ANNUAL REPORT

2007

உலகளாவிய பன்முகத்தன்மை

Globale Vielfalt

đa dạng toàn cầu

Globale diversiteit

Variedade global

글로벌화에 따른 다양성

Globální mnohotvárnost

جہان گوناگون

Παγκόσμια ποικιλία

Diversité globale

Глобальна різноманітність

Globális sokoldalúság

ความหลากหลายในโลก

Diversità globale

全球多样化

Keanekaragaman sedunia

Pandaigdigang Pagkakasamu't-sari

Globalna różnorodność

تنوع جهانی

Globalna raznolikost

ग्लोबल बहुलता

تنوع عالمي

Wêreldwye verskeidenheid

グローバルな多様性

Küresel çeşitlilik

عالمي تنوع

Diversidad global

Глобална разновидност

Keanekaragaman global

বিশ্বব্যাপী বৈচিত্র্য

Globaali monimuotoisuus

Глобальное разнообразие

Globálna mnohotvárnosť

GLOBAL DIVERSITY

FUCHS PETROLUB AG

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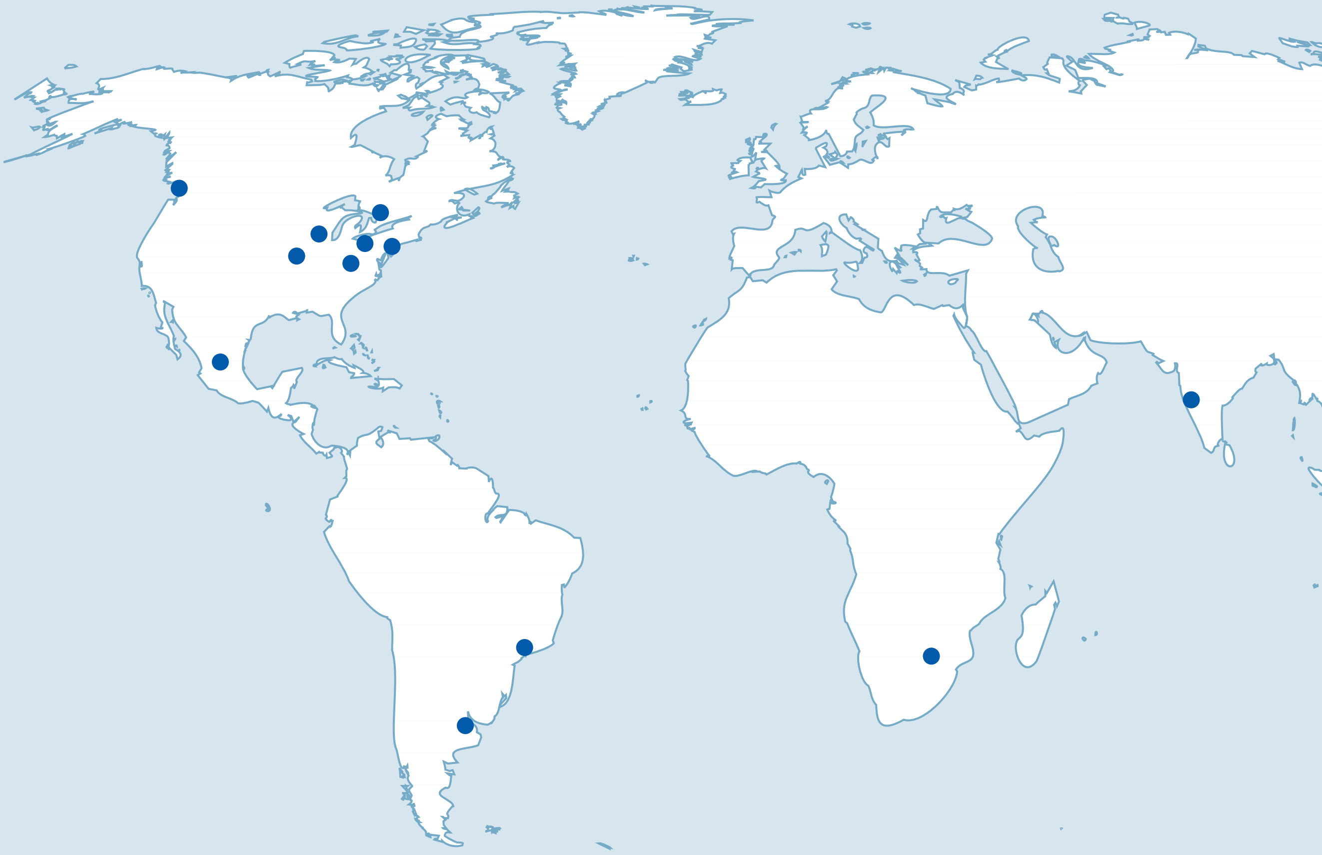
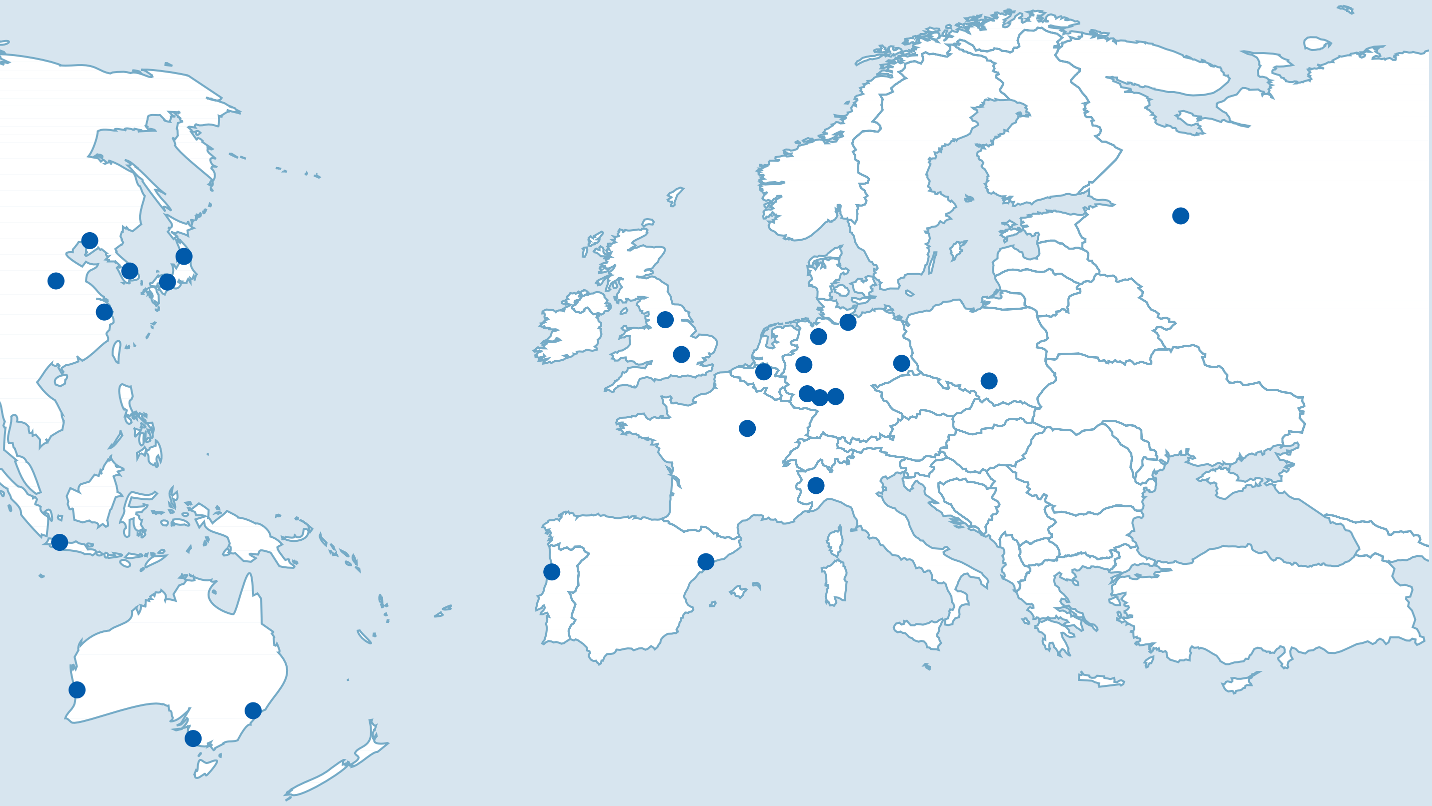
> PRODUCTION LOCATIONS > outside Europe



> FUCHS AT A GLANCE FUCHS PETROLUB Group

[amounts in € million]	2007	2006	Change in %
Sales revenues	1,365.3	1,323.3	3.2
Of which international	1,040.6	1,022.5	1.8
In %	76.2	77.3	
Earnings before interest, tax, depreciation and amortization (EBITDA)	216.0	183.3	17.8
In % of sales revenues	15.8	13.9	
Earnings before interest and tax (EBIT)	195.2	161.2	21.1
In % of sales revenues	14.3	12.2	
Profit after tax	120.3	97.2	23.8
In % of sales revenues	8.8	7.3	
Investments in property, plant and equipment and intangible assets (excluding goodwill)	26.4	18.1	45.9
In % of scheduled depreciation	134.2	92.0	
Shareholders' equity	336.5	303.2	11.0
In % of balance sheet total	47.1	44.2	
Balance sheet total	714.9	686.4	4.2
Number of employees on December 31	3,787	3,765	0.6
Earnings per share [in €]			
> Ordinary share	4.63	3.70	25.1
> Preference share	4.69	3.76	24.7
Proposed dividend/dividend [in €]			
> Per ordinary share	1.44	0.94	53.2
> Per preference share	1.50	1.00	50.0

> in Europe



> GROUP STRUCTURE

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

On December 31, 2007, the Group comprised 54 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 59. Of the 54 operating companies, six conducted their business activities in Germany and 48 abroad. The organizational and reporting structure is divided into the following regions:

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

> SUBSIDIARIES AND PRODUCTION LOCATIONS

[Status: Dec. 31, 2007]	Subsidiaries[1]	Production locations[2]
Germany	6	7
Other European countries	21	9
North America	3	8
South America	2	2
Africa	1	1
Asia-Pacific	21	11
Total	**54**	**38**

1 Excluding management companies, real-estate companies and dormant companies.
2 Excluding partner plants in Saudi Arabia and Switzerland.

> THE COMPANY

FUCHS PETROLUB is a global Group headquartered in Germany, which produces and distributes lubricants and related specialties worldwide. 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 almost 3,800 employees in Europe and abroad, in a total of 54 operating companies.

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

The Company's degree of specialization and speed of innovation are far above the average for the sector.

Its product range includes several thousand lubricants and related specialties for all applications and industries. We also serve customers in the fields of agriculture and forestry, mining, energy production, the building trade, the manufacturing, investment and consumer goods industry, the transport and service industry and commercial trade.

The ordinary shares and preference shares of FUCHS PETROLUB AG are listed for official trading on the stock exchanges in Frankfurt and Stuttgart, as well as the Swiss stock exchange in Zurich.

Global diversity is one of the factors determining our success in the international market. The areas in which we work are complex and subject to fast-moving technological change. For our customers, this means that the need for individual solutions is increasing all the time. In order to be able to meet this challenge, we make use of our diverse fund of know-how, creativity and commitment – with highly qualified staff who translate their specialist knowledge into sustainable solutions; with all-round service tailored to the particular characteristics of the different markets; and with our diverse product portfolio that covers the lubricant needs of all areas of life and all industrial sectors.

Global diversity is a strategic cornerstone that will secure value-based growth for FUCHS now and in the future.

3

800 PERSPECTIVES

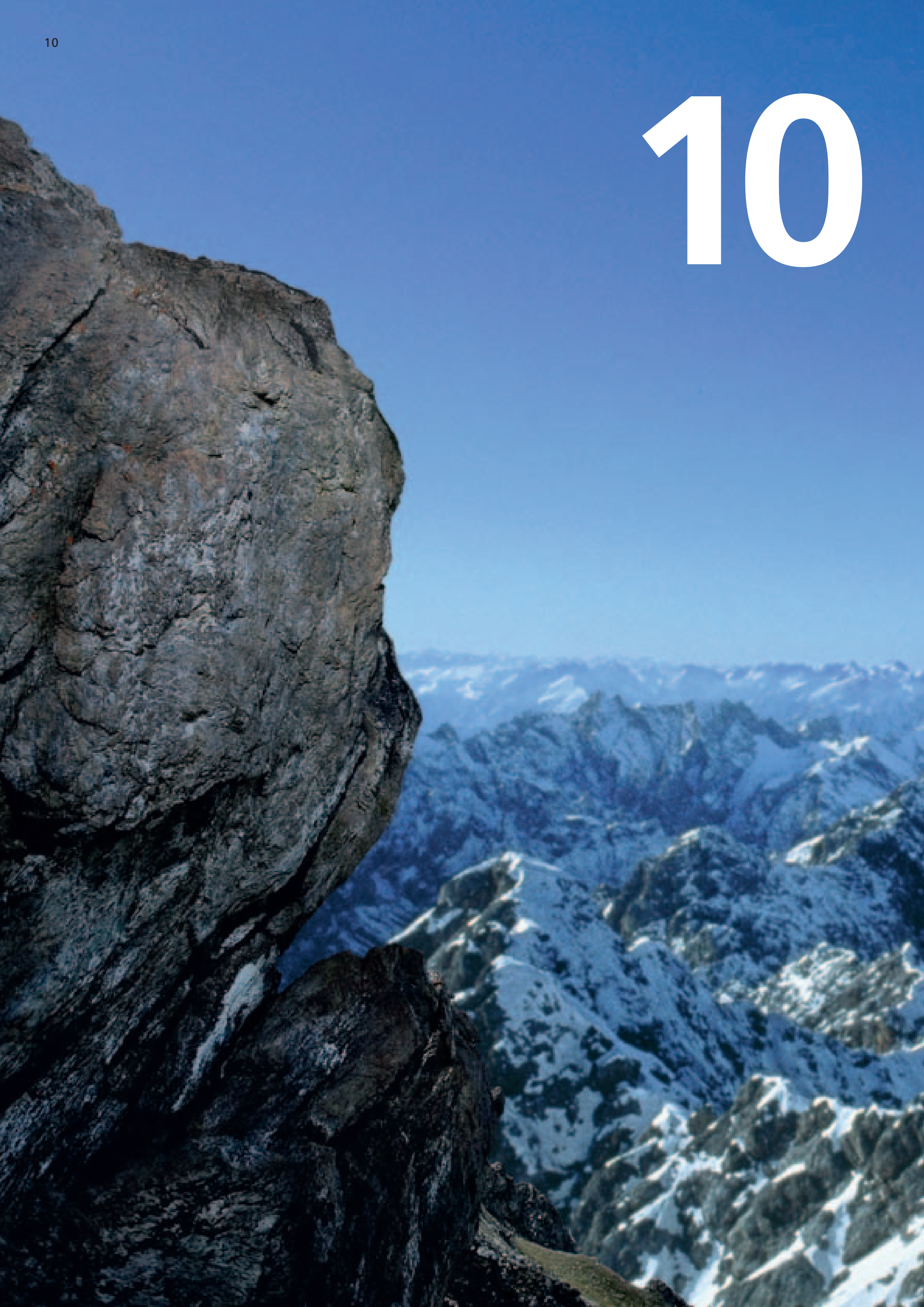
Varying personalities, different experiences, diverse approaches

Globally, FUCHS employs 3,800 people in nearly 50 countries. In order to meet the needs of our customers in the best possible way, our specialists work together in sector and national cross-divisional and international teams, depending on the particular needs. The mix of individual personalities, specialized knowledge and various career and life experiences means that our staff can view problems from different perspectives, enabling them to bring a high level of creativity to all projects.

100 COUN-TRIES

> New markets, specific profiles, diverse opportunities

Our foreign subsidiaries, our production locations and branches mean that we are close to our customers in 100 countries around the world. We know the particular requirements of a wide range of markets and develop tailored solutions to meet their specific requirement profiles. Our years of practical experience, our broad product portfolio and our high speed of innovation are the key factors for our competitive edge, also in new markets.



10

000 CHALLENGES

> Individual requirements, demanding problems, diverse applications

The rapid speed of technological change increasingly brings with it a need for individual applications instead of standardized products. We meet this challenge with a range of over 10,000 products. Our diverse portfolio covers the lubricant requirements for all applications and industries. It also contributes an ideal basis for developing new customized products. Close collaboration with our customers and partners is the decisive factor in our joint success.

10

0 % INDIVID-UALITY

> Complex issues, sustainable innovations, diverse solutions

In our search for ever better products, we never lose track of the specific problems experienced by our customers. At this level, on-site exchange of knowledge has proven to be extremely successful. Our experts experience the complex situations 'live' and develop customized solutions in collaboration with customers. In addition, we are continually researching lasting innovations that will make processes more profitable, more environmentally friendly and therefore more sustainable.

3

60° PERFORMANCE

> Numerous enquiries, comprehensive support, diverse service

We are aware that the success of FUCHS depends primarily on the satisfaction of our customers. For this reason we invested right from the start in first-class, all-round service of a type and scope that far exceeds usual standards of service. With our global network of advisers, engineers and development partners we are in a position to respond quickly and flexibly to all requirements and to find effective solutions. This is something that increasing numbers of today's customers appreciate, and they repay our commitment with trust and loyalty.

> LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

2007 was the sixth successive year of record results for the Group. Another double-digit increase in net profit and significant free cash flow prompted the Executive Board and Supervisory Board to propose a 50 % increase in dividends. The doubling of the dividend in the past two years shows our confidence in the sustained positive development of FUCHS PETROLUB.

Our proven strategy of customer-oriented development of new products and problem-solving drove organic growth of 5.5 % in 2007. The earnings before interest and tax (EBIT) increased in 2007, as in the previous two years, by more than 20 %. The net profit increased 24 % to €120 million. The free cash flow of €128 million exceeded last year's positive figure by nearly 50 %.

The equity ratio of 47 % and the strong cash flow allow us to finance capital expenditure internally, to actively participate in the market consolidation of the lubricant industry, and to buy back our own shares. At the beginning of 2007, we successfully integrated two small acquisitions in the specialties segment in Brazil. We will continue to strive to make targeted acquisitions in 2008. Shareholders will participate in the positive development of the company. This was the basis of the proposal to increase the dividends by 50 % to €1.50 per preference share and €1.44 per ordinary share.

In the last few months we have made significant decisions concerning the future growth of FUCHS PETROLUB. The planned expansion of the Kaiserslautern plant with a new laboratory and administration building for the FUCHS LUBRITECH Group is the largest individual investment project in the 77-year history of the FUCHS Group. The new plant in Shanghai, scheduled to be opened in the third quarter of this year, will be the key Group location in Asia for production and research and development. Extensive work to expand capacity and the laboratory in Mannheim are planned. In India we have acquired a large site to build a new production line and laboratory.

The Group is well positioned in the market and looking optimistically to the future. However, 2008 has so far brought rising raw material costs and an increasing upward revaluation of the euro. While the financial crisis in the USA is having a negative impact on the economy, FUCHS anticipates further positive economic growth in Europe and Asia and is striving to increase its sales revenue and EBIT in 2008. The corporate tax reform in Germany and the buy back of our own shares will also have a positive impact on the earnings per share. While it will not be possible to achieve the high percentage EBIT growth rates of previous years, we intend to continue to expand by focusing on quality, and creating added shareholder value.

The growth regions of Asia, Eastern Europe, and South America will continue to expand. We will drive the OEM factory fill business of vehicles worldwide, which has expanded significantly in the last few years. The sales structure for the specialty segment of the FUCHS LUBRITECH Group and the mining business is also being expanded globally. Significant new developments were finalized in the metal-working segment in 2007. Customers see the FUCHS PETROLUB Group as *the* technology partner in all segments and markets.

I thank you, the shareholders of FUCHS PETROLUB AG, for your trust in the company, its workforce, and its management. I thank our employees for their outstanding teamwork in 2007 and look forward to working with you in the future to further strengthen FUCHS PETROLUB.

Mannheim, March 27, 2008

Yours

Stefan Fuchs
Chairman of the Executive Board

> REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In the financial year 2007, FUCHS PETROLUB achieved record results for the sixth year in succession. The company therefore has a solid basis on which to continue to profitably expand its position as a leading independent international lubricant company over the coming years.

Reports and board meetings

In the financial year 2007, the Supervisory Board diligently performed its duties in accordance with the requirements of the law, the Company's Articles of Association, and the Corporate Governance Code. The Supervisory Board regularly monitored the work of the Executive Board in detail with the aid of written and oral reports, and provided support in an advisory capacity. The Supervisory Board was directly involved in all decisions of fundamental importance to the company.

Five scheduled meetings took place, at which the strategic and operational development of the company and its business segments were discussed, as well as numerous issues of topical relevance.

Two of the meetings took place in the first six months (March 22 and May 2, 2007) and three in the second half of the year (July 17, October 29 and December 17, 2007). All the members of the Supervisory Board attended the meetings, with the exception of one member, who was absent from one meeting due to ill health. The members of the Executive Board attended all the meetings of the Supervisory Board.

In addition to the meetings of the Supervisory Board, there were also numerous working discussions between the Chairman of the Supervisory Board and the Executive Board, in particular with its Chairman, to facilitate the flow of information and exchange of opinions between the Supervisory Board and the Executive Board.

Key topics within the Supervisory Board

The Supervisory Board was provided with regular, prompt and comprehensive information concerning business developments and the profitability and situation of the company, as well as all relevant questions regarding further strategy development. Some of the key issues were the acquisition policy, budget monitoring and corporate planning.

