

Forming the Future



Half-yearly financial report 2008/09



Technological and global market leader in metalforming technology

*Title:*

*Following line modernization and integration of a new hydraulic lead-off press from Schuler, Volkswagen's Hanover facility launched production of panels for the new Porsche Panamera in March 2009.*

# Schuler Aktiengesellschaft

## Göppingen, Germany

Securities Identification Numbers 721 060 and A0V9A2  
ISIN DE0007210601 and DE000A0V9A22

### Half-yearly financial report

October 1, 2008 – March 31, 2009

#### Schuler Group key figures (IFRS)

		2008/09 1st half year	2007/08 1st half year	2007/08 Fiscal year
Sales	€ million	442.4	418.3	966.1
New orders	€ million	296.5	555.5	1,006.2
Order backlog (end of period)	€ million	593.8	836.8	739.7
EBITDA	€ million	26.7	31.1	64.7
EBIT	€ million	12.7	16.6	36.7
EBT	€ million	-1.2	5.1	10.9
Consolidated net profit/loss	€ million	-1.1	4.1	8.6
Capital expenditure <sup>1)</sup>	€ million	6.0	13.9	23.0
Employees <sup>2)</sup> (end of period)		5,466	5,520	5,634

<sup>1)</sup> excl. financial investments

<sup>2)</sup> including apprentices

## **Consolidated interim report**

### **Economic environment**

In early 2008, experts were still predicting a moderate slowdown in global economic growth for the year ahead. By the time Lehman Brothers collapsed in fall 2008, however, it was clear that the global economy was heading for one of the deepest recessions in its history. The most pessimistic forecasters were vindicated by the subsequent development. In quick succession, governments around the world were forced to save numerous venerable banking institutions from collapse by injecting hundreds of billions of euros. This was soon followed by the news that even major international car brands were experiencing serious financial difficulties.

The International Monetary Fund (IMF) expects dramatic falls in global economic output for the current year. The Euro zone's gross national product (GNP) is expected to shrink by 4.2 percent in 2009. An even steeper decline of 5.6 percent is forecast for Germany - with even more dramatic figures being presented by the German government. For the world as a whole, however, GNP is only expected to fall by 1.3 percent. This more moderate decline is largely thanks to the continued growth of the emerging nations, albeit not at the same high levels of recent years. Chinese GNP, for example, is still expected to grow by 6.5 percent in 2009 - compared with 9.0 percent in 2008.

The IMF's experts do not envisage any sustained recovery before 2010 and 2011. There are isolated reports from some companies, however, that green shoots are already visible in some sectors.

## **Development of the global automotive sector**

The global economic downturn has now also reached the labor markets and is spreading uncertainty among consumers and causing them to postpone purchases, especially of such major items as cars. There were already signs of a major downturn in global car manufacturing in 2008. The number of vehicles produced around the world fell by 4.9 percent, from 60.4 to 57.5 million. The USA was hit hardest with a fall in sales of 19.3 percent. Europe fared somewhat better with a decline of 4.0 percent by year-end.

In the first quarter of 2009, the situation deteriorated further. Car sales in the EU fell by 17 percent. This figure does not convey the true scale of the development, however, as many countries sought to stimulate car sales with state-funded “scrappage schemes”. In Germany, for example, new car registrations rose by 18 percent in the first three months of 2009. Countries which have not yet introduced such schemes are experiencing a dramatic collapse in car sales: for example, a 38 percent fall in the USA, 30 percent in Great Britain and as much as 43 percent in Spain. The emerging nations continue to offer a glimmer of hope, as they still boast relevant growth rates: four percent in both China and Brazil, and two percent in India.

It is not possible at present to make reliable forecasts about the further development of the automotive industry. The industry is not only suffering from the effects of global economic recession, but must also cope with restricted credit access and the consequences of its own model policy. It is also impossible to predict when the economy will recover and consumers will begin spending again, or what effect the various recovery programs and scrappage schemes will have. The current crisis is expected to result in consolidation effects throughout the automotive industry. At the same time, it is likely that consumer requirements will also change with regard to car purchases. Renewable energies, sustainability and fuel efficiency are all topics which car manufacturers need to react to.

The engineering sector – to which Schuler also belongs – is particularly dependent on the development of the automotive industry. According to the German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau – VDMA), new orders fell by 42 percent in the first quarter of 2009. In its past fiscal year, car manufacturers and their suppliers accounted for two thirds of Schuler’s sales.

## Business development

The full extent of the crisis has now also reached Schuler AG. New orders fell sharply in the first half of fiscal year 2008/09 to € 296.5 million (prior year: € 555.5 million).

