reporting period – due mainly to the assumption and redemption of bank liabilities during this period and the dividend payment of T€ – 3,266.

In summary, the various cash flows and the changes in value caused by exchange rate fluctuations and consolidation resulted in an increase in cash and cash equivalents in fiscal year 2012/13 of T€ 99,127 to T€ 288,311.

(29) SEGMENT REPORTING

/ INFORMATION BY OPERATING SEGMENT

Segment reporting is prepared according to IFRS 8 “Operating Segments”. 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).

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

	Forming Systems		Automation		Tools		Other Segments	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
Sales to third parties	914,601	967,301	54,875	88,640	63,159	62,015	153,298	108,133
Intercompany sales	67,251	39,757	114,896	97,950	1,781	6,660	27,036	25,615
Segment sales	**981,852**	**1,007,059**	**169,771**	**186,590**	**64,940**	**68,676**	**180,333**	**133,748**
EBIT	**91,029**	**87,382**	**13,424**	**16,691**	**2,343**	**3,334**	**8,217**	**6,037**
Depreciation [1]	12,586	12,850	1,667	1,561	1,706	1,948	5,808	5,256
of which non-scheduled	88	565	0	0	0	0	2,017	1,317
Capital expenditures [1]	21,692	19,119	1,645	1,527	2,069	1,528	2,787	1,739
Personnel as of 09/30 (incl. apprentices)	3,892	3,881	605	576	355	348	666	581

1) without financial assets

IN € THOUSANDS

	Total Segments		Schuler AG (Corporate Center)/ Consolidation		Schuler Group	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
Sales to third parties	1,185,932	1,226,090	0	0	1,185,932	1,226,090
Intercompany sales	210,964	169,982	–210,964	–169,982	0	0
Segment sales	**1,396,896**	**1,396,072**	**–210,964**	**–169,982**	**1,185,932**	**1,226,090**
EBIT	**115,013**	**113,444**	**–16,701**	**–17,645**	**98,312**	**95,799**
Depreciation [1]	21,767	21,616	941	877	22,709	22,494
of which non-scheduled	2,106	1,882	0	0	2,106	1,882
Capital expenditures [1]	28,193	23,913	3,233	2,312	31,426	26,225
Personnel as of 09/30 (incl. apprentices)	5,518	5,386	62	57	5,580	5,443

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

	2012/13	2011/12
Total segment results (EBIT)	**115,013**	**113,444**
Corporate Center	– 18,080	– 20,049
Interest result	– 8,637	– 16,556
Consolidation	1,379	2,405
Profit or loss for the year before taxes (EBT)	**89,674**	**79,243**

/ ADDITIONAL DISCLOSURES AT COMPANY LEVEL

Sales by products and services

IN € THOUSANDS

	2012/13	2011/12
Plant and machinery	849,499	910,393
Tools (including stamped parts)	88,806	81,508
Foundry	5,394	6,411
Service (incl. sales of used machines)	234,262	221,620
Other (incl. contract manufacturing)	7,971	6,158
Schuler Group	**1,185,932**	**1,226,090**

Segment information by region

IN € THOUSANDS

	Sales to third parties		Intangible assets and property, plant and equipment	
	2012/13	2011/12	09/30/2013	09/30/2012
Germany	443,269	394,921	190,659	194,010
Europe (excluding Germany)	188,856	245,686	1,559	1,709
America	200,294	179,794	20,422	20,604
Asia	349,392	401,218	21,236	12,539
Other	4,121	4,471	0	0
Schuler Group	**1,185,932**	**1,226,090**	**233,876**	**228,862**

Segment information by region divides sales according to the location of the customer's headquarters. In the reporting period, sales revenues of T€ 138,610 and T€ 136,997 were generated with two customers (prior year: T€ 174,900 with one customer) in the Forming Systems, Automation and Tools segments as well as the Other Segments category. Non-current assets are allocated to geographical regions according to the location of the Group company's headquarters.