All significant acquisition and investment projects were discussed in detail at the meetings. Other topics included growth financing, the impacts for FUCHS of the new European Regulation on the Registration, Evaluation, Authorization and Restriction of Chemical Substances (REACH), which came into force on June 1, 2007, technology transfer within the FUCHS PETROLUB Group, the availability and prices of raw materials and the structural changes within Europe. In addition, the Supervisory Board was involved with the further development of the company's risk management and compliance systems. The Supervisory Board's rules of procedure were also revised.

The Group's earnings, asset and financial development, and that of important subsidiaries, was a main focus of the meetings, as were the country reports from the various regions and product segments. With medium to long-term technological changes in mind, the fundamental strategic alignment of the FUCHS PETROLUB Group was also a key topic.

The Supervisory Board was consulted in depth about the 2008 budget for income, balance sheet and cash flow, and about the investments which, according to the rules of procedure of the Executive Board, require the approval of the Supervisory Board. In this context, the Supervisory Board approved the expansion of the FUCHS LUBRITECH plant in Kaiserslautern on December 17, 2007 – a decision which represents a considerable, forward-looking investment and also the largest single investment in the history of FUCHS PETROLUB AG.

The Supervisory Board pays particular attention to the key elements determining future business developments. In this context, the Supervisory Board welcomed the further strengthening of the balance sheet, the steady profitability growth and the increase in market capitalization.

The Supervisory Board also studied in detail the progress of the share buyback program that started on May 10, 2007. Finally, the Supervisory Board discussed the considerations of the Executive Board regarding the dividends for the 2007 financial year.

Overall, with the aid of the written and oral reports, the Supervisory Board was able to satisfy itself that the Executive Board conducts business properly and has taken the necessary measures in good time.

In 2007 the Supervisory Board once again examined the efficiency of its own activities and sees improving its collaboration as a continual process. In the view of the Supervisory Board, it has a sufficient number of independent members.

Corporate governance report and declaration of compliance

The Supervisory Board and Executive Board repeatedly discussed the recommendations and suggestions of the German Corporate Governance Code and the amendments made in 2007, and submitted the declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) on December 17, 2007.

Explanations regarding the declaration of compliance have been included in the corporate governance report of this annual report. Shareholders can also access the complete text of the declaration of compliance via the company website.

In line with the Corporate Governance Code, the Supervisory Board has regulated the work of the Executive Board, in particular the areas of responsibility of the board members, the tasks reserved for the Executive Board as a whole and the necessary majorities required for decisions, in the rules of procedure of the Executive Board.

The rules of procedure of the Supervisory Board were also examined and adapted in conjunction with the amendments to the Corporate Governance Code.

At no time did actions or decisions taken by the Supervisory Board in the course of its supervisory activity conflict with the interests of one or more Supervisory Board members. Neither were there any conflicts of interests for Executive Board members.

The work of the Supervisory Board's committees

The **Compensation Committee** of the Supervisory Board consists of the Chairman of the Supervisory Board, Prof. Dr. Jürgen Strube in the position of Chairman, the Deputy Chairman of the Supervisory Board, Dr. Manfred Fuchs in the position of Deputy Chairman, and Prof. Dr. Bernd Gottschalk. The Compensation Committee met twice in the reporting period, on March 22, 2007 and on December 17, 2007, and discussed in particular compensation and other personnel issues relating to the Executive Board members, and the further development of junior management staff within the FUCHS PETROLUB Group.

In accordance with the recommendation of the Corporate Governance Code, the Supervisory Board decided to form a **Nomination Committee** consisting of shareholder representatives. The committee suggests suitable candidates for the Supervisory Board to propose to the Annual General Meeting. The Nomination Committee consists of the Chairman of the Supervisory Board, Prof. Dr. Jürgen Strube in the position of Chairman, the Deputy Chairman of the Supervisory Board, Dr. Manfred Fuchs as Deputy Chairman, Prof. Dr. Bernd Gottschalk and Prof. (em.) Dr. Dr. h.c. mult. Otto H. Jacobs. The committee was formed on December 17, 2007. At this meeting it discussed a successor to Prof. (em.) Dr. Dr. h.c. mult. Otto H. Jacobs on the Supervisory Board and put forward a proposal to the Supervisory Board.

Audit of annual and consolidated financial statements

Following the appointment of the auditors, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, by the Annual General Meeting on May 2, 2007, the Supervisory Board commissioned this company to conduct the independent audit. The external auditors submitted a declaration of independence to the Supervisory Board.

The annual financial statements of FUCHS PETROLUB AG, the company management report, the consolidated financial statements and the Group management report were audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft by order of the Supervisory Board and were certified without qualification. Specific issues defined by the Supervisory Board upon the appointment of the auditors were examined in detail by KPMG. In particular the company's auditor confirmed that the Executive Board had installed a suitable information and monitoring system in accordance with § 91 (2) of the German Stock Corporation Act (AktG), which is appropriate for identifying at an early stage any developments which might endanger the continuing existence 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 for the appropriation of profits. The audit reports of KPMG were submitted to all members of the Supervisory Board and were discussed comprehensively at the accounts review meeting on March 27, 2008. The external auditors participated in this discussion. The Supervisory Board took note of and approved the auditors' final report and expressed no objections. The Supervisory Board has approved the annual financial statements, which are thus adopted, and consents to the proposal of the Executive Board concerning the appropriation of profits.

The Executive Board reported on the company's relationship to associated companies pursuant to § 312 of the German Stock Corporation Act and submitted this report to the Supervisory Board. The external auditors examined this report, submitted in writing the results of this examination and issued the following auditors' certificate:

"We have carried out an examination and assessment 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 any disadvantages have been compensated for."

The Supervisory Board took note of and approved the results of the audit performed by the independent auditors.

In keeping with the findings of its own examination, the Supervisory Board has no objections to the statement made by the Executive Board.

Members of the Supervisory Board and Executive Board

There have been no changes to the membership of the Supervisory Board in the year under review.

Once again, the FUCHS PETROLUB Group ended the 2007 financial year with the best results in the company's history. All those involved have earned our acknowledgement. The Supervisory Board hereby thanks the Executive Board, the Group's Management, the members of the Labor Council and all employees for their dedication, as well as their constructive, loyal, and successful work over the past year.

Mannheim, March 27, 2008

The Supervisory Board

Prof. Dr. Jürgen Strube
Chairman of the Supervisory Board

> ORGANIZATION Corporate boards

Supervisory Board

Prof. Dr. Jürgen Strube Mannheim	Chairman Chairman of the Supervisory Board of BASF SE
Dr. Manfred Fuchs Mannheim	Deputy chairman Former Chairman of the Executive Board of FUCHS PETROLUB AG
Hans-Joachim Fenzke* Mannheim	Industry chemical technician FUCHS EUROPE SCHMIERSTOFFE GMBH
Prof. Dr. Bernd Gottschalk Esslingen	Former president of the German Association of the Automotive Industry e.V.
Prof. (em.) Dr. Dr. h. c. mult. Otto H. Jacobs Heddesheim	Em. Professor of Business Administration, Fiduciary Management and Tax Law at the University of Mannheim
Heinz Thoma* Mannheim	Industrial clerk FUCHS EUROPE SCHMIERSTOFFE GMBH

Executive Board

Stefan R. Fuchs Hirschberg	Chairman
Dr. Alexander Selent Limburgerhof	Deputy Chairman
L. Frank Kleinman Chicago, USA	Member
Dr. Georg Lingg Mannheim	Member

* Employee representative

Advisory Board

Dr. Manfred Fuchs Mannheim	Chairman Former Chairman of the Executive Board of FUCHS PETROLUB AG
Siraj Alhamrani Jeddah, Saudi-Arabia	Chief Operating Officer of the Alhamrani Group
Jürgen Fitschen Frankfurt	Member of the Group Executive Committee of Deutsche Bank AG
Dr. Josef Krapf Munich	Member of the Executive Board of BayWa AG (until December 31, 2007)
Franz K. von Meyenburg Herrliberg, Switzerland	Vice President of the Administrative Board of AXA Winterthur Versicherung
Dr. Uwe Schroeder-Wildberg Heidelberg	Chairman of the Executive Board of MLP AG
Roland Schuler Munich	Member of the Executive Board of BayWa AG (as of January 1, 2008)
Dr. Eckart Sünner Ludwigshafen	Chief Compliance Officer of BASF SE

> ORGANIZATION Board responsibilities, regions and divisions

Bernhard Biehl

Member of the Group's Executive Committee

- > FUCHS LUBRITECH Group

L. Frank Kleinman

Member of the Executive Board

- > Region North and South America
- > FUCHS LUBRITECH Group
- > International Mining Division

Dr. Lutz Lindemann

Member of the Group's Executive Committee

- > Region Germany, Scandinavia, Central and Eastern Europe

Dr. Ralph Rheinboldt

Member of the Group's Executive Committee

- > Region Western and Southern Europe

Alf Untersteller

Member of the Group's Executive Committee

- > Region Turkey, Middle East, Central Asia, Indian Subcontinent, Africa

Stefan R. Fuchs

Chairman of the Executive Board

- > Region Europe
- > Corporate development
- > Coordination and Public Relations
- > Senior Management
- > Marketing Automotive Lubricants

Dr. Alexander Selent

Deputy Chairman of the Executive Board

> Region Asia
> Finance, Controlling
> Legal, Human Resources
> IT, Internal Auditing

Frans J. de Manielle

Member of the Group's Executive Committee

> Region Southeast Asia, Australia and New Zealand

Klaus Hartig

Member of the Group's Executive Committee

> Region East Asia

Reiner Schmidt

Member of the Group's Executive Committee

> Finance and Controlling

Dr. Georg Lingg

Member of the Executive Board

> Technology and Supply Chain Management
> Marketing Industrial Lubricants
> International Product Management for Industrial and Automotive Lubricants

> CORPORATE GOVERNANCE REPORT

The German Corporate Governance Code, which was enacted in 2002 and last amended in June 2007, presents essential principles for the management and supervision of German listed companies and contains internationally and nationally recognized standards for good and responsible governance. Its purpose is to promote the trust of international and national investors, customers, employees and the general public in the management and supervision of listed German stock corporations.

For FUCHS PETROLUB AG an effective Corporate Governance forms part of its identity and represents an essential prerequisite for achieving its business objectives and increasing its corporate values. This includes a cooperation between the Executive Board, the Supervisory Board and employees, in an atmosphere of commonly shared trust and responsibility, respect for shareholders' interests and transparent accounting and reporting. Our paramount objective is to further strengthen the trust our shareholders, business partners, employees and the public have in us and contribute our share to making the Finanzplatz Germany more attractive, also for foreign investors.

The Executive Board and Supervisory Board of FUCHS PETROLUB AG and its subsidiaries have recognized the German Corporate Governance Code in its entirety. By taking the following actions, FUCHS PETROLUB AG is meeting its obligation of ensuring transparency in corporate communication:

- Regular reporting through annual reports, quarterly and interim reports, balance sheet press conferences and conference calls
- Publication of all relevant dates in the financial calendar
- Annual General Meeting
- Ad-hoc messages
- Disclosure of directors' dealings
- Information about the Executive and Supervisory Board (e.g. structure of remuneration, shareholdings, etc.)

Deviations from the recommendations of the German Corporate Governance Code are documented in the legally required declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG). This declaration is published in this Annual Report and on the Internet.

Further information on the Corporate Governance report is contained in the notes to this Annual Report on pages 121 and 122.

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

FUCHS PETROLUB AG complied with the regulations of the "German Government Commission on the Corporate Governance Code" in the version applicable since June 14, 2007 – with the deviations disclosed in the declaration of compliance of December 12, 2006. We will comply with this version of the Code with the following exceptions:

> Section 3.8

No suitable deductible is agreed upon in connection with the D&O (directors' and officers' liability insurance) policy for the Executive Board and the Supervisory Board of FUCHS PETROLUB AG. The Executive Board and the Supervisory Board of FUCHS PETROLUB AG are fully committed to the motivation and responsibility with which they carry out their duties and do not believe that this needs clarification by means of a deductible.

> Section 5.3.2

The Supervisory Board of FUCHS PETROLUB AG is relatively small. It consists of six members. For this reason, no separate audit committee is necessary. The entire Supervisory Board of FUCHS PETROLUB AG deals intensively with questions of accounting and risk management, the compliance, the necessary independence of the external auditors, the appointment of external auditors to carry out the statutory audit, the determination of the main areas of the audit and the audit fee. Furthermore, the external auditors also attend the meeting of the Supervisory Board at which the financial statements are dealt with.

> Section 5.4.7

FUCHS PETROLUB AG reports the compensation of the members of the Supervisory Board in the appendix of the consolidated financial statements (Corporate Governance report), subdivided by fixed and variable components. No specific details of compensation are given, as these can be gained from the details in the Corporate Governance report.

> Section 6.6

FUCHS PETROLUB AG publishes its notifiable share dealings and related company financial instruments in accordance with Section 15a of the Securities Trading Act on its Internet site. There is, therefore, no additional information in the Corporate Governance report.

Mannheim, December 17, 2007

Prof. Dr. Jürgen Strube
Chairman of the Supervisory Board

Stefan R. Fuchs
Chairman of the Executive Board

> FUCHS SHARES

As regards the stock market, the year 2007 experienced two entirely different halves. In the first half of the year a distinctly positive macroeconomic environment prevailed. Consequently, many stock markets reported all time highs in July. FUCHS ordinary shares and preference shares followed this development, reaching their respective annual highs of €72.95 and €75.07 in the second half of July.

Over the course of the year, however, dark clouds gathered on the previously friendly horizon of the stock exchange. A weak US property market, indications of a banking crisis and financial groups reporting high amortization were dominant themes on the world stock exchanges. These factors all made for a nervous second half of the year, which was shaped by dramatic fluctuations. In November 2007 the general uncertainty on the finance and capital markets reached its apex, from which the FUCHS ordinary and preference shares were not left unaffected.

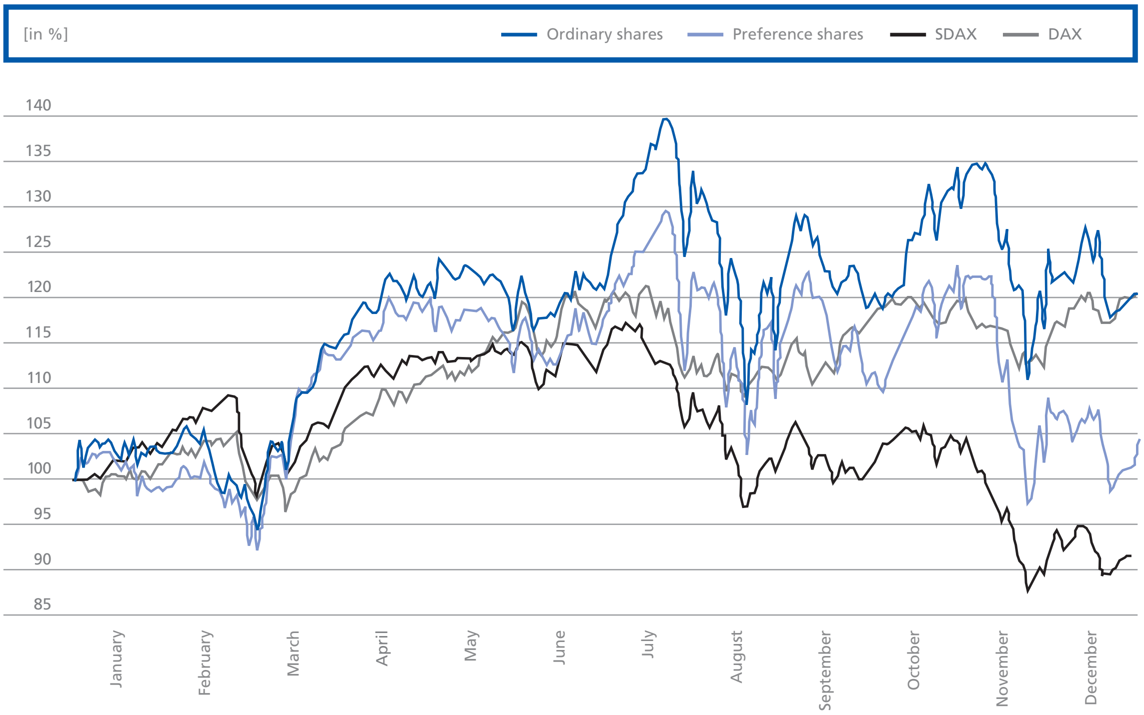
New annual records show that FUCHS shares are holding their own in an environment shaped by profit-taking

In spite of the share market experiencing a clear slowdown in the second half of the year, the market value of the ordinary share increased by 20.9 % against the start of the year and closed on the December 28, 2007 with an Xetra closing price of €62.86 (closing price 31.12.2006: €52.00). Preference shares increased in value by 4.5 % and closed on December 28, 2007 with an Xetra closing price of €60.59 (closing price 31.12.2006: €58.00). In the second half of the year, the FUCHS preference share suffered more from substantial profit-taking than the ordinary share. By comparison, the SDAX fell in value by 6.8 % in 2007, the DAX increased by 22.3 % and the MDAX rose by 4.9 %.

Taking into account own shares purchased up until this point, market capitalization reached a new peak of €1.6 billion on December 31, 2007. The total market capitalization saw an increase of 9 % on the previous year's value of €1.4 billion.

At the beginning of 2008, uncertainty in the finance and capital markets intensified, causing second line stocks to suffer in particular. FUCHS shares were affected more than average, as institutional investors generally drifted from second line stocks to the more liquid DAX shares in the course of stock market turbulence across the board. This especially affected shares which had shown particularly good development in recent years. In January, as a result, this led to considerable exchange losses for the FUCHS shares. From as early as the second half of January a consolidation phase set in, over the course of which our shares recovered. This was still continuing until the copy deadline.

Development of FUCHS PETROLUB share prices in comparison with the index, from January 1 – December 31, 2007



Significant rise in trading volumes

Trading volumes with FUCHS shares rose even more significantly than share prices. The volume traded increased by over 67 % from €613.0 million in 2006 to €1,026.2 million in 2007. The average daily trading volumes of ordinary shares rose from €767 thousand to €1,328 thousand, preference shares recorded an increase in trading volume from €1,637 thousand to €2,744 thousand.

Share buy back program

The Annual General Meeting of FUCHS PETROLUB AG on May 2, 2007 authorized the company, to purchase own ordinary and preference shares up to 10 % of the share capital up until November 1, 2008. The share buy back program began on May 10, 2007. In the meantime 992,285 shares for a total of €62.4 million (status February 29, 2008) were bought back by the bank commissioned with implementing the program. This corresponds to 3.8 % of the share capital. Own shares are purchased for redemption purposes.

On January 4, 2008 FUCHS PETROLUB AG disclosed that their share of own ordinary shares had exceeded the threshold of 3 % of voting rights and at this point in time amounted to 3.02 % (391,135 voting rights).

Research on FUCHS continues to increase

The high attractiveness of FUCHS shares was also reflected in the continued increase in interest from investors and the resultant increase in research activities of numerous analysts. Many renowned banks undertook thorough research into FUCHS. These include Bankhaus Lampe, Berenberg Bank, Cazenove, Commerzbank, Crédit Agricole-Cheuvreux, Deutsche Bank, Dresdner Kleinwort, DZ Bank, HSBC Trinkaus & Burkhardt, Independent Research, Kepler Equities, LBBW, Merck Finck & Co., Merrill Lynch, M.M. Warburg & Co., Sal. Oppenheim and Westdeutsche Landesbank.

Intensive communication with institutional and private investors

The interest in FUCHS shares, which continued to grow in 2007, led to intensive financial information. We responded to the high level of interest for information from investors by organizing or participating in six financial markets conferences, nine roadshows and 125 individual discussions with institutional investors, fund managers and financial analysts in Germany and abroad. Furthermore, the latter were promptly informed about the development of the company in two analyst conferences and three telephone conferences. With regard to communication with private investors we held the Annual General Meeting in Mannheim with some 1,600 shareholders and guests, the information event for investors in Zurich with over 120 participants, as well as two bank events with around 500 private customers. The annual report and quarterly reports were sent to nearly 11,000 interested parties, with almost half of this figure being sent abroad. Finally, the Internet played an extremely important role within our general communication strategy with over 358,000 visitors in 2007 (2006: 312,000 visitors).

Prizes and awards for successful investor relations

FUCHS PETROLUB AG emerged as the SDAX winner for the year 2007 in a survey of 1,500 international institutional investors conducted by the renowned research house Thomson Extel Survey. The excellent investor relations work and professional management of the company were recognized by a vote of the jury at the German Investor Relations Association (DIRK) presentation ceremony in Frankfurt.

2008 commenced with winning first place in the SDAX category of the prize awarded by the finance and investor magazine “Börse Online” for “Best Investor Relations in Germany”. In the previous two years, FUCHS had occupied second place. The competition assesses speed, quality, reliability and comprehensibility of communication with private investors, as well as web presence as the main medium for IR contact with private investors.

FUCHS preference shares prove to be an SDAX heavyweight

The FUCHS shares are listed for official trading at the Frankfurt Stock Exchange and the Stuttgart Stock Exchange in Germany, as well as the Swiss Stock Exchange in Zurich. They are also included in the Xetra electronic trading system. At the end of 2007, the following three securities of the FUCHS PETROLUB Group were in circulation:

Share category	Security ID No.	Stock Exchange
Ordinary share	579040	Frankfurt/Main, Stuttgart, Zurich
Preference share	579043	Frankfurt/Main, Stuttgart, Zurich
7.29 % participation certificates	551831	Frankfurt/Main

The preference shares and ordinary shares of FUCHS PETROLUB AG have been listed in the Prime Standard category of the German Stock Exchange since January 1, 2003. The preference shares, which are 100 % free float shares, are part of the SDAX segment, which comprises the shares of 50 companies.

