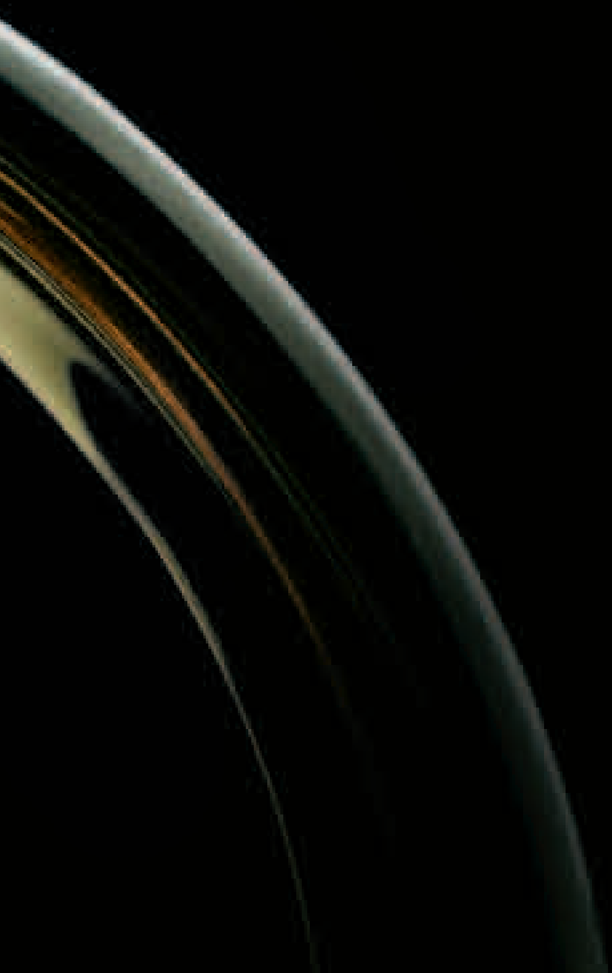
PARTNERSHIP CREATES VALUE

ANNUAL REPORT 2011

FUCHS PETROLUB AG



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 3,722 in 50 operating companies in Europe and overseas.

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

For more than 80 years, we have been concentrating all our activities and research efforts on the development of innovative lubricants. With 34 production sites, we are present in the world's growth countries. This proximity to our customers and our unique know-how enable us to cater to the most specific customer requirements for tailor-made lubricants worldwide. This approach allows us to grow organically and create sustainable added value for our customers, employees, shareholders and our company.

FUCHS AT A GLANCE

FUCHS PETROLUB GROUP

Amounts in € million	**2011**	2010	Change in %
Sales revenues	**1,668.1**	**1,458.6**	**14.4**
thereof international	1,231.9	1,106.8	11.3
in %	73.9	75.9	
Earnings before interest, tax, depreciation and amortization (EBITDA)	**291.0**	**273.4**	**6.4**
in % of sales revenues	17.4	18.7	
Earnings before interest and tax (EBIT)	**264.2**	**250.1**	**5.6**
in % of sales revenues	15.8	17.1	
Profit after tax	**183.1**	**171.6**	**6.7**
in % of sales revenues	11.0	11.8	
Investments in property, plant and equipment and intangible assets (excluding goodwill)	**36.2**	**32.4**	**11.7**
in % of scheduled depreciation	136.6	161.9	
Shareholders' equity	**658.2**	**545.9**	**20.6**
in % of balance sheet total	66.5	61.0	
Balance sheet total	**989.6**	**894.2**	**10.7**
Number of employees on December 31	**3,722**	**3,584**	**3.9**
Earnings per share (in €)			
Ordinary share	2.56	2.39	7.1
Preference share	2.58	2.41	7.1
Proposed dividend / dividend (in €)			
per ordinary share	0.98	0.88	11.4
per preference share	1.00	0.90	11.1

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, 2011, the Group comprised 50 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 54. Of the 50 operating companies, five conducted their business activities in Germany and 45 abroad.

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

See results of operations of the regions page 63

GROUP COMPANIES AND PRODUCTION LOCATIONS

PRODUCTION LOCATIONS

GROUP COMPANIES AND PRODUCTION LOCATIONS

As at December 31, 2011	Group companies [1]	Production locations [2]
Germany	5	6
Other European countries	22	9
Asia-Pacific	17	9
Africa	1	1
North America	3	7
South America	2	2
Total	**50**	**34**

1 Operating companies.
2 Excluding partner plants in Saudi Arabia and Switzerland.

1

MANAGEMENT & SHARES

2

GROUP MANAGEMENT REPORT

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.

3

FINANCIAL REPORT

FURTHER INFORMATION

Glossary reference Page reference Internet link

1

MANAGEMENT & SHARES

LETTER TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS,

The Group generated record earnings in 2011 for the third successive year, following the decline caused by the global crisis in 2008. The further increase in our earning power and our sound balance sheet have motivated the Executive Board and Supervisory Board to propose an additional 11% increase in dividends for 2011, following the 60% increase of the previous year. This dynamic dividend development is based on our confidence in FUCHS PETROLUB's ability to achieve further profitable growth.

Our investments in growth are now bearing fruit. With sales revenues of just under €1.7 billion we set a new record in 2011. We also increased earnings before interest and tax to €264 million. Although all regions contributed to the positive development, North America, Australia and our LUBRITECH specialty business were the main drivers of this growth. The main factor negatively impacting our results involves unresolved issues among our partners at our joint ventures in the Middle East.

Taking into account financing of the strong growth in sales revenues and the outsourcing of German pension obligations in the fourth quarter, free cash flow of €58 million is a very encouraging achievement. The equity ratio of 67% and net liquidity of €65 million provide FUCHS PETROLUB with the financial leeway for further profitable growth and for continuing its consistent, shareholder-friendly dividend policy.

Our value-driven growth phase is now moving into its third year. In the last two years, we have created more than 230 new jobs, 80% of which are in research and sales. Our ongoing investment strategy in the fields of research and development, the specialty business, and growth markets is making good progress. Staff will be moving into the new Technology Center in Mannheim in the first half of this year. Beside this, the food grade lubricants business was successfully integrated under the CASSIDA brand at the new site of our globally operating specialty division, FUCHS LUBRITECH in Kaiserslautern. With this we have created the basis for future growth in a market segment that is experiencing rapid development. Work has also begun on the construction of a new facility in Russia, and in China the plans for a major new facility at our second site in the northeast of the country are now complete. The construction phase will therefore get underway in the course of this year. We have also approved important investments in the US and Australia. The extension of our joint venture in Turkey will strengthen our position in this important growth market.

Stefan Fuchs,
Chairman of the
Executive Board

We are planning to further increase sales revenues and earnings in 2012. These increases assume a positive trend in the global economy despite the known issues. Increasing raw material costs are to be expected with continued positive economic development. The new recruitments and investments necessary for the growth initiative will also lead to increased costs in 2012. However, we envisage considerable growth potential through strengthening of our sales force and by employing an active portfolio management strategy. This will be supported by our revised organizational structure, with the new Group Management Committee having been extended to include two more regions and business segments. In addition to this, we will examine and consistently utilize the opportunities that arise from the consolidation of the lubricants industry.

I thank you, the shareholders of FUCHS PETROLUB AG, on behalf of my colleagues on the Executive Board for your trust in our company, its management and its global team. Our workforce around the globe is continuing to grow together and form a unit, exploiting the advantages of a global Group. I would therefore like to take this opportunity to thank all employees for their personal contributions in 2011, without which we would not have been able to record such pleasing results.

Mannheim, March 21, 2012

Yours

Stefan Fuchs
Chairman of the Executive Board

ORGANIZATION

Corporate Boards

See also information on the Corporate Boards page 180

SUPERVISORY BOARD

Prof. Dr. Jürgen Strube Mannheim (until May 11, 2011)	Chairman Former Chairman of the Supervisory Board of BASF SE
Dr. Jürgen Hambrecht Neustadt an der Weinstraße (since May 11, 2011)	Chairman Former Chairman of the Executive Board at BASF SE
Dr. Dr. h.c. Manfred Fuchs Mannheim	Deputy Chairman Former Chairman of the Executive Board of FUCHS PETROLUB AG
Prof. Dr. Bernd Gottschalk Esslingen (until May 11, 2011)	Former President of the German Association of the Automotive Industry e.V.
Ines Kolmsee Tutzing (since May 11, 2011)	Chairwoman of the Executive Board at SKW Stahl-Metallurgie Holding AG
Horst Münkel* Mannheim	Industrial chemical technician FUCHS EUROPE SCHMIERSTOFFE GMBH
Lars-Eric Reinert* Altenholz	Industrial metalworking technician FUCHS EUROPE SCHMIERSTOFFE GMBH
Dr. Erhard Schipporeit Hanover	Former member of the Executive Board of E.ON AG

COMMITTEES OF THE SUPERVISORY BOARD

Personnel Committee
Prof. Dr. Jürgen Strube (Chairman until May 11, 2011)
Dr. Jürgen Hambrecht (Chairman since May 11, 2011)
Dr. Dr. h.c. Manfred Fuchs (Deputy Chairman)
Prof. Dr. Bernd Gottschalk (until May 11, 2011)
Ines Kolmsee (since May 11, 2011)

Audit Committee
Dr. Erhard Schipporeit (Chairman)
Dr. Dr. h.c. Manfred Fuchs
Prof. Dr. Bernd Gottschalk (until May 11, 2011)
Ines Kolmsee (since May 11, 2011)

Nomination Committee
Prof. Dr. Jürgen Strube (Chairman until May 11, 2011)
Dr. Jürgen Hambrecht (Chairman since May 11, 2011)
Dr. Dr. h.c. Manfred Fuchs (Deputy Chairman)
Prof. Dr. Bernd Gottschalk (until May 11, 2011)
Ines Kolmsee (since May 11, 2011)
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

Dr. Dr. h. c. Manfred Fuchs Mannheim	Chairman Former Chairman of the Executive Board of FUCHS PETROLUB AG
Jürgen Fitschen Frankfurt	Member of the Executive Board of Deutsche Bank AG
Dr. Uwe Schroeder-Wildberg Heidelberg	Chairman of the Executive Board of MLP AG
Roland Schuler Munich	Member of the Executive Board of BayWa AG
Dr. Eckart Sünner Ludwigshafen	Of Counsel at Allen & Overy LLP

The Executive Board

DR. GEORG LINGG

Age 47, 16 years at FUCHS

MEMBER OF THE
EXECUTIVE BOARD

- Region Asia-Pacific and Africa
- International Mining Business

DR. LUTZ LINDEMANN

Age 51, 13 years at FUCHS

MEMBER OF THE
EXECUTIVE BOARD

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

STEFAN R. FUCHS

Age 44, 15 years at FUCHS

CHAIRMAN OF THE
EXECUTIVE BOARD

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

DR. ALEXANDER SELENT

Age 59, 13 years at FUCHS

DEPUTY CHAIRMAN OF THE EXECUTIVE BOARD

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

DR. RALPH RHEINBOLDT

Age 44, 13 years at FUCHS

MEMBER OF THE EXECUTIVE BOARD

- Region Europe

The Executive Board in the new Technology Center of FUCHS EUROPE SCHMIERSTOFFE at the Group's home site in Mannheim

Group Management Committee

See allocation of duties pages 10 and 11

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 Untersteller	■ Region Turkey, Middle East, Central Asia, Indian Subcontinent, Africa

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

The financial year 2011 was a successful year for the FUCHS PETROLUB Group with new records for sales revenues and earnings. The Group is strategically well positioned, on a sound financial footing, and is thus capable of dynamically expanding its lubricant business in attractive business segments and important growth markets.

Reports and board meetings

In the financial year 2011, the Supervisory Board performed its monitoring and advisory duties with care in accordance with the requirements of law, the company's articles of association, and the rules of procedure. The Supervisory Board was involved in all decisions of fundamental importance to the company directly and early on. The members of the Supervisory Board received informative reports from the Executive Board in good time, allowing them to prepare for the meetings. The Supervisory Board analyzed the situation in detail and monitored and supported the Executive Board in performing its duties based on this reporting. Insofar as necessary pursuant to legal stipulations and the company's articles of association, the Supervisory Board submitted its vote on all reports and proposed resolutions of the Executive Board following thorough inspection.

Six Supervisory Board meetings were held, each of which was attended by all members of the Supervisory Board.

Trusting cooperation with the Executive Board

The Supervisory Board engaged in open and trusting collaboration with the Executive Board in the financial year 2011. Even outside scheduled meetings, the Supervisory Board and Executive Board remained in close contact to ensure a constant flow of information and exchange of opinions between the Supervisory Board and Executive Board. The Chairman of the Executive Board informed me regularly and promptly of all important events of substantial significance for the assessment of the situation, development and management of the company. The remaining members of the Supervisory Board were informed comprehensively of all key issues in the subsequent meeting at the latest.

Key areas of supervision and consulting

The Supervisory Board was regularly, timely, and comprehensively informed about the company's corporate policy, business developments, profitability, and risk situation, as well as all relevant questions regarding strategic enhancements. Particular attention was paid to all issues relating to the national debt crises and associated risks in the eurozone. Other important areas of consulting included budget supervision, Group strategy, and all significant investment, acquisition and cooperation projects. The legal dispute with our joint venture partners in the Middle East was also discussed.

In the course of the balance sheet meeting on March 23, 2011, the annual and consolidated financial statements of FUCHS PETROLUB AG, the Executive Board's proposal on the appropriation of profits and the report on the company's relationship with associated companies were reviewed, discussed and approved in the presence of the auditor. In this meeting, the Supervisory Board also approved the agenda, including resolution proposals, for the Annual General Meeting of FUCHS PETROLUB AG to be held on May 11, 2011 and prepared the list of candidates for the election of two new shareholder representatives based on the Nomination Committee's proposals.

In the meeting on May 11, 2011, immediately prior to the Annual General Meeting, the Executive Board reported on the current situation of the Group after the end of the first quarter. Directly after the Annual General Meeting and the election of two new shareholder representatives that also took place on that occasion, a further brief meeting of the Supervisory Board was held. In this meeting, Dr. Jürgen Hambrecht was appointed as Chairman of the Supervisory Board and the new members of the Supervisory Board Committees were elected to replace those members that had stepped down.

Beside the regular Group management report with information on the 2011 half-year financial statements, a large portion of the meeting on July 18, 2011 was devoted to discussing and examining the organization of the FUCHS PETROLUB Group. A resolution was passed to extend the existing "Group Executive Committee" by four persons and rename it the "Group Management Committee".

Beside the Executive Board's current Group management report, in its meeting on October 11, 2011 the Supervisory Board also addressed the particular strategic challenges being faced by Group Purchasing with regard to the extensive and complex portfolio of raw materials. In addition to this, the planned outsourcing of company pensions to an external pension provider was discussed in detail.

See glossary page 194

The focus of the meeting held on December 15, 2011 was the 2012 budget, including earnings, the balance sheet, cash flow and investments. The Supervisory Board also examined the risk management and compliance report, as well as the 2011 **DECLARATION OF COMPLIANCE** with the German Corporate Governance Code. In this vein, the Supervisory Board discussed a potential implementation plan for introduction of the legal form of an SE. Beside this, the Supervisory Board laid down the performance factor for calculating the variable compensation of the members of the Executive Board for the financial year 2011 based on the preliminary calculated target achievement. It also set out the targets for the financial year 2012 and adjusted the fixed annual compensation for Executive Board members in 2012.

Dr. Jürgen Hambrecht,
Chairman of the
Supervisory Board

Corporate Governance Report and Declaration of Compliance

The Supervisory Board regularly addresses the application and further development of the Corporate Governance Code. As was the case in the previous year, in 2011 the Supervisory Board and Executive Board discussed the recommendations and proposals of the German **CORPORATE GOVERNANCE** Code and submitted the declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) on December 15, 2011. Notes on the Declaration of Compliance can be found in the Corporate Governance Report.

See glossary page 194

See page 19

In its meeting on December 15, 2011, the Supervisory Board also examined the efficiency of its own activities and does not see any significant need for improvement in this regard. The Supervisory Board deems its committee to have a sufficient number of independent members. There were no conflicts of interest among any members of either the Supervisory Board or the Executive Board.

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. In addition to this, decision making authorities of the Supervisory Board were transferred to the committees, insofar as this is legally permitted. The Chairmen of the Committees then provide a report on their work to the Supervisory Board in the respective meeting that follows.

The Audit Committee is made up of the Supervisory Board members Dr. Erhard Schipporeit, Dr. Dr. h. c. Manfred Fuchs and Ines Kolmsee, the latter of whom has only been on the Committee since May 11, 2011, having succeeded Prof. Dr. Bernd Gottschalk, who sat on the committee until

May 11, 2011. The Chairman is Dr. Erhard Schipporeit, who has also been appointed as "Financial Expert". The Audit Committee held four meetings during 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 and approved 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 addressed the effectiveness, structure and findings of the internal audit, and then approved the audit plan for the year 2012. It also dealt with current compliance issues and the 2011 MDAX Corporate Governance Rating.

The Personnel Committee is made up of the Chairman of the Supervisory Board Dr. Jürgen Hambrecht as Chairman (since May 11, 2011, succeeding Prof. Dr. Jürgen Strube, who held the position until May 11, 2011), the Vice Chairman of the Supervisory Board Dr. Dr. h.c. Manfred Fuchs, and Ines Kolmsee (since May 11, 2011, succeeding Prof. Dr. Bernd Gottschalk, who held the position until May 11, 2011). The Personnel Committee supports the Supervisory Board in reaching personnel decisions. Three meetings were held in the reporting year. Questions pertaining to diversity and appropriate involvement of women in the company made up a large part of the discussion. As well as preparing the decisions regarding Executive Board compensation, the Committee discussed personnel development within the Group and the further development of future management staff in the FUCHS PETROLUB Group.

With Dr. Jürgen Hambrecht as its Chairman (since May 11, 2011, succeeding Prof. Dr. Jürgen Strube, who held the position until May 11, 2011) and the further members Dr. Dr. h.c. Manfred Fuchs, Ines Kolmsee (since May 11, 2011, succeeding Prof. Dr. Bernd Gottschalk, who held the position until May 11, 2011) and Dr. Erhard Schipporeit, the Nomination Committee is made up exclusively of the Supervisory Board members elected by the Annual General Meeting. The Nomination Committee proposes suitable candidates to the Supervisory Board for its own nominations that are then submitted to the Annual General Meeting. The committee did not convene in the reporting year.

Audit of annual and consolidated financial statements discussed in detail

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 11, 2011. The auditor's declaration of independence was submitted and explained.

The financial statements for the financial year 2011 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. 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 16, 2012 as well in the balance sheet meeting on March 21, 2012. 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 auditors' final report and expressed no objections. The Supervisory Board approved the financial statements submitted by the Executive Board. The annual financial statements of FUCHS PETROLUB AG are hereby confirmed. The Executive Board proposed using the unappropriated profit for payment of a dividend of €0.98 per ordinary share entitled to dividend, and €1.00 per preference share entitled to dividend and then carrying forward the residual unappropriated profit. The Supervisory Board agrees with this proposal.

See glossary page 195

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. in connection with the legal transactions listed in the report, the payments or other contributions made by the company were not unreasonably high, or the disadvantages have been compensated."

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.

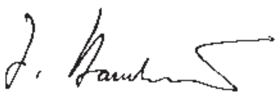
Changes in the Supervisory Board and the Executive Board
With effect from the end of the Annual General Meeting on May 11, 2011, Prof. Dr. Jürgen Strube and Prof. Dr. Bernd Gottschalk both resigned from the Supervisory Board. In their place, the Annual General Meeting held on May 11, 2011 elected Dr. Jürgen Hambrecht, former Chairman of the Executive Board at BASF SE, and Ines Kolmsee, Chairwoman of the Executive Board at SKW Stahl-Metallurgie Holding AG, to the Supervisory Board of FUCHS PETROLUB AG as shareholder representatives. Directly after the Annual General Meeting, the Supervisory Board then appointed Dr. Jürgen Hambrecht as Chairman of the Supervisory Board and thanked Prof. Dr. Jürgen Strube and Prof. Dr. Bernd Gottschalk, the members stepping down, for their many years of excellent work and cooperation.

There were no personnel changes to the Executive Board in the reporting year. In its meeting held on March 23, 2011, the Supervisory Board proposed extending the mandate of Mr. Stefan Fuchs as member and Chairman of the Executive Board for a further five years.

The FUCHS PETROLUB Group ended the financial year 2011 with a very good result. All those involved have earned our acknowledgment. The Supervisory Board would like to take this opportunity to sincerely thank the Executive Board and all of the company's employees worldwide for their commitment and personal contributions to the success of FUCHS PETROLUB.

Mannheim, March 21, 2012

The Supervisory Board



Dr. Jürgen Hambrecht
Chairman of the Supervisory Board

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 289a 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.

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 in detail, paying particular attention to the concept 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 Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) on December 15, 2011 and made this available to shareholders on the company's website – together with the declarations of previous years.

See text of declaration of compliance page 28

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.

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 decision 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. 20% of management positions at FUCHS PETROLUB are held by women (status at: 12/2011). There are currently no women on the Executive Board. FUCHS PETROLUB strives for systematic and targeted promotion of talented women and to consider them appropriately when filling Executive Board and management positions.

See pages 10 and 11

The Executive Board at FUCHS PETROLUB AG was made up of five members in 2011. 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 10 and 11 of this annual report.

* Part of the management 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. As per the recommendations of the German Corporate Governance Code, the two shareholder representatives to be elected by the Annual General Meeting on May 11, 2011 were elected individually.

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. In its meeting on December 13, 2010, the Supervisory Board agreed on the following targets for its composition with a view to Section 5.4.1 of the Corporate Governance Code:

- 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 and Executive Board for new appointments
- Independence of the members of the Supervisory Board
- Conflicts of interest are to be avoided
- The (standard) age limit of 70 years at the time of election is to be considered

The Supervisory Board at FUCHS PETROLUB AG already observed these targets for its composition within the scope of candidate selection for Supervisory Board mandates to be newly appointed in 2011. The Supervisory Board proposed election of the candidates Dr. Jürgen Hambrecht and Mrs. Ines Kolmsee to the 2011 Annual General Meeting to replace Prof. Dr. Jürgen Strube and Prof. Dr. Bernd Gottschalk, the two members of the Supervisory Board stepping down. The nominations by the Supervisory Board were intended to include younger members in the interests of continuity. The shareholders in FUCHS PETROLUB AG elected both candidates at the 2011 Annual General Meeting with 99.99% of the votes cast. The Supervisory Board therefore 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.

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 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** prepares resolutions of the Supervisory Board for personnel matters concerning members of the Executive Board, such as the appointment of members of the Executive Board and drafting of Executive Board contracts. In the reporting year, the Personnel Committee was made up of Prof. Dr. Jürgen Strube (Chairman of the Committee), Dr. Dr. h.c. Manfred Fuchs (Deputy Chairman of the Committee) and Prof. Dr. Bernd Gottschalk up to May 11, 2011. Since May 11, 2011, the Personnel Committee has been made up of Dr. Jürgen Hambrecht (Chairman of the Committee), Dr. Dr. h.c. Manfred Fuchs (Deputy Chairman of the Committee) and Mrs. Ines Kolmsee.

The **Audit Committee** has the task of monitoring both the accounting process and the quality and independence of the audit, issuing the audit engagement for the auditor, determining the focuses of the audit and agreeing the fee for the audit, as well as monitoring the effectiveness of the financial accounting-based Internal Control System (ICS), of the risk management system, of the internal audit department and of the compliance measures. It is also responsible for preparing meetings and resolutions of the Supervisory Board dealing with these issues and questions. Up to May 11, 2011, the Audit Committee was made up of Dr. Erhard Schipporeit (Chairman of the Committee), Dr. Dr. h. c. Manfred Fuchs and Prof. Dr. Bernd Gottschalk. Since May 11, 2011, the Audit Committee has been made up of Dr. Erhard Schipporeit (Chairman of the Committee), Dr. Dr. h. c. Manfred Fuchs and Mrs. Ines Kolmsee. The Chairman of the Audit Committee is an independent financial expert, who has acquired special knowledge in the application of financial accounting principles and internal control procedures in the light of his professional experience.

The **Nomination Committee** is made up solely of shareholder representatives in line with the Corporate Governance Code. All four shareholder representatives sat on the Nomination Committee, both up to May 11, 2011 (Prof. Dr. Jürgen Strube, Dr. Dr. h. c. Manfred Fuchs, Prof. Dr. Bernd Gottschalk, Dr. Erhard Schipporeit) and since May 11, 2011 (Dr. Jürgen Hambrecht, Dr. Manfred Fuchs, Mrs. Ines Kolmsee, Dr. Erhard Schipporeit). They consult on and nominate potential candidates for seats on the Supervisory Board. Dr. Jürgen Hambrecht is the Chairman of the Nomination Committee (up to May 11, 2011: Prof. Dr. Jürgen Strube) and Dr. Manfred Fuchs is the Deputy Chairman.

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.

Information on the composition of the Supervisory Board and its Committees is also provided on page 8 of this annual report. The report by the Supervisory Board on pages 13 onwards provides further details of the work performed by the Committee in the reporting year.

See page 8 and report of the Supervisory Board page 13

The main features of the company's compensation system for members of the Executive Bodies are described on pages 30 to 31 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 183 to 184.

See page 30 and notes to the consolidated financial statements pages 183 and 184

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

As at December 31, 2011, Stefan Fuchs held directly and indirectly 3,469,424 ordinary shares. The other members of the Executive Board together held 3,123 ordinary shares and 4,335 preference shares as at December 31, 2011.

As at December 31, 2011, Dr. Dr. h. c. Manfred Fuchs held directly and indirectly 3,184,172 ordinary shares. The other members of the Supervisory Board together held 549 ordinary shares and 3,500 preference shares as at December 31, 2011.

Further information can be found 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

Further information can be found at www.fuchs-oil.com/corporate_govern1.html

The Articles of Association of FUCHS PETROLUB AG, all Declarations of Compliance, the FUCHS Code of Conduct, the Declaration of Corporate Governance and further documentation on corporate governance, such as the Global Diversity 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 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 values practiced at FUCHS: trust, 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.

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. In this context, the position of Chief Sustainability Officer was created at FUCHS on January 1, 2011. The Chief Sustainability Officer's duties in particular include development of a comprehensive concept for sustainability management. FUCHS considers sustainability as a core element of sound corporate governance, in which the economic, ecological and social aspects are examined, harmonized and respected.

APPROPRIATE 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.

You can find details on risk management in the FUCHS PETROLUB Group in the risk report (separate chapter in the 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).

See risk report page 93

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.

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 15b 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 areprepared 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 and consolidated financial statements are audited by the auditor appointed at the Annual General Meeting (2011: KPMG AG Wirtschaftsprüfungsgesellschaft, 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 Compliance 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 COMPLIANCE DATED DECEMBER 15, 2011

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

FUCHS PETROLUB AG complies with all recommendations of the "Government Commission of the German Corporate Governance Code" in the version valid since July 2, 2010 (also in future) with the following exceptions:

Sections 4.2.4 and 4.2.5

The Annual General Meeting of FUCHS PETROLUB AG passed a resolution on May 11, 2011 to dispense with the individualized disclosure of Executive Board compensation for the duration of five years, i.e. up to and including the annual financial statements and the consolidated financial statements for the financial year 2015. Contrary to Sections 4.2.4 and 4.2.5 of the German Corporate Governance Code, compensation for members of the Executive Board therefore has not been and will not be individualized, but rather disclosed as a total that is broken down into fixed and variable compensation components. The Executive Board and Supervisory Board do not consider the details of individualized compensation of the members of the Executive Board to represent central information for the capital markets. The disclosure of fixed and variable compensation components are, on the other hand, important factors for assessing whether an appropriate incentive effect is in place for the Executive Board. We feel that individualized disclosure of the respective compensations would infringe on the personal rights of those affected.