### *Schuler Group: new orders*

	October 2008 – March 2009	October 2007 – March 2008
€ million	296.5	555.5

New orders of the Forming Systems business segment received from third parties and the Group's other segment reached € 261.5 million (prior year: € 497.9 million), while orders received by the Automation and Production Systems business segment totaled € 50.9 million (prior year: € 101.1 million).

As of March 31, 2009, the Schuler Group's order backlog was significantly below the prior-year level (€ 836.8 million) at € 593.8 million.

Consolidated sales, on the other hand, rose from € 418.3 million last year to € 442.4 million in the first six months of 2008/09.

### *Schuler Group: sales*

	October 2008 – March 2009	October 2007 – March 2008
€ million	442.4	418.3

In the Forming Systems business segment, sales rose to € 386.7 million (prior year: € 355.1 million), while the Automation and Production Systems business segment posted a fall in sales to € 80.7 million, compared with € 89.6 million in the same period last year (all figures including inter-segment sales). The regional contributions to total sales were as follows: Germany accounted for 41.6 percent of sales, North and South America for 23.2 percent, Europe without Germany for 20.6 percent, Asia and other regions for 14.6 percent.

## Earnings

As a result of group-wide cost reduction measures, successive savings have already been achieved in a number of areas. The positive effects of these measures will not be fully felt until the second half of the year, however, and there was only limited relief in the first six months of fiscal year 2008/09. The planned temporary reduction in personnel expenses of 20 percent will not be fully effective until July 1, 2009, and thus only have a limited impact on earnings in 2008/09.

As a result of the high order backlog of € 739.7 million (prior year: € 699.6 million) at the beginning of the current reporting period, consolidated sales and – to a lesser extent – total performance of the Schuler Group exceeded the prior-year figures in the period under review. Nevertheless, the fall in new orders already led to underemployment in certain upstream areas of the Group's companies. As a consequence, earnings before interest and taxes (EBIT) fell from € 16.6 million to € 12.7 million. After deducting the interest result of € -13.9 million (€ -2.5 million change on the previous year), earnings before taxes (EBT) amounted to € -1.2 million (prior year: € 5.1 million). After considering income taxes, the Group's consolidated result for the period under review amounted to € -1.1 million, compared with € 4.1 million in the same period last year.

### **Schuler Group: EBIT**

	October 2008 – March 2009	October 2007 – March 2008
€ million	12.7	16.6

### **Schuler Group: consolidated net profit/loss**

	October 2008 – March 2009	October 2007 – March 2008
€ million	-1.1	4.1

## Financial position

In the first half of fiscal year 2008/09, cash flow from operating activities amounted to € -38.1 million, compared with € 0.0 million in the same period last year. This resulted mainly from the usage of short-term provisions, a significant reduction in trade payables and lower other short-term debt (incl. customer prepayments carried as liabilities). The resulting capital requirement was in excess of funds released in the field of current assets - especially from a strong decrease in trade receivables.

At the end of the reporting period, factoring measures amounting to € 3.7 million (prior year: € 0.0 million) were conducted.

In the course of the current cost reduction program, there was a strong decrease in capital expenditures of € 13.9 million to € 6.0 million. However, due to divestments made in the prior-year period (disposal of die casting technology and business real estate in Plüderhausen, Germany) with a corresponding effect on cash flow, there was a slight increase in cash flow from investing activities from € -2.6 million to € -3.4 million.

As a result of borrowing needs, cash flow from financing activities amounted to € 11.9 million in the first half of fiscal year 2008/09 (prior year: € -28.2 million). There was also a strong decline in cash and cash equivalents of € 33.0 million to € 54.5 million in the period under review. As a consequence, net debt increased from € 130.3 million to € 169.5 million as of March 31, 2009.

## Asset position

Compared with the beginning of the current fiscal year, the balance sheet total fell from € 866.7 million to € 801.4 million. On the asset side, there was a reduction in both non-current and - to a greater extent - current assets. As a result of the strong fall in current assets, the ratio of non-current assets to total assets increased from 31.8 percent to 33.1 percent. The decline on the liabilities side results mainly from a significant reduction in short-term debt. The Group's equity ratio, on the other hand, remained virtually unchanged at € 177.3 million, compared with the beginning of the fiscal year (€ 179.5 million). The equity ratio grew from 20.7 percent to 22.1 percent. The proportion of non-current assets covered by non-current capital was raised from 135.9 percent to 137.5 percent.