Great interest in employee shares

Once again in 2007 the employees and pensioners of the FUCHS companies in Germany were offered the opportunity to purchase employee shares of FUCHS PETROLUB. At a reduced purchase price of €53.34 each employee could purchase a maximum of 15 ordinary shares. 477 employees took advantage of this offer in 2007.

Earnings per share

Of the profit after tax of €120.3 million (97.2), €0.7 million (0.6) is attributable to minority interests. Net profit after minority interests amounts to €119.6 million (96.6). Earnings per ordinary share amount to €4.63 (3.70) and per preference share to €4.69 (3.76). This corresponds to a growth rate of 25 %.

Key figures for FUCHS PETROLUB shares

	2007		2006	
	Ordinary	Preference	Ordinary	Preference
Number of no-par-value shares at 3 €	12,582,999	12,584,855	12,969,000	12,969,000
Average number of shares	12,846,257	12,845,737	12,969,000	12,969,000
Dividends [in €]	1.44[1]	1.50[1]	0.94	1.00
Dividend yield [in %][2]	2.3	2.3	2.4	2.4
Earnings per share [in €][3]	4.63	4.69	3.70	3.76
Gross cash flow per share [in €][4]	5.75	5.75	4.50	4.50
Book value per share [in €][5]	13.29	13.35	11.65	11.65
Closing price [in €] Xetra	62.86	60.59	52.00	58.00
Highest price [in €] Xetra	72.95	75.07	53.14	59.90
Lowest price [in €] Xetra	49.00	53.40	31.68	32.96
Average price [in €] Xetra	61.96	64.93	39.13	41.66
Average daily turnover [in € thousand] Xetra and Parkett	1,328	2,744	767	1,637
Market capitalization [in € million][6]	1,553.5		1,426.6	
Price-to-earnings ratio[7]	13.4	13.8	10.6	11.1

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 taking into account shares bought back for 2007.
7 Ratio of average price to earnings per share.

Proposal to significantly increase dividends

At the Annual General Meeting on May 6, 2008 a proposal will be submitted to significantly increase the dividends by €0.50 per share on last year's payout to 1.50 (1.00) per preference share and to 1.44 (0.94) per ordinary share. The dividend proposal exceeds dividends paid in the previous year by 50 % (preference share) and 53 % (ordinary share).

Participation certificates

The FUCHS PETROLUB participation certificates issued at par in 1998, to be redeemed in August 2008 at a par value of €51.1 million closed the year on December 28, 2007 at a price of 103.5 % (109.8 %). They feature a dividend rate of 7.29 % per annum. The 52-week high was 112.6 %, the low was 102.0 %. The price includes the interest accrued up to August 1 of the following year.

Number of shareholders almost doubled

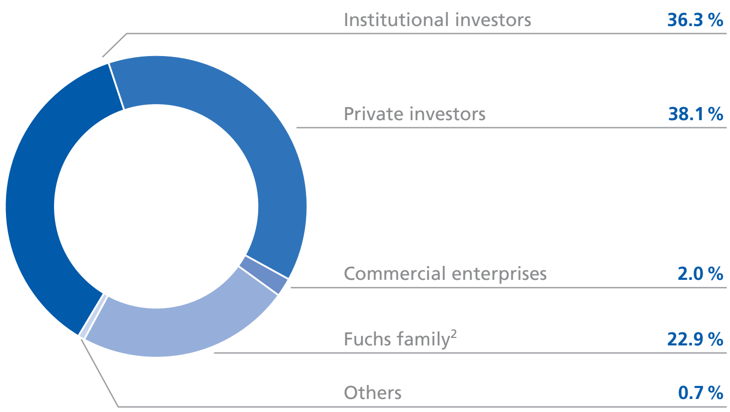
On January 31, 2007 the number of FUCHS shareholders in Germany and abroad had increased to almost 17,000. This is double the figure since the last shareholder survey in 2004. The majority of these investors are still private investors. However, the number of institutional investors has increased considerably, especially abroad.

As regards weighting, however, there were very few changes in the distribution of reported capital. This means that the Fuchs family, private investors and institutional investors each continue to hold around a third of the share capital. The portion of private investors has increased slightly from 37.0 % to 38.1 %, while the institutional investor portion has decreased from 37.5 % to 36.3 %. In Germany, the portion of capital owned by private investors is higher still, at 49.5 %. In Switzerland this figure is 59.1 %.

As at January 31, 2007 almost 30 % of the reported capital continued to be held abroad. Whereas in 2004 the largest percentage of share capital was still held by Switzerland, Great Britain now holds the largest percentage with 7.1 %. The USA and Luxembourg follow Great Britain with 5.8 % and 5.6 % respectively. 4.0 % was reported for Switzerland.

Consequently, capital distribution has not changed considerably. Traditionally for FUCHS, Germany and Switzerland are the countries with the highest number of private investors, while institutional holdings prevail in other foreign countries. This distribution reflects the company's communication strategy.

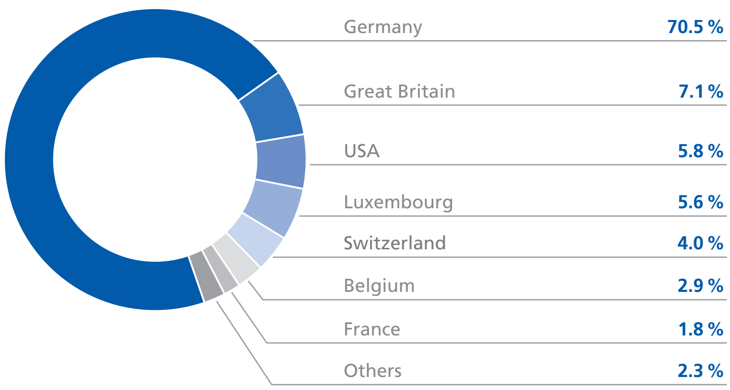
Shareholder survey – Breakdown of shareholder capital by investor groups



1 January 31, 2007: 18,317,741 shares (71% of total capital stock).

2 Including 45.5% of the ordinary voting shares.

Shareholder survey – Breakdown of shareholder capital by countries



> STRATEGIC OBJECTIVES AND BUSINESS MODEL

FUCHS is a global Group based in Germany, the parent company of which is FUCHS PETROLUB AG. The Group currently employs 3,787 people worldwide in 54 operating companies. The organizational and reporting structure is grouped according to the three geographic regions Europe, North and South America, and Asia-Pacific, Africa.

FUCHS focuses on the development, manufacture, marketing and sales of lubricants and related specialties. The company is the technological leader in strategically important niches and high-quality business segments. Unlike the vertically integrated major oil companies, which market large quantities of standardized products, FUCHS consistently pursues a niche strategy.

The range covers several thousand products for all applications and industries, including mining, steel production, agriculture, the automobile industry, transport, mechanical engineering, everyday consumers and much more.

With its flat structures FUCHS is able to service customer segments in an individual way and to inspire them with customized solutions. The niche markets are often too small to interest major oil companies.

A high level of innovation is the most important success factor. One eleventh of all employees work in Research and Development. FUCHS conducts application development directly on the customers' premises, adapting the lubricants to their processes. Moreover, new lubricants are developed together with new machines and units in joint projects. In short: FUCHS is the technological leader in many segments.

The second important success factor is marketing and sales: 70 % of our sales revenue comes from direct sales, i.e. close to our customers. The relationships with customers, which have been cultivated over many years, enable FUCHS to identify the user's requirements quickly so that the appropriate services can be offered. The advantage for customers is that they are advised on specific detailed questions by industry experts.

The company manufactures approximately 10,000 products which it sells to more than 100,000 customers. The broad product range covers a customer's entire lubricant requirements, and enables supply and support to come from a single source.

Employee motivation is likewise important for the success of the company. Variable remuneration which is subject to the success of the company is a suitable instrument for this. For this reason, we introduced the FUCHS Value Added KPI, which takes into consideration earnings on the one hand and the capital employed on the other. All bonus payments to the management are based on this key performance indicator. The consequent application of this system shows measurable and positive effects on the operating business.

With this business model, FUCHS pursues a value-orientated growth strategy with the following long-term strategic objectives:

> to further strengthen its position as the largest independent manufacturer of lubricants and related specialties in the world
> to achieve value-oriented growth by leadership in innovation and specialization
> to achieve organic growth in developing markets and organic as well as external growth in mature markets
> to create shareholder value, i.e. to create value beyond capital costs.

> MACROECONOMIC AND SECTORAL DEVELOPMENTS

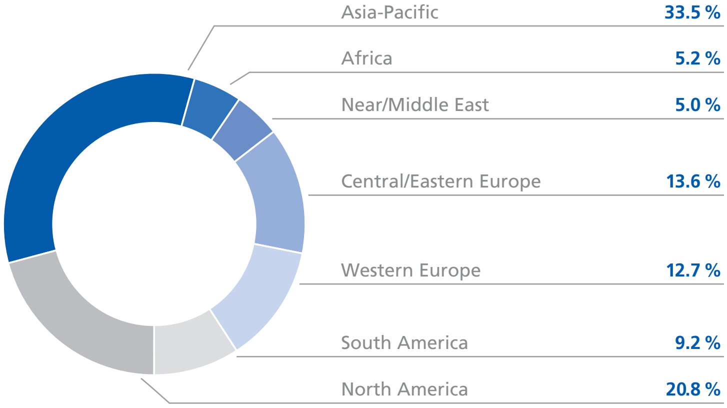
There was a further strong increase in global economic activity in 2007. The increase in the real gross domestic product (GDP) was 3.7 % worldwide, which was slightly less than in 2006 (3.9 %). Both the economic expansion in the emerging markets, which again was very dynamic, and production in the industrial nations increased significantly. However, toward the end of the year, the economic situation was markedly subdued primarily due to the real estate crisis in the USA. Oil prices also had a somewhat negative impact on global economic development in 2007.

The economic situation in the USA slowed down in 2007. The GDP growth rate was 2.1 % (2006: 2.9 %). The Japanese economy also slowed down in 2007 such that the GDP growth rate fell to 2.0 % (2006: 2.2 %). China's strong economic expansion continued with a GDP growth rate of 11.7 % in 2007. This was the fifth consecutive year that the rate was over 10 %. In India the GDP growth rate was 9.0 %. The economy in the Eurozone in 2007 showed a GDP growth rate of 2.6 %, almost as high as the previous year (2.8 %).

In Germany GDP also increased by 2.6 % in 2007. The German Engineering Federation (VDMA) had another record year in 2007. Production grew in real terms by 11.0 % and the industry revenue increased by 13.0 %. The German automobile manufacturers also achieved a new production record thanks to strong international sales. According to the German Association of the Automotive Industry (VDA) total automotive production increased by 6.0 %. The members of the German Chemical Industry Association (VCI) also enjoyed another successful year. Production rose by 4.5 % in 2007 and the industry revenue increased by 7.5 %.

The global economic development in 2007 is also reflected in the change in volumes on the global lubricants market. Lubricant consumption increased in all global regions, except for North America. The highest growth rates were once again in the developing countries and emerging markets. The global demand for lubricants increased by about 0.5 % in total in 2007. Our current forecast for 2008 is for similar growth in volume.

Regional breakdown of the global demand for lubricants 2007 [domestic consumption]



Attractive internal growth

The FUCHS PETROLUB Group continued to grow in 2007 and increased its sales revenues organically by €72.7 million, up 5.5 %. The exchange rate of the euro against the US dollar and other currencies reduced this sales revenue growth by €25.4 million or 1.9 %. External growth had only a limited impact with – €5.3 million or – 0.4 %.

Growth factors	€ million	%
Internal growth	72.7	5.5
External growth	–5.3	–0.4
Currency translation effects	–25.4	–1.9
Net effect on sales revenues	42.0	3.2

Regional development of sales revenues by location of the various companies of the Group

[in € million]	2007	2006	Internal growth	External growth	Currency effects	Change absolute	Change in %
Europe	**934.1**	874.7	68.7	–9.8	0.5	59.4	6.8
North and South America	**208.3**	235.0	–13.3	2.7	–16.1	–26.7	–11.4
Asia-Pacific, Africa	**253.4**	237.2	24.6	1.5	–9.9	16.2	6.8
Consolidation	**–30.5**	–23.6	–7.3	0.3	0.1	–6.9	
Total	**1,365.3**	1,323.3	72.7	–5.3	–25.4	42.0	3.2

Internal growth continues

Internal growth of the FUCHS PETROLUB Group amounted to €72.7 million or 5.5 % in 2007. The Group significantly increased its sales revenues in both Europe and Asia. However, the North and South America region suffered from the limited demand of our American customers.

In Asia-Pacific and Africa the internal sales revenue growth was €24.6 million or 10.4 %. The growth in Europe reached €68.7 million or 7.9 %, while in the North and South America regions there was a decline of €13.3 million (–5.7 %).

The double-digit sales revenue growth of the German, Central and Eastern European, and Chinese companies is of particular note. In the rest of Europe, Australia, Africa, and in many Asian countries there were good single-digit growth rates. The American foreign subsidiary was the only one to experience a major drop in sales revenue.

Limited external impact on sales revenues

In the first half of 2007, the Group acquired two small specialty businesses in Brazil. Additionally, there was further consolidation with the first-time consolidation of a Ukrainian and a Turkish company. On balance with the impact of the deconsolidation of the LIPPERT-UNIPOL Group at July 1, 2006 there was a drop in sales revenue of €5.3 million (–0.4 %).

Increased impact of the exchange rate

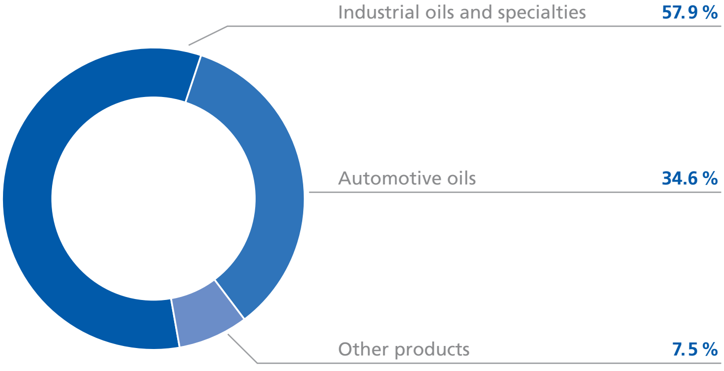
Development of the exchange rate was balanced the previous year. However, the continued strength of the euro in 2007 produced negative conversion effects on the Group's sales revenues. The sales revenues of the U.S. company, along with the Argentinean, Chinese, and other Asian companies were particularly affected. Moreover the South African rand depreciated by –12 %, even more so than the previous year (–7 %).

Sales revenues by product segments

The primary format of the segment reporting is the geographic regions of Europe, North and South America, Asia-Pacific, and Africa. This breakdown reflects the organizational structure of the Group. The secondary reporting format differentiates according to the product segments automotive lubricants, industrial lubricants and specialties, and other products.

The automotive lubricants product segment includes engine oil, gear oil, and shock-absorber fluid. The sales revenue of this segment was €472.9 million (440.9), 7.3 % above that of the previous year. The segment share of Group sales revenues increased to 34.6 % (33.3).

Breakdown of Group sales revenues



The industrial lubricants and specialties product segment comprises metal-working fluids, corrosion preventatives, hydraulic and gear oils, greases, and other specialties. This business segment represents the largest proportion of the Group sales revenue amounting to €790.4 million (765.4) or 57.9 % (57.8). This segment has grown at 3.3 % in line with the general sales revenue trend.

The other products segment declined by €15 million, or 12.8 %. This segment comprises primarily toll blending, chemical process management, and other trade activities. The polishing segment was sold off in 2006, reducing the segment share of the Group sales revenues to 7.5 % (8.9).

The varied regional development is reflected in particular in the different growth rates of the product segments. For example, the share of the automotive lubricants in Europe, Asia-Pacific, and Africa is higher than in the North and South America region.

[in € million]	2007	Share in %	2006	Share in %	Change absolute	Change in %
Automotive lubricants*	472.9	34.6	440.9	33.3	32.0	7.3
Industrial lubricants and specialties*	790.4	57.9	765.4	57.8	25.0	3.3
Other products	102.0	7.5	117.0	8.9	–15.0	–12.8
Total	**1,365.3**	**100**	**1,323.3**	**100**	**42.0**	**3.2**

* and related products.

The figures for the previous year have been slightly adjusted.

> PERFORMANCE Earnings

Earnings increase by over 20 %

The FUCHS PETROLUB Group enjoyed another very successful year in 2007. The operating result, the earnings before interest and tax (EBIT), and the earnings before and after tax all increased by over 20 %. The growth strategy which focused on quality combined with specialization and disciplined cost management again proved its worth.

Offering a superior product mix, FUCHS increased its gross profit by 9.1 % or €42.3 million to €509.2 million (466.9) in 2007. The gross margin increased by 2 percentage points to 37.3 % (35.3).

At the same time it succeeded in limiting the increase of sales, administration, and R&D expenses to 2.0 % or €6.3 million. As a result the operating result rose by 22.9 % or €36 million to €193.5 million (157.5). The operating margin increased to 14.2 % (11.9).

The increase in earnings before interest and tax (EBIT) to €195.2 million (161.2) was €34 million or 21.1 %. In the previous year other operating income included revenue from the deconsolidation of subsidiaries (€3.0 million). In 2007 there was no such extraordinary income.

The Group's financial expenditure decreased again. Despite the share buyback, the high level of free cash flow made it possible to further reduce the financial liabilities. The financial result of – €8.5 million (–11.8) represents only 0.6 % (0.9) of the sales revenues.

Income taxes were €66.4 million (52.2), corresponding to a rate of taxation of 35.6 % (34.9). The Group achieved a profit after tax of €120.3 million (97.2). The after-tax return in relation to the sales revenues was 8.8 % (7.3).

The Europe region accounted for some 64 % of the Group EBIT with a figure of €125.9 million (95.7). The increase of €30.2 million corresponds to an increase of 31.6 %. The relative increase in earnings of the Asia-Pacific, Africa region was even higher at 45.7 %, although this was from a lower basis. The EBIT of this region which was €34.1 million (23.4) represents 17 % of the Group EBIT. North and South America was unable to retain last year's level due to revenues and the exchange rate. The EBIT here was €37.1 million (41.2), 19 % of the Group EBIT. The region did however increase its EBIT margin to 17.8 % (17.5). This is the highest value of all the regions. Europe's figure was 13.5 % (10.9), Asia-Pacific, Africa 12.5 % (9.4).

Earnings per ordinary and preference share were €4.63 (3.70) and €4.69 (3.76), which was an increase of 25 % compared to last year.

Respectable key performance indicators

The FUCHS PETROLUB Group attained an EBIT margin (earnings before interest and tax in relation to sales revenues) of 14.3 % in 2007. The previous year's figure was 12.2 %

Return on sales (earnings after tax in relation to the sales revenues) increased to 8.8 % (7.3).

The Group's return on equity (earnings after taxes in relation to the average shareholders' equity based on the quarterly figures) is 37.1 % (36.9).

The ROCE, return on capital employed (earnings before interest and tax in relation to the average of the total of shareholders' equity, financial liabilities, pension provisions, and accumulated scheduled goodwill amortization less cash and cash equivalents) increased to 38.3 % (30.4).

Monitoring system

The essential key performance indicators and controls for the operating business are firstly the sales revenue and the earnings before interest and tax (EBIT).

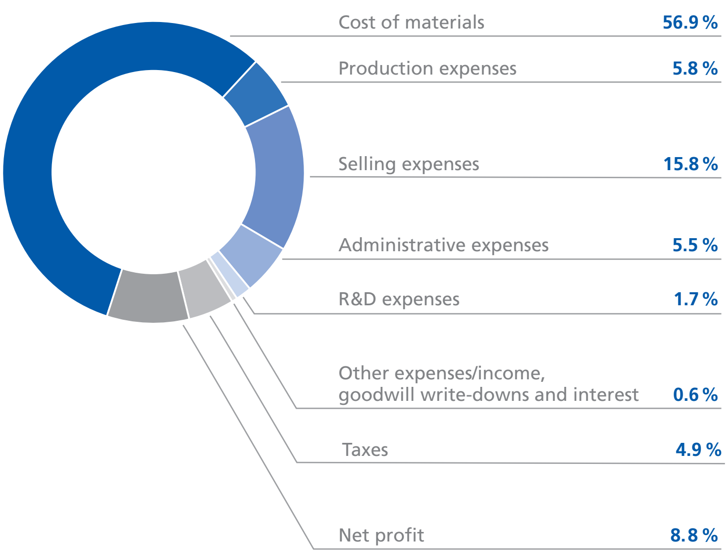
The FUCHS VALUE ADDED (FVA) is the key figure of the FUCHS PETROLUB Group derived from the EBIT after deduction of costs for the equity and liabilities employed. The FVA assists with value-oriented company management of the FUCHS PETROLUB Group. To determine the costs of the equity and liabilities employed, a weighted interest rate is used (WACC) derived from the respective financial market data. The WACC is currently 11.5 % before or 7.4 % after tax.

The Group's FVA increased to €136.5 million (100.3) in 2007. A positive FVA means that the actual return on capital employed (ROCE) is above the capital costs (WACC). The FVA goes up if the capital employed up to this point is more successfully employed or if additional capital obtains a return above the WACC.

