

Lenze



Annual Report

2010/2011

Lenze

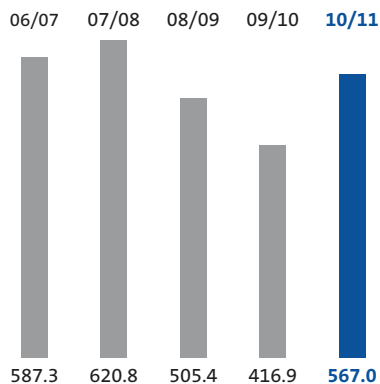




Since it was founded over 60 years ago, Lenze has been a family business owned by the founding family. The family will continue to be responsible for the concern in the future, too, keeping the special character of a family business.

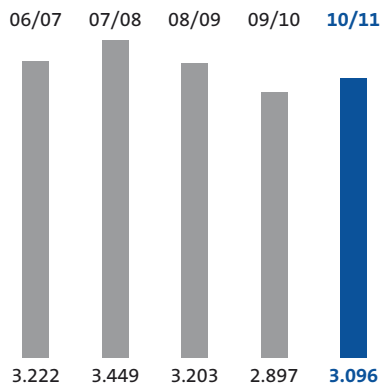
Sales

€ in millions



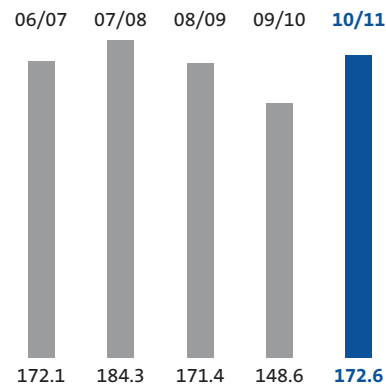
Number of employees

at 30 April each year



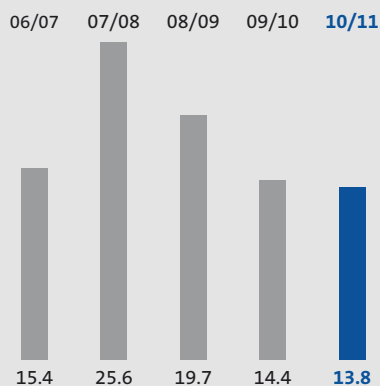
Personnel costs

€ in millions



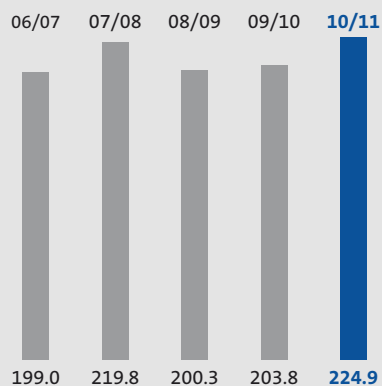
Capital investment expenditure

€ in millions



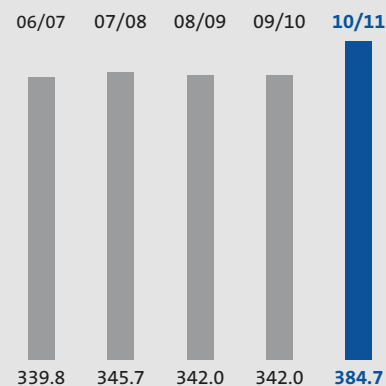
Equity

€ in millions



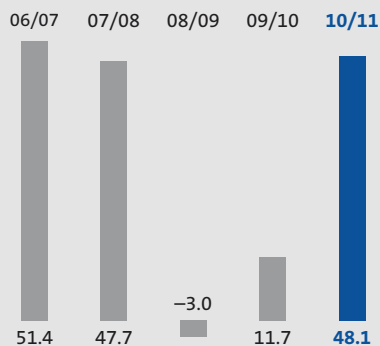
Balance sheet total

€ in millions



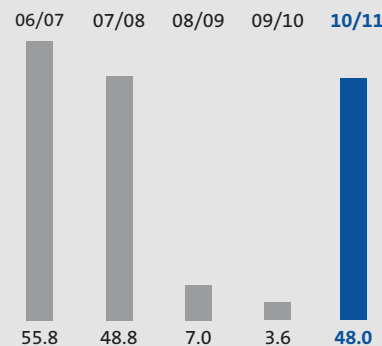
Cashflow

€ in millions



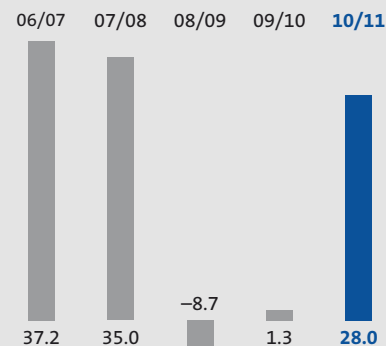
EBIT

€ in millions



Net income

€ in millions





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Dr. Ing. Erhard Tellbüscher



Dipl.-Ing. Frank Maier



Dr. rer. soc. oec. Yorck Schmidt

Dear Reader,

In the course of the 2010/2011 financial year, the severe economic crisis rapidly changed into extremely strong growth. Even though we were prepared for an upturn in the economic cycle in many areas of business, the sheer intensity of the increase in orders did take us by surprise. For a while, some products were being ordered at almost double the rate achieved in the previous year.

After reducing our stocks, we therefore focussed more and more on procuring raw materials and components. The environmental disaster in Japan had an impact on this area of our work, affecting our purchases of semiconductor materials. There was some shortfall in supply, although we did not allow this to cause any extreme problems for our customers, who maintained their trust in us throughout this period. We would like to take this opportunity to thank them warmly.

In particular, the price of copper, aluminium and rare earth rose significantly in the year under review, which in turn drove up our material costs.