## Capital expenditures and depreciation

Additions to property, plant and equipment in the period under review (€ 6.0 million, prior year: € 13.9 million) include capitalized development costs (€ 0.8 million), investments in technical equipment and machines (€ 1.6 million) and the purchase of other factory and office equipment (€ 1.4 million). There were no major individual investments. The above additions to property, plant and equipment and intangible assets were opposed by a much higher level of amortization and depreciation, amounting to € 14.0 million (prior year: € 13.8 million). Including financial assets, the Schuler Group's non-current assets grew by a total of € 10.0 million to € 265.4 million in the first half of the fiscal year 2008/09.

## Personnel

As of March 31, 2009, the Schuler Group employed a total of 5,466 people (including apprentices), compared with 5,634 as of September 30, 2008. Of this total, 4,417 people were employed in Germany and 1,049 abroad. The Forming Systems business segment accounted for 4,265 employees world-wide, while the Automation and Production Systems business segment accounted for 1,168 employees and Schuler AG for 33 employees. As of March 31, 2009, the Schuler Group employed a total of 318 apprentices. The ratio of apprentices to employees thus amounts to 5.8 percent.

### *Schuler Group: employees*

March 31, 2009	Sept. 30, 2008
5,466	5,634

## **Organizational structure**

### **Merger of the US subsidiaries Schuler Incorporated and Schuler Hydroforming Inc.**

As of October 1, 2008, the US subsidiary Schuler Hydroforming Incorporated was merged into Schuler Incorporated. The benefits include improved efficiency, the use of synergy effects and faster reporting and decision-making. Both companies are located in Canton/Michigan and already worked together closely in many areas. The newly merged company currently employs approximately 100 people.

### **Greater range of services for Eastern Europe through new company in Slovakia**

In the Slovak Republic, we set up a new, legally independent service company, Schuler Slovakia Services, based in Dubnica nad Váhom. The new company replaces our previous facility and can now offer considerably more local services. In addition to Slovakia, Schuler Slovakia Services is also responsible for Poland, the Czech Republic and Hungary.

## **Highlights from our business segments**

### **World's largest automated press line with robots**

In December 2008, the Schuler Group handed over the world's largest automated press line with robots to Volvo at its facility in Olofström, Sweden. The line has been mass manufacturing outer and inner doors, wheel wells, wings and A-pillar supports for the new Volvo XC60 since September 2008. It is also used to produce aluminum hoods for the new model, which went on sale in Europe in late November 2008.

### **Non-automotive business strengthened**

Our diversification strategy is aimed at clients in the non-automotive sector. A West European manufacturer of radiators, for example, purchased two of our radiator embossing presses with knuckle-joint drives. In addition to the presses, the equipment also comprises coil lines supplied by Schuler Automation, hydraulic cushions, a die-changing cart and eleven dies for various widths, from 600 to 1,800 millimeters. The two PMK-1500 presses each offer a press force of 1,500 metric tons and together produce 28 meters of plates per minute.

GEA PHE Systems is one of North America's leading producers of heat exchanger plates. At its new facility in York/Pennsylvania, GEA PHE Systems uses a complete production line with two of our hydraulic presses.

One of India's largest suppliers of electricity generating equipment recently set up a new central stamping plant for the production of electric motor laminations – an essential component for the production of power generators. Schuler supplied the production line and GTL Knödel provided a line for the subsequent coating of the segment blanks. The Schuler Group and GTL Knödel have been cooperating since 2008 to offer turnkey solutions for customers in this manufacturing process.

### **New rotary hearth oven**

Schuler's rotary hearth oven enables output rates of up to ten blanks per minute. In view of this high performance, the exact and synchronized controlling of the loading and unloading process ensures that little heat escapes – thus achieving considerable energy cost savings. Due to its round and compact design, the new oven requires much less space in production than a rolling hearth oven. This helps reduce building and foundation costs. The lack of rollers also means that a part is missing whose wear and tear often leads to downtime and maintenance costs in other ovens.

### **Schuler and Müller Weingarten pool training services in joint academy**

In early 2009, the Schuler Academy was merged with the Müller Weingarten Forum. Both previously offered seminars for customers in the metalforming sector. The Schuler Group can now offer a much wider range of seminars through the new unified Schuler Academy.

### **From fitter's shop to global corporation: 170 years of Schuler**

The Schuler Group can look back on 170 years of business this year. As a company with a long tradition, Schuler stands for reliability and continuity. The founding family continues to hold the majority of shares and the Chairman of the Supervisory Board, Dr. Robert Schuler-Voith, is a direct descendant of the company's founder. Such anniversaries are also an opportunity to recognize the know-how and commitment of the company's employees, without whom the Schuler Group would not have become the technological and global market leader in metalforming technology.