(30) 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, the Chinese Yuan (Renminbi) 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/BRL 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, BRL and CNY 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

	09/30/2013		09/30/2012	
	Notional value	Market value	Notional value	Market value
Forward exchange contracts and swaps	49,973	498	90,487	549
		– 527		– 1,886
Currency derivatives, net	49,973	– 28	90,487	– 1,338
Interest swaps	2,353	0	4,706	0
		– 61		– 221
Interest derivatives, net	2,353	– 61	4,706	– 221
	52,326	**– 90**	**95,193**	**– 1,559**

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€ 498 (prior year: T€ 549).

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€ – 45 (prior year: T€ – 1,622) 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€ – 45 (prior year: T€ 63). Neither in the reporting period nor in the previous year were market value changes recognized in the income statement due to the premature termination of cash flow hedging relationships (dedesignation). 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 (27). As at the closing date, no derivative financial assets are past due or impaired due to default.

Schuler continually analyzes the structure of its receivables in order to ensure the timely identification and assessment of concentration risks. Concentrations of credit risks for Schuler can result from global sales activities of metalforming systems and the respective service business, which depend greatly on the investment behavior of the automotive sector. As at the closing date, there is the following distribution of sector risk (gross, without considering valuation adjustments and payments received on account and offset from assets for long-term construction contracts):

IN € THOUSANDS	09/30/2013			09/30/2012		
	Car manufacturers	Automotive suppliers	Non-automotive	Car manufacturers	Automotive suppliers	Non-automotive
Trade receivables	66,793	25,894	20,483	37,650	22,336	26,800
Future receivables from long-term construction contracts	590,145	136,706	170,499	681,706	134,588	139,055

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 can 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, the Group's Treasury department supports local finance agreements. 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 in November 2011 with a new syndicated loan agreement which expires on September 30, 2016. 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. Gains and losses from hedging transactions are expected to have an effect in the same reporting periods as the respective cash flows.

IN € THOUSANDS

	Carrying amount 09/30/2013	Cash flows within 1 year	in 1 to 5 years	after more than 5 years	Total cash flows
Originated financial liabilities					
Liabilities due to banks	86,088	58,767	29,192	4,352	92,311
Trade payables	72,509	72,494	15	0	72,509
Other financial liabilities	54,866	51,656	3,210	0	54,866
Derivative financial liabilities					
Currency derivatives without hedging relationship	45	45	0	0	45
Currency derivatives with cash flow hedging relationship	481	481	0	0	481
Interest derivatives with cash flow hedging relationship	61	61	0	0	61

IN € THOUSANDS

	Carrying amount 09/30/2012	Cash flows within 1 year	in 1 to 5 years	after more than 5 years	Total cash flows
Originated financial liabilities					
Liabilities due to banks	88,961	32,943	52,794	8,560	94,297
Other financial debts	–	–	–	–	–
Trade payables	86,938	86,923	15	0	86,938
Other financial liabilities	60,155	57,803	2,274	78	60,155
Derivative financial liabilities					
Currency derivatives without hedging relationship	8	8	0	0	8
Currency derivatives with cash flow hedging relationship	1,878	1,537	341	0	1,878
Interest derivatives with cash flow hedging relationship	221	0	221	0	221

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, the Brazilian Real and the Chinese Yuan (Renminbi). 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 € 1.0 million (€ 1.0 million) (prior year: € –0.8 million or € 0.8 million). In addition, the change in fair values would have led to an adjustment of the cash flow hedging reserve in equity of € 0.2 million (€ –0.2 million) (prior year: € –0.7 million or € 0.7 million).

If at the closing date the US Dollar had been revalued (devalued) by 10% against the Brazilian Real and the Chinese Yuan (Renminbi), and at the same time the EUR/USD relationship had remained stable, consolidated earnings would not have changed (prior year: € 0.3 million or € –0.3 million). The change in fair values would have led to an adjustment of the cash flow hedging reserve in equity of € –0.2 million (€ 0.2 million) (prior year: € –0.3 million or € 0.3 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.