Following the weak previous year, growth in the Lenze Group in the 2010/2011 financial year came to approximately € 150m, or 36%. Despite the higher costs incurred by increasing capacity in production plants and by the rise in the price of materials, we were able to achieve earnings of approximately € 50m before interest and tax.

In 2010/2011 we worked continuously on developing our international setup, particularly on extending our position in the BRIC countries. We also continued to strengthen our position in Europe, by bolstering our logistics centres, launching production in our extended plant in Poland, and taking over our partner in Norway.

New products and new product standards with a high level of energy efficiency tangibly helped to put our business back on track for success. Now that we have completed most of the catching-up process that faced us after the crisis, we have to rely more than ever on such qualities as innovation and outstanding customer care. The preparatory work we have done in the last financial year means that we are exceptionally well equipped for this next phase.

Aerzen, 7 September 2011



Dr. Erhard Tellbüscher
Chief Executive Officer, Lenze SE

The financial year from 1 May 2010 to 30 April 2011

The Supervisory Board met five times in the reporting period to advise the Executive Board and monitor its management work. The Executive Board kept the Supervisory Board briefed on a regular basis with comprehensive, up-to-date information, bringing to its attention all the issues requiring decisions to be made by the Supervisory Board. The briefing process also covered the area of risk management in the Group. On the basis of these briefings, the Supervisory Board regularly discussed the company's development with the Executive Board and formed its own impression of the state of the company. In particular, the Supervisory Board looked in detail at the Executive Board's strategies for handling the effects on the Lenze Group resulting from the global financial crisis and the ensuing economic recovery. The Supervisory Board discussed the lawfulness of the company management with the auditors in the context of the significant business transactions and events in the financial year. In its discussions with the Executive Board, the Supervisory Board was persuaded of the effectiveness of the Lenze Group's organisation with regard to the compliance, appropriateness and efficiency of the management.

Supervisory Board meetings

The Supervisory Board met five times to confer during the reporting period. The board meetings took place on 7 May 2010, 7 September 2010, 4 November 2010 and on 12 May 2011. The balance-sheet meeting was held on 7 September 2011. In one case decisions were made on urgent matters by means of written communication.

Year-end and consolidated financial statements

The Executive Board drew up the year-end and consolidated financial statements and the management report for the 2010/2011 financial year. Because the necessary legal conditions have been met for an exemption from the obligation to produce a consolidated financial statement in accordance with the German Commercial Code (section 315a, subsection 3 HGB), the consolidated financial statement was drawn up in accordance with International Financial Reporting Standards (IFRS). These documents have been checked and audited along with the book-keeping by the Karl Berg GmbH auditing company, based in Düsseldorf and Leipzig. With regard to the existing early risk-detection system, the auditors certified that the Executive Board has taken the necessary measures as required by section 91 subsection 2 of the German Stock Corporation Act, especially with regard to setting up a monitoring system, and that the monitoring system is suitable for the early detection of developments which can threaten the survival of the company.

The Supervisory Board has scrutinised the year-end and consolidated financial statements, the management report and the Group management report for Lenze SE's 2010/2011 financial year, as well as the proposal for the appropriation of net income as shown in the balance sheet, taking into account the auditors' audit report and holding discussions with the auditors. The Supervisory Board accepts the result of the audit by the balance-sheet auditor. Upon completion of its scrutiny, the Supervisory Board raised no objections and approved the year-end and consolidated financial statements. The year-end statement is thus certified.



Dr. Ulrich Wolters



Dr. Jürgen Krumnow



Dr. Peter Lohse

Changes in the Supervisory Board and Executive Board

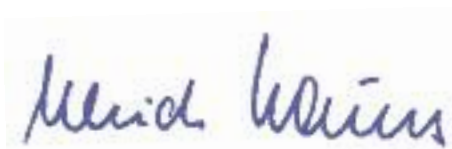
There were no changes in Lenze SE's Supervisory Board in the reporting period.

Following approval by the Supervisory Board on 4 November 2010, Dr. Yorck Schmidt was appointed as a further (third) member of the Executive Board for the period 1 January 2011 to 31 December 2013.

The Supervisory Board would like to thank the Executive Board, the other members of the management, and all the employees in the Lenze Group for their work and commitment.