Section 5.4.6
FUCHS PETROLUB AG has previously disclosed the level of compensation for members of the Supervisory Board in the notes to the consolidated financial statements (Corporate Governance Report) broken down into fixed and variable components, refraining from individualized disclosure of specific compensation, as it was possible to derive this data from the information disclosed in the Corporate Governance Report. In future, FUCHS PETROLUB AG will provide individualized disclosure of the compensation of the members of the Supervisory Board in the Corporate Governance Report.

Mannheim, December 15, 2011

Dr. Jürgen Hambrecht
Chairman of the Supervisory Board

Stefan R. Fuchs
Chairman of the Executive Board

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

Further information can be found at www.fuchs-oil.com/declarationcompliance.html

Mannheim, March 21, 2012

FUCHS PETROLUB AG

The Executive Board

Main features of FUCHS PETROLUB AG's compensation system for members of the Executive Bodies*

COMPENSATION FOR MEMBERS OF THE EXECUTIVE BOARD

The compensation for 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.

The performance-related compensation component is based on the principle of sustainability. As an indicator of sustainable company development, the FUCHS Value Added (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.

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.

* Part of the management report

COMPENSATION FOR MEMBERS OF THE SUPERVISORY BOARD

New legislative stipulations in the last few years have led to the scope of duties that must be performed by Supervisory Board members being significantly expanded. The compensation of the members of the Supervisory Board has been adjusted accordingly and approved by the 2011 Annual General Meeting.

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 €0.50. 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. Each member of the Committees formed by the Supervisory Board receives an attendance allowance of €1,000 per committee meeting. Members of the Supervisory Board that are on the Audit Committee receive an additional fixed compensation of €15,000. Members of the Supervisory Board that are on the Personnel Committee receive an additional fixed compensation of €5,000. The Committee Chairman receives double these compensations, the Deputy Chairman one and a half times.

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 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, 2011, 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.

* Part of the management report

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.

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.

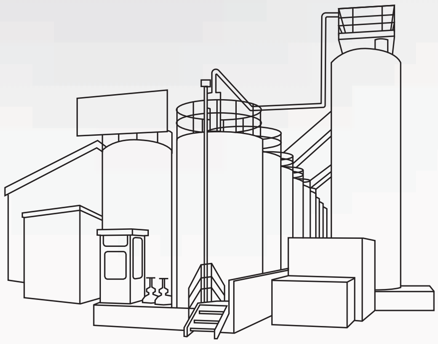
SIGNIFICANT COMPANY AGREEMENTS THAT ARE IN PLACE IN THE EVENT OF A CHANGE IN CONTROL AS A RESULT OF A TAKEOVER BID

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.

Innovations for the automotive industry – friction-optimized greases for steering and braking systems.



"WE HAVE EXTENDED OUR PRODUCTION CAPACITY AT THE

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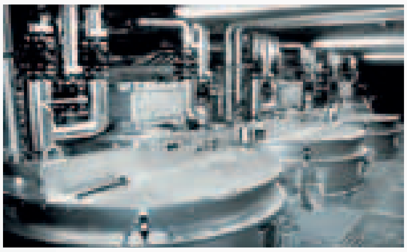
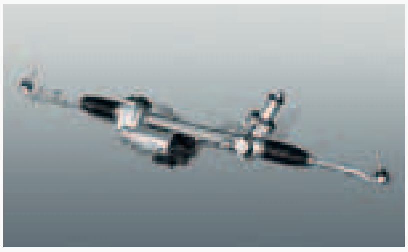




IN THE AUTOMOTIVE INDUSTRY. THIS HAS ENABLED

OEM CU

Thomas Litters, Head of Grease Development,
FUCHS EUROPE SCHMIERSTOFFE / FUCHS EUROPE, Mannheim, Germany

KIEL

SITE AS A WAY OF CATERING TO GROWING DEMAND FOR

ORMANCE GREASES

US TO STRENGTHEN OUR POSITION AS A DEVELOPMENT PARTNER FOR

STOMERS."

FUCHS SHARES

Following a consolidation phase in the first half of 2011, FUCHS shares reached their respective price peaks at the beginning of the second half of the year. Over the remaining course of the year, the volatile price trend of ordinary and preference shares became even more acute. This was triggered by the national debt crisis in Europe and the associated risks for banks and other sectors of the economy.

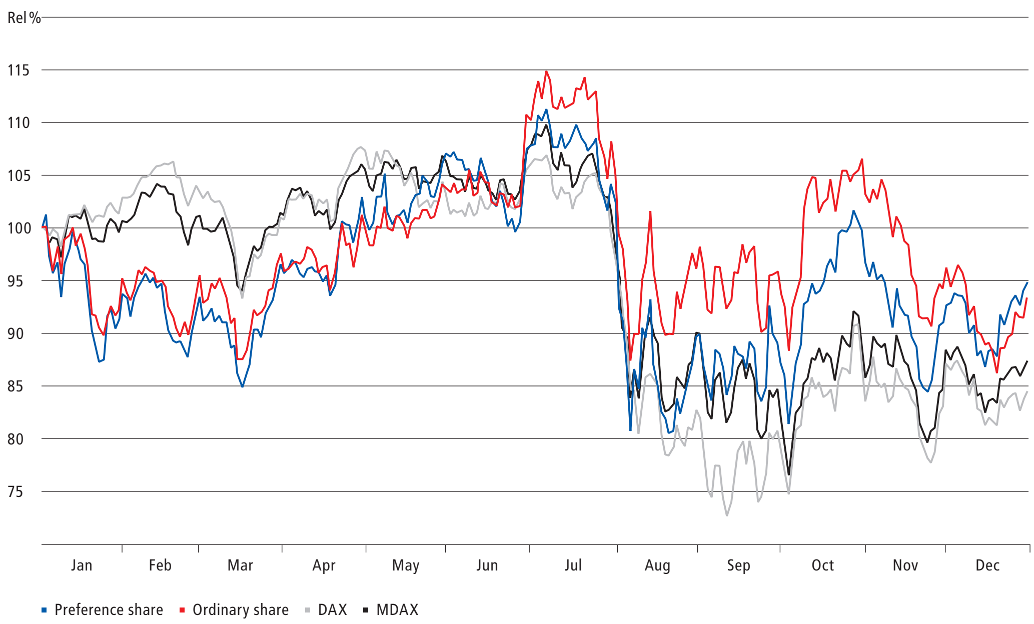
PRICE TREND OF FUCHS SHARES REMAINS VOLATILE

See glossary page 195

The FUCHS ordinary share closed at €30.12 in XETRA trading on December 30, 2011 and was therefore 8.5% below the 2010 year-end price (€32.90). At a price of €33.82 (36.97), the preference share also suffered an 8.5% decrease. The DAX and **MDAX** lost 14.7% and 12.1% respectively over the same period.

The market capitalization of FUCHS shares was €2.3 billion (2.5) as at December 31, 2011.

PRICE TREND OF ORDINARY AND PREFERENCE SHARES IN COMPARISON WITH DAX AND MDAX (JANUARY 1, 2011 – DECEMBER 31, 2011)



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SIGNIFICANTLY HIGHER TRADING VOLUMES DESPITE UNCERTAINTY ON THE FINANCIAL MARKET

The trading volumes of FUCHS shares continued to increase in 2011 despite the uncertainties in the financial market. The traded volume rose by 34.5% from €1,076.7 million in 2010 to €1,448.4 million in 2011. The average daily turnover of the ordinary share increased from €875 thousand to €1,069 thousand, while the preference share enjoyed an increase in daily turnover from €3,331 thousand to €4,567 thousand, thereby reaching 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 2011, 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

PREFERENCE SHARE ON THE MDAX

The preference shares and ordinary shares of FUCHS PETROLUB AG have been listed in the Prime Standard of the German stock market since January 1, 2003. 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 lists 50 medium-sized German companies, predominantly from traditional sectors. In the ranking list, the FUCHS preference share consistently improved its position since its inclusion in the MDAX both in terms of market capitalization and trading volume – the two most important index criteria.

ORDINARY SHARE ON THE DAXPLUS FAMILY 30

The DAXplus Family Index of the German stock exchange represents the development of 113 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.

INCLUSION IN THE STOXX EUROPE 600

The increasing importance of FUCHS shares was documented by the inclusion of the preference share in the STOXX Europe 600 in September 2011. This index is made up of large-cap, mid-cap and small-cap companies from 18 European countries.

SHARE SPLIT AT A RATIO OF 1:3 ON JUNE 30, 2011

The Annual General Meeting of FUCHS PETROLUB AG passed a resolution on May 11, 2011 to perform share split at a ratio of 1:3. The conversion of the shares took place on June 30, 2011. As per the new arrangement, each holder of ordinary shares and each holder of preference shares in the company received three no-par-value shares with a nominal value of €1.00 each instead of one no-par-value share with a value of €3.00. The unchanged share capital of €70,980,000 was split into 35,490,000 ordinary shares and 35,490,000 preference share with a nominal value of €1.00 per ordinarily/preference share.

VOTING RIGHTS ANNOUNCEMENTS

On March 22, 2011, Erik Leonardo Seyfert informed us that on March 15, 2011 his ownership of voting rights in FUCHS PETROLUB AG had exceeded the threshold of 3% up to and including 50% of voting rights stated in Section 21 (1) of the German Securities Trading Act (WpHG) as a result of his inclusion in Schutzgemeinschaft Familie Fuchs and thereby reached a level of 51.74% (6,120,808 voting rights) on this day. In accordance with Section 22 (2) of the German Securities Trading Act (WpHG), 51.74% of voting rights (corresponding to 6,120,408 voting rights) are attributable to Erik Leonardo Seyfert. Erik Leonardo Seyfert is attributed votes by RUDOLF FUCHS GMBH & CO KG, whose ownership of voting rights in FUCHS PETROLUB AG is 3% or more.

On November 15, 2011, SMALLCAP World Fund, Inc., Los Angeles, USA, informed us in accordance with Section 21 (1) of the German Securities Trading Act (WpHG) that its ownership of voting rights in FUCHS PETROLUB AG had dropped below the threshold of 3% of voting rights on November 11, 2011, with the company holding 2.98% (1,058,590 voting rights) on this date.

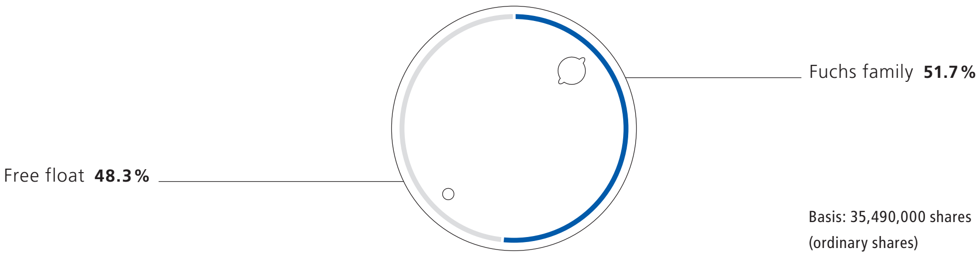
On December 9, 2011, Capital Research and Management Company, Los Angeles, USA, informed us in accordance with Section 21 (1) of the German Securities Trading Act (WpHG) that its ownership of voting rights in FUCHS PETROLUB AG had dropped below the threshold of 3% of voting rights on December 6, 2011, with the company holding 2.99% (1,064,386 voting rights) on this date. 2.99% of these voting rights (1,064,386 voting rights) were attributable to the company in accordance with Section 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

SHAREHOLDER STRUCTURE

On December 31, 2011, 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.

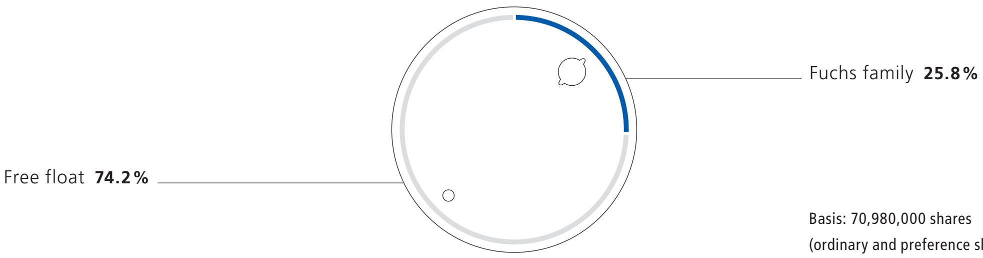
BREAKDOWN OF SHAREHOLDERS AS AT DECEMBER 31, 2011

ORDINARY SHARES



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

TOTAL CAPITAL STOCK



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

HIGH LEVEL OF RESEARCH INTEREST IN FUCHS PETROLUB

The attractiveness of FUCHS shares also increased significantly in 2011. This was reflected in the continued increase in interest on the part of investors and the resultant rise in research activities of 20 analysts: Bankhaus Lampe, Berenberg Bank, 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, Silvia Quandt Research, Steubing AG, UniCredit Research, Warburg Research, and WestLB.

Further information can be found 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 seven investor conferences in Germany, as well as holding 13 roadshows in Europe and the US. Some 250 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 developments 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.

Within the scope of a special conference event, held for the twelfth time in succession, financial analysts that include FUCHS in their research portfolio were given the opportunity to learn more about the use of FUCHS' sophisticated, special food grade lubricants at a major beverage producer in Germany.

The business and financial press were kept continuously up-to-date through press conferences, telephone conferences, and press releases. In addition, the press showed great and continued 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 the very next day 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 – and one company from the Rhein-Neckar metropolitan region present themselves, will once again be held on September 10 this year.

We received almost 7,000 orders from investors, fund managers and investment banks from home and abroad for printed copies of our 2010 annual report and quarterly reports from the financial year 2011.

Further information can be found at www.fuchs-oil.com/investor_relations0.html

With continuously improved applications in the field of investor relations, the Internet continued to play a key role within our overall communication strategy in 2011 with over 400,000 hits on the FUCHS website.

AWARDS FOR SUCCESSFUL INVESTOR RELATIONS WORK

Our 2010 annual report won a gold and silver medal respectively in two US annual report competitions – the ARC Award and the LACP Vision Award 2011. The Vision Awards of the US-based LACP (League of American Communications Professionals) and the ARC Awards, presented by the independent awards organization MerComm, are the world's largest competitions for annual reports and command great respect in the field of international financial reporting. Indeed, just under 6,000 annual reports from over 25 countries were submitted in the various categories. The clarity of message, conveyance of corporate philosophy and communicative linking of company and financial data were all factors considered in the overall assessment.

In the "Best Investor Relations in Germany – BIRD 2011" award presented by the financial and investor magazine "Börse Online" we came out fourth in the MDAX category, thereby achieving position eight in the top ten in the overall ranking of the 160 largest listed companies in Germany. 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. Simultaneous information and equal treatment of analysts and investors are important criteria for private investors in assessing investor relations work.

EARNINGS PER SHARE

Of the profit after tax of €183.1 million (171.6), some €0.7 million (0.9) is attributable to minority interests. Net profit after minority interests amounts to €182.4 million (170.7). Earnings per ordinary share were €2.56 (2.39), while earnings per preference share were €2.58 (2.41). This represents an increase of around 7%.

See management report page 60

PROPOSAL TO INCREASE DIVIDENDS

A proposal will be submitted at the Annual General Meeting on May 9, 2012 to increase the dividend by €0.10 per share compared to the previous year to €0.98 (0.88) per ordinary share and to €1.00 (0.90) per preference share. An increase in the total dividend payout to €70.3 million (63.2) would result in a dividend increase of 11% per ordinary and preference share.

See proposal on the appropriation of profits page 193

KEY FIGURES FOR FUCHS PETROLUB SHARES

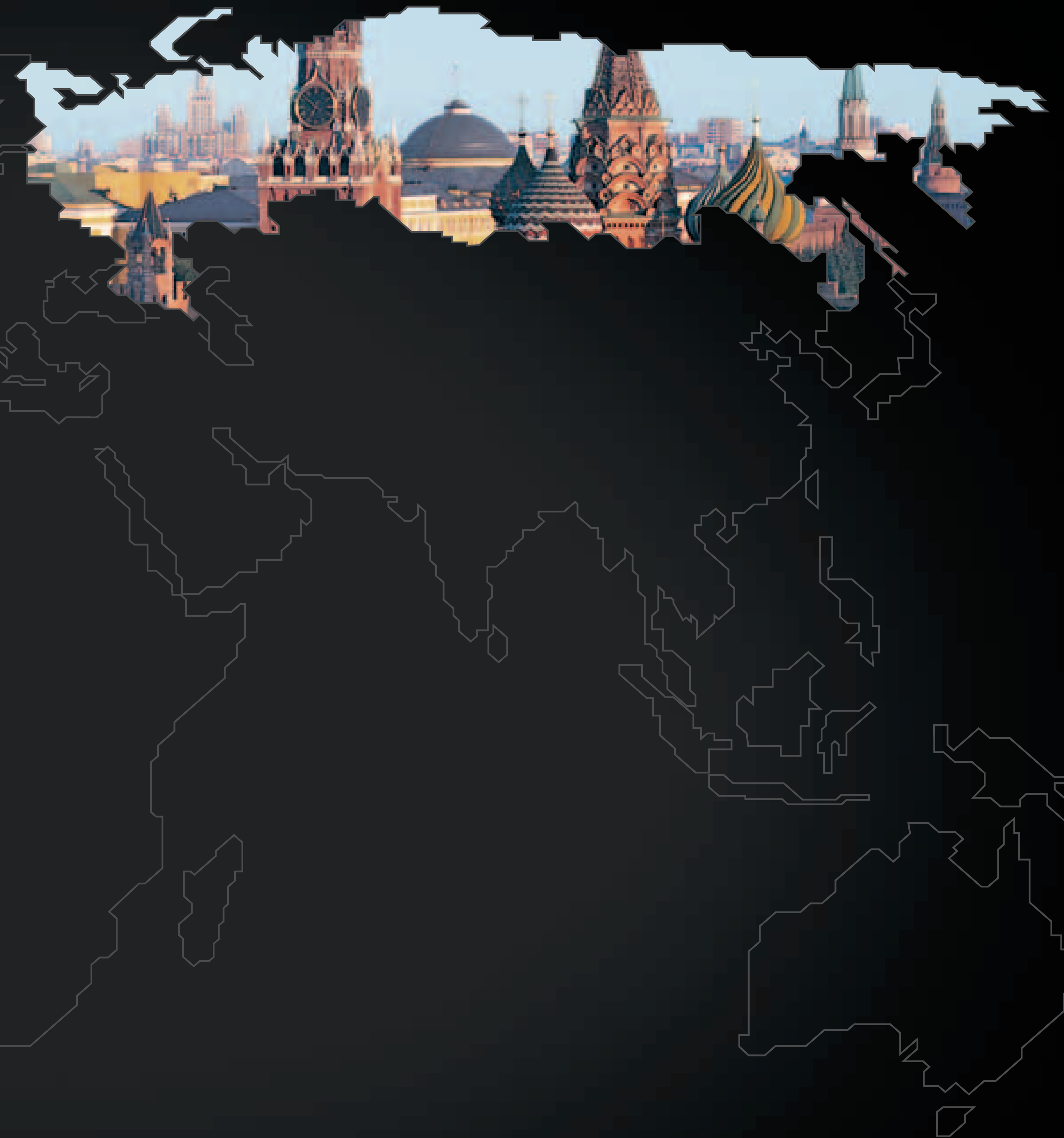
To offer better comparability, the figures from the previous year have been converted to values resulting from the share split performed in June 2011 (share split ratio of 1:3).

	2011		2010	
	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 €)	0.98[1]	1.00[1]	0.88	0.90
Dividend yield (in %)[2]	3.1	2.9	3.6	3.4
Earnings per share (in €)[3]	2.56	2.58	2.39	2.41
Gross cash flow per share (in €)[4]	1.93	1.93	2.44	2.44
Book value per share (in €)[5]	9.27	9.27	7.67	7.67
Closing price (in €) XETRA	30.12	33.82	32.90	36.97
Highest price (in €) XETRA	37.10	39.73	32.93	36.97
Lowest price (in €) XETRA	27.80	28.72	18.85	20.10
Average price (in €) XETRA	31.91	34.20	24.73	26.38
Average daily turnover (in € thousand) XETRA and Parkett	1,069	4,567	875	3,331
Market capitalization (in € million)[6]	2,269		2,480	
Price-to-earnings ratio[7]	12.5	12.3	10.3	10.9

1 Proposal to the Annual General Meeting
2 Ratio of dividend to average annual share price
3 Ratio of profit after minority interests to average number of shares
4 Related to the average number of shares
5 Ratio of shareholders' equity to number of shares
6 Market capitalization at end of the year
7 Ratio of average annual share price to earnings per share

Further information can be found at www.fuchs-oil.com/stock_current.html

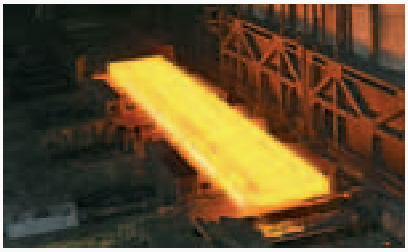
FUCHS has been able to grow its lubricant business in Russia by 35 % per annum over the past five years.



“WE ARE KEEN TO GROW

ALONG WITH OUR

CUSTO

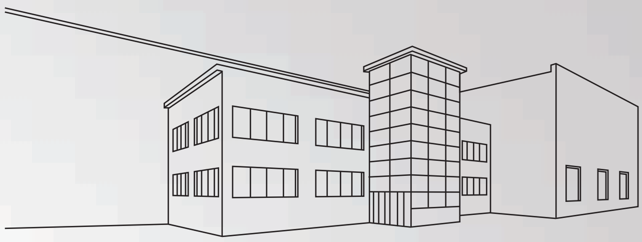


WHICH WILL INCREASE LOCAL AVAILABILITY OF

WE ARE CATERING TO THE VASTLY GROWING

Nikolai Kuznetsov, Managing Director, FUCHS OIL, Moscow, Russia

MERS,



SO WE MAKE SURE THAT WE ARE PRESENT WHEREVER THEY REQUIRE

LUBRICANTS. INDEED, WE ARE CURRENTLY CONSTRUCTING A NEW FACILITY IN

KALUGA,

OUR PRODUCTS IN THE REGION. BY MAKING THIS STEP,

DEMAND FOR HIGH PERFORMANCE LUBRICANTS IN

RUSSIA.

."

2

GROUP MANAGEMENT REPORT

BUSINESS AND GENERAL CONDITIONS

Strategic objectives and business model

THE WORLD OF LUBRICANTS AND RELATED SPECIALTIES

FUCHS is a Group based in Germany with a total of 50 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 strategy focuses on 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. 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 orders on hand, but rather on the general economic environment and the order situation in certain customer industries. However, developments in 2008 showed that even this approach does not offer adequate security in terms of predicting the sales trends of the coming weeks and months. In fact, unforeseen fluctuations in the market and the general environment can happen at any time.

REGIONAL MARKET DEVELOPMENT INCREASES INTERNATIONAL PRESENCE, THEREBY BOOSTING OPPORTUNITIES AND REDUCING RISKS

Building on its strong position in the European market, FUCHS is pushing ahead with the internationalization of its 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 develops new local customer groups with its tailor-made solutions. Besides this, diverse economic trends in the various regions and customer sectors create compensatory opportunities.

Focusing both on organic and external growth, the Group positions itself worldwide in the strategically important fields of technology partnership, niche products, applications and service. Besides 27 operating companies in Europe, a total of five subsidiaries cater to the American continent, while 18 subsidiaries are active in the Asia-Pacific, Africa region.

The companies are largely held directly and 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.

FUCHS serves its diverse range of customers through decentralized units, each of which employs specialists and bundles production, purchasing, administration, research and development locally. The organizational and reporting structure at FUCHS is therefore grouped according to the three geographic regions of Europe, Asia-Pacific, Africa, and North and South America.

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 attention is paid to controlling fixed assets through investment appraisals and monitoring resources tied through inventories and trade receivables.

Consequently, all bonus payments made to local, regional and global management are aligned to the FVA key figure. 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 in the specific area of responsibility. Costs of capital are locally adjusted, taking into account various risks.

In addition to this, a detailed system that monitors achievement of budget goals and any deviation between target and actual figures is investigated within the scope of operational management of the companies. 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 timely investigated, potential compensatory factors examined and corresponding measures introduced.

Economic framework: general and sectoral

GLOBAL ECONOMY DISPLAYING WEAKNESSES

According to the Kiel Institute for the World Economy (IfW), global production only increased by 3.8% last year, following a healthy gain of 5.1% in 2010. At the turn of 2011/2012, factors with a negative influence on the global economy include the national debt crisis in the eurozone, uncertainty regarding the condition of the financial sector and fiscal policy situation in the US, as well as surprisingly weak dynamics displayed in the emerging markets.

MAJOR REGIONAL DIFFERENCES IN GROWTH

Based on the forecast of the IfW, China and India are likely to remain the drivers of economic growth in 2012, having recorded GDP growth of 9.5% and 6.7% respectively in the reporting year. Growth for China is being forecast at 8%, while GDP in India is set to increase to 7%. Overall economic performance in the eurozone increased by just 1.5% in 2011, while at 2.9%, the increase in Germany was almost twice as high in the same year. A minor dip in GDP by 0.1% is anticipated for the eurozone in 2012, while Germany is likely to achieve a slight increase of around 0.5%.

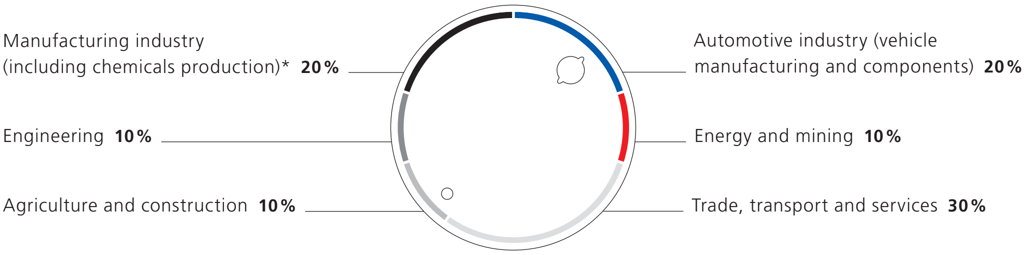
SIGNIFICANT GLOBAL INCREASE IN STEEL PRODUCTION, BUT ONLY SLIGHT GROWTH IN GERMANY

According to data published by the World Steel Association, world crude steel production enjoyed an increase of 6.8% over 2010. While the increase in production in North America was in line with global growth rates, the Asia region recorded an above-average increase in production of just under 8%. Crude steel production in Europe increased by 4.9% in 2011. Primarily caused by the downturn in the fourth quarter of 2011, German production output only increased by 1% year-on-year and thereby lagged behind European developments. The German Steel Trade Association (WV Stahl) expects German steel production to reach the 2011 level in 2012 and is predicting a global increase of 4%.

MECHANICAL ENGINEERING ENJOYS DOUBLE-DIGIT GLOBAL GROWTH RATES WHILE GERMANY VIRTUALLY RECOVERS TO ITS PRE-CRISIS LEVEL

Based on figures published by IMS Research, worldwide mechanical engineering enjoyed record growth in 2011 with a 10.2% increase in production. According to information provided by IMS analysts, this global trend is set to continue until 2014. Bolstered by exports, which increased by 16%, the German engineering sector recorded a real increase in production of 12% in 2011. According to the German Engineering Federation (VDMA), capacity utilization in Germany is now healthy at just under 90%, following the absolute low recorded around two years ago. Based on the revised forecast of the VDMA, in 2012 we are likely to see stable production volumes at around the previous year’s level.

