Lubricants. Technology. People.

ANNUAL REPORT 2012

LUBRICANTS.
TECHNOLOGY.
PEOPLE.

FUCHS

FUCHS PETROLUB is a global Group based in Germany, which produces and distributes lubricants and related specialties around the world. The Group, which was founded in 1931, with its headquarters in Mannheim, ranks number one among the world's independent lubricant providers.

The Group currently employs a workforce of 3,773 in 49 operating companies in Europe and overseas.

The most important regions for FUCHS in terms of sales revenues are Western Europe, Asia and North America.

Lubricants. Technology. People.

These three pillars define our self-image. They are the benchmark for the elementary values of our corporate culture that shape our day-to-day actions. We believe that this is reason enough to present our values to you in this annual report.

FUCHS at a glance

FUCHS PETROLUB GROUP

Amounts in € million	2012	2011 [1]	Change in %
Sales revenues [2]	**1,819.1**	**1,651.5**	**10.1**
Europe	1,080.7	1,006.7	7.4
Asia-Pacific, Africa	486.8	412.3	18.1
North and South America	320.3	282.6	13.3
Consolidation	–68.7	–50.1	
Earnings before interest, tax and income from companies consolidated at equity	**278.8**	**258.4**	**7.9**
In % of sales revenues	15.3	15.6	
Earnings before interest and tax (EBIT)	**293.0**	**263.5**	**11.2**
Profit after tax	**207.3**	**183.1**	**13.2**
In % of sales revenues	11.4	11.1	
Investments in fixed assets	**71.4**	**37.0**	**93.0**
In % of scheduled depreciation [3]	227	135	
Gross cash flow	**219.0**	**134.9**	**62.3**
Shareholders' equity	**781.7**	**658.2**	**18.8**
In % of balance sheet total	70.5	66.8	
Balance sheet total	**1,108.7**	**985.3**	**12.5**
Employees as at December 31	**3,773**	**3,669**	**2.8**
Earnings per share (in €)			
Ordinary share	2.90	2.56	13.3
Preference share	2.92	2.58	13.2
Proposed dividend / dividend (in €)			
per ordinary share	1.28	0.98	30.6
per preference share	1.30	1.00	30.0

[1] The previous year's figures have been adjusted for reasons of comparability, see "Changes in the accounting policies" in the notes to the consolidated financial statements.
[2] By company location.
[3] Capital expenditure excluding financial assets.

GROUP STRUCTURE

The Group is headed by the central-management controlling company, FUCHS PETROLUB AG, which predominantly owns subsidiaries directly at 100%.

On December 31, 2012, the Group comprised 49 operating companies. The consolidated financial statements also include non-operating holding companies, management companies and real-estate companies, thus increasing the number of consolidated companies to 53. Of the 49 operating companies, five conducted their business activities in Germany and 44 abroad.

The organizational and reporting structure is divided into the following regions: Europe, Asia-Pacific, Africa and North and South America.

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Results of operations of the regions

Group companies and production locations

PRODUCTION LOCATIONS

GROUP COMPANIES AND PRODUCTION LOCATIONS

As at December 31, 2012	Group companies[1]	Production locations
Germany	5	6
Other European countries	22	9
Asia-Pacific	16	8
Africa	1	1
North America	3	7
South America	2	2
Total	**49**	**33**

[1] Operating companies.

Lubricants.

FUCHS focuses on lubricants and offers solutions for all issues and fields of application in the world of lubricants.

Technology.

FUCHS claims technological leadership in strategically important fields of application and is acknowledged as the number one technology partner by its customers. Not only does FUCHS focus on its own lubricants, it also takes a holistic approach, paying close attention to the processes in place at its customers.

People.

FUCHS' dedicated corporate culture, coupled with its loyal and motivated workforce, is the strategic key to its success. Our employees form the basis for this success.

1

MANAGEMENT & SHARES

2

GROUP MANAGEMENT REPORT

→ mobile.fuchs-oil.com

Reference to our mobile website.
Scan the QR code with your smartphone
for information on FUCHS in just
a few clicks when you are on the go.

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FINANCIAL REPORT

FURTHER INFORMATION

→ a–z Glossary reference

→ 123 Page reference

→ www Internet link

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MANAGEMENT & SHARES

Letter to our shareholders

Dear shareholders,

The Group once again set new records in terms of sales revenues and earnings in 2012. The sustainably high earning power, solid balance sheet, and growth plan currently being implemented have prompted the Executive Board and Supervisory Board to propose increasing the dividend by 30 %. This would mean that the dividend has more than doubled in the space of just three years. The proposal is based on our confidence of being able to drive forward the positive development of FUCHS PETROLUB by following our proven growth path.

The investments in our infrastructure and our focused personnel increase are paying off. Sales revenues rose by 10 % to €1.8 billion in 2012. This growth was driven by new business, yet also by price adjustments implemented to cover the rising costs of raw materials and positive exchange rate effects. All regions contributed to the increase in earnings before interest and tax to €293 million. However, North America and China made the greatest contributions. Expenses were accrued from the legal dispute at our joint venture in the Middle East.

Our growth initiative led to a record level of capital expenditure in the last financial year. The investments made include the expansion of our joint venture in Turkey, construction of new facilities in Russia and China, as well as investments to extend operations in Germany, the US and Australia. Free cash flow of €140 million increased net liquidity and caused the equity ratio to rise to 70 %. This provides us with a solid basis to drive forward further profitable growth and also maintain our consistent, shareholder-friendly dividend policy.

Our value-driven growth phase is now moving into its fourth year. Just under 300 new jobs have been created in the last three years, focusing primarily on the fields of research and sales. We created the Lubricants.Technology.People. corporate mission statement in the Group Management Committee, in which the regions and larger business segments are represented. The focus on lubricants, technological leadership, and people as the success factor represent the three key pillars of our corporate culture. Our model is based on five core values: Trust, creating value, respect, reliability, and integrity. We personally presented our mission statement and values to our approximately 3,800 employees as a way of anchoring our specific FUCHS culture even deeper in the organization.

Stefan Fuchs, Chairman of the Executive Board

We are planning to further increase sales revenues and earnings in 2013. However, this is subject to continued positive development of the global economy, despite the known uncertainties, particularly in Europe but also in North America and several key growth markets. In 2013, we are planning a similar level of investments as in 2012 and also intend to hire additional staff to help us with the consistent implementation of our growth strategy.

On behalf of the Executive Board, I would like to thank you, the shareholders in FUCHS PETROLUB AG, for your trust in our company, its management and its global team. I would also like to take this opportunity to thank all employees worldwide for their hard work and commitment, which helped make 2012 such a success.

Mannheim, March 20, 2013

Yours

Stefan Fuchs
Chairman of the Executive Board

Organization

CORPORATE BOARDS

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Information on the Corporate Boards

SUPERVISORY BOARD

Dr. Jürgen Hambrecht Neustadt an der Weinstraße	Chairman Former Chairman of the Executive Board of BASF SE
Dr. Dr. h.c. Manfred Fuchs Mannheim	Deputy Chairman Former Chairman of the Executive Board of FUCHS PETROLUB AG
Ines Kolmsee Tutzing	Chairwoman of the Executive Board at SKW Stahl-Metallurgie Holding AG
Horst Münkel* Mannheim	Chairman of the joint works council at FUCHS EUROPE SCHMIERSTOFFE GMBH
Lars-Eric Reinert* Altenholz	Chairman of the Group works council at FUCHS PETROLUB AG
Dr. Erhard Schipporeit Hanover	Former member of the Executive Board of E.ON SE

COMMITTEES OF THE SUPERVISORY BOARD

Personnel Committee
Dr. Jürgen Hambrecht (Chairman)
Dr. Dr. h.c. Manfred Fuchs (Deputy Chairman)
Ines Kolmsee

Audit Committee
Dr. Erhard Schipporeit (Chairman)
Dr. Dr. h.c. Manfred Fuchs
Ines Kolmsee

Nomination Committee
Dr. Jürgen Hambrecht (Chairman)
Dr. Dr. h.c. Manfred Fuchs (Deputy Chairman)
Ines Kolmsee
Dr. Erhard Schipporeit

* Employee representative

EXECUTIVE BOARD

Stefan R. Fuchs Hirschberg	Chairman
Dr. Alexander Selent Limburgerhof	Deputy Chairman
Dr. Lutz Lindemann Kerzenheim	Member
Dr. Georg Lingg Mannheim	Member
Dr. Ralph Rheinboldt Heddesheim	Member

ADVISORY BOARD

The Advisory Board at FUCHS PETROLUB AG, which was set up in 1984 in the course of converting the type of business to an "Aktiengesellschaft" or German stock corporation, met for the last time at the end of 2012. The Advisory Board worked alongside and supported the Executive Board and Supervisory Board. Its duties were to advise the Executive Board in general questions of corporate strategy and governance.

THE EXECUTIVE BOARD

DR. ALEXANDER SELENT

Age 60, 14 years at FUCHS

DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD

- Finance, Controlling
- Legal, Taxes, Human Resources
- Investor Relations, Compliance
- IT, Internal Auditing

STEFAN R. FUCHS

Age 45, 16 years at FUCHS

CHAIRMAN OF THE EXECUTIVE BOARD

- Corporate Development
- Senior Management
- Region North America
- FUCHS LUBRITECH Group
- Coordination and Public Relations

DR. LUTZ LINDEMANN

Age 52, 14 years at FUCHS

MEMBER OF THE EXECUTIVE BOARD

- Technology
- Supply Chain Management
- Region South America
- International OEM Business

DR. GEORG LINGG

Age 48, 17 years at FUCHS

MEMBER OF THE
EXECUTIVE BOARD

- Region Asia-Pacific and Africa
- International Mining Business

DR. RALPH RHEINBOLDT

Age 45, 14 years at FUCHS

MEMBER OF THE
EXECUTIVE BOARD

- Region Europe

GROUP MANAGEMENT COMMITTEE

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Stefan R. Fuchs

Dr. Alexander Selent

Dr. Lutz Lindemann

Dr. Georg Lingg

Dr. Ralph Rheinboldt

Bernhard Biehl	▪ FUCHS LUBRITECH Group
Klaus Hartig	▪ Region East Asia
Stefan Knapp	▪ Region Germany
Carsten Meyer	▪ Global OEM Division
Steve Puffpaff	▪ Region North America
Reiner Schmidt	▪ Finance and Controlling
Alf Unterstеller	▪ Region Turkey, Middle East, Central Asia, Africa

Report of the Supervisory Board

Dear shareholders,

The financial year 2012 was a success for the FUCHS PETROLUB Group. It was a year in which the Group again set new records in terms of sales revenues and earnings. The company is strategically well-positioned and the path of organic growth it is pursuing remains successful.

Work performed by the Executive Board and Supervisory Board
There were no changes in personnel on either the Executive Board or the Supervisory Board in the financial year 2012.

The Supervisory Board and Executive Board engaged in effective and trusting collaboration in the financial year 2012. The Chairman of the Executive Board regularly and immediately informed the Chairman of the Supervisory Board of all significant and important events. In addition to this, the Supervisory Board and Executive Board also remained in close contact outside scheduled meetings to ensure a constant exchange of information and opinions.

The Supervisory Board performed its monitoring and advisory duties with care and conscientiousness in accordance with the requirements of law, the company's Articles of Association, and the rules of procedure. In its December 2012 meeting, the Supervisory Board also examined the efficiency of its own activities and did not determine any significant need for improvement in this regard. The Supervisory Board also included a sufficient number of independent members. No conflicts of interest occurred among members of either the Executive Board or the Supervisory Board.

Reports and board meetings
The Supervisory Board was regularly, timely, and comprehensively informed about the company's corporate policy, business developments, profitability, liquidity and risk situation, as well as all relevant questions regarding strategic enhancements in accordance with the duties set out in the rules of procedure. Particular attention was paid to all issues relating to the national debt crises and associated risks in the eurozone. Further regular items on the agenda included Group strategy, budget supervision, all significant investment and acquisition projects, further development of the corporate governance rules, the change in corporate form into a European company (Societas Europaea, SE) and the legal dispute with our joint venture partners in the Middle East.

Five Supervisory Board meetings took place in the reporting year. With the exception of one meeting where one member was unable to attend, all other meetings were attended by all members of the Supervisory Board.

Dr. Jürgen Hambrecht, Chairman of the Supervisory Board

In the balance sheet meeting on March 21, 2012, the annual and consolidated financial statements of FUCHS PETROLUB AG, the Executive Board's proposal on the appropriation of profits, and the dependent company report were reviewed, discussed, and approved in the presence of the auditor. In this meeting, the Supervisory Board also approved the agenda for the Annual General Meeting of FUCHS PETROLUB AG with the proposed resolutions and passed a resolution that the change in corporate form of FUCHS PETROLUB AG to a European Company (SE) is to be thoroughly reviewed and prepared by the Executive Board. The Supervisory Board also examined the FUCHS PETROLUB Group's newly developed mission statement.

In the meeting on May 9, 2012, which was held just before the Annual General Meeting, the Executive Board reported on the current situation of the Group after the end of the first quarter.

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The meeting on July 31, 2012 focused on the strategy for the Europe region. Beside the Group management report with information on investment and acquisition projects and the half-year report for 2012, the Supervisory Board also examined the changes to the German **CORPORATE GOVERNANCE** Code and potential new regulations of the European Commission.

Beside the Executive Board's current Group management report, the Supervisory Board also addressed the particular strategic challenges being faced by research and development, as well as its organizational structure within the Group in its meeting on October 12, 2012. In addition to this, the competitive environment was discussed in detail.

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The primary focus of the meeting held on December 14, 2012 was the 2013 budget in terms of earnings, the balance sheet, cash flow and capital expenditures, as well as the plans for the ongoing growth initiative in the years 2013 to 2015. Beside this, the Supervisory Board also reviewed the risk management and compliance report, as well as the 2012 **DECLARATION OF CONFORMITY** with the German Corporate Governance Code. As per the recommendation of the Personnel Committee, the performance factor for calculating the variable compensation of the members of the Executive Board for the financial year 2012 was set out on the basis of the preliminary calculated target achievement, the targets for the financial year 2013 were defined and an adjustment was made to the fixed annual compensation for Executive Board members for the year 2013.

Work of the committees in the Supervisory Board

To be able to perform its duties efficiently, the Supervisory Board has formed three committees: the Audit Committee, the Personnel Committee and the Nomination Committee. These committees prepare Supervisory Board resolutions and issues to be addressed during the plenary meetings. Information on the activities of the committees was provided at the start of each Supervisory Board meeting. All committee members took part in all of the committee meetings.

The Audit Committee held four meetings in the reporting year. The CFO and heads of the Controlling and Accounting departments regularly attended the meetings. The Committee focused on the annual and consolidated financial statements, monitoring of the financial accounting process, the effectiveness of the internal control system, of the risk management system, and of the internal audit system, as well as the audit of the financial statements. The interim financial reports were always discussed in detail prior to publication. The Audit Committee also defined the focuses of the audit for the reporting year and awarded the audit assignment to the auditor. The Committee also addressed compliance topics and the MDAX Corporate Governance Rating 2012.

The **Personnel Committee** supports the Supervisory Board in reaching personnel decisions. Three meetings were held in the reporting year. The Personnel Committee addressed in detail the topics of diversity and the appropriate involvement of women in management positions at the company. In addition to this, the Committee discussed Group-wide personnel development, the further development of junior managers in the FUCHS PETROLUB Group, and prepared the decisions regarding Executive Board compensation, as well as the decisions which need to be taken in 2013 regarding the extension of contracts for Executive Board members.

The **Nomination Committee** held one meeting in the reporting year. In this meeting, it passed the recommendation to the plenary meeting of the Supervisory Board which involves proposing to the Annual General Meeting 2013 that all current shareholder representatives should be appointed by the Annual General Meeting as shareholder representatives of the first Supervisory Board at FUCHS PETROLUB SE for the remaining term of their mandates.

Audit of annual and consolidated financial statements

The Audit Committee of the Supervisory Board awarded the audit assignment to KPMG AG Wirtschaftsprüfungsgesellschaft in Mannheim as per the resolution passed by the Annual General Meeting on May 9, 2012. The auditor's declaration of independence was submitted and explained.

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The financial statements for the financial year 2012 prepared pursuant to the German Commercial Code (HGB), as well as the management report, the consolidated financial statements prepared pursuant to the **IFRS** international accounting standards and the Group management report of FUCHS PETROLUB AG were audited and granted an unqualified auditor's opinion by KPMG AG Wirtschaftsprüfungsgesellschaft in Mannheim. The focuses of the audit defined for the reporting period by the Audit Committee upon the appointment of the auditors were examined in more detail by KPMG. In particular the company's auditor confirmed that the Executive Board had installed a suitable risk monitoring system in accordance with Section 91 (2) of the German Stock Corporation Act (AktG), which is appropriate for early identification of any developments which might endanger the going concern of the company. During the audit, the auditor did not determine any issues/facts that would contradict the Declaration of Conformity or any issues that might give rise to statements of exclusion or reservation in the auditors' report. The Supervisory Board conducted its own thorough examination of the annual and consolidated financial statements, the company and the Group management reports and the proposal on appropriation of profits. The audit reports of KPMG were submitted to all members of the Supervisory Board in good time and were discussed comprehensively in the Audit Committee on March 14, 2013, as well as in the balance sheet meeting on March 19, 2013. The auditor who took part in both meetings reported on the main results of the audit and was available to answer any questions or provide extra information.

The Supervisory Board took note of and approved the results of the audit performed by the indepedent auditors. There are no objections based on the final results of the audit of the Supervisory Board. The Supervisory Board approved the financial statements submitted by the Executive Board and thereby also the annual financial statements of FUCHS PETROLUB AG. We agreed with the proposal regarding the appropriation of profits.

The Executive Board reported on its relationship to associated companies pursuant to Section 312 of the German Stock Corporation Act (AktG) and submitted this report to the Supervisory Board. The external auditors examined the report, submitted in writing the results of this examination and issued the following audit opinion: "We have audited in accordance with our professional duties and confirm that

1. the actual statements made in the report are correct and
2. the payments or other contributions made by the company in connection with the legal transactions listed in the report were not unreasonably high."

The Supervisory Board took note of and approved the results of the audit performed by the independent auditors. In keeping with its own findings, the Supervisory Board has no objections to the statement made by the Executive Board.

Thanks

The Supervisory Board would like to take this opportunity to sincerely thank the corporate management team and all employees worldwide for their commitment and personal contributions to the success of the company. We would also like to thank the employee representatives for their excellent cooperation.

Mannheim, March 19, 2013

The Supervisory Board

Dr. Jürgen Hambrecht
Chairman of the Supervisory Board

» Long-term partnerships are the basis of our success. Whether internal or external, they are always based on mutual trust. Only when we can absolutely rely on one another can we achieve the best results. «

Susanne McClurg, Personnel Manager, FUCHS LUBRICANTS, Stoke-on-Trent, Great Britain

3.5%

is the relatively low employee turnover rate in the FUCHS PETROLUB Group.

Corporate Governance Report

In the following chapter, the Executive Board reports – also on behalf of the Supervisory Board – on corporate governance at FUCHS PETROLUB AG in line with Section 3.10 of the German Corporate Governance Code. The chapter also contains the Declaration of Corporate Governance in accordance with Section 289 a of the German Commercial Code (HGB).

Corporate governance at FUCHS PETROLUB AG is predominantly based on the regulations of the German Stock Corporation Act (AktG) and the German Corporate Governance Code. The Corporate Governance Code contains important regulations on managing and monitoring listed companies and also formulates both nationally and internationally recognized standards for sound and responsible corporate governance.

FUCHS PETROLUB AG sees corporate governance as a central prerequisite for achieving its company targets and increasing company value. We believe that sound and responsible management and supervision geared towards sustainable added value in particular include

- close and trusting cooperation between Executive Board and Supervisory Board
- respect for shareholders' interests
- open corporate communication
- transparency in accounting
- responsible handling of risks, as well as legal and internal company guidelines

We are convinced that effective and transparent corporate governance is a key factor in the success of FUCHS PETROLUB AG. Corporate governance therefore plays an important part in how we see ourselves and is a standard that covers all departments and divisions within the company. Investors, financial markets, business partners, employees and the general public put their trust in us. We are keen to confirm this trust long-term and also continuously further develop corporate governance in the Group.

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Text of the declaration of conformity

On multiple occasions throughout the last financial year, the Executive Board and Supervisory Board at FUCHS PETROLUB AG once again examined and addressed the stipulations of the Corporate Governance Code and the changes that have been implemented in detail, paying particular attention to the requirements regarding the independence of members of the Supervisory Board and taking into account the concepts of diversity and giving appropriate consideration to women when filling management positions in the company. On this basis, the Executive Board and Supervisory Board together submitted the updated Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) on December 14, 2012 and made this available to shareholders on the company's website – together with the declarations of previous years.

DECLARATION OF CORPORATE GOVERNANCE*

MANAGEMENT AND CONTROL STRUCTURE – WORKING PRACTICES OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

As a German stock corporation (AG), FUCHS PETROLUB AG, with its registered office in Mannheim, is subject in particular to the regulations of the German Stock Corporation Act (AktG), on the basis of which the German Corporate Governance Code was also developed. A basic principle in German stock corporation law is the two-tier board system with the Executive Board and Supervisory Board bodies, each of which has independent responsibilities. Sound corporate governance requires continuous further development of this two-tier board system, with all divisions being included. This begins with independent and responsible corporate management by the Executive Board which is monitored and advised by the Supervisory Board. Assuming that the 2013 Annual General Meeting gives its consent to change the company's corporate form to a European Company (SE), this two-tier board system will also remain in place at the future "FUCHS PETROLUB SE".

CORPORATE MANAGEMENT BY THE EXECUTIVE BOARD

The Executive Board holds responsibility to act as the management body and is bound both to the company's interests and to sustainably increasing company value. The members of the Executive Board together hold responsibility for the entire company management. Notwithstanding the overall responsibility of the Executive Board, the individual members of the Executive Board also manage the divisions assigned to them under their own responsibility within the scope of Executive Board resolutions. Rules of procedure specify in more detail the work of the Executive Board. The distribution of responsibilities to the individual members of the Executive Board is set out in the schedule of responsibilities. For key business processes – such as specifying annual planning or major acquisitions – the rules of procedures for the Executive Board include gaining approval of the Supervisory Board for its actions.

The Executive Board reaches decisions on key issues regarding corporate policy and strategy, as well as annual and multi-year planning. The Executive Board ensures appropriate risk management and risk controlling in the company, working towards compliance with legal regulations, regulatory stipulations and internal company guidelines (compliance). It also pays attention to diversity and ensuring appropriate consideration is given to women when filling management positions at the company. At FUCHS, 21 % of management positions within the Group are held by women. There are currently no women on the Executive Board. FUCHS PETROLUB strives for systematic and targeted promotion of qualified women and to consider them appropriately when filling Executive Board and management positions.

* Part of the Group management report

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The Executive Board

The Executive Board at FUCHS PETROLUB AG was made up of five members in 2012. The composition of the Executive Board and the allocation of duties within the Executive Board (organization of responsibilities, regions and segments) are shown in detail on pages 16 and 17 of this annual report.

MONITORING OF CORPORATE MANAGEMENT BY THE SUPERVISORY BOARD

The Supervisory Board appoints the members of the Executive Board, defines the responsibilities of the members of the Executive Board and both advises and monitors the Executive Board in its management of the company. It is included in strategy and planning, as well as in all questions of fundamental importance for the company. The Chairman of the Executive Board maintains regular contact with the Chairman of the Supervisory Board. The continuous dialog between the Executive Board and Supervisory Board, which is based on mutual trust, forms an important foundation for the company's success.

The Supervisory Board at FUCHS PETROLUB AG is made up of four shareholder members, who are elected by the Annual General Meeting, as well as two members who are elected by the employees. The terms of office are identical.

The Supervisory Board reaches its decisions through resolutions, which are passed by a simple majority of those members of the Supervisory Board participating in the vote. In the event of a tied vote, the Chairman has the casting vote.

The Supervisory Board at FUCHS PETROLUB AG is composed in a way that ensures qualified monitoring and advising of the Executive Board by the Supervisory Board. Based on their knowledge, skills and specialist experience, the candidates to be proposed for election to the Supervisory Board should be capable of performing the duties required of a member of the Supervisory Board at an international Group such as FUCHS PETROLUB AG and preserve the reputation of the FUCHS PETROLUB Group in the public arena. In its composition, the Supervisory Board primarily focuses on qualifications and diversity, striving also for appropriate involvement of women. In this context "diversity" is understood to mean diversity in terms of internationality (not in the sense of citizenship, but rather origin, upbringing, training and career), gender and age. Based on Section 5.4.1 of the Code, the Supervisory Board has set the following targets for its composition:

- The required knowledge, skills and specialist experience refer in particular to the management of an international company
- Special economic knowledge and experience is to be considered
- Special knowledge and experience in the application of financial accounting principles and internal control procedures
- Technical expertise, in particular in the field of (special) chemicals is to be considered
- Appropriate involvement of women in the Supervisory Board for new appointments

- An appropriate number of independent members of the Supervisory Board; of the four shareholder representatives on the Supervisory Board, at least two should be independent in the sense of Section 5.4.2 of the Code
- Prevention of significant and not only temporary potential conflicts of interest
- The (standard) age limit of 70 years at the time of election is to be considered

The Supervisory Board is of the opinion that it complies with the diversity requirements, as a female ratio of 25 % of shareholder representatives on the Supervisory Board has been achieved and the internationality criterion was also fulfilled. The Supervisory Board also believes that it includes an appropriate number of independent shareholder representatives.

Dr. Dr. h. c. Manfred Fuchs, a former member of the Executive Board at FUCHS PETROLUB AG, has been a member of the Supervisory Board since 2004. He is the only member of the Supervisory Board that holds an appreciable share in the company and that has a personal relationship both to the company and its Executive Board. According to the Supervisory Board's rules and procedures, shareholder representatives on the Supervisory Board must always be independent. Multiple members of the Supervisory Board hold or used to hold executive positions at other companies. However, any and all business conducted between FUCHS PETROLUB AG and these companies has always taken place under the same conditions as with third parties (arm's length transactions). In our opinion, these transactions (which together represent around 1 % of total sales revenues) do not affect the independence of the members of the Supervisory Board in question.

The term of office of the Supervisory Board is five years. The next term of office starts with the end of the Regular Annual General Meeting 2015.

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board at FUCHS PETROLUB AG has formed three professionally qualified committees, which prepare and also supplement its work. The duties, responsibilities and work processes are all aligned with the requirements of the Corporate Governance Code and also take into account the binding regulations of the German Stock Corporation Act (AktG).

The Personnel Committee and Audit Committee meet several times a year, while the Nomination Committee only convenes for meetings when these are necessary based on its allocation of duties. The respective Chairmen of the Committees regularly report to the Supervisory Board on the work of the Committees.

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Organization and Report of the Supervisory Board

Information on the composition of the Supervisory Board and its Committees is also provided on page 14 of this annual report. The report by the Supervisory Board on page 19 onwards provides further details of the work performed by the Committee in the reporting year.

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Corporate Governance and Consolidated financial statements

The main features of the company's compensation system for members of the Executive Bodies are described on pages 36 and 37 of this report. The compensation for members of the Executive Board and the compensation for the individual members of the Supervisory Board in accordance with Section 314 (1) No. 6 of the German Commercial Code (HGB) are disclosed in the notes to the consolidated financial statements on pages 194 and 195.

OWNERSHIP OF SHARES IN THE COMPANY BY MEMBERS OF THE EXECUTIVE AND SUPERVISORY BOARDS

As at December 31, 2012, Stefan Fuchs held directly and indirectly 4,473,724 ordinary shares. The other members of the Executive Board together held 3,129 ordinary shares and 4,335 preference shares as at December 31, 2012.

As at December 31, 2012, Dr. Dr. h.c. Manfred Fuchs held directly and indirectly 1,175,593 ordinary shares. The other members of the Supervisory Board together held 589 ordinary shares and 3,500 preference shares as at December 31, 2012.

→ www
Further information at www.fuchs-oil.com/director_dealings.html

As per Section 15a of the German Securities Trading Act (WpHG), members of the Executive Board and the Supervisory Board are legally obliged to declare any acquisition or sale of shares in FUCHS PETROLUB AG or any other related financial instruments if the value of these transactions conducted by the members or persons related to them reaches or exceeds the sum of €5,000 within one calendar year. The transactions reported to FUCHS PETROLUB AG in the reporting year were duly published and can be viewed on the company's website at www.fuchs-oil.com/director_dealings.html.

SHAREHOLDERS AND THE ANNUAL GENERAL MEETING

FUCHS PETROLUB AG has issued both ordinary and preference shares. The holders of ordinary shares represented at the Annual General Meeting reach decisions on all tasks assigned to them by law (for example appropriation of earnings, amendments to the Articles of Association, election of members of the Supervisory Board, approval of the Executive Board and the Supervisory Board, measures affecting the capital structure and selection of the auditor). Each ordinary share authorizes the holder to one vote. The Schutzgemeinschaft Familie Fuchs holds around 51.7 % of the ordinary shares. While the preference shares only grant voting rights in the cases prescribed by law, they grant the holders a preference right on the distribution of unappropriated profit and entitle them to an additional dividend (preference).

The holders of ordinary and preference shares exercise their codetermination and control rights at the Annual General Meeting held at least once a year. In compliance with the statutory and legal conditions, every shareholder is entitled to participate in the Annual General Meeting. Shareholders who do not wish to or are unable to attend the Annual General Meeting in person can have their voting right exercised by a voting representative (proxy), such as a bank, a shareholders' association or a voting representative appointed by the company, by granting a power of attorney.

The Regular Annual General Meeting typically takes place in May. The reports, documents and information required by the law on Annual General Meetings, including the annual report, can be accessed on the Internet, where the agenda of the Annual General Meeting and any counter-motions or nominations of shareholders to be made public can also be found.

In accordance with the Articles of Association, the Chairman of the Supervisory Board chairs the Annual General Meeting. He determines the order in which proceedings are conducted as well as the type and form of voting. He is also authorized to limit the shareholders' rights to pose questions and to speak for a reasonable period of time.

CORPORATE GOVERNANCE GUIDELINES

→ www
Further information at www.fuchs-oil.com/corporate_govern1.html

The Articles of Association of FUCHS PETROLUB AG, all Declarations of Conformity, the FUCHS Code of Conduct, the Declaration of Corporate Governance and further documentation on corporate governance, such as the Global Diversity Guideline or the FUCHS Sustainability Guideline, can be accessed on the Internet at www.fuchs-oil.com/corporate_govern1.html.

COMPLIANCE

We understand compliance to mean observing rights, laws and the company's Articles of Association, adhering to internal rules and standards, as well as making voluntary personal commitments. As a lubricant group with global operations and activities in the most diverse of business segments, FUCHS PETROLUB faces continuous competition. We accept the challenge of this competition without any constraints. For us, fair competition is the foundation of integrity and progress. It opens up new possibilities and development opportunities for us in the market.

The main guideline for the actions of all employees is observing applicable law. The management and employees are called upon without exception to observe applicable laws, directives and social standards within the scope of their duties, regardless of whether these are international or local regulations. Unlawful behavior harbors the risk of damaging the company's image, weakening our market position and even causing us economic harm.

The Corporate Governance and Compliance divisions report directly to the Executive Board. These include a Chief Compliance Officer and a Compliance Organization, which together further develop, guide and implement the Compliance Program, as well as supporting and advising employees all over the world. There is a Compliance Officer for each national unit, who is also available to local staff as a contact for individual questions.

Compliance in the sense of measures for compliance with applicable laws and observation of internal guidelines by the Group companies is a key management duty of the Executive Board. The Executive Board laid out its requirements in terms of honest and professional behavior in 2004 in the form of the FUCHS Code of Conduct, which is applicable throughout the Group. The FUCHS Code of Conduct was revised in the reporting year 2012. Besides general revisions, particular emphasis was placed on anchoring the importance of the five elementary values of trust, creating value, respect, reliability, and integrity in the new FUCHS mission statement. The FUCHS Code of Conduct represents a binding framework for ensuring lawful and social-ethical behavior. It is supplemented by information and training measures, the consistent processing and sanctioning of compliance infringements, a Compliance Hotline for reporting criminal or anti-cartel infringements against laws or guidelines, regular compliance reporting, as well as by the compliance-related inspection procedures of the internal audit department. For the Compliance Hotline, an external law firm is available, whose employees forward any information immediately to the Chief Compliance Officer.

With our Compliance Program, we have taken far-reaching measures to ensure compliance with anti-corruption and anti-cartel legislation, as well as the Group guidelines based on this. Cartel violations or violations against the regulations combating corruption are not tolerated in any form and lead to sanctions against the staff in question. All FUCHS employees are required to actively contribute to implementing the Compliance Program in their area of responsibility. The Compliance System at FUCHS PETROLUB AG is regularly reviewed and amended as necessary.

MODEL FOR RESPONSIBLE ACTIONS IN THE ECONOMY – COMMITMENT TO SUSTAINABLE, SUCCESS-DRIVEN AND VALUE-ORIENTED CORPORATE GOVERNANCE

FUCHS PETROLUB AG subscribes to an initiative of German economic leaders that presented a model for responsible actions in the economy in November 2010 under the patronage of the Wittenberg Center for Global Ethics. As a subscriber to the model, the Executive Board is committed to a success-driven and value-oriented system of corporate governance in the sense of the social market economy. Based on the model, this includes fair competition, social partnership, the performance principle and sustainability. In addition to this, the model explicitly addresses critical points being discussed in the public arena, such as profits, morals, downsizing, manager remuneration and rule infringements.

The model expresses a common leadership position and thereby offers general orientation for responsible actions. This common basic understanding is in line with the five central values practiced at FUCHS: Trust, creating value, respect, reliability, and integrity. These values are considered to be a benchmark for internal objectives and form the basis for individual actions.

Besides the internal implementation of the principles anchored in the model, FUCHS PETROLUB AG also supports the necessary exchange with the public as a way of making the common standards transparent for managers and thereby regaining trust in the economy.

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Sustainability report

With special technologies and application-specific, emission-reducing and environmentally sound lubricant products, the FUCHS PETROLUB Group makes a contribution to the conservation of resources and thereby to sustainability in economic and ecological areas. FUCHS considers sustainability as a core element of sound corporate governance, in which the economic, ecological and social aspects are examined, harmonized and respected. Please refer to the following sustainability report for more details on this.

MONITORING AND RISK MANAGEMENT

Sound corporate governance also includes responsible handling of risks by the company. The Executive Board ensures appropriate risk management and risk controlling in the company. Systematic risk management within the scope of our value-driven corporate governance ensures that risks are detected and assessed early on and that any risk items are optimized in good time. The Supervisory Board is informed regularly by the Executive Board of existing risks, their development and any measures that have been taken in this regard. The Audit Committee, set up by the Supervisory Board, regularly monitors the financial accounting process and examines the effectiveness of the internal control system, risk management system and audit system, as well as monitoring the audit. The internal control system, the risk management system and the internal audit system are continuously further developed and brought in line with the ever changing framework conditions.

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Risk report

You can find details on risk management in the FUCHS PETROLUB Group in the risk report (separate chapter in the Group management report). This contains the report on the accounting-based internal monitoring and risk management system required pursuant to Section 289 (5) and Section 315 (2), no. 5 of the German Commercial Code (HGB).

HIGH DEGREE OF TRANSPARENCY THROUGH COMPREHENSIVE INFORMATION

FUCHS PETROLUB AG places great emphasis on keeping capital market participants up-to-date on the economic situation in the Group and key events through regular, prompt, uniform and comprehensive information. This reporting takes the form of the annual report, the semi-annual financial report and quarterly reports. All publications are made available within the specified deadlines.
In addition to this, FUCHS PETROLUB AG also provides information through scheduled and, where necessary, ad-hoc press releases. All information can be viewed on the Internet (website: www.fuchs-oil.com). This website also offers a financial calendar that contains the planned dates and times of all important events and publications.

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mobile.fuchs-oil.com

Where directors' dealings are to be reported, these are also published on the website.

FUCHS PETROLUB AG has created the mandatory insider directory in accordance with Section 15 b of the German Securities Trading Act (WpHG) and informed the affected persons, for whom access to insider information is essential to be able to perform their duties at FUCHS PETROLUB AG, of their legal obligations and the sanctions faced by anyone failing to comply with the regulations.

The members of the Executive Board and Supervisory Board are committed to the interests of the company. In reaching their decisions, they must neither pursue any personal interests nor business opportunities available to the company for their own personal gain. Any conflicts of interest must be declared to the Supervisory Board immediately. If applicable, the Annual General Meeting is also to be informed of conflicts of interest that have occurred and how they are being handled. There were no such conflicts of interest in the reporting year.

ACCOUNTING AND AUDIT

The consolidated financial statements and interim financial reports of FUCHS PETROLUB AG are prepared in accordance with the International Financial Reporting Standards (IFRS) in the way in which they are to be applied in the European Union. The statutory annual financial statements of FUCHS PETROLUB AG, relevant for the distribution of dividends are prepared in accordance with the provisions of the German Commercial Code (HGB). After preparation by the Executive Board, the annual report and consolidated financial statements are audited by the auditor appointed at the Annual General Meeting (2012: KPMG Wirtschaftsprüfungsgesellschaft Aktiengesellschaft, Berlin, Mannheim branch) and the consolidated financial statements accepted and the annual financial statements approved by the Supervisory Board. The interim financial reports and semi-annual financial report are discussed with the Audit Committee prior to publication.

An agreement is reached with the auditor that he will inform the Chairman of the Supervisory Board and the Chairman of the Audit Committee shall be advised immediately of any issues uncovered during the audit that might give rise to statements of exclusion or reservation in the auditors' report, unless these issues can be resolved forthwith. The auditor is also to immediately report on all findings or conclusions important for the duties of the Supervisory Board that become apparent when performing the audit. The auditor is also to inform the Supervisory Board or make a note in the auditor's report if he detects any facts while performing the audit that render any part of the Declaration of Conformity submitted by the Executive Board and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG) inaccurate.

TEXT OF THE DECLARATION OF CONFORMITY DATED DECEMBER 14, 2012

Declaration of Conformity, in accordance with Section 161 of the German Stock Corporation Act (AktG)

FUCHS PETROLUB AG complies with all recommendations of the "Government commission on the German Corporate Governance Code" in the version valid since June 15, 2012 (also in future) with the following exception:

Section 5.4.3

As per Section 5.4.3 of the Code, elections to appoint members of the Supervisory Board should take the form of individual elections. Within the scope of the process for changing its corporate form to a European Company (SE), FUCHS PETROLUB decided to appoint the four shareholder representatives of the first Supervisory Board at FUCHS PETROLUB SE through the company's Articles of Association. This complies with the option provided in the legislation for the appointment of members to the first Supervisory Board at an SE (Article 40 (2) sentence 2 of the SE Regulation). This option therefore only refers to the appointment of the first Supervisory Board at the future FUCHS PETROLUB SE. No further statement regarding the future is linked to this decision.

Mannheim, December 14, 2012

Dr. Jürgen Hambrecht
Chairman of the Supervisory Board

Stefan R. Fuchs
Chairman of the Executive Board

www
Further information at www.fuchs-oil.com/declarationconformity.html

The current Declaration of Conformity, as well as all previous Declarations of Conformity, can be accessed at any time on the Internet at www.fuchs-oil.com/declarationconformity.html.

Mannheim, March 19, 2013

FUCHS PETROLUB AG

The Executive Board

MAIN FEATURES OF THE COMPENSATION SYSTEM OF FUCHS PETROLUB AG FOR MEMBERS OF THE EXECUTIVE BODIES*

COMPENSATION FOR MEMBERS OF THE EXECUTIVE BOARD

The compensation of the members of the Executive Board is based on the following criteria:

- the duties of the individual board member,
- their personal performance,
- the economic situation of the company,
- the success and future perspectives of the company,
- the reasonableness of the compensation, taking into account comparable external data,
- the compensation structure applied at the company.

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FUCHS Value Added

The performance-related compensation component is based on the principle of sustainability. As an indicator of sustainable company development, the FVA is based both on annual profit and capital employed, which itself is based on long-term decisions (capital expenditure, research and development, etc.). Sustainable economic success as a parameter for compensation has been and remains at the heart of the management philosophy in place at FUCHS.