Aerzen, 7 September 2011

For the Supervisory Board



Dr. Ulrich Wolters
Chairman



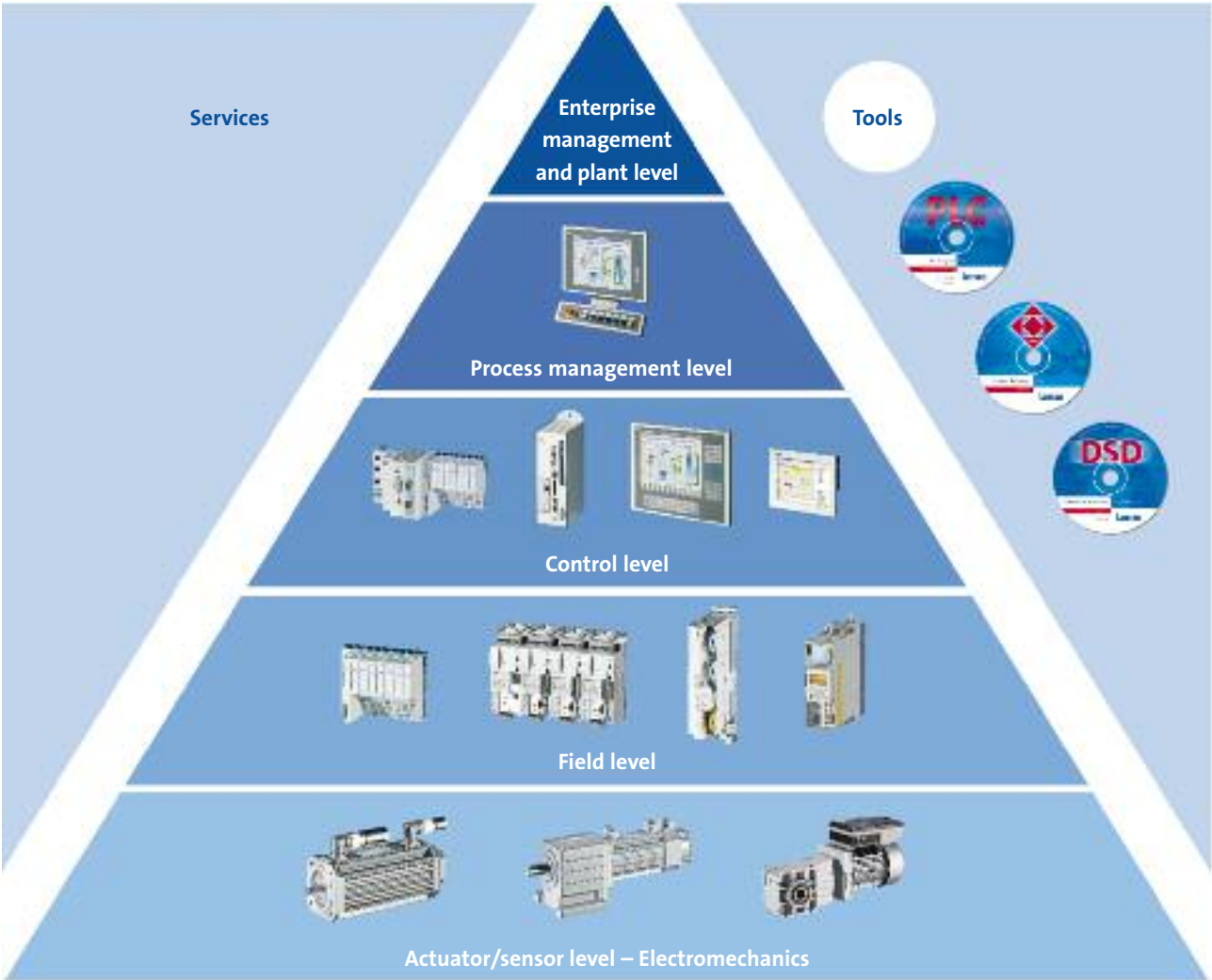
Dirk Schröder



Dr. Harald Klotzbach



Dirk Brockmann



Focussing on added value for our customers

Building consistently on more than sixty years of experience and a comprehensive knowledge of applications, Lenze has developed into a leading supplier of customer-oriented drive solutions and automation systems. In its research and development work, Lenze sets standards that meet the requirements of even the most modern drive and automation tasks. In addition to its headquarters in Hamelin, Lenze is represented globally in 60 countries, boasting not only a network of service partners, but also its own sales companies, development sites and production plants.

As a specialist in drive and automation engineering, Lenze brings its expertise to bear in a huge variety of technologies, with the aim of developing the best overall solution in collaboration with its customers. In the process, we are frequently able to identify and exploit previously undiscovered potential for value creation in a customer's business. The result is added value for the customer, springing not only from the technical solution itself, but often also from accompanying services and flexible responses to an individual situation.

Lenze offers its customers a thorough analysis of the drive or automation task in hand and then develops the most appropriate solution, both from a technical and economic point of view.

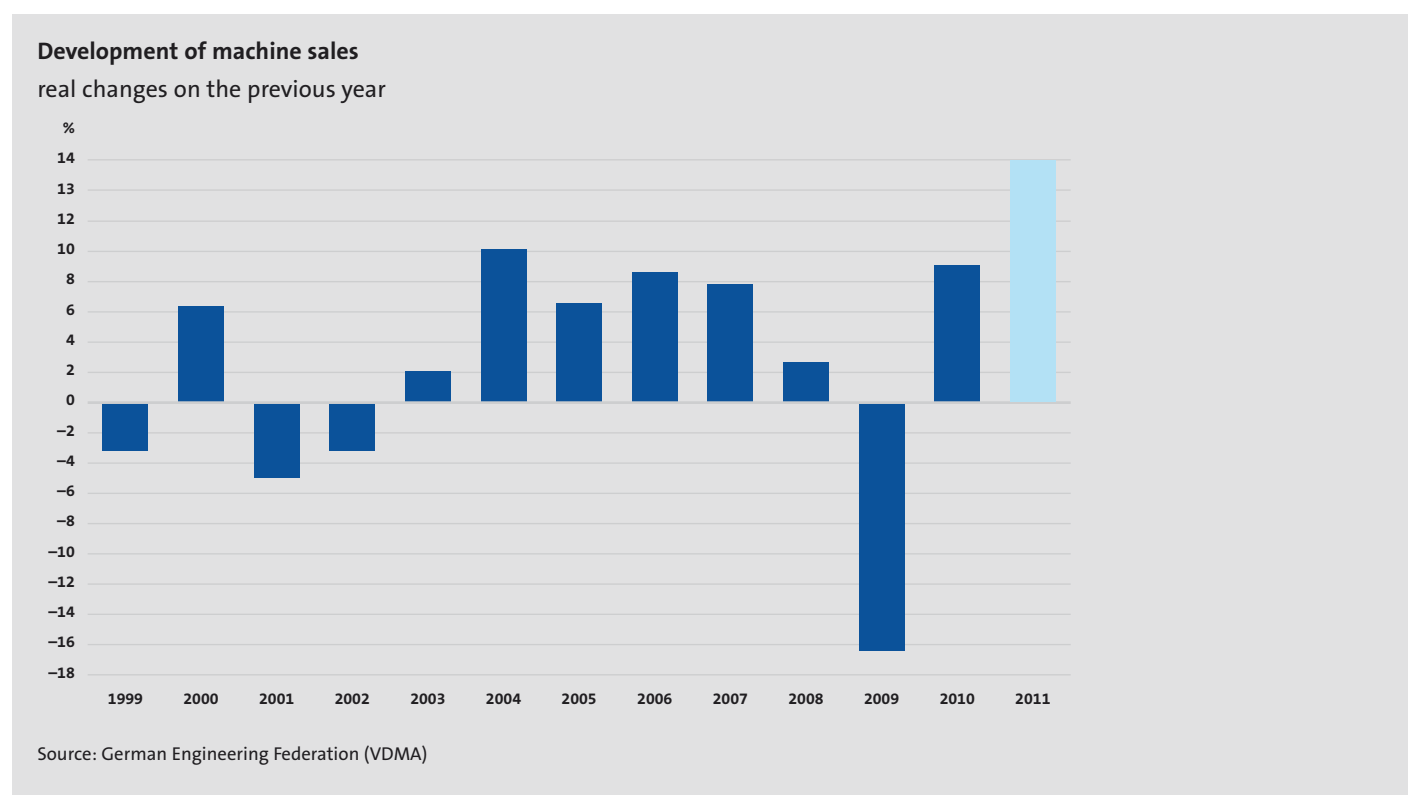
The company's basis for solutions and systems is its engineering expertise combined with a scalable, inter-coordinated portfolio of products ranging from visualisation and control to drives and electrical engineering. Lenze customers always get precisely what they need.

