SCHULER

Half-yearly financial report 2007/08

Technological and global market leader in metalforming technology

Title: *Blanking and forming presses with servo drive and press forces of 250 metric tons (left) and 1,100 metric tons (right)*

Half-yearly financial report
October 1, 2007 - March 31, 2008

Schuler Group key figures (IFRS)

		2007/08 1st half year	2006/07 1st half year [3]	2006/07 Fiscal year [4]
Sales	€ million	418.3	239.5	725.0
New orders	€ million	555.5	270.0	835.8
Order backlog (end of period)	€ million	836.8	360.5	699.6
EBITDA	€ million	31.1	15.6	74.4 [5]
EBIT	€ million	16.6	7.7	45.9 [5]
Earnings before tax	€ million	5.1	1.8	27.9 [5]
Consolidated result	€ million	4.1	4.2	13.9 [5]
Capital expenditure [1]	€ million	13.9	3.1	16.4
Employees [2] (end of period)		5,520	3,520	5,710

1) Investment in tangible and intangible assets
2) Including apprentices
3) Schuler without Müller Weingarten
4) These figures include the results of Müller Weingarten for the short fiscal year (April 1 to September 30, 2007).
5) This result includes non-recurring income of an amount of € 31.0 million before taxes from the sale and rent-back of commercial real estate in Göppingen.

Consolidated interim management report

Changes in corporate structure

New Board of Management member: Dr. Markus Ernst responsible for Standard Presses

Dr. Markus Ernst was appointed to the Board of Management of Schuler AG as of October 1, 2007. He is responsible for the Standard Presses division within the Forming Systems business segment. The division comprises the areas Solid Forming, Blanking and Forming Presses, Minting Presses, High-Speed and Knuckle-Joint Presses. Mr. Joachim Beyer is responsible for the Large Presses/Automotive division within the Forming Systems business segment. There are therefore now four members of the Schuler AG Board of Management. Jürgen Tonn (CEO) and Dr. Wolfgang Baur (CFO) retain their current functions.

Sale of Die Casting Technology and Plüderhausen real estate / relocation of Schuler Hydrap

Further steps were taken to optimize our organizational structure on December 1, 2007. The following measures were taken:

- Schuler sold the Müller Weingarten division Die Casting Technology, based in Esslingen/Germany, which no longer belongs to the Group's core business, to Oskar Frech GmbH + Co. KG, Schorndorf/Germany. The business was transferred in accordance with § 613a of the German Civil Code.
- Schuler also sold the Plüderhausen production facility to Oskar Frech GmbH + Co. KG, Schorndorf.
- Schuler Hydrap GmbH & Co. KG was relocated from Plüderhausen to Esslingen in March 2008. No redundancies resulted from these measures.

Merger of foreign subsidiaries and die fabrication

As of the beginning of 2008 the respective operations of Schuler's and Müller Weingarten's subsidiaries in France, Great Britain, Spain and the USA were merged. There was also a transfer of business from Müller Weingarten Werkzeuge to Schuler Cartec. The Schuler Group's die fabrication activities are thus now consolidated under Schuler Cartec at its facilities in Göppingen and Weingarten.

Economic environment

The global economic upturn continued in 2007. In the second half of the year, however, high raw material and energy prices, coupled with the effects of the US sub-prime crisis, placed an increasing burden on growth. Experts forecast a slight slowdown of global economic growth for 2008. The strongest growth is expected in Asia, and above all China and India, as well as in South America and in the Eastern European nations. Falling real estate prices in the USA and the ensuing credit risks might endanger growth in North America, and consequently in many other regions.

In Europe, economic growth remained strong in 2007. High capacity utilization led to an increase in capital expenditures. The strong euro, however, might serve to dampen exports in future.

Development of the global automotive sector

Global car sales grew by 4.2% to 58.4 million vehicles in 2007. There was above-average growth especially in the markets of South America, Central and Eastern Europe and the Asia-Pacific region. There was falling demand, however, in North America and above all Japan. In Western Europe, sales of new cars remained stable at the prior-year level. Global car production grew by 5.4% to 69.9 million units in 2007.

The upward trend in global car production is expected to continue in 2008. Pent-up demand in the emerging nations of Asia, Eastern Europe and South America is likely to result in further growth in global vehicle output.

The major car manufacturers of North America, Western Europe and Japan do not expect any major change in production volume for 2008. Fear of recession in the NAFTA region may lead to a significant fall in output. A slight decline in vehicle production is also forecast for Western Europe. In contrast to this, car manufacturers in Asia's emerging markets – in particular China – forecast further growth. Similar growth rates are also expected by manufacturers in Eastern Europe and South America.