To better incorporate the need for a more comprehensive assessment basis which extends over several years when assessing the variable compensation component, the FVA has been extended to include a performance factor. The long-term performance of the Executive Board is determined on the basis of achievement of medium and long-term targets. These targets are aligned to the strategic guidelines at FUCHS and are agreed for the entire Executive Board.

The members of the Executive Board also receive additional benefits in the form of remuneration in kind. These benefits essentially consist of private use of company cars and payment of insurance premiums. These are available to all members of the Executive Board in the same way.

* Part of the Group management report

The pension of Executive Board members is based on a percentage of the average fixed salary received by said members over the last three years prior to termination of their employment contract. This percentage increases successively with the duration of service of the Executive Board member. Pensions are paid to former members of the Executive Board who have reached the pension age.

The existing compensation system has been in force since January 1, 2010. In the interests of ensuring acceptance, the Executive Board and Supervisory Board sought the consent of the shareholders for the new Executive Board compensation system at the Annual General Meeting on May 5, 2010. This consultative AGM resolution was met with 94.87 % approval.

COMPENSATION FOR MEMBERS OF THE SUPERVISORY BOARD

The compensation of the Supervisory Board is specified in the FUCHS PETROLUB AG Articles of Association. These state that each member of the Supervisory Board shall receive fixed compensation of €30,000 for the last year, in addition to expenses, and a variable compensation linked to the success of the company of €100 for every €0.01 by which the disclosed average earnings per share exceed €0.53. The level of variable compensation may not exceed that of the fixed compensation. The Chairman of the Supervisory Board receives double these compensations and the Deputy Chairman one and a half times. Members of the Supervisory Board who have not been a member of the body for a full financial year receive compensation in accordance with the amount of time they have belonged to the Supervisory Board. Furthermore, each member of the Supervisory Board shall receive an attendance allowance of €1,000 per Supervisory Board meeting. Members of the Supervisory Board who also sit on the Audit Committee receive additional fixed compensation of €15,000, while those who also sit on the Personnel Committee receive additional fixed compensation of €5,000. An attendance allowance of €1,000 is paid for committee meetings. The Committee Chairman receives double these compensations, the Deputy Chairman one and a half times.

» The sustainable expansion of our company value is not just a task that concerns the Executive Board. The ability of our employees to identify opportunities and accurately assess risks is what makes us successful in the long term. «

Scott Aulinskis, Sales Engineer, FUCHS LUBRICANTS, Chicago, USA

€208 million

is the Group's central key performance indicator, the value-driven incentive system FUCHS Value Added.

Sustainability report

FUCHS PETROLUB understands sustainability as a self-commitment and key element of a success-based and value-oriented system of corporate management. The scarcity of resources and the responsibility towards future generations are a particular focus of corporate action. We strive to create added value using fewer resources – while meeting our economic, ecological and social responsibilities – to secure the long-term success and the continued existence of our company in future. FUCHS implements these main objectives in the three areas of sustainability.

ECONOMIC RESPONSIBILITY

FUCHS recognizes sustainability in economic activities as a principle of long-term business strategy and assurance, and is committed to a continuous and sustainable increase in company value, as well as creation of shareholder value. At the same time, we pursue a sustainable dividend policy, which targets continuous increases or at the very least stable dividend payouts to our shareholders.

In the sense of these objectives, FUCHS has chosen the following financial key figures as economic sustainability key performance indicators (KPIs): FVA, EBIT, net operating working capital (NOWC), and the total dividend payout. In the reporting year, the Group was able to increase FVA by 11.9 % over 2011 to €208.2 million. The two main factors that influence FVA developed in the right direction. EBIT increased by 11.2 % over 2011 to €293.0 million (263.5), while NOWC, which has an impact on capital costs, recorded a slight decline relative to sales revenues to 21.0 % (21.1 %). Due to the disproportionately low increase in capital employed, the added value for shareholders enjoyed stronger growth than EBIT. The total Group dividend payout will increase by 30.3 % to €91.6 million (70.3).

ECONOMIC KPIS

	2012	2011	2010
FUCHS Value Added (FVA) in € million	208.2	186.0	182.7
Eearnings before interest and tax (EBIT) in € milion	293.0	263.5	250.1
Net operating working capital (NOWC) in %	21.0	21.1	19.0
Total dividend payout in € million*	91.6	70.3	63.2

* Dividend proposal for 2012 at the Annual General Meeting.

ECOLOGICAL RESPONSIBILITY

The main task of lubricants is to reduce friction and offer wear protection, which extends machine runtimes and thereby protects raw materials. FUCHS develops, produces, and distributes application-specific and emission-reducing lubricants, some of which use renewable raw materials. In so doing, the Group makes a contribution to reducing energy requirements, preserving resources, and thereby to sustainability in the ecological sense. Due to the low level of vertical integration that we employ as a provider at the end of the process and value chain, our lubricant manufacturing activities leave behind only a minor ecological footprint.

FUCHS pays particular attention to responsible handling of energy, water, and waste. We have therefore also stipulated these key figures as ecological sustainability KPIs. Energy and water consumption, as well as the waste generated at the FUCHS production locations, are already relatively low in comparison with the average in the chemicals industry. Between 2010 and 2012, FUCHS was able to lower the energy and water consumption per ton of lubricant produced and also to maintain a constant level of waste generated. In this timeframe, it was also possible to reduce the proportion of chemical waste relative to the total waste generated to 21 kilogram per ton of lubricant output.

ECOLOGICAL KPIS*

	2012	2011	2010
Energy consumption in kilowatt hours per ton produced	270	274	292
Water consumption in liters per ton produced	319	305	325
Waste generation in kilograms per ton produced	27	27	26

* Basis: FUCHS production locations.

SOCIAL RESPONSIBILITY

FUCHS is aware of its internal and external social responsibility, and takes these aspects into account in its activities.

In the internal social field, FUCHS addresses a wide range of challenges, in particular those associated with the demographic shift. One important task in this regard is to ensure that as many positions as possible and not only key functions are filled by the right mix of junior and experienced staff. On the other hand, the expertise gained in the course of a career cannot simply be replaced. Our objective is therefore to train young employees, develop and promote talented potentials, and strengthen and conserve the physical and mental performance, particularly of older employees. This we achieve for example by using appropriate occupational and health safety systems.

The Group also strives to keep qualified employees loyal to the company in the long term through targeted measures and, whenever possible, fills positions that become vacant with employees from within the company. Here we place particular emphasis on the appropriate consideration of women when filling management positions.

In the sense of these objectives, FUCHS pushed forward its global and local talent management concepts, as well as projects in the field of health management and further education in 2012.

Our sustainability KPIs include the age, as well as the age structure of employees, their average length of service, the employee fluctuation, the number of work-related accidents, the number of days lost due to sickness, the proportion of women in management positions, and the number of further education hours per employee.

The average age of the employees working at FUCHS’ worldwide production locations in the reporting year (Group representativeness: 90 %) was 43 and, just like the age structure, has remained constant since 2010. With a share of around 26 %, the age group of FUCHS employees over 50 displays a fairly typical structure for an industrial enterprise.

The average length of service and the employee fluctuation are indicators of the satisfaction and the high degree of loyalty of our employees with the company. The average length of service of our employees remained constant between 2010 and 2012 at eleven years. At just 3.8 %, the employee fluctuation was already low in 2010 and fell even further to 3.5 % in the reporting year 2012.

We were also able to continuously reduce the number of work-related accidents per 1,000 employees from 17 in 2010 to 14 in the reporting year. The average number of days lost due to sickness per employee has remained constant over the last three years at seven days on average.

We succeeded in increasing the proportion of women in management positions at the FUCHS PETROLUB Group's worldwide production locations from 18 % in 2010 and 2011 to 19 % in the reporting year. Providing further education for our employees is a key element of our sustainable personnel policy. The internal and external further education measures that FUCHS offers comprise seminars, workshops, courses, legally required training, as well as in-house training, for example within our FUCHS ACADEMY. We have been able to increase this value from 8.0 to 15.4 hours within two years.

SOCIAL KPIS*

	2012	2011	2010
Average age of employees in years	43	43	43
Age structure of employees in %			
<30 years	15	14	13
31–40 years	27	29	30
41–50 years	32	31	32
>50 years	26	26	25
Average length of service of employees in years	11	11	11
Employee fluctuation[1] in %	3.5	4.2	3.8
Work-related accidents[2] per 1,000 employees	14	16	17
Days lost due to sickness per employee	7	7	7
Proportion of women in management positions in %	19	18	18
Average further education per employee in hours	15.4	11.0	8.0

* Basis: FUCHS production locations (Group representativeness: 90 %).
[1] Proportion of employees who voluntarily leave the company.
[2] Number of accidents with more than three days lost.

In the external social field, FUCHS subscribes to the idea that companies should not be committed solely to economic success, but equally also carry social responsibility. We therefore support social and voluntary engagement in a number of ways at our various company locations and promote academic, social, and cultural projects both nationally and internationally.

At the Group's headquarters we promote academic exchange through establishment of a foundation-endowed Chair at the University of Mannheim, together with four other listed companies in the metropolitan region. In the cultural arena, we have been providing support for many years inter alia to the Mannheim National Theater, the oldest municipal theater and largest four-theme theatrical venue in Germany. In addition to this, FUCHS provides funding for social projects operated by non-profit institutions in Mannheim. This FUCHS sponsorship award was presented for the 13th time in succession in the reporting year.

Information required under takeover law pursuant to Section 315 (4) of the German Commercial Code (HGB)*

Section 315 (4) of the German Commercial Code (HGB) stipulates additional disclosures in the Group management report regarding specific features of the capital and shareholder structure as well as specific agreements that might be significant in a takeover situation.

COMPOSITION OF THE SHARE CAPITAL

As at December 31, 2012, the company's subscribed capital was €70,980,000. The share capital is divided into 35,490,000 bearer ordinary shares with no par value and 35,490,000 bearer preference shares with no par value. The percentage of share capital in the company is therefore 50 % per share class. Each share is assigned a nominal value of €1 on the balance sheet date. The ordinary shares grant the rights provided for by the German Stock Corporation Act (AktG). The preference shares grant the same rights, with the exception of the voting right. The rights and duties of the shareholders are based on the regulations of the German Stock Corporation Act (AktG), in particular Sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act (AktG).

In accordance with the company's Articles of Association, the unappropriated profit is used in the following order:

a. for payment of any remaining profit shares on the non-voting shares from previous years
b. for payment of a preference profit share of €0.05 per preference share of no par value
c. for payment of an initial profit share of €0.03 per ordinary share of no par value
d. for equal payment of further profit shares on the ordinary shares and the non-voting shares, unless the Annual General Meeting decides on another use.

LIMITATIONS THAT AFFECT VOTING RIGHTS OR THE TRANSFER OF SHARES

Together with members of the Fuchs family, RUDOLF FUCHS GMBH & CO KG, Mannheim forms the Schutzgemeinschaft Fuchs. Within the Schutzgemeinschaft Fuchs there are limitations with regard to the exercising of voting rights and the transfer of shares. The voting rights of all members in the Schutzgemeinschaft Fuchs are exercised uniformly by the management of the Schutzgemeinschaft. In the case of paid and free of charge transfer of shares from members of the Fuchs family or RUDOLF FUCHS GMBH & CO KG to third parties, the shares must first be offered internally within the Schutzgemeinschaft.

In addition to this, RUDOLF FUCHS GMBH & CO KG and several members of the Schutzgemeinschaft Fuchs also concluded a voting trust and escrow agreement. Based on this, shares may only be transferred to signatories of this voting trust and escrow agreement.

INVESTMENTS IN THE CAPITAL THAT EXCEED 10 % OF VOTING RIGHTS

The following direct or indirect investments in the company's capital exceed 10 % of the voting rights.

* Part of the Group management report

The Schutzgemeinschaft Fuchs holds the majority of the capital stock with voting rights. RUDOLF FUCHS GMBH & CO KG holds 47.16 % of the voting rights. The individuals who are members of the Fuchs family hold a further 4.58 %. The Schutzgemeinschaft Fuchs therefore holds 51.74 % of the voting shares in total.

SHARES WITH SPECIAL RIGHTS WHICH CONFER SUPERVISORY POWERS

There are no shares with special rights which confer supervisory powers.

TYPE OF VOTING RIGHTS CONTROL WHEN EMPLOYEES PARTICIPATE IN THE CAPITAL AND DO NOT DIRECTLY EXERCISE THEIR CONTROL RIGHTS

As is the case with other shareholders, those employees that participate in the company's capital can exercise their control rights directly pursuant to the legal requirements and terms of the company's Articles of Association.

LEGAL REQUIREMENTS AND TERMS OF THE COMPANY'S ARTICLES OF ASSOCIATION REGARDING THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE EXECUTIVE BOARD AND CHANGES TO THE ARTICLES OF ASSOCIATION

The company's Articles of Association in their current form concur with the legal requirements pursuant to Section 84, 179 of the German Stock Corporation Act (AktG) with regard to the appointment and dismissal of board members and amendments to the Articles of Association.

AUTHORITY OF THE EXECUTIVE BOARD TO ISSUE AND BUY BACK SHARES

The company's Articles of Association contain an authorized capital. The Executive Board is authorized, with the Supervisory Board's consent, to increase the share capital of the company by up to €35,490,000 in one or several tranches until May 5, 2014 by issuing up to 35,490,000 new, no-par-value bearer shares in exchange for cash or non-cash contributions. Ordinary and/or preference shares with no voting right can be issued.

SIGNIFICANT COMPANY AGREEMENTS THAT ARE IN PLACE IN THE EVENT OF A CHANGE IN CONTROL AS A RESULT OF A TAKEOVER BID

The company has reached agreements with two banks that enable the termination or repayment of lines of credit/loans granted should there be a change in control, insofar as in light of the changes in ownership and control no agreement can be reached on the continuation of credit facilities.

COMPANY AGREEMENTS FOR COMPENSATION OF MEMBERS OF THE EXECUTIVE BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

At FUCHS, there are no agreements for compensation of the members of the Executive Board or employees in the event of a takeover bid.

FUCHS shares

Following encouraging development of the FUCHS shares in the first quarter, the price trend in the second quarter was rather volatile due to the economic downturn and the uncertainties resulting from the national debt crisis. Over the course of the second half of the year, the share markets then recorded positive development again, despite the less than favorable forecasts for the global economy. The recovery was also reflected in the development of the FUCHS shares.

PRICE TREND OF THE FUCHS SHARES

The ordinary share closed at €53.00 in XETRA trading on December 28, 2012 and was therefore 76% above the 2011 year-end price.

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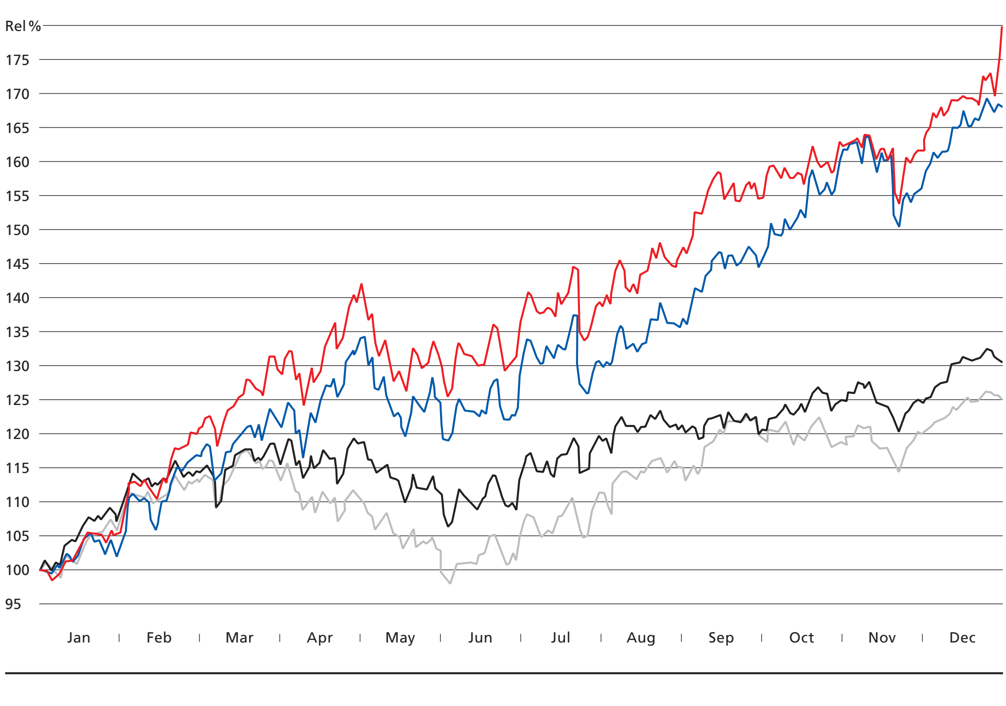
The preference share closed at €56.19, thus also registering an increase of 66.1%. The DAX and **MDAX** gained 29.1% and 33.9% respectively over the same period.

The market capitalization of FUCHS shares was €3.9 billion (2.3) as at December 31, 2012.

PRICE TREND OF ORDINARY AND PREFERENCE SHARES IN COMPARISON WITH DAX AND MDAX (JANUARY 1, 2012 – DECEMBER 31, 2012)



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HIGHER TRADING VOLUMES DESPITE LESS THAN FAVORABLE FORECASTS FOR THE GLOBAL ECONOMY

Trading volumes of FUCHS shares increased further in 2012. The traded volume rose by 6.5% from €1,448.4 million in 2011 to €1,543.0 million in 2012.

The average daily turnover of the ordinary share decreased from €1,069 thousand to €888 thousand, while the preference share enjoyed an increase in daily turnover from €4,567 thousand to €5,187 thousand and thereby reached a new record level.

TRADING LOCATIONS OF FUCHS SHARES

FUCHS shares are listed for official trading on the Frankfurt and Stuttgart Stock Exchanges in Germany. They are also included in the XETRA electronic trading system.

At the end of 2012, two FUCHS PETROLUB AG shares were in circulation:

Share category	Security ID No.	Stock exchange
Ordinary share	579040	Frankfurt am Main, Stuttgart
Preference share	579043	Frankfurt am Main, Stuttgart

The ordinary shares and preference shares of FUCHS PETROLUB AG have been listed in the Prime Standard of the German stock market since January 1, 2003.

ORDINARY SHARE ON THE DAXPLUS FAMILY 30

The DAXplus Family Index of the German stock exchange represents the development of 118 listed family businesses. The index contains all German and international companies from the Prime Standard of the Frankfurt Stock Exchange.

The DAXplus Family 30, in which the FUCHS ordinary shares have been included since the index was founded in 2010, encompasses the 30 largest and most liquid family businesses.

PREFERENCE SHARE ON THE MDAX

In the ranking list, the FUCHS preference share consistently improved its position since its inclusion in the MDAX up to the end of 2012, both in terms of market capitalization and trading volume – the two most important index criteria. The preference shares, 100% of which are freely floated, have been a member of the second largest German share index, the MDAX, since June 2008. The MDAX includes 50 medium-sized German companies, predominantly from the traditional sectors.

PREFERENCE SHARE IN THE STOXX EUROPE 600

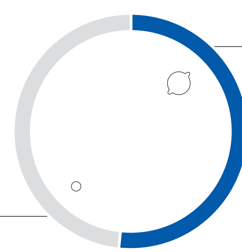
In September 2011, the preference share was included in the STOXX Europe 600. The STOXX Europe 600 is a share index reflecting the development of large-cap, mid-cap and small-cap companies from all sectors. The index includes the shares of 600 companies from 18 European countries.

SHAREHOLDER STRUCTURE

On December 31, 2012, the proportion of ordinary voting shares held by the Schutzgemeinschaft Familie Fuchs was 51.7%. In relation to the total capital stock (ordinary and preference shares), the free float is nearly 75%. It is spread almost evenly among institutional and private investors. An appreciable portion of the total capital stock is held abroad.

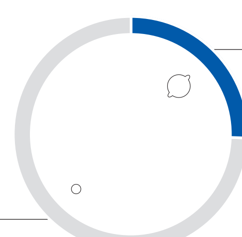
BREAKDOWN OF SHAREHOLDERS AS AT DECEMBER 31, 2012

ORDINARY SHARES



Basis: 35,490,000 shares
(ordinary shares)

TOTAL CAPITAL STOCK



Basis: 70,980,000 shares
(ordinary and preference shares)

CONTINUED HIGH LEVEL OF RESEARCH INTEREST IN FUCHS PETROLUB

The attractiveness of FUCHS shares increased further over the course of the year. This was reflected in the continued increase in interest on the part of investors and the resultant rise in research activities of 20 analysts: Baader Bank, Bankhaus Lampe, Commerzbank, Cheuvreux Crédit Agricole, Deutsche Bank, DZ-Bank, equinet Bank, Goldman Sachs, Hauck & Aufhäuser Institutional Research, HSBC Trinkaus & Burkhardt, Independent Research, Kepler Capital Markets, LBBW, Metzler Equity Research, Macquarie Securities Europe, MainFirst Bank, Silvia Quandt Research, Steubing AG, and Warburg Research.

→ www

Further information at www.fuchs-oil.com/analystscoverage0.html

INTENSIVE COMMUNICATION WITH INTERNATIONAL FINANCIAL AUDIENCE

We catered to the growing desire for information on the part of institutional investors by participating in 14 financial conferences, as well as holding eleven roadshows in Europe, the US and Canada. Some 275 face-to-face talks were held with institutional investors and fund managers, both in Germany and overseas. Financial analysts were able to learn about the latest company development on the respective publication dates in analysts' conferences and telephone conferences. In addition to this, the company's management team was available to institutional investors and analysts in many personal discussions.

During a FUCHS analysts' conference, held for the thirteenth time, financial analysts that include FUCHS in their research portfolio had the opportunity to take a tour of the Technology Center at FUCHS in Mannheim, which was opened in 2012, as well as gain insight into our production operations and high rack warehouse.

The business and financial press were kept continuously up-to-date through press conferences, telephone conferences, and press releases. Beside this, there was great interest in interviewing the company management.

The key forums for communication with private investors include our Annual General Meeting in Mannheim with over 1,500 shareholders and the information event traditionally held in Zurich with over 100 participants. The sixth Mannheim Capital Market Forum, an event held every two years at which the listed companies in Mannheim – including FUCHS PETROLUB – present themselves, took place in the Rosengarten Congress Center on September 10, 2012 and was attended by numerous private investors.

→ www
Further information at www.fuchs-oil.com/investor_relations0.html

With continuously improved applications in the Investor Relations section, the Internet still plays a key part in overall communication. In 2012, the FUCHS website received more than 430,000 visitors.

AWARDS FOR SUCCESSFUL INVESTOR RELATIONS WORK

In 2012, the FUCHS 2011 annual report was very successful at the Vision Awards, organized by the US League of American Communications Professionals (LACP). The report received gold status and was also included in the ranking of the "Top 50 German Reports". A total of 5,500 annual reports from more than 24 countries were submitted – one of the highest numbers since the competition was launched. The FUCHS annual report prevailed against stiff competition, in particular thanks to its quality and exceptional performance in the field of financial communication.

In the "Best Investor Relations in Germany – BIRD 2012" award presented by the financial and investor magazine "Börse Online" we came out tenth in the MDAX category, thereby achieving position 30 in the overall ranking of the 160 largest listed companies in Germany. A total of 45 companies received the requisite number of votes. The factors assessed here include direct dialog with private investors via telephone, e-mail, at the Annual General Meeting and at other shareholder events or on the Internet. The credibility and comprehensibility of communication are important criteria when rating investor relations work.

EARNINGS PER SHARE

→ 63 Group management report

The Group recorded earnings after taxes of €207.3 million (183.1), which corresponds to an increase of 13.2%. The net profit margin amounts to 11.4% (11.1%).

Earnings per ordinary and preference share also increased by around 13.2% year-on-year to €2.90 (2.56) and €2.92 (2.58) respectively.

PROPOSAL TO INCREASE DIVIDENDS

→ 205 Proposal on the appropriation of profits

A proposal will be submitted at the Annual General Meeting on May 8, 2013 to increase the dividend by €0.30 per share compared to the previous year to €1.28 (0.98) per ordinary share and to €1.30 (1.00) per preference share. An increase in the total dividend payout to €91.6 million (70.3) would result in a dividend increase of around 30% per ordinary and preference share.

→ www Further information at www.fuchs-oil.com/analystscoverage0.html

KEY FIGURES FOR FUCHS PETROLUB SHARES

	2012		2011[8]	
	ORDINARY	PREFERENCE	ORDINARY	PREFERENCE
Number of no-par-value shares at €1	35,490,000	35,490,000	35,490,000	35,490,000
Average number of shares	35,490,000	35,490,000	35,490,000	35,490,000
Dividends (in €)	1.28[1]	1.30[1]	0.98	1.00
Dividend yield (in%)[2]	3.1	2.9	3.1	2.9
Earnings per share (in €)[3]	2.90	2.92	2.56	2.58
Gross cash flow per share (in €)[4]	3.09	3.09	1.90	1.90
Book value per share (in €)[5]	10.99	10.99	9.25	9.25
Closing price (in €) XETRA	53.0	56.19	30.12	33.82
Highest price (in €) XETRA	53.0	56.57	37.10	39.73
Lowest price (in €) XETRA	29.89	34.13	27.80	28.72
Average price (in €) XETRA	41.24	44.75	31.91	34.20
Average daily turnover (in € thousand) XETRA and Parkett	888	5,187	1,069	4,567
Market capitalization (in € million)[6]	3,875		2,269	
Price-to-earnings ratio[7]	14.2	15.3	12.5	12.3

[1] Proposal to the Annual General Meeting.
[2] Ratio of dividend to average annual share price.
[3] Ratio of earnings after deduction of minority interests to average number of shares.
[4] Relative to the average number of shares.
[5] Ratio of shareholders' equity to number of shares.
[6] Stock exchange values at the end of the year.
[7] Ratio of average price to earnings per share.
[8] Previous year's figures adjusted, see "Changes in the accounting policies" in the notes to the consolidated financial statements.

Our business model pays off. In the last ten years, FUCHS has doubled its sales revenues and multiplied its earnings.

WITH AN ADDITIONAL 104 NEW EMPLOYEES, IN 2012 THE TOTAL WORKFORCE IN THE 49 GROUP COMPANIES ROSE TO

3,773 **EMPLOYEES**

INVESTMENTS IN FIXED ASSETS HAVE VIRTUALLY DOUBLED YEAR-ON-YEAR, TO

€71.4 **MILLION**

2

GROUP MANAGEMENT REPORT[1]

[1] **The figures in parentheses refer to the same period of the previous year.**

Business and general conditions

STRATEGIC OBJECTIVES AND BUSINESS MODEL

FOCUS ON LUBRICANTS AND RELATED SPECIALTIES

FUCHS is a Group based in Germany with a total of 49 operating companies worldwide and more than 3,700 employees.

FUCHS is focused on the development, manufacture, marketing and sales of lubricants and related specialties. The Group's strategic goal is technological leadership in important niches and high-quality business segments. Within the scope of this strategy, tailor-made products with high customer benefit are developed and manufactured. FUCHS' business model is also characterized by an extensive portfolio of services. With its niche strategy, FUCHS differentiates itself from the vertically structured mineral oil companies, whose business model places particular emphasis on broad sales channels. Thanks to its size, international presence and strength of resources, FUCHS also enjoys an advantage over other independent lubricant suppliers, i. e. companies which are not part of a vertically structured group.

The portfolio encompasses around 10,000 products for all applications and industries, including mining, steel production, agriculture, the automotive industry, transport, mechanical engineering, everyday consumers and more. The broad range of products on offer covers the entire lubricant requirements of more than 100,000 customers and enables supply and support to come from a single source.

The high level of innovative power is a key driver in the business model. Around one in ten employees works in research and development. FUCHS engages in applied developments directly at customer locations. This allows lubricants to be adapted to customer processes or new lubricants to be developed at the same time as new machines and systems, in partnership with the customer.

Around 75% of sales revenues are generated through direct sales. The customer relationships, most of which have been in place for many years, allow services to be offered that are tailored specifically to customer requirements. The specialists working in sales have specific industry knowledge, which enables them to find solutions to specific issues both quickly and professionally.

An important success factor is the speed of reaction to market fluctuations. Our internal transparency and low investment intensity are of advantage here. Both of these factors make it easier to implement short-term capacity adjustments. The fast and service-oriented delivery of lubricants and related specialties to our customers provides particular clues regarding sales trends in the near future – not based on the number of own orders on hand, but rather on the general economic environment and the order situation in certain customer industries. Yet despite this, unforeseen fluctuations can still occur in the market and the environment at any time, as shown by the developments in 2008.

GREATER OPPORTUNITIES AND REDUCED RISKS THANKS TO REGIONAL MARKET DEVELOPMENT

A strong position in the European market forms the basis for the internationalization of FUCHS' business. Its broad product portfolio allows the Group to benefit from the growth potential in Asia, Africa, South America and Eastern Europe. FUCHS not only supports important customers seeking to enter new markets, but at the same time also wins new local customers with its tailor-made solutions. The diversification in regions and industries ensures that economic and industry cycles can be compensated.

The fields of technology partnership, niche applications and service represent strategically important growth areas. The Group is keen to grow further in these areas both through organic growth and, if possible, through acquisitions.

On the balance sheet date, there were 27 operating companies active in Europe and five subsidiaries active on the American continent. Customers in the Asia-Pacific, Africa region were supported by 17 subsidiaries.

The FUCHS PETROLUB Group employs a simple holding structure. The companies are generally held at 100% by FUCHS PETROLUB AG in Mannheim. This allows reporting paths to be kept short and also ensures efficient division of operational leadership and managerial duties under corporate law. We have 50% stakes in companies in Switzerland, Turkey and the Middle East, as well as one minority holding in Saudi Arabia.

The organizational and reporting structure at FUCHS is grouped according to the three geographic regions of Europe, North and South America, and Asia-Pacific, Africa. Functions such as production, purchasing, administration, research and development are bundled locally in these regions. Customers, on the other hand, are divided into consumer groups and then supported by corresponding specialists.

CONTROLLING SYSTEM

FUCHS VALUE ADDED AS A CENTRAL KEY PERFORMANCE INDICATOR

FUCHS pursues a value-driven growth strategy with long-term strategic goals. The central key performance indicator (KPI) employed is FUCHS Value Added (FVA), which is based both on income and capital investment. Management at local, regional and global level pays particularly close attention to the key drivers sales revenue, net contribution or gross margin, and development of other fixed and variable costs. Another focus is on capital employed. Here, particular importance is attached to controlling fixed assets through investment appraisals and monitoring resources tied through inventories and trade receivables. Locally adjusted capital costs are used to determine the costs of capital employed, as this allows different individual risks to be taken into account.

Consequently, all bonus payments made to local, regional and global management are aligned to the FVA key performance indicator. Only when positive added value has been generated in a financial year will an entitlement to bonus payment arise. The level of this bonus can depend on additional individual agreements and performance factors.

Operational management of the companies is also performed using a detailed system that monitors any deviation between target and actual figures in the budget. In the course of the annual budgeting process, goals are initially drawn up for companies and regions with regard to growth, net contribution or gross margin and development of other personnel and operating costs. A monthly target/actual comparison ensures that compliance with the budget goals is continuously tracked. When targets/goals are not achieved, the causes are promptly investigated, potential compensatory factors examined and corresponding measures introduced.

ECONOMIC FRAMEWORK: GENERAL AND SECTORAL

FORECASTS CONTINUE TO PREDICT ONLY MODERATE GROWTH IN THE GLOBAL ECONOMY

The global economy lost momentum during the course of 2012. According to the International Monetary Fund (IMF), the average increase in gross domestic product (GDP) is only being estimated at 3.2%. The speed of growth in the individual global regions also continued to vary quite markedly. The European Union (EU) fell into recession, while the US recorded only moderate growth and the dynamics in the emerging markets cooled off. Although the low point in global economic development seems to have been reached at the turn of 2012/13, uncertainties (in particular within the context of the sovereign debt crisis in the eurozone and the future fiscal course in the US) dominate the outlook. The IMF is forecasting a 3.5% increase in global GDP for 2013.

DIFFERENT DEVELOPMENT IN THE MAJOR INDUSTRIALIZED COUNTRIES

At 7.8% and 4.5% respectively, China and India both recorded lower economic growth in the reporting year than in 2011. According to the IMF, however, rapid expansion is likely to return to these areas in 2013. Growth for China is being forecast at more than 8%, while GDP in India is set to increase by around 6%. The overall economic performance in the EU decreased by 0.2% in 2012, although Germany was still able to record a 0.9% increase in GDP in the same year. A slight increase in GDP of 0.2% is being forecast for the EU in 2013 and German economic performance is likely to increase by 0.6%.

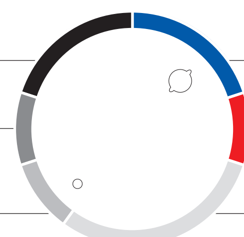
GLOBAL STEEL PRODUCTION REACHES NEW RECORD LEVEL IN 2012, DESPITE A DOWNTURN IN THE EUROPEAN MARKET AND IN GERMANY

According to data published by the World Steel Association, world crude steel production increased by 1.2% over 2011. This growth was primarily achieved in Asia (3.0%) and North America (2.5%), whereas production in the EU decreased in the period under review by 4.5%. After declining for four quarters in succession until September 2012, German crude steel production stabilized in the last quarter of the year. In total, 3.7% less steel was refined in Germany in the reporting period than in 2011. For 2013, the German Steel Trade Association (WV Stahl) is anticipating a slight upward movement and an increase in German crude steel production of around 1%. In terms of global production, the Association is even predicting an increase of around 4%.

GLOBAL ENGINEERING SECTOR GROWING AT ONLY A MODERATE PACE, WHILE IN GERMANY THE RECORD LEVEL RECORDED IN 2008 IS ACHIEVED AGAIN

Based on figures published by IMS Research, global machine production increased by 6.3% in 2012 and was thus not able to repeat the high level of growth recorded in the previous year. Although strong growth of around 7.5% was recorded in the regions of Asia-Pacific and North & South America, even in China the increase in production (9.1%) was still around 10 percentage points lower than in 2011. Based on IMS Research, this was a result of dwindling demand from Europe and the changes in monetary policy being implemented by various states. With estimated growth of 2%, the German engineering industry once again reached the record production level recorded in 2008 in the reporting year. According to the German Engineering Federation (VDMA), German machine builders are also expecting a further increase in production of 2% for 2013. Growth in machine production of around 3.5% is being forecast for both the European and the American Continent for 2013. This figure is well below the forecast for Asia-Pacific (approximately 9.5%). Consequently this would lead to a total global increase of around 5.5% for 2013.

BREAKDOWN OF GROUP SALES REVENUES BY SECTOR



* Manufacturing industry = producer goods, capital goods, consumer goods.

AUTOMOTIVE PRODUCTION ON GROWTH COURSE IN EMERGING COUNTRIES

According to Euler Hermes, worldwide automotive production increased by around 4% in the reporting year. The globally active global credit insurance group is forecasting similar global growth for 2013. Growth in the automotive sector is largely being driven by the emerging markets, especially China and India, not least because production and consumption increasingly shifted to these areas in the last few years. Based on estimates of the consultancy IHS, China is likely to produce more than 20 million vehicles for the first time in 2013 (+8%) and thereby take over from Europe as the world's largest production location. Production in Europe displayed a downward trend in 2012 (–5%) and is likely to decline by a further 3% to fewer than 19 million vehicles produced in 2013. IHS does not expect to see any recovery signs in Europe until 2014. According to data published by the German Association of the Automotive Industry (VDA), German passenger car production in 2012 comprised a volume of just under 5.4 million units (–4%), although this figure is likely to increase by around 1% in 2013.

GLOBAL CHEMICALS PRODUCTION CONTINUES ITS GROWTH TREND, DRIVEN PRIMARILY BY EMERGING COUNTRIES

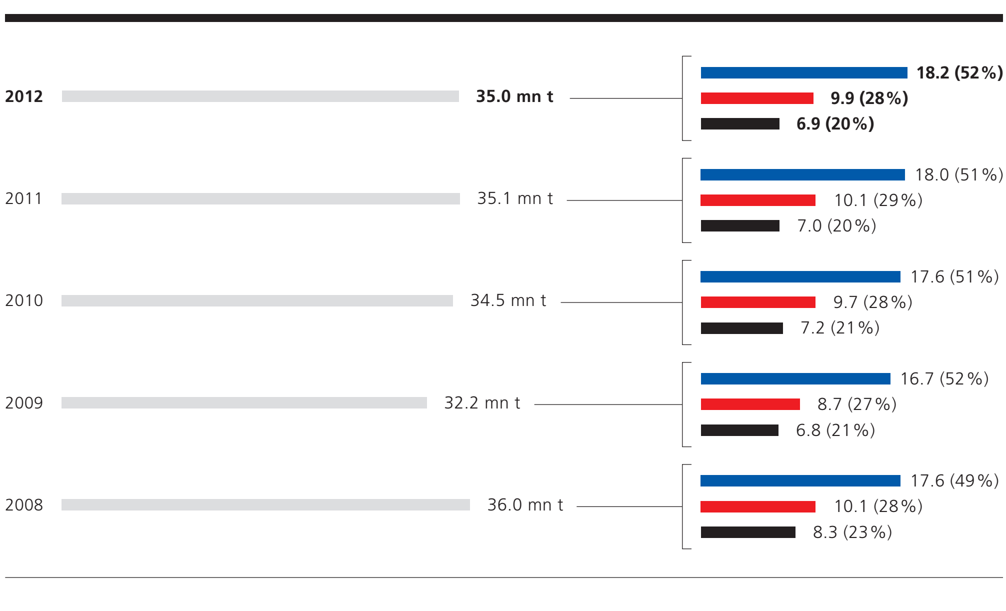
According to the Association of the German Chemical Industry (VCI), the increase in global chemicals production continued in 2012, although total production was still 2% lower in the reporting year than in 2011 (4.8%). This growth was primarily driven by the emerging markets in Asia, particularly China (+10.5%), while production in the US stagnated and production in the EU declined by 1.5%.

In Germany, the decrease even reached 3.1%. The VCI is expecting German chemicals production to increase by 1.5% again in 2013. The growth forecast for the EU is slightly weaker at 1.0%, while the US is expected to achieve an increase of 1.5%. Chinese chemicals production is likely to rise by 9.5%. The 2013 growth forecast for global chemical output is 3.5%.

GLOBAL LUBRICANT MARKET DECLINES SLIGHTLY, LUBRICANT DEMAND IN GERMANY DISPLAYS MARGINAL INCREASE

Global lubricant demand is estimated to have fallen by 0.5% in 2012 to a volume of just under 35 million tons. Demand in the industrialized countries of the USA, Japan, Germany, France, Italy and Spain, which together make up almost one third of global lubricant demand, is estimated to have fallen by around 4% compared with the previous year. With the exception of Germany, the aforementioned countries recorded different levels of decreases in volume. According to figures published by Germany's Federal Office of Economics and Export Control (BAFA), lubricant demand in Germany stagnated in 2012 at a level of around 1 million tons. In the reporting year 2012, the developing and emerging regions in Asia-Pacific and Latin America recorded volume increases of approximately 1% and 2% respectively over 2011. From today's perspective, we expect to see a volatile global development on the lubricants market for 2013 at around the same level as in the reporting year.