And that is not all: individual product combinations, including completely assembled and pre-tested subsystems, simplify our customers' logistics and resource management, cut their acquisition costs, and reduce the risk of downtimes.



General economic conditions

In the 2010/2011 financial year, the global economy continued its recovery thanks to the monetary policy of the most important central banks, government-funded economic stimulus packages, and continued growth in China, India and Latin America. Substantial impetus for growth was already evident in the first half of the year in all the relevant markets. This trend intensified in the last half of the year. Mechanical engineering, an important industry for the development of our business, showed another significant improvement in orders in the year under review.



Despite much stricter regulations on financing and despite the sometimes more expensive financing conditions, the market participants' shortfall in liquidity in this growth phase was not as severe as had been feared. The forecasts for future business development are optimistic, although the industrial nations' high level of public debt and the euro crisis mean that there is constant uncertainty in the business world, and the impetus for growth in China currently seems to be slowing.



Profitability

Profitability in the 2010/2011 financial year was influenced by our implementation of corporate strategy and by the developments in the global markets described above.

Profitability	2010/2011		2009/2010		Change	
	€ in millions	%	€ in millions	%	€ in millions	%
Sales revenue	567.0	99	416.9	101	150.1	36
Changes in inventory	6.8	1	-3.9	-1	10.7	>100
Capitalised service	0,2	0	0.0	0	0.2	>100
Total proceeds	574.0	100	413.0	100	161.0	39
Cost of materials	-264.9	-46	-185.9	-45	-79.0	43
Gross profit	309.1	54	227.1	55	82.0	36
Personnel costs	-172.6	-30	-148.6	-36	-24.0	16
Depreciation and amortisation	-12.9	-2	-13.2	-3	0.3	-2
Other expenses and income	-75.6	-13	-61.7	-15	-13.9	23
Earnings before interest and special items	48.0	9	3.6	1	44.4	>100
Special items	2.0	0	1.0	0	1.0	>100
Operating result (EBIT)	50.0	9	4.6	1	45.4	>100
Financial result	-4.2	-1	-2.2	-1	-2.0	91
Earnings before tax	45.8	8	2.4	0	43.4	>100
Income tax	-17.8	-3	-1.1	0	-16.7	>100
Earnings after tax	28.0	5	1.3	0	26.7	>100

We were able to increase our sales revenue in the 2010/2011 financial year by € 150m or 36% compared with the previous year, achieving a total of € 567m. Following a significant increase in sales revenue in the first half of the financial year, which was also a consequence of customers catching up by increasing their stock on hand, our average daily sales revenue in the second half of the year increased by another 7%.



Fluctuations in currency exchange rates had a positive influence on sales revenue amounting to € 12m.

The gross performance in the financial year under review came to € 574m after € 413m the previous year, thanks to a positive change in inventory amounting to € 7m.

Materials usage, which measures the relation between the cost of materials and the gross performance, came to 46.2 % in the year under review compared with 45.0 % the year before. This increase is due to the renewed increase in sales volume with bulk purchasers after the crisis years and to the increased cost of energy and raw materials.

In addition, the significant increase in demand affected the price of bought-in parts, especially in the electronics industry. In order to overcome the shortfalls in supply that occurred with our usual suppliers, we sometimes had to resort to more expensive sources of supply.

Personnel costs in the 2010/2011 financial year rose by € 24m, from € 148.6m the previous year to € 172.6m. The rise is due to moderate wage and salary increases, increases in variable salary components based on profitability, and the end of short-time working measures. Also, the average number of people employed in the year under review rose as a result of capacity by 82. Thanks to sustained restraint in appointing new staff in indirect areas, the ratio of personnel costs to revenue fell by six percentage points, from 36% to 30%.

Depreciation and amortisation fell slightly by € 0.3m to € 12.9m compared with the previous year.

The other income and expenses, including investment income, rose by almost € 14m to € 75.6m. This is primarily attributable to the increase in sales-related costs in the sales and production divisions. Another factor was the increased level of costs for bought-in services. In relation to the gross income, the other income and expenses fell by 2% on the previous year, now totalling 13% of gross income.



We have continued to maintain a high level of activity in the area of research and development. Staff capacities in development are almost unchanged in comparison with the previous year.

The operating result before interest, tax and special items in the 2010/2011 financial year was boosted significantly to € 48m compared with € 3.6m the previous year. Allowing for positive special items, which come from releasing reserves which had been accumulated in previous financial years for restructuring, the Lenze Group's earnings before interest and taxes (EBIT) amount to € 50m, which represents an EBIT rate of 9%.

The Lenze Group's net investment expenditure in the year under review rose to € 4.2m. This is primarily attributable to one-off provisions for risk in connection with the audits of the German companies, which were almost all completed in the financial year.