Automotive sector investment activity

In 2007, the world's major car manufacturers made investments on a high level. Global capital expenditures in the automotive sector reached almost € 62 billion in the past year. However, press manufacturers only profited from this trend to a limited extent. European car manufacturers raised capital spending by 2% to € 33 billion. In Asia, it was primarily Indian and Chinese car manufacturers who increased capital expenditure. In North America, the major vehicle manufacturers more or less maintained their high investment volume, with capital expenditures of around € 10 billion. The continuing trend toward launching a wide variety of variants for each new model is helping to accelerate investment activity. In addition, the Schuler Group believes there will be two major trends in the car industry in future, which will be of particular interest for press manufacturers:

Firstly, the need to reduce fuel consumption and CO_2 emissions will result in even more model variants. Trade fairs have shown that most manufacturers are working hard on developing corresponding models. The use of new, lighter materials with high rigidity to increase crash safety will necessitate further investment in car production equipment. Secondly, the proportion of value added by suppliers to the automotive industry is continuing to rise.

Car manufacturers forecast an increase in global capital expenditures to around € 70 billion in 2008. European manufacturers are expected to account for around € 35 billion of this total. Following a period of high investment over the past few years, capital expenditures in the US automotive industry are expected to return to normal levels again. The most dynamic growth in investment is expected in Asia, especially by Japanese, Indian and Korean car manufacturers, as well as Russian and Brazilian producers.

Business development

Largest order in Schuler's history

The Schuler Group received the biggest order of its entire history during the period under review. With a total of three new press lines with servo drive, the BMW Group plans to change the stamping plant structures of its facilities in Leipzig, Regensburg and Munich by 2011. The BMW Group also awarded us two further orders. In Regensburg, we will install a blanking line with servo drive; and for its Dingolfing facility, BMW ordered a press for progressive dies. The total volume of the orders is a three-figure million euro amount. We shall be utilizing the full resources of Schuler and Müller Weingarten to process the order.

Servo technology successfully established on the market

Since launching our servo press technology in early 2007, we have sold 40 servo presses to the automotive industry and its suppliers as well as to household appliance, electronics and furniture manufacturers. Saxonia-Franke was the first company to invest in the new technology and has since ordered a second line from Schuler.

Following the success of the servo range with press forces of 250 to 630 metric tons, we have now added machines with press forces of up to 3,200 metric tons. So far, customers have been mainly using the lines to produce small and mid-size parts. With the addition of lines featuring higher press forces, we can now offer solutions to produce an even greater spectrum of parts. In Erfurt, the Schuler Group has already launched production on a servo press with a press force of 1,100 metric tons.

A further milestone is the development and realization of initial projects with fully automatic servo press lines and blanking systems equipped with direct-drive servo presses. This will open up new application fields. We are currently producing three fully automated press lines, which will start production in 2009. The lines represent a new development stage for future press shops, as they combine the performance of servo drives with the benefits of Schuler's new generation of transfer systems.

Strong demand for solid forming equipment

When it comes to the manufacturing of complex parts, solid forming offers significant benefits with regard to both quality and productivity. There has therefore been a correspondingly strong increase in demand for such machines.

In December 2007, we completed the turnkey delivery of an automatic solid forming line with knuckle-joint press for Russia's largest car manufacturer Avtovaz. At its facility in Togliatti, Avtovaz manufactures a variety of vehicles – including those of the Lada range. With its new solid forming line, the company can produce parts for constant velocity joints using the warm forming process. The same solid forming line was also ordered by the Huazhong Group in Shanghai.

SDS-GKN, a joint venture between Shanghai Automotive Industry Corporation and GKN Driveline, placed orders for the supply of a new eccentric press and the relocation and expansion of an existing line. The company produces constant velocity jointed (CVJ) sideshafts in Shanghai.

We also received an order for two forging presses, including automation, from China. Equipped with the new presses, the customer aims to expand and modernize capacities for the manufacturing of crawler tracks and track support rollers. Flanschenwerk Bebitz, Germany's largest manufacturer of flanges, successfully launched production on a new Schuler line for the manufacturing of ring blanks.

Schuler Cartec receives Ford Q1 Award

Schuler Cartec received a certificate for outstanding quality from car manufacturer Ford in November 2007. Ford's European quality and procurement division only presents the so-called Q1 Award to suppliers who can meet the highest standards in quality, productivity and service over a longer period. A further prerequisite is an extensive certification procedure, during which areas such as quality and environmental management systems and customer care are examined and evaluated.