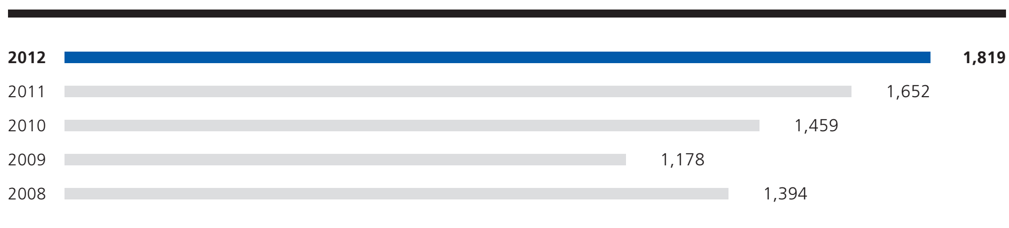
DISTRIBUTION OF THE GLOBAL LUBRICANT MARKET
By regions



Consolidated results of operations

SALES REVENUES

DEVELOPMENT OF GROUP SALES REVENUES
(in € million)



DOUBLE-DIGIT GROWTH IN SALES REVENUES

The FUCHS PETROLUB Group increased its sales revenues to €1,819.1 million in 2012. The comparable previous year's figure of €1,651.5 was therefore exceeded by €167.6 million or 10.1 %. At €107.0 million, almost two thirds of the increase in sales revenues can be attributed to organic growth. Added to this is an increase of €58.8 million due to currency translation effects and €1.8 million from external growth.

Growth factors	€ million	%
Organic growth	107.0	6.4
External growth	1.8	0.1
Effects of currency conversion	58.8	3.6
Growth in sales revenues	**167.6**	**10.1**

Due to the nature of our business model, it is not possible to reliably assess future business development based on orders on hand. This is because only a few days typically elapse between orders being received and revenue being generated. We therefore do not report on the development of orders on hand.

REGIONAL DEVELOPMENT OF SALES REVENUES BY COMPANY LOCATION

in € million	2012	2011	Organic growth	External growth	Currency effects	Change absolute	Change in %
Europe	1,080.7	1,006.7	63.3	1.8	8.9	74.0	7.4
Asia-Pacific, Africa	486.8	412.3	41.6	–	32.9	74.5	18.1
North and South America	320.3	282.6	20.4	–	17.3	37.7	13.3
Consolidation	–68.7	–50.1	–18.3	–	–0.3	–18.6	–
Total	**1,819.1**	**1,651.5**	**107.0**	**1.8**	**58.8**	**167.6**	**10.1**

DYNAMIC ORGANIC GROWTH IN ALL REGIONS

FUCHS recorded organic growth in all three global regions. Every region achieved an increase in sales volumes, although the relative increases varied due to weaker economic development in several countries. Added to this were sales price increases based on the costs of raw materials as a global driver.

The Executive Board had anticipated slight growth in the global economy and stable raw material costs in its revenue forecast for 2012. However, the actual development was characterized by appreciable price increases around the middle of the reporting year. The weakness of the euro relative to a large number of other currencies important to the Group was not anticipated.

However, the actual growth in sales revenues of 10.1% still significantly exceeded the long-term average growth rate of 4–5%. In addition to the unplanned inflation effects due to increases in raw material prices, the weakness of the euro also had an unanticipated, positive effect of 3.6% on Group sales revenues.

The relative weighting of sales revenues generated outside the eurozone therefore increased. The regional breakdown shows that the proportion of customers based in Europe declined to 52.7% (56.9%), while the two other regions increased their share. Customers based in the Asia-Pacific, Africa region increased their share of Group sales revenues to 29.4% (25.6%), while 17.9% (17.5%) of Group sales revenues were generated with customers in North and South America.

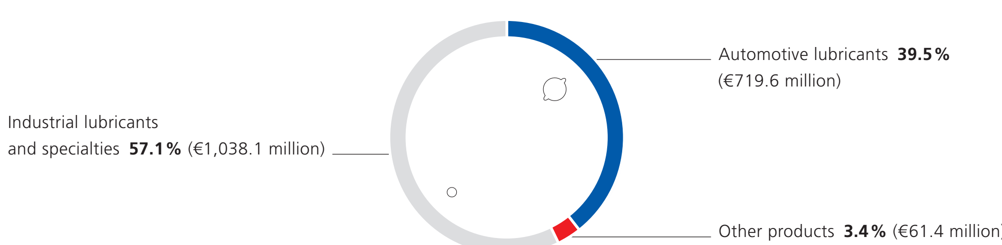
VERY HIGH GROWTH RATES CONTINUE IN ASIA-PACIFIC, AFRICA

Europe generated 7.4% or €74.0 million more in sales revenues in the reporting year than in the previous year. The increase to €1,080.7 million (1,006.7) was essentially driven by organic growth, which represented €63.3 million or 6.3%. Declining sales figures at individual companies within the region were offset by significant gains, above all in Germany, Great Britain and Russia. Higher average earnings, influenced by significant increases in raw material prices, were the main drivers of growth. The positive currency exchange effect of €8.9 million or 0.9% was primarily based on the increasing strength of the British pound against the euro.

The companies in Asia-Pacific, Africa recorded the highest absolute increases in sales volumes of all regions and, at the same time, the highest percentage of organic growth at 10.1% (+€41.6 million). Beside this, the strength of the Chinese Renminbi in particular, as well as the Australian dollar, generated additional revenue due to a positive currency translation effect of €32.9 million (8.0%). With total growth of 18.1% or €74.5 million, the region recorded sales revenues of €486.8 million in the financial year 2012 (412.3).

The Group generated encouraging growth in both volumes and sales revenues at its North American subsidiaries in 2012, whereas our companies in South America suffered due to a weak economic environment. The North and South America region achieved total organic growth of 7.2% or €20.4 million. In addition to this, the significant gains made by the US dollar relative to the euro provided a positive currency exchange effect. Taking into account the increase in Group sales revenues, due to currency translation effects of €17.3 million or 6.1%, the region increased its total sales revenues by €37.7 million or 13.3% to €320.3 million (282.6).

BREAKDOWN OF GROUP SALES REVENUES



CONSOLIDATED INCOME STATEMENT

EARNING POWER INCREASED FURTHER

Glossary page 206

2012 was once again an extremely successful year for the FUCHS PETROLUB Group. Sales revenues enjoyed double-digit growth (+10.1%) and earnings figures recorded a slightly disproportionate increase. The increase in earnings before interest and tax (**EBIT**) was 11.2%, while earnings after tax recorded an increase of 13.2%.

In line with the 10.1% increase in sales revenues driven by volumes, prices, and currencies, the Group increased its gross profit by 10.2% to €666.0 million (604.6).

However, expenses for personnel and material costs also increased at the same time. Freight costs, for example, rose in parallel with the increase in sales revenues. In the course of our growth initiative, we also increased our number of employees as planned. Primarily in the emerging markets, inflation in the field of wages and salaries also had an effect. In addition to this, the expansion of our facilities in important markets, as well as the modernization and expansion of activities in the field of research and development increased our cost base. As was the case with sales revenues, currency translation also had an effect here. Total expenses for selling, distribution, administration, as well as research and development increased by €29.4 million or 8.5% to €376.1 million (346.7).

The Group's other operating income and expenses of −€11.1 million (0.5) was impaired by special factors. In the context of restructuring our business in Great Britain, where in future we will run just one rather than two operating companies, pension liabilities were transferred to external pension providers. This led to expenses of €4.2 million. In addition, other operating income and expenses also encompassed restructuring and severance expenses of €2.0 million and expenses accrued within the context of the legal action regarding the shareholder dispute in the Middle East of €1.8 million.

EBIT before inclusion of companies consolidated at equity therefore increased by €20.4 million to €278.8 million (258.4) and the corresponding margin reached 15.3% (15.6%). Taking into account the income from companies consolidated at equity, the Group generated EBIT of €293.0 million (263.5). This €29.5 million increase in EBIT corresponds to growth of 11.2%.

With the comprehensive reduction in pension liabilities realized in the previous year and in light of the Group's sound liquidity situation, the €1.6 million recorded as net financial expenditure in 2012 was well below half of the previous year's figure (3.7). The 30.3% rate of taxation (30.1%) was slightly higher than the previous year and income taxes were €84.1 million (76.7).

The Group recorded earnings after taxes of €207.3 million (183.1), which corresponds to an increase of 13.2%. The net profit margin amounts to 11.4% (11.1%).

→ 50
FUCHS shares

Earnings per ordinary and preference share also increased by around 13.2% year-on-year to €2.90 (2.56) and €2.92 (2.58) respectively.

DISPROPORTIONATELY HIGH INCREASE IN EARNINGS WITH HIGH GROWTH RATES IN THE ASIA-PACIFIC, AFRICA REGION

With a difficult economic environment in various European countries, the Group companies in Europe did a great job in 2012. The region increased its segment earnings (EBIT) by €1.9 million or 1.4% to €133.6 million (131.7). Our companies in Great Britain, Germany and Russia were particularly successful.

In Asia-Pacific, Africa, most of the companies were able to generate appreciable, double-digit increases in earnings. The companies in China and South Africa in particular were able to further improve their good profitability. At €13.2 million (3.8), the companies consolidated at equity in the region were also able to make a significantly greater contribution than in the previous year. The previous year's figure was burdened by the expenses arising from the impairment of a doubtful receivable (€7.1 million). EBIT in this region was up €24.0 million or 33.0% to €96.3 million (72.3).

Although North and South America remained the smallest of the three Group regions in 2012, it was once again the most profitable region in relative terms. The companies in this region generated EBIT of €67.5 million (63.1), which corresponds to 7.0% more than in the previous year. The excellent development in North America was able to more than compensate for the problems in the economic environment in Argentina and Brazil.

KEY PERFORMANCE INDICATORS

THE INFLUENCING FACTORS OF FUCHS VALUE ADDED (FVA)

FUCHS uses its FUCHS Value Added (FVA) as a KPI for the purpose of value-oriented company management. The earnings position as well as the net assets and financial position are included in FVA. The earnings position is represented by earnings before interest and tax (EBIT). The net assets and financial position are reflected in the costs for the average capital employed. Only when the recorded EBIT is higher than the costs of capital employed has value been added.

As an earnings KPI and control variable for the operating business, EBIT is largely influenced by volumes, sales revenues, raw material costs, as well as personnel and operating expenses. As a figure stated before interest and taxes, EBIT has the advantage of making the operating output of companies comparable without being influenced by differences in local financing and taxation rates.

FUCHS calculates the capital tied up in the company, i.e. the average capital employed as the sum of shareholders' equity, financial liabilities and pension provisions, as well as the accumulated scheduled goodwill amortization of former years (up to 2004: €85.2 million). Cash and cash equivalents, as well as the asset surplus from outsourced pension liabilities if applicable, are deducted from this. The year-end figures of the reporting year and the previous year, together with the figures from the three interim financial reports prepared in the reporting year, form the basis for calculating the average capital employed.

Significant drivers for the level of capital employed are capital expenditure on property, plant and equipment and the development of working capital, consisting of inventories and trade receivables after deduction of trade payables.

THE WEIGHTED INTEREST RATE (WACC)

The costs of capital employed are calculated by means of a weighted interest rate (WACC) which was derived from financial market data at the end of the year using the Capital Asset Pricing Model (CAPM).

The following figures were recorded in 2012:

- Shareholders' equity costs[1] = 8.3% after and 11.9% before taxes
- Borrowing costs[2] = 2.2% after and 3.1% before taxes
- Financing structure[3] = 88% shareholders' equity and 12% borrowed capital
- Typical Group rate of taxation = 30%

[1] (Risk-free interest + market risk premium × sectoral risk in the form of the beta factor).
[2] (Risk-free interest + sector-specific risk surcharge).
[3] (Sectoral or target financing structure at market values).

In light of an extremely low interest rate environment at the turn of 2012/2013 and a broad distribution of market risk surcharges, we believe that the WACC used in the previous year of 11.5% before taxes and 8.1% after taxes is justified.

For calculating FVA, the WACC was employed as the pre-tax interest rate, as the earnings position is also incorporated as a pre-tax figure in the value determination process.

FVA INCREASED AGAIN IN 2012

in € million	2012	2011	Change absolute	Change relative in %
EBIT	293.0	263.5	29.5	11.2
Average capital employed	737.3	673.5	63.8	9.5
Pretax WACC (in %)	11.5	11.5		
Capital costs	84.8	77.5	7.3	9.5
FVA	**208.2**	**186.0**	**22.1**	**11.9**

The Group increased FUCHS Value Added by 11.9% in 2012. Due to the disproportionately low increase in capital employed, the added value for shareholders enjoyed stronger growth than EBIT.

FURTHER KPIS

in %	2012	2011
Return on sales (profit after tax relative to sales revenues)	11.4	11.1
Total return on capital (ROCE = EBIT relative to average capital employed)	39.7	39.1
Return on equity (ROE = profit after tax relative to the average shareholders' equity determined based on the interim quarterly reports	29.0	31.0


李顺

» I really felt like part of the family from my very first day. Everyone is encouraged to actively put forward their ideas and assume responsibility from the start. «

Li Shun, Blending Foreman, FUCHS LUBRICANTS, Shanghai, China

11 years

is the average term of service in the FUCHS PETROLUB Group.

Results of operations of the regions

Segment reporting is performed in line with the Group’s internal organization and reporting structure, which is grouped according to the three geographic regions of Europe, North and South America, and Asia-Pacific, Africa.

NON-UNIFORM DEVELOPMENT IN THE REGIONAL LUBRICANT MARKETS

At just under 35 million tons (35.1), global lubricant consumption displayed a slight downward trend in 2012. The regions of Europe and North and South America recorded a decrease of approximately 2%, while the market in Asia-Pacific, Africa grew by around 1%. The FUCHS PETROLUB Group was able to expand its market position.

SALES REVENUES IN THE FUCHS PETROLUB GROUP BY CUSTOMER LOCATION

Amounts in € million	2012	Share in %	2011	Share in %	Change	in %
Europe	958.3	52.7	940.3	56.9	18.0	1.9
Asia-Pacific, Africa	535.4	29.4	422.0	25.6	113.4	26.9
North and South America	325.4	17.9	289.2	17.5	36.2	12.5
Total	**1,819.1**	**100.0**	**1,651.5**	**100.0**	**167.6**	**10.1**

EUROPE

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Segment information (in € million)	2012	2011
Sales revenues by customer location	958.3	940.3
Sales revenues by company location	1,080.7	1,006.7
Depreciation and amortization	17.4	17.7
EBIT before inclusion of companies consolidated at equity	132.6	130.4
Income from companies consolidated at equity	1.0	1.3
Segment earnings (EBIT)	133.6	131.7
Additions to property, plant and equipment, financial assets and intangible assets	34.9	28.7
Employees (average numbers)	2,311	2,235
Key performance indicators (in %)		
Ratio of EBIT before inclusion of companies consolidated at equity relative to sales revenues	12.3	13.0

The Europe region displayed non-uniform development in 2012. The sales revenues of the companies in this region increased by 7.4% to €1,080.7 million (1,006.7), not least owing to good export business. However, due to the euro debt crisis, sales revenues with customers in the region only increased by 1.9% to €958.3 million (940.3).

The major companies in Germany, Great Britain, as well as Central and Eastern Europe recorded the greatest gains in sales revenues. In Southern Europe and several countries in Central Europe, on the other hand, the economic environment was less favorable.

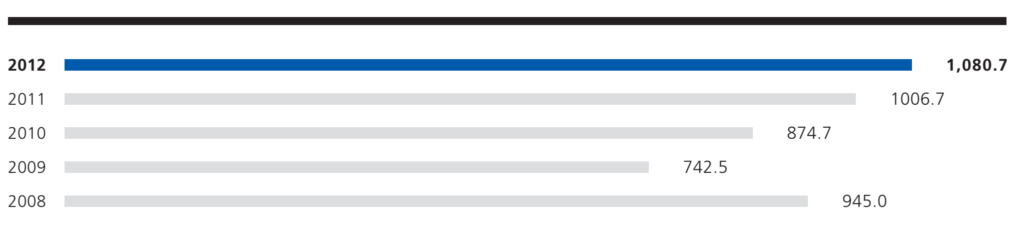
At €133.6 million (131.7), earnings before interest and tax (EBIT) in the region were up by 1.4%. As was the case for sales revenue, here too the development was characterized by a contradicting picture: Increases primarily recorded at major companies in Germany, Great Britain, as well as Central and Eastern Europe and stagnation or slight reductions at several companies in Southern and Central Europe. At 12.3% (13.0%), the KPI of EBIT before inclusion of companies consolidated at equity relative to sales revenues declined.

In Germany, the specialty business as well as the business with general industry and major customers from the automotive and supply industry developed well. In Great Britain, FUCHS was able to successfully counter the general downward trend in industrial activity, and in Russia many new business opportunities were exploited.

We expect to see further appreciable growth with completion of the new facility in Russia, which is scheduled for the first half of 2013, based on factors including improved logistics and a higher level of service for our customers.

We moved into the new research and development center in Mannheim in 2012. With this new facility, the Group has not only significantly strengthened its research and development capabilities, but also made extended and improved quality assurance and service laboratory capacities available.

DEVELOPMENT OF SALES REVENUES IN EUROPE BY COMPANY LOCATION
(in € million)



ASIA-PACIFIC, AFRICA

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Segment information (in € million)	2012	2011
Sales revenues by customer location	535.4	422.0
Sales revenues by company location	486.8	412.3
Depreciation and amortization	4.5	3.8
EBIT before inclusion of companies consolidated at equity	83.1	68.5
Income from companies consolidated at equity	13.2	3.8
Segment earnings (EBIT)	96.3	72.3
Additions to property, plant and equipment, financial assets and intangible assets	24.3	5.7
Employees (average numbers)	838	814
Key performance indicators (in %)		
Ratio of EBIT before inclusion of companies consolidated at equity relative to sales revenues	17.1	16.6

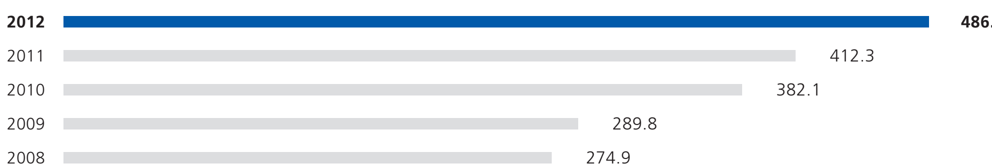
In 2012, Asia-Pacific, Africa recorded the highest absolute and relative growth in sales revenues of all regions. The companies based in this region increased their sales revenues by €74.5 million or 18.1% to €486.8 million. Customers in the region actually ordered 26.9% or €113.4 million more products from the Group than in 2011, taking the total to €535.4 million (422.0).

The development observed in the previous year continued. Considerable increases in volume, which were particularly pronounced in Australia and China, were supplemented by sales price increases driven by raw material prices. A new factor in 2012 was the highly positive currency effect when converting to the Group currency of euros.

The trend in earnings was very encouraging. The region increased its EBIT by €24.0 million to €96.3 million (72.3), thanks in particular to greater contributions from China, Australia and South Africa. Unlike the previous year, the income from companies consolidated at equity were not burdened by the expenses arising from the impairment of a doubtful receivable (€7.1 million). The KPI of EBIT before inclusion of companies consolidated at equity relative to sales revenues increased to 17.1% (16.6%).

In Northern China, we began construction work on a new facility in 2012 that will replace an existing production site, which has become too small. This location will especially focus on supplying the Chinese coal mining industry with fire resistant hydraulic fluids, as well as providing automotive oils and greases for both Chinese and foreign automobile manufacturers and their suppliers. Beside this, both Chinese companies are planning to extend their business with specialties and metal-working fluids. The goal here is to achieve a similarly high degree of market penetration as our Australian and South African companies have already achieved in their respective domestic markets.

DEVELOPMENT OF SALES REVENUES IN ASIA-PACIFIC, AFRICA BY COMPANY LOCATION
(in € million)



NORTH AND SOUTH AMERICA

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Segment information (in € million)	**2012**	2011
Sales revenues by customer location	325.4	289.2
Sales revenues by company location	320.3	282.6
Depreciation and amortization	4.5	4.7
EBIT before inclusion of companies consolidated at equity	67.5	63.1
Income from companies consolidated at equity	0.0	0.0
Segment earnings (EBIT)	67.5	63.1
Additions to property, plant and equipment, financial assets and intangible assets	13.7	2.4
Employees (average numbers)	524	519
Key performance indicators (in %)		
Ratio of EBIT before inclusion of companies consolidated at equity relative to sales revenues	21.1	22.3

Increases in sales volumes and price adjustments implemented to cover rising raw material prices were key drivers of sales revenues at the companies in the US, Canada and Mexico in the reporting year. Added to these factors were positive currency translation effects achieved when translating local currency to the Group currency of euros. In Brazil and Argentina, a difficult economic environment hindered our growth plans. The weakness of the local currencies also had an effect when converted to the Group currency of euros.

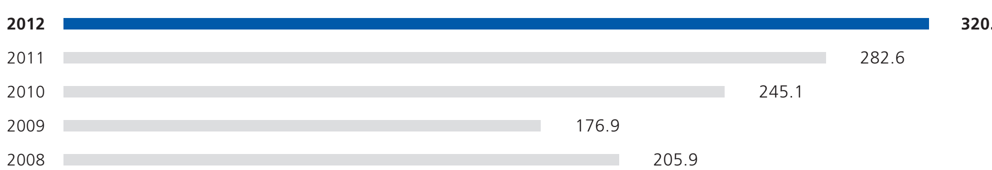
The companies in North and South America increased their total sales revenues by 13.3% or €37.7 million to €320.3 million (282.6). At €325.4 million (289.2), customers in the region ordered 12.5% more from the Group than in the previous year.

As was the case in the previous year, the expansion of business in North America was largely driven by the structured and continuous development of the US market. The goal here is to continue winning new customers in the company's traditional core fields of business, particularly in the field of metalworking, coupled with a further broadening of the business base in the OEM sector.

In Brazil, preparations for construction of a new facility are underway following the acquisition of a site in 2012. The Group is hoping to develop additional business segments in Brazil in future and thereby increase local market penetration.

The region’s earnings before interest and tax (EBIT) increased by 7.0% or €4.4 million to €67.5 million (63.1). The EBIT margin, i.e. ratio of EBIT to sales revenues, was 21.1% (22.3%).

DEVELOPMENT OF SALES REVENUES IN NORTH AND SOUTH AMERICA BY COMPANY LOCATION
(in € million)



Net assets and financial position of the Group

BALANCE SHEET STRUCTURE

GREATER SHAREHOLDERS' EQUITY AND INCREASED EQUITY RATIO

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In a successful financial year, shareholders' equity increased by 18.8% or €123.5 million to €781.7 million (658.2), while the **EQUITY RATIO** increased from 66.8% to 70.5%. The €123.4 million increase in the balance sheet total to €1,108.7 million (985.3) was fully financed by shareholders' equity.

GROWTH INITIATIVE GENERATES RISE IN BALANCE SHEET TOTAL

The balance sheet total increased by 12.5% as a result of capital expenditures and significant growth in both sales revenues and earnings.

At 12.3%, long-term assets increased almost proportionally to the balance sheet total. Of the €440.4 million in long-term assets (392.1), which represents 39.7% (39.8%) of total assets, €252.9 million (215.4) can be attributed to property, plant and equipment, while €40.4 million (24.6) is due to investments in companies consolidated at equity. The increase in both items is primarily the result of our growth strategy and encompasses investments for the construction of new facilities and modernization of existing facilities in Germany, the US, Russia and China. The capital of our joint venture in Turkey was also increased with a view to expanding business activities. Due to the amortization of client bases acquired in previous years, intangible assets declined to €112.7 million (116.9).

The FUCHS PETROLUB Group primarily holds short-term assets, which represent 60.3% (60.2%) of all assets, in the form of inventories, trade receivables, and cash and cash equivalents. Inventories had a value of €239.3 million (228.4), while receivables from clients were €250.4 million (247.5). Both balance sheet items increased at a lower rate than sales revenues and balance sheet total. Cash and cash equivalents, on the other hand, recorded a significant increase, rising by €64.7 million to €143.7 million (79.0).

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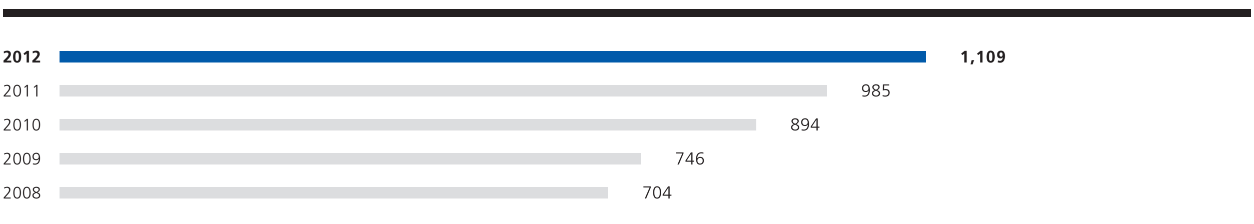
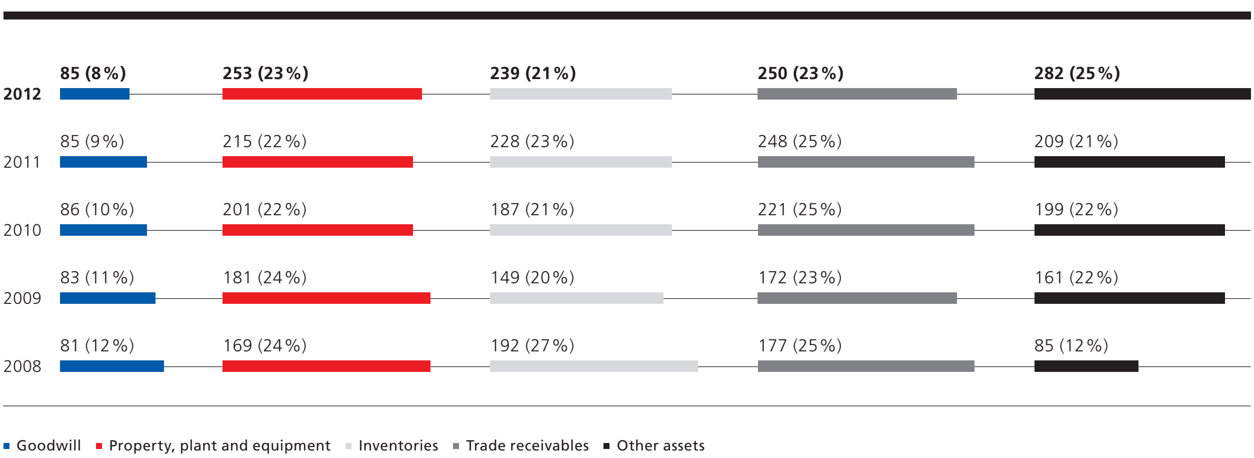
Relative to the annualized sales revenues of the fourth quarter, the Group's **NET OPERATING WORKING CAPITAL** (trade receivables plus inventories minus trade payables) is with 21.0% at around the previous year's level of 21.1%.

STRUCTURE OF ASSETS AND CAPITAL

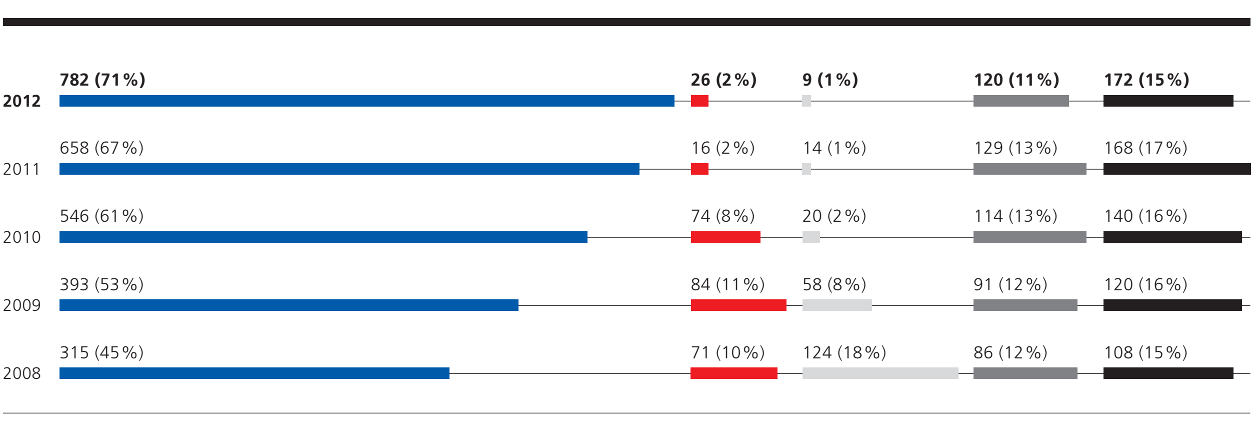
BALANCE SHEET TOTAL IN € MILLION



ASSETS IN € MILLION



LIABILITIES IN € MILLION



SHAREHOLDERS' EQUITY INCREASED AGAIN

The Group is essentially financed through equity capital. Shareholders' equity increased to €781.7 million (658.2) and thereby represents 70.5% of the equity side in the balance sheet. Beside this, long-term liabilities of €54.4 million (45.2) were available to the Group. At €26.4 million (15.8), pension liabilities represented just under half of this.

The high proportion of long-term capital, in particular shareholders' equity, allows the Group to continue its growth initiative, while at the same time keeping an eye out for external acquisition options and also maintaining its "progressive" dividend policy. Despite the liquidity reserves currently held, the financing strategy focuses on a balanced mix of self-financing and borrowing for the mid-term and long-term. Taking into account short-term financial liabilities of €8.9 million (14.1), the Group's net liquidity amounted to €134.8 million (64.9) as at the balance sheet date.

In light of the current financial position, external ratings are not necessary. However, the Group is capable of subjecting itself to a rating process at any time if this becomes necessary for refinancing purposes on the capital market. The internal processes required for this are already in place. The FUCHS Value Added system of value-driven company management is a powerful instrument that is well suited to this.

At €119.8 million (128.5), trade payables recorded a slight decline. Financial liabilities represented just €8.9 million (14.1). At €143.9 million (139.3), other short-term liabilities, including tax liabilities and provisions, remained at the previous year's level.

STRONG PARTNER TO CUSTOMERS AND SUPPLIERS

With the high equity ratio and good level of liquid funds available, FUCHS is not only a reliable supplier, but also a solvent customer. Technical performance is coupled with economic and financial stability.

CAPITAL EXPENDITURE AND ACQUISITIONS

CAPITAL EXPENDITURES

The growth initiative, which also involves construction of new facilities or modernization and expansion of existing facilities, was continued in 2012.

After a construction time of around two years, the new research and development center at the Mannheim site was completed and staff moved into the offices in the first half of 2012. In the US, good progress was made in the expansion and modernization of the facility near Chicago, while in Brazil a plot of land was acquired near São Paulo for construction of a facility. A new facility in

Kaluga, Russia is expected to be commissioned in the first half of 2013, while construction work on a new facility in Yingkou in Northern China, which will replace and extend an existing old facility, also got underway in 2012.

In addition to these developments, investments were made to replace and modernize existing facilities at several of the Group's other locations and to install fire protection equipment. The Group spent a total of €61.0 million (35.6) on property, plant and equipment, as well as intangible assets.

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In Turkey, the Group invested €10.1 million within the scope of acquiring an automotive lubricants business in a **JOINT VENTURE**. These funds were made available to the company that is consolidated at equity as an increase in capital stock to partially finance the acquisition.

At €71.4 million (37.0), total investments in property, plant and equipment and intangible assets (excluding acquisitions) and financial assets virtually doubled in 2012 relative to the previous year.

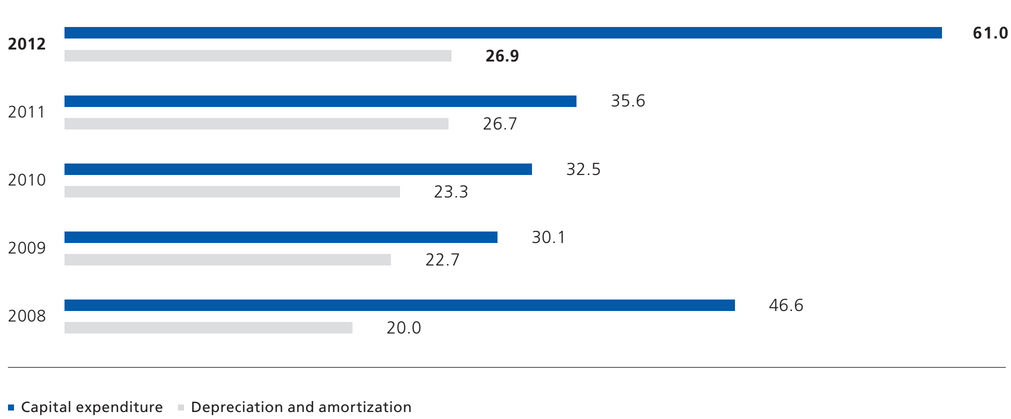
DEPRECIATION AND AMORTIZATION

At €26.9 million (26.7), depreciation of property, plant and equipment, intangible assets and financial assets was at the previous year's level.

INVESTMENTS IN ACQUISITIONS

In the reporting year, FUCHS acquired small trading businesses in both Great Britain and Brazil, each with annual sales revenues of less than €1 million.

CAPITAL EXPENDITURE AND DEPRECIATION AND AMORTIZATION – TANGIBLE AND INTANGIBLE ASSETS
(excluding goodwill in € million)



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STATEMENT OF CASH FLOWS

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FUCHS PETROLUB reached a high free **CASH FLOW** of €140.4 million (59.0) in 2012. At the same time, the Group financed its double-digit growth in sales revenues and virtually doubled its capital expenditure.

GROSS CASH FLOW OF € 219 MILLION GENERATED

With record earnings after taxes of €207.3 million (183.1) and amortization expenses of €26.9 million (26.7), the Group recorded its highest ever gross cash flow of €219.0 million (134.9).

HIGH LEVEL OF CASH FLOW FROM OPERATING ACTIVITIES DESPITE DOUBLE-DIGIT GROWTH IN SALES REVENUES

The strong growth in sales revenues recorded in 2012 was accompanied by a moderate increase in net operating working capital (inventories plus trade receivables minus trade payables) of €24.9 million (59.9). Relative to annualized sales revenues in the fourth quarter of 2012, it declined slightly to 21.0% (21.1%). The average capital tie-up time was 77 days (77).

Releases in capital among the remaining assets and liabilities partially compensated for the increase in net operating working capital. Overall, the Group recorded an inflow of funds from its operating activities of €203.1 million (89.2).

SIGNIFICANT INCREASE IN INVESTING ACTIVITIES

In the reporting year, FUCHS PETROLUB invested in its organic growth through modernization and expansion of its global sites. This was the main reason why cash flow from investing activities doubled over the previous year to €62.7 million (30.2). Just as in the previous year, acquisitions of just €0.9 million (0.4) did not have any appreciable impact. Dividends of €7.9 million (10.3) from companies consolidated at equity had a positive effect.

APPRECIABLE FREE CASH FLOW OF €140.4 MILLION RECORDED

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Statement of cash flows

Balanced with the cash flow from investing activities, the inflow of funds from operating activities generated free cash flow of €140.4 million (59.0). The Group was left with €64.6 million (–12.4) after paying €70.9 million (63.6) in dividends for the previous year and redeeming bank and leasing liabilities of €4.9 million (3.6). These financial resources caused cash and cash equivalents to increase to €143.7 million. In the previous year cash and cash equivalents reduced to €79.0 million.

LIQUIDITY SITUATION, FINANCING STRUCTURE, AND DIVIDEND POLICY

LIQUIDITY DEVELOPMENT AND FINANCING STRATEGY

The Group has significant cash and cash equivalents. These funds help guarantee its flexibility and independence in the currently volatile environment. At the same time, they also support a continuous dividend policy, which targets constantly increasing or at the very least stable dividend payouts to shareholders in the stock corporation. The Group and its controlling holding company thereby pursue a "progressive" dividend policy and do not apply a fixed distribution rate to the earnings generated in the respective year.

FUCHS also places great emphasis on maintaining its ability to act quickly in the event of suitable acquisition opportunities arising. Besides its own cash and cash equivalents, the Group therefore also has free lines of credit of €148 million (140) at its disposal from banks. In addition to this, the company has the option to raise funds from the capital market.

Despite the current liquidity cushion, the medium-term and long-term financing strategy focuses on a balanced mix of self-financing and borrowing.


ALEX BOOTH

» FUCHS PETROLUB offers cutting edge technology and sees itself as a development partner to its customers. We pick up technological trends and translate them into new products. «

Alex Booth, Technical Service Chemist, FUCHS LUBRICANTS, Newcastle, Australia

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employees work
in Research
and Development.

Overall position

The Executive Board is convinced that the FUCHS PETROLUB Group is in an excellent economic position, as underlined by the company's earning power, stability, and liquidity.

An important KPI that the FUCHS PETROLUB Group uses for measuring earning power is the return on capital employed. The value of 39.7% recorded in 2012 (39.1%) is once again significantly higher than the weighted capital costs before taxes of 11.5%. At the same time, FUCHS also recorded a double-digit increase in economic profit, expressed as FUCHS Value Added (FVA). The unchanged high return on capital, coupled with the increase in FVA, means that the same rate of return was generated with both the additional capital employed (+9.5%) and the existing capital.

An established KPI for assessing the FUCHS PETROLUB Group's net assets and financial position is net gearing. Net gearing is the ratio of financial liabilities less cash and cash equivalents to shareholders' equity. In light of the high level of cash and cash equivalents, which significantly exceed the low level of financial liabilities, the Group is essentially debt-free. This KPI therefore once again had a value of zero in the reporting year.

The Group's ability to distribute dividends and repay debts is assessed on the basis of its free cash flow. In 2012, FUCHS PETROLUB generated a free cash flow of €140.4 million (59.0). This will allow a significantly higher dividend distribution in 2013 than in the previous year.

Non-financial performance indicators

RESEARCH AND DEVELOPMENT

Research and development are key factors in the success of the FUCHS PETROLUB Group. A key prerequisite for this success is the further development of the international research and development network, incorporating the entire global expertise available in the FUCHS PETROLUB Group. Cooperations with universities and other research institutes engaged in European joint research represent another important factor that helps us reinforce our technological leadership and develop new fields.

Research and development work is being continuously intensified. The average number of employees in the reporting period was 378 (357) engineers and scientists. At the same time, the Group's total research and development expenses increased to €29.2 million (27.5).

The research and development departments brought numerous pioneering new developments to market in 2012.

In the automotive lubricants product segment, FUCHS worked closely with a premium German vehicle manufacturer to develop what is currently the most modern engine oil in the pioneering SAE 0W-20 viscosity class. With this development, it was possible to combine exemplary consumption optimization with a very high degree of engine protection – as demonstrated in extensive laboratory and test bench trials at FUCHS, independent institutes and with customers. The forthcoming launch of this product represents the first large-scale series use of an engine oil in this viscosity class in Europe and once again underlines FUCHS' high degree of development expertise.

Issues concerning the use of biogenic raw materials, particularly in the context of sustainability, are increasingly dominating research and development work. The use of biogenic molecules also opens up completely new opportunities. Our advance development department is working on this topic within the scope of numerous research and development cooperations.

Two projects are worthy of particular note in this context. In the first project, biogenic transformer oils are being developed and tested under the work title of "TRAFECO". A first product drawing is currently being tested in cooperation with two well-known industrial partners.

In the "ZEROCARP FP" project, the recycling of waste streams (CO_2, waste water/solid waste and raw glycerine) into functional biomass is currently being investigated. The research being performed within the project, which has a term of nine years, focuses on four areas. FUCHS is concentrating its activities on the field of additives here.

In this context, FUCHS also succeeded in producing a ready-for-market new development in the grease product segment. The use of a biopolymer is currently being trialled in the latest generation of cardan shaft greases. The corresponding product is being tested at several OEMs, so far with good results.

In the field of processing fluids, FUCHS demonstrated its exemplary expertise by developing an individual machining oil (Ecocut CU 24) for the production of exclusive fountain pens. This required an individual approach with very strict requirements in terms of product quality. Set against the background of extremely complex machining requirements, namely mirror-finish turning using diamond tools to create an excellent surface finish, this application must offer compatibility with all materials used, e.g. gold, platinum, silver, titanium, copper, plastic or brass.