Taking into account deferred taxes, tax expenditure in the 2010/2011 financial year came to € 17.8m. The amount of tax expenditure is based on domestic taxes as a result of audit without reversals.

The Group's earnings for 2010/2011 before minority interests come to € 28m.



Net worth position

Lenze SE's net worth position at the balance sheet date, 30 April 2011, is influenced by the positive earnings position and finance situation. The balance sheet total comes to € 385m.

Net worth position	2010/2011		2009/2010		Change	
	€ in millions	%	€ in millions	%	€ in millions	%
Assets						
Non-current assets	131	34	135	40	-4	-3
Current assets	254	66	207	60	47	23
<i>Inventories</i>	103	27	78	23	25	33
<i>Trade receivables</i>	82	21	66	19	16	24
<i>Cash</i>	61	16	53	15	8	15
<i>Other assets</i>	8	2	10	3	-2	-20
Balance sheet total	385	100	342	100	43	12
Equity and liabilities						
Equity capital	225	58	204	60	21	11
Non-current liabilities	57	15	54	16	3	5
Current liabilities	103	27	84	24	19	22
Balance sheet total	385	100	342	100	43	12

At 30 April 2011, the Lenze Group records € 225m of equity capital compared with € 204m the previous year. The equity capital ratio comes to 58% despite the significant increase in the balance sheet total. The ratio of fixed assets to net worth is 100%. In addition, 49% of the inventories, receivables and other assets are financed long-term by equity capital. This means that the Lenze Group continues to have an above-average level of capital resources at its disposal.

The *non-current liabilities* rose slightly by € 3m. At the balance sheet date, equity capital and non-current liabilities covered 76% of the total assets.



The *current liabilities* in the year under review rose by € 19m to € 103m. This is attributable to an increased accrual of provisions, which was necessary because of the greater volume of business and earnings and the almost completed audit. Trade liabilities have also increased because of the greater volume.

The *non-current assets* fell slightly by € 4m to € 131m because of restrained investment activity.

The *current assets*, by contrast, rose by € 47m to € 254m. In order to guarantee supplies during the period of burgeoning demand, the inventories were increased by € 25 m. The receivables rose by over € 16m because of the increase in sales. The cash and cash equivalents rose by € 8m. At the end of the 2010/2011 financial year, the Lenze Group has cash and cash equivalents totalling € 61m.

Financial situation

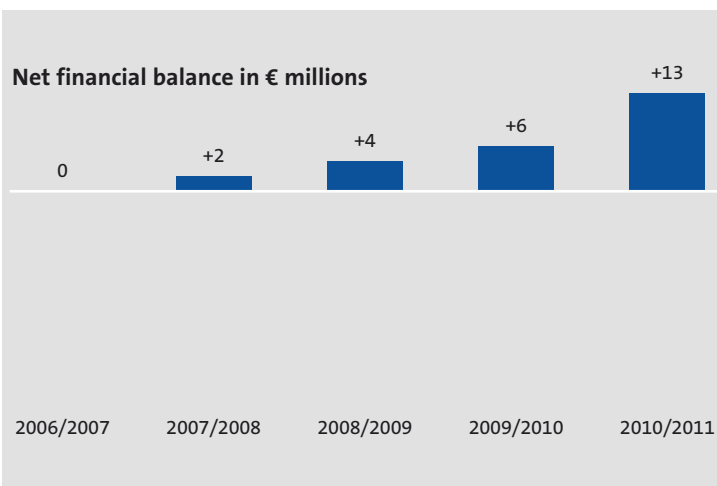
Cash flow statement	2010/2011	2009/2010	Change	
	€ in millions	€ in millions	€ in millions	%
Net cash flow (before taxes)	59	15	44	>100
Change in net working capital	-28	-3	-27	>100
Investments (without acquisitions and disposal of business)	-12	-7	-3	44
Net cash flow after investments	19	5	14	>100
Tax payments	-7	2	-9	>100
Distribution of profit	-3	0	-3	>100
Acquisitions (-) / Disposal of business (+)	-1	0	-1	>100
Change in the net financial balance	-8	-7	-1	18
Utilisation of the operative cash flow	-19	-5	-14	>100

The Lenze Group's financial situation has improved significantly. In the 2010/2011 financial year, the company generated a gross cash flow of € 59m before taxes.

In the operative business, € 28m was spent on financing the net current assets and € 12m was spent on investment in tangible assets.

The operative cashflow remaining after financing the operative business amounted to € 19m and was mainly used to pay taxes totalling € 7m, pay out dividends worth € 3m, and acquire financial participations costing € 1m.





The remaining € 8m of operative cashflow led to a further increase in the Lenze Group's net financial balance to € 13 m at 30 April 2011.

Personnel

It is only thanks to our highly qualified and motivated staff that we were able to deal with the flood of new orders. In the year under review we increased our workforce significantly.

The number of people employed in the Lenze Group at the end of the year rose by 199, from 2,897 in the previous year to 3,096 at the end of the reporting period. This is mainly attributable to capacity-related staff increases in production and logistics. On average, we employed 3,054 staff in the 2010/2011 financial year compared with 2,972 the previous year.

The average number of people employed in our German companies in the year under review fell from 1,635 to 1,585. This means that the proportion of the global workforce employed in Germany fell from 55% in the previous year to just less than 52%.



Risk reporting

The continuous changes taking place in the company's business environment place us under an obligation to detect new challenges at an early stage.

A conscious and controlled approach to business opportunities and risks is part of our day-to-day work. Lenze SE is determined to exploit the opportunities that come with change while at the same time giving top priority to the avoidance of any risks that could threaten the survival of the company. In order to ensure that this is done, we have installed a risk-management system. Within this system, every company in the Lenze Group carries out a detailed risk analysis and assessment which leads to relevant measures and actions to reduce risks that could affect earnings or threaten the existence of the company. The fundamental principles of risk management and explanations of how to apply them are documented in our Risk Management Guidelines, which cover the systematic early detection and assessment of risks and our internal auditing and corporate controlling systems. These guidelines are integrated into our existing organisational and management structures.

