

Forming
the Future



Interim report

October 2006 - March 2007

SCHULER 

Title:

*New blanking and forming press with servo drive -
increased output, more flexible use, short delivery time*

Interim report
October 1, 2006 – March 31, 2007

Schuler Group ratios (IFRS)

		2006/07 1st half year	2005/06 1st half year	2005/06 Fiscal year
Sales	€ mill.	239.5	250.0	563.4
New orders	€ mill.	270.0	234.4	515.7
Order backlog (end of period)	€ mill.	360.5	362.0	330.0
EBITDA	€ mill.	15.6	14.1	19.3
EBIT	€ mill.	7.7	5.1	-1.1
Earnings before tax	€ mill.	1.8	-1.0	-14.1
Consolidated result	€ mill.	4.2	-2.5	-9.5
Capital expenditure*	€ mill.	3.1	5.9	10.1
Personnel** (end of period)		3,520	3,641	3,606

* in tangible and intangible assets

** including apprentices

Dear Shareholders,

Schuler's consolidated result during the first half of fiscal year 2006/07 was in the black, thanks to our extensive restructuring work over the past few years. Due to our market diversification strategy, new orders rose by 15%.

In March, we announced our takeover of Müller Weingarten AG, and the merger of our two companies to form Schuler Weingarten AG. This decision, which was welcomed by our customers, the markets, the public and also the employees, offers our company, in its new structure, the opportunity to become more extensively involved in the global markets.

During the period under report, the price of the Schuler share rose by over 25% between October 1, 2006, and March 31, 2007.

Economic environment

During recent months, the global economic situation has again been good, although oil and steel prices and the price of the US dollar have occasionally given cause for concern. Production levels rose to a lesser extent in the USA, whereas the pace of growth in China, India, Russia and also in developing and emerging markets was good. The German economy has recently taken a sharp upturn. The Kieler Institut für Weltwirtschaft [Kiel Institute of Global Economics] expects the upturn to continue, although the speed of expansion is likely to slow.

The market environment in the automotive industry has remained difficult over recent months. Although production volumes of cars and utility vehicles rose, many manufacturers are still experiencing high cost and earnings pressure. India, China, Russia and Eastern Europe all have emerging automotive markets. The expansion amongst Asian manufacturers is applying further pressure on Western European and North American mass producers, with whom Schuler traditionally has close business relations.

New orders up 15% since last year

Despite continuing investment reticence on the part of our large automotive customers, we recorded pleasing growth during the first half of 2006/07, at € 270.0 mill., in comparison with the same period last year, when growth stood at € 234.4 mill. Our diversification strategy, which is directed to a greater extent at customers in the car component supply industry and the non-automotive sector, is proving successful.

New orders

	October 2006 – March 2007	October 2005 – March 2006
€ mill.	270.0	234.4

New orders in the Forming Systems business segment totalled € 209.0 mill. (previous year: € 182.5 mill.), whilst the Automation and Production Systems Division obtained orders worth € 78.9 mill. (previous year: € 66.6 mill.).

On March 31, 2007, the Schuler Group order backlog stood at € 360.5 mill., virtually the same level as last year (€ 362.0 mill.), but well above its size at the end of 2005/06 (€ 330.0 mill.).

Consolidated sales fell slightly in comparison with the first six months of 2005/06, by € 10.5 mill. to € 239.5 mill., the key factor being primarily a noticeable drop in the USA as a result of the continuing investment reticence of the North American automotive industry during 2005/06.

Consolidated sales

	October 2006 – March 2007	October 2005 – March 2006
€ mill.	239.5	250.0

Sales in the Forming System business segment fell to € 192.9 mill. (previous year: € 214.4 mill.), whilst Automation and Production Systems recorded a slight rise to € 62.9 mill., compared with € 61.9 mill. during the same period last year. The regional distribution of sales is as follows: 35% of sales came from North and South America, 30% from Germany, 23% from the rest of Europe and 12% from Asia and other regions.