Due to the low interest rate level in the Euro currency zone and as in the previous year, the analysis of interest sensitivity in the Euro zone was based on a parallel shift in the interest structure curve of +100/– 30 base points in order to avoid negative interest. This results in the following effects on Group profit or loss and equity:

If as at September 30, 2013, the market interest level in the Euro currency zone had been 100 bp higher (30 bp lower), Group profit or loss at the end of the range would have increased (decreased) by € 1.4 million (€ 0.4 million) (prior year: € 1.1 million or € – 0.3 million). There would have been no change in fair values or in the amount of the hedge reserve in equity.

If as at September 30, 2013, the market interest level in the Brazilian Real currency zone had been 100 bp higher (lower), Group profit or loss at the end of the range would have changed by € 0.2 million (€ – 0.2 million) (prior year: € 0.2 million or € – 0.2 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.

(31) CONTINGENT LIABILITIES AND RECEIVABLES

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. At the end of the reporting period, there were no significant contingent liabilities and receivables (prior year: T€ 0).

(32) OTHER FINANCIAL OBLIGATIONS

IN € THOUSANDS

	Payable			09/30/2013	09/30/2012
	up to 1 year	from 1 to 5 years	over 5 years	Total	Total
Rent and lease payments (operating leases)	13,150	40,649	48,865	102,663	111,484
Purchase commitments (tangible assets)	8,711	0	0	8,711	25,181
Other obligations	1,205	216	0	1,421	1,336
	23,066	**40,865**	**48,865**	**112,795**	**138,001**

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.

(33) LITIGATION

In fiscal year 2012/13, the Schuler Group was not involved in any current 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.

(34) SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On October 30, 2013, the Board of Management of Schuler AG announced extensive measures with regard to adapting the company's level of vertical integration and centralizing administrative functions. The company has earmarked around € 50 million for the restructuring process, of which around € 35 million will be incurred in the short fiscal year 2013 (October to December 2013). The Board of Management expects annual savings in operating costs of € 15 to € 20 million in the following fiscal years.

(35) 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. Since the majority acquisition of Schuler AG by Andritz Beteiligungsgesellschaft IV GmbH (parent company), Andritz AG (ultimate controlling company) and other companies over which it exerts a significant influence qualify as related parties. There are also business relationships with other companies which qualify as related parties. All business relations with such companies are transacted on an arms-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 (39).

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

IN € THOUSANDS

	2012/13				2011/12			
on Group basis	Supplies and services rendered	Interest income	Supplies and services received	Interest expenses	Supplies and services rendered	Interest income	Supplies and services received	Interest expenses
Subsidiaries	5,093	38	2,062	8	7,498	47	4,534	36
Investments	749	0	109	0	326	0	13	0
Companies with a significant influence	1,244	0	192	0	0	0	0	0

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

IN € THOUSANDS

	09/30/2013		09/30/2012	
on Group basis	Receivables from	Payables to	Receivables from	Payables to
Subsidiaries	615	1,032	994	1,624
Investments	58	0	9	0
Companies with a significant influence	315	159	0	0

In fiscal year 2012/13, adjustments to receivables from subsidiaries of T€ 0 were made (prior year: T€ 17). 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 arms-length basis. Further details on executive bodies are provided under note (38).

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

On September 30, 2013, 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).

(37) AUDITORS' FEES

The audit fees of the Group's auditors for the reporting period are broken down as follows:

IN € THOUSANDS

	2012/13	2011/12
Audits of financial statements	560	700
Other auditing services	21	0
Tax advisory services	321	444
Other services	142	326
	1,044	**1,470**

(38) EXECUTIVE BODIES

/ BOARD OF MANAGEMENT

Stefan Klebert	Chief Executive Officer
Joachim Beyer	Chief Technology Officer
Dr. Markus Ernst	Chief Market Officer (until September 30, 2013)
Marcus A. Ketter	Chief Financial Officer (until December 31, 2012)
Norbert Broger	Chief Financial Officer (as of January 1, 2013)
Dr. Peter Jost	Chief Operating Officer (as of March 6, 2013)

Remuneration granted to members of the Board of Management amounted to T€ 5,096 (prior year: T€ 4,623) in fiscal year 2012/13, of which T€ 2,256 (prior year: T€ 3,007) was in the form of variable, performance-related payments. The current service cost included in pension obligations amounted to T€ 203 (prior year: T€ 138). Remuneration granted includes a total of T€ 950 relating to the termination of service contracts. Please refer to the explanation under Equity (see note (19)) with regard to share-based payments.