The RENOLIN ZAF B HT range represents universal oils that can be deployed as hydraulic oils and gear oils in the most diverse of applications. Beside the need for high thermal and oxidative resistance, a key area of focus was also on excellent wear-protection properties when introducing the RENOLIN ZAF B HT range, with HT standing for "high temperature stability". The latest zinc-free and ash-free additive technology, in connection with selected mineral oil-based solvent raffinates, guarantees excellent hydraulic and gear oil properties. The special additives ensure extremely robust wear protection, as well as outstanding high-temperature stability. It was therefore possible to fulfill both the hydraulic oil requirements according to DIN 51524-2 and the gear oil requirements according to DIN 51517-3. The products in the RENOLIN ZAF B HT range are recommended for use as universal circulating and demulsifying gear oils in stationary and mobile hydraulic systems, presses and machine tools.

This selection of new developments underlines the high level of expertise that FUCHS applies in many different product areas to offer solutions to technological challenges or to break new grounds in product innovation.

EMPLOYEES

The FUCHS model revolves around our employees, who form the basis of our success. FUCHS' corporate culture, together with our loyal and motivated employees, ensures that our customers receive the best solutions for all requirements and fields of application in the world of lubricants.

In 2012, we were once again faced with the challenge of finding new colleagues for our high performers and specialists at a national and international level. We successfully extended our global team to include new entry level staff, yet also experienced specialists (+ 104).

Besides training and qualification for our new colleagues, the development and support of our existing employees was a key focus.

CORPORATE CULTURE

In our internal mission statement published in spring 2012, we documented the form that cooperation with employees, customers, suppliers and investors should take.

The FUCHS values form the basis for a corporate culture that is characterized by trust, a commitment to creating value, respect, reliability and integrity. Global companies are exposed to many diverse social and cultural influences. We see these as an advantage that enables us to offer customer-driven solutions.

Back in November 2010, executive staff at FUCHS signed the „Code of Responsible Conduct for Business“ initiated by the Wittenberg Center for Global Ethics. Those that have signed the document are committed to success-based and value-driven management in the spirit of the social market economy. This includes fair competition, social partnership, the performance principle and sustainability.

When filling internal and external positions, we have always placed emphasis on ensuring that qualified female applicants were among the candidates. At FUCHS, 21 % (20 %) of management positions within the Group are held by women.

The projects in the field of health management, further training and combining family with career were continued in 2012. These are projects that were initiated to address the consequences of the demographic shift.

TRAINING

At our German companies, we provide training in eight different commercial and technical job profiles. In addition to this, we offer goal-oriented and qualified high-school graduates the opportunity to attend a dual study program in cooperation with the Baden-Wuerttemberg Cooperative State University (DHBW) and gain a bachelor's degree.

Beside the various training and DHBW university courses, FUCHS also offers internships at our domestic and foreign subsidiaries, as well as the option of writing a scientific thesis. Many of our current high performers are former trainees, interns or diploma students. Encouraging these potential future FUCHS employees is an important investment in our future.

DEVELOPMENT OF POTENTIAL

We promote diversity through individual further development in the company. Targeted, requirements-based personnel development forms the basis for the development of employees with high potential. Where possible, this allows key positions to be filled by staff already working for the company that possess real-world experience of our operations. Here, we place particular emphasis on the dedicated support of women and ensure that appropriate consideration is given to women when filling management positions at the company.

Our company-owned educational establishment, the FUCHS ACADEMY, ensures continuous training and the further education of our employees. As a global training instrument, the FUCHS ACADEMY offers regular seminars on the most diverse of technical subjects and also provides our sales experts with sound background knowledge. The FUCHS ACADEMY also offers the perfect platform for the development and training of junior staff and high potentials.

Due to the international structure of our organization, intercultural competence is an important success factor for our staff. We encourage this early on through placement of our trainees and interns at our subsidiaries across the globe. Support in the form of language training ensures that the Group's language, English, is always available as a solid basis for exchanging knowledge and ideas. With worldwide internal placements, FUCHS also ensures optimum know-how transfer from our carriers of knowledge and expertise to new employees. Whenever necessary and sensible, we organize both short "training placements" and long-term deployments to our subsidiaries throughout the world.

The measures launched in 2010 targeting further development of our North American sales team were continued in 2012. The training sessions held and organizational changes implemented were successful and allow us to address the needs and technical requirements of our customers even more precisely and effectively.

A successful company must be able to rely on an excellent management team and well-trained employees. Good preparation, social and methodical skills, an entrepreneurial attitude and the right personality are the key requirements for assuming responsibility at the companies in the FUCHS PETROLUB Group.

A global talent management program is used to recognize and consistently promote talent at all of our subsidiaries. In an event held over several days in the Mannheim area, talents from all global regions came together for the first time in 2012 to hold discussions with members of the Executive Board and gain new impulses for their development. On the basis of the excellent experiences to date, further events are to follow. The global talent management concept is also supported by local programs to promote talent.

ATTRACTIVE EMPLOYER

We further enhanced our profile as an attractive employer in 2012. Our employer branding will receive increased exposure over the course of the next few years, for example in job advertisements and at university fairs.

This will also ensure that FUCHS is perceived as an attractive employer by graduates and students in and outside the Rhein-Neckar metropolitan region. Within the scope of school cooperations, we also offer in-house career forums that allow graduates to get a better picture of the training we offer and our operational procedures.

Winning qualified employees is a real challenge, particularly in the growth markets such as Brazil, Russia, India and China. Human Resources plays a very important part here. The range of applicants in these countries can be both limited and rather daunting, but FUCHS copes with this through professional selection procedures and attractive offers to ensure recruitment of suitable and qualified employees. Our goal is to find the best talents in the respective areas of expertise and to motivate them for our company and products.

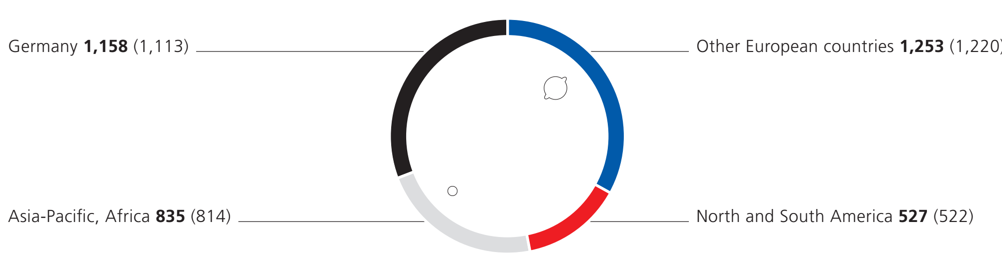
EMPLOYEE INVOLVEMENT AGREEMENT SIGNED ON JANUARY 30, 2013

The intention is to convert FUCHS PETROLUB AG into a European Company (Societas Europaea, SE). Following conclusion of the negotiations, the agreement on employee involvement was signed on January 30, 2013 by the Executive Board and the Special Negotiation Committee, composed of employee representatives from twelve foreign subsidiaries. The employee involvement agreement documents the trusting collaboration between the Executive Board and the employees, as well as their representatives. The agreement serves to secure the right of employees to transnational information, consultation and participation. The focus is on the employees, as they are the key success factor. FUCHS is committed to continuously developing the professional and personal competencies of its staff as a way of maintaining the effectiveness and performance of the company. Interactions between employees are characterized by responsible actions in the best interest of the whole company. The Annual General Meeting on May 8, 2013 still needs to approve the Terms of Conversion and the SE Articles of Association.

INCREASE IN NUMBER OF EMPLOYEES

On December 31, 2012, the FUCHS PETROLUB Group employed 3,773 people worldwide (3,669). The total number of employees therefore increased by 104 or 2.8% compared to the previous year. The largest increase was in the Europe region, where the number of staff members increased by 78 compared to the previous year (+3.3%). Compared to December 31, 2011, 21 more people were employed in the Asia-Pacific, Africa region (+2.6%) and five more people were employed in North and South America (+1.0%).

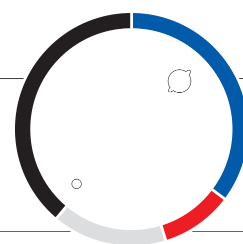
GEOGRAPHICAL WORKFORCE STRUCTURE
Amounts 2012 (previous year's amounts in brackets)



2,615 (2,556) people or 69.3% (69.7%) of staff were employed abroad (outside Germany) and 1,158 (1,113) were employed in Germany.

Worldwide, 35.4% (35.9%) of the workforce is employed in production, while 38.8% (38.7%) work in marketing and sales, 15.8% (16.0%) work in administration and 10.0% (9.4%) work in research and development.

FUNCTIONAL WORKFORCE STRUCTURE
Amounts 2012 (previous year's amounts in brackets)



SUSTAINABILITY

→ 40
Sustainability report

The company's system of sustainability management, as well as the development of selected sustainability indicators are presented in the sustainability report on pages 40 onwards.

» Integrity is a core value of our corporate identity. With a conscientious attitude and the correlation between words and deeds, you are considered a valuable member of the company. «

Margarita Moskaltchouk, HR Manager, FUCHS OIL, Moscow, Russia

2012

was the year in which the FUCHS PETROLUB Group’s Code of Conduct was revised.

Supplementary report

No transactions of particular importance with an appreciable bearing on the results of operations, net assets and financial position of the FUCHS PETROLUB Group occurred after the end of the financial year.

Opportunity, risk and forecast report

The objective of our opportunity and risk policy is to secure the sustained increase of the company value of the FUCHS PETROLUB Group. FUCHS therefore targets successful and early detection of opportunities, as well as identification and assessment of the risks associated with these and derivation of appropriate action to be taken. Our technological leadership in important business segments, the broad scope of our product portfolio, our cooperations with local and international customers, as well as our global positioning offer many diverse opportunities for the Group's business operations. These factors allow many sectors and niches to be tapped and enable a stable and continuous development of the company.

OPPORTUNITY REPORT

THE GROUP'S OPPORTUNITY MANAGEMENT SYSTEM

Together with the Group Management Committee (GMC), the central functions and the subsidiaries, the Executive Board controls the Group's business activities on the basis of strategic planning, budgeting and regular controlling. This ensures systematic identification, definition, quantification, and tracking of targets. Active and permanent opportunity management is an important part of these processes.

MACROECONOMIC OPPORTUNITIES

We continually diversify and strengthen both our customer structure and our product portfolio through the global presence of the FUCHS PETROLUB Group in all industrial markets of established and emerging economies. Our goal is to participate in dynamic developments, acquire new customers, and win additional orders.

CORPORATE STRATEGY OPPORTUNITIES

Our capacity for innovation, technological product leadership and pronounced quality consciousness form the key pillars of our corporate success. These strengths, together with the early detection of future requirements on the basis of development partnerships between our powerful research and development centers and universities, associated research institutes and our customers, allow us to further build on our leading position in the global lubricant markets and develop optimum lubricant solutions. Our strategy is defined within the scope of our growth initiative.

SECTOR-SPECIFIC AND MARKET-SPECIFIC OPPORTUNITIES

The organization and physical locations of our high level, global network of sales staff, application engineers and commercial partners are aligned to the sector-specific and market-specific requirements of our customers. Not only do we consider efforts made to conserve resources and promote sustainability as an opportunity, we already cater to new trends in the field of energy saving and environmentally friendly products as one of the global leaders in rapidly biodegradable lubricants. In addition to this, we drive forward our own growth not only through organic, but also external growth. The integration of the automotive lubricants business of our Turkish partner OPET was completed in the last financial year, so we are now in a position to establish ourselves as one of the leading lubricant manufacturers in the important growth market of Turkey.

RISK REPORT

THE GROUP'S RISK MANAGEMENT SYSTEM

The risk management system (RMS) stipulated by the Executive Board of the FUCHS PETROLUB Group and implemented in all Group units is integrated into the planning, governance, and reporting processes of all operating units and central functions. Through a structured process of identification, assessment, as well as formulation of counter-measures, regular reporting on and monitoring of risks, the RMS reflects all corporate activities and processes in a traceable and transparent way. The following elements form part of the RMS: Strategic planning, mid-term planning and budgeting, reporting and permanent controlling, risk reporting, the internal control system (as a component of the RMS), the compliance management system and internal audit activities.

The generally accepted COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) forms the systematic basis of the risk management system and the internal control system (ICS), the scope and alignment of which are set out and revised by the Executive Board, taking into account company-specific requirements.

Besides the preparation of budgets and forecast calculations, the risk inventories performed by the management of the operating units (every six months) and at the central units (annually) represent an important instrument for global risk governance. Risks are generally recorded and monitored at the location where the responsible risk management experts operate. A system of ad-hoc reporting is also used in the event that any significant new risks occur during the year. Responsibility for processing risk reporting lies with the internal audit department and encompasses the following steps:

- The handling of risks is always closely aligned with the higher-level strategy of the Group's business operations, as well as its operational implementation at the level of the subsidiaries. The Executive Board of the FUCHS PETROLUB Group has set out a comprehensive set of guidelines which, among other things, formulates the behavioral requirements of all employees working in the Group in a special Code of Conduct. The Group's risk policy is also defined in this context.
- Suitable risk categories are available for risk identification on the basis of defined corporate goals, as well as the environment in which the business operates. All people involved in the process perform a risk inventory of their company or central department within the scope of a structured procedure.
- The risks are assessed by determining a gross potential loss (i.e. before counter measures are implemented) and net potential loss (i.e. after counter measures have been implemented), the probability of their occurrence and verbal formulation of risk reduction measures. Where appropriate, we transfer risks that lie beyond our core processes to other risk carriers or reduce them through other suitable counter-measures. All quantitative statements are generally made in reference to EBIT.
- All risk data is discussed between the reporting units and their direct superiors and then reported using a structured process. The internal audit department prepares the data and then reports it to the Executive Board, which in turn presents the results of the overall process to the Supervisory Board.

However, even appropriately designed and fully functional systems cannot offer absolute assurance with regard to the identification and control of risks.

SIGNIFICANT FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE GROUP ACCOUNTING PROCESS

The Executive Board of the FUCHS PETROLUB Group uses an internal control system (ICS) to pursue its objectives of securing the effectiveness and profitability of business operations, guaranteeing true and fair accounting treatment and ensuring compliance with the key legal and internal regulations for the company.

The control hierarchy implemented by the Executive Board at FUCHS PETROLUB AG encompasses three levels:

(1) Controls for governing the entire company
- e.g. Code of Conduct, corporate governance report, Group guidelines, risk reporting, Audit Committee of the Supervisory Board, Compliance Committee, internal audit department

(2) Controls for monitoring the entire company
- Comprehensive system of controlling for monitoring operational and financial processes in the form of periodical financial reports, projections, budgets, compliance reports, and audit reports

(3) Controls within individual business processes and business transactions
- e.g. implementation of the aforementioned requirements through four-eyes principle, segregation of duties, authorization levels, etc.

Uniform reporting of all business transactions throughout the Group in line with legal requirements, generally accepted accounting principles, international accounting standards (IFRS), and internal Group guidelines is guaranteed via our Group accounting process. This encompasses the accounting processes of all incorporated companies, reporting to the controlling parent company of the Group, all necessary measures for consolidation and preparing the annual accounts, as well as the publication of the reports and financial statements.

The Group accounting process starts in the Group's subsidiaries and is organized locally. The reporting process encompasses comprehensive monthly reports on key figures and detailed quarterly reports on business performance in the form of interim and annual financial statements, the contents of which are regularly analyzed and reviewed within the Group to ensure completeness, accuracy and plausibility. All reporting is processed using a uniform intranet-based reporting software used throughout the Group.

The FUCHS PETROLUB Group has a comprehensive set of guidelines, which secures the uniformity of the accounting-based presentation of transactions and includes standards such as the FAM (FUCHS Accounting Manual), a Financial Guideline, an Investment Guideline, a Receivables Guideline and a Guideline for Inter-Company Payments. Any amendments to existing accounting regulations with effects on the annual financial statements of FUCHS PETROLUB AG are analyzed timely and, where applicable, communicated to the Group companies for implementation. The professional competence of the staff involved in the financial accounting process is ensured through careful selection, initial training and continuous further training of the involved employees. The largely standardized IT systems and corresponding security concepts provide the EDP systems employed in the field of accounting with the best possible protection from unauthorized access. Within the scope of the audit plan drafted annually and the corresponding audit scope, the Group audit department checks the effectiveness of the internal control system and risk management system over financial reporting. The audit results are then followed up in the subsequent year. Beside this, the results of the financial statement audits are also followed up by Group accounting (balance sheet) and the internal audit department (ICS). Both of these departments report directly to the Chief Financial Officer at FUCHS PETROLUB AG. The Supervisory Board receives regular reporting on the results of risk inventories and the audit results.

The activities performed within the scope of the internal control system and risk management system (particularly with regard to the Group accounting process) at FUCHS PETROLUB AG are specifically designed to detect potential risks and undesirable developments as early as possible. However, even our systems cannot provide absolute security against potential issues. KPMG confirmed within the scope of the audit that the early risk detection system applied by FUCHS PETROLUB is suitable for early detection of risks that threaten the existence of the Group. Up to this point in time KPMG detected no significant weaknesses with regard to the internal controls over financial reporting within the scope of its audit.

INDIVIDUAL RISKS

Macroeconomic risks

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We consider the current sovereign debt crisis in Europe, potential geopolitical tensions, as well as **VOLATILITY** in terms of raw material costs in the context of macroeconomic developments as risks that we are exposed to within the scope of the FUCHS PETROLUB Group's global business operations. With 49 operating companies in 42 countries, a large number of lubricants and related specialties for a wide range of applications, as well as sales to over 100,000 customers in more than 100 countries, our business model is balanced and reduces the risk of dependency on any individual region, sector, company, product or customer. The activities undertaken to reduce and avoid risks are also supported by our intensive monitoring systems, which include volume and margin management, strict cost management, periodic reporting on net operating working capital management (NOWC management), cost control, as well as intensive communication with the foreign subsidiaries.

Sector risks

The various sectors in which our companies support customers and sell products are also characterized by intense competition in local sales markets, increasing customer quality standards, and technological progress. We are attempting to reinforce and build on our position as technological leader on the basis of our activities in strategically important niches and business segments through continuous innovations that will allow us to maintain our technological advantage, through research and development partnerships, as well as through application support provided directly to customers. We cater to our customer's requirements in terms of continuous development of lubricants for new machines, components, units, and manufacturing processes through ongoing research and development work to produce new products and further enhance existing products. The Group's profitability will continue to be supported in the future by this innovation, quality and niche strategy, global presence, high degree of specialization and ongoing cost management.

In the context of the European regulation on chemicals REACH (Registration, Evaluation, and Authorization of Chemicals), all staff-related and organizational measures have been implemented to comply with the regulatory requirements and monitor further development. Preregistration has already been completed.

The legislator's aim with the GHS legislation (Globally Harmonized System), which came into force on January 20, 2009, was to introduce a uniform worldwide system for classifying and labeling chemicals. This involves reassessing the toxicity properties of substances and formulations, which in turn means that products in the FUCHS portfolio might need to be relabeled accordingly or may potentially result in a ban of certain products. Alternative formulas have already been developed for products for which modifications are anticipated. Our research and development departments are also working on further alternatives. The introduction of GHS is now supported worldwide through the establishment of corresponding organizational structures.

Procurement risks

On the procurement side, we see key risks in the availability of raw materials, market changes, the oligopoly situation of suppliers, and price fluctuations. Both at the HQ and at our foreign subsidiaries we are monitoring the procurement markets closely to detect any unfavorable developments early on and ensure rapid reactions. Our broad procurement basis, employed to secure our supply of base oils and important chemicals, as well as the search for alternative suppliers are further steps undertaken in this regard.

Inventory risks

Since we cater to a large number of customers, as well as offering a diverse product portfolio and short lead times, the objectives of inventory management are to secure appropriate availability of finished products, raw materials and packaging materials on stock. The operational risks throughout the entire supply chain are the focus of management reviews, while the financial aspects are covered by our system of reporting, in particular via NOWC management and reporting of monthly inventories. The volatility we are seeing, both in terms of procurement prices and customer demand, is leading to valuation risks, which are considered appropriately through a net realizable value test.

Risks from receivables

The ongoing global financial crisis and the uncertain effects on the real economy could potentially lead to long capital tie-up periods and payment defaults by customers within the scope of our operating activities. Our early warning system provides regular, structured, and specially prepared information on the amount and the aging structure of trade receivables throughout the Group-wide reporting chain. In addition to this, we monitor compliance with payment terms and creditworthiness per customer/company at our subsidiaries. These measures are also part of the regularly performed internal audits. There are currently no significant risks from receivables.

Risks from research and development (R&D)
The opportunities of a major capacity for innovation and high degree of specialization also lead to risks of high complexity and limited predictability of research and development projects in the research and development arena. To govern these risks, most products are developed in collaboration with our customers and also in joint research projects with universities or other research institutions. The development of new and innovative products requires effective intellectual property protection, which we provide.

Financial risks
The FUCHS PETROLUB Group's currency risk is characterized by two key risks. The first of these concerns transaction risks, which arise due to revenue and expenditure in foreign currency, for example due to the procurement of raw materials. The second risk is a translation risk, which is essentially caused by conversion of balance sheets and income statements into the euro currency.

The Executive Board has implemented detailed guidelines and standards for controlling and monitoring financial risks, such as currency and interest-rate risks, which are controlled and monitored by the central treasury department. In addition to maturity and currency congruent financing, **DERIVATIVES** set up exclusively for securing purposes are used as measures to control the currency risk (if and when necessary). There are currently no significant interest rate risks which need to be examined or addressed separately. The refinancing risk is also low, due to the creditworthiness of FUCHS. There is sufficient liquidity.

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Transaction and translation risks therefore have a compensatory effect at Group level.

Pension risks
In 2011, the Group significantly reduced its pension risks by transferring them to external service providers. The remaining risks are manageable and, since they are so minor relative to the total assets held by the Group, do not represent any significant risk.

Legal, regulatory and location risks
The FUCHS PETROLUB Group's regulatory environment also has effects on our company's international business operations. The regulatory and legal risks that result from this are covered by legal and insurance consultancy services. In addition to this, we have our own experts in this field. Adequate provisions have been put in place for local tax risks. We are not currently aware of any legal, insurance or tax risks, or of any pending or threatened legal actions with a significant influence on the Group.

Based on the judgment of December 21, 2012, FUCHS initially lost the legal case taken out against FUCHS PETROLUB AG by our co-shareholder in FUCHS OIL MIDDLE EAST in December 2010 due to the alleged violation of the duties required under corporate law. The co-shareholder has also submitted an appeal, as one of the asserted claims (buyout) was rejected. Provisions have been put in place for the costs of any legal proceedings and known risks as the situation stands today. Despite this, it is impossible to completely rule out risks to the company's future development and earning power. However, the contribution of the **ASSOCIATED COMPANY** to the earnings before interest and tax (EBIT) of the FUCHS PETROLUB Group is below 2%.

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The objective of the compliance organization implemented by the Executive Board at FUCHS PETROLUB AG, which comprises a Compliance Management System (CMS) and a Compliance Committee with regular meetings, corresponding reporting structures and training measures, is to adequately cover both the aforementioned risks and any further risks resulting from international business operations, for example in the fields of product liability, competition and antitrust legislation, occupational health and safety, patent law and branding law.

Regular reviews, assessments and, where necessary, adjustments of the regulatory country-specific and location risks, as well as the risk management, are performed. The insurance programs in place throughout the Group cover adequately the risks of damage to property, liability risks, transport risks, as well as risks posed by potential interruptions in business.

Risks from acquisitions and investments

The FUCHS PETROLUB Group counters the complexity of acquisition and investment projects, as well as the risks associated with these, through fixed procedures for governing and minimizing such risks.

There are currently no discernible risks from acquisition or investment activities.

IT risks

The organizational and IT-based networking of locations and systems encompasses risks in the form of increasingly complex electronic communication technologies, which could potentially lead to loss/theft of data, business downtimes, and complete system failure. The counter measures we have implemented here are based on processes, guidelines, measures, collaboration with established IT service providers, implementation of detailed backup and recovery procedures, as well as the use of virus scanners and firewalls. Employees are kept up-to-date with current practices, developments, and technologies through regular training events.

Human resources risks

Turnover of staff holding key positions, as well as the recruitment and development of specialists and managers are the main risks for HR. To counter these risks, programs of further training, performance-related compensation packages, substitution plans and early successor plans are in place.

There are currently no significant, discernible risks from the HR department.

Product and environmental protection risks
The manufacturing process for chemical products can also involve product and environmental risks throughout the chain of production, filling, storage and transport of raw materials, products and waste. Potential effects can be caused by incidents associated with this, which in turn can have direct effects on persons, the environment and production processes. We therefore work to high technical (safety) standards when building, running, and maintaining production plants. The use of raw materials and our product manufacturing process are both subject to consistent worldwide monitoring of quality requirements and standards. We also employ targeted measures to comply with soil and water protection regulations. As is standard in the industry, FUCHS is also insured against any potential loss that may result from this. We have made adequate provisions for all known risks.

Other risks
We are currently not aware of any other significant risks.

OVERALL RISK

The overall risk situation in the entire Group represents a consolidated assessment of all significant risks derived from the budget reports, individual risks, or reports submitted by the subsidiaries and central functions. The overall risk profile of FUCHS PETROLUB AG has not changed. The Group's balanced system of opportunity and risk management, the stable financial situation with an equity ratio of 70.5%, a debt-equity ratio of zero, increasing net profits and cash flows, as well as a solid business model limit the risks associated with business operations and also provide further opportunities for development of both sales revenues and earnings.

The risk management system set up by the Executive Board and implemented worldwide is appropriately aligned with the FUCHS PETROLUB Group's opportunity and risk profile and is also subject to constant further development, taking into account new opportunities and risks where appropriate. The results of these efforts are reflected in an adequate general risk situation. Among other things, management activities focus on observing the ongoing uncertainties in the global economy, as well as the price and exchange rate fluctuations associated with raw materials, currencies and tangible assets to ensure fast reactions when necessary. From the Executive Board's current perspective, however, there are no discernible risks that jeopardize the company's going concern. We believe the systems currently in place to be appropriate and consider simultaneous occurrence of all individual risks unlikely.

FORECAST REPORT

GROUP ALIGNMENT AND ECONOMIC FRAMEWORK

The business model of the FUCHS PETROLUB Group is based on broad regional use of business opportunities spread across many sectors. The business portfolio is aligned with products that place great demands on technology and are associated with a high service level. Particular emphasis is placed on the development of niche and regional market segments here. FUCHS PETROLUB is therefore broadly diversified. There are no plans to expand the Group's activities to business areas outside the field of lubricants.

The sales markets for the technological solutions and processes available in the FUCHS PETROLUB Group include both mature markets and markets in global regions displaying particularly fast economic development.

The Group therefore constantly searches for new business opportunities through continuous development of new products that reduce costs and solve technical issues in complex processes. At the same time, existing products are centrally and regionally modified to match the ever changing requirements. In the case of the latter, this involves a large number of solutions to problems, not basic technological impetuses.

GENERAL ECONOMIC DEVELOPMENT FORECASTS

Based on forecasts of the International Monetary Fund (IMF), the global economy is likely to record only slightly stronger growth in 2013 than in 2012. Following an increase in global production of around 3.2 % in 2012, growth rates of 3.5 % are being forecast for 2013.

Following a slight decline in economic performance in 2012 (–0.2 %), the IMF is predicting slight growth for the European Union in 2013 (0.2 %). Since a decline in gross domestic product was observed in Southern Europe, while Central and Northern Europe recorded significant growth rates, it is clear that there are appreciable regional differences.

In 2013, growth of 2.0 % is being forecast for the US, which is slightly below the growth rate recorded in 2012 (2.3 %). In China, another important country for the FUCHS PETROLUB Group, an increase in growth to 8.2 % is being forecast for 2013 (7.8 %).

EFFECTS ON OUR BUSINESS MODEL

The demand for lubricants is likely to follow this macroeconomic development. With global demand remaining at around the same level recorded in 2012, Europe is likely to see a slight decline, while Asia (and China in particular) should be able to report further increases in volume.

Having observed increases in raw material prices in 2012, some of which were significant, the Group does not currently anticipate any further general increases in raw material prices.

However, little has changed in terms of the diverse, in some cases latent, risks. These include the national debt crises of various countries, the difficult situation still being encountered by many banks, currency conversion imbalances, as well as a high level of central bank liquidity and the inflationary risks that result from this.

These risks may have considerable effects on the Group's sales markets. The austerity policy can have a negative effect on consumer demand. Potentially severe exchange rate fluctuations could also have a significant effect on the Group in terms of raw material purchasing by Group companies, conversion of the balance sheet and income statement, and dividend income of the holding company.

In addition to this, the ongoing political instability in North Africa and the Middle East can have effects on the oil price and thereby also on our raw material costs. There is also a risk that political tensions in Asia, which are currently on the rise, may serve to slow down economic development in this region.

ANTICIPATED RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

Due to its broad regional base and activities in many niche markets, in its planning for 2013, the FUCHS PETROLUB Group expects to be able to continue its growth policy. On the basis of the overall conditions outlined, the Group is planning for organic growth in 2013 in the low single-digit percent range. To what extent external growth will be possible through acquisitions or whether sales revenues will be influenced by changes in currency exchange rates remains to be seen.

Following an increase in the gross margin in the quarters of 2012, the Executive Board expects to see this margin stabilize in 2013. At the same time, personnel and operating costs will also increase due to both inflation and business levels. We expect the increasing gross profit, driven primarily by sales revenues, to rise more sharply than other costs. We therefore anticipate a further increase in earnings before interest and tax (EBIT), profit after tax, and earnings per share in 2013. Largely unchanged net interest income, as well as a stable **RATE OF TAXATION** of approximately 30% are included in this planning.

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Our intention is to generate increases in both sales revenues and earnings in all regions. Asia, and China in particular, as well as North America should contribute to this growth in sales revenues and earnings. We also expect an appreciable contribution from our companies in Central and Eastern Europe.

In 2013, the Group is planning capital expenditure at the same level as 2012. At €71.4 million, the past financial year was characterized by significantly higher capital expenditure than in previous years. The main projects for 2013 are completion of construction work for new facilities in Russia and Northern China, as well as finalization of the modernization and extension work being performed at our facilities in the US. Work is set to begin on construction of new facilities in Brazil, and possibly also in Newcastle, Australia. We do not, however, expect this high level of capital expenditure to continue in subsequent years.

Based on the sound financial position and encouraging gross cash flow anticipated, we intend to finance these investments and the business-related growth in working capital internally.

There are sufficient liquid funds available for us to continue our shareholder-friendly dividend policy.

From today’s perspective, it is difficult to predict to what extent funds will be required for acquisitions. It is also currently difficult to assess whether liquid funds could also potentially be used for share buybacks. Excluding acquisitions or share buybacks made over the course of 2013, the Group will not require any external financing at the end of the year.

The Group also expects the overall favorable economic framework conditions it has enjoyed to date to continue in 2014. FUCHS PETROLUB is not planning any strategic changes, but rather wishes to continue its successful work in the familiar and proven fashion. There should therefore not be any significant changes in terms of the earnings, net assets and financial position. However, this expectation that framework conditions and company-specific factors will continue on their present course is subject to various risks.

BUSINESS DEVELOPMENT IN THE FIRST TWO MONTHS OF 2013

We have recorded an encouraging start to 2013. Our expectations have been met in the first two months of the new financial year, and sales revenues and income above the previous year’s level have been generated.

Legal disclosures

DEPENDENT COMPANY REPORT / REPORT ON INVESTMENTS IN AFFILIATED COMPANIES

The Fuchs family holds the majority of the capital stock with voting rights. RUDOLF FUCHS GMBH & CO KG, via which most of the Fuchs family's ordinary stock is held, is the controlling enterprise for FUCHS PETROLUB AG, which is a dependent company.

A dependent company report has therefore been prepared on relationships with related parties pursuant to Section 312 of the German Stock Corporation Act (AktG) with the concluding declaration: "In the legal transactions listed in the dependent company report, and according to the circumstances that were known to us when those legal transactions were performed, our company received an appropriate consideration in each legal transaction. No actions subject to disclosure occurred on the instruction or in the interest of the controlling company or any company associated with it."

KPMG AG Wirtschaftsprüfungsgesellschaft, Mannheim, the independent auditors of FUCHS PETROLUB AG, have audited this dependent company report and provided it with an unqualified audit opinion.

DECLARATION OF CORPORATE GOVERNANCE

→ www
Further information at www.fuchs-oil.com/dcg.html

The Declaration of Corporate Governance to be submitted pursuant to Section 289 a of the German Commercial Code (HGB) can be found in the corporate governance report on pages 27 to 35 and is part of the Group management report. It is also available online at www.fuchs-oil.com/dcg.html.

MAIN FEATURES OF THE COMPENSATION SYSTEM OF FUCHS PETROLUB AG FOR MEMBERS OF THE EXECUTIVE BODIES

→ 36
Corporate Governance Report

The main features of the compensation system of FUCHS PETROLUB AG for members of the Executive Bodies are presented on pages 36 to 37 of the corporate governance report and form part of the Group management report.

INFORMATION REQUIRED UNDER TAKEOVER LAW PURSUANT TO SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

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The relevant disclosures required pursuant to Section 315 (4) of the German Commercial Code (HGB) is presented on pages 44 to 45 and form part of the Group management report.

On the basis of a high equity ratio of 70%, FUCHS can respond flexibly to the market and consistently drive forward its growth initiatives.

IN 2012, GROUP SALES REVENUES GREW BY 10 % TO

€1,819 MILLION

IN 2012, EBIT GREW BY 11 % TO

€293.0 MILLION

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FINANCIAL REPORT

* Part of the notes

Consolidated financial statements of FUCHS PETROLUB AG

INCOME STATEMENT

in € million	Notes	2012	2011[1]
Sales revenues	(1)	1,819.1	1,651.5
Cost of sales	(2)	−1,153.1	−1,046.9
Gross profit		**666.0**	**604.6**
Selling and distribution expenses	(3)	−256.2	−236.2
Administrative expenses	(4)	−90.7	−83.0
Research and development expenses		−29.2	−27.5
Other operating income and expenses	(5)	−11.1	0.5
EBIT before income from companies consolidated at equity		**278.8**	**258.4**
Income from companies consolidated at equity	(6)	14.2	5.1
Earnings before interest and tax (EBIT)		**293.0**	**263.5**
Financial result	(7)	−1.6	−3.7
Earnings before tax (EBT)		**291.4**	**259.8**
Income taxes	(8)	−84.1	−76.7
Profit after tax		**207.3**	**183.1**
Thereof			
Non-controlling interests	(9)	0.7	0.7
Profit attributable to equity holders of FUCHS PETROLUB AG		206.6	182.4
Earnings per share in €[2]	(10)		
Ordinary share		2.90	2.56
Preference share		2.92	2.58

[1] The previous year's figures have been adjusted for reasons of comparability, see „Changes in the accounting policies" in the notes to the consolidated financial statements.

[2] Basic and diluted in both cases, after share split in June 2011.

STATEMENT OF COMPREHENSIVE INCOME

in € million	2012	2011
Profit after tax	**207.3**	**183.1**
Income and expenses recognized in equity		
Change in foreign currency translation adjustments[1]		
foreign subsidiaries	−3.9	4.7
shares in companies consolidated at equity	0.1	0.5
Actuarial gains/losses on defined benefit pension commitments and similar obligations[2]	−12.1	−10.9
Deferred taxes on income and expenses recognized in equity[2]	3.0	2.6
Total income and expenses recognized directly in equity	**−12.9**	**−3.1**
Total income and expenses for the period	**194.4**	**180.0**
thereof shareholders of FUCHS PETROLUB AG	193.7	179.3
thereof non-controlling interests	0.7	0.7

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Note 26

[1] The previous year's figures have been adjusted for reasons of comparability, see "Changes in the accounting policies" in the notes to the consolidated financial statements.

[2] For further information, please refer to the notes under item 26.

BALANCE SHEET

in € million	Notes		**Dec. 31, 2012**		Dec. 31, 2011[1]		Jan. 1, 2011[1]
Assets							
Intangible assets	(15)		112.7		116.9		123.1
Property, plant and equipment	(14)		252.9		215.4		201.0
Shares in companies consolidated at equity	(16)		40.4		24.6		29.3
Other financial assets	(17)		3.8		5.1		5.7
Deferred tax assets	(18)		29.8		26.1		21.9
Other receivables and other assets	(19)		0.8		4.0		0.0
Long-term assets	(13)		**440.4**		**392.1**		**381.0**
Inventories	(20)		239.3		228.4		184.5
Trade receivables	(21)		250.4		247.5		212.3
Tax receivables	(22)		3.3		1.8		2.3
Other receivables and other assets	(23)		31.6		36.5		25.0
Cash and cash equivalents	(24)		143.7		79.0		84.4
Short-term assets			**668.3**		**593.2**		**508.5**
Total assets			**1,108.7**		**985.3**		**889.5**
Equity and liabilities							
Subscribed capital		71.0		71.0		71.0	
Group reserves		502.5		403.3		302.6	
Group profits		206.6		182.4		170.7	
Equity of shareholders of FUCHS PETROLUB AG			780.1		656.7		544.3
Non-controlling interests			1.6		1.5		1.6
Total equity	(25)		**781.7**		**658.2**		**545.9**
Pension provisions	(26)		26.4		15.8		74.4
Other provisions	(27)		4.9		7.0		6.6
Deferred tax liabilities	(18)		19.0		18.6		16.1
Financial liabilities			0.0		0.0		0.1
Other liabilities	(28)		4.1		3.8		2.6
Long-term liabilities			**54.4**		**45.2**		**99.8**
Trade payables	(29)		119.8		128.5		111.5
Provisions	(30)		27.9		23.8		23.4
Tax liabilities	(31)		28.7		30.8		27.0
Financial liabilities	(32)		8.9		14.1		18.7
Other liabilities	(33)		87.3		84.7		63.2
Short-term liabilities			**272.6**		**281.9**		**243.8**
Total equity and liabilities			**1,108.7**		**985.3**		**889.5**

[1] The previous year's figures have been adjusted for reasons of comparability, see "Changes in the accounting policies" in the notes to the consolidated financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in € million	Outstanding shares (units)	Subscribed capital AG	Capital reserves AG	
As at December 31, 2010	23,660,000	71.0	94.6	
Successive aquisition of shares				
Dividend payments				
Profit after tax 2011				
Change in income and expenses recognized directly in equity				
As at December 31, 2011	70,980,000 [1]	71.0	94.6	
Dividend payments				
Profit after tax 2012				
Change in income and expenses recognized directly in equity				
As at December 31, 2012	70,980,000 [1]	71.0	94.6	

[1] After share split in June 2011.

[2] Income and expenses recognized in equity of shareholders of FUCHS PETROLUB AG.

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Changes in shareholders' equity are illustrated in the notes under item 25.