Positive consolidated result

The consolidated program SPEED is having an effect. The EBIT for the first half of 2006/07 rose by € 2.6 mill. to € 7.7 mill. (previous year: € 5.1 mill.). It proved possible to increase the consolidated result to € 4.2 mill., compared with € -2.5 mill. during the same period last year.

EBIT

	October 2006 – March 2007	October 2005 – March 2006
€ mill.	7.7	5.1

Capital expenditure in tangible and intangible assets totalled € 3.1 mill. (previous year: € 5.9 mill.).

Net financial debts totalled € 118.2 mill. at March 31, 2007 (previous year: € 145.3 mill.), compared with € 102.8 mill. at the end of 2005/06. The main reason for the change during the last six months is an order-related increase in inventories. Gross cashflow rose significantly by € 6.8 mill. from last year's level, to € 12.7 mill.

Consolidated result

	October 2006 – March 2007	October 2005 – March 2006
€ mill.	4.2	-2.5

Headcount adjusted

The size of the workforce of the Schuler Group fell by 121 over the past twelve months to 3,520 (including apprentices). This reduction was brought about by capacity adjustments associated with the Group program SPEED which was initiated in May 2006. At 2,649 employees, Schuler employed 82 less people at March 31, 2007, than it had a year ago (2,731), whilst the size of the workforce abroad fell from 910 to 871. The Forming Systems business segment employed 2,560 staff (previous year: 2,597), there were 937 staff (previous year: 1,021) in the Automation and Production Systems Division, and an unchanged 23 staff at Schuler AG.

Personnel

March 31, 2007	March 31, 2006
3,520	3,641

Significant rise in the Schuler share

The Schuler share entered the new fiscal year on October 1, 2006, at a price of € 5.60. Following a downward trend, it reached its lowest level this year, € 5.30, at the end of January 2007, after which it recovered and ended trading on March 31, 2007, at € 7.05. This represents a 25.9% rise in price during the period under report. On May 25, the stock was quoted at € 9.47.

Current developments and prospect

New blanking and forming presses with servo drive: higher output, more flexible use, short delivery times

In January, Schuler publicly launched a new generation of servo-driven mechanical presses. In contrast to traditional mechanical presses, the movement of the ram on servo-driven automatic punching and forming machines can be more or less freely programmed. As a result, the optimum forming speed alone no longer determines the tempo of the overall press cycle, but the tool opens and closes significantly faster. This increases output by up to 50%, dependent on the component being manufactured and the process used.

Additional advantages of the servo-drive include the flexible adjustment of the press to different forming processes and to transport processes during the use of sequence progression or transfer tools. The press is also optimally suited to tryout operation, because the ram can be sensitively moved up and down using the handwheel. Their modular design using standard components means short delivery times and simple maintenance of the presses.

Initial market reactions have been positive. Two installations had already been sold to German component suppliers soon after presentation of the new press design.

Schuler establishes a center of competence for press hardening

Press hardening technology of bodywork components is being increasingly used worldwide in automotive construction. The reasons for this are increasing passenger protection requirements, which demand new lightweight steel construction solutions from the automotive and component supplier industry. In setting up the center of competence for press hardening at Waghäusel at the beginning of this year, Schuler has combined the Group's entire process and plant know-how in the field of press hardening and is offering its customers advice on different processes in addition to plant construction. The objectives of the center of competence include reduced cycle times, process optimisation and a consequent reduction in component unit cost.

Schuler is currently setting up a number of press hardening lines for the manufacture of various safety components using high-strength steels for a leading European car component supplier. Schuler SMG, Schuler Automation, Schuler Presses and Schuler Cartec are involved in the Group-wide project work. It has quickly become obvious how users can benefit from synergies within the Schuler Group. In contrast to the traditional solutions of the past, new automation and press designs and new tooling technology are being applied.

The Schuler and Müller Weingarten merger

In March of this year, we announced Schuler AG's takeover of its competitor Müller Weingarten AG, and the merger of the two companies to form Schuler Weingarten AG. Since then, Schuler now holds 96.5% of the Müller Weingarten AG shares and will have concluded the takeover by the end of the year. With a global market share of 35% and annual sales of over € 900 mill., the new company Schuler Weingarten AG is already the global leader in the supply of metal processing press technology. As the technological and global market leader, it has a presence in over 20 countries and offers global market coverage in sales, production and service.