Total remuneration of former members of the Board of Management or management and their surviving dependants amounted to T€ 1,603 (prior year: T€ 1,978) in the reporting period. The provisions formed by the Group for such current and future pensions amount to T€ 15,602 (prior year: T€ 16,507).

/ SUPERVISORY BOARD

Dr. Wolfgang Leitner (since February 14, 2013)	Chairman of the Supervisory Board (since March 5, 2013) CEO of Andritz AG, Graz, Austria
Dr. Robert Schuler-Voith (until February 14, 2013)	Chairman of the Supervisory Board (until February 14, 2013) Managing Director of Mercura Capital GmbH, Starnberg
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 Roland Berger Strategy Consultants GmbH, Munich
Elke Böpple [1)]	Software engineer, Schuler Pressen GmbH, Göppingen Chairperson of the Labor Council, Schuler Pressen GmbH, Weingarten
Ralf Dieter (since April 18, 2013)	CEO of Dürr AG, Stuttgart
Renate Gmoser [1)]	Chief Representative of the Metal Workers' Union (IG Metall), Göppingen-Geislingen branch
Lothar Gräbener [1)]	Sales Director, Schuler SMG GmbH & Co. KG, Waghäusel
Prof. Dr. Hartmut Hoffmann (until April 18, 2013)	Managing Director of Entwicklungsgesellschaft Umformtechnik und Gießereiwesen GmbH, Erding
Heiko Maßfeller [1)] (until April 18, 2013)	Chief Representative of the Metal Workers' Union (IG Metall), Mannheim branch
Prof. Dr. Christian Nowotny (since February 14, 2013)	Professor at the Vienna University of Economics and Business
Friedrich Papst (since April 18, 2013)	Executive Board member for Metals and Feed + Biofuel Andritz AG, Graz, Austria
Martin Sambeth [1)] (since March 20, 2013)	Chief Representative of the Metal Workers' Union (IG Metall), Baden-Württemberg region
Dr. Hans Michael Schmidt-Dencker (until April 18, 2013)	Lawyer, Stuttgart Member of the Executive Board of REM AG, Stuttgart Managing Partner SD-Schiff GmbH, Hamburg and RDC P-1 Schiffsbeteiligungs GmbH, Hamburg Managing Director SD-Schiff Beteiligungs GmbH, Hamburg and SD-Schiff Holding GmbH & Co. KG, Hamburg
Hans-Jürgen Thaus	Former Deputy CEO of KRONES AG, Neutraubling
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 (until February 14, 2013)	Managing Director of Mercura Capital GmbH, Starnberg

1) worker representatives

/ SUPERVISORY BOARD COMMITTEES

Permanent Committee acc. to § 27 (3), Codetermination Law
Dr. Wolfgang Leitner (Chairman) (since March 5, 2013) Dr. Robert Schuler-Voith (Chairman) (until February 14, 2013) Thomas Bohlender Renate Gmoser Prof. Dr. Christian Nowotny (since March 5, 2013) Helmut Zahn (until February 14, 2013)
Personnel Committee
Dr. Wolfgang Leitner (Chairman) (since March 5, 2013) Dr. Robert Schuler-Voith (Chairman) (until February 14, 2013) Elke Böpple Renate Gmoser Hans-Jürgen Thaus (since March 5, 2013) Helmut Zahn (until February 14, 2013)
Audit Committee
Prof. Dr. Christian Nowotny (Chairman) (since March 5, 2013) Helmut Zahn (Chairman) (until February 14, 2013) Thomas Bohlender Hans-Jürgen Thaus Ingrid Wolfframm
Nomination Committee
Dr. Wolfgang Leitner (Chairman) (since March 5, 2013) Dr. Robert Schuler-Voith (Chairman) (until February 14, 2013) Prof. Dr. h.c. Roland Berger Prof. Dr. Christian Nowotny (since March 5, 2013) Helmut Zahn (until February 14, 2013)