At Lenze, we are currently focussing in particular on the following areas of risk:

Market situation

Risks that develop from changes in the markets or the competition situation are countered by regularly carrying out detailed analyses of markets and competitors for all our regions, business units and product groups.

Loss of receivables

Monitoring our trade receivables remains a priority. This is done in line with globally established standards. We deal with overdue payments using a set of clear specifications that also cover the safeguard measures that have to be taken. At the same time, we take advantage of the insurance protection available for trade receivables.



Failure of suppliers

An important prerequisite for being able to earn profits is the reliable supply of components and other pre-production materials. Applying a uniform set of standards for assessing the likelihood of supplier failure, we regularly identify potential risks and implement relevant measures to secure supplies. These measures include establishing other sources of supply, relocating tools, or increasing stocks.

Stock utilisation

In order to secure the ability to supply our customers while at the same time minimising the risk of being forced to devalue or scrap stock, we have to make inventory monitoring a central component of our risk limitation system. This includes defining stock objectives and optimising stock management processes by continuously maintaining the defined minimum stock levels for intermediate and end products. In the year under review, we also continued to transfer outlying stock into our central logistics centres.

Erosion of margins

The increase in the price of raw materials and the competitive nature of the market lead to a latent risk of margin erosion. Thanks to our Drive Solutions business concept, we have positioned ourselves not as a mere supplier of products, but as a company that develops solutions with its customers so as to make its customers more competitive. The effect is that our customers have lower overall costs as well as more powerful, efficient machines and processes. In this way we can bring about a positive counter-effect on margin erosion.

Protecting liquidity

Sustaining the capacity to pay is an essential condition of being able to sustain a company's capacity to do business. In order to be able to meet the concern's financial obligations globally, liquid funds totalling approximately € 61m are available at the balance sheet date. We have also taken measures to secure liquidity now for the purpose of financing growth in the future. This involves arranging fixed credit lines and securing financing agreements with our financing partners.

Checking the risk management system

We asked our auditing company to check our risk-management system in the 2010/2011 financial year. The audit showed "that the Executive Board has taken the appropriate measures as required by section 91 subsection 2 of the German Stock Corporation Act, especially with regard to setting up a monitoring system; and that the monitoring system is suitable for the early detection of developments that threaten the survival of the company".



Research and development

In the year under review we continued to focus on pushing ahead with the development of the L-Force platform. L-Force is a Lenze concept that provides customers with a fully integrated, cohesive set of modules consisting of inter-coordinated system components for both drive-based and PC-based drive and automation solutions. As the pioneer of this integrated modular approach, Lenze is superbly equipped to provide its customers with complete mechatronic solutions. In the last financial year we focussed in particular on designing energy-saving solutions as a contribution to greater energy efficiency, on supporting functional safety in the implementation of the new machinery directive by means of integrated solutions, on creating new approaches for wind energy, especially for turbine sizes above 3 MW, and on making contributions to electrical mobility in the field of utility vehicles.

In order to secure access to technologies that are of long-term importance, we centrally coordinated and significantly intensified our cooperation with research facilities and our participation in technology networks. Examples of the latter include the German government's "National Platform for Electromobility" (NPE), and the Ministry of Education and Research's "Clusters of Excellence" programmes known as "Windpower" and "It's OWL".



Numerous product launches in all areas of the Lenze portfolio demonstrate the company's great innovative power. The highly efficient inverter-optimised three-phase AC motors, our power-range extensions in the 8400 programme (control cabinet and decentralised), the new 8400 Topline inverter, and the extended control-technology platform in the Logic & Motion division are only some of the innovations that are arousing keen interest in the market and among Lenze's customers.

A high degree of readiness to invest, the continuous improvements in processes, and the steady expansion of the research and development network will ensure that Lenze can continue to consolidate its leading role as a supplier of drive and automation solutions.



Prospects for the coming financial years

The 2010/2011 financial year brought an unexpectedly high sales growth of 36% compared with the previous year. Incoming orders in the first half of 2010/2011 were clearly due in part to our customers stocking up. These crisis-related dynamics led Germany's VDMA and ZVEI industry federations this year to forecast a growth rate of between 10% and 15%.

Following the initial growth euphoria, more and more voices are urging caution. The financial crises currently being experienced by some European countries and the USA coupled with the restrictions on credit in China are leading to new uncertainties. There is no clear picture of how the real economy will be affected. What can be felt is uncertainty on all sides, which can undermine any readiness to invest. However, in our business environment we are also still seeing steady investment in research and development all over the world. We believe that electrical mobility will have a sustained effect on our industrial automation.

Our financing situation and the high level of equity capital mean that we can look ahead with confidence to the current financial year and also beyond, to the 2012/2013 financial year. Our budget for product development and the expansion of our infrastructure in production and development divisions demonstrate our confidence in the long-term future. We are investing particularly in the training of our staff globally. The investments in infrastructures will increase our regional independence and thus reduce our dependence on imports and currency fluctuations.

The fact that we developed new products in difficult times is now paying dividends.



We are positive in our prognosis for the remainder of the 2011/2012 financial year. There is a good level of order placement in the mechanical engineering industry, and so there is a comfortable backlog of orders. Some markets have not regained the levels they enjoyed in the pre-crisis year 2008, but some of our other markets have already surpassed those levels. In the second half of this financial year we expect a slight slowing in the hitherto outstanding rate of incoming orders. As a result we can also expect the cost indices for materials to stabilise or even to fall.

The effects of the continuing financial crisis are difficult to predict. But in the light of our company's expenditure on research and development and our global investments, we are also hoping for attractive products in 2012/2013, and for interesting market developments with a strong dynamic developing from new products.