The general economic framework surrounding the takeover is ideal, because the strengths, structures and global locations of Schuler and Müller Weingarten complement one another well. The merger of the two companies has produced a global group, with its registered office in Germany, which will take the opportunity

- of evolving in such a way as to cope with future competition,
- of further expanding its market position and consequently tackling the coming challenges of the global markets even more successfully,

- of offering its customers enhanced service and innovation, and also
- of creating jobs with long-term security.

Intelligent dovetailing between the two companies will enable them to build on their strengths and develop additional potential.

Schuler Weingarten AG sees the key advantage of the merger as the new growth opportunities, which will primarily offer its global clientele benefits over and above the high quality of products and service. Growth is driven by innovative products, which are the result of the significant enhancement in engineering potential, improved presence in the growth markets, in particular in Asia and Eastern Europe, and the expansion of the successful service business. Schuler Weingarten AG's sustainability provides a long-term guarantee for jobs in Germany.

The merger between Schuler and Müller Weingarten is going to plan. Eleven working parties, in which specialists from Schuler and Müller Weingarten are devising the future models for the individual product segments, were set up at the beginning of May. The compulsory offer by Schuler AG to the shareholders of Müller Weingarten AG was accepted by its expiry at midnight on May 15, 2007, in relation to 32.01% of the Müller Weingarten AG shares. After completion of the compulsory offer on May 15, 2007, Schuler AG now holds over 96.5% of shares in Müller Weingarten AG. As announced, Schuler AG introduced a squeeze-out operation on May 15, 2007, under which the shares of the remaining minority shareholders of Müller Weingarten AG were to be transferred to Schuler AG in return for a cash payment of € 15.74 per share.

Outlook

The prospects for the business development of Schuler and of the future Schuler Weingarten AG over the coming years would appear positive. Our good global positioning and our ability to safely execute projects worldwide will enable us to benefit from the establishment of new press shop capacities in emerging countries. We have our own companies in India and China, whilst we cover South and Central America from our Brazilian location and support Eastern Europe from Germany and from a local service location.

Our market environment will remain difficult, despite the expansion in production by the automotive industry. There are opportunities in the service field, in particular in the conversion and modernisation of existing machines, and also in spares. We are well positioned in these areas, thanks to the high number of machines that we have installed. As a result, we intend to work as intensively on expansion in these areas as on business with car component suppliers. Demand for press shop equipment is increasing significantly amongst this customer group, because the value-added share of component suppliers within automotive construction is continuing to increase. We also intend to persist in the expansion of our non-automotive business. Thanks to cost reductions and measures designed to expand growth areas, we are in a good position. We are therefore again expecting a positive operating result for the current fiscal year, before integration-related non-recurrent expenses, even in the event of continuing investment reticence on the part of the automotive industry.

In the medium term, the merger of Schuler and Müller Weingarten will bring cost savings of over € 40 mill. per annum. This is offset by a sizeable restructuring expense, which is likely to lead to a negative EBIT at Schuler during the current year. We are expecting continued positive business development for the year as a whole and improved results next year.

Göppingen, May 2007

Schuler AG

The Board of Management

**Consolidated interim report
March 31, 2007**

of Schuler AG

Consolidated profit and loss account
October 1, 2006, to March 31, 2007
Schuler AG, Göppingen
(unaudited)

in T €	2006/07		2005/06	
	1st half year		1st half year	
1. Sales	239,486		249,995	
2. Inventory changes and other own work capitalised	16,051		25,917	
3. Total output	255,537		275,912	
4. Other operating income	21,421		14,050	
5. Cost of materials	118,800		128,719	
6. Personnel expenses	100,232		101,563	
7. Depreciation on intangible and tangible assets	8,496		9,021	
8. Other operating expenses	41,776	247,883	45,570	270,823
9. Operating result	7,654		5,089	
10. Interest income	3,521		2,440	
11. Interest expenses	9,353		8,555	
12. Financial result	-5,832		-6,115	
13. Earnings before taxes	1,822		-1,026	
14. Taxes on income and profits	-2,393		1,488	
15. Consolidated result	4,215		-2,514	
- of which attributable to shareholders of Schuler AG	4,196		-2,585	
- of which attributable to minority interests	19		71	
Earnings per share in € (undiluted and diluted)				
Earnings per ordinary share	0.20		-0.19	
Earnings per preference share	0.30		-0.09	