New orders more than doubled in first half of 2007/08 to € 556 million

Schuler acquired Müller Weingarten with effect from April 1, 2007. The stated prior-year figures refer to the Schuler Group before its acquisition of Müller Weingarten. A comparison with the prior-year figures has thus only limited relevance.

In the first half of the fiscal year 2007/08, new orders more than doubled to € 555.5 million (prior year: € 270.0 million). This increase is due in part to three major orders. It also underlines the success of our diversification strategy, which is aimed at increasing sales with the supplying industry and customers in the non-automotive sector. In addition to large mechanical presses, there was also strong growth in standard presses, automation and service. Due to a subsequent change in requirements, an order placed in the previous fiscal year for the delivery of parts worth € 44.7 million was canceled. This order is currently being renegotiated.

Schuler Group: new orders

	October 2007 - March 2008	October 2006 - March 2007
€ million	555.5	270.0

Despite the above mentioned cancellation, new orders in the Forming Systems business segment reached € 497.9 million (prior year: € 209.0 million), while orders received by the Automation and Production Systems segment totaled € 101.1 million (prior year: € 78.9 million).

As of March 31, 2008, the Schuler Group's order backlog was well above the prior-year level (€ 360.5 million) at € 836.8 million.

Consolidated sales rose from € 239.5 million in the first six months of 2006/07 to € 418.3 million.

Schuler Group: sales

	October 2007 - March 2008	October 2006 - March 2007
€ million	418.3	239.5

In the Forming Systems business segment, sales rose to € 355.1 million (prior year: € 192.9 million), while the Automation and Production Systems segment posted sales of € 89.6 million, compared with € 62.9 million in the same period last year. The regional contributions to total sales were as follows: North and South America 18.8 percent, Germany 42.6 percent, Europe without Germany 20.5 percent, Asia and other regions 18.1 percent. There were strong sales increases in Germany and Asia, while sales in North and South America fell mainly as a result of the unfavorable exchange rates of the US dollar and Brazilian real, but also due to the weak US economy.

Positive earnings

Earnings before interest and taxes (EBIT) for the first half of 2007/08 grew by € 8.9 million to € 16.6 million (prior year: € 7.7 million). After consideration of increased interest expenses, earnings before taxes (EBT) rose from € 1.8 million to € 5.1 million. After deduction of income taxes totaling € 1.0 million (prior year: € -2.4 million), the Group's consolidated result amounted to € 4.1 million (prior year: € 4.2 million). The prior-year result included non-recurring tax income of € 4.4 million from the capitalization of the present value of Schuler AG's positive corporate tax balance. Details regarding the development of earnings are presented in text section 2 and the following of the Notes to the consolidated interim financial statements.

Schuler Group: EBIT

	October 2007 - March 2008	October 2006 - March 2007
€ million	16.6	7.7

Schuler Group: consolidated result

	October 2007 - March 2008	October 2006 - March 2007
€ million	4.1	4.2

Financial position

Cash flow from operating activities improved to € 0.0 million, compared with € -11.7 million in the prior-year period. This was mainly a result of an increase in advance customer payments, which compensated for the increase in current assets and the decline in other provisions with an effect on cash flow. As of the balance sheet date for the interim financial statements at March 31, 2008, no receivables had been sold (September 30, 2007: € 27.0 million).

Despite a strong increase in capital expenditures, cash flow from investing activities improved from € -3.6 million to € -2.6 million. This was mainly due to the aforementioned divestments in the reporting period.

Cash flow from financing activities amounted to € -28.2 million (prior year: € 8.7 million) and results from the reduction of financial liabilities. After consideration of the strong decline in cash and cash equivalents from € 103.7 million to € 70.5 million, the net debt amounted to € 143.5 million as of March 31, 2008. It was thus almost unchanged from the last balance sheet date on September 30, 2007 (€ 142.5 million).

A main element of our debt financing is the syndicated loan agreement of € 450 million concluded in March this year, which replaced the existing short-term loans and credit lines of Schuler AG and Müller Weingarten AG. The syndicated loan agreement was concluded mainly with our existing banks and credit insurance partners. The loan has a term of three years and includes agreed key ratios (covenants), which are to be met throughout the term. These covenants have been met since the contract was signed, and we currently expect that we will continue to meet them. This medium-term loan commitment ensures the financial security and flexibility of the Schuler Group's working capital financing. In addition, the Group's subsidiaries have also secured loan commitments from local banks. The existing loans are mainly in EUR and BRL (Brazilian real).