Our performance in automating machines has undergone huge growth, and we see that our customers appreciate this. In this way we can open up new fields of enterprise and generate growth with our portfolio.

Overall we see a good level of growth for our current financial year.

Lenze SE prepares the consolidated financial statements of the Lenze Group in accordance with section 315a subsection 3 of the German Commercial Code (HGB) in conjunction with the International Financial Reporting Standards (IFRS) as decreed by the International Accounting Standard Board (IASB). The consolidated financial statements presented in this annual report represent an abridged version of the consolidated financial statements, and they do not contain all the components of consolidated financial statements required by law.

The Karl Berg GmbH auditing company, Düsseldorf, issued its Auditor's Report on 8 August 2011.

The audit contained one reservation: the Notes, which do not appear in the abridged version of the consolidated financial statements, do not disclose the total remuneration of the current and former board members. Apart from this one exception, the audit did not lead to any reservations. The complete consolidated financial statements, Group management report and auditor's report are disclosed in the Electronic Federal Gazette (Bundesanzeiger).

Balance sheet

€ in thousands	30 April 2011	30 April 2010
Assets		
Intangible assets	38,185	37,162
Property, plant and equipment	77,118	81,472
<i>Investments in associate companies</i>	2,625	2,431
<i>Other investments and long-term loans</i>	3,945	1,644
Non-current investments	6,570	4,075
Other non-current assets	552	262
Deferred tax assets	8,219	12,593
Non-current assets	130,644	135,564
Inventories	103,343	77,992
Trade receivables	81,581	65,724
Other current receivables and other assets	7,422	8,818
Current tax receivables	1,353	1,163
<i>Securities</i>	101	3,231
<i>Cash and cash equivalents</i>	60,275	50,000
Liquid funds	60,376	53,231
Current assets	254,075	206,928
	384,719	342,492
Equity and liabilities		
Subscribed capital	32,000	32,000
Capital reserves	43,805	43,805
Revenue reserves	156,274	132,014
Accumulated income and expense recognised directly in equity	-8,589	-5,319
Equity attributable to the shareholders of Lenze SE	223,490	202,500
Minority interests	1,458	1,318
Equity	224,948	203,818
Provisions for pensions and similar obligations	8,628	6,428
Other non-current provisions	7,799	7,280
Non-current financial liabilities	39,433	40,315
Other non-current liabilities	150	60
Deferred tax liabilities	922	251
Non-current liabilities	56,932	54,334
Current provisions	57,801	45,936
Current financial liabilities	7,648	7,270
Trade liabilities	25,615	22,071
Other current liabilities	11,775	9,063
Current liabilities	102,839	84,340
	384,719	342,492

Income statement

€ in thousands	2010/2011	2009/2010
Sales revenue	567,011	416,876
Increase/decrease in finished goods and work in progress	6,828	-3,959
Other own work capitalised	225	33
Total proceeds	574,064	412,950
Cost of materials	-264,944	-185,847
Gross profit	309,120	227,103
Personnel costs	-172,554	-148,567
Depreciation and amortisation	-12,916	-13,165
Other operating expenses	-90,097	-75,258
Other operating income	13,301	13,155
Income from participating interests	1,187	377
Profit before special items	48,041	3,645
Special items	1,987	1,021
Operating profit (EBIT)	50,028	4,666
Financial result	-4,206	-2,239
Profit before taxes	45,822	2,427
Income tax	-17,775	-1,174
Profit after taxes	28,047	1,253
Minority interests	-459	-362
Net profit after minority interests	27,588	891

Statement of changes in equity at 30 April 2011

€ in thousands	Subscribed capital	Capital reserves	Revenue reserves	Accumulated income and expense recognised directly in equity				Lenze SE share	Minority interests	Total equity
				Currency translation	Pensions	AFS securities	Cashflow hedges			
Balance 30 April 2009	32,000	43,805	130,895	-6,554	-623	14	-346	199,191	1,080	200,271
Other comprehensive income, gross	-	-	-	2,525	-602	-17	484	2,390	119	2,509
Deferred tax	-	-	-	-	162	4	-138	28	-	28
Other comprehensive income, net	-	-	-	2,525	-440	-13	346	2,418	119	2,537
Net income for the year	-	-	891	-	-	-	-	891	362	1,253
Consolidated result	-	-	891	2,525	-440	-13	346	3,309	481	3,790
Reclassification	-	-	228	-202	-26	-	-	-	-	-
Change in the scope of consolidation	-	-	-	-	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-	-	-	-243	-243
Balance 30 April 2010	32,000	43,805	132,014	-4,231	-1,089	1	-	202,500	1,318	203,818
Other comprehensive income, gross	-	-	-	-3,056	-208	-1	-	-3,265	14	-3,251
Deferred tax	-	-	-	-	-5	-	-	-5	-	-5
Other comprehensive income, net	-	-	-	-3,056	-213	-1	-	-3,270	14	-3,256
Net income for the year	-	-	27,588	-	-	-	-	27,588	459	28,047
Consolidated result	-	-	27,588	-3,056	-213	-1	-	24,318	473	24,791
Profit distribution	-	-	-3,328	-	-	-	-	-3,328	-333	-3,661
Balance 30 April 2011	32,000	43,805	156,274	-7,287	-1,302	-	-	223,490	1,458	224,948