Total remuneration of the Supervisory Board in fiscal year 2012/13 amounted to T€ 416 (prior year: T€ 499).

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

SEATS HELD BY MEMBERS OF THE BOARD OF MANAGEMENT	
Stefan Klebert	Lista Holding AG, Erlen, Switzerland Schuler Pressen GmbH, Göppingen (Chairman)
Joachim Beyer	Schuler Incorporated, Columbus, OH, USA (until November 19, 2012)
Norbert Broger (since January 1, 2013)	Prensas Schuler S.A. Sao Paulo, Brazil (since June 24, 2013)
Dr. Markus Ernst (until September 30, 2013)	Beutler Nova AG, Gettnau, Switzerland (Chairman) (until September 30, 2013) Schuler Incorporated, Columbus, OH, USA (until November 19, 2012) Schuler India Pvt. Ltd., Mumbai, India (Chairman) (until September 30, 2013) Shanghai Schuler Presses Co. Ltd., Shanghai, PR China (until October 15, 2012)
Dr. Peter Jost (since March 6, 2013)	Prensas Schuler S.A. Sao Paulo, Brazil (Chairman of the Board) (since June 24, 2013) Andritz Slovakia s.r.o., Humenné, Slovakia (Advisory Board Member)
Marcus Ketter (until December 31, 2012)	BCN Technical Services Inc., Hastings, MI, USA (until January 8,2013) Müller Weingarten (Dalian) Forming Technologies Co. Ltd., Dalian, PR China (until October 15, 2012) Schuler Incorporated, Columbus, OH, USA (until November 19, 2012) Shanghai Schuler Presses Co. Ltd., Shanghai, PR China (Chairman) (until October 15, 2012)