Asset position

The balance sheet total fell to € 828.4 million (September 30, 2007: € 852.4 million). This reduction was mainly a result of the above mentioned decline in (gross) financial liabilities, as well as in cash and cash equivalents. Despite the positive consolidated result, equity fell from € 148.3 million to € 144.2 million. The reasons were currency losses without effect on profit and loss from the translation of balance sheet items pertaining to foreign subsidiaries, as well as declines in other equity positions without an effect on profit and loss from cash flow hedges (see table of consolidated income and expenses). The equity ratio remained unchanged at 17.4%, compared with the last balance sheet date (September 30, 2007). In total, there was little change in the balance sheet and financial ratios during the period under review.

Capital expenditures and depreciation

Capital expenditures amounted to € 13.9 million (prior year: € 3.1 million). Of this total, the installation of a blanking and forming line with servo drive and 1,100 metric tons of press force at our Forming Center in Erfurt accounted for € 3.5 million. A further € 1.1 million was invested in the expansion of crane systems in Erfurt and € 0.5 million in the expansion of power supply systems for the production launch of further products. The expansion of the Göppingen foundry accounted for € 1.9 million and the expansion of manufacturing capacities in Brazil for € 1.3 million.

At € 13.8 million (prior year: € 8.5 million), depreciation and amortization was in line with the volume of capital expenditures during the period under review.

Research and development

Schuler in the packaging industry

Decisive improvements were made to the new generation of impact extrusion presses launched in 2006 for the production of cans, tubes and other symmetric bodies. In contrast to conventional presses, the modified knuckle-joint drive boasts not three but four articulated joints and thus enables the press to reach higher stroking rates – up to 220 strokes per minute – while at the same time offering slower forming speeds and greater reliability. With a new cupping press, Schuler has developed an efficient solution for the production of two-part beverage cans, which offers considerable advantages over conventional presses. For the design of the new machine generation, Schuler was able to draw on its know-how from the development and production of high-speed presses. Schuler is cooperating with can manufacturing experts TG Can with regard to sales, die equipping and press peripherals. The company has facilities in the UK, Europe's largest market for beverage cans, and the USA, the world's largest market with over 100 billion cans per year.

Personnel

As of March 31, 2008, the Schuler Group employed a total of 5,520 people (including apprentices), compared with 5,710 as of September 30, 2007. The decrease in headcount was also due to the sale of the Die Casting division in December 2007.

As of the balance sheet date, Schuler employed 4,349 people at its German subsidiaries and 1,171 at its foreign subsidiaries. The Forming Systems business segment accounted for 4,298 employees worldwide, while the Automation and Production Systems segment accounted for 1,193 employees and Schuler AG for 29 employees.

Schuler Group: employees

	March 31, 2008	September 30, 2007
	5,520	5,710

Opportunity and risk report

Opportunities

The opportunities of our business are described in detail in our annual report 2006/07. By intensifying our market activities in India, China, Mexico and Russia, we see further opportunities to raise our market penetration levels. We can offer customers a global service network and an even larger portfolio of services. Additional opportunities result from our complementary regional focus, as we can guarantee the global maintenance, servicing and repair of all Schuler and Müller Weingarten machines supplied to date.

Risks

We were exposed to the usual level of risk for our industry in the first half of fiscal 2007/08. The main risks resulted from price pressure in the press sector, varying demand developments and risks involved in order processing. Please refer to our annual report 2006/07 for a detailed description of these and other risks.

The current financial crisis has not yet had a negative impact on our business. Demand from our customers remains strong. There are also no signs at the moment that customers are considering postponing long planned investment projects.

No negative consequences are expected from the financial crisis for the Group's financing. Our syndicated loan of € 450 million does not expire until 2011 and includes agreed key ratios (covenants), which are to be met throughout the term. These covenants have been met since the contract was signed, and we currently expect that we will continue to meet them. Our long-term financial position can therefore be termed stable.

Providing the financial crisis does not affect the real economy more than at present, we currently see no risks which might lead to significant deviations from our forecasts for the fiscal year 2007/08.

Related party disclosures

These disclosures are to be found in text section 8 of the Notes to the consolidated interim financial statements.

Schuler share

The Schuler share started the new fiscal year on October 1, 2007, at a price of € 10.84. At the end of the first half of the current fiscal year (March 31, 2008), the share was quoted at € 9.60. On May 20, the share price was € 10.77.