BREAKDOWN OF GROUP SALES REVENUES BY SECTOR (in %)



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

AUTOMOTIVE PRODUCTION REMAINS ON GROWTH COURSE

According to figures published by Euler Hermes, worldwide automotive production increased by 5% in the reporting year 2011. Due to falling demand in the emerging nations, however, the leading global credit insurance group expects that growth will at best remain stable at around 5% in the coming year. With 6% growth and 5.9 million vehicles produced, passenger car production in Germany reached a new peak in 2011. According to data published by the German Association of the Automotive Industry (VDA), exports remain the pillar of German automotive production with an increase of 7% compared to the previous year. The VDA also anticipates good prospects for the German automotive industry in 2012.

CHEMICALS INDUSTRY WITH GOOD CAPACITY UTILIZATION

Following the major setbacks caused by the economic and financial crisis, global chemicals production once again began to enjoy highly dynamic growth in the last two years. Global capacity utilization levels are high at the turn of 2011/2012, and the Association of the German Chemical Industry (VCI) is reporting that some sectors are even suffering from capacity bottlenecks. According to data provided by the VCI, the worldwide increase in production was 4.5% in 2011. The association is forecasting global growth of 4% for 2012.

The European chemicals industry also recovered quickly from the consequences of the global financial crisis. Following a good first quarter in 2011, however, the dynamics have recently slowed significantly. This can be attributed to the national debt crisis and the fact that warehouses are now full again. According to data provided by the European Chemical Industry Council (CEFIC), total European production increased by 1.1% in 2011.

The chemicals industry in Germany was able to record a 2.2% increase in production in 2011, while annual revenue in the sector enjoyed a 7.7% increase. The VCI is predicting a 2% increase in sector revenue and 1% increase in production for the German chemicals industry.

LUBRICANT MARKET STILL BELOW PRE-CRISIS LEVEL

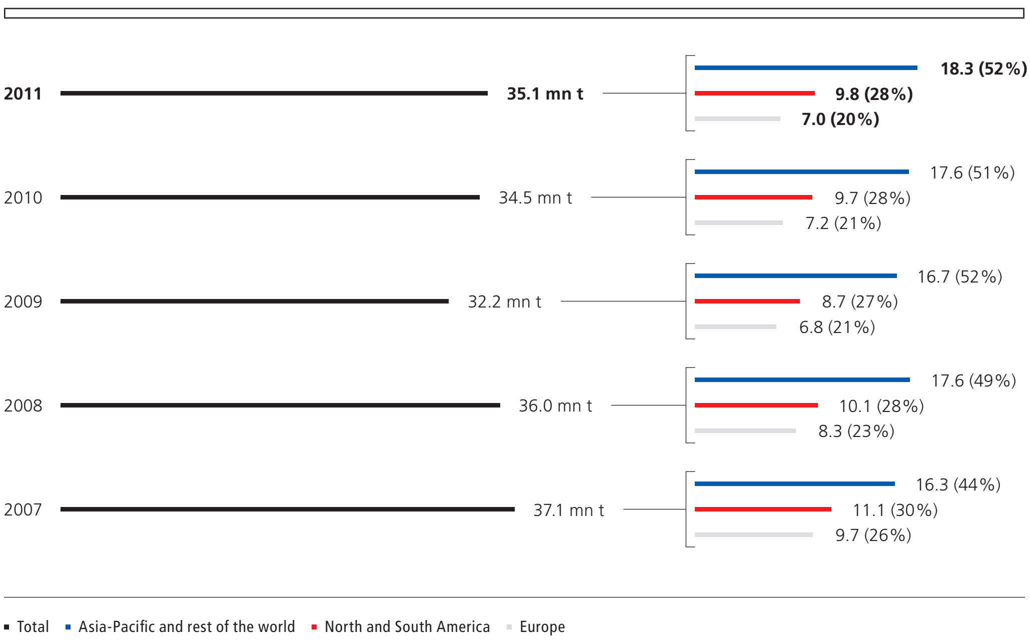
Due to the decline in economic activity experienced in the second half of the year, global lubricant demand in 2011 only rose by just under 2 % to 35.1 million tons. Global volumes therefore remain around 1 million tons (–2.5 %) below the 2008 level. With the exception of the Asia-Pacific region (which recorded an increase of around 5 % over 2008), no other region was able to reach its 2008 pre-crisis market level in 2011.

The developing and emerging regions of Asia-Pacific and Latin America each displayed year-on-year increases in demand of 3 %, while the other regions recorded an increase of around 1 %. Lubricant demand in Western Europe, however, stagnated at 2010 levels.

With about the same volume level, China and the US remain the two largest lubricant markets and together represent around one third of global consumption. With the exception of China and India, no other nation of the top 20 lubricant countries reached its 2008 volumes in 2011. Lube demand of the two aforementioned countries rose continually from 2008 to 2011. Turkey recorded the highest increase in consumption among the 20 in 2011 (+ 6.7 %).

According to figures published by Germany's Federal Office of Economics and Export Control (BAFA), lubricant demand in Germany increased by around 2 % in 2011 and thereby passed again the level of 1 million tons.

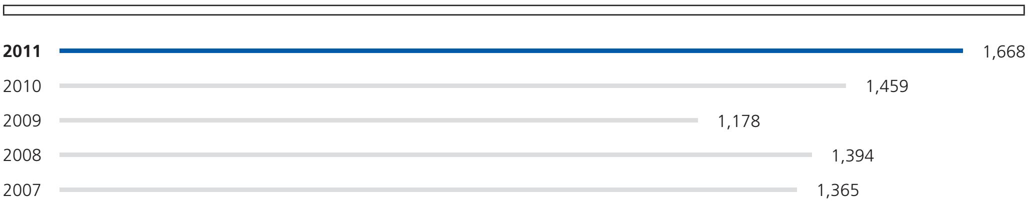
DISTRIBUTION OF THE GLOBAL LUBRICANT MARKET
By regions



CONSOLIDATED RESULTS OF OPERATIONS

Sales revenues

DEVELOPMENT OF GROUP SALES REVENUES
(in € million)



SIGNIFICANT LEAP IN SALES REVENUES

See glossary page 194

In 2001, the FUCHS PETROLUB Group increased its year-on-year sales revenues by €209 million or 14.4% to €1,668 million (1,459). Organic sales revenues enjoyed a €243 million or 16.7% increase. Due to the switchover to the **EQUITY METHOD** of accounting for companies in the Middle East, external growth was negative at –€25 million (–1.7%). At –€9 million, (–0.6%), the effect of currency exchange rates only had a minor influence on the development of sales revenues.

Among other things, the business model employed by FUCHS is characterized by the fact that only a few days generally pass between receipt of orders and sales revenues. FUCHS therefore only reports on the development of sales revenues, since the number of orders on hand does not allow reliable assessment of future business performance.

Growth factors	€ million	%
Organic growth	243	16.7
External growth	–25	–1.7
Effects of currency conversion	–9	–0.6
Growth in sales revenues	**209**	**14.4**

REGIONAL DEVELOPMENT OF SALES REVENUES BY COMPANY LOCATION

in € million	2011	2010	Organic growth	External growth	Currency effects	Change absolute	Change in %
Europe	1,018	875	137	8	−2	143	16.3
Asia-Pacific, Africa	421	382	69	−35	5	39	10.2
North and South America	283	245	48	2	−12	38	15.5
Consolidation	−54	−43	−11	–	–	−11	–
Total	**1,668**	**1,459**	**243**	**−25**	**−9**	**209**	**14.4**

DOUBLE-DIGIT ORGANIC GROWTH RATES IN ALL REGIONS

The FUCHS companies in all three global regions recorded significant organic increases in sales revenues in 2011. This organic growth was driven by appreciable increases in volumes, as well as sales price increases based on the costs of raw materials. While increases in volumes were the main factor in the first half of the year, growth in the second half of the year was more price-driven. Effects of currency exchange rates played an insignificant part in 2011. Instead, the switchover from consolidating companies in the Middle East on a pro rata basis to the equity method led to negative external growth in both the region and the Group.

Our sales revenue planning for 2011 was based on our prediction of less dynamic economic development than we were able to record in the first half of 2011. The pronounced increases in raw material prices, which continued to have an effect far into the third quarter of the year, were also not accounted for in our planning. However, the Group was able to benefit from the sound overall economic development and successfully compensated for raw material price increases through sales price increases.

As a result of the switchover to the equity method of consolidation in the Asia-Pacific, Africa region, this region's contribution to 2011 Group sales revenues (by customer location) amounted to just under 26% (28%), whereas the contribution of the Europe region increased to 57% (55%). Customers in North and South America continued to contribute around 17% (17%) to Group sales revenues.

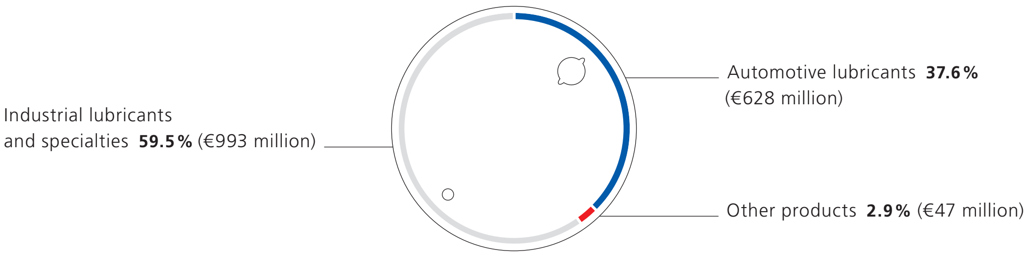
EUROPE PASSES THE €1 BILLION SALES REVENUE THRESHOLD

At €1,018 million (875), Europe recorded sales revenues above the threshold of €1 billion for the first time ever. The 16.3% or €143 million increase was essentially organic, although the acquisition of the food grade lubricants business from 2010 still had a positive effect of 1% in 2011 (€8 million). The companies in Germany, Belgium and, above all, Russia and the Ukraine enjoyed above-average growth.

At €69 million or 18.1 %, the Asia-Pacific, Africa region once again recorded a high level of organic growth in sales revenues. This was further boosted by a small positive currency exchange effect of €5 million (1.3 %) and acquisition-based growth of €3 million. However, the switchover from the pro rata method of consolidation to the equity method did lead to a drop in sales revenues of €38 million. Overall regional growth reached €39 million or 10.2 %. The region thereby contributed €421 million (382) to Group sales revenues. Besides our large companies in China and Australia, which have been enjoying excellent growth rates for years, our entities in Turkey, Korea, and India in particular recorded above-average growth rates.

The North and South America region recorded the highest organic growth rate. This was not only due to the dynamics in South America and an improved economic climate in North America. Active development of new business areas, for example in the OEM business, also produced encouraging successes in the US. The organic growth of €48 million or 19.5 % was supported by slight external growth of €2 million or 0.9 %. However, despite the Euro zone government debt crisis the US dollar was around 5 % weaker for the full year 2011, and this resulted in lower overall growth in the region. Currency exchange rate effects in North and South America totaled – €12 million or – 5.1 %. The region recorded total sales revenues of €283 million (245), which corresponds to €38 million or 15.3 % more than in the previous year.

BREAKDOWN OF GROUP SALES REVENUES



MINIMAL CURRENCY EFFECT

While changes in currency exchange rates had a noticeable influence on the development of sales revenues within the Group in the previous year (€66 million or 5.6 %), the net effect in 2011 was minimal (€9 million or 0.6 %). Only the Australian dollar offered any discernible appreciation effects. The increase in value of the Swiss franc had only limited impact. The devaluation of the US dollar was the primary negative factor in terms of currency effects. Beside this, the weaker average rate of the Polish zloty, the South African rand, the Turkish lira and the Indian rupee recorded over the course of the year all had a dampening effect on sales revenues.

Consolidated income statement

ALL INCOME FIGURES RISE ONCE AGAIN

In 2011, FUCHS PETROLUB surpassed the earnings record set the previous year. The Group beat its previous year's figures in terms of both earnings before interest and tax (**EBIT**) and earnings after tax.

See glossary page 194

Based on price increases, particularly in the second half of the year and due to higher volumes, the Group was able to increase sales revenues by 14.4%. At the same time, gross profit also rose by 7.9% to €611.8 million (567.0). In light of significant raw material cost inflation, gross profit increased less than proportionately to sales revenues, which in turn led to a decline in the gross margin to 36.7% (38.9%).

Besides raw material costs, sales, distribution, administration and research and development expenses also increased appreciably. This increase is not least due to our growth offensive, which is characterized by investments in future markets, increased sales personnel and strengthening of our research and development capacities. Freight and commission expenses also increased due to the higher level of business. Appreciable personnel expenses were also accrued in a whole host of countries in 2011 to keep pace with inflation. The entire pool of costs increased by 8.0% to €351.2 million (325.3) and thereby represents 21.1% (22.3%) of total sales revenues.

Taking into account other operating income of €0.5 million (0.1), the Group recorded earnings before interest and tax and before income from participations of €261.1 million (241.8). This represents an increase of €19.3 million or 8.0%. Relative to sales revenues, EBIT before income from participations was 15.7% (16.6%).

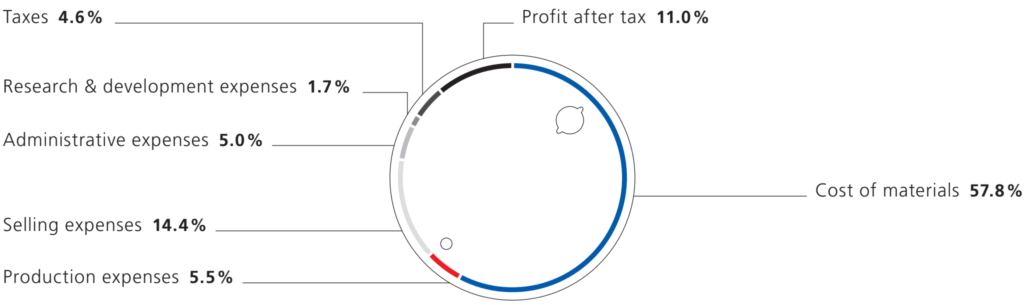
Despite an increase in the number of companies consolidated using the equity method, income from participations (**INVESTMENT INCOME**) was down in 2011. At €3.1 million (8.3), it did not come close to the previous year's level. One reason for this was the fact that our companies in the Middle East were unable to repeat the particularly high sales revenues they recorded in 2010. In addition the income from participations for the current year comprises an impairment loss of €7.1 million that had to be charged for a doubtful receivable.

See glossary page 195

Earnings before interest and tax (EBIT) increased to €264.2 million (250.1), thereby beating the record set in the previous year by €14.1 million or 5.6%.

The financial result also displayed further improvement. The Group's sound liquidity situation led to a drop in net interest expenses to €3.9 million (4.7). Income taxes were €77.2 million (73.8), corresponding to a rate of taxation of 30.0% (31.1%) on earnings before tax and income from participations.

STRUCTURE OF THE INCOME STATEMENT



The Group's earnings after tax exceeded the previous year's figure by €11.5 million or 6.7%, thereby setting a new record at €183.1 million (171.6). The net profit margin is 11.0% (11.8%).

See FUCHS shares page 43

Earnings per ordinary and preference share increased by around 7% year-on-year to €2.56 (2.39) and €2.58 (2.41) respectively.

INCREASED EARNINGS IN ALL REGIONS RECORDED BY OUR CONSOLIDATED COMPANIES

The increase in earnings in 2011 was generated by the regions of Europe and North and South America. Thanks to excellent development at our US company, the North and South America region recorded the greatest absolute and relative gains. EBIT in this region was up €9.8 million or 18.4% to €63.1 million (53.3).

In Europe, our specialty business in particular continued to enjoy success, supported by the integration of the food grade lubricants business acquired at the end of 2010. This region was able to increase its EBIT by €6.7 million or 5.3% to €132.0 million (125.3).

The Asia-Pacific, Africa region displayed a decline in EBIT of €4.2 million or 5.5% to €72.7 million (76.9). This reduction only affects the companies consolidated using the equity method, while the fully consolidated entities in 2011 exceeded their previous year's EBIT by €8.2 million or 13.3% (adjusted for the previous year's EBIT). Our Australian company was particularly successful in the region.

Key performance indicators

THE INFLUENCING FACTORS OF FUCHS VALUE ADDED

For several years now FUCHS has been using its FUCHS Value Added (FVA) as a KPI for the purpose of value-oriented company management. Earnings before interest and tax (EBIT), as well as the costs of average capital employed flow into the FVA. 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 sales volumes/revenues, raw material costs, as well as personnel and operating expenses.

At FUCHS, average capital employed is calculated 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 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 following deduction of trade payables.

To calculate the costs of capital employed, a weighted interest rate is used (WACC) which was derived from financial market data at the end of the year using the Capital Asset Pricing Model (CAPM). The following variables are incorporated in this calculation:

	Risk-free interest
+	market risk premium × sectoral risk in the form of the beta factor
=	equity costs

	Risk-free interest
+	sector-specific external financing costs
=	borrowing costs

Sectoral or target financing structure (at market values)

Typical Group rate of taxation (30%).

FVA ALSO INCREASED IN 2011

A WACC of 11.5% before taxes was calculated for 2011 based on equity costs of 8.75% after taxes and 12.5% before taxes, as well as borrowing costs of 3.00% after taxes and 4.30% before taxes with a financing structure of 87% shareholders' equity and 13% borrowed capital. The WACC was also 11.5% in 2010.

in € million	2011	2010	Change absolute	Change relative in %
EBIT	264.2	250.1	14.1	5.6
Average capital employed	673.5	586.2	87.3	14.9
Pretax WACC in %	11.5	11.5		
Capital costs	77.4	67.4	10.0	14.8
FVA	**186.8**	**182.7**	**4.1**	**2.2**

The Group was able to increase the FUCHS Value Added by 2.2% in 2011 and thereby created a greater value proposition for its shareholders.

FURTHER KPIS

in %	2011	2010
Return on sales (profit after tax relative to sales revenues)	11.0	11.8
Total return on capital (ROCE = EBIT relative to average capital employed)	39.2	42.7
Return on equity (ROE = profit after tax relative to the average shareholders' equity determined based on the interim quarterly reports)	31.0	36.6

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, Asia-Pacific, Africa, and North and South America.

LUBRICANT MARKET IN EMERGING COUNTRIES WITH HIGHEST GROWTH RATES

Global lubricant consumption increased by just under 2% in 2011 to around €35.1 million tons (34.5), although it has not yet been able to reach the level of 36 million tons recorded in 2008. The market grew by around 0.5% in Europe, by around 1.5% in North and South America, and by around 2.5% in Asia-Pacific, Africa.

SALES REVENUES IN THE FUCHS PETROLUB GROUP BY CUSTOMER LOCATION

Amounts in € million	**2011**	Share in %	2010	Share in %	Change	in %
Europe	951	57.0	796	54.6	155	19.5
Asia-Pacific, Africa	427	25.6	410	28.1	17	4.1
North and South America	290	17.4	252	17.3	38	15.1
Total	**1,668**	**100.0**	**1,458**	**100.0**	**210**	**14.4**

Europe

See consolidated financial statements page 118

Segment information (in € million)	2011	2010
Sales revenues by customer location	950.8	796.2
Sales revenues by company location	1,018.3	874.7
thereof with other segments	51.1	41.2
Scheduled depreciation	17.8	14.5
Impairment losses	0.0	0.7
Income from participations accounted for using the equity method	0.0	0.0
Segment earnings (EBIT)	132.0	125.3
Segment assets	501.0	453.9
Segment liabilities	150.2	137.7
Additions to long-term assets	27.6	41.6
Employees (average numbers)	2,247	2,156
Key performance indicators (in %)		
Ratio of EBIT to sales revenues	13.0	14.3

Our European companies enjoyed sound business development in 2011. All companies were able to record increases in sales revenues. Besides price increases due to material costs, almost all of the companies also recorded encouraging increases in volume. All companies in the region generated total sales revenues of more than €1 billion (€1,018.3 million following €874.7 million in the previous year).

However, the picture in terms of earnings before interest and tax (EBIT) was less uniform. Not all companies were able to fully compensate for increased materials costs or personnel and operating expenses through sales price increases. However, improved operating earnings were recorded in many cases. Our specialty companies in particular were able to record significant increases in earnings, partially boosted by the acquisition made in the previous year. The region increased its total profit contribution to the Group's EBIT by 5.3% or €6.7 million to €132.0 million (125.3). However, the **EBIT MARGIN** relative to sales revenues declined to 13.0% (14.3%).

See glossary page 194

The companies recording the highest sales revenues and earnings in the region are based in Germany, England, France, Italy, Spain, Belgium, Poland, and most recently also in Russia. The companies in these eight countries together generated significantly more than 80% of the region's sales revenues and earnings.

Our German companies grew slightly more than the region in 2011. The healthy automotive economy and the high level of capacity utilization in the German engineering sector made an important contribution to this, as did the ongoing processing of various projects in the most diverse fields of application. The pressure on margins, already observed in the previous year due to increased raw material costs and higher personnel and operating costs, continued. However, the companies still managed to record pleasing results.

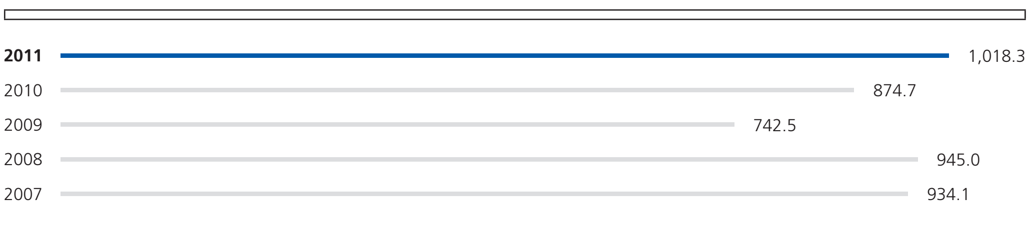
Considering the weak domestic economy in the Southern European countries, our companies in these areas performed well. Although the increases in sales revenue recorded here were below average, overall results saw improvement.

The strong growth of our Russian company continued in 2011. This company has therefore started construction work on a new facility in the Kaluga region, which is set to commence operations at the start of 2013.

The acquisition of a food grade lubricants business in 2010 has strengthened our specialty business. The integration was successfully completed in the reporting year and the sales revenue targets were achieved.

We invested a considerable amount of money in the construction of our new research and development center in Mannheim in 2011. The building is scheduled for completion at the start of Q2 2012.

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



Asia-Pacific, Africa

See consolidated financial statements page 118

Segment information (in € million)	**2011**	2010
Sales revenues by customer location	427.6	410.3
Sales revenues by company location	420.9	382.1
thereof with other segments	0.2	0.1
Scheduled depreciation	3.8	2.9
Impairment losses	0.0	0.0
EBIT before income from participations	69.6	68.6
Income from participations accounted for using the equity method	3.1	8.3
Segment earnings (EBIT)	72.7	76.9
Segment assets	225.8	203.5
Segment liabilities	58.8	62.4
Additions to long-term assets	6.0	12.0
Employees (average numbers)	836	806
Key performance indicators (in %)		
EBIT before income from participations relative to sales revenues	16.5	18.0

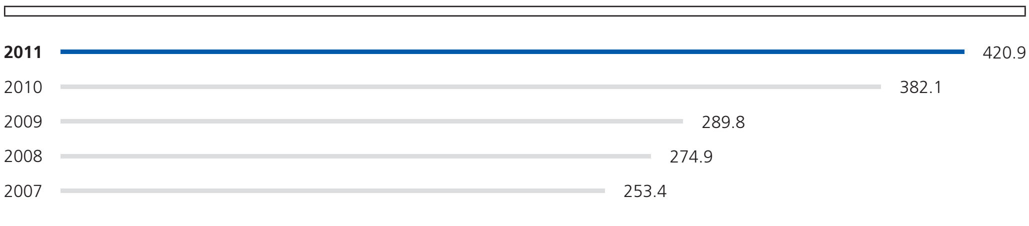
The companies in the Asia-Pacific, Africa region once again generated excellent organic growth that was above the Group average in 2011. However, as the companies in the Middle East have not been consolidated on a pro rata basis since the start of 2011, instead being accounted for using the equity method, the growth recorded is only 10.1%. Besides increases in volume, which were particularly pronounced in China and Australia, sales price increases due to material costs contributed to the increase in sales revenues. Currency exchange rate effects were minimal compared to the previous year. The companies in the region generated total sales revenues of €427.6 million (410.3).

Adjusted for the effect of the change in company consolidation methodology, the region was also able to increase its segment earnings in 2011. The one Australian and two Chinese companies were the main contributors to this. These three units and our South African company together generated more than 80% of the region's sales revenues and earnings. The region's EBIT before income from participations rose to €69.6 million (68.6), which represents 16.5% (18.0%) relative to sales revenues.

The mining business is important to all three countries and is a significant contributor to their success. In addition to this, the companies in Australia and South Africa have long-standing and wide-spread roots in the local market, which offer many business opportunities. In China, the automotive business with both foreign and local producers is extremely important. At the same time, the company is continually expanding its business with specialties and metal-working fluids. To secure planned growth, we acquired new land use rights in North China in 2011 and will begin construction of a new facility shortly. This will significantly increase the capacities of our production facility in this area, which are no longer adequate.

At €3.1 million (8.3), the profit contribution of the companies consolidated using the equity method in 2011 was significantly below the previous year's level, although the number of companies consolidated in this way actually increased. The extremely high sales revenues and earnings generated in the previous year could not be maintained in 2011, neither in Saudi Arabia nor at the sales organization located in the United Arab Emirates. In addition to this, impairments made in connection with a legal dispute severely compromised income from participations.

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



North and South America

See consolidated financial statements page 118

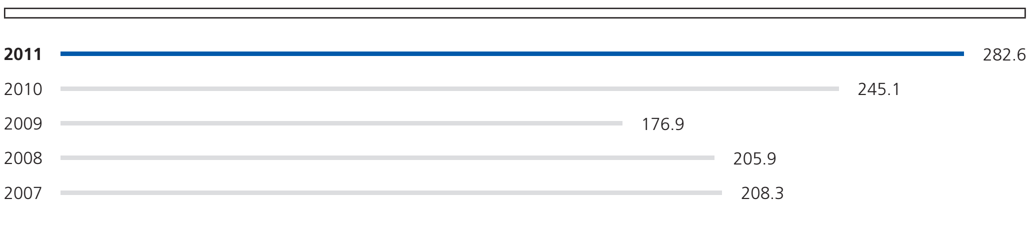
Segment information (in € million)	2011	2010
Sales revenues by customer location	289.7	252.1
Sales revenues by company location	282.6	245.1
thereof with other segments	2.4	2.0
Scheduled depreciation	4.4	4.6
Impairment losses	0.3	0.1
Income from investments accounted for using the equity method	0.0	0.0
Segment earnings (EBIT)	63.1	53.3
Segment assets	189.8	178.2
Segment liabilities	30.3	28.9
Additions to long-term assets	2.4	5.5
Employees (average numbers)	519	498
Key performance indicators (in %)		
Ratio of EBIT to sales revenues	22.3	21.8

As was the case in the previous year, the North and South America region also generated the highest organic growth rates within the Group in 2011. Due to exchange rate movements, however, the 19.6% growth recorded in local currency was reduced to 14.7% following conversion to the Group currency. Total sales revenues in the region were €283 million (245).

The structured and continuous development of the US market had a positive effect. New customers in the company's traditional core fields of business, the expansion of the OEM business, and the general improvement in the US industrial economy all contributed to the increase in sales revenues.

The economic dynamics in South America were more restrained in 2011 than in previous years. Our Brazilian company therefore also recorded less dynamic growth. The purchase of a site for the planned construction of a new facility was also further delayed, meaning that not all defined growth areas could be processed at the planned speed. Yet despite this, the sub-region generated encouraging margins and made a positive contribution to increasing the EBIT to €63.1 million (53.3). The region’s EBIT margin rose to 22.3% (21.8%).