ADDITIONAL SEATS HELD BY MEMBERS OF THE SUPERVISORY BOARD

Dr. Wolfgang Leitner	Haas Beteiligungs- und Management GmbH, Stockerau, Austria (Member of the Supervisory Board) Haas Food Equipment GmbH, Vienna, Austria (Member of the Supervisory Board) HBB Haas Beratung und Beteiligungen GmbH, Vienna, Austria (Member of the Supervisory Board) Franz Haas Vermögens- und Beteiligungs Aktiengesellschaft, Vienna, Austria (Member of the Supervisory Board)
Dr. Robert Schuler-Voith	Leifheit AG, Nassau
Prof. Dr. h.c. Roland Berger	Deutsche Oppenheim Family Office AG, Grasbrunn (formerly Wilhelm von Finck AG) (Deputy Chairman) Fresenius SE & Co. KGaA, Bad Homburg (Chairman of the Audit Committee) Fresenius Management SE, Bad Homburg Geox S.p.A. Biadene di Montebelluna, Italy (Member of the Board of Directors) Prime Office REIT-AG, Munich (Chairman) RCS Mediagroup S.p.A., Milan, Italy (Deputy Chairman of the Board of Directors) WMP EuroCom AG, Berlin (Chairman)
Elke Böpple	Schuler Pressen GmbH, Göppingen (Member of the Supervisory Board)
Thomas Bohlender	Schuler Pressen GmbH, Göppingen (Member of the Supervisory Board)
Ralf Dieter	Carl Schenck AG, Darmstadt (Chairman of the Supervisory Board) Dürr Systems GmbH, Stuttgart (Chairman of the Supervisory Board) Körber AG, Hamburg (Member of the Supervisory Board) Dürr Paintshop Systems Engineering (Shanghai) Corp. Ltd., Shanghai, China (Chairman of the Supervisory Board)
Renate Gmoser	Schuler Pressen GmbH, Göppingen (Member of the Supervisory Board)
Prof. Dr. Hartmut Hoffmann	Arnold GmbH & Co. KG, Forchtenberg-Ernsbach (Advisory Board) Schlieckmann GmbH, Marienfeld (Advisory Board)
Prof. Dr. Christian Nowotny	Andritz AG, Graz, Austria (Member of the Supervisory Board) Allianz Invest Kapitalanlagegesellschaft mbH, Vienna, Austria (Deputy Chairman of the Supervisory Board) Generali 3Banken Holding AG, Vienna, Austria (Deputy Chairman of the Supervisory Board)
Friedrich Papst	Andritz Hydro GmbH, Wien (Deputy Chairman of the Supervisory Board) Andritz GmbH, Hemer (Member of the Advisory Board) Andritz Sundwig GmbH, Hemer (Member of the Board of Directors) Andritz Feed & Biofuel A/S, Esbjerg, Denmark (Chairman of the Board of Directors) Andritz Brasil Ltda. Curitiba, Brazil (Member of the Advisory Board) Andritz (China) Ltd., Foshan, China (Chairman of the Board of Directors) Andritz Pty. Ltd., Carrum Downs, Australia (Member of the Board of Directors) Jaybee Engineering (Holdings) Pty. Ltd., Carrum Downs, Australia (Member of the Board of Directors)
Dr. Hans Michael Schmidt-Dencker	LOBA GmbH & Co. KG, Ditzingen (Chairman) Schoeller Holdings Ltd., Limassol, Cyprus
Hans-Jürgen Thaus	MR/Maschinenfabrik Reinhausen GmbH, Regensburg (Chairman of the Supervisory Board) Kurtz Holding GmbH & Co. Beteiligungs KG, Kreuzwertheim (Chairman of the Advisory Board)
Ingrid Wolfframm	Schuler Pressen GmbH, Göppingen (Member of the Supervisory Board)
Helmut Zahn	Leifheit AG, Nassau (Chairman) Flossbach & von Storch AG, Cologne (Deputy Chairman) Maschinenbau Oppenweiler Binder GmbH & Co. KG, Oppenweiler

ADDITIONAL DISCLOSURES ACC. TO HGB

(39) LIST OF SHAREHOLDINGS OF SCHULER AG AS OF SEPTEMBER 30, 2013

In %

Company and location	Equity interest
Fully consolidated affiliated companies	
Schuler Pressen GmbH, Göppingen [1]	100,00
Gräbener Pressensysteme GmbH & Co. KG, Netphen [2]	100,00
Schuler SMG GmbH & Co. KG, Waghäusel [2]	100,00
Schuler Automation GmbH & Co. KG, Heßdorf [2]	100,00
Schuler Cartec GmbH & Co. KG, Göppingen [2]	100,00
Schuler Cartec Engineering GmbH & Co. KG, Weingarten [2]	100,00
Schuler Modelltechnik GmbH, Weingarten	100,00
Schuler Cartec Verwaltungs GmbH, Weingarten	100,00
Müller Weingarten Werkzeuge GmbH, Weingarten	100,00
Umformcenter Erfurt GmbH, Erfurt	100,00
Schuler Guß GmbH & Co. KG, Göppingen [2]	100,00
Vögtle Service GmbH, Eislingen [1]	100,00
Rena Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs-KG, Pullach i. Isartal [2]	100,00
SUPERA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weingarten, Schönefeld [2]	100,00
NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weingarten, Grünwald [2]	100,00
Beutler Nova AG, Gettnau, Switzerland	99,70
Schuler France S.A., Strasbourg, France	100,00
Schuler Presses UK Limited, Walsall, UK	100,00
Schuler Incorporated, Columbus/Ohio, USA	100,00
BCN Technical Services Inc., Hastings/Michigan, USA	100,00
Müller Weingarten de México, S.A. de C.V., Puebla, Mexico	100,00
Prensas Schuler S.A., São Paulo, Brazil	100,00
Shanghai Schuler Presses Co. Ltd., Shanghai, PR China	79,38
Schuler (Dalian) Forming Technologies Co. Ltd. Dalian, PR China	100,00
Schuler Sales & Service Co. Ltd., Shanghai, PR China	100,00
Non-consolidated affiliated companies	
ATIS GmbH, Deggenhausertal	100,00
Schuler Systems & Services Geschäftsführungs GmbH i. L., Göppingen	100,00
Gräbener Pressensysteme-Verwaltungs GmbH, Netphen	100,00