Subsequent events

Conversion of preferred stock into common stock

At the Annual General Meeting on April 10, 2008, the shareholders agreed to convert all non-voting preferred stock into common stock with voting rights. This move significantly enhanced the appeal of the Schuler share, as the creation of standard rights for all shares creates a simpler and more transparent capital structure. This is expected to increase the share's liquidity on the capital market. A more attractive share strengthens the company and increases our scope for the implementation of our ambitious corporate targets. At the same time, the conversion was aimed at expanding our shareholder base, as institutional and international investors in particular only invest in shares with voting rights. A number of shareholders have brought actions contesting the resolutions of the Annual General Meeting of April 10, 2008. As a consequence, the conversion has not yet been entered in the Commercial Register. The conversion only becomes legally effective when entered in the Commercial Register.

Capital increase successfully completed

The capital increase of up to € 9.1 million from authorized capital adopted by the Board of Management and Supervisory Board of Schuler AG on March 17, 2008, was successfully placed in full. All 3.5 million new shares offered for subscription in the capital increase were purchased at a subscription price of € 10.00 per share. The subscription price of € 35 million in total was paid up in full. After being entered in the Commercial Register on April 8, 2008, the capital stock of Schuler AG therefore now amounts to € 54.6 million.

Outlook

We see positive prospects for the Schuler Group's business in the coming years. Due to our excellent international presence and expertise in reliably completing global projects, we expect to benefit from the creation of new press shop capacities in the emerging nations. The Schuler Group already has its own local companies in India and China. South America is served by our Brazilian subsidiary, and Central America by our Müller Weingarten facility in Mexico. The Russian market is served by our newly added Müller Weingarten location in Moscow, while customers in Eastern Europe are served by our German companies and local service facilities.

Following the acquisition and swift integration of Müller Weingarten – successfully completed in all key areas just twelve months after announcement – the Schuler Group has reached a new scale which will enable it to exploit extra growth potential. We plan to break through the one-billion-euro sales barrier within the next three years.

The four main growth drivers are:
· innovative products resulting from greatly expanded engineering expertise,
· even stronger presence in future markets of Asia and Eastern Europe,
· further exploitation of supplier and non-automotive markets and
· continued expansion of our successful service business.

We will continue to work with combined efforts to further expand Schuler's positioning on its global markets, thus generating results which will make our share even more attractive.

Despite increased output in the automotive industry, our markets will remain difficult. There are opportunities in the field of services, with the restructuring and modernizing of existing machines, and in our spare part business. Due to the high number of machines our Group has already installed, we see good opportunities in these business fields. We will therefore intensify our efforts in this area, as well as our business with automotive suppliers. In the case of this client group, demand for press shop equipment is growing strongly as they represent an ever greater share of value added in the automotive sector. We will also continue to steadily expand our business in the non-automotive sector – this includes household appliance manufacturers, as well as customers in the electrical and packaging sectors. Many of our customers in these sectors are benefiting from the current strength of the economy. Due to the improved market standing, cost structures and innovative strength of our joint company and the strengthening of our growth segments, we have enhanced our general situation significantly. We therefore continue to expect an improvement in operating results for both our business segments, Forming Systems and Automation and Production Systems, in the current fiscal year. Following the completion of the integration process for Müller Weingarten, we also expect further improvements in earnings in the following year.

Göppingen, May 26, 2008

Schuler Aktiengesellschaft
The Board of Management

Consolidated interim financial statements
October 1, 2007, to March 31, 2008

Schuler Aktiengesellschaft, Göppingen

Consolidated profit and loss account
October 1, 2007, to March 31, 2008
Schuler AG, Göppingen
(unaudited)

in T€	2007/08 1st half year		2006/07 1st half year	
1. Sales	418,312		239,486	
2. Changes in inventories and other own work capitalized	20,735		16,051	
3. Total performance		**439,047**		**255,537**
4. Other operating income	46,486		21,421	
5. Cost of materials	218,247		118,800	
6. Personnel expenses	161,576		100,232	
7. Depreciation and amortization of tangible and intangible assets	13,819		8,496	
8. Other operating expenses	74,608	421,763	41,776	247,883
9. Operating result		**17,285**		**7,654**
10. Interest income	5,010		3,521	
11. Interest expenses	16,489		9,353	
12. Other financial result	-688		0	
13. Financial result		**-12,166**		**-5,832**
14. Earnings before taxes		**5,119**		**1,822**
15. Income taxes		1,020		-2,393
16. Consolidated result		**4,099**		**4,215**
– of which attributable to shareholders of Schuler AG		3,975		4,196
– of which attributable to minority interests		124		19
Earnings per share in € (undiluted and diluted)				
Earnings per common share		0.19		0.20
Earnings per preferred share		0.29		0.30