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

HIGH EQUITY RATIO

See glossary page 194

The good results of operations for 2011 were also reflected in the FUCHS PETROLUB Group's balance sheet. Equity capital increased by €112.3 million or 20.6% to €658.2 million (545.9) in the reporting year. The **EQUITY RATIO** is now 66.5% (61.0%).

INCREASE IN BALANCE SHEET TOTAL PRIMARILY DUE TO SALES REVENUES

With the expansion of business and increased investments, the balance sheet total increased by 10.7% to €989.6 million (894.2). Working capital in particular saw a significant increase. A portion of the increase in inventories can be attributed to longer inventory ranges and will only be of a temporary nature.

At €388.6 million (358.8), long-term assets represent 39.3% (40.1%) of total assets. The largest item is property, plant and equipment at €216.0 million (201.2), followed by intangible assets at €116.9 million (123.2). The increase in fixed assets is primarily a result of our growth initiative, which has caused capital expenditure on property, plant and equipment to be greater than depreciation. Intangible assets, on the other hand, display a downward trend, based on the fact that customer bases acquired in previous years were amortized on schedule.

At €601.0 million (534.4), short-term assets represent 60. 7% (59.9%) of total assets. At €230.0 million (187.2) and €251.1 million (221.4) respectively, inventories and trade receivables are the largest single items, together representing just under half of the balance sheet total.

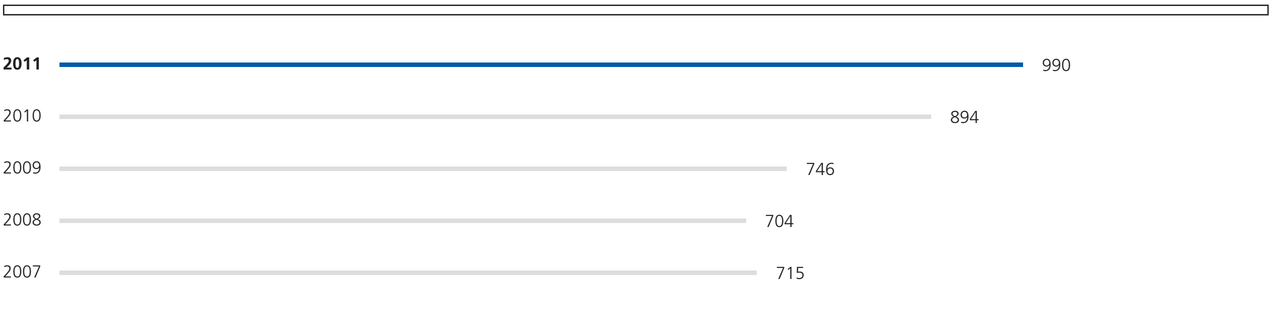
See glossary page 195

Relative to sales revenues, the Group's **NET OPERATING WORKING CAPITAL** (trade receivables plus inventories minus trade payables) increased to 21.2% (19.6%). This was largely due to inventories, which showed a disproportionately high increase, partially due to higher purchase costs, long delivery routes and higher inventory buffers for customers. The figures were calculated using the annualized sales revenues of the fourth quarter.

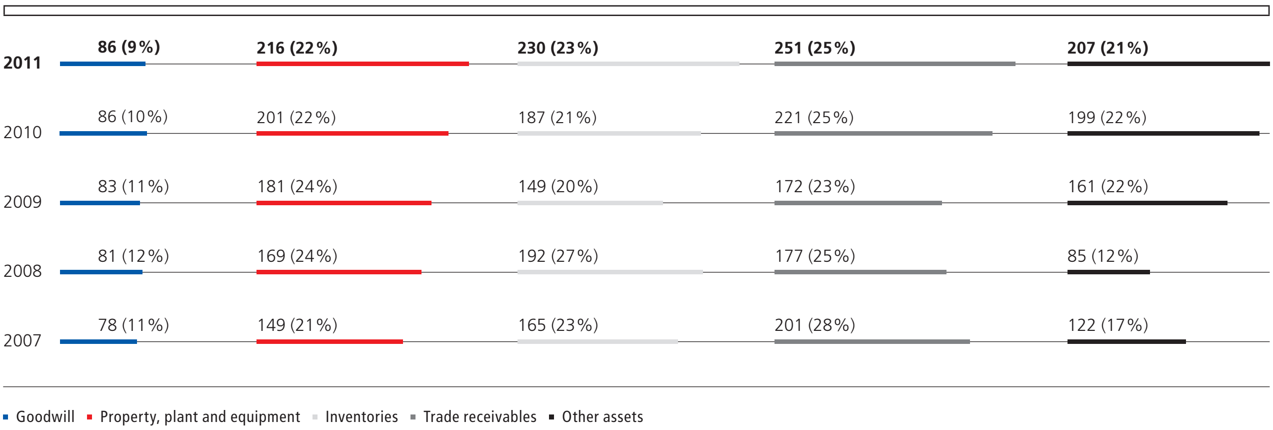
Cash and cash equivalents of €81.5 million (92.1) represent 8.2% (10.3%) of the balance sheet total, while other receivables and tax receivables total €38.4 million (34.7).

STRUCTURE OF ASSETS AND CAPITAL

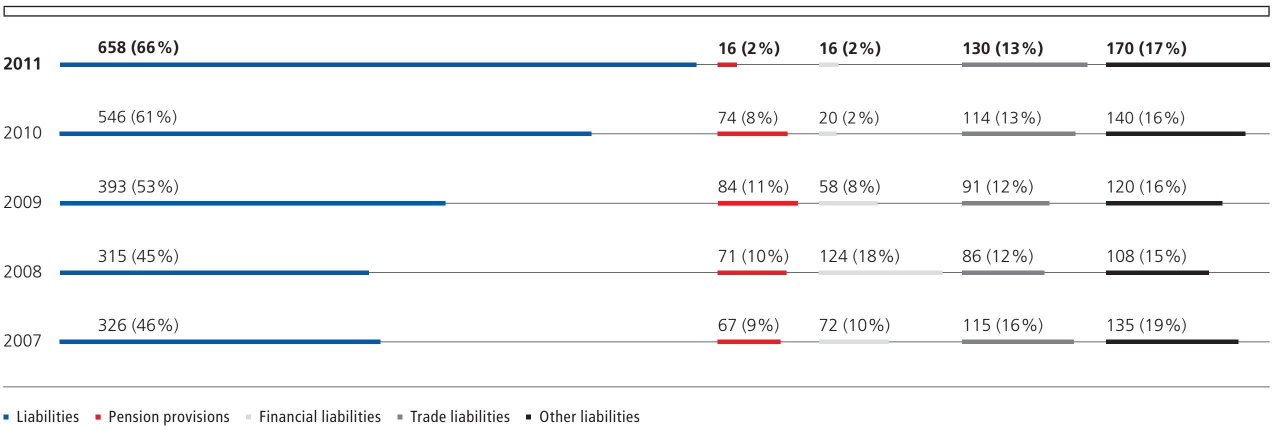
Balance sheet total in € million



Assets in € million



Liabilities in € million



SHAREHOLDERS' EQUITY FURTHER STRENGTHENED

The year 2011 was characterized by further strengthening of the equity side of our balance sheet. This made the Group's financial position even more robust.

With shareholders' equity of €658.2 million (545.9) and long-term liabilities of €45.2 million (99.8), the Group has long-term access to over 70% of its financial resources. Shareholders' equity alone represents 66.5% (61.0%) of the balance sheet total. Having already appreciably reduced its pension liabilities at its largest UK company in the previous year, the Group discharged its pension liabilities in the US in 2011, while in Germany the liabilities were largely outsourced to an external pension provider. Pension provisions on the balance sheet date were therefore only €15.8 million (74.4). By implementing these measures, the Group has reduced its risks in the non-operating field and gained greater financial stability.

As the current volatility makes external financing significantly more difficult, the Group's high equity ratio provides additional security. In the long-term, our goal is to achieve a balanced mix of self-financing and borrowing. However, despite this general goal of achieving a balanced financing mix, we consider it expedient to temporarily avoid borrowing and even hold back liquid funds. This is in the interests of our long-term corporate policy, which is aimed at seizing acquisition opportunities, exploiting all options for organic growth, and continuing our "progressive" dividend policy.

The Group's current financing position renders external ratings by any of the relevant agencies superfluous. However, thanks to the type of internal steering employed ("value-driven corporate governance"), as well as our internal and external transparency, we are in an excellent position to undergo a rating process at any time should the capital market require this.

Within the scope of expanding business activities, trade payables increased to €130.1 million (114.5), while tax liabilities are €31.0 million (27.3), and provisions and other short-term liabilities are €125.1 million (106.7).

STRONG PARTNER TO CUSTOMERS AND SUPPLIERS

With our high equity ratio and good level of liquid funds available, FUCHS is not only a reliable supplier, but also a solvent customer. Besides our technical performance, we also enjoy economic and financial stability.

Capital expenditure and acquisitions

CAPITAL EXPENDITURES

We intensified our activities to increase organic growth in 2011. Beside the construction of new facilities in growth regions such as Russia and China, as well as the modernization and expansion of existing facilities such as those in the US, we are currently also improving our infrastructure in the field of research and development. This includes construction of a new research and development center in Mannheim, which represents our largest single investment at this site to date.

In 2011, investments in property, plant and equipment and intangible assets (excluding acquisitions), as well as in financial assets increased year-on-year by around 16 % to €37.6 million (32.5).

The largest single item was the new research and development center, which is scheduled for completion in the first half of 2012. We also acquired land / land usage rights in Russia and China and are pushing ahead with construction of new facilities at these locations. These new facilities are scheduled to commence operations in the first half of 2013. In the US, we began work on modernizing and extending our facility at the Chicago site, while activities to acquire land for the construction of a new facility in Brazil are also progressing well.

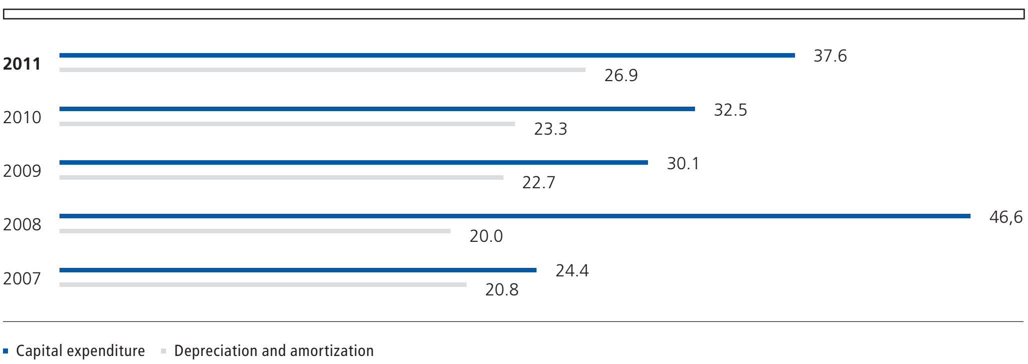
DEPRECIATION AND AMORTIZATION

As a result of the increased capital expenditure in the last few years, write-down of property, plant and equipment, intangible assets and financial assets has also increased. In 2011, depreciation and amortization expenses amounted to €26.8 million (23.3).

INVESTMENTS IN ACQUISITIONS

FUCHS acquired a small trading business in Belgium with annual sales revenues of less than €1 million in the reporting year.

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



See consolidated financial statements pages 114 and 115

Statement of cash flows

See glossary page 194

Irrespective of a significant increase in sales revenues, which required additional working capital, FUCHS PETROLUB generated appreciable **CASH FLOW** in 2011. After taking into account considerable cash outflows in the context of dissolving or outsourcing pension liabilities in the US and Germany, free cash flow of €58.2 million was generated.

GROSS CASH FLOW OF €137 MILLION GENERATED

Although at €183.1 million (171.6) greater profit after tax was available, and a slight rise in depreciation and amortization of long-term assets of €26.8 million (23.3) had to be taken into account, at €137.0 million (173.4) gross cash flow still failed to reach the previous year's level. The main reason behind this is the €65.3 million reduction in expenditure for pension liabilities. This is a strategic decision that was taken to further reduce FUCHS' risk profile. It allows the company to detach itself from long-term pension obligations, which are associated with biometric and investment risks, in both Germany (€55.8 million) and the US (€9.5 million). This caused long-term provisions and other long-term assets to drop by €70.9 million.

INCREASED FINANCING REQUIREMENTS DUE TO HIGHER WORKING CAPITAL AND INCREASED INVENTORY RANGES

The considerable growth in sales revenues in the reporting year was associated with an increase in working capital (inventories plus trade receivables minus trade payables). At the same time, inventory ranges increased by around six days, meaning that total additional funds of €60.7 million (47.1) were required. Including the changes in other assets and liabilities, cash flow from operating activities was €90.1 million (133.2).

REDUCED CASH OUTFLOW FROM INVESTING ACTIVITIES

We continued and strengthened our efforts to organically grow our business in 2011. Investments in long-term assets therefore increased to €37.6 million (32.5). At €0.4 million (31.4), acquisitions did not have any appreciable influence on cash flow in 2011. Instead, the change of accounting practices of companies held in the Middle East to the equity method resulted in a €6.2 million outflow of funds. Taking into account the proceeds from the disposal of long-term assets of €3.1 million (1.9) and dividends received of €9.2 million (6.5), total cash flow from investment activities was €31.9 million (55.5).

APPRECIABLE FREE CASH FLOW DESPITE OUTSOURCING OF PENSION LIABILITIES

Free cash flow of €58.2 million (77.7) remains from the balance of cash inflow from operating activities and cash outflow from investing activities. This net cash inflow was used to acquire the outstanding minority interests in a German company for €4.2 million and to finance a significant portion of the €63.6 million (40.1) in dividends for the previous year.

The residual amount for financing the 2011 dividend payment came from the previous year's cash and cash equivalents. Taking into account the repayment of €1.8 million of bank and leasing liabilities, cash and cash equivalents declined to €81.5 million (92.1).

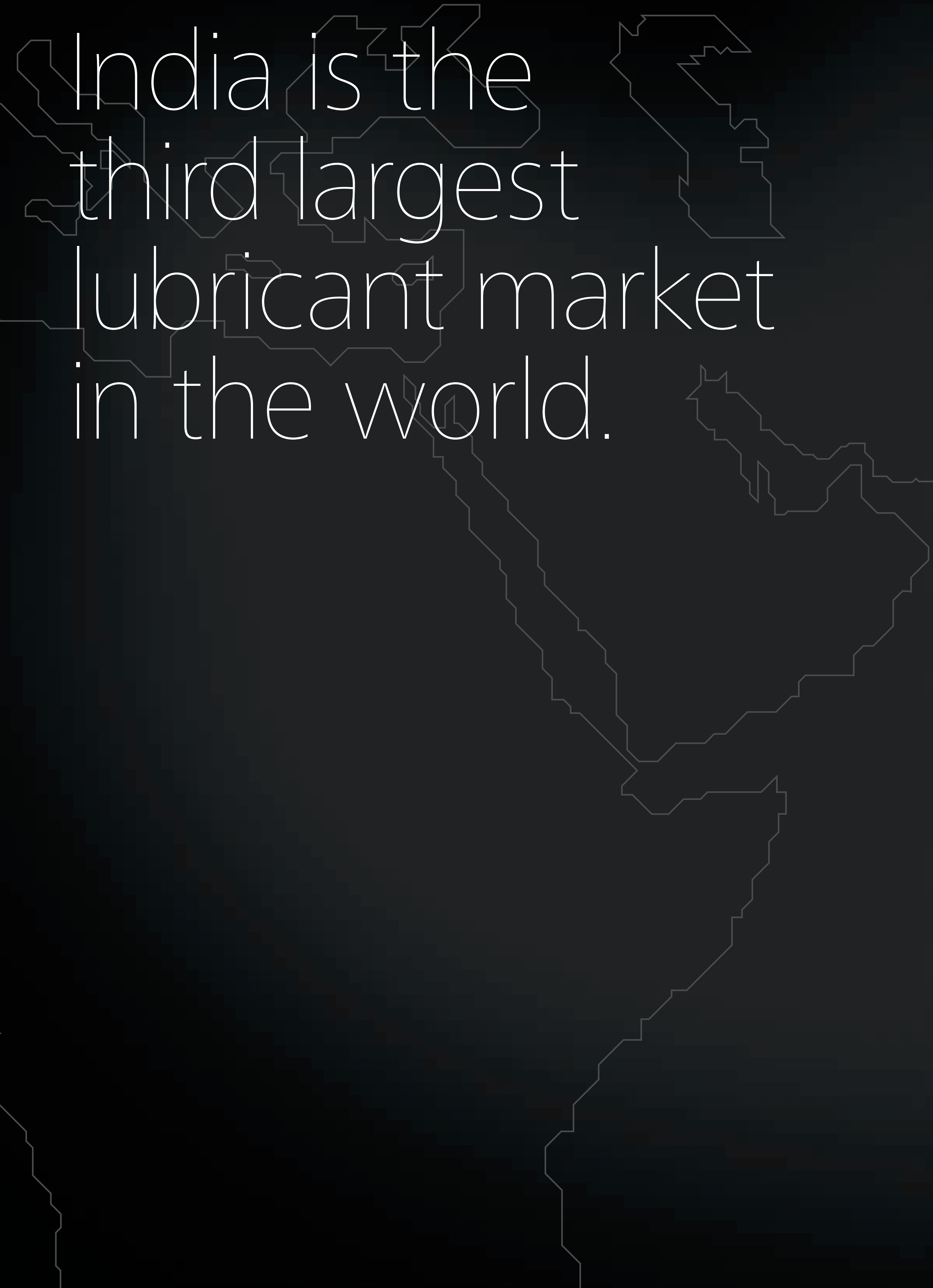
See statement of cash flows page 116

Liquidity situation, financing structure and dividend policy

LIQUIDITY DEVELOPMENT IN LIGHT OF OUR FINANCING STRATEGY

The Group's liquidity reserves secure its flexibility and independence in the currently volatile environment. With the outsourcing of pension liabilities, they allowed non-operating risks to be reduced in 2011. These liquid funds also secure a continuous dividend policy, which targets continuous increases or at the very least stable dividend payouts to our shareholders. 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.

In addition to this, FUCHS places great emphasis on maintaining its ability to act quickly in the event of suitable acquisition opportunities arising. In such an event, the Group can even draw on additional borrowing, as it has €140 million at its disposal in free lines of credit at banks and is in a position to finance itself on the capital market.



India is the third largest lubricant market in the world.

“INDIA IS A GIGANTIC MARKET THAT OFFERS US MASSIVE

GROWTH

THE DESIRE FOR

MOBI

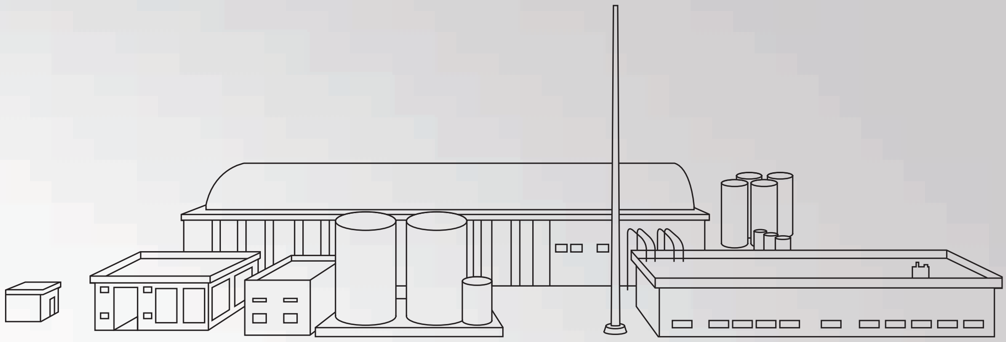
Kersi Hilloo, CEO and Managing Director, FUCHS LUBRICANTS, Mumbai, India

IS BEING REFLECTED IN THE NUMBER

IN THE FIELD OF FREIGHT TRANSPORT.

DYNAMICS OF THE INDIAN MARKET,

AMBE



POTENTIAL.

LITY

OF NEW CAR, TRUCK AND MOTORCYCLE REGISTRATIONS, AS WELL AS

WE ARE GROWING ALONG WITH THIS TREND. TO BENEFIT FROM THE

WE HAVE OPENED A NEW FACILITY IN

RNATH,

NEAR MUMBAI.“

OVERALL POSITION

The Executive Board rates the current economic situation of the FUCHS PETROLUB Group as positive. The Group is in an extremely stable financial position, which is further bolstered by its earning power and sound liquidity. As the following KPIs demonstrate, it was able to further extend its outstanding financial and operating foundations in 2011.

One key figure for measuring earning power in the FUCHS PETROLUB Group is the return on capital employed. At 39.2% (42.7%), FUCHS was not quite able to repeat the previous year's record level in 2011. However, it still generated a return significantly above the weighted capital costs of 11.5% before taxes, and also increased its economic profit, expressed as FUCHS Value Added.

The FUCHS PETROLUB Group performs an estimate of its net assets and financial position using KPIs such as net gearing. Net gearing, expressed as the ratio of financial liabilities minus cash and cash equivalents to shareholders' equity, displayed a value of zero in 2011 for the third year in succession. In light of its appreciable liquid funds, which exceeded financial liabilities on the balance sheet date, the Group is de-facto debt-free.

The Group's ability to distribute dividends and repay debts is assessed on the basis of its free cash flow. After taking into account the payment of €65.3 million for reducing pension liabilities, free cash flow in 2011 was €58.2 million (77.7). This is certainly a respectable value, given the strong growth in sales revenues and the working capital financing requirements this entails. It will also allow the dividends for the reporting year to be financed predominantly from the previous year's cash inflow.

NON-FINANCIAL PERFORMANCE INDICATORS

Research and development

Research and development are key factors in the success of the FUCHS PETROLUB Group. The increasing individualization of lubricant applications, as well as the globalization of specifications require globally networked research and development activities that pick up on new technological trends and translate these into new products.

The newly created position of International Head of Research and Development ensures the systematic collaboration and coordination of all research and development activities within the Group. This position is another important step toward more efficient use of the resources available. In addition to this, we have hired new staff to boost research and development capacities in the key markets. The average number of employees in the reporting period was 357 (324) engineers and scientists. This corresponds to 10% (9%) of the Group workforce.

The Group's research and development expenses are €27.5 million (25.1).

The research and development departments brought groundbreaking new developments to market in the 2011 reporting period. The following examples are just a selection of more than 400 products that have been developed:

With its ANTICORIT CPX™ range, FUCHS has developed a new formulation category for long-term corrosion protection. This new wax system guarantees a controlled runoff inhibition, both at increased temperatures and at normal ambient temperatures, without compromising penetration into gaps and flanges. The product is easy to apply and suitable for use with various application methods, including pressurized spray cans, compressed air cup guns, airless systems or high-tech air mix systems.

Further features include long-term corrosion protection for more than ten years and the easy removability of the wax. Manufacturers of passenger vehicles, agricultural machines and trucks, as well as packaging companies, machine manufacturers and workshops all employ CPX™ technology and use ANTICORIT CPX 3373 as the base product.

Individual parameters – such as drying time, run-off tendency, period of corrosion protection and film flexibility – can be customized based on customer requirements. CPX™ technology is extremely versatile and suitable for a whole host of different applications, whether cavity protection, long-term warehousing or transport protection.

With its GLEITMO SFL 9025 product, FUCHS has succeeded in developing a dry coating that contains a solid lubricant. It is applied to gearbox components, primarily in the automotive industry. This coating enables a controlled break-in process, which takes effect in the first few operating hours of the gearbox and leads to a significant increase in service life.

The new RENOLIN GEAR VCI product is a high performance industrial gear oil that combines the properties of a high performance gear oil with reliable corrosion protection. Thanks to its vapor phase corrosion protection, this product guarantees reliable long-term protection. The product is currently being used in gearboxes which experience long downtimes or are warehoused for extended periods of time.

The aviation industry is a growing sector with the highest standards. With its ECOCOOL PHH AL product, FUCHS has launched a water-miscible cooling lubricant that, besides its exceptional technical performance, also dispenses with boron compounds and biocides, and thereby sets standards for modern processing fluids. The product is particularly suitable for titanium, nickel or aluminum alloy machining applications and has already received approval from key suppliers to the aviation industry.

Working in close cooperation with a leading German OEM, FUCHS has succeeded in developing an SAE 5W-30 break-in engine oil for use in new Euro VI commercial vehicle engines. TITAN EM 225.18 is based on FUCHS' proprietary zinc-free low-SAPS (sulfate ash, phosphorus and sulfur) technology, which complies with even the strictest requirements in terms of thermal stability, cold properties and compatibility with biofuels. This technology has demonstrated its excellent wear-protection characteristics and significant fuel saving potential in various trials and on the test bench.

These prime examples underline how the kind of systematic research and development that FUCHS engages in also generates sustainable success.

Employees

We employ experienced and well-trained staff, ensuring the right mix of specialists and all-rounders to support our customers.

In 2011, we were once again faced with the challenge of finding new colleagues for our high performers and specialists at home and abroad. We met this challenge by extending our teams with both new employees and experienced specialists.

Besides training and qualification for our new colleagues, the development and support of our existing employees will remain a key focus in the coming years.

CORPORATE CULTURE

FUCHS promotes a corporate culture characterized by appreciation, trust and respectful interaction. 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.

Managers at FUCHS already signed the “Code of Responsible Conduct for Business” back in November 2010. Those that have signed the document are committed to success-based and value-driven management in the spirit of the social market economy. Based on the model, this includes fair competition, social partnership, the performance principle and sustainability.

At the same time, work began on revising FUCHS’ internal model in 2011. To this end, conversations on our values and principles of conduct will be held with all employees over the course of the next few months.

When filling internal and external positions, we have always placed emphasis on ensuring that qualified female applicants were among the candidates. For this reason 20% of management positions in the FUCHS PETROLUB Group are today held by women.

The projects in the field of health management, further training and combining family with career all gained momentum in 2011. We are also addressing the consequences of demographic change with these projects.

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 Württemberg University of Cooperative Education (DHBW) and gain a bachelor's degree.

Besides the various training and DHBW university courses, FUCHS also offers internships in conjunction with study 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. This often 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 talented 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 2011. The training sessions held were successful and allow us to address the requirements and technical issues 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. A global talent management program is used to recognize and consistently promote talent at all of our subsidiaries. This program was reworked and restructured from the ground up in 2011. Within the scope of an event held over several days in the Mannheim area, talents from all global regions will come together for the first time to hold discussions with members of the Executive Board and gain new impulses for their development.

Good preparation, a pronounced customer focus, social skills, an entrepreneurial attitude and a desire to work in a team are the key requirements for assuming responsibility at the companies in the FUCHS PETROLUB Group.

ATTRACTIVE EMPLOYER

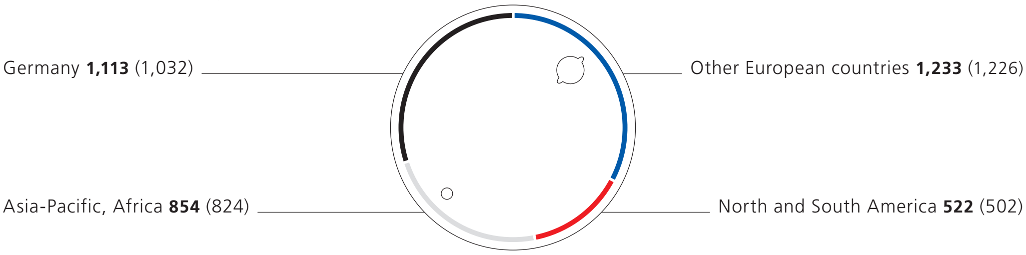
We worked intensively on our profile as an attractive employer in 2011. The revised employer brand will become visible in the coming year, for example in job postings and at university fairs. This will also ensure that FUCHS is perceived as an attractive employer by graduates and students in and outside the Rhine-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 play 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 here is to find the best talents in their respective field, to motivate them for our company and products, to further their personal development and to retain them in the company.