	Equity capital generated in the Group	Actuarial gains and losses[2]	Differences arising from currency translation[2]	**Equity of shareholders of FUCHS PETROLUB AG**	Non-controlling interests	**Total Equity**
	395.3	−24.3	7.7	**544.3**	1.6	**545.9**
	−3.7			**−3.7**	−0.4	**−4.1**
	−63.2			**−63.2**	−0.4	**−63.6**
	182.4			**182.4**	0.7	**183.1**
		−8.3	5.2	**−3.1**		**−3.1**
	510.8	−32.6	12.9	**656.7**	1.5	**658.2**
	−70.3			**−70.3**	−0.6	**−70.9**
	206.6			**206.6**	0.7	**207.3**
		−9.1	−3.8	**−12.9**		**−12.9**
	647.1	−41.7	9.1	**780.1**	1.6	**781.7**

STATEMENT OF CHANGES IN LONG-TERM ASSETS[1]

GROSS AMOUNTS
ACQUISITION AND MANUFACTORING COSTS

in € million 2011	Jan. 1, 2011	Currency differences	Changes in the scope of consolidation	Additions	Disposals	Reclassifications	Dec. 31, 2011
Intangible assets							
Licenses, industrial property rights and similar values	75.9	–0.2	0.0	1.9	0.2	0.1	77.5
Goodwill[2]	95.8	0.1	0.0	0.0	1.0	0.0	94.9
Other intangible assets	0.2	0.1	0.0	0.1	0.0	–0.1	0.3
	171.9	**0.0**	**0.0**	**2.0**	**1.2**	**0.0**	**172.7**
Property, plant and equipment							
Land, land rights and buildings	172.0	0.9	0.0	3.8	1.1	3.3	178.9
Technical equipment and machinery	184.2	1.6	0.0	7.6	1.2	1.5	193.7
Other equipment, factory and office equipment	96.1	0.1	0.0	6.0	2.0	0.7	100.9
Work in progress	10.7	0.0	0.0	16.6	0.0	–5.5	21.8
	463.0	**2.6**	**0.0**	**34.0**	**4.3**	**0.0**	**495.3**
Financial assets							
Shares in affiliated companies	0.0	0.0	0.0	0.9	0.0	0.0	0.9
Shares in companies consolidated at equity[3]	29.3	0.5	0.0	5.1	10.3	0.0	24.6
Investment in companies	2.3	0.0	0.0	0.0	0.0	0.0	2.3
Other loans	4.3	0.0	0.0	0.5	2.0	0.0	2.8
Long-term securities	0.3	0.0	0.0	0.0	0.0	0.0	0.3
	36.2	**0.5**	**0.0**	**6.5**	**12.3**	**0.0**	**30.9**
Long-term assets (excluding deferred taxes and other receivables and other assets)	**671.1**	**3.1**	**0.0**	**42.5**	**17.8**	**0.0**	**698.9**

2012	Dec. 31, 2011	Currency differences	Changes in the scope of consolidation	Additions	Disposals	Reclassifications	Dec. 31, 2012
Intangible assets							
Licenses, industrial property rights and similar values	77.5	–0.6	0.6	1.6	0.2	0.3	79.2
Goodwill[2]	94.9	–1.1	0.5	0.1	0.0	0.0	94.4
Other intangible assets	0.3	0.0	0.0	0.3	0.0	–0.3	0.3
	172.7	**–1.7**	**1.1**	**2.0**	**0.2**	**0.0**	**173.9**
Property, plant and equipment							
Land, land rights and buildings	178.9	–1.0	0.0	6.3	0.3	9.5	193.4
Technical equipment and machinery	193.7	–0.2	0.0	7.8	3.1	7.0	205.2
Other equipment, factory and office equipment	100.9	0.2	0.0	9.5	4.2	1.9	108.3
Work in progress	21.8	–0.4	0.0	36.3	0.0	–18.4	39.3
	495.3	**–1.4**	**0.0**	**59.9**	**7.6**	**0.0**	**546.2**
Financial assets							
Shares in affiliated companies	0.9	0.0	–0.7	0.0	0.2	0.0	0.0
Shares in companies consolidated at equity[3]	24.6	0.2	0.0	24.0	8.4	0.0	40.4
Investment in companies	2.3	0.0	0.0	0.0	0.0	0.0	2.3
Other loans	2.8	0.0	0.0	0.3	0.7	0.0	2.4
Long-term securities	0.3	0.0	0.0	0.0	0.0	0.0	0.3
	30.9	**0.2**	**–0.7**	**24.3**	**9.3**	**0.0**	**45.4**
Long-term assets (excluding deferred taxes and other receivables and other assets)	**698.9**	**–2.9**	**0.4**	**86.2**	**17.1**	**0.0**	**765.5**

[1] Part of the notes, the previous year's figures have been adjusted for reasons of comparability, see „Changes in the accounting policies" in the notes to the consolidated financial statements.
[2] The amortization on goodwill accumulated by December 31, 2004 was balanced with historical acquisition costs.
[3] The inflows to the financial assets also contain partial proceeds of the shares in companies consolidated at equity, in addition to the capital expenditures amounting €10.1 million.

DEPRECIATION AND AMORTIZATION								NET AMOUNTS	
Jan. 1, 2011	Currency differences	Changes in the scope of consoli-dation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassifi-cations	Dec. 31, 2011	Dec. 31, 2011	Jan. 1, 2011
38.4	0.0	0.0	8.1	0.0	0.2	0.0	46.3	31.2	37.5
10.4	0.1	0.0	0.0	0.0	1.0	0.0	9.5	85.4	85.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.2
48.8	**0.1**	**0.0**	**8.1**	**0.0**	**1.2**	**0.0**	**55.8**	**116.9**	**123.1**
65.9	1.0	0.0	4.3	0.3	0.5	0.0	71.0	107.9	106.1
128.9	1.5	0.0	7.7	0.0	1.2	0.0	136.9	56.8	55.3
67.1	0.4	0.0	6.3	0.0	1.9	0.0	71.9	29.0	29.0
0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	21.7	10.6
262.0	**2.9**	**0.0**	**18.3**	**0.3**	**3.6**	**0.0**	**279.9**	**215.4**	**201.0**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.6	29.3
1.2	0.0	0.0	0.0	0.0	0.0	0.0	1.2	1.1	1.1
–0.1	0.0	0.0	0.0	0.0	0.0	0.0	–0.1	2.9	4.4
0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2
1.2	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.2**	**29.7**	**35.0**
312.0	**3.0**	**0.0**	**26.4**	**0.3**	**4.8**	**0.0**	**336.9**	**362.0**	**359.1**

Dec. 31, 2011	Currency differences	Changes in the scope of consoli-dation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassifi-cations	Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2011
46.3	–0.4	0.1	5.8	0.0	0.2	0.0	51.6	27.6	31.2
9.5	0.1	0.0	0.0	0.0	0.0	0.0	9.6	84.8	85.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
55.8	**–0.3**	**0.1**	**5.8**	**0.0**	**0.2**	**0.0**	**61.2**	**112.7**	**116.9**
71.0	–0.8	0.0	5.0	0.0	0.2	0.0	75.0	118.4	107.9
136.9	–0.2	0.0	8.5	0.0	2.8	0.0	142.4	62.8	56.8
71.9	0.3	0.0	7.6	0.0	4.0	0.0	75.8	32.5	29.0
0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	39.2	21.7
279.9	**–0.7**	**0.0**	**21.1**	**0.0**	**7.0**	**0.0**	**293.3**	**252.9**	**215.4**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	40.4	24.6
1.2	0.0	0.0	0.0	0.0	0.0	0.0	1.2	1.1	1.1
–0.1	0.0	0.0	0.0	0.0	0.0	0.0	–0.1	2.5	2.9
0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2
1.2	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.2**	**44.2**	**29.7**
336.9	**–1.0**	**0.1**	**26.9**	**0.0**	**7.2**	**0.0**	**355.7**	**409.8**	**362.0**

STATEMENT OF CASH FLOWS

in € million	2012	2011[1]
Profit after tax	**207.3**	**183.1**
Depreciation and amortization of long-term assets	26.9	26.7
Change in long-term provisions and in other non-current assets (covering funds)	–0.7	–70.9
Change in deferred taxes	–0.3	1.1
Non-cash income from shares in companies consolidated at equity	–14.2	–5.1
Gross cash flow	**219.0**	**134.9**
Change in inventories	–11.5	–43.2
Change in trade receivables	–3.4	–34.1
Change in other assets	3.2	–11.3
Change in trade payables	–10.0	17.4
Change in other liabilities (excluding financial liabilities)	5.8	26.2
Net gain/loss on disposal of long-term assets	0.0	–0.7
Cash flow from operating activities	**203.1**	**89.2**
Investments in fixed assets	–71.4	–37.0
Acquisition of subsidiaries and other business units	–0.9	–0.4
Proceeds from the disposal of long-term assets	1.5	3.1
Changes in financial resources due to changes in scope of consolidation	0.2	–6.2
Dividends received	7.9	10.3
Cash flow from investing activities	**–62.7**	**–30.2**
Free cash flow	**140.4**	**59.0**
Dividends paid for previous year	–70.9	–63.6
Changes in bank and leasing commitments	–4.9	–3.6
Purchase of minority interests	0.0	–4.2
Cash flow from financing activities	**–75.8**	**–71.4**
Cash and cash equivalents at the end of the previous period	**79.0**	**90.6**
Cash flow from operating activities	203.1	89.2
Cash flow from investing activities	–62.7	–30.2
Cash flow from financing activities	–75.8	–71.4
Effect of currency translations	0.1	0.8
Cash and cash equivalents at the end of the period[2]	**143.7**	**79.0**

in € million	2012	2011 [1]
Details of the acquisition of subsidiaries and other business units (in € million)		
Total of all purchase prices [3]	0.9	0.4
Total of acquired cash and cash equivalents	0.0	0.0
Balance of acquired net assets	0.9	0.4

[1] The previous year's figures have been adjusted for reasons of comparability, see „Changes in the accounting policies" in the notes to the consolidated financial statements.
[2] Cash and cash equivalents comprise total liquid funds of the Group.
[3] All purchase prices were paid in cash or cash equivalents.

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The paid taxes on income total €87.1 million (71.9). They are included in the cash flow from operating activities.

€2.4 million (1.6) was paid for interest. Interest payments received totaled €1.0 million (1.3).

SEGMENTS [1]

in € million	EUROPE 2012	2011	Change	ASIA-PACIFIC, AFRICA 2012	2011	Change	NORTH AND SOUTH AMERICA 2012	2011	Change	
Sales revenues by customer location	958.3	940.3	18.0	535.4	422.0	113.4	325.4	289.2	36.2	
Sales revenues by company location	1,080.7	1,006.7	74.0	486.8	412.3	74.5	320.3	282.6	37.7	
thereof with other segments	66.2	47.5	18.7	0.1	0.2	−0.1	2.4	2.4	0.0	
Scheduled depreciation [2]	17.4	17.7	−0.3	4.5	3.8	0.7	4.5	4.4	0.1	
Impairment losses [2]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	−0.3	
EBIT before income from companies consolidated at equity	132.6	130.4	2.2	83.1	68.5	14.6	67.5	63.1	4.4	
Income from companies consolidated at equity	1.0	1.3	−0.3	13.2	3.8	9.4	0.0	0.0	0.0	
Segment earnings (EBIT)	133.6	131.7	1.9	96.3	72.3	24.0	67.5	63.1	4.4	
Financial result										
Income taxes										
Profit after tax										
Segment assets [3]	530.0	497.0	33.0	262.9	221.3	41.6	211.6	189.8	21.8	
thereof shares from companies consolidated at equity	2.4	2.6	−0.2	38.0	22.0	16.0	0.0	0.0	0.0	
Segment liabilities [4]	139.2	148.7	−9.5	62.8	58.1	4.7	32.4	30.3	2.1	
Financial liabilities										
Pension provisions										
Cash and cash equivalents										
Group liabilities [5]										
Additions to property, plant and equipment and intangible assets [6]	34.6	27.5	7.1	14.2	5.5	8.7	13.7	2.4	11.3	
Additions to financial assets	0.3	1.2	−0.9	10.1	0.2	9.9	0.0	0.0	0.0	
Employees (average numbers)	2,311	2,235	76	838	814	24	524	519	5	
Key performance indicators (in %)										
Ratio of EBIT before income from companies consolidated at equity to sales revenues	12.3	13.0		17.1	16.6		21.1	22.3		

[1] Part of the notes, the previous year's figures have been adjusted for reasons of comparability, see „Changes in the accounting policies" in the notes to the consolidated financial statements.
[2] Relating to property, plant and equipment, intangible assets, goodwill and financial assets.
[3] Including shares in companies consolidated at equity, excluding financial receivables.
[4] Non-interest bearing borrowed capital: trade payables, other provisions and other liabilities; Group value including tax liabilities.
[5] Segment liabilities, financial liabilities, pension provisions, minus cash and cash equivalents.
[6] Including aquisitions and changes in the scope of consolidation.

	TOTAL FOR OPERATING COMPANIES			HOLDING INCLUDING CONSOLIDATION			FUCHS PETROLUB GROUP		
	2012	2011	Change	**2012**	2011	Change	**2012**	2011	Change
	1,819.1	1,651.5	167.6	0.0	0.0	0.0	1,819.1	1,651.5	167.6
	1,887.8	1,701.6	186.2	−68.7	−50.1	−18.6	1,819.1	1,651.5	167.6
	68.7	50.1	18.6	−68.7	−50.1	−18.6	0.0	0.0	0.0
	26.4	25.9	0.5	0.5	0.5	0.0	26.9	26.4	0.5
	0.0	0.3	−0.3	0.0	0.0	0.0	0.0	0.3	−0.3
	283.2	262.0	21.2	−4.4	−3.6	−0.8	278.8	258.4	20.4
	14.2	5.1	9.1	0.0	0.0	0.0	14.2	5.1	9.1
	297.4	267.1	30.3	−4.4	−3.6	−0.8	293.0	263.5	29.5
							−1.6	−3.7	2.1
							−84.1	−76.7	−7.4
							207.3	**183.1**	**24.2**
	1,004.5	908.1	96.4	104.2	77.2	27.0	1,108.7	985.3	123.4
	40.4	24.6	15.8	0.0	0.0	0.0	40.4	24.6	15.8
	234.4	237.1	−2.7	57.3	60.1	−2.8	291.7	297.2	−5.5
							8.9	14.1	−5.2
							26.4	15.8	10.6
							143.7	**79.0**	**64.7**
							183.3	248.1	−64.8
	62.5	35.4	27.1	0.5	0.6	−0.1	63.0	36.0	27.0
	10.4	1.4	9.0	0.0	0.0	0.0	10.4	1.4	9.0
	3,673	3,568	105	81	78	3	3,754	3,646	108
	15.0	15.4					15.3	15.6	

Notes to the consolidated financial statements

BASIS OF PREPARATION

GENERAL INFORMATION

The consolidated financial statements of FUCHS PETROLUB AG, Mannheim, as at December 31, 2012, have been prepared in accordance with the standards and interpretations as specified in the guidelines of the International Accounting Standards Board (IASB), London, to be applied within the EU, and in accordance with the supplementary regulations to be applied as specified by Section 315 a (1) of the German Commercial Code (HGB), as applicable on the balance sheet date. All of the International Financial Reporting Standards (**IFRS**), formerly International Accounting Standards (**IAS**), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), that were required for the 2012 financial year have been applied.

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There were no amendments to standards or interpretations relevant to the FUCHS Group in the financial year 2012.

The following standards and amendments to standards / interpretations, which are relevant to the FUCHS PETROLUB Group and have been endorsed by the EU, will only become binding in the financial year 2013 or later and were not adopted early.

Amendment to IAS 1 "Presentation of items in other comprehensive income"
This amendment affects the presentation of other comprehensive income in the statement of comprehensive income. In future, the items of other comprehensive income which will subsequently be reclassified ("recycled") to the income statement must be presented separately from the items of other comprehensive income that are never to be reclassified. Insofar as the items are disclosed gross, i. e. without netting with effects from latent taxes, the latent taxes must no longer be disclosed as a total amount, but rather be allocated to the two groups of items.

The amendment is to be applied for the first time for financial years starting on or after July 1, 2012.

IAS 19 (revised 2011) "Employee Benefits"
Besides comprehensive disclosure requirements regarding employee benefits, the revised standard encompasses the following key changes:

There is currently an option for recognizing unanticipated fluctuations in pension obligations, so-called actuarial gains and losses, in the financial statements. With the revision of IAS 19, this option has been eliminated in order to secure a more transparent and comparable presentation. In future, these gains and losses must therefore always be recognized in full under other comprehensive income. The past service cost is now also to be disclosed directly as profit or loss in the year in which it occurs.

In addition to this, the anticipated income from plan assets is currently determined at the start of the accounting period, based on the subjective expectations of the management team with regard to the performance of the investment portfolio. Adoption of IAS 19 (revised 2011) means that only a typical return of plan assets at the level of the discount interest rate of the pension obligations at the beginning of the period may be applied.

To date, the anticipated administration costs for the plan assets have been reported under net interest income. As a consequence of the amendments, administration costs for plan assets must now be recognized as part of the re-measurement component in other comprehensive income, while other administration costs must be allocated to operating profit at the time they occur.

As the FUCHS PETROLUB Group has already been recording actuarial gains and losses under other comprehensive income since the financial year 2008, the amendment will not have any effects on the Group balance sheet. The main effect will be the future disclosure of the return on plan assets on the basis of the pension obligation's discount rate at the start of the period. This will lead to a decrease in the financial result of approximately €1.0 million for 2013. The FUCHS PETROLUB Group does not expect the amended disclosure regulations for administration costs to have any appreciable effect on plan assets.

The revised definition of termination benefits will have an effect on the way in which top-up amounts paid within the scope of partial retirement agreements are recognized. However, the FUCHS PETROLUB Group does not anticipate any significant effects on the level of provisions for partial retirement based on this change in disclosure methods.

The amendments to IAS 19 (revised 2011) are to be applied for the first time for financial years starting on or after January 1, 2013.

Amendments to IAS 27 "Separate Financial Statements"
Within the scope of the adoption of IFRS 10 "Consolidated Financial Statements", the regulations for the principle control and the requirements when preparing consolidated financial statements have been removed from IAS 27 and ultimately incorporated in IFRS 10 (see details on IFRS 10). As a result of this, IAS 27 will in future only contain those regulations concerning the accounting treatment of subsidiaries, joint ventures and associated companies in IFRS individual financial statements. The amendment is to be applied for the first time for financial years starting on or after January 1, 2014.

Amendments to IAS 28 "Shares in Associates and Joint Ventures"

Amendments were also made to IAS 28 within the scope of adopting IFRS 11 "Joint Arrangements". As is already the case, IAS 28 governs the application of the equity method. However, the scope of application has been significantly extended with adoption of IFRS 11, since in future not only investments in associated companies, but also in joint ventures (IFRS 11) must be measured using the equity method. The use of pro rata consolidation for joint ventures has therefore been eliminated.

In future, potential voting rights and other derivative financial instruments must also be taken into account when determining whether an entity has significant influence.

Another amendment concerns the accounting method as per IFRS 5 when only a portion of a stake in an associated company or a joint venture is to be sold. IFRS 5 is then to be partially applied if only one stake or one part of a stake in an associated company (or a joint venture) fulfills the criteria of "held for sale". The amendment is to be applied for the first time for financial years starting on or after January 1, 2014.

Since the FUCHS PETROLUB Group already includes all joint ventures in its consolidated financial statements on the balance sheet date using the equity method and the other amendments currently do not hold any relevance for the FUCHS PETROLUB Group, we do not expect adoption of IFRS 11 in connection with the amended IAS 28 to have any significant effect on the Group's net assets, financial position or results of operations.

Amendments to IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures" regarding offsetting financial assets and financial liabilities, as well as notes to consolidated financial statements.

This amendment to IAS 32 clarifies the prerequisites for offsetting financial instruments. In the amendment, the meaning of the current right to set off is explained and it is also clarified which procedures with gross settlement as net settlement can be considered in terms of the Standard. In conjunction with these clarifications, the regulations concerning disclosures in the notes to the financial statement have also been extended in IFRS 7. The amendment to IAS 32/IFRS 7 is to be applied for the first time for financial years starting on or after January 1, 2014 or January 1, 2013.

IFRS 10 "Consolidated Financial Statements"

This standard comprehensively redefines the term "control". When one company controls another company, the parent company must consolidate its **SUBSIDIARY**. This new standard could potentially have effects on the scope of consolidation, such as for special purpose entities. The new standard is to be applied for the first time for financial years starting on or after January 1, 2014.

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From today's perspective, we do not expect this standard to have any effects on the scope of consolidation.

IFRS 11 "Joint Arrangements"

IFRS 11 changes the accounting process for joint arrangements. Based on the new concept, a decision must be reached as to whether the activities relate to a joint operation or a joint venture. In future, joint ventures must be consolidated at equity. The option to incorporate these joint ventures in the consolidated financial statements on a pro rata basis has therefore been eliminated. The new standard is to be applied for the first time for financial years starting on or after January 1, 2014.

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With regard to the effects on the FUCHS PETROLUB Group, we refer to our notes on IAS 28.

IFRS 12 "Disclosure of Interests in Other Entities"

This standard governs the disclosure requirements regarding stakes held in other companies. The necessary disclosures are significantly more extensive than the former requirements in accordance with IAS 27, IAS 28, and IAS 31. The new standard is to be applied for the first time for financial years starting on or after January 1, 2014.

IFRS 13 "Fair Value Option"

This standard creates uniformity in fair value measurement for IFRS financial statements. In future, all fair value measurements required in line with other standards must comply with the stipulations of IFRS 13. IAS 17 and IFRS 2 will then be the only standards where dedicated rules apply. The new fair value measurement method can lead to different values than the previous regulations. The new standard is to be applied for the first time for financial years starting on or after January 1, 2013.

The FUCHS PETROLUB Group does not expect any significantly deviating values to arise from the adoption of the new fair value measurement method.

The following standards and amendments to standards/interpretations are relevant to the FUCHS PETROLUB Group, but have not yet been adopted by the EU. Subject to their endorsement by the EU, they will only become binding from the financial year 2013 or later and were also not adopted early.

The FUCHS PETROLUB Group is currently still investigating the effects of these amendments, but from today's perspective does not expect any significant effects on the Group's net assets, financial position or results of operations.

Improvements to IFRS 2009 – 2011
Five standards were revised within the scope of the annual improvement project. The goal of the revised formulations in individual IFRS is to clarify the existing regulations. Beside this, there are also changes with effects on accounting methods, recognition, measurement, and notes to consolidated financial statements. The standards IAS 1, IAS 16, IAS 32, IAS 34, and IFRS 1 are affected by this. Subject to endorsement by the EU, which is still pending, the amendments are to be applied for the first time for financial years starting on or after January 1, 2013.

IFRS 9 "Financial Instruments"
The IFRS 9 method for recognition and measurement of financial instruments will replace IAS 39.

In future, financial assets will only be classified and measured in two groups: at "Amortized Costs" and at "Fair Value". Changes in the value of financial assets in the Fair Value category must in principle be disclosed as profit or loss. All regulations for financial liabilities are adopted from IAS 39. The main difference concerns the disclosure of changes in value of financial liabilities measured at fair value. In future, these must be recognized separately. The portion associated with a company's own credit risk is to be recognized under other comprehensive income, while the remaining portion of the change in value is to be recognized in profit or loss. Subject to endorsement by the EU, which is still pending, IFRS 9 is to be applied for the first time for financial years starting on or after January 1, 2015.

Amendments to IFRS 9 and IFRS 7 – Mandatory Effective Date and Transition Disclosures
One effect of these amendments is that companies are no longer required to provide adjusted figures for the previous year when applying IFRS 9 for the first time. This simplification was originally only permitted when adopting IFRS 9 before January 1, 2012. However, it also involves additional notes to consolidated financial statements as per IFRS 7 at the time of transitioning. Similarly to the regulations of IFRS 9, these amendments are only to be adopted for the first time for financial years starting on or after January 1, 2015, subject to endorsement by the EU, which is still pending.

Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition Guidance
The amendments include clarification and additional simplifications for transitioning to IFRS 10, IFRS 11, and IFRS 12. Adjusted comparison information now only needs to be provided for the previous period. Subject to endorsement by the EU, the amendments to IFRS 10, IFRS 11, and IFRS 12 are only to be applied for the first time in financial years starting on or after January 1, 2014.

The currency used in this report is the euro (€). All amounts are stated in millions of euros (€ million), unless otherwise indicated. The previous year's figures are stated in parentheses. In order to simplify the presentation, some individual items have been grouped together in the balance sheet and the income statement; however, these items are listed separately and explained in the notes.

SCOPE OF CONSOLIDATION*

Number	Europe	Asia-Pacific, Africa	North and South America	**Total**
Fully consolidated companies (incl. parent company)				
January 1, 2012	28	16	8	52
Additions	1			1
Disposals				
December 31, 2012	**29**	**16**	**8**	**53**
Companies consolidated at equity				
January 1, 2012/**December 31, 2012**	**1**	**4**	**0**	**5**
Unconsolidated companies				
January 1, 2012	3	3	0	6
Additions				
Disposals	–2	–1		–3
December 31, 2012	**1**	**2**	**0**	**3**

* Previous year's figures adjusted, see „Changes in the accounting policies."

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Note 43

Fundamentally, all German and international subsidiaries are included in the consolidated financial statements of FUCHS PETROLUB AG, Mannheim, Germany. The year-end financial statements of the subsidiaries are prepared with the same balance sheet date as the consolidated financial statements (December 31). Disclosure of shareholdings is given in note 43.

The scope of consolidation includes a total of 53 (52) companies. The changes to the scope of consolidation in 2012 are stated in the section below.

The financial results of certain subsidiaries that have no material effect upon the consolidated financial results of the Group have not been included in FUCHS PETROLUB's consolidated financial statements. Three foreign companies were not consolidated. The non-consolidated companies generated total sales revenues of €1.4 million and earnings after tax of €0.2 million.

The exemption from the disclosure requirement pursuant to 264 (3) of the German Commercial Code (HGB) was used for the following subsidiaries included in the consolidated financial statements:

- BREMER & LEGUIL GMBH, Duisburg,
- FUCHS EUROPE SCHMIERSTOFFE GMBH, Mannheim,
- FUCHS FINANZSERVICE GMBH, Mannheim,
- FUCHS LUBRITECH GMBH, Kaiserslautern,
- PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg, and
- WISURA GMBH, Bremen.

The large and medium-sized corporations were also exempted from preparing a management report.

CHANGES IN THE SCOPE OF CONSOLIDATION

Additions at fully consolidated companies	in %
FUCHS SMÖRJMEDEL SVERIGE AB, Helsingborg/Sweden	100

The initial consolidation of the Swedish subsidiary FUCHS SMÖRJMEDEL SVERIGE AB was performed in the first quarter of 2012. FUCHS PETROLUB AG founded this company in Sweden to work intensively on developing the Scandinavian market. The initial consolidation did not lead to any significant effects on the net assets, financial position or results of operations of the FUCHS PETROLUB Group.

There were **no disposals** of fully consolidated companies in 2012.

The FUCHS PETROLUB Group has modified its method for consolidating the shares in joint ventures (see also the following section entitled "Changes in the accounting policies").

Disposals at non-consolidated companies	in %
WISURA BETEILIGUNGSGESELLSCHAFT MBH, Bremen	100
FUCHS LUBRITECH JAPAN LTD., Osaka/Japan	100
FUCHS SMÖRJMEDEL SVERIGE AB, Helsingborg/Sweden	100

CHANGES IN THE ACCOUNTING POLICIES

IAS 31 "Interests in Joint Ventures"

The FUCHS PETROLUB Group has modified its method for consolidating the interests in joint ventures. The amendment affects the transition from proportionate consolidation to the equity method of accounting for the two joint ventures in Switzerland and Turkey. The reason for this is IFRS 11 "Joint Arrangements", which has been passed and published by the IASB. As per this new standard, joint ventures may only be included in consolidated financial statements using the equity method from the financial year 2014 onward. The current option for proportionate consolidation, pursuant to IAS 31, is to be removed for all financial years from 2014 onward. In light of this new ruling, we already switched over our two joint ventures to the equity method from January 1, 2012 onwards. As per the option currently provided in IAS 31, these joint ventures had previously been included in the consolidated financial statements on a pro rata basis up to December 31, 2011. This presentation corresponds to the current developments in accounting. The amendments require the previous year's financial information to be adjusted, as explained in the following. The prior-year figures have therefore been adjusted accordingly in the notes to the income statement and the balance sheet.

ADJUSTMENT OF THE INCOME STATEMENT PREVIOUS YEAR

in € million	2011 after adjustment	2011 before adjustment	2011 variance
Sales revenues	1,651.5	1,668.1	–16.6
Cost of sales	–1,046.9	–1,056.3	9.4
Gross profit	**604.6**	**611.8**	**–7.2**
Selling and distribution expenses	–236.2	–240.0	3.8
Administrative expenses	–83.0	–83.7	0.7
Research and development expenses	–27.5	–27.5	0.0
Other operating income and expenses	0.5	0.5	0.0
EBIT before income from companies consolidated at equity	**258.4**	**261.1**	**–2.7**
Income from companies consolidated at equity	5.1	3.1	2.0
Earnings before interest and tax (EBIT)	**263.5**	**264.2**	**–0.7**
Financial result	–3.7	–3.9	0.2
Earnings before tax (EBT)	**259.8**	**260.3**	**–0.5**
Income taxes	–76.7	–77.2	0.5
Profit after tax	**183.1**	**183.1**	**0.0**
Thereof			
Non-controlling interests	0.7	0.7	0.0
Profit attributable to equity holders of FUCHS PETROLUB AG	182.4	182.4	0.0
Earnings per share in € [1]			
Ordinary share	2.56	2.56	0.00
Preference share	2.58	2.58	0.00

[1] Basic and diluted in both cases, after share split in June 2011.

ADJUSTMENT OF THE BALANCE SHEET OF THE PREVIOUS YEAR

in € million	Dec. 31, 2011 after adjustment	Dec. 31, 2011 before adjustment	Dec. 31, 2011 variance
Assets			
Intangible assets	116.9	116.9	0.0
Property, plant and equipment	215.4	216.0	–0.6
Shares in companies consolidated at equity	24.6	20.4	4.2
Other financial assets	5.1	5.1	0.0
Deferred tax assets	26.1	26.2	–0.1
Other receivables and other assets	4.0	4.0	0.0
Long-term assets	**392.1**	**388.6**	**3.5**
Inventories	228.4	230.0	–1.6
Trade receivables	247.5	251.1	–3.6
Tax receivables	1.8	1.8	0.0
Other receivables and other assets	36.5	36.6	–0.1
Cash and cash equivalents	79.0	81.5	–2.5
Short-term assets	**593.2**	**601.0**	**–7.8**
Total assets	**985.3**	**989.6**	**–4.3**
Equity and liabilities			
Subscribed capital	71.0	71.0	0.0
Group reserves	403.3	403.3	0.0
Group profits	182.4	182.4	0.0
Equity of shareholders of FUCHS PETROLUB AG	656.7	656.7	0.0
Non-controlling interests	1.5	1.5	0.0
Total equity	**658.2**	**658.2**	**0.0**
Pension provisions	15.8	15.8	0.0
Other provisions	7.0	7.0	0.0
Deferred tax liabilities	18.6	18.6	0.0
Financial liabilities	0.0	0.0	0.0
Other liabilities	3.8	3.8	0.0
Long-term liabilities	**45.2**	**45.2**	**0.0**
Trade payables	128.5	130.1	–1.6
Provisions	23.8	23.9	–0.1
Tax liabilities	30.8	31.0	–0.2
Financial liabilities	14.1	16.2	–2.1
Other liabilities	84.7	85.0	–0.3
Short-term liabilities	**281.9**	**286.2**	**–4.3**
Total equity and liabilities	**985.3**	**989.6**	**–4.3**

ADJUSTMENT OF STATEMENT OF CHANGES IN LONG-TERM ASSETS AT JANUARY 1, 2011

	GROSS AMOUNTS ACQUISITION AND MANUFACTORING COSTS				DEPRECIATION AND AMORTIZATION				NET AMOUNTS	
in € million	Dec. 31, 2010 before adjustment	Changes in the accounting policies	Changes in the scope of consolidation	Jan. 1, 2011 after adjustment	Dec. 31, 2010 before adjustment	Changes in the accounting policies	Changes in the scope of consolidation	Jan. 1, 2011 after adjustment	Dec. 31, 2010 before adjustment	Jan. 1, 2011 after adjustment
Intangible assets										
Licenses, industrial property rights and similar values	76.0	−0.1	0.0	75.9	38.4	0.0	0.0	38.4	37.6	37.5
Goodwill	95.8	0.0	0.0	95.8	10.4	0.0	0.0	10.4	85.4	85.4
Other intangible assets	0.2	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.2	0.2
	172.0	**−0.1**	**0.0**	**171.9**	**48.8**	**0.0**	**0.0**	**48.8**	**123.2**	**123.1**
Property, plant and equipment										
Land, land rights and buildings	172.0	0.0	0.0	172.0	65.9	0.0	0.0	65.9	106.1	106.1
Technical equipment and machinery	184.3	−0.1	0.0	184.2	128.9	0.0	0.0	128.9	55.4	55.3
Other equipment, factory and office equipment	96.6	−0.3	−0.2	96.1	67.5	−0.2	−0.2	67.1	29.1	29.0
Work in progress	10.7	0.0	0.0	10.7	0.1	0.0	0.0	0.1	10.6	10.6
	463.6	**−0.4**	**−0.2**	**463.0**	**262.4**	**−0.2**	**−0.2**	**262**	**201.2**	**201.0**
Financial assets										
Shares in companies consolidated at equity	6.8	3.4	19.1	29.3	0.0	0.0	0.0	0.0	6.8	29.3
Investment in companies	2.3	0.0	0.0	2.3	1.2	0.0	0.0	1.2	1.1	1.1
Other loans	4.3	0.0	0.0	4.3	−0.1	0.0	0.0	−0.1	4.4	4.4
Long-term securities	0.3	0.0	0.0	0.3	0.1	0.0	0.0	0.1	0.2	0.2
	13.7	**3.4**	**19.1**	**36.2**	**1.2**	**0.0**	**0.0**	**1.2**	**12.5**	**35.0**
Long-term assets (excluding deferred taxes and other receivables and other assets)	**649.3**	**2.9**	**18.9**	**671.1**	**312.4**	**−0.2**	**−0.2**	**312.0**	**336.9**	**359.1**

ADJUSTMENT OF STATEMENT OF CASH FLOWS OF THE PREVIOUS YEAR

in € million	Dec. 31, 2011 after adjustment	Dec. 31, 2011 before adjustment	Dec. 31, 2011 variance
Profit after tax	**183.1**	**183.1**	**0.0**
Depreciation and amortization of long-term assets	26.7	26.8	–0.1
Change in long-term provisions and in other non-current assets (covering funds)	–70.9	–70.9	0.0
Change in deferred taxes	1.1	1.1	0.0
Non-cash income from shares in companies consolidated at equity	–5.1	–3.1	–2.0
Gross cash flow	**134.9**	**137.0**	**–2.1**
Change in inventories	–43.2	–44.0	0.8
Change in trade receivables	–34.1	–35.5	1.4
Change in other assets	–11.3	–11.4	0.1
Change in trade payables	17.4	18.8	–1.4
Change in other liabilities (excluding financial liabilities)	26.2	25.9	0.3
Net gain/loss on disposal of long-term assets	–0.7	–0.7	0.0
Cash flow from operating activities	**89.2**	**90.1**	**–0.9**
Investments in fixed assets	–37.0	–37.6	0.6
Acquisition of subsidiaries and other business units	–0.4	–0.4	0.0
Proceeds from the disposal of long-term assets	3.1	3.1	0.0
Changes in financial resources due to changes in scope of consolidation	–6.2	–6.2	0.0
Dividends received	10.3	9.2	1.1
Cash flow from investing activities	**–30.2**	**–31.9**	**1.7**
Free cash flow	**59.0**	**58.2**	**0.8**
Dividends paid for previous year	–63.6	–63.6	0.0
Changes in bank and leasing commitments	–3.6	–1.8	–1.8
Purchase of minority interests	–4.2	–4.2	0.0
Cash flow from financing activities	**–71.4**	**–69.6**	**–1.8**
Cash and cash equivalents at the end of the previous period	**90.6**	**92.1**	**–1.5**
Cash flow from operating activities	89.2	90.1	–0.9
Cash flow from investing activities	–30.2	–31.9	1.7
Cash flow from financing activities	–71.4	–69.6	–1.8
Effect of currency translations	0.8	0.8	0.0
Cash and cash equivalents at the end of the period[1]	**79.0**	**81.5**	**–2.5**

[1] Cash and cash equivalents comprise total liquid funds of the Group.

ADJUSTMENT OF SEGMENTS OF THE PREVIOUS YEAR [1]

in € million	EUROPE after adjustment 2011	EUROPE before adjustment 2011	EUROPE variance	ASIA-PACIFIC, AFRICA after adjustment 2011	ASIA-PACIFIC, AFRICA before adjustment 2011	ASIA-PACIFIC, AFRICA variance
Sales revenues by customer location	940.3	950.8	−10.5	422.0	427.6	−5.6
Sales revenues by company location	1,006.7	1,018.3	−11.6	412.3	420.9	−8.6
thereof with other segments	47.5	51.1	−3.6	0.2	0.2	0.0
Scheduled depreciation [2]	17.7	17.8	−0.1	3.8	3.8	0.0
Impairment losses [2]	0.0	0.0	0.0	0.0	0.0	0.0
EBIT before income from companies consolidated at equity	130.4	132.0	−1.6	68.5	69.6	−1.1
Income from companies consolidated at equity	1.3	0.0	1.3	3.8	3.1	0.7
Segment earnings (EBIT)	131.7	132.0	−0.3	72.3	72.7	−0.4
Financial result						
Income taxes						
Profit after tax						
Segment assets [3]	497.0	501.0	−4.0	221.3	225.8	−4.5
thereof shares from companies consolidated at equity	2.6	0.0	2.6	22.0	20.4	1.6
Segment liabilities [4]	148.7	150.2	−1.5	58.1	58.8	−0.7
Financial liabilities						
Pension provisions						
Cash and cash equivalents						
Group liabilities [5]						
Additions to property, plant and equipment and intangible assets [6]	27.5	27.6	−0.1	5.5	6.0	−0.5
Additions to financial assets	1.2	1.2	0.0	0.2	0.2	0.0
Employees (average numbers)	2,235	2,247	−12	814	836	−22
Key performance indicators (in %)						
Ratio of EBIT before income from companies consolidated at equity to sales revenues	13.0	13.0		16.6	16.5	

[1] Part of the notes.

[2] Relating to property, plant and equipment, intangible assets, goodwill and financial assets.

[3] Including shares in companies consolidated at equity, excluding financial receivables.

[4] Non-interest bearing borrowed capital: trade payables, other provisions and other liabilities; Group value including tax liabilities.

[5] Segment liabilities, financial liabilities, pension provisions, minus cash and cash equivalents.

[6] Including aquisitions and changes in the scope of consolidation.

NORTH AND SOUTH AMERICA			TOTAL FOR OPERATING COMPANIES			HOLDING INCLUDING CONSOLIDATION			FUCHS PETROLUB GROUP		
after adjustment 2011	before adjustment 2011	**variance**	after adjustment 2011	before adjustment 2011	**variance**	after adjustment 2011	before adjustment 2011	**variance**	after adjustment 2011	before adjustment 2011	**variance**
289.2	289.7	−0.5	1,651.5	1,668.1	−16.6	0.0	0.0	0.0	1,651.5	1,668.1	−16.6
282.6	282.6	0.0	1,701.6	1,721.8	−20.2	−50.1	−53.7	3.6	1,651.5	1,668.1	−16.6
2.4	2.4	0.0	50.1	53.7	−3.6	−50.1	−53.7	3.6	0.0	0.0	0.0
4.4	4.4	0.0	25.9	26.0	−0.1	0.5	0.5	0.0	26.4	26.5	−0.1
0.3	0.3	0.0	0.3	0.3	0.0	0.0	0.0	0.0	0.3	0.3	0.0
63.1	63.1	0.0	262.0	264.7	−2.7	−3.6	−3.6	0.0	258.4	261.1	−2.7
0.0	0.0	0.0	5.1	3.1	2.0	0.0	0.0	0.0	5.1	3.1	2.0
63.1	63.1	0.0	267.1	267.8	−0.7	−3.6	−3.6	0.0	263.5	264.2	−0.7
									−3.7	−3.9	0.2
									−76.7	−77.2	0.5
									183.1	**183.1**	**0.0**
189.8	189.8	0.0	908.1	916.6	−8.5	77.2	73.0	4.2	985.3	989.6	−4.3
0.0	0.0	0.0	24.6	20.4	4.2	0.0	0.0	0.0	24.6	20.4	4.2
30.3	30.3	0.0	237.1	239.3	−2.2	60.1	60.1	0.0	297.2	299.4	−2.2
									14.1	16.2	−2.1
									15.8	15.8	0.0
									79.0	**81.5**	**−2.5**
									248.1	249.9	−1.8
2.4	2.4	0.0	35.4	36.0	−0.6	0.6	0.6	0.0	36.0	36.6	−0.6
0.0	0.0	0.0	1.4	1.4	0.0	0.0	0.0	0.0	1.4	1.4	0.0
519	519	0	3,568	3,602	−34	78	78	0	3,646	3,680	−34
22.3	22.3		15.4	15.4					15.6	15.7	

CONSOLIDATION PRINCIPLES

The acquisition accounting for acquisitions prior to March 31, 2004 has been accounted in accordance with the regulations of IAS 22. For acquisitions after March 31, 2004, the principles of IFRS 3 apply. All business combinations are accounted for using the purchase method of accounting at the acquisition date. Initially, all assets, liabilities and intangible assets that are to be capitalized are valued at fair value. The acquisition costs are then compared with the proportional share of the net assets acquired at fair value. The resulting positive differences are capitalized as goodwill. Negative differences are reviewed once more, then recognized directly in profit or loss. The incidental acquisition costs of a business combination are recognized in the income statement. Pursuant to IAS 36, the recoverable amount is calculated on the basis of goodwill impairment tests performed at least once each year or whenever there are indications of an impairment. For details on this, please refer to the section "Accounting and valuation methods".