Consolidated balance sheet as at March 31, 2008
Schuler AG, Göppingen
(unaudited)

in T€	March 31, 2008	Sept. 30, 2007
ASSETS		
A. Non-current assets		
1. Intangible assets	76,722	78,600
2. Property, plant and equipment	198,810	201,049
3. Interests in affiliates and participations	4,688	5,376
4. Income tax receivables	3,699	3,856
5. Other receivables and financial assets	12,402	18,065
6. Deferred tax claims	21,166	20,436
	317,486	**327,382**
B. Current assets		
1. Inventories	184,710	165,010
2. Trade receivables	90,230	108,382
3. Future receivables from construction contracts	98,296	87,755
4. Income tax receivables	2,849	4,217
5. Other receivables and financial assets	64,367	45,227
6. Cash and cash equivalents	70,499	103,718
7. Available-for sale non-current assets and disposal groups	0	10.712
	510,950	**525,021**
	828,436	**852,403**
LIABILITIES		
A. Equity		
1. Issued capital	45,500	45,500
2. Reserves	92,982	89,007
3. Accumulated other profit or loss	4,151	12,266
	142,633	**146,773**
4. Minority interests	1,555	1,496
	144,188	**148,269**
B. Non-current liabilities		
1. Financial liabilities	132,150	152,629
2. Other liabilities	1,405	1,197
3. Pension provisions	73,133	73,725
4. Other provisions	35,497	38,461
5. Deferred tax liabilities	8,186	10,048
	250,370	**276,060**
C. Current liabilities		
1. Financial liabilities	81,801	93,621
2. Trade payables	63,410	80,181
3. Income tax liabilities	80	112
4. Other liabilities	197,117	141,994
5. Income tax provisions	989	1,749
6. Other provisions	90,479	110,345
7. Liabilities directly related to assets classified as available-for-sale	0	72
	433,877	**428,074**
	828,436	**852,403**

Statement of recognized income and expenditure within the Group
October 1, 2007, to March 31, 2008
Schuler AG, Göppingen
(unaudited)

in T€	2007/08 1st half year	2006/07 1st half year
Cash flow hedges: changes in fair value recognized directly in equity	-7,176	1,743
Change in fair value of securities (available-for-sale)	-5	0
Deferred taxes not recognized in the profit and loss account	2,425	-591
Changes in currency translation differences relating to foreign Group companies	-3,423	-670
Income and expenditure recognized directly in equity	**-8,179**	**482**
Consolidated result	**4,099**	**4,215**
Total income and expenditure recognized in the period	**-4,080**	**4,697**
– of which attributable to shareholders of Schuler AG	-4,140	4,720
– of which attributable to minority interests	59	-23

Consolidated cash flow statement
October 1, 2007, to March 31, 2008
Schuler AG, Göppingen
(unaudited)

	in T€	2007/08 1st half year	2006/07 1st half year
	Profit or loss after tax	4,099	4,215
+/-	Non-current asset depreciation/additions	14,507	7,896
+/-	Increase/decrease in pension provisions (less indemnity claims)	-569	602
	Gross cash flow	**18,037**	**12,713**
-/+	Profit/loss from disposal of non-current assets	-6,051	-26
-/+	Increase/decrease in inventories	-18,632	-19,166
-/+	Increase/decrease in receivables and other assets not relating to investing or financing activities	-17,679	1,246
-/+	Increase/decrease in provisions (excluding pension provisions)	-23,249	-6,716
-/+	Increase/decrease in liabilities not relating to investing or financing activities	47,600	289
	Cash flow from operating activities	**26**	**-11,659**
	Proceeds from disposals of tangible and intangible assets	15,933	43
-	Investments in tangible and intangible assets	-13,852	-3,136
-	Disbursements for the acquisition of consolidated companies	-4,632	-488
	Cash flow from investing activities	**-2,551**	**-3,580**
+/-	Proceeds/redemption of financial liabilities (net)	-27,191	9,951
-	Repayment of financial leases	-1,056	-1,224
	Cash flow from financing activities	**-28,247**	**8,727**
	Change in cash and cash equivalents	-30,772	-6,513
+/-	Change in cash and cash equivalents due to exchange rate fluctuations	-2,447	443
	Net change in cash and cash equivalents	**-33,219**	**-6,070**
+	Cash and cash equivalents at beginning of period	103,718	58,936
	Cash and cash equivalents at end of period	**70,499**	**52,866**

Cash flow from operating activities includes:

Interest received	4,912	3,450
Interest paid	12,735	7,896
Income taxes paid	769	1,974