## Opportunity and risk report

### Risks

We were exposed to the usual level of risk for our industry in the first half of fiscal 2008/09, such as price pressure and risks involved in order processing. A detailed description of these and other risks is provided in our annual report 2007/08, together with a description of our risk management system.

Of particular importance during the period under review is the strong decline in demand. The automotive industry and its suppliers, which generated two thirds of our sales in the last fiscal year, have been hit particularly hard by the global economic crisis and have significantly reduced their orders of new presses. As a consequence, we suffered a severe decline in new orders during the period under review and have reacted by introducing a corporate restructuring program (see “Subsequent events” section). For fiscal year 2008/09, we expect to make a significant loss also due to one-off costs incurred in connection with the restructuring program.

The Group’s financial requirements are mainly covered by a syndicated loan of € 450 million arranged in March 2008. It includes agreed key ratios (covenants), which are to be met throughout the term and which have been met since the contract was signed. As a result of the adverse economic climate and the significant change in market conditions, we currently expect that certain terms of the syndicated loan will need to be adapted. Preliminary talks have already been held with the syndicate partners in order to guarantee continued stability in the company’s financing.

The risk of payment default and insolvencies among our customers has increased as a consequence of the current economic crisis. We are therefore intensifying our checks for creditworthiness and increasingly utilizing all instruments to limit risks, e.g. progress payments and credit insurance.

### Opportunities

The opportunities of our business are described in detail in our annual report 2007/08. With our market and technological leadership and high level of engineering expertise, we feel well prepared especially in those regions which continue to offer growth potential, such as India, China, Mexico and Russia. In addition, we can offer customers a global service network and a large portfolio of products and services. With the takeover of the Müller Weingarten group, the number of installed machines on the market has grown considerably and offers additional sales potential for our service business. Our service activities and the increased focus we have placed on the non-automotive sector over the past few years are particularly important against the backdrop of the current economic crisis and its impact on the automotive industry. Our activities as a supplier in the field of alternative energy sources also offer attractive growth opportunities.

## Related party disclosures

These disclosures are to be found in section (9) of the notes to the consolidated interim financial statements.

## Schuler share

Following extreme fluctuations in fall 2008, the stock exchanges continued their downward trend in early 2009. There were signs of a recovery in March, but it remains to be seen whether a sustained turnaround can be expected.

The Schuler share started the current fiscal year 2008/09 at a price of € 6.66 on October 1, 2008. It then fell continually to finish the first half of the year at € 2.50 on March 31, 2009. The share was quoted at € 3.30 on May 26, 2009 (all figures refer to XETRA trading).

## Subsequent events

### Schuler lays foundation for stability during the crisis

Schuler reacted to the significant fall in new orders during the period under review by introducing a restructuring concept in early May. Some 11 percent of total headcount is to be reduced around the world (about 600 jobs, of which around 360 in Germany). Reductions in material costs by means of purchasing measures and cuts in temporary staff represent a further focus area. The targeted savings amount to a total of € 80 million per year. Talks are also being held with the Group's various work councils about temporary cuts of 20 percent in personnel expenses. The company believes this comprehensive catalogue of measures will enable it to chart a stable course through the current crisis.

In order to achieve further improvements in efficiency, the company's new machine business with hydraulic presses is to be relocated from Esslingen, Germany, to Waghäusel, Germany, where it will be concentrated in future. The Esslingen facility will focus in future on service activities. To this end, the service business of the two companies at this location, Müller Weingarten and Schuler Hydrap, is to be merged. Moreover, the company plans to close the Schuler Hydroforming facility in Wilnsdorf, Germany, and to relocate hydroforming technology to Waghäusel. Schuler Automation in Gemmingen and Heßdorf, Schuler Cartec in Göppingen and Weingarten, Müller Weingarten in Weingarten and Schuler SMG in Waghäusel will also be affected by job cuts to a lesser extent.

The restructuring concept aims to deflect impending losses as far as possible. Our main priority is to ensure that our customers continue to receive the high quality and wide range of our products and can continue to access our reliable global service.

### **Suit against squeeze-out rejected**

Former shareholders of Müller Weingarten AG filed a suit with the Regional Appeal Court of Stuttgart regarding a review of the cash settlement offered to shareholders of Müller Weingarten AG during the squeeze-out process. The Regional Appeal Court had decided in early November 2008 that no value appraisal proceedings were necessary in addition to the arrangements provided for by the squeeze-out procedure, and thus dismissed the appeal. The other party launched an immediate appeal against the verdict. In early May 2009, the Regional Appeal Court of Stuttgart rejected all appeals of the claimants and decided that an administrative decision procedure was not permissible in this particular case.