In the past year FUCHS reduced the average capital employed and employed the remaining capital more profitably.

To calculate the FVA the capital employed is corrected by scheduled goodwill amortization of earlier years and an average is generated from the quarterly balance sheet values of one year.

Structure of income statement



> PERFORMANCE Net assets and financial position

Robust balance sheet

The FUCHS PETROLUB Group is on a solid financial footing. Despite the share buyback and the distribution of a much higher dividend total than the previous year, the equity ratio increased to 47.1 % (44.2) in the year under review. The improvement in cash flow played an important part in pushing the balance sheet total up by €28.5 million to €714.9 million (686.4). Cash and cash equivalents went up by €24.0 million to €64.2 million (40.2).

The Group's long-term assets amount to €265.8 million (266.8). They represent 37.2 % (38.9) of total assets. Of this figure, €149.2 million (150.9), or more than half (56.1 %), is accounted for by plant, property and equipment, and just under a third (32.1 %) or €85.3 million (83.7) relates to intangible assets. 11.8 % is accounted for by other items. The long-term assets are entirely financed by shareholders' equity.

Structure of assets and capital

Assets [in %]	2007	2006
Goodwill	10.8	11.6
Property, plant and equipment	20.9	22.2
Inventories	23.0	22.9
Trade receivables	28.1	29.9
Other assets	17.2	13.4
Balance-sheet total [in € million]	**714.9**	**680.7**

Liabilities [in %]	2007	2006
Shareholders' equity	47.1	44.5
Pension provisions	7.9	7.5
Financial liabilities	10.1	14.5
Trade liabilities	16.0	17.3
Other liabilities	18.9	16.2
Balance-sheet total [in € million]	**714.9**	**680.7**

The trade receivables figure of €201.2 million (203.7) and inventories of €164.7 million (156.0) together represent slightly more (51.1 %) than the total assets on the FUCHS balance sheet. Once trade payables amounting to €114.6 million (117.4) are taken into account, this leaves a net operating working capital of €251.3 million (242.3). This means the previous year's considerable improvement in the use of working capital was almost repeated. The net operating working capital to sales ratio was 18.4 % (18.3). Tax receivables and other short-term assets amounted to €19.0 million (19.7).

At the balance sheet date the Group's shareholders' equity amounted to €336.5 million (303.2). This increase, despite the share buyback, is a result of the good earnings performance. As in the previous two years, negative currency effects exerted downwards pressure on shareholders' equity.

In addition to the shareholders' equity, the Group has long-term funds available in the form of pension provisions. At €56.5 million (57.0) these represent 7.9 % (8.3) of the balance sheet total. Further long-term liabilities, such as deferred taxes, provisions and other liabilities amounted to €27.5 million (75.9). The participation certificates shown as a long-term liability the previous year and amounting to €51.1 million are due to be repaid on August 1, 2008 and were therefore reclassified as short-term liabilities. Nevertheless, total long-term liabilities plus shareholders' equity covers the long-term assets to 158 % (165).

In addition to the trade payables amounting to €114.6 million (117.4) there are short-term liabilities from provisions (€44.0 million, previous year 40.0), tax liabilities (€34.0 million, previous year 19.3), other short-term liabilities (€33.6 million, previous year 30.5) and financial liabilities (€68.2 million, previous year 43.1).

Total short-term and long-term financial liabilities fell by €26.6 million as a result of strong cash flow. Taking into account the rise in cash and cash equivalents of €24.0 million, the Group's net financial debt fell by €50.6 million to €7.7 million (58.3) in 2007.

> PERFORMANCE Statement of cash flows

The statement of cash flows shows that the FUCHS PETROLUB Group is in a very good financial position.

The gross cash flow went up by 26.5 % to €147.8 million (116.8) in the reporting year. A key driving force was the improved Group profit. In addition, long-term provisions and deferred tax liabilities increased. Depreciation and amortization of long-term assets amounted to €20.8 million (22.1).

The gross cash flow, which was already at a high level, went up by a further €4.4 million as a result of positive effects from operating activities. Cash inflow from operating activities was €152.2 million (90.7). This was a result of the growth in tax liabilities and provisions. The rise in net operating working capital (inventories plus trade receivables less trade payables) was largely in line with the growth in sales revenues.

Investments in the year under review amounted to €24.4 million, which was higher than the previous year (18.2). Two fairly small acquisitions were made at a cost of €3.7 million (0.0). In addition, unlike the previous year, there were no proceeds from the sale of business units (previous year 11.1). Overall, cash outflow from investing activities amounted to €23.8 million (4.3).

This leaves a free cash flow of €128.4 million, which is almost 49 % more than the previous year (86.4). This meant that it was possible to finance a dividend distribution of €25.8 million and to buy back shares amounting to €50.8 million. There were still enough funds left over to pay back financial liabilities of €26.6 million and to top up the amount of cash and cash equivalents by €24.0 million to €64.2 million (40.2).

Overall position

The net gearing is a key indicator of the Group's net assets and financial position. Net gearing is the relationship between financial liabilities plus pension provisions, less cash and cash equivalents on the one hand, and shareholders' equity on the other. The net gearing fell again significantly in 2007 and is now 0.2 (0.4). This means that the Group has a very healthy financial basis for its operating business.

The return on capital employed is an indicator of the Group's earning power. At 38.3 % (30.4), the FUCHS PETROLUB Group has once again seen a significant improvement in this KPI compared with the previous year.

The free cash flow indicates the ability of the Group to pay dividends, repay debts and make acquisitions. The Group reported an excellent free cash flow of €128.4 million (86.4) in 2007.

In summary the FUCHS PETROLUB Group can be seen to be in a very good, stable financial position.

> PERFORMANCE Supplementary report

After the end of the financial year, no transactions of particular importance have occurred which have an appreciable bearing on the earnings, net assets and financial position of the FUCHS PETROLUB Group.

> PERFORMANCE Capital expenditure and investments in companies

In 2007 the FUCHS PETROLUB Group spent €24.4 million (18.1) on investments in property, plant and equipment and intangible assets. Although this is an increase over the previous year, the ratio of capital expenditure to sales revenue was still just under the 2.0 % to 2.5 % level that we apply as a sustainable rate of investment.

Capital expenditure

The long-planned construction of a new factory in China began in the second half of 2007. The factory is scheduled to begin operations in the second half of 2008. The Group will then have much bigger production facilities in its important Chinese market.

The majority of the other investments were replacements and upgrades to various processing and filling equipment and investments in environmental and fire protection equipment.

The integrated SAP software is being used more widely within the Group. With a view to the planned IT switchover to SAP at our largest subsidiary in 2008, further user licenses were purchased and a large number of implementation tasks carried out.

The expansion investments constituted a share of more than 50 % of the total investment volume in the Group, while the remainder was attributable to replacement and rationalization investments.

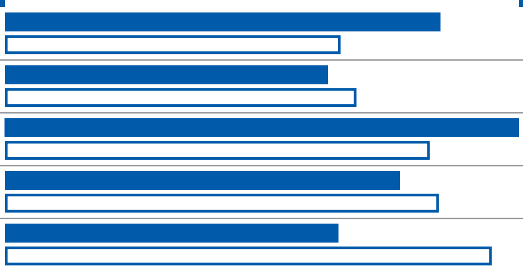
Depreciation and amortization

The depreciation of property, plant and equipment and intangible assets amounted to €18.8 million (19.7) in 2007. Impairments of goodwill amounted to €1.9 million (2.2).

Investments in companies

During the first half of 2007, FUCHS acquired two fairly small specialty lubricant businesses in Brazil as part of asset deal transactions. The two business segments concerned are specialty greases and forging supplies.

Capital expenditure and depreciation and amortization – tangible and intangible assets [excluding goodwill]



[in € million]	Capital expenditure	Depreciation and amortization
2007	**24.4**	**18.8**
2006	18.1	19.7
2005	28.8	23.9
2004	22.1	24.3
2003	18.7	27.3

> SEGMENT REPORT BY REGION

The segment report corresponds to the Group's internal organization and structure of reporting by geographic region.

In 2007, global lubricant consumption amounted to around 37.2 million tons. The Asia-Pacific, Africa region accounted for about 44 % of this volume. This region is not only the largest market for lubricants and related specialty products, it is also the region with the highest growth rates. Around 30 % of all lubricants were consumed in North and South America, and around 26 % in Europe.

The regional distribution of sales revenues within the FUCHS PETROLUB Group, by **customer location**, is as follows:

[in € million]	2007	Share in %	2006	Share in %
Europe	859.4	62.9	809.2	61.1
North and South America	217.8	16.0	243.4	18.4
Asia-Pacific, Africa	288.1	21.1	270.7	20.5
Total	**1,365.3**	**100**	**1,323.3**	**100**

In 2007, sales revenue from customers in the Europe region registered above-average growth of 6.2 %. Overall, 62.9 % (61.1) of the Group's total sales revenues was generated with European customers.

Despite unfavorable currency effects, sales revenues from customers in the Asia-Pacific, Africa region increased by 6.4 % and accounted for 21.1 % (20.5) of the Group's sales revenues. Adjusted for exchange rate effects, the growth in sales revenues was in double figures. The proportion of the Group's sales revenue generated with customers in the North and South America region declined. In 2007, 16.0 % (18.4) of the Group's sales revenues came from American customers.

> SEGMENT REPORT BY REGION Europe

Segment information [in € million][1]	2007	2006
Sales revenues by customer location	859.4	809.2
Sales revenues by company location	934.1	874.7
> of which with other segments	29.4	22.5
Scheduled depreciation	12.0	12.3
Impairment losses	0.8	2.2
Income from investments accounted for using the equity method	0.0	0.0
Segment earnings (EBIT)	125.9	95.7
Segment assets	419.0	396.2
Segment liabilities	147.8	138.8
Capital expenditure	16.0	11.5
Employees (average numbers)	2.327	2.376
Key performance indicators [in %]		
Ratio of EBIT to sales revenues	13.5	10.9

1 See pages 74 and 75.

Sales revenues **by company location** in the Europe region rose by 6.8 % to €934.1 million (874.7) in 2007. This was a result of internal growth of 7.9 %, which was influenced both by product volume and mix. The deconsolidation of the LIPPERT-UNIPOL Group following its sale half-way through 2006 and the first-time consolidation of the subsidiary in the Ukraine at the start of 2007 produced a decline in sales revenues of 1.1 % or €9.8 million. Exchange rate effects were insignificant at €0.5 million.

In 2007, the region achieved a significant increase in its earnings before interest and tax (EBIT). The EBIT went up by 31.6 % to €125.9 million (95.7). The EBIT margin (ratio of EBIT to sales revenues) increased to 13.5 % (10.9).

The Central and Eastern European companies recorded above-average growth in 2007. Their contribution to sales revenues for the entire region is now 7.5 %. Western Europe excluding Germany contributes 45.3 %. Since the sales revenues of the German companies also saw strong growth, their contribution to the region's sales revenues was 47.2 %.

UK most important market in Western Europe after Germany

In Western Europe all the companies increased their EBIT result. Significant increases were again registered in Britain. The companies in France, Italy and Spain also continued to grow.

FUCHS consolidates strong position in Germany

In Germany, the automotive lubricants and industrial lubricants business segments reported good growth rates. This meant that the largest Group company, FUCHS EUROPE SCHMIERSTOFFE, was able to continue its unabated success of recent years.

The specialty products business also showed significant growth. The site in Kaiserslautern is being expanded into a center for our LUBRITECH Group with its international operations.

Central and Eastern Europe are still dynamic markets

In 2007, our company in Poland continued the success it has enjoyed over recent years with good growth rates for both sales revenues and earnings. Russia has become the second most important market in the region for FUCHS. The other companies were also able to expand their business further.

Development of sales revenues in Europe (by company location)

> SEGMENT REPORT BY REGION North and South America

Segment information [in € million][1]	2007	2006
Sales revenues by customer location	217.8	243.4
Sales revenues by company location	208.3	235.0
> of which with other segments	1.1	1.1
Scheduled depreciation	3.9	3.7
Impairment losses	0.0	0.0
Income from investments accounted for using the equity method	0.0	0.0
Segment earnings (EBIT)	37.1	41.2
Segment assets	142.6	152.1
Segment liabilities	22.7	22.7
Capital expenditure	2.8	4.5
Employees (average numbers)	588	607
Key performance indicators [in %]		
Ratio of EBIT to sales revenues	17.8	17.5

1 See pages 74 and 75.

Calculated in **terms of company location**, the North and South America region generated sales revenues of €208.3 million (235.0) in 2007. The 11.4 % decline was largely a result of reduced sales revenues in our US subsidiary. All the other companies achieved internal sales revenue increases. The EBIT for the region fell to €37.1 million (41.2), largely as a result of currency effects. Nevertheless, the EBIT as a proportion of sales revenues was 17.8 % in the year under review, which is a new record high.

The very positive development of our business in South America continued in 2007. The companies there are already generating 18 % (13) of the sales revenues for the whole region.

Customer acquisition campaign in North America

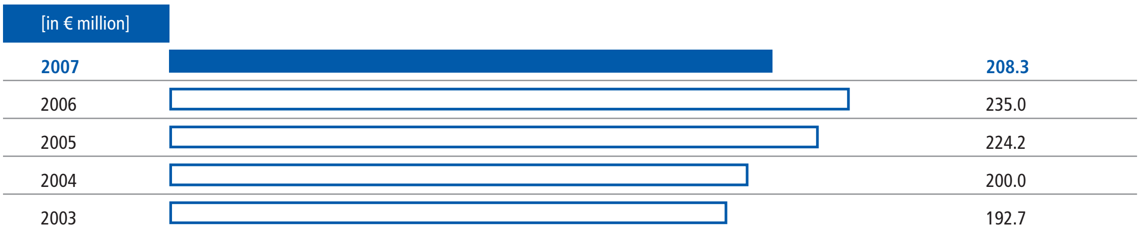
The economic developments in the USA had a significant adverse effect on the sales revenues of our company there in the year under review. Through disciplined cost management the company was nevertheless able to secure its high level of profitability. At the same time, it took important steps to broaden its customer base in its core business segments so as to compensate for economy-related declines in sales revenues from existing customers.

Specialty lubricants business in South America expanded

In 2007, our company in Argentina achieved another significant increase on its very good performance of the previous year.

In Brazil we acquired two fairly small specialty lubricants businesses in the first half of 2007. These have been successfully integrated and made a positive contribution to sales revenues and earnings.

Development of sales revenues in North and South America (by company location)



> SEGMENT REPORT BY REGION Asia-Pacific, Africa

Segment information [in € million][1]	2007	2006
Sales revenues by customer location	**288.1**	270.7
Sales revenues by company location	**253.4**	237.2
> of which with other segments	**0.0**	0.0
Scheduled depreciation	**2.1**	2.5
Impairment losses	**1.2**	0.2
Income from investments accounted for using the equity method	**2.3**	1.0
Segment earnings (EBIT)	**34.1**	23.4
Segment assets	**110.7**	108.6
Segment liabilities	**37.2**	38.7
Capital expenditure	**4.2**	2.0
Employees (average numbers)	**821**	854
Key performance indicators [in %]		
Ratio of EBIT to sales revenues	**12.5**	9.4

1 See pages 74 and 75.

In the Asia-Pacific, Africa region, organic growth in sales revenues was 10.4 % in 2007. The strength of the euro reduced the growth figure to +6.8 %. Calculated **by company location**, sales revenues of €253.4 million (237.2) were achieved overall. This includes the small effect from the first-time consolidation of our joint venture in Turkey.

The highest growth figures for sales revenues in absolute figures were achieved by our Chinese companies and our joint venture in the United Arab Emirates, which supplies customers in the Middle East and in large parts of Africa. Our company in Australia and many of our smaller companies in the region also reported pleasing sales revenue increases.

The region produced another significant EBIT increase, this time of 45.7 % to €34.1 million (23.4). It had recorded strong growth the previous year too, with +45.3 %. The ratio of EBIT to sales revenues is 12.5 %, compared with 9.4 % the previous year.

The dominant contributors to sales revenues within the region are the companies in China (32 %), Australia (28 %) and South Africa (11 %).

Chinese growth continues unabated

Organic growth in sales revenues in China was once again in double figures in 2007. The Chinese companies made significant quality improvements to their portfolio through specialization and were able to achieve pleasing EBIT margins.

The construction of our new factory in Shanghai, which will probably begin operations in the second half of 2008, is designed to cater for this strong growth in China.

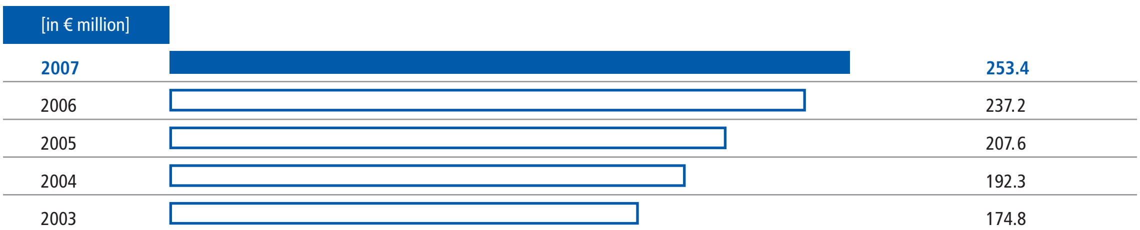
Good sales revenue and earnings growth in other parts of the region

Our Australian company has once again expanded its business in an environment that continues to be dominated by high demand from China for raw materials. At the same time, the company has improved its internal structures, which has enabled it to achieve a more than proportionate increase in profits compared with sales revenues.

Our company in South Africa continued to show growth, although the increases in sales revenues and earnings in local currency were unable to compensate for the negative currency conversion effects. Over the course of the year we integrated production from our existing factory in Durban into the more modern factory in Johannesburg.

In India, another major growth market in the region, we are continuing with the powerful expansion of our core business of industrial lubricants and specialty products, with plans to build a new factory here in the near future.

Development of sales revenues in Asia-Pacific, Africa (by company location)



> RESEARCH AND DEVELOPMENT

Tailor-made solutions for specific tribological problems are usually revealed through close cooperation with our customers. These innovation processes are supported by joint research with universities and other research institutions.

At the end of 2007, the Group’s Research and Development department had a staff of 332 (318) engineers, chemists and technical specialists and assistants. Expenditure for this area amounted to €23.7 million (€22.1 million) for the reporting period.

Transparent shock absorbers

Apart from being filled with oil, modern shock absorbers also have a pressurized gas cushion. Due to the piston’s highly dynamic changes in load and direction, the oil is subject to constant alternation between intake and exhaust of gas – entailing the corresponding effects on the shock-absorbing behavior and thus the handling of the vehicle. The highly dynamic processes are not only influenced by pressure and speed, but are also significantly affected by the temperature of the oil. However, this phenomenon is difficult to measure. In a normal shock absorber this is only possible indirectly, for example by measuring the absorption capacity. For this reason FUCHS has developed a fully resilient transparent shock absorber with viewing windows made of high-strength sapphire crystal. Due to its variety of applications we have filed a patent for it. Using almost real-size models and under realistic loads, elementary tests on gas bubble formation, cavitation, outgassing characteristics and various valve settings can be carried out and oil formulas can be tested and demonstrated both by measurement and visually.

Quenching oils

Quenching oils play an important role in the heat treatment of metallic materials, as they are instrumental in determining the materials’ properties. A new and efficient alternative to low-viscosity heavy-duty quenching oils was developed for areas with particularly high occupational safety requirements. The polymer-based quenching oil is free from bactericides and is non-flammable. Depending on the degree of concentration, it exhibits various quenching characteristics, which can be adapted to suit each material. In this way, it is possible to reduce the quenching intensity of pure water, while ensuring that heat is removed from the workpiece in a controlled manner. The biodegradable product is particularly suitable for quenching in open baths.

Bio-hydraulics

Bio-hydraulic oils for agricultural vehicles and machines offer excellent lubrication and corrosion protection properties. Yet many of these oils create problems in practical applications, for example due to negative effects on seals and coatings. One of the leading manufacturers of tractors in Europe has reacted to this and drafted a new guideline which recommends that all garages now only use FUCHS-made bio-hydraulic oils when changing the oil in its vehicles. The approved bio-oils are lubricants offering excellent cost-effectiveness and high performance.

Hot rolling mill

The German steel industry's increased demands on lubricants have necessitated a major adaptation of our polyurea grease. The German Association of Ironworkers (VDEh) revised its specifications again in 2007. A polyurea grease from FUCHS is the only grease on the market to meet the requirements specified at the beginning of 2007. This product is widely used in the steel industry due to its properties of wear protection, water resistance, pumpability and above all its work stability at high temperatures. This is particularly vital in the area of continuous casting, where the molten steel is given its square bar shape by routing it over a large number of rollers, whose rolling bearings are lubricated with our grease. In addition, the product is also used in the subsequent production stages in the hot rolling mill.

Chlorine-free fine blanking

Today, metalforming lubricants are subject to a variety of economic and ecological demands, with occupational health and safety the top priority. Yet, particularly when it comes to fine blanking stainless steel, it is often practically impossible to achieve cost-effective process control without using chlorinated metalforming lubricants. A new fine blanking oil developed by FUCHS has a unique formula that means it can be used even for difficult metalforming processes with no loss of cost-effectiveness and without the use of chlorinated additives. This product can be used as a concentrate or diluted with water and can be removed from the work piece easily using aqueous cleaners.