Consolidated balance sheet at March 31, 2007
Schuler AG, Göppingen
(unaudited)

in T €	31.03.2007	30.09.2006
ASSETS		
A. Non-current assets		
1. Intangible assets	27,873	28,606
2. Property, plant and equipment	130,591	135,220
3. Interests in affiliates and participations	14,376	2,258
4. Income tax receivables	4,400	0
5. Other receivables and financial assets	9,821	6,657
6. Deferred tax assets	33,904	35,412
	220,965	208,153
B. Current assets		
1. Inventories	107,860	88,722
2. Trade receivables	62,279	61,395
3. Future receivables from long-term construction contracts	61,585	68,531
4. Income tax receivables	1,988	1,488
5. Other receivables and financial assets	26,173	28,852
6. Cash and cash equivalents	52,866	58,936
	312,751	307,924
	533,716	516,077
LIABILITIES		
A. Equity		
1. Share capital	45,500	45,500
2. Reserves	48,855	44,659
3. Accumulated other comprehensive income	6,011	5,487
	100,366	95,646
4. Minority interests	1,480	1,503
	101,846	97,149
B. Non-current liabilities		
1. Financial liabilities	99,095	110,428
2. Other liabilities	754	1,784
3. Pension provisions	41,206	40,613
4. Other provisions	29,918	29,409
5. Deferred tax liabilities	4,634	4,052
	175,607	186,286
C. Current liabilities		
1. Financial liabilities	71,992	51,354
2. Trade payables	33,858	41,787
3. Other liabilities	89,512	71,324
4. Income tax provisions	2,151	3,135
5. Other provisions	58,750	65,042
	256,263	232,642
	533,716	516,077

Statement of recognized income and expenditure within the Group
October 1, 2006, to March 31, 2007
Schuler AG, Göppingen
(unaudited)

in T €	2006/07 1st half year	2005/06 1st half year
Changes reported in the shareholders' equity, to the fair value of financial instruments used for hedging purposes	1,743	-6,505
Deferred taxes not recognized	-591	2,109
Change in currency translation differences relating to foreign Group companies	-670	-3
Income and expenditure directly in recognized equity	482	-4,399
Consolidated result	4,215	-2,514
Total income and expenditure recognized in the fiscal year	4,697	-6,913
- of which attributable to shareholders of Schuler AG	4,720	-6,993
- of which attributable to minority interests	-23	80

Consolidated cash flow statement
October 1, 2006, to March 31, 2007
Schuler AG, Göppingen
(unaudited)

in T €	2006/07 1st half year	2005/06 1st half year
Profit/loss after tax	4,215	-2,514
+/- Fixed asset depreciation/additions	7,896	9,021
+/- Increase/decrease in pension provisions (less indemnity claims)	602	243
Gross cash flow	12,713	6,750
-/+ Profit/loss from the disposal of non-current assets	-26	-195
-/+ Increase/decrease in inventories	-19,166	-25,948
-/+ Increase/decrease in receivables and other assets not relating to investing or financing activities	1,246	34,070
-/+ Decrease/increase in provisions (excluding pension provisions)	-6,716	-9,255
-/+ Decrease/increase in liabilities not relating to investing or financing activities	289	21,187
Cash flow from operating activities	-11,659	26,609
+ Proceeds from disposals of tangible and intangible assets	43	1,364
- Investments in tangible and intangible assets	-3,136	-5,936
- Trade investment acquisition, Müller Weingarten AG	-488 *)	0
Cash flow from investing activities	-3,580	-4,572
Dividend payment Schuler AG	0	-2,450
+/- Proceeds/redemption of financial liabilities (net)	9,951	-5,509
- Repayment of financial leases	-1,224	-1,258
Cash flow from financing activities	8,727	-9,217
Change in cash and cash equivalents	-6,513	12,820
+/- Change in cash and cash equivalents due to exchange rate fluctuations	443	-18
Net change in cash and cash equivalents	-6,070	12,802
+ Cash and cash equivalents at beginning of period	58,936	28,746
Cash and cash equivalents at end of the period	52,866	41,548