→ 137 Accounting and valuation methods

Changes to the percentage of shares held which do not lead to a loss of control are treated as a transaction between shareholders and recognized directly under shareholders' equity. Transactions of this nature do not result in the recognition of goodwill or the realization of disposal proceeds.

The consolidation principles apply accordingly to the joint ventures and associated companies consolidated at equity. In the event of losing joint control or a key influence, the remaining shares are re-measured at fair value through profit and loss.

The shares in companies consolidated at equity are measured at acquisition costs plus the accumulated changes in net assets, whereby goodwill is recognized in the carrying amount of the investment.

Inter-company sales, expenses and income as well as receivables and liabilities between consolidated companies are netted off. Inter-company profits resulting from sales and services rendered between consolidated companies are eliminated. This does not apply to profits or losses which in total are of minor importance for forming a true and fair view of the Group's assets, liabilities, financial position and earnings.

Minority interests on the consolidated equity and consolidated net profit are shown separately from the parent company's ownership interest.

FOREIGN CURRENCY TRANSLATION

The translation of financial statements prepared in foreign currencies by consolidated companies is accounted for in accordance with IAS 21 on the basis of the functional currency concept. The functional currency is the currency of the primary economic environment in which a company operates. All subsidiaries use their local currency as their functional currency. For the companies included in the consolidated financial statements, a foreign currency transaction will be valued in its functional currency and converted by the spot rate valid on the day of the business transaction.

In the financial statements of FUCHS PETROLUB AG and its subsidiaries, assets and liabilities in foreign currencies are translated at the exchange rates on the balance sheet date. Any exchange rate gains or losses not yet realized on the balance sheet date are recognized in the income statement.

For consolidation purposes, the financial statements of the subsidiaries prepared in a foreign currency have been translated to euros as follows:

Expenses and income are recognized at the average annual exchange rate in line with the simplification rule of IAS 21.40; shareholders' equity at historical exchange rates and assets and liabilities at the exchange rate applicable on the balance sheet date. The resulting translation adjustments are recognized directly in equity. The year-on-year change is presented in the statement of comprehensive income. The respective cumulative translation differences are released to income at the time of disposal of subsidiaries.

→ 109 Income statement

The currency differences resulting from the consolidation of inter-company debts are also recognized in the income statement under Other operating income and expenses.

→ 114 Statement of changes in long-term assets

In the statement of changes in long-term assets, the starting and closing balances have been translated at the exchange rate on the balance sheet date, and the other items have been translated at average exchange rates. Any differences arising from exchange rate movements are shown in a separate column as exchange rate differences within acquisition and manufacturing costs and with depreciation and amortization adjustments.

Currency translation for the pro rata equity capital of associated companies is performed at the respective exchange rates on the balance sheet date. Translation of the annual results concerned is carried out at the average exchange rate on the balance sheet date. Dividend payments by associated companies are translated at the exchange rate on the date of the distribution.

The exchange rates with a significant influence on the consolidated financial statement have moved against the euro as follows:

Closing rate (€1)	**Dec. 31, 2012**	Dec. 31, 2011	Change in foreign currency in %
US dollar	1.318	1.295	−1.7
British pound	0.815	0.838	+2.8
Chinese renminbi yuan	8.212	8.242	+0.4
Australian dollar	1.271	1.273	+0.2
South African rand	11.190	10.532	−5.9
Polish zloty	4.093	4.436	+8.4
Brazilian real	2.695	2.418	−10.3
Argentinian peso	6.474	5.579	−13.8
Russian ruble	40.20	41.73	+3.8
South Korean won	1,411.37	1,502.16	+6.4

Average annual exchange rate (€1)	**2012**	2011	Change in foreign currency in %
US dollar	1.286	1.393	+8.3
British pound	0.812	0.868	+6.9
Chinese renminbi yuan	8.129	9.017	+10.9
Australian dollar	1.242	1.349	+8.6
South African rand	10.569	10.100	−4.4
Polish zloty	4.189	4.126	−1.5
Brazilian real	2.513	2.330	−7.3
Argentinian peso	5.858	5.755	−1.8
Russian ruble	40.04	40.96	+2.3
South Korean won	1,453.29	1,543.85	+6.2

ACCOUNTING AND VALUATION METHODS

In conformity with IAS 27, the financial statements of FUCHS PETROLUB AG and its subsidiaries in Germany and abroad are prepared in accordance with uniform accounting and valuation principles. Valuations that deviate from the Group's principles in the annual financial statements of associated companies are retained where they are of negligible significance.

The primary assessment concept is the inclusion of historical purchasing or manufacturing costs. Applicable exceptions are indicated accordingly.

The consolidated financial statements are prepared in accordance with the principles of IFRS, as applied in the EU. The recognition, measurement and disclosure methods, as well as the notes and disclosures regarding the consolidated financial statements for the financial year 2012 are all made on the same consistent basis. The exception is presented in the „Changes in the accounting policies" section.

In addition to the Group's earnings before interest and tax (EBIT), the earnings before interest, taxes, and companies consolidated at equity is disclosed in the income statement. When comparing this new KPI in relation to sales revenues, only those amounts generated from the fully consolidated companies are taken into account in the relative value, both for income and sales revenues. The EBIT figure also contains earnings of companies consolidated at equity. The sales revenues generated by companies consolidated at equity are not included in Group sales revenues.

Further exceptions arise from changes made due to the adoption of new/revised accounting principles (see „General disclosures") and in the sense of conveying relevant information. Insofar as adjustments are made to the previous year's figures, these are documented and explained in the corresponding notes to the consolidated financial statements.

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General information

SIGNIFICANT DISCRETIONARY DECISIONS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Group's financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions are based on experience values, the current level of knowledge, information currently available, as well as other factors which the Executive Board deems to be applicable under the respective circumstances. Future-related assumptions and estimates are necessary, in particular for the assessment, recognition, and measurement of assets and liabilities as listed below:

Goodwill

Pursuant to IAS 36, the recoverable amount is calculated on the basis of goodwill impairment tests performed at least once each year or whenever there are indications of an impairment loss. An asset's recoverable amount is the higher of the fair value of the asset minus selling costs and the value in use. For the purpose of testing impairment, the cash generating units to which goodwill is assigned are measured.

A cash-generating unit is generally formed by a subsidiary. If the recoverable amount is lower than the carrying amount of the reporting unit, goodwill will be amortized in the income statement to the recoverable amount. The recoverable amount is defined by the value in use, which itself is determined using a discounted cash flow method. The subsidiaries' mid-term planning, which consists of the budget plan 2013 and the plan years 2014 and 2015, serves as the basis for planning.

Besides the fundamental cash flow plans, the determination of the discount rate is also of significance for the impairment test calculations. The discount rate is a weighted average cost of capital (WACC), which is made up of the costs of borrowed capital and equity capital weighted with the capital structure. The shareholders' equity costs are determined from capital market data using the Capital Asset Pricing Model (CAPM) and are made up of a risk-free interest rate and a risk premium (consisting of the market risk premium and beta factor). The borrowing costs correspond to the risk-free interest rate plus a premium for the credit risk. To present the sustainable growth of the companies in the years following mid-term planning, a deduction from the growth rate was taken into account in the discount rate for the terminal value. Please refer to note 15 for further information.

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Note 15

Provisions for pensions and defined benefit assets

The expenses of defined benefit plans and pension provisions, as well as assets from pension plans, are determined using actuarial calculations. An actuarial assessment is made on the basis of various assumptions, which can deviate from actual future developments. These include determination of discount rates, future salary and wage increases, future pension increases, the mortality rate, and the expected further development of plan assets. Due to the complexity of the measurement, the basic assumptions made and the long-term nature of the investments involved, defined benefit obligations are extremely sensitive to changes in these assumptions. All parameters are checked on each balance sheet date. Actuarial gains and losses are offset against the Group's retained earnings directly in shareholders' equity. They occur due to deviations in the actual development of pension obligations and pension plan assets from assumptions made at the start of the year, as well as updates in actuarial assumptions. Please refer to note 26 for further information.

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Note 26

Feasibility of deferred tax assets

The realizability of deferred tax assets depends on the future taxable profits of the respective Group company. If there are any doubts regarding realizability, corresponding impairments are made to the deferred tax assets in individual cases. Please refer to note 18 for further information.

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Note 18

Other important future-related assumptions and estimates are also necessary, particularly for valuation, recognition, and measurement of:

- Impairment of intangible assets and property, plant and equipment
- Impairment and write-ups to trade receivables,
- Other provisions, such as environmental obligations and costs for legal proceedings.

Future actual developments may deviate from these assumptions and estimates due to a variety of factors. The estimates and assumptions used are regularly reviewed. Changes will be recognized in the income statement at a time when better estimates are available. The estimates for the previous year do not need to be adjusted.

SALES REVENUES

Sales revenues comprise revenues from the sale of goods or services within the scope of ordinary business operations. They are disclosed without sales tax or any other taxes accrued in the context of sales revenues, as well as net of sales deductions and after the elimination of intra-group transactions. Sales revenues are realized upon delivery of the products and services, when all essential risks and opportunities have been transferred to the buyer. Sales revenues from services are realized as soon as the respective service has been provided. Sales revenues also include fees for chemical process management services.

FUCHS PETROLUB does not engage in any business that requires realization of sales revenues in the form of long-term production orders in line with the percentage-of-completion method.

COST OF SALES

Cost of sales includes the manufacturing costs associated with products, merchandise and services sold. In accordance with IAS 2, it contains not only directly attributable costs such as cost of material, personnel and energy, but also direct manufacturing costs and indirect production-related overheads. These overheads also include depreciation of production buildings and equipment, write-downs of inventories, etc.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses include the costs of the sales organization and application support and advice for our customers, as well as advertising expenses, commission expenses, and shipping costs.

ADMINISTRATIVE EXPENSES

Administrative expenses comprise the personnel and related costs of the management and administration departments, if these have not been allocated to other functional areas as internal services.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses include costs for identifying alternative materials/products for technical processes.

Development work includes application of research results for the purpose of developing new products and/or processes prior to their commercial use. Development expenses are only recognized as intangible assets when all of the following criteria are met:

- the expenses attributable to the development of the intangible asset can be reliably determined,
- technical and economic completion is feasible,
- future economic benefit is probable and
- there is an intention to bring the intangible asset to completion in order to use or sell it.

The criteria for recognition of intangible assets created in-house are only met in full in our product segments shortly before the products reach market maturity. Development costs that occur after the recognition criteria have been met are insignificant. The development costs are therefore recognized as expenses at the time when they occur.

FINANCIAL RESULT

Financing costs will be differentiated in the income statement and accounted for using the effective interest method, provided they are not capitalized as part of the historical cost of the asset in line with IAS 23.8.

Interest income will be differentiated in the income statement and accounted for using the effective interest method. Dividends will be recorded at the time of the payment claim.

Interest expense arising from pension obligations will be netted against the expected investment returns of the pension fund on the basis of actuarial calculations and disclosed in the financial result.

INTANGIBLE ASSETS

Acquired intangible assets are measured and recognized at cost in accordance with IAS 38. It must be determined whether the useful life of an asset is finite or indefinite. The useful life is indefinite if there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group.

Indefinite-lived intangible assets and goodwill are not subject to scheduled amortization, although they still undergo an impairment test at least once a year and also whenever there are indications of an impairment. The procedures in connection with impairment testing are described in the section „Consolidation principles“. Definite-lived intangible assets will be subjected to scheduled amortization over their useful lifetimes using the straight-line method.

→ 134 Consolidation principles

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Income statement

For software, a useful life of three to five years is scheduled within the Group. Other intangible assets, such as patents and licenses, are amortized as per their respective, contractually agreed useful life. The amortization will be recorded in the income statement under the department costs for manufacturing, administration, distribution, as well as research and development.

PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are recognized for at their cost of acquisition or manufacture, less accumulated depreciation and impairment. Government grants are offset against acquisition costs. No re-measurement of property, plant and equipment is performed on the basis of the provisions of IAS 16. Straight-line depreciation is applied over the useful life of the property, plant and equipment.

Within the Group, property, plant and equipment are amortized on the basis of the following estimated useful lives:

Useful life	
Buildings	20 to 40 years
Plant and machinery	5 to 20 years
Vehicles	5 years
Factory and office equipment	3 to 10 years

IMPAIRMENTS FOR DEFINITE-LIVED INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

As per IAS 36, the carrying value of definite-lived intangible assets is evaluated whenever circumstances or events dictate this. The recoverable amount of assets is compared to their carrying value if there are indications of a potential impairment. An impairment loss is recognized if the recoverable value of an asset (defined as the higher of the asset's net selling price or its value in use) is lower than the carrying amount. If the reason for a previously recognized impairment no longer exists, the impairment is reversed at its brought-forward depreciated or amortized cost of purchase or manufacture.

LEASING

Long-term assets also include leased assets. IAS 17 includes rules for determining, on the basis of the risks and rewards of the parties to a lease, whether the lessor or the lessee is the economic owner of the assets. In the case of finance leases, the assets are capitalized by the lessee and in the case of operating leases the assets are recorded by the lessor. The payment obligations resulting from the future leasing installments are recognized at their present values as financial liabilities. The lease payments should be apportioned between the finance charge and the reduction of the outstanding liability.

If economic ownership remains with the lessor (operating lease), the lease payments are recognized as expenses over the lease term.

SHARES IN COMPANIES CONSOLIDATED AT EQUITY AND OTHER FINANCIAL ASSETS

Interests in joint ventures and associates are carried in the consolidated financial statements at equity. Proportionate earnings are recognized in the income statement and added to the carrying amount. Dividend payments of joint ventures and associated companies reduce their shareholders' equity and are deducted from the carrying amount without affecting net income. Proportionate earnings are recognized as an addition in the statement of changes in fixed assets and dividend payments are shown as disposals.

In accordance with IAS 39 shares and investments in non-consolidated subsidiaries and affiliated companies are shown at cost minus depreciation, as these assets are unlisted shares in corporations, for which the fair value to be attributed cannot be reliably determined.

Loans are shown at cost or, in the case of non-interest-bearing loans, at their present value. Identifiable risks are taken into account by recognizing impairment losses.

For securities held as long-term assets, according to IAS 39 a distinction must be made between securities which are held for trading purposes, available-for-sale securities and held-to-maturity securities. The FUCHS PETROLUB Group does not hold any securities for trading purposes. Available-for-sale securities are recorded at their fair values if these exist; if not, they are recorded at amortized costs. If they are recorded at fair value, unrealized profits and losses are recognized in shareholders' equity net of deferred taxes. Held-to-maturity financial assets are measured at cost or at fair value. This fair value is equal to the market value on the balance sheet date without deduction of transaction costs.

FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recorded if the company is a contractual party in relation to a financial instrument. Financial assets are derecognized if the contractual rights to payments arising from the financial assets expire or if the financial assets are transferred with all material risks and opportunities. Financial liabilities are derecognized if the contractual obligations have been settled, extinguished or have expired. Regular-way purchases and sales of financial instruments are generally recognized in the balance sheet on their settlement date. Derivatives are recorded on their day of trading.

Pursuant to IAS 39, financial instruments are divided into the following measurement categories:

Financial assets

- Financial assets to be measured at fair value through profit and loss: At the FUCHS PETROLUB Group this category only includes derivatives (forward currency transactions) with a positive fair value. They are disclosed under Other assets.

- Held-to-maturity investments consist of non-derivative financial assets with fixed or determinable payments. These financial instruments have a fixed term, for which the company has the ability and intent to hold until maturity, and they do not fall under other measurement categories. In the FUCHS PETROLUB Group there are no financial assets that fall under this category.

- Loans and receivables: These comprise financial assets with fixed or determinable payments, which are not quoted on an active market and are not derivatives or classified as available-for-sale.
  In addition to trade receivables this category includes financial assets contained in other long-term financial assets and in Other receivables and other assets. Initial measurement is done at fair value, which generally matches the nominal value of the receivable or loan. Interest-free and low-interest long-term loans and receivables are recorded at present value. Subsequent measurements are generally done at amortized cost under consideration of the effective interest method.
- Available-for-sale financial assets comprise financial assets which are not derivatives and do not fall under any of the previously stated measurement categories. In the FUCHS PETROLUB Group there are no financial assets that fall under this category.

Financial liabilities

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Note 33

- Financial liabilities to be measured at fair value through profit and loss: At the FUCHS PETROLUB Group this category only includes derivatives (forward currency transactions) with a negative fair value. They are disclosed under other short-term liabilities.

- Other financial liabilities: among other things, these include trade payables, bank liabilities and customer advance payments. They are carried at amortized costs, which generally correspond to the repayable amount.

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Pursuant to IAS 39, **DERIVATIVE FINANCIAL INSTRUMENTS**, such as the forward exchange transactions used by the Group are recognized in the balance sheet at their fair market values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The valuation of these financial instruments is based on generally recognized evaluation models and mathematical processes (present value method for forward exchange transactions) on the basis of current market data.

As derivatives are used solely within the framework of risk limitation or hedging strategies, the regulations for hedge accounting can be applied provided that the measures are documented properly.
In this respect, IFRS differentiates in particular between fair value hedges and cash flow hedges.

A fair value hedge is based on the change in value of an asset or a liability. Since the corresponding change in value of the hedged item affects net income, then the (opposing) change in value of the derivative is also recorded in the income statement.

A cash-flow hedge arises when the derivative secures compensation for the risks in the future cash flow of an existing hedged item or most probable future transaction (e. g. the possible exchange rate disadvantage of a scheduled revenue item in foreign currency). The effectiveness of a cash flow hedge is determined by how a specific hedged item is secured with a corresponding derivative. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity (Group reserves) and recycled to the income statement when the hedged cash transaction effects profit or loss. Conversely, the profit or loss arising from the non-effective part of a hedge is always recognized in the income statement.

The FUCHS PETROLUB Group uses derivative financial instruments (derivatives) solely to limit the risks in its operating business and the resultant financial transactions arising from fluctuations in interest rates and exchange rates. All hedging instruments are recognized in the income statement. The hedge accounting rules were not applied, thus no hedging instruments are recognized directly in equity.

Revenue from interest-bearing assets is recognized on the outstanding receivables at the reporting date using the interest rates calculated under the effective interest method.

If there is objective evidence for an impairment of a receivable or loan, an individual valuation adjustment is undertaken. When assessing the need for an impairment, regional, sector and company-specific conditions are considered. In addition, use is made of external ratings as well as the assessments of debt collection agencies and credit insurers when available. In this way, it can be ensured that all receivables and loans which are not of excellent credit quality are immediately impaired. Receivables and loans are derecognized when their uncollectibility is finally determined. If the reason for an impairment no longer exists, a write-up is recognized in profit or loss totaling not more than the amortized cost. Impairment losses on financial instruments are booked separately in an allowance account.

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Note 35

Detailed information on financial instruments can be found in the notes to the balance sheet under note 35.

DEFERRED TAXES

In accordance with IAS 12, deferred taxes should be recognized for all taxable temporary differences between tax base and IFRS-compliant accounting methods at the consolidated companies, and for consolidation measures with an effect on the income statement. Deferred tax assets essentially relate to tax effects on eliminated intercompany profits within the Group, particularly in the category of inventories, and to pension provisions. They also include tax credits which result from the expected use of loss carryforwards over subsequent years and which are likely to be realized with sufficient certainty. Deferred tax assets are subject to impairment if the realization of the tax claim is unlikely. Deferred tax liabilities mainly result from long-term asset depreciation differences between the Group's uniform depreciation rules and applicable tax laws. Deferred taxes are determined on the basis of tax rates to be applied or expected to be applied on the date of realization pursuant to the legislation in the countries involved. Deferred tax assets and liabilities are netted to the extent that they are handled by a single tax authority. As a general rule, the changes in deferred tax assets and liabilities are recognized through profit or loss. In cases where gains and losses are recognized directly under shareholders' equity, any tax assets and liabilities to be deferred in this context are also recognized directly as equity.

INVENTORIES

Inventories comprise raw materials and supplies, work in progress and services, as well as finished products and merchandise. They are measured at the lower value of procurement/manufacturing costs or net realizable value. The majority of inventory is valued using the weighted average cost method. The manufacturing costs comprise production-related full costs, determined on the basis of standard capacity utilization. In accordance with IAS 2, they include materials and supplies that are consumed in production. In addition, all overheads related to the production process, taxes on consumption, and depreciation of production equipment are included. General administrative expenses and the expenses of company welfare institutions, voluntary welfare benefits and company pension plans as well as financing costs (IAS 23) are not included in the cost of manufacture.

Write-downs are affected to cover risks arising from slow-moving items or reduced salability. Uniform write-down stipulations are in place throughout the Group for any cases in which certain shelf lives are exceeded.

RECEIVABLES AND OTHER SHORT-TERM ASSETS

Receivables and other assets are accounted for at amortized cost. Credit risks are accounted for by appropriate valuation allowances. Individual allowances are recognized if receivables cannot be collected or if collection is unlikely. Non-interest-bearing receivables with terms of more than one year are discounted. Receivables in foreign currencies are translated at exchange rates on the balance sheet date. In line with the business model, there are no receivables from long-term production orders in the FUCHS PETROLUB Group.

CASH AND CASH EQUIVALENTS

The liquid funds include cash at banks with a maturity of less than three months, checks not yet tendered, drafts and cash in hand. They are measured at cost of acquisition. Assets denominated in foreign currencies are converted at the exchange rates on the balance sheet date.

The development of liquid funds, which, pursuant to IAS 7, corresponds to cash and cash equivalents, is shown in the consolidated statement of cash flows.

SHAREHOLDERS' EQUITY

Costs for procuring the shareholders' equity are deducted directly from the shareholders' equity.

Preference share capital is shown in the balance sheet as shareholders' equity because the requirements of IAS 32 for an equity instrument are fulfilled. Dividends on both preference shares and ordinary shares are shown as shareholders' equity expenses.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The provisions for pensions are recognized using the projected-unit-credit method in accordance with IAS 19. This method covers not only the pensions and acquired entitlements known on the balance sheet date, but also future anticipated increases in pensions and salaries, with the relevant input factors being estimated. The calculation is based on actuarial expertise taking into account the relevant biometric factors.

Pursuant to IFRS, companies can choose between two options regarding the way in which the actuarial gains and losses are recorded. FUCHS uses the option as per IAS 19.93A, whereby actuarial gains and losses are offset directly and in full against the Group's shareholders' equity. This increases the information value of the consolidated balance sheet, since pension obligations are then fully recognized in the balance sheet.

Pension obligations are disclosed net of plan assets at their fair values. Any asset surplus is disclosed under long-term assets.

The charges from forming pension provisions at the level of current service expenses are recognized under personnel costs in the function categories. The interest on pension obligations and the anticipated income from plan assets are disclosed in the financial result.

OTHER PROVISIONS

Pursuant to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, other provisions are formed insofar as there is an obligation to third parties resulting from a previous event which can be expected to lead to outflows of funds, the level of which cannot be reliably determined. They represent uncertain obligations, which are recognized at best estimate levels to meet the respective obligation.

The values shown for provisions indicate those amounts which are required for covering future payment obligations, identifiable risks and uncertain liabilities of the Group. Possible price and cost increases are included in the measurement. Insofar as the level of the provision can only be determined within a certain bandwidth, the most likely value is taken. In the case of equal probability, the mean average value is recognized. Long-term provisions with a remaining term of more than one year are discounted at market interest rates which correspond to the risk and the time period up to completion. Claims for reimbursement against third parties are not offset against the provisions, but rather recognized as a separate asset, insofar as their realization is virtually certain.

LIABILITIES

Liabilities are stated in the balance sheet at their acquisition costs brought-forward. The valuation of liabilities in connection with derivatives (fair value hedge accounting) may deviate from this rule. These liabilities as well as the derivatives themselves are recorded at their fair values. Liabilities from finance leases are stated at the present value of the future lease payments and shown under Other financial liabilities.

NOTES TO THE INCOME STATEMENT

The previous year's figures have been adjusted, see "Changes in the accounting policies".

1 SALES REVENUES

Sales revenues by product groups are broken down as follows:

in € million	**2012**	Share in %	2011	Share in %	Change absolute	Change in %
Automotive lubricants*	719.6	39.5	627.5	38.0	92.1	14.7
Industrial lubricants and specialties*	1,038.1	57.1	972.0	58.9	66.1	6.8
Other products	61.4	3.4	52.0	3.1	9.4	18.1
	1,819.1	**100.0**	**1,651.5**	**100.0**	**167.6**	**10.1**

* and related products.

The main areas of the automotive lubricants product segment are engine oil, gear oil, and shock-absorber oil. At €719.6 million (627.5), sales revenues in this segment increased by 14.7%. This segment share in Group sales revenues increased to 39.5% (38.0%).

The industrial lubricants and specialties product segment mainly comprises metal-working fluids, corrosion preventatives, hydraulic and gear oils, greases, and other specialties. Sales revenues in this operating segment rose by 6.8% to €1,038.1 million (972.0). At 57.1% (58.9%), the segment represents the largest part of Group sales revenues.

Other products mainly include toll blending, chemical process management and trade activities. This segment increased by €9.4 million or 18.1% to €61.4 million (52.0).

→ 118 Segments

The development of sales revenues by geographic region can be seen under segment reporting on pages 118 to 119.

2 COST OF SALES

in € million	2012	2011
Cost of purchased raw materials, supplies, goods for resale and purchased services	1,054.4	954.9
Cost of materials	**1,054.4**	**954.9**
Personnel costs	52.9	47.5
Depreciation of property, plant and equipment and intangible assets	12.5	13.8
Third party services	10.8	9.9
Energy costs	9.8	8.5
Maintenance costs	6.8	6.6
Other costs	5.9	5.7
	1,153.1	**1,046.9**

3 SELLING AND DISTRIBUTION EXPENSES

in € million	2012	2011
Personnel costs	98.4	90.6
Freight	61.5	55.9
Commission payments	36.1	33.4
Travel expenses	12.4	11.5
Marketing costs	9.1	8.4
Rental and lease expenses	9.6	8.9
Third party services	9.1	8.9
Depreciation of property, plant and equipment and intangible assets	6.5	6.0
Maintenance costs	2.9	2.6
Taxes	1.4	1.3
Other costs	9.2	8.7
	256.2	**236.2**

Among other things, the marketing costs include expenses for car and motorbike sponsoring, participation in trade fairs, advertising materials, promotional gifts, and advertisements. Third party services comprise services commissioned for laboratory work, distribution services, trademark management and the operation of the computer center. Other costs include costs of communication and pro rata insurance premiums.

4 ADMINISTRATIVE EXPENSES

in € million	2012	2011
Personnel costs	51.7	47.0
Audit and consultancy costs	5.3	5.2
Third party services	5.4	5.2
Depreciation of property, plant and equipment and intangible assets	5.7	5.0
Taxes	4.2	3.1
Rental and lease expenses	2.8	2.7
Travel expenses	2.9	2.6
Maintenance costs	2.4	2.2
Other costs	10.3	10.0
	90.7	**83.0**

Among other things, third party services comprise the costs of trademark and brand management, as well as pro rata costs for the operation of the computer center. Other costs include communication costs and pro rata insurance premiums.

5 OTHER OPERATING INCOME AND EXPENSES

This item includes all operating income and expenses that cannot be allocated directly to the functions.

in € million	2012	2011
Income from the disposal of fixed assets	0.3	0.8
Income from the reversal of provisions	2.1	1.6
Income from the reversal of write-downs	1.5	2.3
Income from cost allocations, commission payments, licenses, and cost charging	1.3	0.3
Income from rents and leases	0.1	0.1
Currency exchange gains	5.3	5.0
Miscellaneous operating income	10.3	8.4
Other operating income	**20.9**	**18.5**
Losses from the disposal of fixed assets	0.3	0.1
Write-downs of receivables	4.0	3.5
Currency exchange losses	5.9	5.6
Restructuring costs and severance payments	2.0	0.7
Impairments	0.0	0.3
Expenses due to outsourcing pension obligations	4.2	0.0
Miscellaneous operating expenses	15.6	7.8
Other operating expenses	**32.0**	**18.0**
Other operating income and expenses	**–11.1**	**0.5**

Income from the reversal of provisions includes risks and obligations, which are no longer expected to occur or which are no longer expected to occur in this amount.

Miscellaneous operating income also includes subsidies, compensation payments received, refund claims, as well as sales of empty containers and income from other sales and services.

Write-downs of receivables include irrecoverable receivables of €1.1 million (0.8).

Among other things, miscellaneous operating expenses include the purchase costs for other sales, as well as provisions for costs of legal proceedings and risks from non-operating items. The costs of legal proceedings concern provisions in the context of the legal case due to the shareholder dispute at one of the two companies in which the Group holds an interest in the Middle East.

6 INCOME FROM COMPANIES CONSOLIDATED AT EQUITY

The income from companies consolidated at equity encompasses the proportionate income from joint ventures and associates:

in € million	**2012**	2011
Income from companies consolidated at equity	14.2	5.1

7 FINANCIAL RESULT

in € million	**2012**	2011
Other interest and similar income		
Others (mainly banks)	1.0	1.3
Interest income	**1.0**	**1.3**
Interest and similar expenses		
Others (mainly banks)	–2.5	–2.3
Interest attributable to finance leases	0.0	–0.2
Pension obligations		
Interest expense	–4.7	–5.9
Expected return on plan assets	4.5	3.4
Interest expenses	**–2.7**	**–5.0**
Net interest income	**–1.7**	**–3.7**
Income from participations	0.1	0.0
Financial result	**–1.6**	**–3.7**

The netted interest component of additions to pension provisions of –€0.2 million (–2.5) comprises interest expenses of €4.7 million (5.9) for funded obligations and obligations financed by provisions and the expected return on pension plan assets of €4.5 million (3.4).

8 INCOME TAXES

Taxes on income comprise income taxes paid or payable in the various countries, plus deferred taxes. Calculation of deferred taxes are based on the tax rates expected to apply in the various countries at the time of realization, based on the tax laws applicable or passed at the balance sheet date.

in € million	2012	2011
Current taxes	83.8	76.1
thereof Germany	28.4	25.5
thereof international	55.4	50.6
Deferred taxes	0.3	0.6
thereof Germany	1.3	0.1
thereof international	–1.0	0.5
Total	**84.1**	**76.7**

Current taxes comprise €0.6 million (1,3) in tax refunds for previous financial years.

The German tax rate is based on the corporation tax rate of 15.83% and includes the solidarity surcharge of 5.5%. Including trade tax, the total tax burden in Germany is about 30.9% (30.6%).

Profits generated by our companies outside Germany are taxed at the respective local rates. The tax rates applied in the various countries range from 12.3% (12.5%) to 41.9% (41.0%). The local taxation rates largely decreased over the previous year in Great Britain, Thailand, and the Ukraine, whereas tax rates went up in the United States.

Tax assets and liabilities are netted to the extent that they relate to the same taxation authority and may be offset.

The difference between anticipated and recognized income tax expense is attributable to the following:

in € million	2012	in %	2011	in %
Earnings before tax (EBT)	291.4		259.8	
Expected tax expense	90.0	30.9	79.5	30.6
Taxation rate differences	−4.4	−1.5	−1.8	−0.7
Non-deductible expenses	2.2	0.8	0.7	0.3
Tax-free income	−2.2	−0.7	−0.3	−0.1
Income from associated companies	−4.4	−1.5	−1.6	−0.6
Effect of tax loss carryforwards, for which no deferred tax assets had been recognized	0.2	0.0	0.0	0.0
Taxes for prior periods	−0.6	−0.2	−1.3	−0.5
Withholding taxes	2.9	1.0	1.7	0.6
Other	0.4	0.1	−0.2	−0.1
Actual tax expense	**84.1**	**28.9**	**76.7**	**29.5**

The rate of taxation of 28.9% (29.5%) comprises income from companies consolidated at equity. The Group's adjusted rate of taxation is 30.3% (30.1%).

9 NON-CONTROLLING INTERESTS

Profits attributable to minority interests of €0.7 million (0.7) relate to shareholders in Austria, the Ukraine, Greece, and France.

10 EARNINGS PER SHARE

in € million	2012	2011
Profit attributable to equity holders of FUCHS PETROLUB AG	**206.6**	**182.4**
Earnings per ordinary share in €		
Earnings per share	2.90	2.56
Weighted average number of ordinary shares	35,490,000	35,490,000
Earnings per preference share in €		
Earnings per share	2.92	2.58
Weighted average number of preference shares	35,490,000	35,490,000

Pursuant to IAS 33, the additional dividend of €0.02 per share to be distributed to the preference shareholders is allocated in advance. The remainder of the Group's profit after taxes and minority interests is distributed on a weighted basis among the two share classes.

Diluted earnings per share are the same as basic earnings per share.

11 OTHER TAXES

in € million	2012	2011
	6.5	5.3

The amount shown relates to non-income taxes, which are included in the costs of manufacturing, administrative expenses, selling and distribution expenses, and research and development expenses. €5.1 million (4.2) of this amount is attributable to foreign Group companies in Argentina, China, France, Great Britain and the United States.

12 PERSONNEL EXPENSES / EMPLOYEES

Personnel expenses (in € million)	2012	2011
Wages and salaries	207.7	189.1
Social security contributions and expenses for pensions and similar obligations	41.4	37.7
thereof for pensions	4.8	4.4
	249.1	**226.8**

Pension expenses do not include the interest expense arising from pension provisions, which is included in the net financial result, nor does it include any income from plan assets for financing pension obligations.

Number of employees (annual average)	2012	2011
Salaried staff	2,758	2,675
Wage earners	996	967
	3,754	**3,642**

NOTES TO THE BALANCE SHEET

The previous year's figures have been adjusted, see "Changes in the accounting policies".

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LONG-TERM ASSETS

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Statement of changes in long-term assets

The composition of the items recognized in the balance sheet as intangible assets, property, plant and equipment, shares in companies consolidated at equity, and other financial assets, as well as their development in 2012, are presented in the statement of changes in long-term assets on pages 114 and 115.

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PROPERTY, PLANT AND EQUIPMENT

The additions recorded in 2012 essentially affected the construction of new facilities and production equipment at the locations in Australia, China, Russia and the United States, as well as completion of the laboratory building at the Mannheim site. Property, plant and equipment includes lease assets (finance leases) totaling €0.4 million (0.4).

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Accounting and valuation methods

There were no indications of impairment in the reporting year in the impairment tests carried out for the subsidiaries.

The impairment test method is described in the section „Accounting and valuation methods".

15 INTANGIBLE ASSETS

Development of goodwill in 2012

in € million from	Separate financial statements	Business combinations	Total
Historical acquisition costs			
Balance at January 1, 2012	40.6	54.3	94.9
Currency translation effects	–0.6	–0.5	–1.1
Additions	0.1	0.5	0.6
Disposals	0.0	0.0	0.0
As at December 31, 2012	**40.1**	**54.3**	**94.4**
Accumulated amortization			
Balance at January 1, 2012	–8.5	–1.0	–9.5
Currency translation effects	–0.1	0.0	–0.1
Impairment losses	0.0	0.0	0.0
Disposals	0.0	0.0	0.0
As at December 31, 2012	**–8.6**	**–1.0**	**–9.6**
Carrying amount as at December 31, 2012	**31.5**	**53.3**	**84.8**

The €0.5 million addition to goodwill from acquisition accounting concerns the initial consolidation of the Swedish subsidiary FUCHS SMÖRJMEDEL SVERIGE AB.

Development of goodwill in 2011

in € million from	Separate financial statements	Business combinations	Total
Historical acquisition costs			
Balance at January 1, 2011	40.2	55.6	95.8
Currency translation effects	0.4	−0.3	0.1
Additions	0.0	0.0	0.0
Disposals	0.0	−1.0	−1.0
As at December 31, 2011	**40.6**	**54.3**	**94.9**
Accumulated amortization			
Balance at January 1, 2011	−8.4	−2.0	−10.4
Currency translation effects	−0.1	0.0	−0.1
Impairments	0.0	0.0	0.0
Disposals	0.0	1.0	1.0
As at December 31, 2011	**−8.5**	**−1.0**	**−9.5**
Carrying amount as at December 31, 2011	**32.1**	**53.3**	**85.4**

Goodwill of the cash-generating units

Of the €84.8 million (85.4) in goodwill recognized as at December 31, 2012, €53.3 million (53.3) is due to business combinations and €31.5 million (32.1) is due to financial statements of subsidiaries. Total goodwill of €68.3 million (68.8), consisting of €41.8 million (41.9) from business combinations and €26.5 million (26.9) from acquired goodwill, is attributable to FUCHS CORPORATION, USA.

The remaining goodwill is due to six further cash-generating units.

in € million from	2012 Separate financial statements	2012 Business combina-tions	2012 Total	2011 Separate financial statements	2011 Business combina-tions	2011 Total
FUCHS CORPORATION, USA	26.5	41.8	68.3	26.9	41.9	68.8
Six additional cash-generating units	5.0	11.5	16.5	5.2	11.4	16.6
Goodwill	**31.5**	**53.3**	**84.8**	**32.1**	**53.3**	**85.4**

Goodwill is not subject to any scheduled amortization, but undergoes an impairment test at least once a year in line with IAS 36 and also whenever there are indications of an impairment. Impairment losses are recognized as and when appropriate.

An impairment of goodwill is to be recognized if the carrying amount of the cash-generating unit's net assets, including assigned goodwill from acquisition accounting, exceeds the recoverable amount. A cash-generating unit is generally formed by a subsidiary. The recoverable amount was determined using the concept of value in use. A discounted cash flow method is used to determine the value in use. The subsidiaries' mid-term planning, which consists of the budget plan 2013 and the plan years 2014 and 2015, serves as the basis for planning for the cash flows. The planning is based on past experience, the current operating results, and the best possible estimate of corporate management regarding future developments. For the time period following mid-term planning, a terminal value is extrapolated based on the last detailed planning year. When determining the terminal value, country-specific growth rates of between 0.5% (0.5%) and 2.0% (2.0%) are taken into account as inflation-based growth. The impairment tests performed by the FUCHS CORPORATION, USA are based on the assumption of a long-term, country-specific growth rate of 0.5% (0.5%).

The discount rate is a weighted average cost of capital (WACC), which is made up of the shareholders' equity and borrowing costs weighted with the capital structure. The shareholders' equity costs are determined from capital market data using the Capital Asset Pricing Model (CAPM) and are made up of a risk-free interest rate and a risk premium (consisting of the market risk premium and beta factor). When determining the value in use of the individual cash-generating units, discount rates of between 7.0% (8.0%) and 27.0% (26.0%) after taxes were applied, taking into account country-specific risks. The discount rates before taxes are in the range from 8.9% (10.1%) to 38.6% (40.0%). A weighted cost of capital of 8.0% (8.0%) after taxes and 12.9% before taxes (12.9%) was taken into account in the impairment tests performed at FUCHS CORPORATION, USA.

In the financial years 2012 and 2011, the impairment tests did not lead to any goodwill impairments.

To take into account potential deviations in the key assumptions, sensitivities were calculated and a 20% reduction in future cash flows assumed. Based on previous experience we believe that larger variations are unlikely. If actual cash flows were 20% lower than cash flows assumed in impairment tests, this would not lead to any impairment loss in the Group's goodwill.