> EMPLOYEES

Our employees – every one is a part of our success

Companies are only as good as the people who work in them. The employees are drivers of innovation and the engine for change. Employees' willingness to perform and loyalty to FUCHS are the basic prerequisites for managing our company successfully both now and in the future.

Training for the future

At FUCHS, securing the future starts with our own employees. We offer our young and dedicated employees interesting prospects. In our German companies we offer training in eight vocational careers. We also offer committed and qualified high-school graduates the opportunity for dual training: training within the company in combination with a course at a university of cooperative education, leading to a bachelor's degree. Right from the outset, our young employees work together with experienced staff, exchange ideas and know-how and learn from one another. This is how new ideas grow, which constantly drive us forward and have done so for many years.

As well as the various training schemes and courses at the university of cooperative education, FUCHS also offers students internships and the opportunity of writing a scientific dissertation in our company. Many of our employees today are former trainees, interns or dissertation students. We consider supporting such potential future FUCHS employees to be an important investment for the future.

Recruiting the new generation

It is essential for our company to form ties between new employees, specialists and managers and the company as soon as possible. Targeted personnel marketing, through participation in company contact fairs or regional information fairs at universities for example, ensures that FUCHS is made known to school leavers and students as an attractive employer. We also offer our own in-house careers events, giving school leavers an opportunity to get a picture of the training we offer and an insight into how our company operates.

Employee training

FUCHS places great emphasis on continuing training and further education for our employees, which is provided by the company's own training facility, the FUCHS ACADEMY. As a global training facility, the FUCHS ACADEMY regularly offers a great variety of technical seminars and provides our sales staff with solid background knowledge through sales training courses. The FUCHS ACADEMY is also open to our sales partners and customers for selected topics and is used intensively by them.

The international structure of our organization means that the intercultural skills of our employees are also an important factor for success. We promote these skills at an early stage through targeted deployment of our trainees and interns in our subsidiaries and sales companies worldwide. FUCHS also holds global internal training events to ensure an optimal transfer of knowledge from our experts to new employees. Whenever necessary and worthwhile, we also organize targeted short-term training events and long-term assignments in our companies worldwide.

A successful company must be able to rely on an excellent management team and well-trained employees. Through targeted support we create a basis for ensuring that future openings are suitably filled. Wherever possible, positions are filled from within the company by employees with operating experience. Social skills, entrepreneurial thinking and behavior and employee orientation are decisive factors in assuming responsibility in the companies of the FUCHS Group.

Performance-related pay in the FUCHS Group

The FUCHS Group's remuneration system links personal performance to the success of the company and therefore enables performance-related pay for employees.

Back in 2003, the FUCHS Incentive Program, a global instrument for the performance-related compensation of the management of the FUCHS Group's global subsidiaries was introduced. The program is based on a value-oriented incentive system known as FVA (FUCHS VALUE ADDED), which links the operating profit, the capital employed and the capital costs.

The thinking behind the performance-related pay is also reflected in our sales structure. Sales staff share in the success that they generate individually.

Recruitment in growth markets

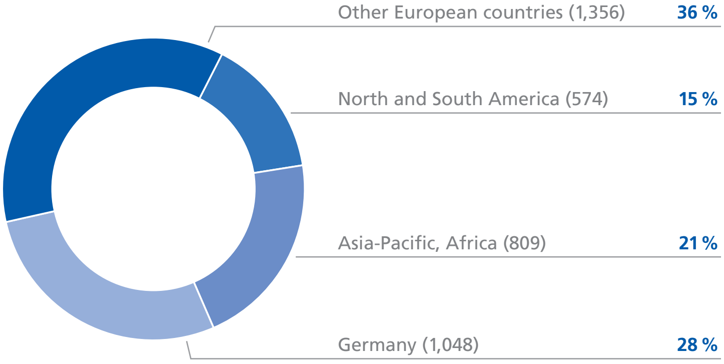
Our company is growing and therefore needs more new, well-qualified employees. Growth is particularly marked in India, Russia and China, and we are targeting recruitment there. The Human Resources department is particularly important here. FUCHS is responding to the relatively ill-defined pool of applicants in these countries with professional selection procedures designed to ensure that the employees recruited are both suitable and qualified. FUCHS is an attractive employer in growth markets and is therefore targeting its recruitment to skilled and executive staff and offering attractive training programs.

Workforce at previous year's level

As at December 31, 2007, the FUCHS PETROLUB Group employed 3,787 people worldwide (3,765). In comparison with the previous year, the total number of employees increased slightly by 22 people or 0.6 %.

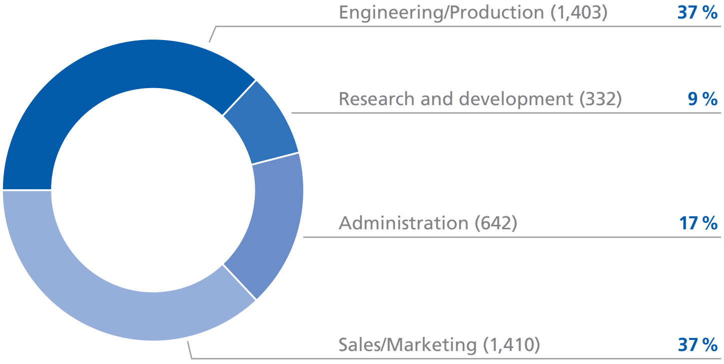
2,739 (2,745) people or 72 % of the staff were employed abroad and 1,048 (1,020) in Germany.

Structure of workforce by region [in % and absolute figures]



Worldwide, 37 % (38) of the workforce is employed in engineering and production, 37 % (37) in marketing and sales, 17 % (17) in administration and 9 % (8) in research and development.

Structure of workforce by function [in % and absolute figures]



> DISCLOSURES PURSUANT TO § 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

The act on implementing the Directive on Takeover Bids dated July 8, 2006 added a new paragraph 4 to § 315 of the German Commercial Code (HGB). The following comments are made in accordance with the required additional disclosure obligations:

> On the balance sheet date, the subscribed capital of the company is divided into 12,969,000 bearer ordinary shares (no-par-value shares) with no par value and 12,969,000 bearer preference shares (no-par-value shares) with no par value. The ordinary shares grant the rights provided for by the German Stock Corporation Act. The preference shares grant the same rights, with the exception of the voting right. 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 the previous years

b. For payment of a preference profit share of €0.14 per preference share of no par value

c. For payment of an initial profit share of €0.08 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.

> On the basis of the resolution passed by the Annual General Meeting on May 2, 2007 and in line with § 71 (1) No. 8 of the German Stock Corporation Act (AktG), the Executive Board was authorized, with the consent of the Supervisory Board, to buy back own shares (ordinary and/or preference shares) of up to 10 % of the current share capital for redemption purposes by November 1, 2008. On the balance sheet date 386,001 ordinary shares and 384,145 preference shares had been bought back. These shares have not been redeemed yet.

> The Schutzgemeinschaft FUCHS (FUCHS Protective Association), which consists of RUDOLF FUCHS GMBH & CO KG, Mannheim, and the other members of the Fuchs family, holds the majority of the voting capital, taking into consideration a voting right agreement with Gothaer Lebensversicherung a.G., Göttingen, Germany.

> The following direct or indirect investments in the capital exceed 10 % of the voting rights. In this context, the share ownership ratio refers to all voting shares not held by the company on the balance sheet date.

RUDOLF FUCHS GMBH & CO KG holds 44.3 % of the voting rights. The individuals who are members of the Fuchs family hold a further 4.3 %. The Schutzgemeinschaft FUCHS therefore holds 48.6 % of the voting shares in total. RUDOLF FUCHS GMBH & CO KG has concluded a voting trust agreement with Gothaer Lebensversicherung a.G. regarding consistent voting in the Annual General Meeting. The contractual agreement refers to 7.6 % of Gothaer Lebensversicherung a.G.'s share in the voting share capital, meaning that 56.2 % of the voting rights are to be ascribed to the Schutzgemeinschaft FUCHS in total.

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

> No voting right controls are held by employees.

> The company’s articles of association in their current form concur with the legal requirements pursuant to § 84 of the German Stock Corporation Act with regard to the appointment and dismissal of board members and amendments to the articles of association.

> The company’s articles of association contain an authorized capital. The Executive Board is authorized to increase the company’s share capital by up to €35,370,000 until June 8, 2009 by issuing up to 11,790,000 new bearer no-par-value shares in exchange for cash or non-cash contributions. Ordinary and/or preference shares with no voting right can be issued.

  The company’s articles of association contain a conditional capital. Accordingly, the share capital is conditionally increased by €7,781,400, which is divided into a maximum of 1,296,900 bearer ordinary shares and/or 1,296,900 bearer non-voting preference shares respectively, provided the holders of option or conversion rights exercise their option or conversion right and those with an obligation to exercise the option/conversion of option or convertible bonds, which were issued or granted by the company or a Group company subordinate to it, following the authorization of the Executive Board granted at the Annual General Meeting on May 24, 2005, fulfill their obligation.

> The company made the following agreement with a bank, which is subject to a change in control following a takeover bid: Should the majority relationships change and “other persons or companies … purchase the majority of the shares of equity and/or voting rights in the borrower (FUCHS PETROLUB AG) directly or indirectly or acquire control over the borrower by other means”, the lines of credit or loans granted can be terminated or called due immediately.

> The company has concluded no agreements for compensation in the event of a takeover bid with the members of the Executive Board or employees.

> MAIN FEATURES OF THE COMPENSATION SYSTEM FOR MEMBERS OF THE EXECUTIVE BODIES

The personnel committee of the Supervisory Board is responsible for determining the compensation of the Executive Board; this committee comprises the Chairman of the Supervisory Board, Prof. Dr. Jürgen Strube, the Deputy Chairman of the Supervisory Board, Dr. Manfred Fuchs, and Prof. Dr. Bernd Gottschalk.

The determination of the compensation for the members of the FUCHS PETROLUB AG Executive Board is geared towards the size and global activity of the company, its economic and financial position and the amount and structure of Executive Board compensation at comparable companies. In addition, the tasks and contribution of the respective board member are taken into account. The compensation is measured so as to be competitive on the market for highly qualified managers.

The emoluments of the Executive Board are made up of a fixed and a variable compensation. The variable compensation of the Executive Board is based on the FUCHS VALUE ADDED (FVA) key figure, which is used for value-oriented company control. FVA represents the earnings before interest and tax (EBIT) less the capital costs; both values are adjusted by goodwill write-downs. 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.

According to a resolution passed by the Annual General Meeting of FUCHS PETROLUB AG on June 21, 2006 there shall be no individual disclosure of the Executive Board compensation for the duration of five years.

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 a fixed compensation of €15,000 for the last financial 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 exceeds €1.03. The variable compensation may not exceed double the fixed compensation. The Chairman of the Supervisory Board receives double these compensations and the Deputy Chairman one and a half times. Furthermore, each member of the Supervisory Board shall receive a meeting payment of €600 per Supervisory Board meeting.

In addition, each member of the committees formed by the Supervisory Board shall receive a meeting payment of €600 per committee meeting, the Committee Chairman receives double these compensations and the Deputy Chairman one and a half times, unless the committee meeting takes place on the same day as a meeting of the Supervisory Board. Members of the Supervisory Board that are on the audit committee receive an additional fixed compensation of €10,000. The Committee chairman receives double these compensations, the Deputy Chairman one and a half times.

> OPPORTUNITY AND RISK MANAGEMENT

Through its international business in the field of specialty lubricants and its expansion to new markets, the FUCHS PETROLUB Group is exposed to a large number of risks that are intrinsically linked to its business activities. For this reason, effective risk management is an important success factor for securing the company's value in the long term.

Risk management

The FUCHS PETROLUB Group's risk management system is an integral component of the management, planning and controlling process. FUCHS pursues a strategy of limiting potential risks that arise in connection with its activities at an early stage. At the same time, however, any opportunities that arise are systematically exploited to continue to generate sustained, earnings-driven growth. The risk management of the FUCHS PETROLUB Group consists of a large number of interlinked processes, the aim of which is to identify potential risks early on, to evaluate them using specified criteria, to assess their quantitative and qualitative consequences and to bring in suitable prevention and safety measures. The risk management system consists of the following core elements: strategic planning, medium-term planning and budgeting, reporting and permanent controlling, risk reporting, process organization and internal audits.

Our global risk management is based on periodic risk inventories carried out in a decentralized manner in all company and head-office departments, since this is where detailed knowledge of company risks and their causes is to be found. In order to ensure that the risks are identified and quantified efficiently, risk identification is based on standard Group specifications. The risks are analyzed according to risk categories defined within the Group, which have been derived directly from the success factors critical for the implementation of the corporate strategy and its objectives. The risks are evaluated in terms of probability and expected losses. In addition, measures for risk avoidance, reduction or diversification within the relevant area of responsibility are identified.

The risk notifications from the individual business units are recorded in a web-based system, analyzed and compiled into an overview of the FUCHS risk profile. The Executive Board of FUCHS PETROLUB AG is regularly informed of changes to the risk profile, which provides a basis for decision-making.

An essential component of the risk management system is the monitoring of risk management and of the internal control system via process-independent audits. The internal auditing team fulfils a key function and operates in all areas of the FUCHS PETROLUB Group on behalf of the Executive Board. In essence, it assesses compliance with directives, guidelines and authorization limits, the securing of assets and the achievement of an appropriate return on capital invested. It examines the organization and its processes for efficiency, effectiveness and compliance with the rules, and assesses the reliability and functional capability of the risk management system and the reliability of the reporting. The basic components of the internal control system include general risk prevention principles, such as functional separation and the two-person principle for important processes. In addition, during their annual audit, the external auditors assess the effectiveness of the risk early warning system. The KPMG auditors have confirmed that the system meets the requirements.

The FUCHS PETROLUB Group has an effective risk management system for responsible corporate management as defined by the German Corporate Governance Code.

In the following, significant risks are presented, which could have an effect on the Group's asset, financial and earnings situation. These are not necessarily all the risks to which we are exposed. Risks that we are not yet aware of, or risks that we currently assess as being insignificant based on our current knowledge could also have an effect on our business activities.

Individual risks

Economic risks

As a global player, FUCHS is exposed to the general economic and political opportunities and risks in the countries and regions in which it operates. There are potential risks involved in ongoing oil price fluctuations, in the impact of the crisis on the US financial market and in an intensification of geopolitical tensions in some parts of the world. The FUCHS PETROLUB Group is not dependent on individual companies, regions, customers or industrial sectors. The company produces several thousand lubricants and related specialty products for all applications and industries in 38 plants, and sells them to over 100,000 customers in more than 100 countries. This geographic positioning, the breadth of its portfolio of shareholdings and its well-balanced customer structure minimize the risk of earnings dependency. All Group companies make a positive contribution to Group profits.

Sector risks

FUCHS takes advantage of technological leadership to counter risks typical for the industry, such as cyclical fluctuations in demand from key downstream industries like the automotive, capital equipment and supply industries, and intense competition on sales markets. Innovative power is a key competitive factor for FUCHS. The company is the technology leader in strategically important niche markets and high-quality business segments. FUCHS sees itself in many respects as a provider of solutions rather than a supplier of products. In order to secure and expand its market position, FUCHS is constantly researching and working on new products and processes. Its research and development work is backed by application support on our customers' premises. In addition, lubricants for new machines, components and units are developed in partnership with customers. This innovation and niche strategy, our global presence, high level of specialization and ongoing disciplined cost management will help to secure our market position now and in the future.

The new European chemicals regulation (REACH) came into force in June 2007. The pre-registration phase will run from June 1, 2008 to December 1, 2008 and all substances requiring registration must be registered with the European Chemicals Agency in Helsinki. From January 1, 2009 the agency will start publishing the data for the pre-registered chemicals online.

REACH brings with it the risk that FUCHS and FUCHS' European customers could find themselves at a disadvantage compared with non-European competitors as a result of costly test and registration procedures. In addition, the supply of raw materials could be reduced if suppliers discontinue production of certain raw materials on economic grounds, resulting in a need to find alternatives. FUCHS has been preparing intensively for REACH for over a year. The internal organization is being restructured to take account of the additional tasks. Substitutes are being sought for raw materials that are already regarded as critical. Some substitutes are already being used.

Procurement market risks

Availability levels and higher prices for raw materials, such as base oils, additives, chemicals and packaging materials, pose a risk to FUCHS. Base oil prices rose again at the end of 2007 and are likely to rise again in 2008 because of crude oil prices and the demand for fuel. As well as the base oils, nearly all the other raw material groups have seen price increases, including petrochemicals and, in particular, oleochemicals and base chemicals.

FUCHS is endeavoring to minimize these risks by means of suitable measures, such as centralizing base oil procurement, finding alternative suppliers and leasing additional storage capacity

Risks from research and development

For FUCHS, innovative ability and a high degree of specialization coupled with customer proximity are the key to sustained market success. Risks are inherent in the high level of complexity and limited predictability of research and development projects. To minimize these risks, most products are developed in collaboration and consultation with our customers. Joint research in cooperation with universities and appropriate research facilities also plays an important role in promoting innovation and a high level of specialization.

Financing and currency-related risks

Significant risks in this area are those associated with exchange-rate movements and interest-rate fluctuations. Financial risks are monitored and managed by the central treasury department of FUCHS PETROLUB AG. Detailed guidelines and requirements for dealing with such risks have been approved by the Executive Board. 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.

The risk associated with changes in interest rates lessened once again because of further repayments of financing liabilities and therefore no longer requires hedging. An interest rate increase of one percentage point would have only an insignificant impact on profits.

In the area of currency rate risks we need to differentiate between operating transaction risks, which the Group primarily incurs as a result of income and expenditure in foreign currencies (procurement of raw materials and finished products in foreign currencies by operating companies, or dividend payments and license fees received by the holding company), and the translation risks that occur as a result of currency conversion for individual companies on different closing dates. At Group level, the effects of transaction and translation risks tend to offset each other.

Regulatory and legal risks

As a company operating on the international market with a diverse portfolio, the FUCHS PETROLUB Group is exposed to a large number of legal and regulatory risks. In particular, these include risks in the areas of product liability, competition and antitrust law, recalls, occupational health and safety, patent law, tax law and environmental protection. FUCHS has implemented an appropriate compliance structure as well as training measures in this area to limit risks from possible violations of rights or laws. In addition, by continually improving its organization, processes and quality management, and by taking out suitable insurance cover, possible risks are minimized right from the start.

Legal risks may result from the many regulations and laws that concern us. There has recently been a sharp increase in legislation relating to listed companies. In order to avoid any possible risks, our decisions and conduct are based on comprehensive legal and insurance law advice provided both by our own experts and by proven external experts. The Group also has appropriate insurance cover. Where necessary, appropriate provisions are made to protect against risk.

There are currently no pending or threatened court cases that have a significant effect on the companies in the FUCHS PETROLUB Group.

Risks from acquisitions and investments

Acquisition and investment projects entail complex risks. Such projects are therefore carried out using defined workflows and procedures that control and minimize risks.

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

IT risks

As a group with global operations, FUCHS needs to network its IT systems and locations both in organizational and technical terms. Because of the increasing complexity of electronic communication technologies, the FUCHS PETROLUB Group is exposed to risks ranging from data loss or data theft to business disruptions and interruptions and system failures. A large number of processes, guidelines and measures have been developed to counter these risks. Among other things, this involves regular investments in modern hardware and software, implementing detailed backup and recovery procedures and using virus scanners and firewalls. Comprehensive training provided to all staff enables employees to keep up to date with the latest knowledge and developments at all times.

There are currently no discernible IT-related risks at FUCHS.

Country and location risks

The FUCHS PETROLUB Group's global presence brings with it certain country and location risks. Potential risks include natural disasters, pandemics, terrorism, nationalization or expropriation of assets, legal risks, bans on capital transfers, war and other unrest. To manage these risks, the security measures in such locations are constantly reviewed, assessed and adjusted accordingly. At the same time, political risks are taken into account when assessing individual investment projects. Furthermore, property and liability risks, as well as the risk posed by business interruptions, are sufficiently covered by insurance policies.

Personnel-related risks

Personnel-related risks are found primarily in staff fluctuations in key positions and in the recruitment and development of specialists and managers. FUCHS mitigates these risks through intensive further training programs, remuneration packages commensurate with performance, stand-in regulations and timely succession planning.

Product and environmental protection risks

The manufacture of chemical products involves risks connected with the production, filling, storage and transportation of raw materials, finished products and waste. An incident can lead to damage to persons or to the environment as well as causing production losses.

In order to counter potential risks in these areas, FUCHS applies high technical and security standards in the construction, operation and maintenance of production plants. In addition to the rigorous monitoring of quality standards for preventing business interruptions, FUCHS is taking concerted action to improve soil and water conservation. The company is also insured against resulting losses to an extent that is standard for the industry.

There are currently no significant discernible product or environmental risks.

Other risks

There are currently no other significant discernible risks.

Overall risk

No significant changes have taken place in the risk situation of the FUCHS PETROLUB Group since the last reporting period. The assessment of the overall risk situation is the result of a consolidated view of all significant individual risks and risk combinations. At present, there are no discernible risks that could threaten the continued existence of the Group.

The FUCHS PETROLUB Group's risk management system ensures that opportunities and risks are identified and recorded early on, and dealt with accordingly. We have provided for typical business risks capable of having a major influence on the Group's assets, finances and profits.

> FORECAST REPORT

Business developments in the first two months of 2008

Our business continued to grow in the first two months of 2008. Sales revenues and earnings increased. Particularly in Europe and Asia the Group reported pleasing internal growth figures. Lower sales revenues in North America were offset by increases in South America, although the North and South America region is showing a decline in sales revenues due to exchange rate effects.