INCREASE IN NUMBER OF EMPLOYEES

As at December 31, 2011, the FUCHS PETROLUB Group employed 3,722 people worldwide (3,584). The total number of employees therefore increased by 138 or 3.9% compared to the previous year. The largest increase was in the Europe region, where the number of staff members increased by 88 compared to the previous year (+3.9%). Compared to December 31, 2010, thirty more people were employed in the Asia-Pacific region (+3.6%) and 20 more people were employed in North and South America (+4.0%).

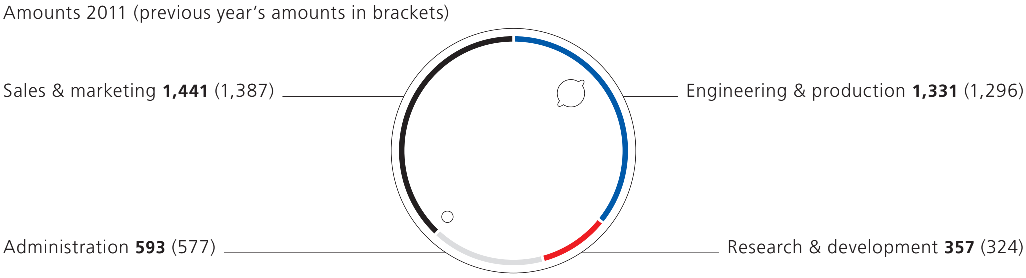
GEOGRAPHICAL WORKFORCE STRUCTURE
Amounts 2011 (previous year's amounts in brackets)



2,609 (2,552) people or 70.1% of staff were employed abroad (outside Germany) and 1,113 (1,032) were employed in Germany.

Worldwide, 36% (36%) of the workforce is employed in engineering and production, while 38% (39%) work in marketing and sales, 16% (16%) work in administration and 10% (9%) work in research and development.

FUNCTIONAL WORKFORCE STRUCTURE
Amounts 2011 (previous year's amounts in brackets)



Sustainability

FUCHS PETROLUB understands sustainability as core element of sound corporate management, in which the economic, ecological and social aspects are taken into consideration and harmonized. FUCHS actively implements these three key sustainability targets.

In the economic field, the Executive Board is committed to a continuous and sustainable increase in company value and creation of shareholder value. In the context of this objective, the Group uses a KPI for internal control that employs economic gain in a holistic approach. This KPI also forms the basis for the variable compensation at all management levels and many other areas within the Group.

In the ecological field, FUCHS PETROLUB develops special technologies, as well as application-specific, emission-reducing and environmentally-friendly lubricants. Beside this, FUCHS is committed to environmentally friendly production methods and also continually works on improving its processes with a view to greater environmental friendliness. In so doing, FUCHS makes a contribution to reducing energy requirements, preserving resources, securing wear protection and thereby to sustainability in the ecological sense. Our aim is to create more value with fewer resources.

In the internal social field, FUCHS PETROLUB employs a wide range of experienced and well-trained staff to ensure that all functions are performed by the right mix of specialists and all-rounders. The objective here is to train young people, as well as to develop and promote talented key potentials in the sense of sustainable succession planning. Wherever possible, FUCHS fills positions that become vacant with experienced employees from within the company.

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. FUCHS PETROLUB therefore supports social and voluntary engagement at its various company locations and promotes academic, social and cultural projects both nationally and internationally.

On January 1 of the reporting year, FUCHS created the position of Chief Sustainability Officer, whose duties include the standardization, optimization and further development of the existing processes with a view to securing sustainable corporate control. Among other things, this includes the establishment of non-financial sustainability indicators, which we are currently assessing, analyzing and consolidating for the first time at our companies in the ecological, economic and social category. Our objective is to continually monitor these indicators from 2012 onward and publish them once a year.

The sales revenues generated by FUCHS CHINA have increased by over 100% since 2005.

“WHETHER IN UNDERGROUND

COAL

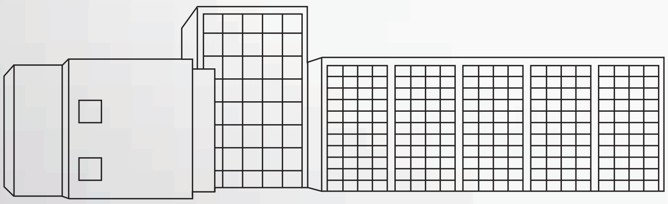
THE METAL PROCESSING INDUSTRY OR FOR OEMS IN THE AUTOMOTIVE

LUB

IS EXTREMELY HIGH IN CHINA. WE ARE THEREFORE

YINGKOU,

THE SECOND LARGEST PORT CITY IN NORTHEAST CHINA.”



MINING,

INDUSTRY, DEMAND FOR OUR

RICANTS

PLANNING TO CONSTRUCT A NEW FACILITY IN

Cathy Wu, Chief Operations Officer, FUCHS LUBRICANTS, Shanghai, China

SUPPLEMENTARY REPORT

See glossary page 195

Our joint venture in Turkey, OPET-FUCHS, acquired the business with automotive lubricants from our **JOINT VENTURE** partner OPET at the start of 2012.

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

Securing the continued existence and increasing the company value of the FUCHS PETROLUB Group requires a risk and opportunity policy that successfully detects opportunities and then identifies and adequately assesses any risks associated with these. The opportunities associated with the Group's business operations result from the good economic environment in individual global regions, the broad scope of our product portfolio, cooperation with local and international customers, as well as the Group's global position. 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

Strategic planning, budgeting and permanent monitoring of target achievement are based on intensive communication between the Executive Board, the Group Management Committee (GMC), central functions and the subsidiaries. The concepts are aligned to systematically guarantee identification, definition, quantification and tracking of targets. Active and permanent opportunity management is an important part of these processes.

MACROECONOMIC OPPORTUNITIES

The global presence of the FUCHS PETROLUB Group in all important and emerging industrial markets involves participation in the dynamic development of national economies, which in turn can lead to more orders and new customers. This can help further strengthen and diversify both our customer structure and our product portfolio.

CORPORATE STRATEGY OPPORTUNITIES

Our capacity for innovation, technological product leadership and pronounced quality consciousness allow further expansion of our leading position in the global lubricant markets. In this spirit, we consistently pursue the objective of detecting future requirements by searching for and developing optimum lubricant solutions in partnerships between our powerful research and development centers and universities, related research institutes and customers. Strategic definitions take place within the scope of our Structured Business Development initiative.

SECTOR-SPECIFIC AND MARKET-SPECIFIC OPPORTUNITIES

Sector-specific customer requirements demand special lubricant solutions, which we are keen to provide. As one of the global market leaders for rapidly biodegradable lubricants, we are already catering to new trends in the field of energy-saving and environmentally friendly products. We see efforts to achieve sustainability and preserve resources as an opportunity. In addition to this, we drive company growth not only through organic, but also external growth – most recently through integration of our Turkish partner's automotive lubricant business. This has allowed OPET-FUCHS to assume a leading position among lubricant manufacturers in the important growth market of Turkey.

Risk report

THE GROUP'S RISK MANAGEMENT SYSTEM

The FUCHS PETROLUB Group employs a risk management system (RMS) that is set out by the Executive Board and implemented in all Group units. Through a structured process of identification, assessment, as well as formulation of counter-measures for and regular reporting on risks, the RMS reflects all corporate activities and processes in a traceable and transparent way. The system is integrated into the FUCHS planning, governance and reporting processes at all operating units and central functions. It encompasses the elements of 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 recognized 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.

The risk inventories performed by the management of the operating units (every six months) and in the central units (annually) are geared toward identifying risks at the location in which the experts responsible for corresponding risk management operate and thereby represent an important instrument for global risk governance. In addition to this, ad-hoc reporting is used in the event that any significant new risks occur. The processing of risk reporting is the responsibility of the internal audit department. The main steps involved in this can be described as follows:

- Risk identification takes place on the basis of suitable risk categories, which are available to those involved in the process and are applied within the scope of structured approaches (e.g. management meetings).
- The risks are then analyzed and assessed to determine the likelihood of their occurrence and both their gross (i.e. before counter measures are implemented) and net potential loss (i.e. after counter measures have been implemented). At the same time, measures for risk reduction are formulated and specified. 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 effects are generally stated in reference to EBIT.
- Following review and assessment by the respective operational manager in charge, all risk data is prepared by the internal audit department and then presented to both the Executive Board and 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

An internal control system (ICS) has been established with the objective of securing the effectiveness and efficiency of business operations, true and fair accounting treatment and compliance with the key legal and internal regulations for the company.

The Executive Board at FUCHS PETROLUB has implemented a three-tier control hierarchy which incorporates instruments at the top company level for controlling and monitoring the entire company, individual business processes and individual business transactions. Concrete measures in place at Group company level include a code of conduct, corporate governance reports and Group guidelines, as well as routines and institutions such as risk reporting, the Supervisory Board's Audit Committee, the Compliance Committee and the internal audit department. The key for the downstream departments is then to ensure that the stipulations are implemented and actively lived out in the sense of corporate management. We control and monitor the individual business processes on the basis of comprehensive, appropriate and prompt reporting, which includes both financial reports and other Group-relevant reports, such as forecasts, budget reports and compliance reports.

The processing of the Group accounting methodology employed at FUCHS PETROLUB AG encompasses the accounting process of all incorporated companies, reporting to the Group, all necessary measures for consolidation and preparing the annual accounts, as well as the PR effects of the reports and financial statements. The key factors in this regards are uniform reporting of all business transactions throughout the Group in line with legal requirements, the generally accepted German accounting principles, international accounting standards (IFRS) and the internal Group guidelines. The following aspects are of particular importance for an accurate and reliable flow of information:

- The Group accounting process starts in the Group's subsidiaries and is organized locally. The process encompasses monthly reports on key figures and 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 an 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 with regard to the accounting process. The results of the audits 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.

Even our Group internal control system cannot guarantee with absolute certainty that no errors occur with regard to the financial accounting process. KPMG confirmed within the scope of the annual audit of the (consolidated) financial statements 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

Since the FUCHS PETROLUB Group has business operations in all important global regions, the Group must examine the economic and/or political opportunities and risks in the countries in which it operates. We consider the current financial and currency crisis in the Euro zone, as well as potential geopolitical tensions and **VOLATILITIES** in raw material costs in the context of macroeconomic developments, to pose significant risks. With 50 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, the FUCHS PETROLUB Group's business model is balanced and minimizes the risk of dependency on any individual regions, sectors, companies, products or customers. Further risk control measures are in place through our intensive monitoring systems, such as periodic reporting on net operating working capital (NOWC) management, strict cost management and cost control, as well as intensive communication with our foreign subsidiaries.

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Sector risks

The intensive competition in sales markets, increasing customer quality requirements and general technological progress represent significant risks in the various sectors in which the FUCHS companies operate. We meet these challenges by striving for constant innovation as a way of maintaining our technological advantage. FUCHS is the technological leader in strategically important niches and business segments. Cooperative research and development work and application support directly on site with customers facilitate the continuous development of lubricants for new machines, components, units and production processes. This approach allows us to meet customer requirements through constant research and development of new products, as well as further development of existing products. The Group's profitability will continue to be bolstered 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 mean 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 establishment of corresponding organizational structures.

Procurement risks

The availability of raw materials, market changes and the oligopoly situation of suppliers represent significant risks on the procurement side of the FUCHS PETROLUB Group, which could lead to price fluctuations, reduced availability or concentration on just a few providers. Central Purchasing, as well as the various purchasing departments at our foreign subsidiaries are keeping a close eye on the procurement markets to detect any developments early on and therefore be able to react quickly. Besides the search for alternative suppliers, we also employ a broad procurement basis to secure our supply of base oils and important chemicals.

Inventory risks

Since we cater to a large number of customers, as well as offering a diverse product portfolio and fast delivery times, the objectives of inventory management are to secure appropriate availability of finished products, raw materials and packaging materials on stock. The entire supply chain is subject to Group-wide management reviews and integrated into the FUCHS PETROLUB Group's reporting system. The volatility we are seeing, both in terms of procurement prices and customer demand, is leading to valuation risks, which are taken into account appropriately through a loss-free valuation.

Risks from receivables

Receivables risks occur due to long capital tie-up periods and potential payment default on the part of customers, each of which needs to be examined in the context of the uncertainties caused by the global financial crisis and its effects on the real economy. Group controlling and the subsidiaries have implemented an early warning system throughout the reporting chain. This system encompasses reports on the status and the aging structure of the trade receivables, and both checks and monitors compliance with terms of payment per customer / company, as well as their creditworthiness. These measures also form part of the internal audits performed periodically. There are currently no significant receivables risks.

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 based on joint research with universities or other research institutions.

Financial risks
The FUCHS PETROLUB Group's currency risk is determined by transaction risks due to income and expenses in foreign currency which result, among other things, from the procurement of raw materials, as well as translation risks due to the conversion of balance sheets/income statements from outside the Euro zone into Euros.

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 security 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 counterbalance each other at Group level and have a compensatory effect.

Pension risks
On December 1, 2011, the German pension obligations for past service benefits were transferred to a pension fund managed by Allianz for a one-off payment of €54.8 million. Future service benefits will be financed via ongoing premium payments into a pension plan reinsurance fund managed by Allianz. This transfer offers the advantage that the insurance benefits are guaranteed (guaranteed interest rate: 2.25%) and that biometric risks such as increasing life expectancy, death, incapacity and capital risks are transferred to Allianz. However, the overall interest rate is not guaranteed with regard to surplus-sharing, so further contributions may become necessary in the future.

The pension obligations of our US subsidiary were frozen on April 30, 2009, and the existing defined benefit system was converted to a defined contribution system. On December 1, 2011, the frozen benefit obligations were paid in full discharge.

Legal, regulatory and location risks
Due to its international business operations, the FUCHS PETROLUB Group and its subsidiaries are also confronted by Group-relevant regulations and legislation, which can lead to legal risks. Extensive consulting on legal and insurance matters is in place to offer protection from these risks. In addition to this, we have our own experts in this field. This also affects local tax risks, for which suitable provisions have been put in place. 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.

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However, the legal position of the co-shareholder at one of our **ASSOCIATED COMPANIES** in the Middle East remains unclear. The shareholder in question has filed a suit against FUCHS PETROLUB AG due to an alleged violation of corporate obligations. We expect to receive a first instance decision on this in fall 2012. The legal and economic consequences of this are currently difficult to assess. Adequate provisions have been put in place for the costs of any legal proceedings and known risks as the situation stands today. However, the contribution of the associated companies to the earnings before interest and tax (EBIT) of the FUCHS PETROLUB Group is below 1%.

Other risks associated with international business include risks in the areas of product liability, competition and cartel legislation, occupational safety, patent law, trademark law, and environmental protection. The Executive Board at FUCHS PETROLUB AG has established a Compliance Organization. This includes a Compliance Committee that holds regular meetings, corresponding reporting paths and training measures that enable the company to deal with any risks appropriately.

Further risks resulting from the Group's global presence include certain country-specific and location risks, such as forces of nature, pandemics, terror, nationalization or confiscation of assets, legal and regulatory risks, capital transfer embargoes, war and other unrest. Regular checks, assessments and, where necessary, amendments to local security measures are implemented. The political risk is adjusted for individual investment projects. The risk of damage to property, liability risks, transport risks, as well as risks posed by potential interruptions in business, are sufficiently covered throughout the Group by existing insurance policies.

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 controlling and minimizing such risks.

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

IT risks
The organizational and IT-based networking of sites and systems includes further risks. These lie in the increasing complexity of electronic communication technology, which can lead to data loss/ theft, operational interruptions and malfunctions, or even to a complete system failure. To this end, processes, guidelines and measures have been developed to be able to meet these risks in an appropriate manner. Besides this, regular investments are made in modern hardware and software, implementation of detailed backup and recovery procedures and the consistent use of virus scanners and firewalls. Comprehensive training sessions for all employees enable them to keep up-to-date with the latest developments.

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 also involves product and environmental risks throughout the chain of production, filling, storage and transport of raw materials, products and waste. Disruptions associated with this could affect people and the environment, as well as potentially causing production downtimes.

The construction, operation and maintenance of manufacturing plants always involve the application of high technical safety standards. 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 assessment of the overall risk situation in the FUCHS PETROLUB Group is the result of a consolidated assessment of all significant risk aggregations, which themselves are derived from the individual risks or reports submitted by the subsidiaries and central functions. With an equity ratio of more than 60%, a debt-equity ratio of zero, stable net profits and cash flows, as well as a solid business model, the Group's financial situation limits the risks associated with business operations and also provides opportunities for further expanding the Group's market position as a way of increasing future 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.

Ongoing uncertainties in the global economy, and the Euro zone in particular, as well as price and exchange rate fluctuations in terms of raw materials, currencies and tangible assets are continually observed to facilitate fast reactions. From the Executive Board's current perspective, however, there are no discernible risks that could 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 FUCHS PETROLUB Group has a proven business model, based on broad regional exploitation of business opportunities across many industry sectors. The business model is also to be consistently implemented and employed over the course of the next few years. Particular emphasis is placed on the development of niche and regional market segments here. The business model already includes broad diversification. There are therefore no plans to expand the Group's activities to business areas outside the field of lubricants.

The sales markets in the regions of the world enjoying particularly fast economic development currently offer, and are likely to continue to offer over the course of the next few years, diverse applications suitable for the technological solutions and processes available in the FUCHS PETROLUB Group. FUCHS sees excellent business opportunities in many global regions based on the ever increasing demand for technology and solutions, as well as the service demand associated with this. Indeed, FUCHS continuously develops new products that can reduce costs in complex processes and solve technical problems. 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

The economic forecasts for 2012 speak of slightly reduced growth in the global economy with major regional differences. While significant increases are once again expected for the emerging markets in 2012, the forecasts for Europe anticipate minimal growth. Weaker economic figures are expected particularly for the first half of the year.

Following growth of 3.8% in 2011, the Kiel Institute for the World Economy is predicting global GDP growth of 3.4% for 2012 and 4.0% for 2013. At –0.1%, however, the eurozone is unlikely to enjoy any growth following the 1.5% growth recorded in 2011. An initial gain of 1.2% is not expected until 2013. In the US, on the other hand, the 1.7% GDP growth recorded in 2011 is expected to increase to 1.9% in 2012 and again to 2.2% in 2013. Having recorded 9.5% in 2011, China is expected to see slightly weaker GDP growth of 8.0% in 2012. However, an increase of 8.5% is anticipated for 2013. Forecasts for Latin America, Russia and India predict growth rates at or slightly above the 2011 level for both 2012 and 2013.

EFFECTS ON OUR BUSINESS MODEL

Based on the general economic forecasts, the Executive Board at FUCHS PETROLUB AG expects demand for lubricants to increase further in 2012, although this increase is unlikely to reach the level of just under 2% recorded in 2011. This environment offers the FUCHS PETROLUB Group the opportunity to continue its strategy and target development of defined niche and regional market segments in 2012. The development of raw material prices in 2012 will also be a factor affecting the consolidated results of operations. With material prices having stabilized at a generally high level around the turn of 2011/2012, increasing geopolitical tensions could potentially lead not only to supply shortages but also to further price increases.

As was the case in the previous year, global economic development remains subject to significant risks due to the national debt crises of various countries, the precarious situation of many banks, imbalances in exchange rates, as well as high central bank liquidity and the inflationary risks that result from this. These risks may not only have considerable effects on the Group's sales markets. 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. Whether and to what extent these risks will actually affect growth and earnings in the FUCHS PETROLUB Group remains to be seen.

ANTICIPATED RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

The planning for 2012 is based on the assumption that the global economy will continue to enjoy slight growth and remain protected from major crises. In addition to this, the planning is based on the premise that raw material prices will remain stable in 2012. Given these basic framework conditions, the Group expects to generate organic growth in sales revenues at the average long-term growth rate of 4 to 5%. However, it remains to be seen whether effects of currency exchange rates will play a part in 2012 and whether it will be possible to achieve growth through acquisitions in 2012.

The Executive Board does not anticipate any appreciable change in the gross margin. However, there are likely to be inflation-based and business-related increases in personnel and overhead costs. Added to this are the knock-on effects of the investments in future growth made in 2011. The 2012 development in earnings will therefore depend largely on how gross profit develops in relation to sales revenues and gross margin on the one hand, and on the development of costs on the other. In our planning, we anticipate growth in sales revenues that will more than compensate for the increase in other costs, assuming the gross margin remains stable. Our goal is therefore to exceed the earnings before interest and tax recorded in 2011.

We expect to see increases in sales revenues in all regions and further appreciable increases in earnings, in particular in Asia-Pacific, Africa and North and South America. For Europe, however, we expect earnings to remain roughly at the previous year's level.

Having transferred pension liabilities in 2011, we expect further improvement in the financial result in 2012, since the Group only employs minimal external financing. With a largely unchanged taxation rate (**EFFECTIVE TAX RATE**) of around 30%, dividends per share should also enjoy a further increase in 2012.

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Considerably higher capital expenditure is anticipated for 2012 compared to the €37.6 million accrued in 2011. Significant projects include completion of the laboratory building in Mannheim, construction of new facilities in China and Russia (and potentially also Brazil), as well as the modernization and expansion of our facilities in the US. In Australia, the Melbourne site will be extended in 2012, while in 2013 the facility in Newcastle is set to be reconstructed outside the city.

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

There should also be sufficient liquid funds available for us to continue our shareholder-friendly dividend policy. This also applies to the dividends for the financial year 2012, which will be paid in 2013.

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. Insofar as nothing changes in this regard over the course of 2012, the Group will not require any external financing at the end of 2012.

Our planning for 2013 assumes positive general economic framework conditions. In this environment, the Group is keen to continue its successful work in the proven manner. No strategic changes are planned. In principle, the results of operations, net assets and financial position should therefore not differ from the developments observed in 2012. However, various risks are associated with progress and changes both to framework conditions and company-specific factors.

BUSINESS DEVELOPMENT IN THE FIRST TWO MONTHS OF 2012

Despite the ongoing uncertainty concerning the national debt crisis, we have seen an encouraging start to 2012. 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

The Fuchs family holds the majority of the capital stock with voting rights. Due to these circumstances, 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 based on the circumstances that were known to us when those legal transactions were performed, our company received appropriate consideration in each legal transaction. No actions subject to disclosure occurred on the instructions or in the interest of the controlling company or one of its related companies."

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

The Declaration of Corporate Governance to be submitted pursuant to Section 289a of the German Commercial Code (HGB) can be found in the corporate governance report on pages 20 to 29 and is part of the Group management report. It is also available online at www.fuchs-oil.com/dcg.html.

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Further information can be found at www.fuchs-oil.com/dcg.html

Main features of the company's compensation system for members of the Executive Bodies

The main features of the company's compensation system for members of the Executive Bodies are presented on pages 30 to 31 of the corporate governance report and form part of the Group management report.

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

The relevant disclosures required pursuant to Section 315 (4) of the German Commercial Code (HGB) is presented on pages 32 to 33 and form part of the Group management report.

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FINANCIAL REPORT

* Part of the notes

CONSOLIDATED FINANCIAL STATEMENTS OF FUCHS PETROLUB AG

Income statement

in € million	Notes		2011		2010
Sales revenues	(1)		1,668.1		1,458.6
Cost of sales	(2)		–1,056.3		–891.6
Gross profit			**611.8**		**567.0**
Selling and distribution expenses	(3)	–240.0		–223.5	
Administrative expenses	(4)	–83.7		–76.7	
Research and development expenses		–27.5		–25.1	
			–351.2		–325.3
Operating profit			**260.6**		**241.7**
Other operating income and expenses	(5)		0.5		0.1
EBIT before income from participations			**261.1**		**241.8**
Income from participations	(6)		3.1		8.3
Earnings before interest and tax (EBIT)			**264.2**		**250.1**
Financial result	(7)		–3.9		–4.7
Earnings before tax (EBT)			**260.3**		**245.4**
Income taxes	(8)		–77.2		–73.8
Profit after tax			**183.1**		**171.6**
Thereof					
Non-controlling interests	(9)		0.7		0.9
Profit attributable to shareholders of FUCHS PETROLUB AG			182.4		170.7
Earnings per share in € [1]	(10)				
Ordinary share			2.56		2.39
Preference share			2.58		2.41

[1] Basic and diluted in both cases.

Statement of comprehensive income

in € million	2011	2010
Profit after tax	**183.1**	**171.6**
Income and expenses recognized in equity		
Changes in fair values of financial instruments used for hedging purposes, recognized in shareholders' equity	0.0	0.0
Change in foreign currency translation adjustments		
foreign subsidiaries	4.5	23.0
investments accounted for using the equity method	0.7	0.5
Actuarial gains/losses on defined benefit pension commitments and similar obligations [1]	−10.9	−4.0
Deferred taxes on valuation adjustments offset directly against equity [1]	2.6	2.2
Other changes	0.0	0.0
Total income and expenses recognized in equity	**−3.1**	**21.7**
Total income and expenses for the period	**180.0**	**193.3**
thereof shareholder of FUCHS PETROLUB AG	179.3	192.4
thereof shares of other shareholders	0.7	0.9

[1] For further information, please refer to note 26 in the consolidated financial statements.

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Balance sheet

in € million	Notes		Dec. 31, 2011		Dec. 31, 2010
Assets					
Intangible assets	(15)		116.9		123.2
Property, plant and equipment	(14)		216.0		201.2
Investments accounted for using the equity method	(16)		20.4		6.8
Other financial assets	(17)		5.1		5.7
Deferred tax assets	(18)		26.2		21.9
Other receivables and other assets	(19)		4.0		0.0
Long-term assets	(13)		**388.6**		**358.8**
Inventories	(20)		230.0		187.2
Trade receivables	(21)		251.1		221.4
Tax receivables	(22)		1.8		2.3
Other receivables and other assets	(23)		36.6		32.4
Cash and cash equivalents	(24)		81.5		92.1
Short-term assets			**601.0**		**535.4**
Total assets			**989.6**		**894.2**
Equity and liabilities					
Subscribed capital		71.0		71.0	
Group reserves		403.3		302.6	
Group profits		182.4		170.7	
FUCHS PETROLUB Group capital			656.7		544.3
Non-controlling interests			1.5		1.6
Shareholders' equity	(25)		**658.2**		**545.9**
Pension provisions	(26)		15.8		74.4
Other provisions	(27)		7.0		6.6
Deferred tax liabilities	(18)		18.6		16.1
Financial liabilities			0.0		0.1
Other liabilities	(28)		3.8		2.6
Long-term liabilities			**45.2**		**99.8**
Trade payables	(29)		130.1		114.5
Provisions	(30)		23.9		23.5
Tax liabilities	(31)		31.0		27.3
Financial liabilities	(32)		16.2		19.6
Other liabilities	(33)		85.0		63.6
Short-term liabilities			**286.2**		**248.5**
Total equity and liabilities			**989.6**		**894.2**

Statement of changes in shareholders' equity

in € million	Outstanding shares (units)	Subscribed capital AG	Capital reserves AG	Equity capital genera-ted in the Group	Actuarial gains and losses	Differences arising from currency translation [2]	**Equity of share-holders of FUCHS PETROLUB AG**	Non-con-trolling interests	**Equity**
As at December 31, 2009	23,660,000	71.0	94.6	264.2	−22.5	−15.8	**391.5**	1.4	**392.9**
Dividend payments				−39.5			**−39.5**	−0.8	**−40.3**
Profit after tax 2010				170.7			**170.7**	0.9	**171.6**
Change in income and expenses recognized directly in equity					−1.8	23.5	**21.7**		**21.7**
Other changes				−0.1			**−0.1**	0.1	**0.0**
As at December 31, 2010	23,660,000	71.0	94.6	395.3	−24.3	7.7	**544.3**	1.6	**545.9**
Effects of successive share purchases				−3.7			**−3.7**	−0.4	**−4.1**
Dividend payments				−63.2			**−63.2**	−0.4	**−63.6**
Profit after tax 2011				182.4			**182.4**	0.7	**183.1**
Change in income and expenses recognized directly in equity					−8.3	5.2	**−3.1**		**−3.1**
Other changes				0.0			**0.0**	0.0	**0.0**
As at December 31, 2011	70,980,000 [1]	71.0	94.6	510.8	−32.6	12.9	**656.7**	1.5	**658.2**

[1] After share split in June 2011.