Industrial property rights and similar values

Intangible assets also include industrial property rights and similar rights and assets. These consist mainly of capitalized licenses for computer software, acquired formulas and product technologies, restraints on competition, and acquired customer lists. These rights and assets amount to €27.6 million (31.2) in total. Within the scope of an asset deal, our UK subsidiary FUCHS LUBRICANTS UK acquired a business for €0.6 million on October 31, 2012. This comprised the acquisition of customer relations with a value of €0.5 million. The rest relates to inventories. In addition to this, our subsidiary in Brazil acquired a business for €0.6 million on August 31, 2012 within the scope of an asset deal. This in particular comprises customer relations of €0.2 million and inventories of €0.2 million.

The item Intangible assets comprises advance payments of €0.3 million (0.3).

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SHARES IN COMPANIES CONSOLIDATED AT EQUITY

This item is made up five companies consolidated at equity. For the measurement using the equity method the proportionate equity was determined on the basis of financial statements prepared in accordance with the respective national legislation adapted in line with the requirements of IFRS.

For the three associated companies, the assets (100% values) were €136.4 million (131.3), while liabilities were €45.4 million (45.9). Sales revenues of €264.8 million (215.4) were generated and the net profit for 2012 was €38.6 million (32.6).

The two joint ventures, which are also consolidated at equity, recorded the following figures (100% values):

in € million	2012	2011
Total of all short-term assets	56.7	15.7
Total of all long-term assets	33.9	1.5
Assets as at December 31	**90.6**	**17.2**
Total of all short-term liabilities	61.2	8.7
Total of all long-term liabilities	0.2	0.0
Liabilities as at December 31	**61.4**	**8.7**
Total of all income	115.8	41.5
Total of all expenses	113.7	37.8

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OTHER FINANCIAL ASSETS

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→ 114 Statement of changes in long-term assets

This item includes shares in affiliated companies not consolidated, investments in and loans to SUBSIDIARIES, long-term securities, and other loans. In accordance with their financing nature, the long-term portion of the receivables relating to delivery agreements in France of €2.4 million (2.8) is disclosed under Other loans.

The statement of changes in long-term assets on pages 114 and 115 shows the changes in and the amount of the individual items.

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DEFERRED TAX ASSETS AND LIABILITIES

The deferred taxes recognized in the balance sheet result from the following temporary differences and items:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
in € million	**2012**	2011	**2012**	2011
Property, plant and equipment	0.9	0.8	10.0	10.2
Other long-term assets	1.4	1.7	7.8	5.2
Inventories	6.2	5.0	0.1	0.1
Other short-term assets	5.9	5.7	0.8	0.8
Long-term provisions	15.9	12.1	1.7	1.8
Other long-term liabilities	0.5	0.5	4.1	3.9
Short-term provisions and liabilities	5.4	4.4	0.9	0.7
Expected use of loss carryforwards	0.0	0.0	0.0	0.0
Sum of deferred taxes asset / liability	**36.2**	**30.2**	**25.4**	**22.7**
Tax offset	–6.4	–4.1	–6.4	–4.1
Total assets / liabilities	**29.8**	**26.1**	**19.0**	**18.6**

Deferred tax assets of €29.8 million (26.1) are essentially attributable to measurement differences between the carrying amounts of inventories (elimination of intercompany profits), other short-term assets, pension obligations, and short-term provisions and liabilities in the IFRS balance sheet and their tax base. The deferred tax liabilities essentially result from temporary differences between the carrying amounts of long-term assets in the IFRS balance sheet and their tax base (different depreciation methods and useful lives).

Tax loss carryforwards in the Group amount to €3.2 million (1.8). These consist of €1.1 million (0.0) at a company in the Europe region and €2.1 million (1.8) at a company in the Asia-Pacific, Africa region. The deferred tax assets of €0.2 million (0.0) and 0.8 million (0.8) recognized in this connection are impaired as it is not probable that loss carryforwards will be utilized in the foreseeable future.

A deferred tax liability of €4.1 million (3.9) is recorded for future tax burdens from planned dividend payments from foreign subsidiaries. In addition, there are retained earnings at the subsidiaries of €248.7 million (220.8) which are to remain invested permanently and consequently will not result in a deferred tax debt.

The change in the net amount of deferred taxes is €3.3 million (1.8) in the year under review. Taking into account the deferred taxes for the financial year 2012 recognized directly in equity and resulting essentially from the allocation of pension obligations of €3.0 million (2.6), the deferred tax expense reported in the income statement amounts to €0.3 million (0.6) after allowing for currency effects. Total deferred tax assets of €18.5 million (15.5) from actuarial gains and losses are recognized directly in equity.

19 LONG-TERM OTHER RECEIVABLES AND OTHER ASSETS

in € million	Dec. 31, 2012	Dec. 31, 2011
Asset surplus arising from the netting of pension provisions with associated plan assets	0.1	3.5
Other assets	0.7	0.5
	0.8	**4.0**

20 INVENTORIES

Inventories comprise the following:

in € million	Dec. 31, 2012	Dec. 31, 2011
Raw materials and supplies	97.2	99.3
Work in progress	13.6	12.1
Finished goods and merchandise	128.5	117.0
	239.3	**228.4**

Write-downs of inventories totaling €0.3 million (0.3) were recognized in the income statement in the year under review due to reduced salability. On the balance sheet date, the residual carrying amount of inventories that were written down amounted to €2.3 million (3.1). Inventories of €1,054.4 million (954.9) were recorded as costs of materials in the reporting period.

21 TRADE RECEIVABLES

in € million	Dec. 31, 2012	Dec. 31, 2011
Receivables due from affiliated companies	0.2	0.4
Receivables due from joint ventures and associated companies	1.3	0.4
Receivables due from other companies	248.9	246.7
	250.4	**247.5**

Changes in write-downs of trade receivables during the year are detailed below:

in € million	2012	2011
Impairments as at January 1	**13.2**	**15.2**
Currency translation effects	0.1	0.0
Additions (impairment expenses)	2.1	2.3
Utilization	–0.6	–0.6
Reversals	–0.9	–1.5
Change in the scope of consolidation	0.0	–2.2
Impairments as at December 31	**13.9**	**13.2**

In the year under review, write-downs of receivables recognized in the income statement totaled €2.1 million (2.3). The income from the reversal of write-downs is €0.9 million (1.5). Trade receivables include write-downs totaling €13.9 million (13.2) reflecting identifiable risks.

The table below reflects the extent of credit risks connected with trade receivables:

Receivables by maturity (in € million)	**Dec. 31, 2012**	Dec. 31, 2011
Receivables neither overdue nor impaired	**200.3**	**203.9**
Overdue receivables that are not impaired:		
Less than 30 days	37.5	30.6
30 to 60 days	7.1	7.5
61 to 90 days	5.5	3.2
91 to 180 days	1.9	2.3
181 to 360 days	0.6	0.6
more than 360 days	0.8	0.2
Total of overdue receivables	**53.4**	**44.4**
Minus collectively assessed allowances	–4.6	–4.6
Impaired receivables, gross	**10.6**	**12.4**
Minus individually assessed allowances	–9.3	–8.6
Trade receivables	**250.4**	**247.5**

22 SHORT-TERM TAX RECEIVABLES (INCOME TAX)

This item comprises tax refund claims which are mainly attributable to Argentinian and Italian income taxes.

23 SHORT-TERM OTHER RECEIVABLES AND OTHER ASSETS

in € million	**Dec. 31, 2012**	Dec. 31, 2011
Receivables due from associated companies	0.3	3.3
Tax receivables (transaction tax)	2.1	3.2
Sundry other assets	29.2	30.0
	31.6	**36.5**

At €1.8 million (2.6), tax receivables predominantly concern VAT receivables.

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Note 17

The Group's sundry other assets include customer loans of €3.4 million (2.8) in connection with delivery agreements in France. The long-term part of this loan is disclosed under Other long-term financial assets. This item also includes €14.0 million (13.5) that is held on a fiduciary basis for an associated company in the Middle East. The same amount is also recognized on the assets side under Liabilities due to associated companies. Other assets also include advance rental payments, prepaid expenses, refund claims, and other customer loans, and receivables from other sales. Total impairments of €4.1 million (4.0) are taken into account here.

24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents of €143.7 million (79.0) comprise bank deposits with a maturity of less than three months, checks and bills of exchange not yet presented, and cash in hand.

25 SHAREHOLDERS' EQUITY

A solid equity capital backing is indispensable for the continued existence of the company. Gearing (the ratio of financial liabilities minus cash and cash equivalents to shareholders' equity) and the equity ratio are important indicators of the capital structure.

Subscribed capital

The subscribed and fully paid capital of FUCHS PETROLUB AG remained unchanged during the reporting year:

in € million	
As at December 31, 2012	71.0

Consisting of

35,490,000 ordinary shares	at €1 each = €35,490,000
35,490,000 preference shares	at €1 each = €35,490,000

The shares of FUCHS PETROLUB AG are bearer shares. Each ordinary share carries one vote at the Annual General Meeting. The preference shares carry no voting rights, except in cases prescribed by law. Under the Articles of Association, each preference share receives a premium of €0.02 per share compared to an ordinary share.

Authorized capital amounts to €35.5 million. Authorized capital expires on May 5, 2014 and entitles the Executive Board to increase the share capital, with the consent of the Supervisory Board, one or more times by issuing up to 35,490,000 new no-par value shares (ordinary and/or preference shares without voting rights) against cash or contributions in kind. In the financial year 2012, no use was made of the authorization granted by the Annual General Meeting on May 6, 2009.

Group reserves

This item consists of the capital reserves of FUCHS PETROLUB AG (agio) and the unappropriated profits and currency reserves of the companies included in the consolidated financial statements. The unappropriated profits contain the profits generated in the past to the extent that these were not distributed. Differences arising from translation of the financial statements of foreign subsidiaries as well as joint ventures and associated companies consolidated at equity are taken directly to equity and carried under currency reserves.

→ 111 Balance sheet

Group reserves do not include net profit after tax, which is shown in the Group profits item.

Group profits

Group profits correspond to the Group's net profits after taxes and minority interests.

Proposal on the appropriation of profits of FUCHS PETROLUB AG

The Executive Board will recommend to the Supervisory Board that it presents the following dividend proposal at the 2013 Annual General Meeting: €1.28 per ordinary share entitled to dividend and €1.30 per preference share entitled to dividend. Dividends of €0.98 per ordinary share and €1.00 per preference share were paid for the financial year 2011.

Non-controlling interests

This item contains the shareholders' equity and earnings of consolidated subsidiaries attributable to minority interests. The €1.6 million attributable to minority interests (1.6) relate to shareholders in Austria, the Ukraine, Greece, and France.

26 PENSION PROVISIONS

Pension provisions are recognized for obligations arising from entitlements to future benefits and from current benefits paid to former employees of the FUCHS PETROLUB Group and their surviving dependents. The occupational pension plans in place within the Group are financed by provisions and funds and consist of defined contribution and defined benefit plans.

A defined benefit plan is provided for employees of Group companies in Germany. These benefits are based on length of service and remuneration, and are financed almost completely by funds. The remaining amount is funded by provisions. The domestic defined benefit pension plans have in principle been closed since 1983.

Where occupational pension plans are in place at Group companies outside Germany, these are fund-financed provision systems with "defined benefit" commitments and, in some cases, "defined contribution" commitments. Meanwhile, contribution-based plans have been introduced for new pension commitments in the United States and Great Britain.

The provisions recognized in the balance sheet are determined in accordance with IAS 19, with measurement based on actuarial opinions. The provisions are calculated using the projected unit credit method. Besides basic biometric data and the current long-term capital market interest rate, assumptions with regard to future salary and pension increases are also factored in. In Germany, the biometric data is based on the 2005G mortality tables by Prof. Dr. Klaus Heubeck.

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Statement of changes in shareholders' equity

As of 2008, actuarial gains and losses are recognized directly in equity in the period in which they occur and are offset against Group reserves. These adjustments are set out in the statement of changes in equity of the Group on page 112.

In Germany, measurement is based on the following assumptions:

in %	2012	2011
Discount rate	3.3	4.6
Salary trend	2.5	2.5
Pension trend	1.8	1.8
Expected return on plan assets	4.0	4.0

The obligations of companies outside Germany are determined according to the country-specific accounting regulations and parameters. The mean values are calculated on a weighted basis.

in %	2012	2011
Discount rate	2.1 to 8.0	4.3 to 8.0
Average discount rate	4.1	4.8
Salary trend	2.0 to 8.0	2.0 to 8.0
Average salary level trend	2.4	2.7
Pension trend	2.5 to 2.7	2.1 to 2.8
Average pension level trend	2.7	2.8
Expected return on plan assets	5.8 to 6.8	5.9 to 7.3
Average expected return on plan assets	6.6	7.0

Taking into account the basis of measurement described above, the funding status of the pension obligations is as follows:

Funding status (in € million)	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Present value of funded pension benefits in Germany	60.1	51.4	0.0	0.0	0.0
Present value of funded pension benefits outside Germany	56.4	46.2	65.5	92.3	71.3
Present value of pension benefits financed by provisions in Germany	0.9	0.7	52.0	52.4	50.2
Present value of pension benefits financed by provisions outside Germany	4.2	3.1	3.9	2.5	2.0
Total pension benefits	**121.6**	**101.4**	**121.4**	**147.2**	**123.5**
Fair value of plan assets in Germany	55.5	54.8	0.0	0.0	0.0
Fair value of plan assets outside Germany	40.0	34.5	47.7	63.5	53.4
Funding status	**26.1**	**12.1**	**73.7**	**83.7**	**70.1**
Similar obligations	0.2	0.2	0.7	0.1	0.5
Net obligation as at December 31	26.3	12.3	74.4	83.8	70.6
Balance sheet disclosure:					
Defined benefit assets	**0.1**	**3.5**	**0.0**	**0.0**	**0.0**
Pension provision	**26.4**	**15.8**	**74.4**	**83.8**	**70.6**

Beside the United States and Great Britain, the domestic (German) pension obligations formerly funded by means of provisions have been added to the pension obligations due to the transfer to an external pension provider (ALLIANZ) already performed in the previous year. The transfer took place with effect from December 1, 2011 and comprises a combined model, made up of transferal of already vested benefits in the ALLIANZ pension fund and future benefits still to be vested in the ALLIANZ relief fund. Deposits totaling €55.8 million were paid to ALLIANZ.

In addition to this, employee-financed benefit obligations from the so-called „deferred compensation program“ are also in place in Germany. As at December 31, 2012, benefit obligations amount to €5.0 million (4.6), which are offset against assets of €4.8 million (4.4) in the consolidated balance sheet. The €0.2 million balance (0.2) of obligations and asset values is disclosed under „Similar obligations“.

The changes in the present value of pension benefits are shown in the following table:

Pension benefits (in € million)	2012	2011
Present value as at January 1	101.4	121.4
Currency effects	1.5	1.7
Current service cost	1.5	1.1
Past service cost	0.0	0.0
Interest expense	4.7	5.9
Actuarial gains and losses	12.6	3.3
Outsourcing to external pension provider (Great Britain)	4.2	0.0
Plan termination (US)	0.0	−22.9
Benefits paid	−4.3	−9.1
Present value as at December 31	**121.6**	**101.4**
Netting with plan assets	−95.5	−89.3
Similar obligations	0.2	0.2
Net obligation as at December 31	**26.3**	**12.3**
thereof:		
Pension provision	**26.4**	**15.8**
Defined benefit assets	**0.1**	**3.5**

Within the context of restructuring our business in Great Britain, a decision was taken to transfer the defined benefit obligations of FUCHS LUBRITECH UK to an external pension provider.

Existing defined benefit obligations in the United States were frozen in 2009 and transferred to a defined contribution system. The plan termination and payment of these balances in the United States took place on December 1, 2011.

In the previous year, benefits paid included one-off payments of €3.4 million for the settlement of German pension benefits.

Changes to plan assets during the year are detailed below:

Plan assets (in € million)	**2012**	2011
Fair value as at January 1	89.3	47.7
Currency effects	1.1	1.2
Expected return on plan assets	4.5	3.4
Contributions	4.5	9.7
Special payments (Germany)	0.0	54.8
Benefits paid	–4.3	–4.1
Disposal of plan assets due to plan termination (US)	0.0	–18.5
Actuarial gains and losses	0.4	–4.9
Fair value as at December 31	**95.5**	**89.3**

The German plan assets of €55.5 million (54.8) are invested exclusively in the insurance products offered by ALLIANZ Lebensversicherung. A rate of 4.0% was used as the expected return on plan assets for 2012. The average actual return on plan assets was 3.5%.

Plan assets in Great Britain are €40.0 million (34.5). They are made up of shares at 62% (63%), bonds at 31% (29%) and raw material funds at 7% (8%). An average rate of 6.6% (7.0%) was used as the expected return on plan assets. The average actual return on plan assets was 8.3% (–6.7%).

For 2013, adoption of the amended IAS 19 (revised 2011) means that only a typical return of plan assets at the level of the discount interest rate of the pension obligations at the beginning of the period may be applied.

Running contributions of €3.3 million (3.4) are budgeted for 2013.

In the previous year, the special payments in Germany resulted from the one-off payment associated with the transfer of domestic pension obligations to ALLIANZ.

Pension expenses arising from the pension plans in place within the FUCHS PETROLUB Group amount to €12.9 million (9.5) and are made up of the following components:

Total pension expenses (in € million)	**2012**	2011
Current service cost	1.5	1.1
Interest expense	4.7	5.9
Expected return on plan assets	−4.5	−3.4
Outsourcing to external pension provider (Great Britain)	4.2	0.0
Effects of plan termination (USA)	0.0	−1.0
Expenses for defined benefit pension plans	**5.9**	**2.6**
Expenses for defined contribution pension plans	7.0	6.9
Total pension expense	**12.9**	**9.5**

In the context of the approved transfer of defined benefit obligations in Great Britain, one-off expenses of €4.2 million (0.0) were accrued. These expenses are recorded under other operating expenses.

In the previous year, the plan termination resulted in income of €1.0 million in the US.

At €3.8 million (3.4), the share of pension contributions paid by the employer in Germany has been included in defined contribution pension plans.

Pension expenses and benefit payments also include the payments for the defined contribution pension plans.

Pension expense breaks down among the following functions or cost types:

Total pension expenses (in € million)	**2012**	2011
Cost of sales	1.9	1.8
Research and development expenses	0.9	0.8
Selling and distribution expenses	2.9	2.8
Administrative expenses	2.8	1.6
Other operating expenses	4.2	0.0
Financial result	0.2	2.5
Total pension expense	**12.9**	**9.5**

27 OTHER LONG-TERM PROVISIONS

in € million	Dec. 31, 2011	Currency exchange differences	Changes in the scope of con-solidation	Additions	Utilization	Reversals	**Dec. 31, 2012**
Other long-term provisions	7.0	−0.1	0.0	0.5	−2.2	−0.3	4.9

This includes provisions for partial retirement obligations of €3.4 million (5.1). Such obligations exist only within Germany. They are measured using actuarial principles and discounted because of their long-term structure. Contractual terms range from three to six years. The discount rate is 1.5% (3.9%).

In addition to this, further long-term provisions for employee benefit obligations such as anniversary bonuses are recognized under this item.

28 OTHER LONG-TERM LIABILITIES

Other long-term liabilities essentially comprise liabilities to employees at a French subsidiary. These liabilities are based on a statutory employee profit-sharing scheme and are due no earlier than 12 months after the end of the financial year.

29 TRADE PAYABLES

Trade payables are considered to be current liabilities, as they are generated by operating business. As a rule, they are recognized at amortized costs. Foreign-currency liabilities are translated at the closing rate.

in € million	**Dec. 31, 2012**	Dec. 31, 2011
Trade payables	117.0	124.6
Bills payable	2.2	3.1
Advance payments received	0.6	0.8
	119.8	**128.5**

30 SHORT-TERM PROVISIONS

Short-term provisions mainly consist of the following:

in € million	**Dec. 31, 2012**	Dec. 31, 2011
Warranty	0.8	1.0
Costs for preparing the annual financial statements	1.5	1.4
Credit notes, bonuses, discounts	3.0	2.6
Restructuring work and redundancy payments	1.5	0.8
Environmental obligations	5.4	6.7
Supervisory Board compensation	0.5	0.5
Other obligations	15.2	10.8
	27.9	**23.8**

Changes to short-term provisions during the year are detailed below:

in € million	Dec. 31, 2011	Currency exchange differences	Additions	Utilization	Reversals	**Dec. 31, 2012**
Warranty	1.0	0.0	0.2	0.1	0.3	0.8
Costs for preparing the annual financial statements	1.4	0.0	1.5	1.4	0.0	1.5
Credit notes, bonuses, discounts	2.6	0.0	3.0	2.6	0.0	3.0
Restructuring work and redundancy payments	0.8	0.0	0.8	0.1	0.0	1.5
Environmental obligations	6.7	–0.2	1.5	1.4	1.2	5.4
Supervisory Board compensation	0.5	0.0	0.5	0.5	0.0	0.5
Other obligations	10.8	0.0	12.4	7.9	0.1	15.2
	23.8	**–0.2**	**19.9**	**14.0**	**1.6**	**27.9**

The provisions for restructuring work and redundancy payments contain redundancy payments for employees leaving the company, as well as expected costs for site closures.

The provisions for environmental obligations focus on rehabilitation work at contaminated sites and cover costs associated with the elimination of soil contamination.

Among other things, other obligations include provisions for contractual risks, premium payment obligations, outstanding invoices for services already performed, as well as costs of legal proceedings.

Interest has not been accrued for any short-term provisions.

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SHORT-TERM TAX LIABILITIES

This item includes total liabilities for income taxes of €28.7 million (30.8). The fall compared to the previous year is mainly attributable to the reduced provisions for corporation and trade tax for Germany and Australia.

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SHORT-TERM FINANCIAL LIABILITIES

All interest bearing obligations of the FUCHS PETROLUB Group with a maturity of up to one year are disclosed under Short-term financial liabilities. They break down as follows:

in € million	Dec. 31, 2012	Dec. 31, 2011
Liabilities due to banks	8.8	14.0
Other financial liabilities	0.1	0.1
	8.9	**14.1**

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OTHER SHORT-TERM LIABILITIES

The following is a breakdown of Other liabilities:

in € million	Dec. 31, 2012	Dec. 31, 2011
Obligations for personnel and social expenses	36.9	34.5
Fair value of derivative financial instruments	0.2	0.4
Social security	4.8	4.6
Employees	5.2	5.0
VAT liabilities	7.5	8.5
Other tax liabilities	3.9	3.6
Liabilities due to associated companies	14.2	13.5
Other liabilities	14.6	14.6
	87.3	**84.7**

The obligations arising from personnel and social expenses mainly relate to ex gratia payments, profit-sharing schemes, commissions, bonuses, and premiums for the employers' liability insurance association.

Other tax liabilities include excise taxes, payroll taxes and flat rate taxes.

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Note 23

The liabilities due to associated companies are €14.0 million held on a fiduciary basis for an associated company in the Middle East which is recognized on the assets side under „Short-term other receivables and other assets".

Other liabilities include financing liabilities of €4.9 million (4.8) related to the delivery agreements in France that are disclosed under „Other assets“. This item also includes commission obligations and customers with credit balances.

34 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities and other financial obligations were as follows:

Contingencies (in € million)	Dec. 31, 2012	Dec. 31, 2011
Bills of exchange	0.0	0.0
Guaranties	2.7	2.7
thereof in favor of subsidiaries	0.0	0.0
Securing third-party liabilities	14.6	15.1

Guaranties comprise the insolvency-protected assets from partial retirement obligations.

The item Securing third-party liabilities refers mainly to „garagiste“ loans. Under this business model, which is common in France, our subsidiary guarantees repayment of loans granted directly by the bank to our contracting partner. This guarantee is part of our supply and financing agreements with our partners.

As at December 31, 2012, contractual commitments of €20.2 million (9.0) are in place for the purchase of property, plant and equipment due to our growth initiative. The increase essentially affects our subsidiaries in Australia, China, Russia and the United States.

Operating lease agreements

The Group mainly utilizes rental or operating lease agreements for a high rack warehouse, a production plant, warehouses, vehicles, fork-lift trucks, IT equipment and software.

The nominal value of future minimum lease payments for operating leases as at December 31, 2012 structured by maturity terms are as follows:

Maturities (in € million)	Dec. 31, 2012	Dec. 31, 2011
Up to 1 year	10.0	9.7
1 to 5 years	14.5	17.2
More than 5 years	2.0	2.7
Total of minimum leasing payments	**26.5**	**29.6**

Total rental and leasing expense for the reporting year was €12.2 million (12.0). The high rack warehouse contract expires in 2014; however, there is an option to buy as well as a contract renewal clause. We have a right to purchase the production facility once the present contract expires in 2017.

In addition to the operating lease obligations, there were other financial obligations (IT maintenance, etc.) that totaled €0.8 million (0.8).

35 FINANCIAL INSTRUMENTS

a) Carrying amounts and fair values of financial instruments

The fair value of a financial instrument is the price at which a party would be willing to assume the rights and/or obligations arising from this financial instrument from an independent third party. Due to varying factors, fair values can only be regarded as indicators for values actually realizable on the market.

The fair values of all financial instruments were determined based on the market data available at the balance sheet date and on the methods and prerequisites specified below.

The figures disclosed in the consolidated balance sheet under Other receivables and other assets or Other liabilities do not fully meet the IFRS 7 criteria with regard to the amount. In particular, tax receivables and tax liabilities are not based on contractual agreements and are therefore not regarded as financial instruments.

For trade receivables, Other receivables and other assets, Cash and cash equivalents and Financial liabilities, Trade payables and Other liabilities the carrying amount of the financial instrument largely corresponds to the fair value.

Concerning the measurement categories of IAS 39, the category of loans and receivables includes the carrying amounts of the balance sheet items Trade receivables and Other receivables and other assets.

Carrying amounts of trade payables, financial liabilities and miscellaneous other financial liabilities belong to the category of financial liabilities measured at amortized cost.

Cash and cash equivalents and liabilities from finance leases are not included in the classification by categories as these financial instruments are not assigned to a measurement category of IAS 39.

b) Net profit or loss from financial instruments

The table below states the net profit or loss arising from financial instruments recorded in the income statement:

in € million	2012	2011
Financial assets and financial liabilities at fair value through profit and loss	–0.2	–0.4
Available-for-sale financial assets	0.0	0.0
Loans and receivables	–2.5	–1.2
Financial liabilities measured at their cost of acquisition	0.4	0.0

Net profit and loss from loans and receivables comprises the balance of allowances for bad debts recognized and reversed, as well as the derecognition of irrecoverable receivables. They are disclosed under Other operating expenses and income.

c) Total interest income and expense

Total interest income and expense for financial assets and financial liabilities which were not measured at fair value through profit and loss are as follows:

in € million	Dec. 31, 2012	Dec. 31, 2011
Total interest income	1.0	1.3
Total interest expenses	–2.5	–2.5

The interest from these financial instruments is recognized in the Group's financial result.

d) Information on derivative financial instruments

Use of derivatives. The objective of using derivative financial instruments is to hedge interest rate and currency risks. In light of the Group's low level of gross financial debt – taking cash and cash equivalents into account, the Group is even in a net cash position – the Group's strategy does not involve entering into fixed interest rate agreements or making use of any other interest hedging methods. For this reason no derivatives were concluded to hedge interest rate risks, as in the previous year. The table below shows derivative financial instruments in place at the balance sheet date for hedging currency risks and sorted by their time to maturity:

Nominal values (in € million)	DEC. 31, 2012				DEC. 31, 2011			
Instrument	Up to 1 year	1–5 years	More than 5 years	Total	Up to 1 year	1–5 years	More than 5 years	Total
Forward currency transactions	16.0	0.0	0.0	16.0	14.2	0.0	0.0	14.2
Nominal volume of derivatives	**16.0**	**0.0**	**0.0**	**16.0**	**14.2**	**0.0**	**0.0**	**14.2**

The nominal volume is the total of all buying and selling amounts of currency derivatives. The nominal amounts generally correspond with the volumes of the underlying hedged transactions.

Forward currency contracts employed by the FUCHS PETROLUB Group are exclusively used to hedge assets and liabilities. The change in the derivative's fair value is recognized in the income statement. The same applies to the changes in the fair value of assets or liabilities hedged by this. Both changes equalize each other.

On the balance sheet date there were forward currency transactions solely for the purpose of securing existing hedged items (receivables and liabilities from inter-company loans). The hedged items were eliminated in the consolidated financial statements through consolidation entries. There were no forward currency transactions for the purpose of hedging firm commitments or future (anticipated) transactions.

The fair values of the derivative financial instruments were as follows:

Fair value as at December 31, 2012

Instrument (in € million)	Nominal value	Market value (net)	Recognized in the income statement	Recognized in shareholders' equity
Forward currency transactions	16.0	–0.2	–0.2	0.0
Total derivatives	**16.0**	**–0.2**	**–0.2**	**0.0**

Fair value as at December 31, 2011

Instrument (in € million)	Nominal value	Market value (net)	Recognized in the income statement	Recognized in shareholders' equity
Forward currency transactions	14.2	–0.4	–0.4	0.0
Total derivatives	**14.2**	**–0.4**	**–0.4**	**0.0**

MANAGEMENT OF RISKS FROM FINANCIAL INSTRUMENTS

Due to its international business activities, the FUCHS PETROLUB Group is exposed to numerous risks from financial instruments. In particular, these include credit risks, e.g. those inherent to trade receivables, and market risks, e.g. changes in foreign exchange rates, interest rates and raw material prices. In addition, liquidity risks may arise due to these risks, due to the operating business and because of sudden fluctuations in the financial markets.

Major financial risks are monitored and controlled by the central treasury department of FUCHS PETROLUB AG. There are detailed guidelines and requirements, approved by the company's Board, specifying how financial risks are to be controlled. Financial and currency risks are reduced by entering into term and currency-matched financing and by making use of derivatives. We employ these instruments for hedging purposes only. This control is employed strictly according to binding internal guidelines that utilize a two-person principle that guarantees adequate functional separation between trading and processing.

CREDIT RISKS

A credit risk arises if one party of a financial instrument causes a financial loss thereby damaging the other party by not fulfilling an obligation. Credit risks may result from the investment of liquid funds and the granting of payment terms for goods and services as well as from other agreements to be fulfilled by the counterparty only at a later date.

CASH AND CASH EQUIVALENTS

The Group usually limits its cash and cash equivalents to the extent required for its operating business. If liquid funds are not needed for the ongoing operating business, the funds will be invested within the Group. The Group's finance directive also requires that liquid funds may only be placed at banks with an excellent credit standing (Standard & Poor's / Moody's / Fitch short-term rating of A1 / P1 / F1 or higher).

TRADE RECEIVABLES

Due to its business relations maintained with more than 100,000 customers worldwide, the FUCHS PETROLUB Group is permanently confronted by significant trade receivables. The handling of the inherent credit risks is defined in a directive permitting procedures that may differ from one country to another. If the internal credit risk assessment – which is based on external credit information reveals that a credit risk is too high, credit collaterals must be provided, e. g. in the form of bank guarantees or documentary credits. Alternatively, credit insurance is also used. On the balance sheet date, receivables totaling €4.1 million (1.5) were secured.

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Note 21

For the remaining credit risks bad debt allowances are recorded as soon as they exceed certain limits (see note 21).

DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER RECEIVABLES AND OTHER ASSETS

When selecting banks with which derivative transactions are concluded, FUCHS PETROLUB ensures that the counterparty is sufficiently creditworthy. All derivative transactions are concluded with banks carrying a Moody's long-term rating in the investment sector. Through these processes, the default risk by contracting parties (credit risk) is minimized.

The maximum credit risk regarding the above-mentioned positions is the carrying amount of the receivable or of the financial asset – also if the asset concerns derivative financial instruments or liquid funds. The FUCHS PETROLUB Group is only exposed to limited credit risks thanks to a natural diversification and its successful credit risk management. No concentration risks can currently be ascertained.

Liquidity risks
A liquidity risk arises if a company cannot fully meet its financial obligations.

The funds of the FUCHS PETROLUB Group mainly come from its operating business. Occasionally revolving funds are employed in the form of bonds or bank loans, for example, primarily to finance working capital and investment projects.

Beside the €8.9 million (14.1) in lines of credit already utilized, the Group also had access to other free lines of credit of €148.7 million (140.0). Furthermore, the Group has the option to use other financial resources by taking up additional bank loans and/or by issuing promissory note loans, private placements or bonds.

The following overview shows how the Group's contractually fixed payments for repayments and interest from the recognized financial liabilities as at December 31, 2012 affect the Group's liquidity situation (non-discounted):

FINANCIAL LIABILITIES AS AT DECEMBER 31, 2012

Financial liabilities (in € million)	Total	2013	2014	2015	2016	2017	≥ 2018
Financial liabilities incl. interest	9.0	9.0	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	0.2	0.2	0.0	0.0	0.0	0.0	0.0
Trade payables	119.8	119.8	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	11.4	11.4	0.0	0.0	0.0	0.0	0.0
Total	**140.4**	**140.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FINANCIAL LIABILITIES AS AT DECEMBER 31, 2011

Financial liabilities (in € million)	Total	2012	2013	2014	2015	2016	≥ 2017
Financial liabilities incl. interest	14.4	14.4	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	0.4	0.4	0.0	0.0	0.0	0.0	0.0
Trade payables	128.5	128.5	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	24.3	24.3	0.0	0.0	0.0	0.0	0.0
Total	**167.6**	**167.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

In comparison to the previous year (167.6), financial liabilities including interest fell by €27.2 million to €140.4 million. All financial liabilities are of short-term nature.

The FUCHS PETROLUB Group considers its liquidity situation to be stable and not subject to any significant liquidity risk. The Group has access to cash and cash equivalents of €143.7 million (79.0) and €148.7 million in free lines of credit (140.0). Beside this, the Group has short-term trade receivables of €250.4 million from operating activities (247.5).

Market risks

As a result of its global business activities, the FUCHS Group faces market risks in the form of foreign exchange risks and interest rate risks. There are no stock market risks since the Group does not hold any freely tradable securities. The assets held by pension funds to meet pension obligations are explained in note 26.

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Note 26

EXCHANGE RATE RISKS

In regard to exchange rate risks, we distinguish between transaction and translation risks.

The Group's transaction risks result in particular from purchases of operating companies in a currency which differs from the one in which sales proceeds are achieved. Some of the raw materials processed by FUCHS are traded in US dollars. At the same time companies generate most of the sales revenues on the markets of their respective home country. Thus all companies located outside the US dollar zone are exposed to a US dollar transaction risk.

When exporting finished products, the currency used by the exporting company is at the same time its invoicing currency. For this reason, the importing Group companies or third-party customers are exposed to transaction risks.

Because of dividend and license income of the holding company, which is almost always obtained in the currency of the paying company, the holding company is also exposed to a transaction risk. Particularly in relation to the US dollar, this risk counters the transaction risk of many operating companies so that a natural hedge is in place which leads to the minimization of the transaction risks existing across the entire Group.

Exchange rate risks arising from the granting of intra-group foreign currency loans are generally hedged by concluding forward currency transactions or other original or derivative hedging instruments such as foreign currency borrowing or interest rate and currency swaps.

Due to the structure of the lubricants business, which does not involve long run-up periods or a high level of orders on hand, FUCHS does not hedge currency positions in the context of its operating business on a long-term basis. For the operating companies the exchange rate is rather one of several price-determining factors which is to be taken into account when calculating prices.

The FUCHS PETROLUB Group comprises a large number of Group companies located outside the eurozone. Therefore so-called translation risks arise due to fluctuating exchange rates when converting the sales proceeds and the results for the Group's income statement. They may have a considerable influence on the Group's income statement.

For FUCHS significant translation risks exist due to its activities in North and South America and Asia-Pacific, Africa. To the extent that these risks are directly or also indirectly linked to the US dollar, they represent a natural hedge of the above-mentioned US dollar transaction risk. Transaction and translation risks thus have a compensatory effect at Group level.

The Group also faces translation risks when converting the figures of the assets and liabilities held by subsidiaries abroad. To contain these risks, assets to be financed on a short term basis are usually refinanced in the local currency and only assets needed on a long-term basis are backed by equity. The changes in the equity position are continuously monitored, but normally not hedged against fluctuations in the exchange rate.

Financial liabilities exist in the following currencies:

Financial liabilities (in € million)	**2012**	in %	2011	in %
Euro	0.4	4.5	0.5	3.5
Indian rupee	4.6	51.7	4.2	29.8
Chinese renminbi yuan	0.0	0.0	3.8	27.0
Brazilian real	2.2	24.7	1.5	10.6
Other currencies	1.7	19.1	4.1	29.1
	8.9	**100.0**	**14.1**	**100.0**

INTEREST RATE RISKS

Based on a continuous decrease of its financial liabilities, the Group has considerably minimized its interest rate risk over the past years. While in earlier years derivative instruments were used to limit interest rate risks, today's low volume of financial liabilities makes them obsolete. The aim is to ensure that the maturity of funds for financing short-term assets is maturity-congruent with short-term interest rates.

The financial liabilities break down by interest rate agreement as follows. No collateral was provided.

Financial liabilities (in € million)	Effective interest rate	Fixed interest rate	**Carrying amount Dec. 31, 2012**	Carrying amount Dec. 31, 2011
EUR time deposits	Variable interest rate	< 1 year	0.4	0.5
INR time deposits	Variable interest rate	< 1 year	4.6	4.2
CNY time deposits	Variable interest rate	< 1 year	0.0	3.8
BRL time deposits	Variable interest rate	< 1 year	2.2	1.5
Time deposits in other currencies	Respective variable interest rates	< 1 year	1.7	4.1
			8.9	**14.1**

Summary of interest rate hedging periods

Interest rate hedging periods (in € million)	**2012**	in %	2011	in %
Up to 1 year	8.9	100.0	14.1	100.0
1 to 5 years	0.0	0.0	0.0	0.0
More than 5 years	0.0	0.0	0.0	0.0
	8.9	**100.0**	**14.1**	**100.0**

Other price risks

The FUCHS PETROLUB Group is exposed to risks arising from changes in the prices of goods which the Group needs to manufacture its finished products. Purchases of these goods are not hedged by derivatives since the available instruments are not effective enough. Changes in the prices of raw materials are usually passed on to the market, possibly with a certain delay. Hence, these price risks are limited.

Sensitivity analyses

Underlying certain assumptions, sensitivity analyses provide an approximation of risks arising when certain influencing factors change. In terms of the interest rate risk and the foreign exchange rate risk we anticipate the following changes:

- an increase of the market interest rates of all currencies by one percentage point (parallel shift of the yield curves);
- a concurrent revaluation of the euro relative to all foreign currencies by 10%.

When determining the interest rate risk for FUCHS at the balance sheet date, only original financial instruments carrying variable interest are included. Original financial instruments with fixed interest measured at amortized costs do not entail interest rate risks pursuant to IFRS 7. There were no interest rate derivatives which could possibly have an effect on the financial result.

Thus, an increase by one percentage point of the market's interest rate level on financial liabilities with a variable interest rate disclosed on December 31, 2012 would have reduced the financial result by €0.1 million (0.1) – assuming that the higher interest rate had been valid during the entire year.

The foreign currency risk is determined based on all net foreign currency positions not hedged at the balance sheet date. A simultaneous depreciation of the euro by 10% in comparison to all foreign currencies would have reduced the financial result by €0.2 million (0.5).

FURTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows shows how the liquid funds of the FUCHS PETROLUB Group have changed in the course of the year as a result of cash inflows and outflows. In accordance with IAS 7 (Cash Flow Statements), cash flows are classified into cash flows from, or into, operating, investing and financing activities.

Cash and cash equivalents as shown in the statement of cash flows comprise the cash and cash equivalents recognized in the balance sheet. Beside cash and cash equivalents in the more literal sense, i. e. checks, cash on hand and bank deposits, this item also includes short-term investments which can be converted to cash amounts at any time and are only subject to insignificant changes in fair value. Cash and cash equivalents are measured at amortized costs.

Cash flow from operating activities is calculated indirectly based on earnings after tax. With this method, the underlying changes in balance sheet items are adjusted for currency translation effects and for changes in the scope of consolidation. These changes in the balance sheet items, therefore, do not directly correspond to the amounts shown in the balance sheet.