Expectations for the financial year 2008

Although FUCHS PETROLUB is expecting the global economy to show slower growth in 2008, the turbulence on the financial markets should have only a limited impact on the real economy. In its latest forecast for 2008, the International Monetary Fund (IMF) estimates that the global economy will see growth of 4.1 %. In line with developments in 2007, FUCHS is expecting global demand for lubricants in 2008 to increase by 0.5 %.

As regards the US dollar, which plays a part in terms of translation (euro conversion of the balance sheet and profit and loss statement) and affects raw materials purchases made by the European companies, FUCHS has based its plans on an exchange rate of around $1.40 to the euro.

The FUCHS PETROLUB Group believes it is still in a good position with regard to its global presence and diversified product range. The aim is to expand the Group's market share in the area of high-quality lubricants still further in 2008.

We are therefore expecting to see organic sales revenue growth. At the same time, the price rise on the raw materials markets accelerated again in the fourth quarter of 2007, while the euro reached record levels on the currency markets. It is not clear to what extent the price developments on the raw materials markets and the currency developments will affect reported sales revenues.

As regards the earnings before interest and tax (EBIT), our aim is to achieve further increase in the 2008 financial year. It will not be possible, however, to continue the high growth rates achieved in previous years. The target sales revenue and earnings increases are based primarily on corresponding plans for the Europe and Asia-Pacific, Africa regions.

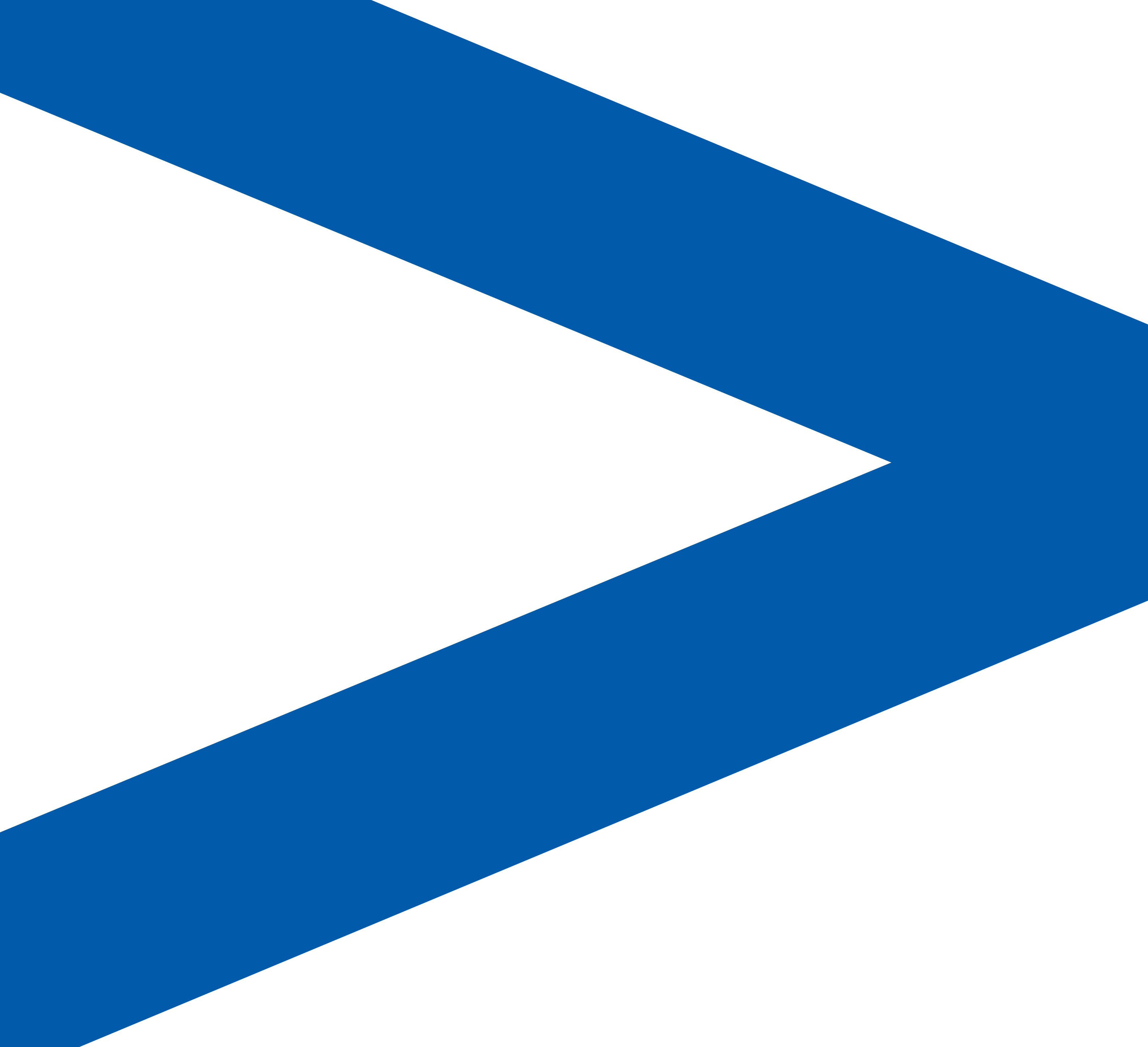
We intend to continue with the share buyback program that started in May 2007, in order to increase the earnings per share and to further improve the balance sheet structure. The lowering of the corporation tax rates in Germany in 2008 will also have a positive effect on the earnings per share.

We are expecting to see a considerable increase in investments in property, plant and equipment compared with 2007 with the completion of our new factory in China and the start of the factory expansion in Kaiserslautern.

In terms of cash flow development, we are expecting to report a good figure for 2008, although it is unlikely to be as good as the level achieved in 2007, largely because of investments.

Overall, we are therefore expecting the FUCHS PETROLUB Group to report positive business developments again in 2008.

We will continue to endeavor to increase dividends in future and to continue our sales revenue and earnings growth beyond 2008 and to cover our capital costs.



> FINANCIAL REPORT Contents

> CONSOLIDATED FINANCIAL STATEMENTS OF FUCHS PETROLUB AG

Income statement

[in € million]	Notes		2007		2006
Sales revenues	(1)		**1,365.3**		1,323.3
Cost of sales	(2)		**–856.1**		–856.4
Gross profit			**509.2**		**466.9**
Selling and distribution expenses	(3)	**–216.0**		–213.1	
Administrative expenses		**–76.0**		–74.2	
Research and development expenses		**–23.7**		–22.1	
			–315.7		**–309.4**
Operating profit			**193.5**		**157.5**
Other operating income and expenses	(4)		**–0.6**		2.7
Investment income	(5)		**2.3**		1.0
Earnings before interest and tax (EBIT)			**195.2**		**161.2**
Financial result	(6)		**–8.5**		–11.8
Earnings before tax (EBT)			**186.7**		**149.4**
Income taxes	(7)		**–66.4**		–52.2
Profit after tax			**120.3**		**97.2**
Minority interests	(8)		**–0.7**		–0.6
Profit after minority interests (Group profits)			**119.6**		**96.6**
Earnings per share [in €][1]	(9)				
Ordinary share			**4.63**		**3.70**
Preference share			**4.69**		**3.76**

1 Basic and diluted in both cases.

Balance sheet

[in € million]	Anhang		31.12.2007		31.12.2006
Assets					
Intangible assets	(13)		85.3		83.7
Property, plant and equipment			149.2		150.9
Investments accounted for using the equity method	(14)		4.4		4.3
Other financial assets	(15)		8.7		8.9
Deferred taxes	(16)		12.3		13.3
Other receivables and other assets	(17)		5.9		5.7
Long-term assets	**(12)**		265.8		**266.8**
Inventories	(18)		164.7		156.0
Trade receivables	(19)		201.2		203.7
Tax receivables	(20)		3.0		0.9
Other receivables and other assets	(21)		16.0		18.8
Cash and cash equivalents	(22)		64.2		40.2
Short-term assets			449.1		**419.6**
			714.9		**686.4**
Equity and liabilities					
Subscribed capital		77.8		77.8	
Group reserves		137.9		127.7	
Group profits		119.6		96.6	
FUCHS PETROLUB Group capital			335.3		302.1
Minority interest			1.2		1.1
Shareholders' equity	**(23)**		336.5		**303.2**
Pension provisions	(24)	56.5		57.0	
Other provisions	(25)	8.9		8.6	
Deferred taxes	(16)	13.3		10.9	
Financial liabilities	(26)	3.7		55.4	
Other liabilities		1.6		1.0	
Long-term liabilities			84.0		**132.9**
Trade payables	(27)	114.6		117.4	
Provisions	(28)	44.0		40.0	
Tax liabilities	(29)	34.0		19.3	
Financial liabilities	(30)	68.2		43.1	
Other liabilities	(31)	33.6		30.5	
Short-term liabilities			294.4		**250.3**
			714.9		**686.4**

Statement of changes in long-term assets

[in € million] 2006	Gross amounts Acquisition and manufacturing costs 31.12.2005	Differences	Changes in the scope of consolidation	Additions	Disposals	Reclassifications	31.12.2006
Intangible assets							
Licenses, industrial property rights and similar values	32.4	–0.2	–2.0	1.7	0.1	0.5	32.3
Goodwill	89.2	–2.6	0.0	0.0	0.1	0.0	86.5
Other intangible assets	0.4	0.0	0.0	0.0	0.0	–0.4	0.0
	122.0	**–2.8**	**–2.0**	**1.7**	**0.2**	**0.1**	**118.8**
Property, plant and equipment							
Land, land rights and buildings	143.4	–3.8	–5.2	1.8	5.6	2.9	133.5
Technical equipment and machinery	175.1	–4.5	–5.2	5.7	7.5	1.7	165.3
Other equipment, factory and office equipment	88.5	–1.0	–3.8	5.1	6.6	0.1	82.3
Work in progress	4.4	–0.2	–0.2	3.9	0.0	–4.1	3.8
Leased objects	0.7	0.0	0.0	0.0	0.0	–0.7	0.0
	412.1	**–9.5**	**–14.4**	**16.5**	**19.7**	**–0.1**	**384.9**
Financial assets							
Shares in affiliated companies	0.7	0.0	–0.3	0.0	0.0	–0.2	0.2
Investments accounted for using the equity method	15.4	–0.4	0.0	1.0	0.0	0.0	16.0
Investments in companies	2.0	0.0	0.0	0.0	0.0	0.2	2.2
Loans to participating interests	0.7	–0.1	0.0	0.1	0.2	0.0	0.5
Other loans	7.2	0.1	0.0	0.0	0.2	0.1	7.2
Long-term securities	0.5	–0.1	0.0	0.0	0.0	–0.1	0.3
	26.5	**–0.5**	**–0.3**	**1.1**	**0.4**	**0.0**	**26.4**
Long-term assets (excluding deferred taxes)	**560.6**	**–12.8**	**–16.7**	**19.3**	**20.3**	**0.0**	**530.1**

2007	31.12.2006	Differences	Changes in the scope of consolidation	Additions	Disposals	Reclassifications	**31.12.2007**
Intangible assets							
Licenses, industrial property rights and similar values	32.3	–0.4	0.0	3.5	0.1	0.4	**35.7**
Goodwill[1]	86.5	–1.5	0.0	2.2	1.2	0.0	**86.0**
Other intangible assets	0.0	0.0	0.0	1.3	0.0	0.0	**1.3**
	118.8	**–1.9**	**0.0**	**7.0**	**1.3**	**0.4**	**123.0**
Property, plant and equipment							
Land, land rights and buildings	133.5	–5.3	0.0	3.5	1.2	0.8	**131.3**
Technical equipment and machinery	165.3	–7.6	0.0	6.0	5.4	0.6	**158.9**
Other equipment, factory and office equipment	82.3	–2.3	0.1	7.3	7.9	0.8	**80.3**
Work in progress	3.8	–0.3	0.0	4.8	0.0	–2.6	**5.7**
	384.9	**–15.5**	**0.1**	**21.6**	**14.5**	**–0.4**	**376.2**
Financial assets[2]							
Shares in affiliated companies	0.2	0.0	–0.2	0.0	0.0	0.0	**0.0**
Investments accounted for using the equity method[1]	4.3	–0.5	0.0	2.3	1.7	0.0	**4.4**
Investments in companies	2.2	0.0	–0.2	0.0	0.0	0.0	**2.0**
Loans to participating interests	0.5	0.0	0.0	0.1	0.0	0.0	**0.6**
Other loans	7.2	0.0	0.0	1.1	1.1	0.0	**7.2**
Long-term securities	0.3	0.1	0.0	0.0	0.0	0.0	**0.4**
	14.7	**–0.4**	**–0.4**	**3.5**	**2.8**	**0.0**	**14.6**
Long-term assets (excluding deferred taxes)	**518.4**	**–17.8**	**–0.3**	**32.1**	**18.6**	**0.0**	**513.8**

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

Gross amounts Depreciation and amortization 31.12. 2005	Differences	Changes in the scope of consolidation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassi-fications	31.12. 2006	Net amounts 31.12. 2006	31.12. 2005
26.5	–0.1	–0.6	1.7	0.0	0.1	0.0	27.4	4.9	5.9
5.5	0.0	0.0	0.0	2.2	0.0	0.0	7.7	78.8	83.7
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4
32.0	**–0.1**	**–0.6**	**1.7**	**2.2**	**0.1**	**0.0**	**35.1**	**83.7**	**90.0**
60.7	–1.4	–4.0	3.9	0.0	4.2	0.1	55.1	78.4	82.7
120.5	–3.0	–4.7	8.0	0.0	7.4	0.5	113.9	51.4	54.6
69.6	–0.8	–3.0	6.0	0.0	6.3	–0.5	65.0	17.3	18.9
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	4.4
0.0	0.0	0.0	0.1	0.0	0.0	–0.1	0.0	0.0	0.7
250.8	**–5.2**	**–11.7**	**18.0**	**0.0**	**17.9**	**0.0**	**234.0**	**150.9**	**161.3**
0.1	–0.1	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.6
11.7	0.0	0.0	0.0	0.0	0.0	0.0	11.7	4.3	3.7
0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.3	1.1
0.5	–0.1	0.0	0.0	0.1	0.0	0.0	0.5	0.0	0.2
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.2	7.2
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.5
13.2	**–0.2**	**0.0**	**0.0**	**0.2**	**0.0**	**0.0**	**13.2**	**13.2**	**13.3**
296.0	**–5.5**	**–12.3**	**19.7**	**2.4**	**18.0**	**0.0**	**282.3**	**247.8**	**264.6**

31.12. 2006	Differences	Changes in the scope of consolidation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassi-fications	**31.12. 2007**	**31.12. 2007**	31.12. 2006
27.4	–0.2	0.0	2.0	0.0	0.1	0.0	**29.1**	**6.6**	4.9
7.7	0.2	0.0	0.0	1.9	1.2	0.0	**8.6**	**77.4**	78.8
0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**1.3**	0.0
35.1	**0.0**	**0.0**	**2.0**	**1.9**	**1.3**	**0.0**	**37.7**	**85.3**	**83.7**
55.1	–2.0	0.0	3.7	0.0	1.5	0.0	**55.3**	**76.0**	78.4
113.9	–5.9	0.0	7.2	0.0	5.2	0.0	**110.0**	**48.9**	51.4
65.0	–2.1	0.0	5.9	0.0	7.1	0.0	**61.7**	**18.6**	17.3
0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**5.7**	3.8
234.0	**–10.0**	**0.0**	**16.8**	**0.0**	**13.8**	**0.0**	**227.0**	**149.2**	**150.9**
0.1	0.0	–0.1	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	0.0	**0.0**	**4.4**	4.3
0.9	0.0	0.0	0.0	0.0	0.0	0.0	**0.9**	**1.1**	1.3
0.5	0.0	0.0	0.0	0.1	0.0	0.0	**0.6**	**0.0**	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**7.2**	7.2
0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**0.4**	0.3
1.5	**0.0**	**–0.1**	**0.0**	**0.1**	**0.0**	**0.0**	**1.5**	**13.1**	**13.2**
270.6	**–10.0**	**–0.1**	**18.8**	**2.0**	**15.1**	**0.0**	**266.2**	**247.6**	**247.8**

Statement of changes in shareholders' equity

[in € million]	Subscribed capital AG	Capital reserves AG	Treasury stock	Equity capital generated in the Group	Effects from currency trans-lations	Market valua-tion of financial instru-ments	**Group's capital**	Minority interest	**Share-holders' equity**
As at Dec. 31, 2005	70.7	94.9		57.7	8.7	−0.6	**231.4**	1.2	**232.6**
Dividend payments				−17.5			**−17.5**	−0.7	**−18.2**
Capital increase from corporate funds	7.1	−7.1					**0**		**0**
Gains and losses not recognized in the income statement									
Currency effects					−9.1		**−9.1**		**−9.1**
Financial instruments net of deferred tax						0.6	**0.6**		**0.6**
Other changes				0.1			**0.1**		**0.1**
Gains and losses recognized in the income statement									
Profit after tax 2006				96.6			**96.6**	0.6	**97.2**
As at Dec. 31, 2006	**77.8**	**87.8**		**136.9**	**−0.4**	**0.0**	**302.1**	**1.1**	**303.2**
Purchase of treasury stock			−50.8				**−50.8**		**−50.8**
Dividend payments				−25.2			**−25.2**	−0.6	**−25.8**
Gains and losses not recognized in the income statement									
Currency effects					−10.2		**−10.2**		**−10.2**
Financial instruments net of deferred tax							**0.0**		**0.0**
Other changes				−0.2			**−0.2**		**−0.2**
Gains and losses recognized in the income statement									
Profit after tax 2007				119.6			**119.6**	0.7	**120.3**
As at Dec. 31, 2007	**77.8**	**87.8**	**−50.8**	**231.1**	**−10.6**	**0.0**	**335.3**	**1.2**	**336.5**

According to IFRS, the capital reserves of the AG are reduced by the costs of the 2003 capital increase to the amount of €1.1 million.
The 2007 dividend payment to the amount of €25.2 million is the dividend distribution agreed to in the Annual General Meeting of FUCHS PETROLUB AG on May 2, 2007 for the year 2006; the dividend amounted to €0.94 per ordinary share and €1.00 per preference share.
Changes in shareholders' equity are illustrated in the notes under item 23.

Statement of cash flows

[in € million]	2007	2006
Profit after tax	**120.3**	**97.2**
Depreciation and amortization of long-term assets	20.8	22.1
Change in long-term provisions	5.0	–2.6
Change in deferred taxes	4.0	1.1
Non-cash income from investments accounted for using the equity method	–2.3	–1.0
Gross cash flow	**147.8**	**116.8**
Change in inventories	–12.3	–0.8
Change in trade receivables	–4.1	–13.9
Change in other assets	–3.5	2.2
Change in trade payables	–0.2	2.8
Change in other liabilities (excluding financial liabilities)	24.4	–13.0
Net gain/loss on disposal of long-term assets	0.1	–3.4
Cash inflow from operating activities	**152.2**	**90.7**
Investments in long-term assets	–24.4	–18.2
Acquisition of subsidiaries and other business units	–3.7	0.0
Disposal of subsidiaries and other business units	0.0	11.1
Proceeds from the disposal of long-term assets	2.6	2.8
Dividends received	1.7	0.0
Cash flow from investing activities	**–23.8**	**–4.3**
Free cash flow	**128.4**	**86.4**
Dividends paid	–25.8	–18.2
Purchase of treasury shares	–50.8	0.0
Changes in bank and leasing commitments	–26.6	–53.0
Cash outflow from financing activities	**–103.2**	**–71.2**
Cash and cash equivalents at the end of the previous period	**40.2**	**26.0**
Cash inflow from operating activities	152.2	90.7
Cash flow from investing activities	–23.8	–4.3
Cash outflow from financing activities	–103.2	–71.2
Effect of currency translations	–1.2	–1.0
Cash and cash equivalents at the end of the period[1]	**64.2**	**40.2**
Details of the acquisition and disposal of subsidiaries and other business units [in € million]		
Total of all purchase prices	3.7	0.0
Total of acquired cash and cash equivalents	0.0	0.0
Balance of acquired net assets	3.3	0.0
Total of all sale prices	0.0	12.4
Total of sold cash and cash equivalents	0.0	1.3
Total of sold net assets	0.0	–2.9

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

The taxes on income total €47.9 million (64.2). €7.7 million (11.3) was paid for interest.
Interest payments received totaled €1.7 million (1.6).