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

Changes in shareholders' equity are illustrated in the notes under item 25. See page 156

Statement of changes in long-term assets[1]

in € million	GROSS AMOUNTS ACQUISITION AND MANUFACTORING COSTS						
2010	Dec. 31, 2009	Differences	Changes in the scope of consoli-dation	Additions	Disposals	Reclassi-fications	Dec. 31, 2010
Intangible assets							
Licenses, industrial property rights and similar values	45.6	1.3	0.0	29.5	0.4	0.0	76.0
Goodwill[2]	92.1	3.7	0.0	0.0	0.0	0.0	95.8
Other intangible assets	0.0	0.0	0.0	0.3	0.1	0.0	0.2
	137.7	**5.0**	**0.0**	**29.8**	**0.5**	**0.0**	**172.0**
Property, plant and equipment							
Land, land rights and buildings	155.1	7.9	0.0	9.3	2.0	1.7	172.0
Technical equipment and machinery	168.1	8.1	0.0	6.2	1.3	3.2	184.3
Other equipment, factory and office equipment	87.6	3.1	0.0	7.3	2.6	1.2	96.6
Work in progress	7.7	0.3	0.0	8.8	0.0	–6.1	10.7
	418.5	**19.4**	**0.0**	**31.6**	**5.9**	**0.0**	**463.6**
Financial assets							
Shares in affiliated companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment accounted for using the equity method[3]	4.5	0.4	0.0	8.3	6.4	0.0	6.8
Investment in companies	2.3	0.0	0.0	0.0	0.0	0.0	2.3
Loans to participating interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other loans	5.2	0.0	0.0	0.1	1.0	0.0	4.3
Long-term securities	0.3	0.0	0.0	0.0	0.0	0.0	0.3
	12.3	**0.4**	**0.0**	**8.4**	**7.4**	**0.0**	**13.7**
Long-term assets (excluding deferred taxes)	**568.5**	**24.8**	**0.0**	**69.8**	**13.8**	**0.0**	**649.3**
2011	Dec. 31, 2010	Differences	Changes in the scope of consoli-dation	Additions	Disposals	Reclassi-fications	Dec. 31, 2011
Intangible assets							
Licenses, industrial property rights and similar values	76.0	–0.3	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
	172.0	**–0.1**	**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	184.3	1.6	0.0	7.6	1.2	1.5	193.8
Other equipment, factory and office equipment	96.6	0.4	–0.2	6.5	2.1	0.7	101.9
Work in progress	10.7	0.0	0.0	16.7	0.0	–5.5	21.9
	463.6	**2.9**	**–0.2**	**34.6**	**4.4**	**0.0**	**496.5**
Financial assets							
Shares in affiliated companies	0.0	0.0	0.0	0.9	0.0	0.0	0.9
Investment accounted for using the equity method[3]	6.8	0.6	19.1	3.1	9.2	0.0	20.4
Investment in companies	2.3	0.0	0.0	0.0	0.0	0.0	2.3
Loans to participating interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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
	13.7	**0.6**	**19.1**	**4.5**	**11.2**	**0.0**	**26.7**
Long-term assets (excluding deferred taxes)	**649.3**	**3.4**	**18.9**	**41.1**	**16.8**	**0.0**	**695.9**

1 Part of the notes.
2 The amortization on goodwill accumulated by December 31, 2004 was balanced according to IFRS 3.79 with historical acquisition costs.
3 The inflows to the financial assets also contain partial proceeds of the investment accounting for using the equity method, in addition to the capital expenditures.

	DEPRECIATION AND AMORTIZATION								NET AMOUNTS	
	Dec. 31, 2009	Differences	Changes in the scope of consoli-dation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassifica-tions	Dec. 31, 2010	Dec. 31, 2010	Dec. 31, 2009
	33.6	0.4	0.0	4.8	0.0	0.4	0.0	38.4	37.6	12.0
	9.1	0.7	0.0	0.0	0.6	0.0	0.0	10.4	85.4	83.0
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
	42.7	**1.1**	**0.0**	**4.8**	**0.6**	**0.4**	**0.0**	**48.8**	**123.2**	**95.0**
	60.1	3.2	0.0	4.0	0.1	1.5	0.0	65.9	106.1	95.0
	116.7	5.9	0.0	7.5	0.0	1.2	0.0	128.9	55.4	51.4
	61.1	2.6	0.0	6.2	0.0	2.4	0.0	67.5	29.1	26.5
	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	10.6	7.6
	238.0	**11.7**	**0.0**	**17.7**	**0.1**	**5.1**	**0.0**	**262.4**	**201.2**	**180.5**
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.8	4.5
	1.2	−0.1	0.0	0.0	0.1	0.0	0.0	1.2	1.1	1.1
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	−0.1	0.0	0.0	0.0	0.0	0.0	0.0	−0.1	4.4	5.3
	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2
	1.2	**−0.1**	**0.0**	**0.0**	**0.1**	**0.0**	**0.0**	**1.2**	**12.5**	**11.1**
	281.9	**12.7**	**0.0**	**22.5**	**0.8**	**5.5**	**0.0**	**312.4**	**336.9**	**286.6**

	Dec. 31, 2010	Differences	Changes in the scope of consoli-dation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassi-fications	Dec. 31, 2011	Dec. 31, 2011	Dec. 31, 2010
	38.4	0.0	0.0	8.1	0.0	0.2	0.0	46.3	31.2	37.6
	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**	**123.2**
	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	56.9	55.4
	67.5	0.4	0.2	6.4	0.0	2.0	0.0	72.5	29.4	29.1
	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	21.8	10.6
	262.4	**2.9**	**0.2**	**18.4**	**0.3**	**3.7**	**0.0**	**280.5**	**216.0**	**201.2**
	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	20.4	6.8
	1.2	0.0	0.0	0.0	0.0	0.0	0.0	1.2	1.1	1.1
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	−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**	**25.5**	**12.5**
	312.4	**3.0**	**0.2**	**26.5**	**0.3**	**4.9**	**0.0**	**337.5**	**358.4**	**336.9**

Statement of cash flows

in € million	2011	2010
Profit after tax	**183.1**	**171.6**
Depreciation and amortization of long-term assets	26.8	23.3
Change in long-term provisions and in other non-current assets (covering funds)[1]	−70.9	−15.7
Change in deferred taxes	1.1	2.5
Non cash income from investments accounted for using the equity method	−3.1	−8.3
Gross cash flow	**137.0**	**173.4**
Change in inventories	−44.0	−26.3
Change in trade receivables	−35.5	−39.0
Change in other assets	−11.4	−6.6
Change in trade payables	18.8	18.2
Change in other liabilities (excluding financial liabilities)	25.9	13.3
Net gain/loss on disposal of long-term assets	−0.7	0.2
Cash flow from operating activities	**90.1**	**133.2**
Investments in long-term assets	−37.6	−32.5
Acquisition of subsidiaries and other business units	−0.4	−31.4
Disposal of subsidiaries and other business units	0.0	0.0
Proceeds from the disposal of long-term assets	3.1	1.9
Disposal of financial resources due to changes in scope of consolidation	−6.2	0.0
Dividends received	9.2	6.5
Cash flow from investing activities	**−31.9**	**−55.5**
Free cash flow	**58.2**	**77.7**
Dividends paid for previous year	−63.6	−40.1
Repayment private placement bond	0.0	−40.0
Changes in bank and leasing commitments	−1.8	0.1
Acquisition of shares of other shareholders	−4.2	0.0
Cash flow from financing activities	**−69.6**	**−80.0**
Cash and cash equivalents at the end of the previous period	**92.1**	**89.9**
Cash flow from operating activities	90.1	133.2
Cash flow from investing activities	−31.9	−55.5
Cash flow from financing activities	−69.6	−80.0
Effect of currency translations	0.8	4.5
Cash and cash equivalents at the end of the period[2]	**81.5**	**92.1**

The paid taxes on income total €72.5 million (65.3). They are included in the cash flow from operating activities.

€1.8 million (3.1) was paid for interest. Interest payments received totaled €1.3 million (1.3).

in € million	**2011**	2010
Details of the acquisition and disposal of subsidiaries and other business units (in € million)		
Total of all purchase prices [3]	0.4	31.4
Total of acquired cash and cash equivalents	0.0	0.0
Balance of acquired net assets	0.4	31.4
Total of all sale prices	0.0	0.0
Total of sold cash and cash equivalents	0.0	0.0
Total of sold net assets	0.0	0.0

1 Change in long-term provisions comprise one-off payments amounting € 54,8 million to Allianz-Pensionsfond and € 1,0 million to Allianz Unterstützungskasse in connection with the transfer of domestic pension obligations. In addition, the defined benefit obligations in the US amounting € 9,5 million net were repaid.
2 Cash and cash equivalents comprise total liquid funds of the Group.
3 All purchase prices were paid in cash or cash equivalents.

Statement of cash flows is illustrated in the notes under item 37. See page 176

Segments[1]

	EUROPE			ASIA-PACIFIC, AFRICA			NORTH AND SOUTH AMERICA		
in € million	**2011**	2010	Change	**2011**	2010	Change	**2011**	2010	Change
Sales revenues by customer location	950.8	796.2	154.6	427.6	410.3	17.3	289.7	252.1	37.6
Sales revenues by company location	1,018.3	874.7	143.6	420.9	382.1	38.8	282.6	245.1	37.5
thereof with other segments	51.1	41.2	9.9	0.2	0.1	0.1	2.4	2.0	0.4
Scheduled depreciation[2]	17.8	14.5	3.3	3.8	2.9	0.9	4.4	4.5	–0.1
Impairment losses[2]	0.0	0.7	–0.7	0.0	0.0	0.0	0.3	0.1	0.2
EBIT before income from participations	132.0	125.3	6.7	69.6	68.6	1.0	63.1	53.3	9.8
Income from participations	0.0	0.0	0.0	3.1	8.3	–5.2	0.0	0.0	0.0
Segment earnings (EBIT)	132.0	125.3	6.7	72.7	76.9	–4.2	63.1	53.3	9.8
Financial result									
Income taxes									
Profit after tax									
Segment assets[3]	501.0	453.9	47.1	225.8	203.5	22.3	189.8	178.2	11.6
Segment liabilities[4]	150.2	137.7	12.5	58.8	62.4	–3.6	30.3	28.9	1.4
Financial liabilities									
Pension provisions									
Cash and cash equivalents									
Group liabilities[5]									
Investments in property, plant and equipment and intangible assets	27.6	41.6	–14.0	6.0	12.0	–6.0	2.4	5.5	–3.1
Employees (average numbers)	2,247	2,156	91	836	806	30	519	498	21
Key performance indicators (in %) Ratio of EBIT before income from participations to sales revenues	13.0	14.3		16.5	18.0		22.3	21.8	

1 Part of the notes.
2 Relating to property, plant and equipment, intangible assets, goodwill and financial assets.
3 Including investments accounted for using the equity method, 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.

	TOTAL FOR OPERATING COMPANIES			HOLDING INCLUDING CONSOLIDATION			FUCHS PETROLUB GROUP		
	2011	2010	Change	**2011**	2010	Change	**2011**	2010	Change
	1,668.1	1,458.6	209.5	0.0	0.0	0.0	1,668.1	1,458.6	209.5
	1,721.8	1,501.9	219.9	–53.7	–43.3	–10.4	1,668.1	1,458.6	209.5
	53.7	43.3	10.4	–53.7	–43.3	–10.4	0.0	0.0	0.0
	26.0	21.9	4.1	0.5	0.6	–0.1	26.5	22.5	4.0
	0.3	0.8	–0.5	0.0	0.0	0.0	0.3	0.8	–0.5
	264.7	247.2	17.5	–3.6	–5.4	1.8	261.1	241.8	19.3
	3.1	8.3	–5.2	0.0	0.0	0.0	3.1	8.3	–5.2
	267.8	255.5	12.3	–3.6	–5.4	1.8	264.2	250.1	14.1
							–3.9	–4.7	0.8
							–77.2	–73.8	–3.4
							183.1	171.6	11.5
	916.6	835.6	81.0	73.0	58.6	14.4	989.6	894.2	95.4
	239.3	229.0	10.3	60.1	25.2	34.9	299.4	254.2	45.2
							16.2	19.7	–3.5
							15.8	74.4	–58.6
							81.5	92.1	–10.6
							249.9	256.2	–6.3
	36.0	59.1	–23.1	0.6	2.3	–1.7	36.6	61.4	–24.8
	3,602	3,460	142	78	74	4	3,680	3,534	146
	15.4	16.5					15.7	16.6	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

GENERAL INFORMATION

The consolidated financial statements of FUCHS PETROLUB AG, Mannheim, as at December 31, 2011, 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 315a (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 2011 financial year have been applied.

See glossary page 195

The following amendments to standards and interpretations that are relevant to the FUCHS PETROLUB Group became binding for the first time in the financial year 2011:

- Improvements to IFRS 2010: within the scope of the **annual improvement project**, eleven amendments were made to six standards and one interpretation. These affect the standards IAS 1, IAS 27 (in conjunction with IAS 21, 28 and 31), IAS 34, IFRS 1, IFRS 3, IFRS 7, and the interpretation IFRIC 13
- IAS 24 (rev. 2009) "Related Party Disclosures"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments".

The amended regulations have no material effect on the net assets, financial position and results of operations of the Group.

The following standards and amendments to standards/interpretations are relevant to the FUCHS PETROLUB Group, but have not yet been endorsed by the EU. Subject to their pending adoption under EU law, they will only become binding from the financial year 2012 or later and were also 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 now be assigned to both 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 (rev. 2011) "Employee Benefits"

Besides comprehensive disclosure requirements regarding employee benefits, the revised standard encompasses the following key changes:

There is currently an option that allows so-called actuarial gains and losses to be recognized 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 under other comprehensive income. The FUCHS PETROLUB Group has already been using the option to recognize these gains and losses under other comprehensive income since 2008. In addition to this, the anticipated income from plan assets is determined 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 current discount interest rate of the pension obligations may be applied. The amendment is to be applied for the first time for financial years starting on or after January 1, 2013.

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 (see IFRS 11) must be measured using the equity method. The use of pro rata consolidation for joint ventures has therefore been eliminated. The amendment is to be applied for the first time for financial years starting on or after January 1, 2013.

The FUCHS PETROLUB Group is planning to change the accounting method for the two remaining joint ventures from a pro rata basis applied in the 2011 consolidated financial statements to the equity method of consolidation from 2012 onward (exercising the current option as per IAS 31). Based on current estimates, this will not have any effect on total comprehensive income.

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 addition to IAS 32 clarifies the prerequisites for offsetting financial instruments. 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 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. With just a few exceptions, the regulations for financial liabilities have been adopted from IAS 39. IFRS 9 is to be applied for the first time for financial years starting on or after January 1, 2015.

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

IFRS 10 "Consolidated Financial Statements"

See glossary page 195

This standard comprehensively redefines the term "control". When one company controls another company, the parent company must consolidate its **SUBSIDIARY**. The new standard is to be applied for the first time for financial years starting on or after January 1, 2013.

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

IFRS 11 "Joint Arrangements"

See glossary page 195

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 accounted for using the equity method. 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, 2013. Specific transitional regulations are in place for the transition, for example from the pro rata to the equity method of consolidation (**PROPORTIONATE CONSOLIDATION**).

See page 121

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 of 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, 2013.

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 standard is to be applied for the first time for financial years starting on or after January 1, 2013.

The currency used in this report is the euro (€). All amounts are stated in millions of euros (€ million), unless otherwise indicated. 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, 2011	29	15	8	52
Additions		2		2
Disposals	–1	–1		–2
December 31, 2011	28	16	8	52
Proportionately consolidated companies				
January 1, 2011	1	3	0	4
Additions				
Disposals		–2		–2
December 31, 2011	1	1	0	2
Scope of consolidation				
January 1, 2011	30	18	8	56
Additions		2		2
Disposals	–1	–3		–4
December 31, 2011	**29**	**17**	**8**	**54**
Companies accounted for using the equity method				
January 1, 2011	0	1	0	1
Additions		2		2
Disposals				
December 31, 2011	0	3	0	3
Unconsolidated companies				
January 1, 2011	2	3	0	5
Additions	1			1
Disposals				
December 31, 2011	3	3	0	6

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). Full disclosure of shareholdings is given in note 44.

See page 185

The scope of consolidation includes a total of 54 (56) companies. The changes to the scope of consolidation in 2011 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. One domestic subsidiary, three foreign subsidiaries, and two other investments in companies were not included. The non-consolidated companies generated total sales revenues of €2.5 million and earnings after tax of –€0.5 million.

Use was made of the exemption from the disclosure requirement for the following subsidiaries included in the consolidated financial statements:

WISURA MINERALÖLWERK GOLDGRABE & SCHEFT GMBH & CO., Bremen,
as per Section 264b of the German Commercial Code (HGB) and for
BREMER & LEGUIL GMBH, Duisburg,
FUCHS EUROPE SCHMIERSTOFFE GMBH, Mannheim,
FUCHS FINANZSERVICE GMBH, Mannheim,
FUCHS LUBRITECH GMBH, Kaiserslautern, and
PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg,

as per Section 264 (3) of the German Commercial Code (HGB). The large and medium-sized corporations were also exempted from preparing a management report.

CHANGES IN THE SCOPE OF CONSOLIDATION

Additions of fully consolidated companies	**in %**
FUCHS LUBRICANTS REGIONAL HEADQUARTER (EAST ASIA) LTD., Shanghai/China (newly founded in May 2011)	100
FUCHS LUBRICANTS (NEW ZEALAND) LTD., Avondale/New Zealand (newly founded in December 2011)	100

FUCHS LUBRICANTS (NEW ZEALAND) LTD. continues to run the New Zealand business previously operated by FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD. in the form of a subsidiary.

Disposals of fully consolidated companies	**in %**
FUCHS LUBRICANTS (HEFEI) LTD., Hefei/China (Liquidation in June 2011)	100
FUCHS PETROLUB AG i.L., Basel/Switzerland (Liquidation in December 2011)	100

Disposals of proportionately consolidated companies **Additions** of companies accounted for at equity	**in %**
FUCHS OIL MIDDLE EAST LTD., Sharjah/United Arab Emirates	50
FUCHS LUBRICANTS IRANIAN COMPANY (PJS), Teheran/Iran	50

With effect from January 1, 2011, both companies that were previously consolidated on a pro rata basis are now accounted for using the equity method. This is due to the loss of joint control. The comparability of the Group's balance sheet and income statement to the previous year is not significantly affected by this change.

Compared to the 2010 consolidated financial statements, this leads to a €3.1 million reduction in the balance sheet total. This reduction can essentially be attributed to an addition of €19.1 million due to the "at equity" method of consolidation at the time of transition, as well as the pro rata disposal of long-term assets of €0.1 million and short-term assets of €22.1 million. At the same time, long-term liabilities of €0.1 million and short-term liabilities of €3.0 million were also disposed of.

The sales revenues of these companies consolidated on a pro rata basis in the previous year were €38.1 million.

Additions in non-consolidated companies	**in %**
FUCHS SMÖRJMEDEL SVERIGE AB, Helsingborg/Sweden (newly founded in March 2011)	100

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.

The assets and liabilities acquired before March 31, 2004 are assessed at the pro rata fair value. The positive difference between the acquisition costs and the portion of the net fair value will be stated as goodwill. The acquired assets within the scope of acquisitions made after March 31, 2004 are recognized at the full fair value. The difference between acquisition costs and full fair value represents goodwill, which is recorded in the local currency. The incidental acquisition costs of the acquisition are recognized in the income statement. In accordance with IAS 38.107, no further scheduled goodwill amortization will occur as of the financial year 2005. Pursuant to IAS 36, the recoverable amount of goodwill 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".

See page 129

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 for the joint ventures consolidated pro rata and the associated companies measured using the equity method. In the event of losing joint control or a key influence, the remaining shares are re-measured at fair value through profit and loss.

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

Intercompany 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.

Noncontrolling 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 item is explained in the statement of comprehensive income.

See statement of comprehensive income page 111

The respective cumulative translation differences are released to income at the time of disposal of subsidiaries.

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

See page 110

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.

See statement of changes in long-term assets page 114

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, 2011**	Dec. 31, 2010	Change in foreign currency in %
US dollar	1.295	1.325	+ 2.3
British pound	0.838	0.857	+ 2.3
Chinese renminbi yuan	8.242	8.763	+ 6.3
Australian dollar	1.273	1.304	+ 2.4
South African rand	10.532	8.813	– 16.3
Polish zloty	4.436	3.972	– 10.5
Brazilian real	2.418	2.214	– 8.4
Argentinian peso	5.579	5.272	– 5.5
Russian ruble	41.73	40.47	– 3.0
South Korean won	1,502.16	1,502.61	0.0

Average annual exchange rate (1 €)	**2011**	2010	Change in foreign currency in %
US dollar	1.393	1.328	– 4.7
British pound	0.868	0.859	– 1.0
Chinese renminbi yuan	9.017	9.002	– 0.2
Australian dollar	1.349	1.447	+ 7.3
South African rand	10.100	9.744	– 3.5
Polish zloty	4.126	4.003	– 3.0
Brazilian real	2.330	2.347	+ 0.7
Argentinian peso	5.755	5.205	– 9.6
Russian ruble	40.96	40.39	– 1.4
South Korean won	1,543.85	1,538.81	– 0.3

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 2011 are all made on the same consistent basis.

One exception from this is the disclosure in the income statement, which has been amended so as to disclose earnings before interest, tax and income from participations in addition to the Group's earnings before interest and tax (EBIT). When comparing this new KPI in relation to sales revenues, only those amounts generated from the fully or proportionately consolidated companies are taken into account in the relative value, both for income and sales revenues. EBIT also contains income from participations. The sales revenues derived from income from participations 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.

See page 120

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. 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 a cash-generating unit, an impairment of goodwill is recognized in the income statement to the higher of either the value in use or the fair value less costs to sell. Fair value is determined based on discounted cash flows. Discount rates of 8.0% (8.0%) to 26.0% (12.0%) after tax are applied in order to reflect the different country risk profiles (value in use). The Group's mid-term planning, which consists of the budget plan 2012 and the plan years 2013 and 2014, serves as the basis for planning. Country-specific growth rates of 0.5% to 2.0% are taken into account. A reduction of 20% in the cash flow was assumed for calculating sensitivity. Based on previous experience we believe that larger variations are unlikely. If actual cash flows were 20% lower than assumed cash flows, no impairment of the Group's goodwill would be necessary. Please refer to note 15 for further information.

See page 150

Provisions for pensions and defined benefit assets

The expenses of defined benefit plans and pension provisions, as well as defined benefit assets, 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.

See page 158

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.

See page 152

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
- impairments and write-ups to trade receivables
- the need for inventory write-downs
- provisions for taxes and restructuring

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 previous year's figures did not need to be adjusted and are therefore comparable.

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. This applies to goodwill which is recorded as assets with an indefinite useful life in accordance with IFRS 3.

Indefinite-lived intangible assets are not subject to scheduled amortization, but 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.

See page 125

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.

See page 110

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

The carrying value of long-term assets is evaluated whenever circumstances or events dictate in accordance with IAS 36. The recoverable amount of the assets is compared to their carrying value to determine whether any impairment exists. 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 loss no longer exists, the impairment is reversed up to 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.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER FINANCIAL ASSETS

Interests in 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 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 impairments.

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.

See page 155

- 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

- 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.

See page 165

- 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.

See glossary page 194

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 write-downs no longer exists, the write-down is reversed up to the amortized cost and recognized in income. Impairment losses on financial instruments are booked separately in an allowance account.

Detailed information on financial instruments can be found in the notes to the balance sheet under note 36.

See page 167

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. Deferred tax assets and liabilities are recognized in the income statement. In cases where gains and losses are recognized directly in equity, any tax assets and liabilities to be deferred in this regard are also recognized directly in 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 effected 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

SALES REVENUES

1

Sales revenues by product groups are broken down as follows:

in € million	2011	Share in %	2010	Share in %	Change absolute	Change in %
Automotive lubricants *	627.9	37.6	562.0	38.5	65.9	11.7
Industrial lubricants and specialties *	992.3	59.5	846.1	58.0	146.2	17.3
Other products	47.9	2.9	50.5	3.5	–2.6	–5.1
	1,668.1	**100.0**	**1,458.6**	**100.0**	**209.5**	**14.4**

* and related products

The main areas of the automotive lubricants product segment are engine oil, gear oil, and shock-absorber oil. At €627.9 million (562.0), sales revenues in this segment increased by 11.7 %. This segment share in Group sales revenues reduced to 37.6 % (38.5 %). This decline can be attributed to the deconsolidation of the companies in the Middle East that operate in the vehicle lubricant segment. The details are described in the section "Changes in the scope of consolidation".

See page 124

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 17.3 % to €992.3 million (846.1). At 59.5 % (58.0 %), the segment represents the largest part of Group sales revenues.

Other products mainly include toll blending, chemical process management and trade activities. This segment declined by €2.6 million or 5.1 % to €47.9 million (50.5).

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

See pages 118 and 119

2 COST OF SALES

in € million	2011	2010
Cost of purchased raw materials, supplies, goods for resale and purchased services	964.2	808.0
Cost of materials	**964.2**	**808.0**
Personnel costs	47.5	44.2
Depreciation of property, plant and equipment and intangible assets	13.8	11.8
Third party services	10.0	8.8
Energy costs	8.5	7.6
Maintenance costs	6.6	6.1
Other costs	5.7	5.1
	1,056.3	**891.6**

3 SELLING AND DISTRIBUTION EXPENSES

in € million	2011	2010
Personnel costs	92.2	89.1
Freight	56.4	50.0
Commission payments	33.5	31.5
Travel expenses	11.6	10.9
Marketing costs	9.0	9.2
Rental and lease expenses	9.0	8.3
Third party services	8.9	8.0
Depreciation of property, plant and equipment and intangible assets	6.1	4.4
Maintenance costs	2.7	2.5
Taxes	1.3	1.1
Other costs	9.3	8.5
	240.0	**223.5**

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.

ADMINISTRATIVE EXPENSES 4

in € million	2011	2010
Personnel costs	47.2	43.8
Audit and consultancy costs	5.4	4.3
Third party services	5.2	4.7
Depreciation of property, plant and equipment and intangible assets	5.0	4.7
Taxes	3.1	2.7
Rental and lease expenses	2.7	2.2
Travel expenses	2.6	2.4
Maintenance costs	2.2	2.0
Other costs	10.3	9.9
	83.7	**76.7**

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.

OTHER OPERATING INCOME AND EXPENSES 5

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

in € million	2011	2010
Income from the disposal of fixed assets	0.8	0.5
Income from the reversal of provisions	1.6	1.7
Income from the reversal of write-downs	2.3	5.1
Income from cost allocations, commission payments, licenses, and cost charging	0.3	0.5
Income from rents and leases	0.1	0.2
Currency exchange gains	5.1	4.9
Miscellaneous operating income	8.4	6.7
Other operating income	**18.6**	**19.6**
Losses from the disposal of fixed assets	0.1	0.3
Write-downs of receivables	3.6	4.7
Currency exchange losses	5.6	4.8
Restructuring costs and severance payments	0.7	0.6
Impairments	0.3	0.7
Miscellaneous operating expenses	7.8	8.4
Other operating expenses	**18.1**	**19.5**
Other operating income and expenses	**0.5**	**0.1**

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 and compensation payments received, as well as sales of empty containers and income from other sales and services.