Cash flow statement

€ in thousands	2010/2011	2009/2010
Profit after tax	28,047	1,253
Change in non-current provisions	2,673	594
Depreciation and amortisation	12,916	13,165
Other non-payment-related expenses and income	4,698	-3,019
Profit from disposal of fixed assets	-198	-302
Gross cash flow	48,136	11,691
Change in inventories	-26,428	10,861
Change in receivables and other assets	-16,092	-1,712
Change in other provisions	12,058	-8,692
Change in trade liabilities and other liabilities	5,733	2,175
Change in working capital	-24,729	2,632
Net cash flow from operating activities	23,407	14,323
Purchase of intangible fixed assets	-417	-1,276
Purchase of property, plant and equipment	-9,656	-7,671
Purchase of investments	-2,584	-753
Acquisition (-)/disposal of business operations (+)	-1,101	-217
Proceeds from disposal of fixed assets	1,100	2,355
Net cash flow from investments	-12,658	-7,562
Profit distribution	-3,661	-243
Change in non-current financial liabilities	395	-882
Raising/redeeming bank loans	-779	-1,344
Net cash flow from financing activities	-4,045	-2,469
Change in cash and cash equivalents	6,704	4,292
Change due to exchange-rate fluctuations	-210	353
Change due to changes in the consolidated group structure	651	-
Liquid funds at 1 May	53,231	48,586
Liquid funds at 30 April	60,376	53,231
Cash and cash equivalents	60,275	50,000
Securities	101	3,231

General

The consolidated financial statements of the Lenze Group have been prepared by Lenze SE based in Aerzen, Hans-Lenze-Strasse 1, as the parent company. In accordance with German law, Lenze SE is registered as a stock corporation under European law in the commercial register of the District Court of Hanover under HRB 204803.

The financial year of Lenze SE and its subsidiaries covers the period from 1 May to 30 April. The consolidated financial statements are prepared in euros. All amounts in the balance sheet, income statement, the statement of changes in equity and the cash flow statement are stated either in thousands of euros (€k) or in millions of euros (€m).

Application of International Financial Reporting Standards (IFRS)

In accordance with section 315a subsection 3 of the German Commercial Code (HGB) in conjunction with European Union regulations (EC No. 1602/2002), Lenze SE prepares its consolidated financial statements voluntarily in accordance with the International Financial Reporting Standards (IFRS) as decreed by the International Accounting Standard Board (IASB). These IFRS consolidated financial statements exempt the company from the obligation to prepare consolidated financial statements in accordance with the German Commercial Code (HGB).

The IFRS are applied in the form in which they have been transposed into national law within the framework of the endorsement process by the European Commission. In addition, the Commercial Law provisions resulting from section 315a subsection 3 in conjunction with subsection 1 of the German Commercial Code (HGB) have been observed. All the requirements of each of the compulsory standards applicable at the balance sheet date have been completely fulfilled with the exception of IAS 24 (disclosure of the remuneration of and the consequent liabilities towards the former and present members of the Executive Board and Supervisory Board).

Lenze SE, Aerzen

100% Lenze Operations GmbH, Aerzen
100% Lenze Drive Systems France SARL, Ruitz (France)
100% Lenze Drives GmbH, Extertal
100% Lenze Automation GmbH, Aerzen
100% Lenze Vertrieb GmbH, Aerzen
100% Lenze Engineering GmbH & Co KG, Aerzen
100% Lenze Service GmbH, Aerzen
100% Lenze Bremsen GmbH, Aerzen
100% Lenze GmbH, Aerzen
100% Lenze Austria Holding GmbH, Asten (Austria)
100% Lenze Operations Austria GmbH, Asten (Austria)
100% Lenze Antriebstechnik GmbH, Asten (Austria)
100% Lenze Verbindungstechnik, GmbH, Asten (Austria)
100% Lenze Anlagentechnik GmbH, Enns (Austria)
100% Lenze Hajtastechnika Kereskedelmi Kft, Budapest (Hungary)
100% Lenze s. r. o., Humpolec (Czech Republic)
100% Lenze Zadvizhvasta Technika EOOD, Plovdiv (Bulgaria)
100% Lenze mehatronika pogonska tehnika, Zagreb (Croatia)
100% Lenze pogonska tehnika, d.o.o., Celje (Slovenia)
100% Lenze DETO Drive Systems GmbH, Asten (Austria)
100% Lenze OOO, Moscow (Russian Federation)
100% Lenze Drive Systems (Shanghai) Co. Ltd., Shanghai (China)
100% Lenze do Brasil Holding Ltda., Sao Paulo (Brazil)
100% Lenze Brasil Automacao Ltda., Sao Paulo (Brazil)
100% I000 Lenze, Minsk (Belarus)
100% Schmidhauser AG, Romanshorn (Switzerland)
100% Lenze Holding B. V., 's-Hertogenbosch (Netherlands)
100% Lenze B. V. Aandrijfttechniek, 's-Hertogenbosch (Netherlands)
100% Lenze U. K. Ltd., Bedford (United Kingdom)
100% Lenze Ltd., Bedford (United Kingdom)
100% Lenze b.v.b.a., Sint-Niklaas (Belgium)
100% Lenze U. S. Holding Corporation, Uxbridge, Mass. (USA)
100% Lenze AC Tech Corporation, Uxbridge, Mass. (USA)
100% AC Technology International Ltd., Shrewsbury (United Kingdom)
100% Lenze Americas Corporation, Uxbridge, Mass. (USA)
100% Lenze Canada Corporation Ltd., Saint John (Canada)
51% Lenze Polska Sp. z o.o., Katowice (Poland)
90% Lenze UAB, Kaunas (Lithuania)
100% Lenze Tarnów Sp. z o.o., Tarnów (Poland)
100% Lenze Italia S. r. l., Milan (Italy)
100% Lenze S.A., Aulnay s/s Bois (France)
100% Lenze Transmisiones S. A., Barcelona (Spain)
100% Lenze Transmissioner AB, Linköping (Sweden)
100% Lenze A/S, Brøndby (Denmark)
100% DtC-Lenze A/S, Raelingen (Norway)
100% Lenze Mechatronic Drives (Shanghai) Co. Ltd, Shanghai (China)
100% Lenze S.E.A., SDN BHD, Petaling Jaya (Malaysia)
100% Lenze Mechatronics Private Limited, Pune (India)
49% Lenze Bachofen AG, Uster (Switzerland)



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We would like to thank those employees who allowed themselves to be photographed.