*) Incidental acquisition costs paid at the accounting date

The cashflow from current activities includes:

Interest received	3,450	2,420
Interest paid	7,896	7,304
Income taxes paid	1,974	1,859

Segment reporting by division
October 1, 2006, to March 31, 2007
Schuler AG, Göppingen
(unaudited)

in T €	Forming Systems		Automation and Production Systems		Schuler AG / consolidation		Schuler Group	
	2006/07 1st half year	2005/06 1st half year	2006/07 1st half year	2005/06 1st half year	2006/07 1st half year	2005/06 1st half year	2006/07 1st half year	2005/06 1st half year
Sales to third parties	188,307	209,391	51,179	40,604	-	-	239,486	249,995
Intercompany sales ¹⁾	4,627	5,013	11,712	21,288	-16,339	-26,301	-	-
Segment sales	192,934	214,404	62,891	61,892	-16,339	-26,301	239,486	249,995
EBIT	8,375	7,832	362	-1,313	-1,083	-1,430	7,654	5,089
Personnel²⁾	2,461	2,508	904	975	20	22	3,385	3,505

¹⁾ Sales to other business segment

²⁾ Average over the period (excluding apprentices)

**Consolidated Notes
to the Interim Financial Statements
March 31, 2007**

of Schuler AG

(1) General information

The registered offices of Schuler Aktiengesellschaft, the management holding company of the Schuler Group, are at Bahnhofstr. 41 in 73033 Göppingen, Germany. Schuler is a global leader in the supply of metal forming machines, systems, tools and services. Its principal customer groups include the automotive industry and its component suppliers, the electrical and household equipment industry and mints. As described in the 2005/06 consolidated annual report, the Schuler Group has been split since October 1, 2006, into the “Forming Systems” and “Automation and Production Systems” business segments. Forming Systems primarily incorporates mechanical and hydraulic press systems. Automation and Production Systems comprises automation systems, bodywork technology and the future-orientated hydroforming and laser technology. Both business segments have their own service activities, which are directly assigned to the individual companies. The figures of both business segments for the previous year are set out in the segment report, on page 14, and reflect the new group structure.

These consolidated interim financial statements at March 31, 2007, were prepared in accordance with International Accounting Standard (IAS) 34 “Interim financial reporting”. As a result it does not contain all the information and notes that are required, according to international financial accounting, at the end of the financial year. For a detailed description of the accounting, valuation and consolidation methods applied and the IFRS options exercised, please refer to the Notes to the 2005/06 consolidated annual financial statements. The consolidated interim financial statements will not be the subject of an audit.

When preparing the interim financial statements according to IFRS rules, the Executive Board must produce estimates and make assumptions in relation to the effects of uncertain future events, which affect the manner of reporting of the assets and liabilities in the balance sheet and of the income and expenses. The actual amounts involved may vary from these estimates.

All amounts are stated in thousand EUR (T €), unless explicitly indicated otherwise.

(2) Accounting and valuation methods

These consolidated interim financial statements at March 31, 2007, take into account all IFRS, International Accounting Standards (IASs) valid at the accounting date, and also 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 the methods applied last year.

Based on the Act governing tax features for introduction of the European Company and amendment of other tax rules, the corporation tax credit of Schuler AG must be paid out in ten equal annual instalments, commencing on September 30, 2008, irrespective of distributions made. During the current fiscal year, this claim was capitalised at its cash value, as non-recurrent special earnings for tax purposes of T € 4,354. No other unusual circumstances having a significant effect on the Group's assets, debts, shareholders' equity, result or cashflows arose during the period under report.