Write-downs of receivables include irrecoverable receivables of €0.8 million (1.0).

The impairment charges are attributable to an impairment loss on property, plant and equipment at the US subsidiary.

Among other things, miscellaneous operating expenses include the purchase costs for other sales, as well as provisions for risks from non-operating items.

6 INVESTMENT INCOME

Investment income comprises the pro rata earnings of associated companies:

in € million	**2011**	2010
Income from investments accounted for using the equity method	3.1	8.3

The 2011 income figure includes expenses arising from the impairment of a doubtful receivable of €7.1 million.

FINANCIAL RESULT

7

in € million	2011	2010
Other interest and similar income		
Subsidiaries	0.0	0.0
Others (mainly banks)	1.3	1.3
Interest income	**1.3**	**1.3**
Interest and similar expenses		
Others (mainly banks)	–2.5	–2.8
Interest attributable to finance leases	–0.2	–0.2
Pension obligations		
Interest expense	–5.9	–7.0
Expected return on plan assets	3.4	4.0
Interest expenses	**–5.2**	**–6.0**
Net interest income	**–3.9**	**–4.7**
Write-downs due to impairment of financial assets	0.0	0.0
Other financial income (expenses)	0.0	0.0
Financial result	**–3.9**	**–4.7**

The netted interest component of additions to pension provisions of –€2.5 million (–3.0) comprises interest expenses of €5.9 million (7.0) for funded obligations and obligations financed by provisions and the expected return on pension plan assets of €3.4 million (4.0).

INCOME TAXES

8

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	2011	2010
Current taxes	76.6	71.0
thereof Germany	25.5	24.3
thereof international	51.1	46.7
Deferred taxes	0.6	2.8
thereof Germany	0.1	1.9
thereof international	0.5	0.9
Total	**77.2**	**73.8**

Current taxes comprise refunds of €1.3 million (previous year 0.2 back taxes) 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 30.6% (30.5%).

Profits generated by our companies outside Germany are taxed at the respective local rates. The tax rates applied in the various countries range from 12.5% (12.5%) to 41.0% (40.5%). The local taxation rates saw reductions over the previous year in Great Britain, Korea and Greece, 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	**2011**	in %	2010	in %
Earnings before tax (EBT)	260.3		245.4	
Expected tax expense	79.7	30.6	74.9	30.5
Taxation rate differences	−2.2	−0.8	−2.7	−1.1
Non-deductible expenses	0.7	0.3	1.1	0.5
Impairment of deferred tax assets	0.0	0.0	0.0	0.0
Tax-free income	−0.3	−0.1	−0.1	−0.1
Income from associated companies	−0.9	−0.4	−2.5	−1.0
Effect of tax loss carryforwards, for which no deferred tax assets had been recognized	0.0	0.0	−0.1	0.0
Taxes for prior periods	−1.3	−0.5	0.2	0.1
Withholding taxes	1.7	0.7	3.5	1.4
Other	−0.2	−0.1	−0.5	−0.2
Actual tax expense	**77.2**	**29.7**	**73.8**	**30.1**

MINORITY INTEREST 9

Profits attributable to minority interests amount to €0.7 million (0.9) relates to shareholders in Austria, the Ukraine, Greece and France.

EARNINGS PER SHARE 10

in € million	2011	2010
Profit attributable to equity holders of FUCHS PETROLUB AG	**182.4**	**170.7**
Earnings per ordinary share in €		
Earnings per share	2.56	2.39
Weighted average number of ordinary shares	35,490,000	35,490,000
Earnings per preference share in €		
Earnings per share	2.58	2.41
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.

To offer better comparability, the figures from the previous year have been converted to the units resulting from the share split performed on June 30, 2011.

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

11 OTHER TAXES

in € million	2011	2010
	5.3	4.4

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. €4.2 million (3.3) of this amount are attributable to foreign Group companies in Argentina, China, France, Great Britain and the USA.

12 PERSONNEL EXPENSES / EMPLOYEES

Personnel expenses (in € million)	2011	2010
Wages and salaries	190.8	179.3
Social security contributions and expenses for pensions and similar obligations	37.9	36.6
thereof for pensions	4.6	5.2
	228.7	**215.9**

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.

Employees (annual average numbers)	2011	2010
Salaried staff	2,706	2,588
Wage earners	974	946
	3,680	**3,534**

The average number of persons employed by pro rata consolidated companies is included on the basis of the proportionate interest held and is therefore 34 (34).

Notes to the balance sheet

LONG-TERM ASSETS

13

Long-term assets include the items recognized in the balance sheet as intangible assets, property, plant and equipment, investments accounted for using the equity method, and other financial assets. The statement of changes in long-term assets on pages 114 and 115 shows a breakdown of these items and the changes therein in 2011.

See pages 114 and 115

PROPERTY, PLANT AND EQUIPMENT

14

The additions in the current year essentially concern the completion of the Sales Center and continuation of construction work on the Technology Center at the Mannheim site. Beside these factors, they include the acquisition of land in Russia, a land usage right in China, as well as construction of a grease facility and a laboratory & technology center in Australia.

Property, plant and equipment includes lease assets (finance leases) totaling €0.4 million (4.4). In the previous year, these assets were mainly made up of an office building in Mannheim with a carrying amount of €3.9 million. The option to purchase included in the leasing agreement was exercised, with the administration building acquired by purchase with effect from October 31, 2011.

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".

See page 129

15 INTANGIBLE ASSETS

Goodwill

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/changes in scope of consolidation	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
Impairment losses	0.0	0.0	0.0
Disposals/changes in scope of consolidation	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**

According to IFRS 3, goodwill is an intangible asset with an indefinite useful life. Since January 1, 2005, goodwill is no longer subject to 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.

Recognized goodwill totals €85.4 million (85.4). Of that amount, €53.3 million (53.6) relates to business combinations and €32.1 million (31.8) to the financial statements of subsidiaries. A total goodwill of €68.8 million (68.1), consisting of €41.9 million (41.8) from business combinations and €26.9 million (26.3) from acquired goodwill is attributable to FUCHS CORPORATION, USA.

See page 129

In the financial year 2011, no impairment losses on goodwill were recognized. The impairment test for this goodwill is also based on the group-wide evaluation scheme which is described in the section “Accounting and valuation methods”.

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 €31.2 million (37.6) in total.

The item Intangible assets comprises advance payments of €0.3 million (0.2).

INVESTMENTS IN COMPANIES CONSOLIDATED USING THE EQUITY METHOD

16

This item is made up of investments in three companies accounted for using the equity method. 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 legislations adapted in line with the requirements of IFRS. The assets of these companies (100% values) amount to €131.3 million, their liabilities to €45.9 million, sales revenues to €215.4 million, and net profits for 2011 to €32.6 million.

OTHER FINANCIAL ASSETS

17

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 €2.8 million (4.3) is disclosed under Other loans.

See glossary page 195

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

See pages 114 and 115

18 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	**2011**	2010	**2011**	2010
Property, plant and equipment	0.9	0.7	10.2	13.0
Other long-term assets	1.7	2.6	5.2	6.0
Inventories	5.0	4.6	0.1	0.0
Other short-term assets	5.7	1.6	0.8	0.4
Long-term provisions	12.1	13.4	1.8	0.2
Financial liabilities	0.0	0.0	0.0	0.0
Other long-term liabilities	0.5	0.6	3.9	3.0
Short-term provisions and liabilities	4.4	6.5	0.7	1.6
Expected use of loss carryforwards	0.0	0.0	0.0	0.0
Sum of deferred taxes asset/liability	**30.3**	**30.0**	**22.7**	**24.2**
Tax offset	–4.1	–8.1	–4.1	–8.1
Total assets/liabilities	**26.2**	**21.9**	**18.6**	**16.1**

Deferred tax assets of €26.2 million (21.9) are attributable to measurement differences between the carrying amounts of other long-term assets, inventories (elimination of intercompany profits), 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 periods).

Tax loss carryforwards in the Group amount to €1.8 million (1.9) existing in one company of the Asia-Pacific, Africa region. The deferred tax assets of €0.8 million (0.6) 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 €3.9 million (3.0) is recorded for future tax burdens from planned dividend payments from foreign subsidiaries. In addition, there are retained earnings at the subsidiaries 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 €1.8 million in the year under review. Taking into account the deferred taxes for the financial year 2011 recognized directly in equity and resulting essentially from the allocation of pension obligations of €2.6 million, the deferred tax expense reported in the income statement amounts to €0.6 million after allowing for currency effects.

€15.5 million (12.7) of the total deferred tax assets of €26.2 million (21.9) are recognized directly in equity due to the offsetting of actuarial gains and losses.

LONG-TERM OTHER RECEIVABLES AND OTHER ASSETS 19

in € million	**Dec. 31, 2011**	Dec. 31, 2010
Asset surplus arising from the netting of pension provisions with associated plan assets	3.5	0.0
Other assets	0.5	0.0
	4.0	**0.0**

This item essentially recognizes defined benefit assets of €3.5 million, which resulted from the transfer of domestic pension obligations to an external pension provider (ALLIANZ) on December 1, 2011. This transaction is described in note 26, pension provisions.

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INVENTORIES 20

Inventories comprise the following:

in € million	**Dec. 31, 2011**	Dec. 31, 2010
Raw materials and supplies	99.3	76.1
Work in progress	12.1	9.6
Finished goods and merchandise	118.6	101.5
	230.0	**187.2**

Write-downs of inventories totaling €0.3 million (1.0) 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 €3.1 million (2.6). Inventories of €964.2 million (808.0) were recorded as costs of materials in the reporting period.

21 TRADE RECEIVABLES

in € million	Dec. 31, 2011	Dec. 31, 2010
Receivables due from affiliated companies	0.4	0.0
Receivables due from associated companies	0.4	0.4
Receivables due from other companies	250.3	221.0
	251.1	**221.4**

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

in € million	2011	2010
Impairments as at January 1	**15.5**	**16.2**
Currency translation effects	0.0	0.9
Additions (impairment expenses)	2.4	3.7
Utilization	0.6	0.2
Reversals	1.5	5.1
Change in the scope of consolidation	–2.2	0.0
Impairments as at December 31	**13.6**	**15.5**

In the year under review, write-downs of receivables recognized in the income statement totaled €2.4 million (3.7). The income from the reversal of write-downs is €1.5 million (5.1). Trade receivables include write-downs totaling €13.6 million (15.5) reflecting identifiable risks.

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

Receivables by maturity (in € million)	Dec. 31, 2011	Dec. 31, 2010
Receivables neither overdue nor impaired	**207.4**	**180.1**
Overdue receivables that are not impaired:		
Less than 30 days	31.0	29.9
30 to 60 days	7.5	8.7
61 to 90 days	3.2	4.2
91 to 180 days	2.3	2.5
181 to 360 days	0.6	0.6
more than 360 days	0.2	0.9
Total of overdue receivables	**44.8**	**46.8**
Minus collectively assessed allowances	−4.9	−6.6
Impaired receivables, gross	12.5	10.0
Minus individually assessed allowances	−8.7	−8.9
Trade receivables	**251.1**	**221.4**

SHORT-TERM TAX RECEIVABLES (INCOME TAX) 22

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

SHORT-TERM OTHER RECEIVABLES AND OTHER ASSETS 23

in € million	Dec. 31, 2011	Dec. 31, 2010
Receivables due from associated companies	3.3	0.0
Tax receivables (transaction tax)	3.3	2.6
Sundry other assets	30.0	29.8
	36.6	**32.4**

At €2.7 million (1.6), tax receivables predominantly concern VAT receivables.

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The Group's sundry other assets include customer loans of €3.8 million (3.6) 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 €13.5 million 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 and other customer loans and receivables from other sales. Total impairments of €4.0 million (4.8) are taken into account here.

24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents of €81.5 million (92.1) 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, 2011	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 Annual General Meeting of FUCHS PETROLUB AG on May 11, 2011 passed a resolution regarding the re-division of the share capital by means of a share split at a ratio of 1:3. This measure will lead to a reduction in the nominal value of the individual no-par-value shares in the share capital to €1. The conversion of the shares took place on June 30, 2011.

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 2011, 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 and associated companies consolidated using the equity method are taken directly to equity and carried under currency reserves.

The acquisition of shares in companies which are already controlled by FUCHS PETROLUB AG are treated as equity transactions. The non-controlling interests (15%) in WISURA MINERALÖLWERK GOLDGRABE & SCHEFT GMBH & CO. were acquired by FUCHS PETROLUB AG in April 2011. The difference between the purchase price and the proportional net equity of €3.7 million that resulted from this transaction was offset against Equity capital generated in the Group.

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

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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 2012 Annual General Meeting: €0.98 per ordinary share entitled to dividend and €1.00 per preference share entitled to dividend. Dividends of €0.88 per ordinary share and €0.90 per preference share were paid for the financial 2010.

Minority interest

This item contains the shareholders' equity and earnings of consolidated subsidiaries attributable to minority interests. €0.0 million (0.3) is attributable to minority interests in Germany and €1.6 million (1.3) to shareholders in Austria, Ukraine, France and Greece.

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 especially 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 USA 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 2005 G mortality tables by Prof. Dr. Klaus Heubeck.

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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 113.

In Germany, measurement is based on the following assumptions:

in %	2011	2010
Discount rate	4.6	5.0
Salary trend	2.5	2.5
Pension trend	1.8	1.8

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 %	**2011**	2010
Discount rate	4.3 to 8.0	4.8 to 8.5
Average discount rate	4.8	4.9
Salary trend	2.0 to 8.0	2.0 to 8.0
Average salary level trend	2.7	3.3
Pension trend	2.1 to 2.8	1.0 to 3.3
Average pension level trend	2.8	3.3
Expected return on plan assets	4.0 to 7.3	6.0 to 6.7
Average expected return on plan assets	5.1	6.3

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, 2011**	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Present value of funded pension benefits in Germany	51.4	0.0	0.0	0.0	0.0
Present value of funded pension benefits outside Germany	46.2	65.5	92.3	71.3	91.9
Present value of pension benefits financed by provisions in Germany	0.7	52.0	52.4	50.2	50.4
Present value of pension benefits financed by provisions outside Germany	3.1	3.9	2.5	2.0	2.4
Total pension benefits	**101.4**	**121.4**	**147.2**	**123.5**	**144.7**
Fair value of plan assets in Germany	54.8	0.0	0.0	0.0	0.0
Fair value of plan assets outside Germany	34.5	47.7	63.5	53.4	77.8
Funding status	**12.1**	**73.7**	**83.7**	**70.1**	**66.9**
Similar obligations	0.2	0.7	0.1	0.5	0.2
Net obligation as at December 31	12.3	74.4	83.8	70.6	67.1
Balance sheet disclosure:					
Defined benefit assets	**3.5**	**0.0**	**0.0**	**0.0**	**0.0**
Pension provision	**15.8**	**74.4**	**83.8**	**70.6**	**67.1**
Amount not recognized as an asset because of the limit in IAS 19.58	0.0	0.0	0.0	0.0	0.0

Due to the transfer to an external pension provider (ALLIANZ), the domestic (German) pension obligations formerly funded by means of provisions have been added to the pension obligations already funded by pension plans in previous years in the US and Great Britain. The transfer took place with effect from December 1, 2011 and is based on 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. Set-up costs of €0.9 million were recognized as expenses.

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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, 2011, benefit obligations amount to €4.6 million (4.1), which are offset against assets of €4.4 million (4.1) in the consolidated balance sheet. The balance of obligations and assets is disclosed in the section "Similar obligations".

Existing defined benefit obligations in the US were frozen in 2009 and transferred to a premium-based pension scheme. The plan termination and payment of these balances took place on December 1, 2011. The plan termination resulted in income of €1.0 million in 2011.

In the previous year, the portion of pension obligations due to pensioners was transferred without recourse to an external pension provider in Great Britain. This was financed through withdrawals from the plan assets.

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

Pension benefits (in € million)	**2011**	2010
Present value as at January 1	121.4	147.2
Currency effects	1.7	5.2
Current service cost	1.1	1.2
Past service cost	0.0	0.0
Interest expense	5.9	7.0
Actuarial gains and losses	3.3	5.7
Plan termination (USA)	−22.9	0.0
Outsourcing to external pension provider	0.0	−36.9
Benefits paid	−9.1	−8.0
Present value as at December 31	**101.4**	**121.4**
Netting with plan assets	−89.3	−47.7
Similar obligations	0.2	0.7
Net obligation as at December 31	**12.3**	**74.4**
thereof		
Pension provision	**15.8**	**74.4**
Defined benefit assets	**3.5**	**0.0**

The plan termination in the reporting year concerns the performance-based benefit obligations in the US.

The benefits paid include 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)	**2011**	2010
Fair value as at January 1	47.7	63.5
Currency effects	1.2	3.5
Expected return on plan assets	3.4	4.0
Contributions	9.7	4.4
Special payments (2011 Germany; 2010 Great Britain)	54.8	13.5
Benefits paid	−4.1	−5.5
Disposal of plan assets due to plan termination (USA)	−18.5	0.0
Outsourcing to external pension provider	0.0	−36.9
Actuarial gains and losses	−4.9	1.2
Fair value as at December 31	**89.3**	**47.7**

The German plan assets of €54.8 million are invested exclusively in the insurance products offered by ALLIANZ Lebensversicherung. The plan assets in England amount to €34.5 million. It is made up of shares at 63% (58%), bonds at 29% (33%) and raw material funds at 8% (9%). The average actual return on plan assets was −6.7% (9.9%). The average estimated return on plan assets for 2012 is 5.1% (6.3%). This is based on the expected return on ALLIANZ Lebensversicherungs-AG products in Germany of 4.0% and the expected return on plan assets in Great Britain of 7.3% and 6.3%.

The special payments in the reporting year include a one-off payment of €55.8 million (0.0), including set-up costs, due to the aforementioned transfer of German pension obligations to ALLIANZ.

In Great Britain a part of the pension obligations was outsourced to an external pension provider in the previous year. In 2010 a special payment of €13.5 million was paid into the plan assets, with plan assets of €36.9 million subsequently being transferred to the pension provider, resulting in a net outflow from the plan of €23.4 million.

Ongoing contributions of €3.4 million are planned for 2012.

Pension expenses arising from the pension plans in place within the FUCHS PETROLUB Group amount to €9.5 million (10.8) and are made up of the following components:

Pension expenses (in € million)	**2011**	2010
Current service cost	1.1	1.2
Interest expense	5.9	7.0
Expected return on plan assets	−3.4	−4.0
Past service costs	0.0	0.0
Effects of plan settlements	−1.0	−0.1
Expenses for defined benefit pension plans	**2.6**	**4.1**
Expenses for defined benefit pension plans	6.9	6.7
Total pension expense	**9.5**	**10.8**

At €3.4 million (3.2), 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:

Pension expenses (in € million)	**2011**	2010
Cost of manufacture	1.8	1.6
Research and development expenses	0.8	0.8
Selling and distribution expenses	2.8	2.8
Administrative expenses	1.6	2.7
Other operating income	0.0	−0.1
Other operating expenses	0.0	0.0
Financial result	2.5	3.0
Total pension expense	**9.5**	**10.8**

OTHER LONG-TERM PROVISIONS

27

in € million	Dec. 31, 2010	Currency exchange differences	Changes in the scope of consolidation	Additions	Utilization	Reversals	**Dec. 31, 2011**
Other long-term provisions	6.6	–0.1	0.0	1.1	–0.6	0.0	7.0

This includes provisions for partial retirement obligations of €5.1 million (5.4). Such obligations exist only within Germany. They are measured using actuarial principles and discounted because of their long-term structure. Contractual terms range from two to six years. The discount rate is 3.9% in all cases (3.5% to 5.0%).

In addition to this, further long-term provisions for employee benefit obligations such as anniversary bonuses and redundancy payments based on years of service are recognized under this item.

OTHER LONG-TERM LIABILITIES

28

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.

TRADE PAYABLES

29

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, 2011**	Dec. 31, 2010
Trade payables	126.2	110.8
Bills payable	3.1	3.1
Advance payments received	0.8	0.6
	130.1	**114.5**

30 SHORT-TERM PROVISIONS

Short-term provisions mainly consist of the following:

in € million	**Dec. 31, 2011**	Dec. 31, 2010
Obligations for ongoing operating expenses	5.1	4.3
Other obligations	18.8	19.2
	23.9	**23.5**

The obligations arising from ongoing operating expenses include provisions for credit notes, bonuses, discounts, warranties, and costs for annual financial statements and consultancy services.

Other obligations include provisions for restructuring and reorganization of 7.5 million (8.0). Furthermore, the figure includes provisions for contract risks, costs of proceedings, contribution obligations and returnable container deposits.

Obligations for personnel and social expenses have been reclassified from short-term provisions to other short-term liabilities. The previous year's disclosure has been adjusted accordingly.

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

in € million	Dec. 31, 2010	Currency exchange differences	Changes in the scope of consolidation	Additions	Utilization	Reversals	**Dec. 31, 2011**
Obligations for ongoing operating expenses	4.3	0.1	0.0	7.0	6.2	0.1	5.1
Other obligations	19.2	0.3	–0.1	21.3	20.4	1.5	18.8
	23.5	**0.4**	**–0.1**	**28.3**	**26.6**	**1.6**	**23.9**

in € million	Dec. 31, 2009	Currency exchange differences	Changes in the scope of consolidation	Additions	Utilization	Reversals	Dec. 31, 2010
Obligations for ongoing operating expenses	4.6	0.3	0.0	7.8	7.9	0.5	4.3
Other obligations	16.3	0.7	0.0	22.3	19.4	0.7	19.2
	20.9	**1.0**	**0.0**	**30.1**	**27.3**	**1.2**	**23.5**

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

SHORT-TERM TAX LIABILITIES 31

This item includes total liabilities for income taxes of €31.0 million (27.3). The increase compared to the previous year is mainly attributable to the rise in provisions for corporation and trade tax for Germany and the USA.

SHORT-TERM FINANCIAL LIABILITIES 32

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, 2011	Dec. 31, 2010
Liabilities due to banks	16.1	16.6
Other financial liabilities	0.1	3.0
	16.2	**19.6**

OTHER SHORT-TERM LIABILITIES 33

The following is a breakdown of Other liabilities:

in € million	Dec. 31, 2011	Dec. 31, 2010
Obligations for personnel and social expenses	34.7	32.7
Fair value of derivative financial instruments	0.4	0.1
Social security	4.7	4.6
Employees	5.0	5.6
VAT liabilities	8.5	5.4
Other tax liabilities	3.6	3.6
Liabilities due to associated companies	13.5	0.0
Other liabilities	14.6	11.6
	85.0	**63.6**

Obligations for personnel and social expenses have been reclassified from short-term provisions to other short-term liabilities. These primarily concern ex gratia payments, profit-sharing schemes, commissions, bonuses, and premiums for the employers' liability insurance association. The previous year's disclosure has been adjusted accordingly.

Other tax liabilities include excise taxes and payroll taxes.

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The liabilities due to associated companies are based on 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.

Other liabilities include financing liabilities of €4.8 million (5.3) 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 JOINT VENTURES

Joint ventures consolidated pro rata are included in the consolidated financial statements with the following values:

in € million	2011	2010
Long-term assets	0.7	0.6
Inventories and receivables	5.3	12.7
Other short-term assets	2.6	15.2
Assets as at December 31	**8.6**	**28.5**
Shareholders' equity	4.2	23.2
Long-term liabilities	0.0	0.0
Short-term liabilities	4.4	5.3
Equity and liabilities as at December 31	**8.6**	**28.5**
Income from January 1 – December 31	20.7	54.3
Expenses from January 1 – December 31	18.8	45.6

35 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities and other financial obligations were as follows:

Contingencies (in € million)	Dec. 31, 2011	Dec. 31, 2010
Bills of exchange	0.0	0.0
Guaranties	2.7	3.2
thereof in favor of subsidiaries	0.0	0.0
thereof in favor of joint ventures or companies in which shares are held	0.0	0.0
Securing third-party liabilities	15.1	14.1

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.

Contractual obligations for the purchase of property, plant and equipment amount to €9.0 million (5.8) on December 31, 2011. These mainly concern European subsidiaries.

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, 2011 structured by maturity terms are as follows:

Maturities (in € million)	**Dec. 31, 2011**	Dec. 31, 2010
Up to 1 year	9.7	9.4
1 to 5 years	17.2	18.2
More than 5 years	2.7	4.8
Total of minimum leasing payments	**29.6**	**32.4**

Total rental and leasing expense for the reporting year was €12.0 million (10.5). The high rack warehouse contract expires in 2014; however, there is an option to buy as well as a contract renewal clause.

In addition to the operating lease obligations, there were other financial obligations (IT maintenance, etc.) that totaled €0.8 million (0.7).

FINANCIAL INSTRUMENTS 36

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	2011	2010
Financial assets and financial liabilities at fair value through profit and loss	–0.4	0.0
Available-for-sale financial assets	0.0	0.0
Loans and receivables	–1.3	0.5
Financial liabilities measured at their cost of acquisition	0.0	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, 2011	Dec. 31, 2010
Total interest income	1.3	1.3
Total interest expenses	−2.7	−3.0

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 value (in € million)	December 31, 2011				December 31, 2010			
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	14.2	0.0	0.0	14.2	4.9	0.0	0.0	4.9
Nominal volume of derivatives	**14.2**	**0.0**	**0.0**	**14.2**	**4.9**	**0.0**	**0.0**	**4.9**

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, 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**

Fair value as at December 31, 2010

Instrument (in € million)	Nominal value	Market value (net)	Recognized in the income statement	Recognized in shareholders' equity
Forward currency transactions	4.9	0.1	0.1	0.0
Total derivatives	**4.9**	**0.1**	**0.1**	**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 short-term rating of A1/P1 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 €1.5 million (2.5) were secured.

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

See page 154

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 €16.2 million (19.7) in lines of credit already utilized, the Group also had access to other free lines of credit of €140 million (198). 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, 2011 affect the Group's liquidity situation (non-discounted):

Financial liabilities (in € million)	Total	2012	2013	2014	2015	2016	≥2017
Financial liabilities incl. interest	16.5	16.5	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	130.1	130.1	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	24.6	24.6	0.0	0.0	0.0	0.0	0.0
Total	**171.6**	**171.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

In comparison to the previous year (146.5), financial liabilities including interest rose by €25.1 million to €171.6 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. Apart from the operating business, where liabilities are balanced by short-term trade receivables of €251.1 million, there are sufficient funds and financing alternatives available.

Market risks

As a result of its global business activities, the FUCHS PETROLUB 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 and are not referred to in these explanations.

See page 158

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, the Asian-Pacific area and 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)	2011	in %	2010	in %
Euro	0.5	3.1	3.1	15.7
Indian rupee	4.2	25.9	4.1	20.8
Chinese renminbi	3.8	23.5	2.9	14.7
Brazilian real	1.5	9.2	3.2	16.3
Other currencies	6.2	38.3	6.4	32.5
	16.2	**100.0**	**19.7**	**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. With the exception of the finance leasing transactions no collateral was provided.

Financial liabilities (in € million)	Effective interest rate	Fixed interest rate	Carrying amount Dec. 31, 2011	Carrying amount Dec. 31, 2010
EUR time deposits	Variable interest rate	< 1 year	0.5	0.3
INR time deposits	Variable interest rate	< 1 year	4.2	4.1
CNY time deposits	Variable interest rate	< 1 year	3.8	2.9
BRL time deposits	Variable interest rate	< 1 year	1.5	3.2
Time deposits in other currencies	Respective variable interest rates	< 1 year	6.2	6.4
EUR finance leasing	Fixed interest rate 6.5%	2011	0.0	2.8
			16.2	**19.7**

Summary of interest rate hedging periods

Interest rate hedging periods (in € million)	2011	in %	2010	in %
Up to 1 year	16.2	100.0	19.7	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
	16.2	**100.0**	**19.7**	**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, 2011 would have reduced the financial result by €0.2 million (0.2) – 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 €0.5 million (0.5).