> REGIONAL AND PRODUCT SEGMENTS

[in € million]	Europe			North and South America		
	2007	2006	Change	2007	2006	Change
Sales revenues by customer location	**859.4**	809.2	50.2	**217.8**	243.4	–25.6
Sales revenues by company location	**934.1**	874.7	59.4	**208.3**	235.0	–26.7
> Of which with other segments	**29.4**	22.5	6.9	**1.1**	1.1	0.0
Scheduled depreciation[1]	**12.0**	12.3	–0.3	**3.9**	3.7	0.2
Impairment losses[1]	**0.8**	2.2	–1.4	**0.0**	0.0	0.0
Income from investments accounted for using the equity method	**0.0**	0.0	0.0	**0.0**	0.0	0.0
Segment earnings (EBIT)	**125.9**	95.7	30.2	**37.1**	41.2	–4.1
Financial result						
Income taxes						
Profit after tax						
Segment assets[2]	**419.0**	396.2	22.8	**142.6**	152.1	–9.5
Segment liabilities[3]	**147.8**	138.8	9.0	**22.7**	22.7	0.0
Financial liabilities						
Pension provisions						
Cash and cash equivalents						
Group liabilities[4]						
Investments in property, plant and equipment and intangible assets[5]	**16.0**	11.5	4.5	**2.8**	4.5	–1.7
Employees (average numbers)	**2,327**	2,376	–49	**588**	607	–19
Key performance indicators [in %]						
Ratio of EBIT to sales revenues[6]	**13.5**	10.9		**17.8**	17.5	

1 Relating to property, plant and equipment, intangible assets, goodwill and financial assets.
2 Including investments accounted for using the equity method, excluding financial receivables (previous year's values were adjusted accordingly).
3 Non-interest bearing borrowed capital: trade payables, other provisions and other liabilities, excluding income taxes (previous year's values were adjusted accordingly); Group value including tax liabilities.
4 Segment liabilities, financial liabilities, pension provisions, minus cash and cash equivalents.
5 Including additions due to changes in the scope of consolidation, excluding additions due to acquisitions in the North and South America segment and goodwill.
6 EBIT in segments excluding results and impairment losses of investments accounted for using the equity method, as their sales revenues are not included in sales revenues by company location, too. Sales revenues by company location.

[in € million]	Automotive lubricants			Industrial lubricants and specialties		
	2007	2006	Change	2007	2006	Change
Sales revenues by product groups[1]	**472.9**	440.9	32.0	**790.4**	765.4	25.0
Segment assets[2]	**219.9**	206.5	13.4	**425.3**	420.1	5.2
Investments in property, plant and equipment and intangible assets[3]	**7.7**	4.7	3.0	**13.7**	11.7	2.0

1 The 2006 sales revenues by product group have been updated due to adjusted segment values of several foreign subsidiaries.
2 Including investments accounted for using the equity method, excluding income tax receivables (previous year's values were adjusted accordingly).
3 Including additions due to changes in the scope of consolidation, excluding additions due to acquisitions in the North and South America segment and goodwill.

Asia-Pacific, Africa			Total for operating companies			Holding companies including consolidation			FUCHS PETROLUB Group		
2007	2006	Change	2007	2006	Change	2007	2006	Change	2007	2006	Change
288.1	270.7	17.4	1,365.3	1,323.3	42.0	0.0	0.0	0.0	1,365.3	1,323.3	42.0
253.4	237.2	16.2	1,395.8	1,346.9	48.9	–30.5	–23.6	–6.9	1,365.3	1,323.3	42.0
0.0	0.0	0.0	30.5	23.6	6.9	–30.5	–23.6	–6.9	0.0	0.0	0.0
2.1	2.5	–0.4	18.0	18.5	–0.5	0.8	1.2	–0.4	18.8	19.7	–0.9
1.2	0.2	1.0	2.0	2.4	–0.4	0.0	0.0	0.0	2.0	2.4	–0.4
2.3	1.0	1.3	2.3	1.0	1.3	0.0	0.0	0.0	2.3	1.0	1.3
34.1	23.4	10.7	197.1	160.3	36.8	–1.9	0.9	–2.8	195.2	161.2	34.0
									–8.5	–11.8	3.3
									–66.4	–52.2	–14.2
									120.3	97.2	23.1
110.7	108.6	2.1	672.3	656.9	15.4	42.6	29.5	13.1	714.9	686.4	28.5
37.1	38.7	–1.6	207.6	200.2	7.4	42.4	27.5	14.9	250.0	227.7	22.3
									71.9	98.5	–26.6
									56.5	57.0	–0.5
									64.2	40.2	24.0
									314.2	343.0	–28.8
4.2	2.0	2.2	23.0	18.0	5.0	1.4	0.2	1.2	24.4	18.2	6.2
821	854	–33	3,736	3,837	–101	71	72	–1	3,807	3,909	–102
12.5	9.4		14.1	11.8					14.3	12.2	

Other products			Total for operating companies			Holding companies including consolidation			FUCHS PETROLUB Group		
2007	2006	Change	2007	2006	Change	2007	2006	Change	2007	2006	Change
102.0	117.0	–15.0	1,365.3	1,323.3	42.0	0.0	0.0	0.0	1,365.3	1,323.3	42.0
47.7	49.5	–1.8	692.9	676.1	16.8	22.0	10.3	11.7	714.9	686.4	28.5
1.6	1.6	0.0	23.0	18.0	5.0	1.4	0.2	1.2	24.4	18.2	6.2

> NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

General information

The consolidated financial statements of FUCHS PETROLUB AG, Mannheim, as at December 31, 2007, 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 § 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 inter-pretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), that were required for the 2007 financial year have been applied. The following standards or amendments of standards and interpretations will not become binding until the financial year 2008 (IFRIC 11) or 2009 (IFRS 8):

> IFRIC 11 "IFRS 2: Group and Treasury Share Transactions"
> IFRS 8 "Operating Segments"

We do not anticipate any significant effects on the consolidated financial statements as a result of the new or amended regulations mentioned. IFRS 8 will probably involve additional disclosures in the notes.

Furthermore, the following standards and interpretations were published by the IASB which have not yet been accepted by the European Union:

> IAS 1 (2007) "Presentation of financial statements"
> IAS 23 (2007) "Borrowing costs"
> IFRIC 12 "Service Concession Arrangements"
> IFRIC 13 "Customer Loyalty Programmes"
> IFRIC 14 "Defined Benefit Asset with Minimum Funding Requirements"

With the exception of the changes in the presentation of consolidated financial statements, we do not expect any significant effects on the consolidated financial statements from these new regulations.

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

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). Each set of year-end financial statements has been examined by the auditors and provided with an unqualified auditor's opinion.

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.

Four affiliated companies which are managed jointly with other companies have been consolidated pro rata. The scope of consolidation includes a total of 59 (61) companies.

The changes to the scope of consolidation in the financial year 2007 are stated below in a separate section.

The main subsidiaries and associated companies are shown on page 127. The complete list of shareholdings pursuant to the provisions of the German Commercial Code (HGB) has been filed in the electronic Federal Bulletin and can be called up under www.unternehmensregister.de.

As in the previous year, ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah/Saudi Arabia has been included using the equity method.

One German and one international subsidiary as well as five other shareholdings, which in aggregate have a negligible impact on the Group's assets, liabilities, financial position and earnings, are not included in the scope of consolidation.

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 § 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, Weilerbach, and
PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg,

as per § 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

In the reporting year the scope of consolidation was extended by the initial accounting of two companies. This concerns a fully consolidated company from the Europe region and a proportionately consolidated company from the Asia-Pacific, Africa region. Furthermore, four companies which are no longer operating were deconsolidated, of which one company belonged to the Europe region and three companies to the Asia-Pacific, Africa region.

The comparability of the Group's balance sheet and income statement to the previous year is not significantly affected by the changes. Overall, the balance sheet total was increased by around €0.4 million. Sales revenues rose by €5.0 million and profit after tax by €0.3 million.

Consolidation principles

The acquisition accounting for acquisitions prior to March 31, 2004 has been accounted for according to 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. For acquisitions after March 31, 2004, the capitalization of the acquired assets and liabilities occurs at the full fair value. The difference between the acquisition costs and the full fair value represents goodwill.

In accordance with IFRS 3.55, no further scheduled goodwill amortization will occur as of the financial year 2005. Pursuant to IAS 36 the recoverable amount of goodwill is calculated at least once each year on the basis of goodwill impairment tests. For the purpose of testing impairment, the goodwill will be assigned to the cash generating units. If the recoverable amount is lower than the carrying amount of the reporting unit, goodwill will be amortized in the income statement to the fair value or value in use. The process described for the impairment test is normally carried out at subsidiary level. Fair value is determined based on discounted cash flows. Discount rates of 6.75 %, 8.0 %, and 12.0 % after tax will be applied in order to reflect the different country risk profiles. The underlying medium-term planning covers a time frame of at least three years.

The corresponding consolidation principles apply for the joint ventures consolidated pro rata and the associated company valued using the equity method.

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

Minority interests in the consolidated shareholders' 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 according to 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 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 recorded directly in shareholders' equity and will be included in income only upon sale or liquidation of the underlying investment. The values are listed in a separate column in the statement of changes in shareholders' equity.

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

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

Currency translation for the pro rata equity capital of associated companies has been performed at the respective exchange rates on the balance sheet date. Translation of the annual results concerned was carried out at the exchange rates on the balance sheet date or at the reference exchange rates specified by the European Central Bank. Dividend payments by associated companies have been 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, 2007	Dec. 31, 2006	Change in foreign currency in %
US dollar	1.473	1.320	−10.4
British pound	0.738	0.674	−8.7
Chinese renminbi yuan	10.773	10.321	−4.2
Australian dollar	1.682	1.675	−0.4
South African rand	10.036	9.306	−7.3
Polish zloty	3.626	3.857	+6.4
Brazilian real	2.613	2.823	+8.0
Argentinean peso	4.640	4.054	−12.6

Average annual exchange rate [1 €]	2007	2006	Change in foreign currency in %
US dollar	1.370	1.256	−8.3
British pound	0.685	0.682	−0.4
Chinese renminbi yuan	10.433	10.022	−3.9
Australian dollar	1.636	1.668	+2.0
South African rand	9.670	8.528	−11.8
Polish zloty	3.793	3.905	+3.0
Brazilian real	2.669	2.737	+2.5
Argentinean peso	4.279	3.882	−9.3

> 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. Reference is made to exceptions thereof under the relevant items.

The preparation of the consolidated financial statements in conformity with the IFRS principles requires management to makes 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 and on other factors, which are deemed to be applicable under the respective circumstances. Estimates are necessary for valuation, disclosure, and measurement of
> impairment losses and/or allowances,
> pension obligations,
> provisions for taxes and restructuring,
> the need for inventory write-downs,
> feasibility of deferred tax assets.

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 are accounted for in the year of correction and – if necessary – in any subsequent years.

Sales revenues

Sales revenues include revenues from ordinary business activities net of sales deductions and elimination of intra-group transactions. Sales revenues also include fees for chemical process management services. The date of realization is determined by the transfer of the risks and rewards of ownership to the customer at the time of rendering the service.

Cost of sales

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

Selling and distribution expenses

Selling expenses include the costs of the sales departments and operations, 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 departments as internal services.

Research and development expenses

Research and development costs are expensed as incurred since they do not meet the extensive preconditions of IAS 38 with regard to capitalization.

Financial result

Financing costs will be differentiated in the income statement and accounted for using the effective interest method. Borrowing costs on purchased or manufactured assets shall not be capitalized (IAS 23).

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 according to actuarial calculations and disclosed in the financial result.

Intangible assets

Acquired intangible assets are measured 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.

Intangible assets with indefinite useful lives are not subject to scheduled amortization, but will undergo the impairment test every year. Intangible assets with limited useful lives will be subjected to scheduled amortization over their useful lifetimes using the straight-line method.

For software and other intangible assets, a useful life of three to five years is scheduled within the Group. The amortization will be recorded in the income statement under the department costs for manufacturing, administration, distribution, as well as research and development.

Property, plant and equipment

All items of property, plant and equipment are measured at their cost of acquisition or manufacture, reduced by scheduled depreciation. Straight-line depreciation is applied over the useful life of the property, plant and equipment. Low-value items are written off in the year of acquisition.

Scheduled depreciation is computed using the straight-line method on an individual basis over 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

Reductions in value 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 shown at their present values as other 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

Associated companies are recorded in the balance sheet at the Group's share of the equity capital of the company. The Group's share of profits is shown as an addition in the statement of changes in long-term assets, reduced by dividend payments.

In accordance with IAS 39 shares 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 securities 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.

Deferred taxes

In accordance with IAS 12, deferred taxes should be recognized for all taxable temporary differences between the tax base and the IFRS carrying amounts 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 liabilities mainly result from long-term asset depreciation differences between the Group's uniform depreciation rules and applicable tax laws. Deferred taxes are calculated on the basis of tax rates applicable on the date of realization pursuant to the legislation in the countries involved.

Inventories

Inventories are stated at the lower of cost or market value. The majority of inventory is valued using the weighted average cost method; however, the FIFO method is used in some cases. In accordance with IAS 2, manufacturing costs 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 saleability.

Receivables and other short-term assets

Receivables and other assets are stated at their cost of acquisition. 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.

Derivative financial instruments

The 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.

Pursuant to IAS 39, derivative financial instruments, such as the forward exchange transactions primarily 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 underlying transaction 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 underlying transaction or nearly certain future transaction (e.g. the possible exchange rate disadvantage of a revenue item in foreign currency). The effectiveness of a cash flow hedge is determined by how precisely a specific underlying transaction 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 shown in the income statement.

During the reporting year and in the financial year 2006 the FUCHS PETROLUB group has not undertaken any fair value or cash flow hedge transactions.

Cash and cash equivalents

Cash and cash equivalents 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 closing 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 an appropriation of shareholders’ equity.

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.

Actuarial gains and losses are only recognized as income or expense when their net cumulative amount exceeds 10 % of the higher amount of pension obligations or plan assets. The amount in excess of this corridor is recognized over the average remaining working lives of the employees. The charges from additions to the pension provisions in the amount of the current service expense are allocated to personnel expenses, whereby the interest portion is included in the financial result.

Other provisions

Other provisions are recognized when an obligation to third parties exists, an outflow of funds is probable (i.e., probability of occurrence is greater than 50 %) and a reliable estimate can be made of the amount of the 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. Long-term provisions with a remaining term of more than one year are discounted at usual market conditions to their present value at the balance sheet date.

Liabilities

Liabilities are stated in the balance sheet at amortized cost. 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

1 > Sales revenues

Sales revenues break down by product as follows:

[in € million]	2007	2006	Change in %
Automotive lubricants	472.9	440.9	7.3
Industrial lubricants and specialties	790.4	765.4	3.3
Other products	102.0	117.0	–12.8
	1,365.3	**1,323.3**	**3.2**

Other products mainly include toll blending, chemical process management and trading activities. The previous year also included sales revenues in the area of polishing technology.

The prior-year figures have been adjusted slightly.

The development of sales revenues by region can be seen under segment reporting on pages 74 and 75.

2 > Cost of sales

[in € million]	2007	2006
Cost of purchased raw materials, supplies, goods for resale and purchased services	776.7	777.4
Cost of materials	**776.7**	**777.4**
Personnel and other costs	79.4	79.0
	856.1	**856.4**

3 > Selling and distribution expenses

[in € million]	2007	2006
Freight	48.0	46.5
Commission payments	27.9	24.9
Personnel and other costs	140.1	141.7
	216.0	**213.1**

4 > Other operating income and expenses

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

[in € million]	2007	2006
Income from the disposal of fixed assets	0.3	0.6
Income from deconsolidation	0.0	3.0
Income from the reversal of provisions	3.5	2.5
Income from the reversal of write-downs	1.6	1.9
Income from licenses and cost charging	1.4	1.0
Income from rents and leases	0.3	0.3
Currency exchange gains	2.9	2.4
Miscellaneous operating income	7.0	6.0
Other operating income	**17.0**	**17.7**
Losses from the disposal of fixed assets	0.4	0.2
Write-downs of receivables	3.2	4.0
Currency exchange losses	3.7	2.4
Restructuring costs and severance payments	0.3	0.7
Impairments	1.9	2.2
Miscellaneous operating expenses	8.1	5.5
Other operating expenses	**17.6**	**15.0**
Other operating income and expenses	**−0.6**	**2.7**

Income from the reversal of provisions includes risks relating, among other things, to termination benefits, redevelopment activities, warranties, ex gratia and commission payments, and dismantling obligations, which are no longer expected to occur or which are no longer expected to occur in this amount.

Miscellaneous operating income includes compensation payments received, sales of empty containers, and other sales. This item also includes income from the reversal of an impairment recognized at a European subsidiary of €0.9 million.

Restructuring costs include the expected costs of restructuring in Europe outside Germany and South Africa.

Impairment charges relate exclusively to goodwill, of which €0.8 million are attributable to goodwill from the company financial statements of subsidiaries in Europe outside Germany and €1.1 million to consolidation goodwill.

Miscellaneous operating expenses include, among other things, the purchase costs for other sales and provisions relating to non-operating items.

5 > Investment income

Investment income comprises the profit or loss from associated companies accounted for using the equity method:

[in € million]	2007	2006
Income from investments accounted for using the equity method	2.3	1.0

6 > Financial result

[in € million]	2007	2006
Other interest and similar income		
> Subsidiaries	0.0	0.1
> Others (mainly banks)	1.7	1.5
Interest income	**1.7**	**1.6**
Interest and similar expenses		
> Remuneration for participating-right certificates	–3.7	–3.7
> Interest rate hedging	0.0	–0.5
> Others (mainly banks)	–3.6	–5.9
Interest attributable to finance leases	–0.3	–0.3
Pension obligations		
> Interest expense	–7.3	–7.4
> Expected return on plan assets	4.8	4.7
Interest expenses	**–10.1**	**–13.1**
Net interest expenses	**–8.4**	**–11.5**
Write-downs due to impairment of financial assets	–0.1	–0.2
Other financial expenses	0.0	–0.1
Financial result	**–8.5**	**–11.8**

The interest component of additions to pension provisions of –€2.5 million (–2.7) comprises interest expense of €7.3 million (7.4) for funded obligations and obligations financed by provisions and the expected return on pension plan assets of €4.8 million (4.7).

7 > Income taxes

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

[in € million]	2007	2006
Current taxes	62.0	51.1
Deferred taxes	4.4	1.1
Total	66.4	**52.2**

The tax rate in Germany is based on the corporation tax rate of 26.4 % and includes the solidarity surcharge of 5.5 %. Including trade tax, the aggregate tax rate is therefore approximately 39 %.

Profits generated by our companies outside Germany are taxed at the respective local rates. The tax rates applied in the various countries range from 13.5 % to 40.5 %.

Tax assets and liabilities are offset 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]	2007	in %	2006	in %
Earnings before tax (EBT)	186.7		149.4	
Expected tax expense	72.8	39.0	58.3	39.0
Taxation rate differences	−8.1	−4.3	−14.3	−9.6
Impairments of goodwill and other non-deductible items	1.7	0.9	4.9	3.3
Impairment of deferred tax assets	0.0		0.0	
Tax-free income	−0.2	−0.1	−0.6	−0.4
Effect of tax loss carryforwards, for which no deferred tax assets had been recognized	−0.3	−0.2	−1.6	−1.1
Expected use of loss carryforwards	−0.6	−0.3	0.0	
Taxes for prior periods	0.5	0.3	3.5	2.3
Withholding taxes	0.5	0.3	1.6	1.1
Other	0.1	0.0	0.4	0.3
Actual tax expense	66.4	35.6	**52.2**	**34.9**

The deferred taxes were recognized in full in the income statement. No deferred taxes were recognized in equity. They are measured at the tax rates expected to apply at the time of realization. Compared to the previous year lower tax rates were to be applied in particular in Germany (down to 30 %) but also in Great Britain, Italy and Spain.

8 > Minority interests

Profits attributable to minority interests amount to €0.7 million (9), of which €0.3 million relates to German minority interests and €0.4 million to shareholders in Austria, the Ukraine and France.

9 > Earnings per share

[in € million]	2007	2006
Profit after minority interests	**119.6**	**96.6**
Earnings per ordinary share in €		
Earnings per share	4.63	3.70
Weighted average number of ordinary shares	12,846,257	12,969,000
Earnings per preference share in €		
Earnings per share	4.69	3.76
Weighted average number of preference shares	12,845,737	12,969,000

Pursuant to IAS 33, the additional dividend of €0.06 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 allocated equally among the two share classes.

Pursuant to IAS 33.20, own shares bought back within the scope of the share buy back program are not included in the calculation of earnings per share.

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

10 > Other taxes

[in € million]	2007	2006
	6.5	**6.3**

The amount shown relates to non-income taxes, which are included in cost of sales, administrative expenses, selling and distribution expenses, and research and development expenses. €6.3 million of this amount are attributable to foreign Group companies, mainly in France, Poland and the USA.

11 > Personnel expenses/employees

Personnel expenses [in € million]	2007	2006
Wages and salaries	150.4	154.9
Social security contributions and expenses for pensions and similar obligations	31.3	26.6
> of which for pensions	6.1	6.2
	181.7	**181.5**

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 return from pension scheme assets for financing pension obligations.

Employees [annual average numbers]	2007	2006
Salaried staff	2,686	2,717
Wage earners	1,121	1,192
	3,807	**3,909**

The average number of persons employed by proportionately consolidated companies is included on the basis of the proportionate interest held and is therefore 51 (47).

> NOTES TO THE BALANCE SHEET

12 > Long-term assets

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 70 and 71 shows a breakdown of these items and the changes therein in 2007.

Property, plant and equipment includes lease assets (finance leases) totaling €5.3 million and consisting mainly of an office building in Mannheim with a carrying amount of €4.3 million. There is an option to purchase the asset when the lease expires in 2011.

In addition, leased vehicles and computer equipment totaling €0.5 million are included in "Technical equipment and machinery" and "Other equipment".

The impairment test carried out for subsidiaries revealed that the impairment of land and buildings recognized in 2005 for one European company was no longer justified. For this reason the write-down recorded at that time was reversed and the corresponding income of €0.9 million (before deferred tax) recognized as other operating income. There were no indications for impairment of property, plant and equipment. The impairment test method is described in the "Consolidation principles" section.