### **Outlook**

The full extent of the crisis has now also reached Schuler. The conditions for our business have deteriorated considerably over the past few months and utilization of our capacities has fallen sharply. It is currently impossible to make a reliable forecast as to how business will progress in the coming months. We have developed various scenarios with which we aim to react swiftly and flexibly to market developments. The duration of the crisis will play a decisive role. We expect to make a significant loss for fiscal year 2008/09 as a whole, also due to one-off costs incurred in connection with the restructuring program.

Schuler will rise to the challenge of maintaining its sound global positioning, even in these difficult times.

Göppingen, May 28, 2009

Schuler Aktiengesellschaft

The Board of Management

**Consolidated interim financial statements  
October 1, 2008, to March 31, 2009**

**Schuler Aktiengesellschaft, Göppingen**

**Consolidated profit and loss account**  
**October 1, 2008, to March 31, 2009**  
**Schuler AG, Göppingen**  
**(unaudited)**

in T€	2008/09 1st half year		2007/08 1st half year	
1. Sales	442,445		418,312	
2. Changes in inventories and other own work capitalized	6,604		20,735	
<b>3. Total performance</b>	<b>449,048</b>		<b>439,047</b>	
4. Other income	28,895		46,486	
5. Cost of materials	224,593		218,247	
6. Personnel expenses	162,175		161,576	
7. Depreciation and amortization of tangible and intangible assets	13,976		13,819	
8. Other expenses	64,465	436,314	74,608	421,763
<b>9. Operating result</b>	<b>12,734</b>		<b>17,285</b>	
10. Interest income	2,243		5,010	
11. Interest expense	16,175		16,489	
12. Other financial result	0		-688	
<b>13. Financial result</b>	<b>-13,932</b>		<b>-12,166</b>	
<b>14. Earnings before taxes</b>	<b>-1,198</b>		<b>5,119</b>	
15. Income taxes	-128		1,020	
<b>16. Consolidated net profit/loss</b>	<b>-1,070</b>		<b>4,099</b>	
- of which attributable to shareholders of Schuler AG	-1,216		3,975	
- of which attributable to minority interests	146		124	
<b>Earnings per share in € (undiluted and diluted)</b>				
Earnings per common share	-0.06		0.19	
Earnings per preferred share	n.a.		0.29	

**Consolidated balance sheet as at March 31, 2009**  
**Schuler AG, Göppingen**  
**(unaudited)**

in T€	March 31, 2009	Sept. 30, 2008
<b>ASSETS</b>		
<b>A. Non-current assets</b>		
1. Intangible assets	74,403	75,623
2. Property, plant and equipment	189,236	196,682
3. Interests in affiliates and participations	1,765	3,118
4. Income tax receivables	3,342	3,519
5. Other receivables and financial assets	9,833	14,333
6. Deferred tax assets	31,016	27,074
	<b>309,595</b>	<b>320,349</b>
<b>B. Current assets</b>		
1. Inventories	157,994	146,028
2. Trade receivables	74,811	121,961
3. Future receivables from construction contracts	149,711	131,621
4. Income tax receivables	4,717	4,182
5. Other receivables and financial assets	50,080	55,037
6. Cash and cash equivalents	54,508	87,517
	<b>491,822</b>	<b>546,347</b>
	<b>801,416</b>	<b>866,696</b>
<b>LIABILITIES</b>		
<b>A. Equity</b>		
1. Share capital	54,600	54,600
2. Reserves	121,320	122,529
3. Accumulated other comprehensive income	-891	412
Equity attributable to shareholders of Schuler AG	<b>175,029</b>	<b>177,541</b>
4. Minority interests	2,280	1,957
	<b>177,309</b>	<b>179,498</b>
<b>B. Non-current liabilities</b>		
1. Financial liabilities	132,654	143,555
2. Other liabilities	4,513	1,730
3. Pension provisions	72,582	74,045
4. Other provisions	27,151	27,424
5. Deferred tax liabilities	11,406	9,191
	<b>248,305</b>	<b>255,945</b>
<b>C. Current liabilities</b>		
1. Financial liabilities	91,399	74,250
2. Trade payables	60,897	92,115
3. Income tax liabilities	0	734
4. Other liabilities	148,961	168,255
5. Income tax provisions	835	1,399
6. Other provisions	73,711	94,501
	<b>375,803</b>	<b>431,253</b>
	<b>801,416</b>	<b>866,696</b>