Further notes to the consolidated financial statements

37 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.

See page 124

The effects of switching over from pro rata consolidation to the "at equity" method of consolidation due to the loss of joint control at two associated companies are detailed in the section "Changes in the scope of consolidation".

Of the cash and cash equivalents at the end of the period, €2.5 million (7.7) are from pro rata consolidated companies.

NOTES TO THE SEGMENT REPORTING

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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).

The segment assets of the Asia-Pacific, Africa region include book values of associated companies of €20.4 million (6.8). In Germany, long-term assets (intangible assets and property, plant and equipment) are €166.7 million (159.1). €166.2 million (165.3) is attributable to foreign countries of which €59.5 million (60.2) is attributable to the USA.

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 property, plant and equipment and intangible assets and the average number of employees and EBIT margin of each segment.

See pages 118 and 119

Sales revenues by product are disclosed in note 1 to the income statement.

See page 141

39 RELATIONSHIPS WITH RELATED PARTIES

The related parties of the FUCHS PETROLUB Group as defined according to IAS 24 are:

- directly and indirectly held subsidiaries, joint ventures and "At equity" companies of FUCHS PETROLUB AG,
- 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 €3.6 million (0.1) due from companies included pro rata relating to the supply of goods and services and liabilities amounting to €1.7 million (0.0). Sales revenues of €4.1 million (0.8) were generated.

The FUCHS PETROLUB Group has receivables of €0.4 million (0.4) relating to supplies and services and dividend receivables of €3.3 million (0.0) due from the companies consolidated “at equity”. The liability of €13.5 million (0.0) refers to an amount held on a fiduciary basis for an associated company in the Middle East which is also recognized on the assets side under Short-term other receivables and other assets. The value of goods delivered to companies consolidated using the at equity method in 2011 was €1.6 million (1.5).

See page 155

No consultant contracts are in place with any members of the Executive Board or Supervisory Board.

For information on pension plans please refer to note 26.

See page 158

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.

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EXECUTIVE BODIES

SUPERVISORY BOARD

Prof. Dr. Jürgen Strube (until May 11, 2011) Mannheim	Chairman Honorary Chairman of the Supervisory Board of BASF SE Other mandates*: ▪ Bertelsmann AG [2] (until May 30, 2011)
Dr. Jürgen Hambrecht (as of May 11, 2011) Neustadt an der Weinstraße	Chairman Former Chairman of the Executive Board of BASF SE Other mandates*: ▪ Daimler AG ▪ Lufthansa AG ▪ TRUMPF GmbH + Co. KG
Dr. Dr. h.c. Manfred Fuchs Mannheim	Deputy Chairman Former Chairman of the Executive Board of FUCHS PETROLUB AG Other mandates*: ▪ MVV Energie AG (until March 18, 2011)
Prof. Dr. Bernd Gottschalk (until May 11, 2011) Esslingen	Managing Partner of AutoValue GmbH Former President of the German Association of the Automotive Industry (VDA) Other mandates*: ▪ HYMER AG [1] (until February, 24, 2011) ▪ Roche Deutschland Holding GmbH ▪ Roche Diagnostics GmbH ▪ Schaeffler GmbH ▪ Voith AG Comparable German and international supervisory bodies: ▪ Compagnie Plastic Omnium S.A. (France)
Ines Kolmsee (as of May 11, 2011) Tutzing	Chairwoman of the Executive Board at SKW Stahl-Metallurgie Holding AG Other mandates*: ▪ UMICORE S.A. (as of April 26, 2011)

Horst Münkel [3]
Mannheim

Industry chemical technician
FUCHS EUROPE SCHMIERSTOFFE GMBH

Lars-Eric Reinert [3]
Altenholz

Industrial metalworking technician
FUCHS EUROPE SCHMIERSTOFFE GMBH

Dr. Erhard Schipporeit
Hanover

Former member of the Executive Board of E.ON AG

Other mandates*:
- BDO AG Wirtschaftsprüfungsgesellschaft (as of July 7, 2011)
- Deutsche Börse AG
- Hannover Rückversicherung AG
- SAP AG
- Talanx AG

Comparable German and international supervisory bodies:
- Fidelity Funds SICAV (Luxembourg)
- TUI Travel PLC (Great Britain)

[1] Chairman
[2] Deputy chairman
[3] 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 Group mandates: ■ ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD. ■ 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.
Dr. Lutz Lindemann Kerzenheim First appointment: 2009 Expiration of the mandate: 2013	Member
Dr. Georg Lingg Mannheim First appointment: 2004 Expiration of the mandate: 2015	Member Group mandates: ■ FUCHS LUBRICANTS (YINGKOU) LTD. ■ FUCHS LUBRICANTS (KOREA) ■ FUCHS LUBRICANTS (CHINA) LTD. ■ FUCHS LUBRICANTS (AUSTRALASIA) PTY LTD. ■ FUCHS LUBRICANTS TAIWAN CORP. (as of February 11, 2011) ■ FUCHS OIL MIDDLE EAST LTD. (as of December 1, 2011)
Dr. Ralph Rheinboldt Heddesheim First appointment: 2009 Expiration of the mandate: 2013	Member Group mandates: ■ CENTURY OILS INTERNATIONAL LTD. ■ FUCHS LUBRICANTS BENELUX N.V./S.A. ■ FUCHS HELLAS S.A. ■ FUCHS LUBRICANTES, S.A. ■ FUCHS LUBRICANTS (UK) PLC. ■ FUCHS LUBRIFIANT FRANCE S.A.[1] ■ FUCHS LUBRIFICANTI S.P.A. ■ FUCHS OIL FINLAND OY ■ MOTOREX AG LANGENTHAL

[1] Chairman

COMPENSATION FOR MEMBERS OF THE EXECUTIVE BOARD

Compensation of the Executive Board (in € thousand)	**2011**	2010
Compensation of the Executive Board	6,101	5,547
thereof fixed compensation	1,478	1,436
thereof variable compensation	4,623	4,111
Current service cost for pension commitments to active members of the Executive Board	298	281
Former member of the Executive Board		
Total compensation	447	950
Pension provisions	490	4,917
Cover surplus from pension obligations	447	0

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 cover surplus from pension obligations for former members of the Executive Board results from the transfer of German pension obligations to an external pension provider performed on December 1, 2011. The cover surplus of €447 thousand results from the existing cover assets of €5,128 thousand minus the pension obligations of €4,681 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		Variable compensation		Compensation for committee work		Attendance allowance/ ancillary payments		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Prof. Dr. Jürgen Strube [1]	20	30	14	60	3	0	4	4	41	94
Dr. Jürgen Hambrecht [2]	40	0	28	0	6	0	13	0	87	0
Dr. Dr. h.c. Manfred Fuchs	45	23	31	45	23	10	15	5	114	83
Prof. Dr. Bernd Gottschalk [1]	10	15	7	30	6	10	9	5	32	60
Ines Kolmsee [2]	20	0	14	0	13	0	7	0	54	0
Horst Münkel	30	15	21	30	0	0	5	3	56	48
Lars-Eric Reinert	30	15	21	30	0	0	5	3	56	48
Dr. Erhard Schipporeit	30	15	21	30	30	20	11	7	92	72
Total	**225**	**113**	**157**	**225**	**81**	**40**	**69**	**27**	**532**	**405**

[1] Member up to the Annual General Meeting on May 11, 2011 – pro rata compensation for 2011
[2] Member since the Annual General Meeting on May 11, 2011 – pro rata compensation for 2011

The compensation rules for the Supervisory Board (Section 15 of the company's Articles of Association) were amended by the Annual General Meeting on May 11, 2011. The new compensation rules take into account the responsibilities and scope of duties performed by members of the Supervisory Board, as well as the company's economic situation and success. The fixed compensation and compensation for committee work is paid out after the end of the financial year, while the attendance allowance is paid out 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.

See pages 30 and 31

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 30.

The compensation for the Advisory Board remains unchanged at €52 thousand.

DECLARATIONS ON THE GERMAN CORPORATE GOVERNANCE CODE AS PER SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

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FUCHS PETROLUB AG has issued the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) and has rendered it permanently accessible at www.fuchs-oil.com/declarationcompliance.html and on page 28 of this Annual Report.

See page 28

FEES AND SERVICES OF THE AUDITOR

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The auditor of the consolidated financial statements is KPMG AG Wirtschaftsprüfungsgesellschaft, Mannheim.

Audit fees of €332 thousand (310) for the annual audit and €9 thousand (17) for other services and expenses were recorded. There were no tax consulting services (0) or expenses for other services (6).

EVENTS AFTER THE BALANCE SHEET DATE

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Shortly after the end of the financial year, the Group performed a capital increase of €10.1 million at its Turkish joint venture in the context of an acquisition made by said joint venture. No other events that would materially affect the financial condition or results of operations of the Group occurred subsequent to the balance sheet date.

SHAREHOLDING

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As at December 31, 2011

I. Subsidiaries

GERMANY

Name and registered office of the company (amounts in € thousand)	Share of equity capital (in %)[1]	Shareholders' equity[2]	Sales revenues 2011[2]	Consolidation[3]
BREMER & LEGUIL GMBH, Duisburg[4]	100	324	29,739	F
FUCHS EUROPE SCHMIERSTOFFE GMBH, Mannheim[4]	100	24,587	472,639	F
FUCHS FINANZSERVICE GMBH, Mannheim[4]	100	8,590	0	F
FUCHS LUBRITECH GMBH, Kaiserslautern[4]	100	5,021	96,727	F
PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg[4]	100	628	10,671	F
WISURA BETEILIGUNGSGESELLSCHAFT MBH, Bremen	100	57	0	N
WISURA MINERALÖLWERK GOLDGRABE & SCHEFT GMBH & CO., Bremen	100	1,023	13,106	F

EUROPE (EXCLUDING GERMANY)

Name and registered office of the company (amounts in € thousand)	Share of equity capital (in %)[1]	Shareholders' equity[2]	Sales revenues 2011[2]	Consolidation[3]
CENTURY OILS INTERNATIONAL LTD., Stoke-on-Trent/Great Britain	100	672[7]	0[7]	F
FUCHS AUSTRIA SCHMIERSTOFFE G.M.B.H., Thalgau/Austria	70	3,011	15,417	F
FUCHS HELLAS S.A., Athen/Greece	97.4	761	4,167	F
FUCHS LUBRICANTES S.A.U., Castellbisbal/Spain	100	20,896	52,345	F
FUCHS LUBRICANTS BENELUX N.V./S.A., Huizingen/Belgium	100	8,785	31,229	F
FUCHS LUBRICANTS (UK) PLC., Stoke-on-Trent/Great Britain (subgroup)	100	27,776	115,048	F
FUCHS LUBRIFIANT FRANCE S.A., Nanterre/France	99.7	22,991	110,947	F
FUCHS LUBRIFICANTES UNIPESSOAL LDA., Moreira-Maia/Portugal	100	2,600	8,776	F
FUCHS LUBRIFICANTI S.P.A., Buttigliera d'Asti/Italy	100	18,448	58,976	F
FUCHS LUBRITECH INTERNATIONAL (UK) LTD., London/Great Britain	100	6,000	0	F
FUCHS LUBRITECH S.A.S., Ensisheim/France	100	1,234	8,243	F
FUCHS LUBRITECH (UK) LTD., London/Great Britain	100	2,780	6,345	F
FUCHS MAK DOOEL, Skopje/Macedonia	100	436	1,016	N
FUCHS MAZIVA D.O.O., Samobor/Croatia	100	2,000	4,627	F
FUCHS MAZIVA LSL D.O.O., Brezice/Slovenia	100	712	2,294	F
FUCHS OIL CORPORATION (CZ) SPOL. S.R.O., Prague/Czech Republic	100	2,926	10,194	F
FUCHS OIL CORPORATION (PL) SP. Z O.O., Gliwice/Poland	100	8,664	42,367	F
FUCHS OIL CORPORATION (SK) SPOL. S.R.O., Dubová-Nemecká/Slovak Republic	100	1,549	7,452	F
FUCHS OIL FINLAND OY, Vaasa/Finland	100	771	2,847	F
FUCHS OIL HUNGARIA KFT, Budaörs/Hungary	100	167	3,446	F
FUCHS SMÖRJMEDEL SVERIGE AB, Helsingborg/Sweden	100	208	594	N
JV FUCHS MASTYLA UKRAINA, Lviv/Ukraine	80	2,617	8,578	F
MOTOREX AG LANGENTHAL, Langenthal/Switzerland	50	5,183	24,096	P
OOO FUCHS OIL, Jaroslavl/Russia	100	5,625	26,523	F

ASIA-PACIFIC / AFRICA

Name and registered office of the company (amounts in € thousand)	Share of equity capital (in %)[1]	Shareholders' equity[2]	Sales revenues 2011[2]	Consolidation[3]
FUCHS JAPAN LTD., Tokyo/Japan	100	2,904	10,729	F
FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Sunshine-Melbourne/Australia (subgroup)	100	34,352	130,444	F
FUCHS LUBRICANTS (CHINA) LTD., Shanghai/People's Republic of China	100	32,197	97,115	F
FUCHS LUBRICANTS (INDIA) PVT. LTD., Mumbai/India	100	5,182	14,077	F
FUCHS LUBRICANTS IRANIAN COMPANY (PJS), Teheran/Iran	50	2,411	8,546	E
FUCHS LUBRICANTS (KOREA) LTD., Seoul/South Korea	100	4,512	17,404	F
FUCHS LUBRICANTS (PHILIPPINES) INC., Manila/Philippines	100	166	0	F
FUCHS LUBRICANTS (SOUTH AFRICA) (PTY.) LTD., Johannesburg/South Africa	100	9,051	46,206	F
FUCHS LUBRICANTS (YINGKOU) LTD., Yingkou-City/People's Republic of China	100	28,846	90,839	F
FUCHS LUBRICANTS (NEW ZEALAND) LTD., Auckland/New Zealand	100	0[8]	0[8]	F
FUCHS LUBRICANTS PTE. LTD., Singapore/Singapore	100	2,030	7,060	F
FUCHS LUBRICANTS REGIONAL HEADQUARTER (EAST ASIA) LTD., Shanghai/People's Republic of China	100	1,480	0	F
FUCHS LUBRICANTS TAIWAN CORP., Taipei/Taiwan	100	1,291	3,726	F
FUCHS LUBRITECH JAPAN LTD., Osaka/Japan	100	235	856	N
FUCHS OIL MIDDLE EAST LTD., Sharjah/United Arab Emirates	50	43,215	28,046	E
FUCHS PETROLUBE (MALAYSIA) SDN. BHD., Shah Alam/Malaysia	100	1,805	4,644	F
FUCHS THAI HOLDING LTD., Bangkok/Thailand	100	313	0	F
OPET FUCHS MADENI YAG SANAYI VE TICARET A.S., Izmir/Turkey	50	3,218	17,134	P
PT FUCHS INDONESIA, Jakarta/Indonesia	100	2,274	6,158	F
SIAM-FUCHS LUBRICANTS CO. LTD., Bangkok/Thailand	100	1,388	4,698	F

NORTH AND SOUTH AMERICA

Name and registered office of the company (amounts in € thousand)	Share of equity capital (in %)[1]	Shareholders' equity[2]	Sales revenues 2011[2]	Consolidation[3]
FUCHS ARGENTINA S.A., El Talar de Pacheco/Argentina (subgroup)	100	4,172	16,092	F
FUCHS CORPORATION, Dover, Delaware/USA (subgroup)	100	97,023	227,906	F
FUCHS DO BRASIL S.A., São Paulo/Brazil	100	10,707	39,069	F
FUCHS LUBRICANTS CANADA LTD., Cambridge, Ontario/Canada	100	9,347[5]	24,428[5]	F
FUCHS LUBRICANTS CO., Harvey, Illinois/USA	100	86,134[5]	198,079[5]	F
FUCHS URUGUAY S.A., Montevideo/Uruguay	100	–17[6]	217[6]	F
LUBRICANTES FUCHS DE MEXICO S.A. DE C.V., Queretaro/Mexico	100	3,617[5]	11,505[5]	F
PROMOTORA FUCHS S.A. DE C.V., Queretaro/Mexico	100	31[5]	1,100[5]	F

II. ASSOCIATED COMPANIES

Name and registered office of the company (amounts in € thousand)	Share of equity capital (in %)[1]	Shareholders' equity[2]	Sales revenues 2011[2]	Consolidation[3]
ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah/Saudi Arabia	32	39,732	178,777	E

III. OTHER COMPANIES IN WHICH THE GROUP HOLDS AN INTEREST (PERCENTAGE OF SHARES HELD > 5 %)

Name and registered office of the company (amounts in € thousand)	Share of equity capital (in %)[1]
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, 2011, while the accumulated average annual exchange rate of 2011 was used when converting sales revenues.
3 Inclusion in the consolidated financial statements:
F = full consolidation as per IAS 27,
P = proportionate consolidation as per IAS 31,
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 16, 2012. 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 21, 2012 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 16, 2012
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, 2011.

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 § 315a 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 Satz1 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 § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2011, 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, 2011. 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 § 315a 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 Satz1 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 16, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Walter
Auditor

Beyer
Auditor

ANNUAL FINANCIAL STATEMENTS OF FUCHS PETROLUB AG

Income statement

in € million		2011		2010
Investment income		147.4		145.2
Administrative expenses		–27.6		–25.9
Other operating income	36.8		32.9	
Other operating expenses	–4.9		–2.7	
		31.9		30.2
Earnings before interest and tax (EBIT)		**151.7**		**149.5**
Financial result		0.8		–1.2
Earnings from ordinary business activities		**152.5**		**148.3**
Extraordinary expenses		0.0		–0.1
Income taxes		–25.5		–24.1
Profit after tax		**127.0**		**124.1**
Retained earnings brought forward from the previous year		69.3		70.4
Income from reduction of share capital		0.0		0.0
Transfer to capital reserves		0.0		0.0
Transfer to other retained earnings		–63.5		–62.0
Unappropriated profit		**132.8**		**132.5**

Balance sheet

in € million		Dec. 31, 2011		Dec. 31, 2010
Assets				
Intangible assets		2.3		2.4
Property, plant and equipment		3.9		1.1
Financial assets		375.9		366.0
Property, plant and equipment		**382.1**		**369.5**
Receivables due from affiliated companies	190.5		151.9	
Other receivables and other assets	16.9		0.3	
Receivables and other assets		207.4		152.2
Cash and cash equivalents		0.0		0.0
Short-term assets		**207.4**		**152.2**
Prepaid expenses		**0.6**		**0.1**
		590.1		**521.8**
Equity and liabilities				
Subscribed capital	71.0		71.0	
		71.0		71.0
Capital reserves		95.7		95.7
Retained earnings		251.3		187.8
Unappropriated profit		132.8		132.5
Shareholders' equity		**550.8**		**487.0**
Pension provisions and similar obligations	0.1		14.8	
Other provisions	22.4		17.2	
Provisions		**22.5**		**32.0**
Liabilities	16.8		2.8	
Liabilities		**16.8**		**2.8**
		590.1		**521.8**

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 2012 Annual General Meeting:

Proposal on the appropriation of profits (in €)

Distribution of a dividend of €0.98 for each ordinary share entitled to dividend on the balance sheet date; these were 35,490,000 shares	34,780,200.00
Distribution of a dividend of €1.00 for each ordinary share entitled to dividend on the balance sheet date; these were 35,490,000 shares	35,490,000.00
	70,270,200.00
Balance carried forward	62,568,200.34
Unappropriated profit (HGB) of FUCHS PETROLUB AG	**132,838,400.34**

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 no 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 investments accounted for using the equity method.

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 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 in relation to earnings before tax.

EQUITY METHOD
Method of consolidation for including 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's ownership interest. Their relative annual profit is included in the Group profits.

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.

INVESTMENT INCOME
The Group’s share in the profits distributed by non-consolidated subsidiaries and its share in the profits earned by associated companies.

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%).

PROPORTIONATE CONSOLIDATION
Joint ventures are included in the consolidated financial statements proportionately (pro rata), i.e. joint ventures are entered in the balance sheet and income statement only to the amount of the proportion belonging to the FUCHS PETROLUB Group.

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.

TEN-YEAR OVERVIEW

FUCHS PETROLUB GROUP

Amounts in € million	**2011**	2010	2009	2008	2007	2006	2005	2004	2003	2002
Earnings										
Sales revenues	1,668.1	1,458.6	1,178.1	1,393.7	1,365.3	1,323.3	1,192.2	1,096.3	1,040.9	1,064.7
Germany	436.2	351.8	267.1	343.7	324.7	300.8	268.2	262.2	249.8	264.9
International	1,231.9	1,106.8	911.0	1,050.0	1,040.6	1,022.5	924.0	834.1	791.1	799.8
Cost of materials	964.2	808.0	645.4	820.7	776.7	777.4	682.0	605.6	569.5	579.6
Gross profit	611.8	567.0	457.1	488.1	509.2	466.9	424.8	407.7	387.2	399.7
in % of sales revenues	36.7	38.9	38.8	35.0	37.3	35.3	35.6	37.2	37.2	37.5
Earnings before interest and tax (EBIT)	264.2	250.1	179.9	171.7	195.2	161.2	128.8	86.2	75.1	70.0
in % of sales revenues	15.8	17.1	15.3	12.3	14.3	12.2	10.8	7.9	7.2	6.6
Financial result	−3.9	−4.7	−7.0	−8.9	−8.5	−11.8	−15.7	−18.8	−23.1	−26.0
Profit after tax	183.1	171.6	121.4	110.3	120.3	97.2	74.2	40.1	30.9	24.1
in % of sales revenues	11.0	11.8	10.3	7.9	8.8	7.3	6.2	3.7	3.0	2.3
Assets / equity and liabilities										
Long-term assets	388.6	358.8	307.2	292.7	265.8	266.8	279.6	254.0	272.0	316.8
Short-term assets	601.0	535.4	438.5	411.1	449.1	419.6	411.7	374.6	363.9	361.6
Balance sheet total	989.6	894.2	745.7	703.8	714.9	686.4	691.3	628.6	635.9	678.4
Shareholders' equity [1]	658.2	545.9	392.9	315.3	325.9	303.2	232.6	159.8	137.7	110.1
in % of total assets	66.5	61.0	52.7	44.8	45.6	44.2	33.6	25.4	21.7	16.2
Provisions [1, 2]	46.7	97.9	129.2	111.0	111.1	97.0	94.7	97.5	112.0	107.4
Financial liabilities	16.2	19.7	58.2	124.1	71.9	98.5	157.3	194.2	239.3	318.4
in % of total assets	1.6	2.2	7.8	17.6	10.1	14.4	22.8	30.9	37.6	46.9
Net gearing [3]	−0.08	0.00	0.13	0.56	0.23	0.38	0.80	1.39	1.94	3.28
Other liabilities [2]	268.5	230.7	165.4	153.4	206.0	187.7	206.7	177.1	146.9	142.5
Return on equity in % [4]	31.0	36.6	35.3	33.3	37.1	36.9	38.1	32.5	34.7	29.9
Financing										
Gross cash flow	137.0	173.4	139.9	126.8	147.8	116.8	100.8	81.7	79.6	76.2
Cash inflow from operating activities	90.1	133.2	206.3	59.6	152.2	90.7	77.8	84.7	89.1	78.5
Cash outflow from investing activities	−31.9	−55.5	−25.5	−52.1	−23.8	−4.3	−26.1	−28.6	−11.5	−30.5
Cash flow from financing activities	−69.6	−80.0	−110.7	−50.6	−103.2	−71.2	−54.7	−57.4	−60.3	−60.0
Free cash flow	58.2	77.7	180.8	7.5	128.4	86.4	51.7	56.1	77.6	48.0
Investments in property, plant and equipment	34.6	31.6	28.5	42.9	21.6	16.5	24.6	21.2	18.4	27.0
Germany	18.7	16.2	19.7	21.9	3.8	5.5	8.2	9.1	7.3	12.1
International	15.9	15.4	8.8	21.0	17.8	11.0	16.4	12.1	11.1	14.9
Depreciation of property, plant and equipment	18.4	17.7	16.9	16.2	16.8	18.0	22.5	22.5	25.5	28.3
in % of investments in P, P & E	53.2	56.0	59.3	37.8	77.8	109.1	91.5	106.1	138.6	104.8

FUCHS PETROLUB GROUP

Amounts in € million	**2011**	2010	2009	2008	2007	2006	2005	2004	2003	2002
Employees										
Number of employees (average)	3,680	3,534	3,587	3,864	3,807	3,909	4,149	4,221	4,188	4,100
Germany	1,086	1,010	1,003	1,073	1,044	1,077	1,101	1,094	1,124	1,151
International	2,594	2,524	2,584	2,791	2,763	2,832	3,048	3,127	3,064	2,949
Personnel expenses	228.7	215.9	193.8	191.0	182.0	181.5	174.4	173.5	171.9	179.8
in % of sales revenues	13.7	14.8	16.5	13.7	13.3	13.7	14.6	15.8	16.5	16.9
Sales revenues per employee (in € thousand)	453.3	412.7	328.4	360.7	358.6	338.5	287.3	259.7	248.5	259.7
Research and development										
Research and development expenses	27.5	25.1	22.2	22.7	23.7	22.1	20.6	21.4	22.6	23.6
in % of sales revenues	1.6	1.7	1.9	1.6	1.7	1.7	1.7	2.0	2.2	2.2

FUCHS SHARES

Amounts in €		**2011**	2010	2009	2008	2007	2006	2005	2004	2003	2002
Earnings per share [5,6]	Ordinary	2.56	2.39	1.69	1.48	1.54	1.23	0.93	0.60	0.54	0.47
	Preference	2.58	2.41	1.71	1.50	1.56	1.25	0.95	0.62	0.56	0.49
Dividend distribution (in € million) [7]		70.3	63.2	39.5	37.1	37.0	25.2	17.4	13.7	12.9	11.0
Dividend per ordinary share [6,7]		0.98	0.88	0.55	0.51	0.48	0.31	0.21	0.17	0.16	0.14
Dividend per preference share [6,7]		1.00	0.90	0.57	0.53	0.50	0.33	0.23	0.19	0.18	0.16
Number of shares in thousand as at 31.12. [6]	Ordinary	35,490	35,490	35,490	35,792	37,749	38,907	38,907	38,907	38,907	36,128
	Preference	35,490	35,490	35,490	35,792	37,755	38,907	38,907	38,907	38,907	34,798
Stock exchange prices on December 31											
Ordinary share [6]		30.1	32.9	20.2	13.0	21.0	17.3	10.6	8.6	4.8	2.4
Preference share [6]		33.8	37.0	21.6	11.3	20.2	19.3	11.0	8.0	4.4	2.4
Participation certificate 1998–2008 (in %)		–	–	–	–	103.5	109.8	113.9	115.3	110.0	105.9

[1] From 2007 on direct allocation of actuarial gains and losses against equity.
[2] From 2010 on employee-related liabilities are shown under Other liabilities. Until 2009 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 2011.

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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.

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FINANCIAL CALENDAR DATES 2012

March 22	Presentation of the consolidated and individual financial statements for 2011, as well as publication of the 2011 annual report Balance sheet press conference, Mannheim Analysts' conference, Frankfurt am Main
May 2	Interim report as at March 31, 2012 Press conference call Analyst conference call
May 9	Annual General Meeting, Mannheim
May 10	Information event for Swiss shareholders, Zurich
August 2	Interim report as at June 30, 2012 First-half press conference, Mannheim Analyst conference call
November 5	Interim report as at September 30, 2012 Press conference call Analyst conference call

ANNUAL GENERAL MEETING 2012

The Annual General Meeting will take place on Wednesday, May 9, 2012 at 10.00 a.m. in the Mozart Room of the m:con 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 from May 10, 2012 onwards.

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.

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