Segment reporting
October 1, 2007, to March 31, 2008
Schuler AG, Göppingen
(unaudied)

in T€	Forming Systems		Automation and Production Systems		Schuler AG / consolidation		Schuler Group	
	2007/08 1st half year	2006/07 1st half year	2007/08 1st half year	2006/07 1st half year	2007/08 1st half year	2006/07 1st half year	2007/08 1st half year	2006/07 1st half year
Sales to third-parties	348,389	188,307	69,923	51,179	-	-	418,312	239,486
Intercompany sales [1]	6,693	4,627	19,665	11,712	-26,357	-16,339	-	-
Segment sales	**355,082**	**192,934**	**89,588**	**62,891**	**-26,357**	**-16,339**	**418,312**	**239,486**
EBIT	**15,290**	**8,375**	**5,552**	**362**	**-4,245**	**-1,083**	**16,597**	**7,654**
Employees [2]	**4,055**	**2,461**	**1,141**	**904**	**22**	**20**	**5,218**	**3,385**

[1] Sales to other business segments
[2] Average over the period (excluding apprentices)

Consolidated notes to the interim financial statements for the period October 1, 2007, to March 31, 2008

Schuler Aktiengesellschaft, Göppingen

(1) General information

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

The 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, 2008, were prepared in accordance with International Accounting Standard (IAS) 34 *"Interim financial reporting"*. As a result, 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, and the IFRS options exercised, please refer to the Notes to the Consolidated Annual Financial Statements 2006/07. The consolidated interim financial statements and management reports are not subjected to an audit review.

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, 2008, 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 Committees (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.

In the period under review, the Schuler Group recorded currency gains and income from the market valuation of derivatives totaling T€ 10,579 (prior year: T€ 1,002). This unusually high amount results mainly from the sale of existing hedging instruments following the partial cancellation of a hedged foreign currency order, as well as from the reversal of a previously formed hedging relationship as part of cash flow hedging, due to a change in the transaction currency of a further customer order. The resulting other operating income is offset in the consolidated balance sheet by a decline in the disclosed amount of accumulated other comprehensive income within reserves. The above mentioned partial cancellation of an order awarded in fiscal year 2006/07 resulted in a burden on consolidated order income of T€ 44,720 in the second quarter of the current fiscal year.

In a contract signed on November 5, 2007, Schuler sold the die casting technology business of Müller Weingarten based in Esslingen, which no longer formed part of core business, and the commercial real estate of Schuler Hydrap GmbH & Co. KG in Plüderhausen to Oskar Frech GmbH + Co. KG. The available-for-sale assets and liabilities disclosed separately in the consolidated annual financial statements as at September 30, 2007, have since been fully disposed of. The asset deal resulted in a gain from the disposal of assets of T€ 5,965. This gross gain is disclosed within other operating income, but is offset by significant special expenses (e.g. for the settlement of interests, relocation, losses from transferred inventories) which are economically attributable to the transaction, and thus to be considered in assessing earnings.

In the course of amalgamating foreign subsidiaries of Schuler and Müller Weingarten, non-scheduled write-downs totaling T€ 688 were made during the period under review for shares of Müller Weingarten France SARL and Müller Weingarten U.K. Ltd. (formerly Schuler Presses UK Limited), which will no longer be operative in future.

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

(3) Income statement

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 coming six months will probably exceed those disclosed in these interim financial statements for the first half of fiscal year 2007/08.

The effects of economic conditions on business in the interim reporting period are presented in the 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. In the previous period, the income statement included non-recurring special tax income of T€ 4,354 from the capitalization of the present value of a positive corporate tax balance of Schuler AG. This resulted from legislation concerning the tax implications of introducing the European Company (Societas Europea) and the change in further tax regulations (SEStEG or SE-Tax Draft).

(4) Equity

	Shareholders of Schuler AG					Minority interests	Total
in T€	Issued capital	Capital reserves	Retained earnings	Accumulated other profit or loss	Equity	Equity	Consolidated equity
Balance at October 1, 2007	**45,500**	**66,977**	**20,030**	**12,266**	**146,773**	**1,496**	**148,269**
Valuation changes recognized directly in equity	-	-	-	-8,114	-8,114	-65	-8,179
Group profit or loss	-	-	3,975	-	3,975	124	4,099
Balance at March 31, 2008	**45,500**	**66,977**	**26,005**	**4,151**	**142,633**	**1,555**	**144,188**
Balance at October 1, 2006	**45,500**	**36,400**	**8,259**	**5,487**	**95,646**	**1,503**	**97,149**
Valuation changes recognized directly in equity	-	-	-	524	524	-42	482
Group profit or loss	-	-	4,196	-	4,196	19	4,215
Balance at March 31, 2007	**45,500**	**36,400**	**12,455**	**6,011**	**100,366**	**1,480**	**101,846**

Neither Schuler AG itself, nor a company controlled by it, held shares in Schuler AG during the period under review. Equally, no share options, convertible bonds or similar subscription rights due to executive bodies of Schuler AG or Group employees were outstanding at the end of the period under review. There are no possible dilution effects from the conversion of potential shares. Diluted earnings per share thus also correspond to undiluted earnings per share.