In %

Company and location	Equity interest
Schuler SMG Geschäftsführungs GmbH, Göppingen	100,00
Schuler Hydrap Geschäftsführungs GmbH, Esslingen	100,00
Schuler Automation Geschäftsführungs GmbH, Heßdorf	100,00
Schuler Cartec Geschäftsführungs GmbH, Weingarten	100,00
Schuler Lasertechnik Geschäftsführungs GmbH, Göppingen	100,00
Schuler Guß Geschäftsführungs GmbH, Göppingen	100,00
Schmiedetechnik & Service GmbH, Weingarten	100,00
Schuler Ibérica S.A.U., Sant Cugat del Vallès, Spain	100,00
Schuler Italia S.r.l., Turin, Italy	90,00
Schuler Slovakia Services s.r.o., Dubnica nad Váhom, Slovakian Republic	100,00
Graebener Press Systems Inc., Warwick/Rhode Island, USA	100,00
BCN do Brasil Serviços e Comércio Ltda., São Paulo, Brazil	100,00
Tianjin SMG Presses Co. Ltd., Tianjin, PR China	100,00
Schuler Thailand Co. Ltd., Bangkok, Thailand	100,00
Schuler India Private Limited, Mumbai, India	100,00
Schuler Poland Service Sp. Z o.o.	100,00
Other investments	
Tianjin GMTSC Machine Tool Service Co. Ltd., Tianjin, PR China	50,00

1) Companies making use of the relief afforded by § 264 para. 3 HGB
2) Companies making use of the relief afforded by § 264 b HGB

Göppingen, November 18, 2013

Schuler AG
The Board of Management

Stefan Klebert **Joachim Beyer** **Norbert Broger** **Dr. Peter Jost**

AUDITOR'S OPINION

We have audited the consolidated financial statements – comprising the income statement, statement of comprehensive income, statement of financial positions, 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, 2012, to September 30, 2013, as prepared by Schuler Aktiengesellschaft, Göppingen, Germany. The preparation and content of the consolidated financial statements and Group management report according to IFRS, as applied in the EU, and the supplementary commercial law regulations of § 315a (1) German Commercial Code (HGB) are the responsibility of the company's Board of Management. 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 Board of Management, 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, and the supplementary commercial law regulations of § 315a (1) German Commercial Code (HGB) 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, November 21, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

von Hohnhorst	**Philipp**
Auditor	**Auditor**

FINANCIAL GLOSSARY

/ CASH FLOW
Indicator of a company's financial strength. Cash flow shows the amount of cash generated by a company. Cash flow is calculated by adjusting net profit to account for those items which have no impact on cash, such as depreciation or changes in provisions.

/ EBIT / EARNINGS BEFORE INTEREST AND TAXES
EBIT is the company's operating result before interest and taxes. EBIT is often used in international comparisons of companies as it reflects the operating result without any consideration of tax or interest effects.

/ EBIT MARGIN
The EBIT margin shows the ratio between the absolute EBIT result and sales revenues of the period.

/ EBITDA / EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION
EBITDA is the operating result before consideration of interest, taxes, depreciation and amortization. It represents the pure operating result without any distortion from tax, depreciation or interest effects and is one of Schuler's most important key performance indicators.