**Statement of recognized income and expenditure within the Group**  
**October 1, 2008, to March 31, 2009**  
**Schuler AG, Göppingen**  
**(unaudited)**

in T€	2008/09 1st half year	2007/08 1st half year
Cash flow hedges: changes in fair value recognized directly in equity	-3,070	-7,176
Change in fair value of securities (available-for-sale)	-22	-5
Deferred taxes not recognized in the profit and loss account	955	2,425
Changes in currency translation differences relating to foreign Group companies	1,011	-3,423
<b>Income and expenditure recognized directly in equity</b>	<b>-1,126</b>	<b>-8,179</b>
<b>Consolidated net profit/loss</b>	<b>-1,070</b>	<b>4,099</b>
<b>Total income and expenditure recognized in the period</b>	<b>-2,196</b>	<b>-4,080</b>
- of which attributable to shareholders of Schuler AG	-2,519	-4,140
- of which attributable to minority interests	323	59

**Consolidated cash flow statement**  
**October 1, 2008, to March 31, 2009**  
**Schuler AG, Göppingen**  
**(unaudited)**

in T€	2008/09 1st half year	2007/08 1st half year
Consolidated net profit/loss	-1,070	4,099
+/- Non-current asset depreciation/additions	13,976	14,507
+/- Increase/decrease in pension provisions (less indemnity claims)	-1,493	-569
<b>Gross cash flow</b>	<b>11,413</b>	<b>18,037</b>
+ Stock option program 2008	7	0
-/+ Profit/loss from disposal of non-current assets	-769	-6,051
-/+ Increase/decrease in inventories	-12,793	-18,632
-/+ Increase/decrease in receivables and other assets not relating to investing or financing activities	31,469	-17,679
-/+ Increase/decrease in provisions (excluding pension provisions)	-21,889	-23,249
-/+ Increase/decrease in liabilities not relating to investing or financing activities	-45,582	47,600
<b>Cash flow from operating activities</b>	<b>-38,144</b>	<b>26</b>
Proceeds from disposals of tangible and intangible assets	930	15,933
- Investments in tangible and intangible assets	-6,021	-13,852
+ Proceeds from disposals of financial assets	1,734	0
- Investments in financial assets	-9	-4,632
<b>Cash flow from investing activities</b>	<b>-3,365</b>	<b>-2,551</b>
+/- Proceeds/redemption of financial liabilities (net)	12,207	-27,191
- Repayment of financial leases	-323	-1,056
<b>Cash flow from financing activities</b>	<b>11,884</b>	<b>-28,247</b>
Change in cash and cash equivalents	-29,625	-30,772
+/- Change in cash and cash equivalents due to exchange rate fluctuations	-3,384	-2,447
<b>Net change in cash and cash equivalents</b>	<b>-33,009</b>	<b>-33,219</b>
+ Cash and cash equivalents at beginning of period	87,517	103,718
<b>Cash and cash equivalents at end of period</b>	<b>54,508</b>	<b>70,499</b>

Cash flow from operating activities includes:

Interest received	2,068	4,912
Interest paid	13,345	12,735
Income taxes paid	1,990	769

**Segment reporting**  
**October 1, 2008, to March 31, 2009**  
**Schuler AG, Göppingen**  
**(unaudited)**

in T€	Forming Systems		Automation and Production Systems		Schuler AG / consolidation		Schuler Group	
	2008/09 1st half year	2007/08 1st half year	2008/09 1st half year	2007/08 1st half year	2008/09 1st half year	2007/08 1st half year	2008/09 1st half year	2007/08 1st half year
Sales to third-parties	380,370	348,389	62,075	69,923	-	-	442,445	418,312
Intercompany sales <sup>1)</sup>	6,323	6,693	18,644	19,665	-24,967	-26,357	-	-
<b>Segment sales</b>	<b>386,693</b>	<b>355,082</b>	<b>80,719</b>	<b>89,588</b>	<b>-24,967</b>	<b>-26,357</b>	<b>442,445</b>	<b>418,312</b>
<b>EBIT</b>	<b>12,690</b>	<b>15,290</b>	<b>3,179</b>	<b>5,552</b>	<b>-3,135</b>	<b>-4,245</b>	<b>12,734</b>	<b>16,597</b>
<b>Employees <sup>2)</sup></b>	<b>4,069</b>	<b>4,055</b>	<b>1,108</b>	<b>1,141</b>	<b>28</b>	<b>22</b>	<b>5,205</b>	<b>5,218</b>

<sup>1)</sup> sales to other business segment

<sup>2)</sup> average over the period (excluding apprentices)

**Notes to the consolidated interim financial statements  
for the period October 1, 2008, to March 31, 2009**

**Schuler Aktiengesellschaft, Göppingen**

## **(1) General information**

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

The Schuler Group is divided into the two business segments “Forming Systems” and “Automation and Production Systems”. Forming Systems primarily incorporates mechanical and hydraulic press systems. Automation and Production Systems comprises automation systems and car body technology, as well as hydroforming and laser technology. Both business segments have their own service activities, which are directly assigned to individual manufacturing companies or conducted by sales and service companies.