(3) Income statement

The business activity of the Schuler Group, which involves long-term project work, is not generally subject to any seasonal fluctuations. General economic effects on the business activity during the interim report period are set out in the management report. Earnings that are realised on an irregular or occasional basis are stated only at the point of realisation or when they become known. If expenses arise on an irregular basis, they are only accrued or deferred if this also takes place at the year end.

Income taxes are fundamentally calculated with consideration to the estimated average actual income tax burden of the Group company during the financial year. Estimates of the value of temporary differences affecting the net period result and amounts brought forward for tax purposes remain unchanged since the last accounting date.

(4) Equity

in T €	Shareholders of Schuler AG					Minority interests	Total
	Share capital	Capital reserve	Retained earnings	Accumulated other comprehensive income	Equity excluding minority interests	Minority interests	Consolidated equity
Balance at 01.10.2005	45,500	36,400	20,253	11,521	113,674	1,516	115,190
Dividend payment	-	-	-2,450	-	-2,450	-	-2,450
Valuation changes recognized directly in equity	-	-	-	-4,408	-4,408	9	-4,399
Consolidated net profit/loss	-	-	-2,585	-	-2,585	71	-2,514
Balance at 31.03.2006	45,500	36,400	15,218	7,113	104,231	1,596	105,827
Balance at 01.10.2006	45,500	36,400	8,259	5,487	95,646	1,503	97,149
Valuation changes recognized directly in equity	-	-	-	524	524	-42	482
Consolidated net profit/loss	-	-	4,196	-	4,196	19	4,215
Balance at 31.03.2007	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 report. In addition, no share options, convertible debentures or similar subscriptions rights due to executives of Schuler AG or Group staff are outstanding at the end of the period under report. There are no potential dilution effects from the conversion of potential shares, so that the diluted result per share corresponds to the undiluted result per share.

(5) Provisions for personnel measures/severance payments

Provisions for personnel measures (excluding agreements relating to pre-retirement part-time work) have reduced since September 30, 2006, from T € 7,088 to T € 6,549. This reduction is essentially due to consumption of all the provisions formed during earlier periods that affected the net period result.

(6) Contingent liabilities

At March 31, 2007, contingent liabilities (bill commitments) in the Group had reduced since the last accounting date from T € 367 to T € 0.

(7) The consolidated group

In addition to Schuler AG, the consolidated financial statements cover all the principal German and foreign subsidiaries controlled directly or indirectly by Schuler AG. The consolidated group reduced by one company during the first quarter of 2006/07, due to the merger between the two Group members Schuler Automation GmbH & Co. KG and Schuler Lasertechnik GmbH & Co. KG. This legal transaction did not affect the consolidated financial statements of the year under report.

The composition of the Group is therefore as follows:

	31.03.2007	30.09.2006
Schuler AG and fully consolidated subsidiaries		
Germany	17	18
Foreign	5	5
Subsidiaries reported at depreciated acquisition costs subsidiaries		
Germany	11	11
Foreign	5	5
	38	39

On March 27, 2007, Schuler AG concluded a contract with Metzler Beteiligungsgesellschaft mbH relating to the purchase of 5,416,740 shares (64.49% of the voting rights and of the share capital) of Müller Weingarten AG. Of this shareholding, Schuler acquired 2,520,000 shares (30%) with immediate real effect, and the remaining 2,896,740 shares (34.49%) with real effect at April 1, 2007. The shares are stated in these interim financial statements, as in the balance sheet, at their acquisition costs, as shares in affiliated undertakings and trade investments, and the purchase price debt is included under other liabilities. The first-time consolidation of Müller Weingarten AG and its subsidiaries is taking place at the time of acquisition of control on April 1, 2007, and will appear in the consolidated financial statements of the 2006/07 financial year.

(8) Subsequent events

Under the compulsory offer, Schuler AG increased its investment share in Müller Weingarten AG to 96.50% (= 8,105,724 shares) at the end of May 15, 2007. On the same date, it applied to the Landgericht [regional court] of Frankfurt am Main for transfer of the remaining voting shares in return for reasonable compensation (“squeeze-out under the law governing takeovers”), which by its nature corresponds to a consideration for the compulsory offer.

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