/ EBITDA MARGIN
The EBITDA margin is the ratio between EBITDA and sales and expresses the operating profitability of a company.

/ EBITA EARNINGS BEFORE INTEREST, TAXES AND AMORTIZATION
EBITA stands for operating earnings before interest, taxes and amortization of intangible assets from company acquisitions.

/ EBITA MARGIN
The EBITA margin is the ratio between EBITA and sales.

/ EBT / EARNINGS BEFORE TAXES

EBT expresses the result before income taxes.

/ EBT MARGIN

The EBT margin is the ratio of EBT to sales.

/ RETURN ON EQUITY:

The return on equity shows the return provided on equity employed and is thus of particular importance to shareholders.

$$\frac{\text{Earnings after tax}}{\text{Ø Equity (2-point average)}} \times 100\ (\%)$$

/ EARNINGS PER SHARE

Earnings per share is a ratio used to assess the profitability of a public company and is calculated by dividing net profit by the number of outstanding shares.

/ FREE CASH FLOW

Free cash flow is a company's freely available cash flow and refers to the funds which the company can use to pay dividends or reduce debt. It is calculated by adding cash flow from operating activities and cash flow from investing activities.

/ RETURN ON INVESTMENT

Return on investment shows how efficiently a company is using its total available funds and is calculated as follows:

$$\frac{\text{Earnings after taxes + interest result}}{\text{Ø Total capital (2-point average)}} \times 100\ (\%)$$

/ ROCE / RETURN ON CAPITAL EMPLOYED

ROCE provides information about the return on capital employed. Schuler calculates ROCE by comparing EBIT with capital employed.

$$\frac{\text{EBIT}}{\text{Ø Capital employed (2-point average)}} \times 100\ (\%)$$

Capital employed is calculated as follows:

  Non-current assets
+ Inventories
+ Payments in advance
+ Trade receivables
+ Future receivables from long-term construction contracts
– Trade payables
– Payments received carried as liabilities

= Capital employed

/ NET FINANCIAL STATUS

Net financial status is the balance of financial liabilities in the balance sheet and cash and cash equivalents. If liquid funds exceed financial liabilities – shown by a positive net financial status figure – the company is de facto free of debt.

FINANCIAL CALENDAR

02/28/2014

ANNUAL FINANCIAL REPORT

ON THE SHORT FISCAL YEAR 2013
(OCTOBER 1 – DECEMBER 31, 2013)

04/15/2014

ANNUAL GENERAL MEETING

GÖPPINGEN, GERMANY

The Annual General Meeting will be held in the Municipal Hall Göppingen

05/06/2014

INTERIM STATEMENT

FOR THE FIRST QUARTER OF 2014

08/07/2014

HALF-YEARLY FINANCIAL REPORT

2014

11/06/2014

INTERIM STATEMENT

FOR THE FIRST NINE MONTHS OF 2014

SCHULER AG IS A MEMBER OF:

bwsc Baden-Württemberg Small Caps

DIRK Deutscher Investor Relations Verband e.V.

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SCHULER
Member of the ANDRITZ GROUP

FORMING THE FUTURE
since 1839

EUROPE

1 — Adrian Buehler
2 — Irina Seibel
3 — Matthias Wolf
4 — Daniel Kallenbach
5 — Anne-Katrin Koehler

AMERICA

1 — Juliane Melo Silva
2 — Marco Antonio Vieira Borges
3 — Gina Fawthrop
4 — Cailan Harper
5 — Tlapa Bastida Saúl

* GERMANY

MOSCOW — Russia
KĘDZIERZYN-KOŹLE — Poland
DUBNICA NAD VÁHOM — Slovakia
WALSALL — UK
STRASBOURG — France
GETTNAU — Switzerland
TURIN — Italy
BARCELONA — Spain
CANTON — USA
HASTINGS — USA
RAMOS ARIZPE — Mexico
PUEBLA — Mexico
SÃO PAULO — Brazil
REMSCHEID
ERFURT
NETPHEN
WAGHÄUSEL
HESSDORF
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