(5) Provisions for personnel measures/restructuring

Provisions for personnel measures and other restructuring measures fell from T€ 16,011 to T€ 10,633, compared with September 30, 2007. The fall is mainly due to consumption of provisions formed in previous periods.

(6) Contingent liabilities

As of March 31, 2008, the Group's contingent liabilities (discounted bills) had fallen from T€ 587 to T€ 0, compared with the last balance sheet date.

(7) 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). There were no changes in comparison with the last balance sheet date. The consolidated interim financial statements contain three (September 30, 2007: three) companies in which minority shareholders hold stakes.

The composition of the Group is as follows:

	March 31, 2008	September 30, 2007
Schuler AG and fully consolidated subsidiaries		
Domestic	24	24
Foreign	11	11
Subsidiaries carried at amortized cost		
Domestic	14	14
Foreign	10	10
	59	**59**

On March 27, 2007, Schuler AG signed an agreement with Metzler Beteiligungsgesellschaft mbH to acquire 5,416,740 shares (64.49% of voting rights and capital stock) in Müller Weingarten AG. Schuler acquired 2,520,000 shares of this package (30%) with immediate effect in rem and the remaining 2,896,740 shares (34.49%) with effect in rem as of April 1, 2007. Initial consolidation of Müller Weingarten AG and its subsidiaries was made with the acquisition of a controlling interest as of this date. The comparative prior-year figures stated in these interim financial statements for the first half of fiscal year 2006/07 do not, therefore, consider the values at the time of the acquired Müller Weingarten Group.

(8) Related party disclosures

In the period under review Schuler AG incurred interest expenses of T€ 307 for a subordinated loan with a nominal amount of T€ 10,000 granted by the common shareholder Schuler-Beteiligungen GmbH in the previous fiscal year. This loan was redeemed in April 2008 following the capital increase.

(9) Subsequent events

On the basis of the Approved Capital agreed by the Annual General Meeting of March 29, 2007, the Board of Management of Schuler AG resolved on March 17, 2008, with the approval of the Supervisory Board on the same day, to increase the company's capital stock for cash contribution by up to € 9,100,000.00, from € 45,500,000.00 to up to € 54,600,000.00, by issuing up to 3,500,000 new no-par value preferred shares made out to the bearer, with full dividend rights for the fiscal year 2007/08. The new preferred shares were offered for subscription to shareholders of Schuler AG in the period March 20, 2008, to April 4, 2008, by means of an indirect subscription right pursuant to § 186 (5) AktG (German Stock Corporation Law) in the ratio of 5:1. The subscription price per preferred share amounted to € 10.00. The capital increase was completed in the full amount of 3,500,000 new preferred shares and entered in the Commercial Register of the District Court of Ulm on April 8, 2008.

With regard to the previous 7,000,000 preferred shares, no dividend preference was granted for the fiscal year ending September 30, 2007, for the second year in succession. In accordance with § 140 (2) AktG, those preferred shareholders holding the respective shares are granted voting rights until the arrears have been paid.

The Annual General Meeting and the extraordinary meeting of preferred shareholders of Schuler AG on April 10, 2008, resolved to convert all preferred stock into common stock by canceling the preference and making corresponding changes to the company's articles. No subsequent payment of the above mentioned arrears is planned. The conversion is only effective when entered in the Commercial Register of the District Court of Ulm. Various actions have been brought which contest the resolution. The potential success of these actions cannot currently be estimated.

The Annual General Meeting of Schuler AG of April 10, 2008, authorized the Supervisory Board to issue up to 700,000 share options to members of the Board of Management in the period up to December 31, 2012, each with a subscription right for one common share of Schuler AG, as part of the Stock Option Program 2008. The Conditional Capital agreed for this purpose amounts to T€ 1,820. The exercise price per subscription right corresponds to an amount of € 2.60, subject to possible adjustments during the term of the share options should capital measures be implemented in future. The exercising of subscription rights depends on the attainment of certain EBITDA-based Group performance targets in two successive years following September 30, 2009.

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 consolidated 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.

Göppingen, May 26, 2008

Schuler Aktiengesellschaft
The Board of Management

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