These consolidated interim financial statements as at March 31, 2009, were prepared in accordance with § 37w of the German Securities Trading Act (WpHG) and International Accounting Standard (IAS) 34 “*Interim financial reporting*”. As a consequence, they do not contain all the information and notes required by international accounting standards for year-end financial statements. For a detailed description of the accounting, valuation and consolidation methods applied in the course of group accounting, and the IFRS options exercised, please refer to the notes to the consolidated annual financial statements for fiscal year 2007/08.

The consolidated interim financial statements and management reports are not subjected to an audit review nor financial statement auditing as described in § 317 of the German Commercial Code (HGB).

When preparing the interim financial statements according to IFRS rules, the Board of Management must produce estimates and make assumptions about the effect of uncertain future events which affect the assets and liabilities disclosed in the balance sheet, as well as income and expense disclosures. The actual amounts may vary from these estimates.

Unless explicitly indicated otherwise, all amounts are stated in thousands of euros (T€). Minor differences in the disclosure of individual amounts within the consolidated interim financial statements may occur due to the presentation in T€.

## **(2) Accounting and valuation methods**

These consolidated interim financial statements as at March 31, 2009, take into account all IFRS, International Accounting Standards (IAS) valid at the accounting date, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standard Interpretations Committee (SIC), as applicable in the EU. The standard accounting and valuation principles for all Group companies, and the calculation and consolidation methods applied, are essentially the same as those methods applied in the previous year.

On January 30, 2009, the Supervisory Board granted the Board of Management the first tranche of a total of 264,500 subscription rights, each entitling the owner to acquire one no-par value share of Schuler AG, as part of the stock option program 2008 adopted at last year's Annual General Meeting. In accordance with the regulations of IFRS 2, the fair value of this share-based remuneration was calculated on the issuance date with the aid of an option pricing model. Based on a share price on the valuation date of € 3.45, the calculated option value of tranche 1 amounts to a total of T€ 117. It is recognized as a personnel expense, allocated in installments over the expected vesting period. These personnel expenses result in an increase in capital reserves. The prorated expense recognized in the reporting period amounts to T€ 7. Further details on the key elements of the stock option program are provided in the consolidated annual financial statements as at September 30, 2008.

In the period under review, the Board of Management decided to abandon the previously pursued dual-brand strategy for all new machines over the long term. As a consequence, it can no longer be assumed that the umbrella brand "Müller Weingarten", as recognized in the balance sheet, has an unlimited useful life. As of the beginning of fiscal year 2008/09, it will therefore be amortized in scheduled amounts over its expected residual useful life of five years. Amortization for the current reporting period amounts to T€ 434.

There were no further special events which had a significant impact on the Group's assets, liabilities, equity, earnings or cash flow during the period under review.

### (3) Consolidated profit and loss account

The business activity of the Schuler Group is subject to certain seasonal influences. In the case of monthly sales volume, for example, above-average values are regularly achieved in the summer months toward the end of the fiscal year, as many customers use the holiday season to accept delivery and install Schuler machines and equipment. The same applies to maintenance work and the respective service revenues received by Schuler. As a result, consolidated sales in the second half of the fiscal year generally exceed those disclosed for the first half of the year. In the current fiscal year 2008/09, however, this regular cycle over the course of the year is outweighed by the strong decline in new orders since fall last year, which is successively reducing our order backlog. Should new orders remain weak, the possibility of a fall in consolidated sales in the second half of the fiscal year cannot be ruled out at the present moment.

The effects of economic conditions on business in the reporting period are presented in the consolidated interim management report. Earnings that are realized on an irregular or occasional basis are stated only at the point of realization or when they become known. If expenses are incurred on an irregular basis, they are only accrued or deferred if this would also take place at year-end.

Income taxes are always calculated on the basis of the estimated average tax burden of Group companies in the fiscal year.