The cash flows from/into investing and financing activities are determined on the basis of actual payments, adjusted by effects from currency translation and from the change in the scope of consolidation. Insofar as subsidiaries or business activities are acquired or disposed of, the influences of these transactions are disclosed in dedicated items in the statement of cash flows.

Free cash flow is calculated from the cash flow from operating activities and the cash outflow from investing activities.

→ 127
Changes in the accounting policies

The effects of the transition from proportionate consolidation to the equity method of accounting for two joint ventures are presented in the „Changes in the accounting policies“ section.

37 NOTES TO THE SEGMENT REPORTING

Within the scope of segment reporting, the operating segments are made up of the geographical regions reflecting the FUCHS PETROLUB Group’s internal organization and reporting structure. In line with the principles of IFRS 8 “Operating segments”, this structure is aligned to the Group’s internal control system and reflects segment reporting in the Group management committees. Accordingly, the primary reporting format is the regions. These are defined as Europe, Asia-Pacific, Africa and North and South America. The individual companies are allocated to the segments according to the regions in which they are located.

The segment information is based on the same accounting and valuation methods as the consolidated financial statements. Receivables and liabilities, income and expenses, and profits between the segments are eliminated in the consolidation process. The reconciliation of segment data to the total amounts for the Group is shown in the column „Holding companies including consolidation“. This includes not only the depreciation, earnings, assets and liabilities of the Group companies, but also the inter-segment eliminations with regard to sales revenues. Intra-group revenues and transfers are transacted at prices and terms of independent business partners.

Segment data includes all direct segment costs as well as indirect costs to a limited degree. The segment assets and segment liabilities include only those assets and liabilities that have contributed towards the achievement of the segment earnings before interest and tax (EBIT).

In Germany, long-term assets (intangible assets and property, plant and equipment) are €172.8 million (166.7). €192.8 million (165.6) is attributable to foreign countries of which €66.1 million (59.5) is attributable to the United States.

→ 118 Segments

The overall development of segments is disclosed on pages 118 and 119 stating the figures for the reporting year and the corresponding figures of the previous year. The statement shows sales revenues, depreciation and amortization expenses and the respective segment earnings (EBIT) as central key performance indicators for each geographic region. The total of segment earnings is transferred to the net profit after tax. Additionally, segment assets and liabilities of the individual segments are disclosed, with the latter being transferred to Group liabilities. Furthermore, the statement contains investments in intangible assets, property, plant and equipment, and financial assets, as well as the average number of employees and EBIT margin of each segment.

→ 150 Note 1

Sales revenues by product are disclosed in note 1 to the income statement.

38 RELATIONSHIPS WITH RELATED PARTIES

The related parties of the FUCHS PETROLUB Group as defined according to IAS 24 are:

- Directly and indirectly held subsidiaries, and FUCHS PETROLUB AG companies consolidated at equity,
- Executive Board and Supervisory Board of FUCHS PETROLUB AG,
- RUDOLF FUCHS GMBH& CO KG through which most of the Fuchs family’s ordinary stock is held,
- its full partner FUCHS INTEROIL GMBH and its management
- and pension funds benefiting the company’s employees.

The controlling company is RUDOLF FUCHS GMBH & CO KG.

FUCHS PETROLUB AG provides services to the related companies RUDOLF FUCHS GMBH & CO KG and FUCHS INTEROIL GMBH, for which it is compensated with a contribution to its administrative costs. The scope of these services is not material.

Furthermore, there are intercompany transactions (such as loans, provision of goods and services) between the holding company, FUCHS PETROLUB AG, and its consolidated subsidiaries. All intercompany transactions and balances have been eliminated in the consolidated financial statements. License fees are charged to the subsidiaries according to their sales revenues for services provided by the holding company in the areas of research and development, product marketing, brand management, advertising, etc. Fees are also allocated for management and similar services. Services provided to related companies and persons are charged on the same basis as those for independent business partners.

The FUCHS PETROLUB Group has receivables of €1.3 million (0.4) relating to supplies and services, as well as other receivables of €0.3 million (3.3) due from companies consolidated at equity. Of the total liabilities of €14.2 million (13.5), €14.0 million (13.5) can be attributed to an amount held on a fiduciary basis for an associated company in the Middle East, which is recognized on the assets side under Short-term other receivables and other assets.

→ 166
Note 23

The value of goods delivered in 2012 to companies consolidated at equity was €11.1 million (5.7), while Other operating income was €1.1 million (0.1).

The FUCHS PETROLUB Group has trade receivables of €0.2 million (0.1) due from a non-consolidated subsidiary. The value of goods delivered in 2012 was €0.9 million (0.4).

No consultant contracts are in place with any members of the Executive Board or Supervisory Board.

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Note 26

For information on pension plans please refer to note 26.

A dependent company report has been prepared on relationships with related parties pursuant to Section 312 of the German Stock Corporation Law (AktG) with the concluding declaration: „In the legal transactions listed in the dependent company report, and according to the circumstances that were known to us when those legal transactions were performed, our company received an appropriate consideration in each legal transaction. No actions subject to disclosure occurred on the instruction or in the interest of the controlling company or any company associated with it." KPMG AG Wirtschaftsprüfungsgesellschaft, the independent auditors of FUCHS PETROLUB AG, have audited this dependent company report and provided it with an unqualified audit opinion.

39 EXECUTIVE BODIES

SUPERVISORY BOARD

Dr. Jürgen Hambrecht Neustadt an der Weinstraße	Chairman Former Chairman of the Executive Board at BASF SE Other mandates*: ■ Daimler AG ■ Deutsche Lufthansa Aktiengesellschaft ■ Berthold Leibinger GmbH (personally liable partner of TRUMPF GmbH + Co. KG)[1]
Dr. Dr. h.c. Manfred Fuchs Mannheim	Deputy Chairman Former Chairman of the Executive Board of FUCHS PETROLUB AG
Ines Kolmsee Tutzing	Chairwoman of the Executive Board at SKW Stahl-Metallurgie Holding AG Other mandates*: ■ UMICORE S.A.
Horst Münkel[2] Mannheim	Chairman of the joint works council at FUCHS EUROPE SCHMIERSTOFFE GMBH
Lars-Eric Reinert[2] Altenholz	Chairman of the Group work council at FUCHS PETROLUB AG
Dr. Erhard Schipporeit Hanover	Former Member of the Executive Board of E.ON SE Other mandates*: ■ BDO AG Wirtschaftsprüfungsgesellschaft ■ Deutsche Börse Aktiengesellschaft ■ Hannover Rückversicherung AG ■ SAP AG ■ Talanx Aktiengesellschaft Comparable German and international supervisory bodies: ■ Fidelity Funds SICAV (Luxembourg) ■ TUI Travel PLC (Great Britain)

[1] Chairman
[2] Employee representative
* Supervisory Board memberships pursuant to Section 100 (2) of the German Stock Corporation Act (AktG)

EXECUTIVE BOARD

Stefan R. Fuchs
Hirschberg
First appointment: 1999
Expiration of the mandate: 2016

Chairman

Other directorships*:
- Berthold Leibinger GmbH (personally liable partner of TRUMPF GmbH + Co. KG)

Group mandates:
- ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD. (until February 25, 2013)
- FUCHS CORPORATION
- FUCHS LUBRICANTS CO.
- FUCHS OIL MIDDLE EAST LTD.

Dr. Alexander Selent
Limburgerhof
First appointment: 1999
Expiration of the mandate: 2014

Deputy Chairman

Group mandates:
- FUCHS CORPORATION
- FUCHS LUBRICANTS (CHINA) LTD.
- ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD. (as of February 25, 2013)

Dr. Lutz Lindemann
Kerzenheim
First appointment: 2009
Expiration of the mandate: 2018

Member

Dr. Georg Lingg
Mannheim
First appointment: 2004
Expiration of the mandate: 2015

Member

Group mandates:
- FUCHS LUBRICANTS (YINGKOU) LTD.
- FUCHS LUBRICANTS (KOREA) LTD.
- FUCHS LUBRICANTS (CHINA) LTD.
- FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD.
- FUCHS LUBRICANTS TAIWAN CORP.
- FUCHS OIL MIDDLE EAST LTD.

Dr. Ralph Rheinboldt
Heddesheim
First appointment: 2009
Expiration of the mandate: 2018

Member

Group mandates:
- FUCHS LUBRICANTS BENELUX N.V./S.A.[1]
- FUCHS HELLAS S.A.
- FUCHS LUBRICANTES S.A.U.[1]
- FUCHS LUBRICANTS (UK) PLC
- FUCHS LUBRIFIANT FRANCE S.A.[1]
- FUCHS LUBRIFICANTI S.P.A.[1]
- FUCHS OIL FINLAND OY
- MOTOREX AG LANGENTHAL

[1] Chairman
* Supervisory Board memberships pursuant to Section 100 (2) of the German Stock Corporation Act (AktG)

COMPENSATION FOR MEMBERS OF THE EXECUTIVE BOARD

Compensation of the Executive Board (in € thousand)	**2012**	2011
Compensation of the Executive Board	7,011	6,101
thereof fixed compensation	1,513	1,478
thereof variable compensation	5,498	4,623
Current service cost for pension commitments to active members of the Executive Board	352	298
Former member of the Executive Board		
Total compensation	411	447
Balance of pension obligations and plan assets	737	43

The compensation of the Executive Board is made up of a fixed and a variable component. The fixed compensation was paid in the last financial year, while the variable compensation will be paid in the subsequent year. The fixed compensation portions enjoyed an inflation-based increase. The variable compensation of the Executive Board is based on an incentive agreement geared toward sustainable company success. This agreement tracks FUCHS Value Added (FVA) and is linked to a performance factor. FVA represents the earnings before interest and tax (EBIT) less the capital costs. The performance factor measures on an annual basis the achievement of the long-term goals set for the entire Executive Board. The variable compensation of the Executive Board increased due to the change to the FVA and the relative weighting of the performance factor. Benefits arising from the occasion of the ending of the working relationship of the Executive Board are not provided for, nor are there any share-based payments.

The balance of pension obligations and plan assets of €737 (43) thousand for former members of the Executive Board results from the existing plan assets of €5,128 (5,128) thousand, minus pension obligations of €5,865 (5,171) thousand.

According to a resolution passed by the Annual General Meeting of FUCHS PETROLUB AG on May 11, 2011 there shall be no individual disclosure of the Executive Board compensation for the duration of five years.

COMPENSATION FOR MEMBERS OF THE SUPERVISORY BOARD

The compensation received by the individual members of the Supervisory Board break down as follows:

Figures (in € thousand) Members of the Supervisory Board	Fixed compensation 2012	Fixed compensation 2011	Variable compensation 2012	Variable compensation 2011	Compensation for committee work 2012	Compensation for committee work 2011	Attendance allowance/ancillary payments 2012	Attendance allowance/ancillary payments 2011	Total 2012	Total 2011
Dr. Jürgen Hambrecht	60	40	48	28	10	6	16	13	134	87
Dr. Dr. h.c. Manfred Fuchs	45	45	36	31	22	23	15	15	118	114
Dr. Erhard Schipporeit	30	30	24	21	30	30	13	11	97	92
Ines Kolmsee	30	20	24	14	20	13	10	7	84	54
Horst Münkel	30	30	24	21	0	0	5	5	59	56
Lars-Eric Reinert	30	30	24	21	0	0	5	5	59	56
Prof. Dr. Jürgen Strube*	0	20	0	14	0	3	0	4	0	41
Prof. Dr. Bernd Gottschalk*	0	10	0	7	0	6	0	9	0	32
Total	**225**	**225**	**180**	**157**	**82**	**81**	**64**	**69**	**551**	**532**

* Member up to the Annual General Meeting on May 11, 2011 – pro rata compensation for 2011.

The compensation rules for the Supervisory Board are presented in Section 15 of the company's Articles of Association.

The fixed compensation and compensation for committee work is paid after the end of the financial year, while the attendance allowance is paid after the respective Supervisory Board or committee meeting. The variable compensation for the completed financial year is paid out in the subsequent year as per the resolution passed by the Annual General Meeting.

→ 37

The main features of the compensation system for members of the Executive Board and of the Supervisory Board of FUCHS PETROLUB AG are disclosed in the Group's management report in accordance with Section 315 (2) no. 4 of the German Commercial Code (HGB). The Supervisory Board's compensation is also described in detail on page 37.

The compensation for the Advisory Board is €52 thousand (52).

40 DECLARATION ON THE GERMAN CORPORATE GOVERNANCE CODE AS PER SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

→ 35
Text of the declaration of conformity

The Executive Board and Supervisory Board at FUCHS PETROLUB AG submitted the Declaration of Compliance required pursuant to Section 161 of the German Stock Corporation Act (AktG). The wording of this Declaration of Compliance is printed on page 35 and is publicly available on the website at www.fuchs-oil.com/declarationconformity.html.

41 FEES AND SERVICES OF THE AUDITOR

The auditor of the consolidated financial statements is KPMG AG Wirtschaftsprüfungsgesellschaft, Mannheim.

Audit fees of €359 thousand (332) for the annual audit and €14 thousand (9) for other services and expenses were recorded. There were no tax consulting services in the reporting year (0), but expenses for other services of €37 thousand (0) were accrued, of which €30 thousand were due to services relating to the previous year.

42 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date there have been no events that would materially affect the financial condition or results of operations of the Group.

43 SHAREHOLDING

As at December 31, 2012

I. SUBSIDIARIES

GERMANY

Name and registered office of the company (in € thousand)	Share of equity capital (in %)	Shareholders' equity [2]	Sales revenues 2012 [2]	Consolidation [3]
BREMER & LEGUIL GMBH, Duisburg [4]	100	324	30,565	F
FUCHS EUROPE SCHMIERSTOFFE GMBH, Mannheim [4]	100	60,000	517,486	F
FUCHS FINANZSERVICE GMBH, Mannheim [4]	100	8,615	0	F
FUCHS LUBRITECH GMBH, Kaiserslautern [4]	100	5,021	101,825	F
PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg [4]	100	628	10,709	F
WISURA GMBH (formerly WISURA MINERALÖLWERK GOLDGRABE & SCHEFT GMBH & CO.), Bremen [4]	100	1,100	13,182	F

EUROPE (EXCLUDING GERMANY)

Name and registered office of the company (in € thousand)	Share of equity capital (in %)	Shareholders' equity[2]	Sales revenues 2012[2]	Consolidation[3]
CENTURY OILS INTERNATIONAL LTD., Stoke-on-Trent/Great Britain	100	690[7]	0[7]	F
FUCHS AUSTRIA SCHMIERSTOFFE GMBH, Thalgau/Austria	70	2,756	15,313	F
FUCHS HELLAS S.A., Athens/Greece	97.4	666	3,681	F
FUCHS LUBRICANTES S.A.U., Castellbisbal/Spain	100	20,656	52,944	F
FUCHS LUBRICANTS BENELUX N.V./S.A., Huizingen/Belgium	100	7,711	30,621	F
FUCHS LUBRICANTS (UK) PLC., Stoke-on-Trent/Great Britain (subgroup)	100	33,879	154,041	F
FUCHS LUBRIFIANT FRANCE S.A., Nanterre Cedex/France	99.7	21,403	114,881	F
FUCHS LUBRIFICANTES UNIPESSOAL LDA., Moreira-Maia/Portugal	100	2,174	8,653	F
FUCHS LUBRIFICANTI S.P.A., Buttigliera d'Asti/Italy	100	18,572	58,057	F
FUCHS LUBRITECH INTERNATIONAL (UK) LTD., London/Great Britain	100	6,164	0	F
FUCHS LUBRITECH S.A.S., Ensisheim/France	100	1,546	8,439	F
FUCHS LUBRITECH (UK) LTD., London/Great Britain	100	1,922	7,345	F
FUCHS MAK DOOEL, Skopje/Macedonia	100	590	1,426	N
FUCHS MAZIVA D.O.O., Samobor/Croatia	100	2,198	5,028	F
FUCHS MAZIVA LSL D.O.O., Brezice/Slovenia	100	920	2,256	F
FUCHS OIL CORPORATION (CZ) SPOL. S R.O., Stráncice/Czech Republic	100	2,953	9,570	F
FUCHS OIL CORPORATION (PL) SP. Z O.O., Gliwice/Poland	100	10,990	51,986	F
FUCHS OIL CORPORATION (SK) SPOL. S.R.O., Dubová-Nemecká/Slovak Republic	100	1,344	7,044	F
FUCHS OIL FINLAND OY, Vaasa/Finland	100	806	3,051	F
FUCHS OIL HUNGARIA KFT, Budaörs/Hungary	100	278	3,427	F
FUCHS SMÖRJMEDEL SVERIGE AB, Helsingborg/Sweden	100	238	1,836	F
JV FUCHS MASTYLA UKRAINA, Lviv/Ukraine	80	3,000	9,857	F
OOO FUCHS OIL, Moscow/Russia	100	8,585	33,975	F

ASIA-PACIFIC / AFRICA

Name and registered office of the company (in € thousand)	Share of equity capital (in %)	Shareholders' equity [2]	Sales revenues 2012 [2]	Consolidation [3]
FUCHS JAPAN LTD., Tokyo/Japan	100	2,233	12,775	F
FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Sunshine-Melbourne/Australia (subgroup)	100	39,616	152,799	F
FUCHS LUBRICANTS (CHINA) LTD., Shanghai/People's Republic of China	100	45,992	118,075	F
FUCHS LUBRICANTS (INDIA) PVT. LTD., Mumbai/India	100	5,133	14,499	F
FUCHS LUBRICANTS (KOREA) LTD., Seoul/South Korea	100	5,399	18,850	F
FUCHS LUBRICANTS (PHILIPPINES) INC., Manila/Philippines	100	175	0	F
FUCHS LUBRICANTS (SOUTH AFRICA) (PTY.) LTD., Johannesburg/South Africa	100	11,740	52,837	F
FUCHS LUBRICANTS (YINGKOU) LTD., Yingkou-City/People's Republic of China	100	31,113	99,407	F
FUCHS LUBRICANTS (NEW ZEALAND) LTD., Auckland/New Zealand	100	3,195 [8]	15,257 [8]	F
FUCHS LUBRICANTS PTE. LTD., Singapore/Singapore	100	2,524	10,114	F
FUCHS LUBRICANTS REGIONAL HEADQUARTERS (EAST ASIA) LTD., Shanghai/People's Republic of China	100	1,453	441	F
FUCHS LUBRICANTS TAIWAN CORP., Taipei/Taiwan	100	1,588	5,402	F
FUCHS PETROLUBE (MALAYSIA) SDN. BHD., Shah Alam/Malaysia	100	1,726	5,162	F
FUCHS THAI HOLDING LTD., Bangkok/Thailand	100	487	0	F
PT FUCHS INDONESIA, Jakarta/Indonesia	100	2,098	7,376	F
FUCHS LUBRICANTS (THAILAND) CO., LTD. (formerly SIAM-FUCHS LUBRICANTS CO. LTD.), Bangkok/Thailand	100	1,582	5,435	F

NORTH AND SOUTH AMERICA

Name and registered office of the company (in € thousand)	Share of equity capital (in %)	Shareholders' equity [2]	Sales revenues 2012 [2]	Consolidation [3]
FUCHS ARGENTINA S.A., El Talar de Pacheco/Argentina (subgroup)	100	4,602	15,876	F
FUCHS CORPORATION, Dover, Delaware/USA (subgroup)	100	112,185	268,018	F
FUCHS DO BRASIL S.A., City of Barueri, State of São Paulo/Brazil	100	10,544	36,859	F
FUCHS LUBRICANTS CANADA LTD., Cambridge, Ontario/Canada	100	10,784 [5]	26,449 [5]	F
FUCHS LUBRICANTS CO., Harvey, Illinois/USA	100	98,900 [5]	214,464 [5]	F
FUCHS URUGUAY S.A., Montevideo/Uruguay	100	– 14 [6]	15 [6]	F
LUBRICANTES FUCHS DE MEXICO S.A. DE C.V., Querétaro/Mexico	100	4,622 [5]	12,456 [5]	F
PROMOTORA FUCHS S.A. DE C.V., Querétaro/Mexico	100	49 [5]	1,191 [5]	F

II. JOINT VENTURES AND ASSOCIATED COMPANIES

Name and registered office of the company (in € thousand)	Share of equity capital (in %)	Shareholders' equity [2]	Sales revenues 2012 [2]	Consolidation [3]
ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah/Saudi Arabia	32	37,052	209,963	E
FUCHS LUBRICANTS IRANIAN COMPANY (PJS), Tehran/Iran	50	3,249	10,840	E
FUCHS OIL MIDDLE EAST LTD., Sharjah/United Arab Emirates	50	50,645	43,961	E
MOTOREX AG LANGENTHAL, Langenthal/Switzerland	50	4,794	23,156	E
OPET FUCHS MADENI YAG SANAYI VE TICARET A.S., Cigli-Izmir/Turkey	50	24,391	92,464	E

III. OTHER COMPANIES IN WHICH THE GROUP HOLDS AN INTEREST (PERCENTAGE OF SHARES HELD > 5%)

Name and registered office of the company (in € thousand)	Share of equity capital (in %)	Shareholders' equity [2]	Sales revenues 2012 [2]	Consolidation [3]
NIPPECO LTD., Tokyo/Japan	11			

[1] Share of FUCHS PETROLUB AG, including indirect holdings.
[2] Shareholders' equity and sales revenues are disclosed at 100%. At domestic companies, the values are based on the German annual financial statements (HB I), while at companies domiciled outside Germany they are based on the tried and tested IFRS financial statements (HB II) prior to consolidation. The conversion of shareholders' equities to the Group currency of euros was performed using the closing rate as at December 31, 2012, while the accumulated average annual exchange rate of 2012 was used when converting sales revenues.
[3] Inclusion in the consolidated financial statements:
F = full consolidation as per IAS 27,
E = equity method as per IAS 28,
N = non-consolidated due to immateriality.
[4] Company with profit/loss transfer agreement.
[5] Included in the subgroup financial statements (HB II) FUCHS CORPORATION, USA.
[6] Included in the subgroup financial statements (HB II) FUCHS ARGENTINA S.A., Argentina.
[7] Included in the subgroup financial statements (HB II) FUCHS LUBRICANTS (UK) PLC., Great Britain.
[8] Included in the subgroup financial statements (HB II) FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Australia.

The Executive Board at FUCHS PETROLUB AG prepared and released the consolidated financial statements for publication on March 14, 2013. The Executive Board also discussed said statements with the Audit Committee of the Supervisory Board on the same day. The consolidated financial statements will be presented to the Supervisory Board in its meeting on March 19, 2013 for approval.

DECLARATION OF THE EXECUTIVE BOARD AND ASSURANCE PURSUANT TO SECTION 297 (2), SECTION 315 (1) OF THE GERMAN COMMERCIAL CODE (HGB)

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

Mannheim, March 14, 2013
FUCHS PETROLUB AG

Executive Board

S. Fuchs Dr. A. Selent

Dr. L. Lindemann Dr. G. Lingg Dr. R. Rheinboldt

Independent auditor's report

TO THE FUCHS PETROLUB AG

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of FUCHS PETROLUB AG, Mannheim, and its subsidiaries, which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and notes to the consolidated financial statements for the business year from January 1 to December 31, 2012.

Management's Responsibility for the Consolidated Financial Statements

The management of FUCHS PETROLUB AG is responsible for the preparation of these consolidated financial statements. This responsibility includes preparing these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and the supplementary requirements of German law pursuant to § 315 a Abs. 1 of the German Commercial Code (HGB), to give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The company's management is also responsible for the internal controls that management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) as well as in supplementary compliance with International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

Pursuant to § 322 Abs. 3 Satz 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply in all material respects with IFRSs as adopted by the EU and the supplementary requirements of German commercial law pursuant to § 315 a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2012, as well as the results of operations for the business year then ended, in accordance with these requirements.

REPORT ON THE GROUP MANAGEMENT REPORT

We have audited the accompanying group management report of FUCHS PETROLUB AG for the business year from January 1 to December 31, 2012. The management of FUCHS PETROLUB AG is responsible for the preparation of the group management report in compliance with the applicable requirements of German commercial law pursuant to § 315 a Abs. 1 German Commercial Code (HGB). We are required to conduct our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the group management report promulgated by the Institut der Wirtschaftsprüfer (IDW). Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz 1 HGB, we state that our audit of the group management report has not led to any reservations.

In our opinion, based on the findings of our audit of the consolidated financial statements and group management report, the group management report is consistent with the consolidated financial statements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Mannheim, March 14, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Walter	Beyer
Auditor	Auditor

Annual financial statements of FUCHS PETROLUB AG

INCOME STATEMENT

in € million		2012		2011
Income from companies consolidated at equity		186.6		147.4
Administrative expenses		–28.9		–27.6
Other operating income	36.5		36.8	
Other operating expenses	–7.6		–4.9	
		28.9		31.9
Earnings before interest and tax (EBIT)		**186.6**		**151.7**
Financial result		–2.3		0.8
Earnings from ordinary business activities		**184.3**		**152.5**
Income taxes		–28.4		–25.5
Profit after tax		**155.9**		**127.0**
Retained earnings brought forward from the previous year		62.6		69.3
Transfer to other retained earnings		–78.0		–63.5
Unappropriated profit		**140.5**		**132.8**

BALANCE SHEET

in € million		Dec. 31, 2012		Dec. 31, 2011
Assets				
Intangible assets		2.3		2.3
Property, plant and equipment		3.9		3.9
Financial assets		427.4		375.9
Property, plant and equipment		**433.6**		**382.1**
Receivables due from affiliated companies	227.1		190.5	
Other receivables and other assets	16.4		16.9	
Receivables and other assets		243.5		207.4
Cash and cash equivalents		1.0		0.0
Short-term assets		**244.5**		**207.4**
Prepaid expenses		**0.7**		**0.6**
Total assets		**678.8**		**590.1**
Equity and liabilities				
Subscribed capital	71.0		71.0	
		71.0		71.0
Capital reserves		95.7		95.7
Retained earnings		329.3		251.3
Unappropriated profit		140.5		132.8
Shareholders' equity		**636.5**		**550.8**
Pension provisions and similar obligations	0.1		0.1	
Other provisions	24.5		22.4	
Provisions		**24.6**		**22.5**
Liabilities	17.7		16.8	
Liabilities		**17.7**		**16.8**
Total equity and liabilities		**678.8**		**590.1**

Proposal on the appropriation of profits

The Executive Board will recommend to the Supervisory Board that it proposes the following appropriation of profits to the 2013 Annual General Meeting:

Proposal on the appropriation of profits (in €)	
Distribution of a dividend of €1.28 for each ordinary share entitled to dividend on the balance sheet date; these were 35,490,000 shares	45,427,200.00
Distribution of a dividend of €1.30 for each preference share entitled to dividend on the balance sheet date; these were 35,490,000 shares	46,137,000.00
	91,564,200.00
Balance carried forward	48,973,073.05
Unappropriated profit (HGB) of FUCHS PETROLUB AG	**140,537,273.05**

Glossary

A

ASSOCIATED COMPANY
An associated company is an entity in which the investor has significant influence (investor owns 20% or more of the voting shares) and which is not a controlled entity of the investor.

C

CAPITAL EMPLOYED
Average capital employed consists of shareholders' equity, interest-bearing liabilities, pension provisions and accumulated goodwill amortization, after the deduction of cash and cash equivalents.

CASH FLOW
The difference between income and expenditure in a reporting period. The gross cash flow presented by the FUCHS PETROLUB Group in the Annual Report is calculated on the basis of

  Profit after tax
+ Depreciation and amortization of long-term assets
± Change in long-term provisions
± Change in deferred taxes
± Non-cash income from shares in companies consolidated at equity.

The gross cash flow is an indication of a company's internal financial resources available for investment, financing net current assets, debt repayment, dividend payments and maintaining liquidity.

COMPLIANCE
Compliance with all legal requirements, guidelines and ethical standards relevant to the company.

CORPORATE GOVERNANCE
Internationally used term for responsible management and supervision with a view to long-term value creation. Corporate governance comprises the entire system of managing and supervising a company and includes its organization, business-policy principles and guidelines, as well as all internal and external controlling and monitoring mechanisms.

D

DECLARATION OF COMPLIANCE
Declaration by the Supervisory Board and Executive Board pursuant to Section 161 of the German Stock Corporation Act (AktG) concerning the implementation of the recommendations of the German Corporate Governance Code.

DERIVATIVE FINANCIAL INSTRUMENTS
Financial products whose own value is primarily derived from the price, price fluctuations and price expectations of an underlying transaction, without this transaction actually having to be performed. Derivatives are used by the FUCHS PETROLUB Group solely to limit exchange rate and interest-rate risks from the operating business.

E

EBIT
Abbreviation for earnings before interest and tax. Profit before financial result, taxes, and including shares of non-controlling shareholders.

EBITDA
Abbreviation for earnings before interest, tax, depreciation and amortization.
EBIT before amortization and depreciation of intangible assets, property, plant and equipment.

EBIT MARGIN
Earnings before interest and tax (EBIT) in relation to sales revenue.

EBT
Abbreviation for earnings before tax.
Profit before tax, and including shares of non-controlling shareholders.

EFFECTIVE TAX RATE
Corporate income tax expense relative to EBIT before income from companies consolidated at equity minus financial result

EQUITY METHOD
Method of consolidation for including joint ventures and associated companies in the consolidated financial statements.
The Group's ownership interest is entered as its share of these companies' equity capital. Changes in the equity capital of these companies have an effect on the valuation of the Group balance sheet item "Shares in companies consolidated at equity", proportionate net profits are shown under "Income from companies consolidated at equity" in the consolidated income statement.

EQUITY RATIO
Proportion of capital resources (= subscribed capital, reserves and accumulated other capital) to the balance-sheet total.

I

IAS
Abbreviation for International Accounting Standards. Accounting principles intended to guarantee international harmonization and the comparability of financial statements and disclosure. They are prepared by an international committee, the “International Accounting Standards Board” (IASB).

IFRS
Acronym for “International Financial Reporting Standards”: They have replaced the “International Accounting Standards” (IAS) since 2001. FUCHS PETROLUB AG has compiled its consolidated financial statements in line with IAS/IFRS since 2002.

INCOME FROM COMPANIES CONSOLIDATED AT EQUITY
Proportional net profit from joint ventures and associated companies that are included in the consolidated financial statements using the equity method.

J

JOINT VENTURES
Enterprises managed jointly with other companies, where each company has an equal share.

M

MDAX
Share index of German companies with a medium market capitalization. The MDAX, which comprises 50 companies, is the second value segment after the DAX (30 companies with a high market capitalization). The FUCHS PETROLUB preference shares have been approved for the Prime Standard section of the German Stock Exchange since January 1, 2003, and are included in the MDAX segment since June 2008.

N

NET OPERATING WORKING CAPITAL
Net operating working capital (NOWC) is made up of inventories, trade receivables minus trade payables. It defines the capital needed directly for the generation of sales revenues.

P

PARTICIPATION INTEREST
Company, upon which no significant influence is exercised (shareholding less than 20%).

R

RETURN ON EQUITY
Profit after tax, in relation to shareholders’ equity.

RETURN ON SALES
Profit after tax in relation to sales revenues.

ROCE
Abbreviation for return on capital employed (earnings before scheduled goodwill amortization, financial result, taxes, and non-controlling interests in relation to capital employed).

S

SUBSIDIARY
Company controlled by another company.

V

VOLATILITY
Volatility is the measure of how much the price of securities or exchange rates has moved around the mean price over a certain period of time.

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You can also access and download all financial reports of FUCHS PETROLUB AG on our website and view the German and English versions of the annual report as interactive online annual reports.

www.fuchs-oil.com

Financial calendar

DATES 2013

February 22	Provisional figures for the 2012 financial statements
March 20	Presentation of the consolidated and individual financial statements for 2012, as well as publication of the 2012 annual report Balance sheet press conference, Mannheim Analysts' conference, Frankfurt am Main
May 2	Interim report as at March 31, 2013 Press conference call Analyst conference call
May 8	Annual General Meeting, Mannheim
May 13	Information event for Swiss shareholders, Zurich
August 2	Interim report as at June 30, 2013 First-half press conference, Mannheim Analyst conference call
November 4	Interim report as at September 30, 2013 Press conference call Analyst conference call

ANNUAL GENERAL MEETING 2013

The Annual General Meeting will take place on Wednesday, May 8, 2013 at 10.00 a.m. in the Mozart Room of the Rosengarten Congress Center, Rosengartenplatz 2 in Mannheim. Shareholders will also receive an invitation and the agenda via their depository banks. The payment of dividends to be approved by the Annual General Meeting will be made on May 9, 2013.

DISCLAIMER

This annual report contains statements about future developments that are based on assumptions and estimates by the management of FUCHS PETROLUB AG. Even if the management is of the opinion that these assumptions and estimates are accurate, future actual developments and future actual results may differ significantly from these assumptions and estimates due to a variety of factors. These factors can include changes in the overall economic climate, changes to exchange rates and interest rates, and changes in the lubricants industry. FUCHS PETROLUB AG provides no guarantee that future developments and the results actually achieved in the future will correlate with the assumptions and estimates set out in this annual report and assumes no liability for such.

Ten-year overview

FUCHS PETROLUB GROUP

Amounts in € million	2012	2011[8]	2010	2009	2008	2007	2006	2005	2004	2003
Earnings										
Sales revenues	1,819.1	1,651.5	1,458.6	1,178.1	1,393.7	1,365.3	1,323.3	1,192.2	1,096.3	1,040.9
Germany	467.8	434.9	351.8	267.1	343.7	324.7	300.8	268.2	262.2	249.8
International	1,351.3	1,216.6	1,106.8	911.0	1,050.0	1,040.6	1,022.5	924.0	834.1	791.1
Cost of materials	1,054.4	954.9	808.0	645.4	820.7	776.7	777.4	682.0	605.6	569.5
Gross profit	666.0	604.6	567.0	457.1	488.1	509.2	466.9	424.8	407.7	387.2
in % of sales revenues	36.6	36.6	38.9	38.8	35.0	37.3	35.3	35.6	37.2	37.2
Earnings before interest and tax (EBIT)	293.0	263.5	250.1	179.9	171.7	195.2	161.2	128.8	86.2	75.1
in % of sales revenues	16.1	16.0	17.1	15.3	12.3	14.3	12.2	10.8	7.9	7.2
Financial result	−1.6	−3.7	−4.7	−7.0	−8.9	−8.5	−11.8	−15.7	−18.8	−23.1
Profit after tax	207.3	183.1	171.6	121.4	110.3	120.3	97.2	74.2	40.1	30.9
in % of sales revenues	11.4	11.1	11.8	10.3	7.9	8.8	7.3	6.2	3.7	3.0
Assets / equity and liabilities										
Long-term assets	440.4	392.1	358.8	307.2	292.7	265.8	266.8	279.6	254.0	272.0
Short-term assets	668.3	593.2	535.4	438.5	411.1	449.1	419.6	411.7	374.6	363.9
Balance sheet total	1,108.7	985.3	894.2	745.7	703.8	714.9	686.4	691.3	628.6	635.9
Shareholders' equity[1]	781.7	658.2	545.9	392.9	315.3	325.9	303.2	232.6	159.8	137.7
in % of total assets	70.5	66.8	61.0	52.7	44.8	45.6	44.2	33.6	25.4	21.7
Provisions[1,2]	59.2	46.6	97.9	129.2	111.0	111.1	97.0	94.7	97.5	112.0
Financial liabilities	8.9	14.1	19.7	58.2	124.1	71.9	98.5	157.3	194.2	239.3
in % of total assets	0.8	1.4	2.2	7.8	17.6	10.1	14.4	22.8	30.9	37.6
Net gearing[3]	−0.14	−0.08	0.00	0.13	0.56	0.23	0.38	0.80	1.39	1.94
Other liabilities[2]	258.9	266.4	230.7	165.4	153.4	206.0	187.7	206.7	177.1	146.9
Return on equity in %[4]	29.0	31.0	36.6	35.3	33.3	37.1	36.9	38.1	32.5	34.7
Financing										
Gross cash flow	219.0	134.9	173.4	139.9	126.8	147.8	116.8	100.8	81.7	79.6
Cash inflow from operating activities	203.1	89.2	133.2	206.3	59.6	152.2	90.7	77.8	84.7	89.1
Cash outflow from investing activities	−62.7	−30.2	−55.5	−25.5	−52.1	−23.8	−4.3	−26.1	−28.6	−11.5
Cash flow from financing activities	−75.8	−71.4	−80.0	−110.7	−50.6	−103.2	−71.2	−54.7	−57.4	−60.3
Free cash flow	140.4	59.0	77.7	180.8	7.5	128.4	86.4	51.7	56.1	77.6
Investments in property, plant and equipment and intangible assets	61.0	35.6	32.4	29.9	46.6	24.4	18.1	28.8	22.1	18.7
Depreciation of property, plant and equipment and intangible assets (scheduled)	26.9	26.4	22.5	20.1	18.8	18.8	19.7	21.9	24.3	27.3
in % of investments	44.1	74.2	69.4	67.2	40.3	77.0	108.8	76.0	110.0	146.0

FUCHS PETROLUB GROUP

Amounts in € million	2012	2011[8]	2010	2009	2008	2007	2006	2005	2004	2003
Employees										
Number of employees (average)	3,754	3,646	3,534	3,587	3,864	3,807	3,909	4,149	4,221	4,188
Germany	1,143	1,086	1,010	1,003	1,073	1,044	1,077	1,101	1,094	1,124
International	2,611	2,560	2,524	2,584	2,791	2,763	2,832	3,048	3,127	3,064
Personnel expenses	249.1	226.8	215.9	193.8	191.0	182.0	181.5	174.4	173.5	171.9
in % of sales revenues	13.7	13.7	14.8	16.5	13.7	13.3	13.7	14.6	15.8	16.5
Sales revenues per employee (in € thousand)	484.6	453.0	412.7	328.4	360.7	358.6	338.5	287.3	259.7	248.5
Research and development										
Research and development expenses	29.2	27.5	25.1	22.2	22.7	23.7	22.1	20.6	21.4	22.6
in % of sales revenues	1.6	1.7	1.7	1.9	1.6	1.7	1.7	1.7	2.0	2.2

FUCHS SHARES

Amounts in €		2012	2011[8]	2010	2009	2008	2007	2006	2005	2004	2003
Earnings per share [5,6]	Ordinary	2.90	2.56	2.39	1.69	1.48	1.54	1.23	0.93	0.60	0.54
	Preference	2.92	2.58	2.41	1.71	1.50	1.56	1.25	0.95	0.62	0.56
Dividend distribution (in € million)[7]		91.6	70.3	63.2	39.5	37.1	37.0	25.2	17.4	13.7	12.9
Dividend per ordinary share[6,7]		1.28	0.98	0.88	0.55	0.51	0.48	0.31	0.21	0.17	0.16
Dividend per preference share[6,7]		1.30	1.00	0.90	0.57	0.53	0.50	0.33	0.23	0.19	0.18
Number of shares in thousand as at 31.12.[6]	Ordinary	35,490	35,490	35,490	35,490	35,792	37,749	38,907	38,907	38,907	38,907
	Preference	35,490	35,490	35,490	35,490	35,792	37,755	38,907	38,907	38,907	38,907
Stock exchange prices on December 31											
Ordinary share[6]		53.0	30.1	32.9	20.2	13.0	21.0	17.3	10.6	8.6	4.8
Preference share[6]		56.2	33.8	37.0	21.6	11.3	20.2	19.3	11.0	8.0	4.4
Participation certificate 1998–2008 (in %)		–	–	–	–	–	103.5	109.8	113.9	115.3	110.0

[1] From 2007 on direct allocation of actuarial gains and losses against equity.
[2] From 2011 on employee-related liabilities are shown under Other liabilities. Until 2010 they were stated under Provisions.
[3] The ratio of financial liabilities plus pension provisions and minus cash and cash equivalents to shareholders' equity.
[4] The calculation has been based on average shareholders' equity.
[5] Before scheduled goodwill amortization.
[6] For better comparability, the prior-year figures have been adjusted for changes in the equity structure (bonus shares, share split, capital increases).
[7] Dividend proposal for 2012.
[8] The previous year's figures have been adjusted for reasons of comparability, see "Changes in the accounting policies" in the notes to the consolidated financial statements.

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