### (4) Equity

	Shareholders of Schuler AG					Minority interests	Total
in T€	Issued capital	Capital reserves	Retained earnings	Accumulated other comprehensive income	Equity equity	Equity	Consolidated
<b>Balance at October 1, 2007</b>	<b>45,500</b>	<b>66,977</b>	<b>20,030</b>	<b>12,266</b>	<b>146,773</b>	<b>1,496</b>	<b>148,269</b>
Valuation changes recognized directly in equity	-	-	-	-8,114	-8,114	-65	-8,179
Consolidated net profit/loss	-	-	3,975	-	3,975	124	4,099
<b>Balance at March 31, 2008</b>	<b>45,500</b>	<b>66,977</b>	<b>26,005</b>	<b>4,151</b>	<b>142,633</b>	<b>1,555</b>	<b>144,188</b>
<b>Balance at October 1, 2008</b>	<b>54,600</b>	<b>92,169</b>	<b>30,360</b>	<b>412</b>	<b>177,541</b>	<b>1,957</b>	<b>179,498</b>
Valuation changes recognized directly in equity	-	-	-	-1,302	-1,302	177	-1,126
Stock option program 2008	-	7	-	-	7	-	7
Consolidated net profit/loss	-	-	-1,216	-	-1,216	146	-1,070
<b>Balance at March 31, 2009</b>	<b>54,600</b>	<b>92,176</b>	<b>29,143</b>	<b>-891</b>	<b>175,029</b>	<b>2,280</b>	<b>177,309</b>

## (5) Earnings per share

Neither Schuler AG itself, nor a company controlled by it, held shares in Schuler AG during the period under review. After granting the first tranche of the stock option program 2008, diluted potential shares were created in the period under review as a result of outstanding options. In accordance with international accounting standards, however, they were not considered when calculating diluted earnings per share as the prescribed performance targets for exercising the subscription rights have not yet been fulfilled. Diluted earnings per share thus still correspond to undiluted earnings per share.

in T€	2008/09 1st half year	2007/08 1st half year
Consolidated net profit/loss	-1,070	4,099
Profit attributable to minority interests	-146	-124
Profit attributable to shareholders of Schuler AG	-1,216	3,975
Weighted number of shares outstanding:		
Common shares (number)	21,000,000	10,500,000
Preferred shares (number)	n. a.	7,000,000
<b>Earnings per common share (€)</b>	<b>-0.06</b>	<b>0.19</b>
<b>Earnings per preferred share (€)</b>	<b>n. a.</b>	<b>0.29</b>

## (6) Provisions for personnel measures/restructuring

Provisions for personnel measures and other restructuring measures fell from T€ 6,661 to T€ 5,253, compared with September 30, 2008.

## (7) Contingent liabilities

As of March 31, 2009, the Group's contingent liabilities (debtor warrant, discounted bills) fell from T€ 20,472 to T€ 20,000, compared with the last balance sheet date.

## (8) Consolidated group

In addition to Schuler AG, the consolidated financial statements comprise all major domestic and foreign subsidiaries which Schuler AG directly or indirectly controls (control relationship). As of October 1, 2008, the North American subsidiary Schuler Hydroforming Incorporated, Canton/Michigan, was merged into Schuler Incorporated, Columbus/Ohio. Effective the same date, the Spanish sales company Müller Weingarten Ibérica S.L., Sant Cugat del Vallès, was merged into Schuler Ibérica S.A. of the same town. In the period under review, a further service company was opened: Schuler Slovakia Services, s.r.o., Dubnica nad Váhom, Slovak Republic. Due to its low level of business activity, this company is carried at amortized cost in the consolidated financial statements. Comparability with the consolidated financial statements as at September 30, 2008, is not impeded by the changes in the current fiscal year.

The interim consolidated financial statements contain three (September 30, 2008: three) companies in which minority shareholders have an equity interest.

The composition of the Schuler Group according to company law is now as follows:

	March 31, 2009	Sept. 30, 2008
Schuler AG and fully consolidated subsidiaries		
Domestic	24	24
Foreign	10	11
Subsidiaries carried at amortized cost		
Domestic	14	14
Foreign	9	9
	<b>57</b>	<b>58</b>

## (9) Related party disclosures

Related parties as defined by IAS 24 include significant shareholders, members of the Board of Management and Supervisory Board, their close family members and companies controlled by them, as well as non-consolidated subsidiaries. In the period under review, related parties were involved in no significant transactions with companies of the Schuler Group beyond the scope of those described in the notes to the consolidated annual financial statements for fiscal year 2007/08, nor in any business transactions of an unusual nature or structure.

The Board of Management confirms that the transactions conducted with related parties were always carried out on an arms-length basis.

### **(10) Subsequent events**

All material events which took place after the balance sheet date are presented in the subsequent event section of the consolidated interim management report. There were no further significant events which occurred after the balance sheet date of this interim report.

Göppingen, May 28, 2009

Schuler AG

The Board of Management

### **Responsibility statement**

To the best of our knowledge, and in accordance with the applicable interim reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in fiscal year 2008/09.

Göppingen, May 28, 2009

Schuler Aktiengesellschaft

The Board of Management



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