13 > Intangible assets

Goodwill

[in € million] from	Company financial statements	Business Combinations	Total
Historical costs			
Balance at January 1, 2007	32.0	54.5	86.5
Currency translation differences	–2.0	0.5	–1.5
Additions	2.1	0.1	2.2
Disposals/changes in scope of consolidation	–1.2	0.0	–1.2
Balance at December 31, 2007	**30.9**	**55.1**	**86.0**
Accumulated amortization			
Balance at January 1, 2007	–6.8	–0.9	–7.7
Currency translation differences	0.2	–0.4	–0.2
Impairment losses	–0.8	–1.1	–1.9
Disposals/changes in scope of consolidation	1.2	0.0	1.2
Balance at December 31, 2007	**–6.2**	**–2.4**	**–8.6**
Carrying amount at December 31, 2007	**24.7**	**52.7**	**77.4**

According to IFRS 3, goodwill is an intangible asset with an indefinite useful life. Therefore, effective January 1, 2005, goodwill ceased to be amortized and is instead tested annually for impairment pursuant to IAS 36. Impairment losses are recognized as and when appropriate.

Recognized goodwill totals €77.4 million (78.8). Of that amount, €52.7 million (53.6) relates to business combinations and €24.7 million (25.2) to the financial statements of the subsidiaries. In 2007, impairment losses amounted to €1.9 million (2.2), of which €0.8 million are attributable to goodwill from the financial statements of subsidiaries in Europe outside Germany and €1.0 million to goodwill for a company included in the acquisition accounting from the Asia-Pacific, Africa region and €0.1 million from the Europe region. The impairment losses recognized were based on impairment tests which resulted in a fair value that was lower than the carrying amount of the goodwill.

Industrial property rights and similar values

Intangible assets also include industrial property rights and similar rights and assets. These consist mainly of capitalized licenses for computer software, acquired formulas, a restraint on competition, and acquired customer lists. These rights and assets amount to €6.6 million (4.9) in total.

14 > Investments accounted for using the equity method

The investment in associated companies is accounted for using the equity method. It is measured by determining the proportionate equity based on the financial statements prepared in accordance with the local law and adapted in line with the requirements of IFRS. The company's assets amount to €42.0 million, its liabilities to €27.8 million, its sales revenues to €145.1 million, and its net profit for 2007 to €8.9 million.

15 > Other financial assets

This item includes shares in unconsolidated affiliated companies, investments in and loans to subsidiaries, long-term securities, and other loans. As they are of a financing nature, the long-term receivables relating to delivery agreements in France of €6.5 million (5.8) are disclosed under "Other loans".

The statement of changes in long-term assets on pages 70 and 71 shows the changes in and the amount of the individual items.

16 > Deferred taxes

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

[in € million]	Deferred tax assets 2007	Deferred tax assets 2006	Deferred tax liabilities 2007	Deferred tax liabilities 2006	Net 2007	Net 2006
Property, plant and equipment	1.5	1.6	–11.3	–12.3	–9.8	–10.7
Other long-term assets	1.5	1.3	–3.1	–1.7	–1.6	–0.4
Inventories	2.8	3.5	–0.1	–0.1	2.7	3.4
Other short-term assets	1.3	1.2	–0.4	–1.0	0.9	0.2
Long-term provisions	5.7	7.3	–2.0	–1.7	3.7	5.6
Financial liabilities	1.6	1.4	0.0	0.0	1.6	1.4
Other long-term liabilities	0.3	0.0	0.0	–0.3	0.3	–0.3
Short-term provisions and liabilities	2.6	4.1	–2.0	–0.9	0.6	3.2
Expected use of loss carryforwards	0.6	0.0	0.0	0.0	0.6	0.0
Sum of deferred taxes asset/liability	17.9	**20.4**	–18.9	**–18.0**	–1.0	**2.4**
Tax offset	–5.6	–7.1	5.6	7.1	0.0	0.0
Total assets/liabilities	12.3	**13.3**	–13.3	**–10.9**	–1.0	**2.4**

The deferred tax assets of €12.3 million (13.3) are attributable in full to temporary differences between the carrying amounts of inventories (elimination of intercompany profits), pension obligations, and other provisions in the IFRS balance sheet and their tax base. The deferred tax liabilities result mainly from temporary differences between the carrying amounts of long-term assets in the IFRS balance sheet and their tax base.

Deferred tax assets were recognized in respect of the tax loss carryforwards, in so far as it is sufficiently probable that they will be utilized in the foreseeable future. Tax loss carry-forwards in the Group amount to €3.0 million (4.5). They exist mainly at companies in the Asia-Pacific, Africa region. For this purpose deferred tax assets of €0.6 million were recorded which in turn have reduced the deferred tax expense of the Group.

The change in the net amount of deferred taxes is –€3.4 million in the year under review. Taking into account the currency differences recognized directly in equity, the deferred tax expense reported in the income statement amounts to €4.4 million.

17 > Long-term other receivables and other assets

This item comprises assets from overfunded pension plans in Great Britain and the USA totaling €5.9 million. Previous year's values (5.7) were adjusted accordingly.

18 > Inventories

Write-downs of inventories totaling €0.3 million (1.9) were recognized in the income statement in the year under review due to reduced saleability. Inventories comprise the following:

[in € million]	Dec. 31, 2007	Dec. 31, 2006
Raw materials and supplies	63.2	60.8
Work in progress	16.1	9.0
Finished goods and merchandise (incl. advance payments on inventories)	85.4	86.2
	164.7	**156.0**

19 > Trade receivables

[in € million]	Dec. 31, 2007	Dec. 31, 2006
Receivables due from affiliated companies	0.1	0.3
Receivables due from associated companies	0.7	0.3
Receivables due from other companies	200.4	203.1
	201.2	**203.7**

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

[in € million]	2007	2006
Impairments as at January 1	**11.7**	**13.0**
Currency translation differences	0.0	0.0
Additions (impairment expenses)	3.2	4.0
Utilization	2.1	2.9
Reversals	1.6	1.9
Change in the scope of consolidation	0.0	−0.5
Impairments as at December 31	**11.2**	**11.7**

In the year under review, write-downs of receivables recognized in the income statement totaled €3.2 million (4.0), while income from the reversal of write-downs amounted to €1.6. million (1.9). Trade receivables include write-downs totaling €11.2 million (11.7) reflecting identifiable risks.

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

Receivables by maturity [in € million]	Dec. 31, 2007	Dec. 31, 2006
Receivables neither overdue nor impaired	**157.1**	143.0
Overdue receivables that are not impaired:		
> Less than 30 days	**31.9**	39.4
> 30 to 60 days	**8.7**	15.7
> 61 to 90 days	**2.5**	4.8
> 91 to 180 days	**1.9**	2.3
> 181 to 360 days	**0.9**	0.5
> More than 360 days	**1.0**	0.8
Total of overdue receivables	**46.9**	63.5
Minus collectively assessed allowances	**−4.7**	−4.4
Impaired receivables, gross	**8.4**	8.9
Minus individually assessed allowances	**−6.5**	−7.3
Trade receivables	**201.2**	**203.7**

20 > Short-term tax receivables

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

21 > Short-term other receivables and other assets

[in € million]	Dec. 31, 2007	Dec. 31, 2006
Tax receivables	**3.0**	2.8
Other assets	**13.0**	16.0
	16.0	**18.8**

At €2.1 million (1.1) tax receivables predominantly concern VAT receivables. Furthermore, this item also includes receivables from taxes on non-income values in Italy and Greece.

The Group’s other assets include customer loans amounting to €3.4 million (4.6) in connection with delivery agreements in France. The long-term portion of these loans is disclosed under ”Other financial assets“.

Other assets also include advance rental and lease payments, accounts payable with a debit balance, prepaid expenses and other customer loans and receivables from other sales. Other assets comprise impairment losses of €5.2 million (5.4) in total.

22 > Cash and cash equivalents

Liquid funds of €64.2 million (40.2) comprise bank deposits with a maturity of less than three months, checks and bills not yet presented, and cash in hand.

23 > Shareholders' equity

A solid equity capital backing is indispensable for the continued existence of the company. The management regularly monitors the level of shareholders' equity. Gearing (the ratio of financial liabilities plus pension provisions minus cash and cash equivalents to shareholders' equity) and the equity ratio are important indicators here.

Subscribed capital

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

As at December 31, 2007 [in € million]	**77.8**

Consisting of

12,969,000 ordinary shares	at €3	= €38,907,000
12,969,000 preference shares	at €3	= €38,907,000

The shares of FUCHS PETROLUB AG are bearer shares. Each ordinary share carries one vote at the Annual General Meeting. The preference shares carry no voting rights, except in cases prescribed by law. Under the articles of incorporation, each preference share receives a premium of €0.06 per share compared to an ordinary share.

Authorized capital remains unchanged at €35.4 million. Authorized capital expires on June 8, 2009 and entitles the Executive Board to increase the share capital, with the consent of the Supervisory Board, by issuing up to 11,790,000 new no-par value shares (ordinary and/or preference shares without voting rights) against cash or contributions in kind. Use was not made of the authorization granted by the Annual General Meeting on June 9, 2004 in the financial year 2007.

The conditional capital increase resolved by the Annual General Meeting on May 24, 2005 and amended to 10 % of the share capital by the Annual General Meeting on June 21, 2006 (capital in-crease by up to €7.8 million, composed of up to 1,296,900 ordinary bearer shares and/or non-voting preference shares) will be implemented only if bonds with warrants or convertible bonds are issued and only to the extent that the holders of bonds with option or conversion rights exercise their rights. The Executive Board is authorized, with the consent of the Supervisory Board, to issue bearer bonds with warrants and/or convertible bonds of up to €140 million in total in the period up to and including May 23, 2010 and to grant the holders of these bonds option and/or conversion rights for ordinary and/or preference shares with a notional interest in the share capital of up to €7.5 million in total. No option or conversion rights were exercised in the financial year 2007, as no corresponding debt instruments were issued.

Share buy back program

In line with the authorization granted by the Annual General Meeting of FUCHS PETROLUB AG on May 2, 2007, the Executive Board has decided, with the consent of the Supervisory Board, to start with the buyback of own shares on May 10, 2007. This authorization allows FUCHS PETROLUB AG to acquire up to 10 % of the share capital, i. e. up to 1,296,900 ordinary shares and up to 1,296,900 preference shares via the stock exchange for the purpose of redemption up and until November 1, 2008. All transactions in relation to the share buyback program are published on a weekly basis on the FUCHS PETROLUB AG website under "Investor Relations/Share buy back program".

In the period from May 10 to December 31, 2007, the company bought back a total of 770,146 own shares. This corresponds to 2.97 % of the company's share capital. 386,001 ordinary shares at a total value of €25.1 million (average price per share: €65.08) and 384,145 preference shares at a total value of €25.6 million (average price per share: €66.67) were purchased. The treasury stock has not been redeemed yet.

The amount of €50.8 million spent including transaction costs was deducted from shareholders' equity and, pursuant to IAS 33.20, the acquired shares were not included in the calculation of earnings per share. Transaction costs were recognized directly in equity.

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. Positive and negative goodwill amounts arising in accounting for acquisitions of subsidiaries consolidated in the period to December 31, 1994 was also netted under this item. Differences arising on the translation of the financial statements of foreign subsidiaries are taken directly to equity and carried under currency reserves.

In addition, own shares acquired through the share buyback program are also offset against the Group reserves.

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

The changes in the reserves in the financial year 2007 including the acquisition of treasury stock are shown in the statement of changes in shareholders' equity.

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 2008 Annual General Meeting: €1.44 per ordinary share entitled to dividend and €1,50 per preference share.

Minority interest

This item contains the shareholders' equity and earnings of consolidated subsidiaries attributable to minority interests. €0.3 million (0.3) is attributable to minority interests in Germany and €0.9 million (0.8) to shareholders in Austria, France, Greece and the Ukraine.

24 > Pension provisions

Pension provisions are recognized for obligations arising from entitlements to future benefits and from current benefits paid to former employees of the FUCHS PETROLUB Group and their surviving dependents. The occupational pension plans in place within the Group are financed by provisions and funds and consist of defined contribution and defined benefit plans. A defined benefit plan is provided for employees of Group companies in Germany. These benefits are based on length of service and remuneration and are financed by provisions. Some of the occupational pension plans provided by Group companies outside Germany are defined contribution plans, while most are funded, defined benefit plans.

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.

In Germany, measurement is based on the following assumptions:

[in %]	2007	2006
Discount rate	5.25	4.25
Salary trend	3.0	3.0
Pension trend	1.9	1.8

The obligations of companies outside Germany are determined according to the country-specific accounting regulations and parameters, using discount rates of 1.5 % to 10.0 % (average 5.9 %), salary trends of 3.5 % to 8.0 % (average 3.8 %), and pension trends of 3.3 %. The expected return on plan assets is between 6.50 % and 8.75 %.

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, 2007	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2003
Present value of pension benefits financed by provisions	52.8	59.0	59.6	54.1	51.9
Present value of funded pension benefits	91.9	103.8	100.9	83.8	81.3
Total pension benefits	144.7	162.8	160.5	137.9	133.2
Fair value of plan assets	77.8	82.2	76.7	64.5	59.7
Net obligation	66.9	80.6	83.8	73.4	73.5
Actuarial gains (+) and losses (–)	–16.4	–29.4	–29.3	–18.2	–17.3
Similar obligations	0.1	0.1	0.4	0.3	0.8
Net obligation as at December 31	**50.6**	**51.3**	**54.9**	**55.5**	**57.0**
recognized as:					
Long-term assets	**5.9**	**5.7**	**0.0**	**0.0**	**0.0**
Pension provisions	**56.5**	**57.0**	**54.9**	**55.5**	**57.0**
Amount not recognized as an asset because of the limit in IAS 19.58	0.0	0.0	0.0	0.0	0.0

Pursuant to IAS 19, assets arising from overfunded pension plans are not netted against other pension plan provisions. According to their nature, the assets amounting to €5.9 million (5.7) are disclosed within long-term assets in "Other receivables and other assets". The previous year's values have been adjusted accordingly.

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

Pension benefits [in € million]	2007	2006
Present value as at January 1	162.8	160.5
Currency differences	–9.2	–0.5
Current service cost	3.5	3.0
Interest expense	7.2	7.2
Actuarial gains and losses	–9.7	1.4
Benefits paid and transfers made to external funds	–9.9	–8.8
Present value as at December 31	**144.7**	**162.8**

Plan assets are made up of shares (43 %), bonds (49 %) and raw material contracts (8 %). The actual return on plan assets was 6.5 % (5.2 %) on average.

For 2008 a return of 6.9 % is expected. This assumption is based on the market conditions for bonds on the balance sheet date and the anticipated future development of share investments. These predictions are weighted with the portfolio structure of plan assets to arrive at the expected overall return.

Changes to plan assets during the year are detailed below:

Plan assets [in € million]	2007	2006
Fair value at January 1	82.2	76.7
Currency differences	–7.2	0.1
Expected return on plan assets	4.8	4.7
Contributions	3.9	6.8
Benefits paid	–5.6	–5.4
Actuarial gains and losses	–0.3	–0.7
Fair value at December 31	**77.8**	**82.2**

Contributions of €3.6 million are scheduled for 2008.

In calculating pension expenses, the corridor approach is applied, under which actuarial gains or losses resulting from differences between actual amounts and the assumptions on which calculations were based and from changes in actuarial assumptions are not recognized unless they exceed 10 % of the higher of the obligation and 10 % of any plan asset. The amount in excess of this corridor is recognized over the average remaining working lives of the employees.

Pension expenses arising from the pension plans in place within the FUCHS PETROLUB Group amount to €10.8 million (10.4) and is made up of the following components:

Pension expenses [in € million]	2007	2006
Current service cost	2.4	3.0
Interest expense	7.3	7.4
Expected return on plan assets (–)	–4.8	–4.7
Actuarial gains and losses	1.1	1.3
Past service costs	0.0	0.0
Effects of plan settlements	0.0	0.0
Expenses for defined benefit pension plans	**6.0**	**7.0**
Expenses for defined contribution pension plans	4.8	3.4
Total pension expense	**10.8**	**10.4**

At €3.0 million, the share of pension contributions paid by the employer in Germany have been included for the first time in "Defined contribution pension plans". The previous year's values (2.8) were adjusted accordingly.

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]	2007	2006
Cost of manufacture	**1.4**	1.4
Research and development expenses	**0.7**	0.7
Selling and distribution expenses	**2.0**	2.2
Administrative expenses	**4.3**	3.4
Other operating income	**0.0**	0.0
Other operating expenses	**0.0**	0.0
Financial result	**2.4**	2.7
	10.8	**10.4**

25 > Other long-term provisions

This item mainly includes provisions for part-time working arrangements for older employees. Such obligations exist only within Germany. They are measured using actuarial principles and discounted because of their long-term structure. Contractual terms range from 2 to 6 years. The discount rate is 4.75 % (4.0). The provisions amount to €7.2 million (8.6).

This item also includes earn outs relating to the acquisitions of our subsidiary in Brazil expected up to and including 2009.

26 > Long-term financial liabilities

Long-term financial liabilities include interest-bearing liabilities of the FUCHS PETROLUB Group with a residual term of more than one year. They break down as follows:

[in € million]	Dec. 31, 2007	Dec. 31, 2006
Participation-right certificates	**0.0**	51.1
Liabilities due to banks	**0.1**	0.4
Other financial liabilities	**3.6**	3.9
	3.7	**55.4**

The term of the participation certificates ends on December 31, 2007. Repayment will take place on August 1, 2008. Therefore the participation right capital was reclassified to short-term financial liabilities and is explained in note 30.

No property has been pledged as collateral for bank liabilities.

Other financial liabilities include finance lease obligations of €3.6 million (3.8). These relate mainly to finance lease agreements for buildings and are recognized in the balance sheet at the present value of the payment obligations resulting from future lease installments. The corresponding nominal minimum lease payments amount to €4.1 million (4.7). These minimum lease payments were discounted using interest rates of between 3.0 % and 7.4 % (average 4.97 %).

The long-term financial liabilities fall due as follows:

Maturities [in € million]	
2008	0.3
2009	0.3
2010	0.3
2011	2.8
After 2011	0.0
	3.7

27 > Trade payables

Trade payables are considered to be current liabilities, as they are generated during business operations and are expected to be settled within the company's normal operating cycle or within twelve months. They are generally stated at nominal value. Foreign-currency liabilities are translated at the closing rate.

[in € million]	Dec. 31, 2007	Dec. 31, 2006
Trade payables	108.4	108.3
Bills payable	5.7	8.4
Advance payments received	0.5	0.7
	114.6	**117.4**

28 > Short-term provisions

Short-term provisions consist of the following:

[in € million]	Dec. 31, 2007	Dec. 31, 2006
Obligations for personnel and social expenses	28.2	26.1
Obligations for ongoing operating expenses	4.6	3.8
Other obligations	11.2	10.1
	44.0	**40.0**

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

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 amounting to €1.5 million (1.9). Furthermore, the figure includes provisions for impending losses from open contracts, contract risks, contribution obligations and returnable container deposits.

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

[in € million]	Dec. 31, 2006	Currency exchange differences	Changes in the scope of consolidation	Additions	Utilization	Reversals	Dec. 31, 2007
Obligations for personnel and social expenses	26.1	–0.8	0.0	29.9	26.6	0.4	28.2
Obligations for ongoing operating expenses	3.8	–0.1	0.0	5.3	4.2	0.2	4.6
Other obligations	10.1	–0.3	0.0	14.5	11.4	1.7	11.2
	40.0	**–1.2**	**0.0**	**49.7**	**42.2**	**2.3**	**44.0**

[in € million]	Dec. 31, 2005	Currency exchange differences	Changes in the scope of consolidation	Additions	Utilization	Reversals	Dec. 31, 2006
Obligations for personnel and social expenses	21.7	–0.8	0.0	26.1	20.1	0.8	26.1
Obligations for ongoing operating expenses	4.7	–0.1	0.0	3.8	4.2	0.4	3.8
Other obligations	13.4	–0.1	–0.2	10.1	11.9	1.2	10.1
	39.8	**–1.0**	**–0.2**	**40.0**	**36.2**	**2.4**	**40.0**

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

29 > Short-term tax liabilities

This item includes total liabilities for income taxes of €34.0 million (19.3). The rise compared to the previous year is almost exclusively attributable to the increased provisions for corporation and trade tax for Germany and other European countries.

30 > Short-term financial liabilities

All interest bearing obligations of the FUCHS PETROLUB Group with a maturity of up to one year are shown under short-term financial liabilities. They comprise:

[in € million]	Dec. 31, 2007	Dec. 31, 2006
Participation-right certificates	51.1	0.0
Liabilities due to banks	16.6	42.5
Other financial liabilities	0.5	0.6
	68.2	**43.1**

In August 1998, on the basis of the authorization granted by the Annual General Meeting of July 2, 1998, FUCHS PETROLUB AG issued bearer participation certificates in an aggregate principal amount of €51.1 million (DM100 million). The issue price was 100 % and the dividend rate was set at 7.29 % p.a. The term of the participation certificates ended on December 31, 2007. Repayment will take place on the first bank working day after the 2008 Annual General Meeting, but not before August 1, 2008. As a result, this item has been reclassified from long-term financial liabilities to short-term financial liabilities in the reporting year. The participation certificates, with securities identification number 551831, have been admitted to trading on the official market of the Frankfurt Stock Exchange.

Other financial liabilities include liabilities rendered from finance leases that are due within one year. Amounts due after one year are shown and explained under long-term financial liabilities (note 26).

31 > Other short-term liabilities

The following is a breakdown of other liabilities:

[in € million]	Dec. 31, 2007	Dec. 31, 2006
Fair value of derivative financial instruments	0.1	0.1
Social security	4.9	4.2
Employees	3.6	3.3
VAT liabilities	6.5	7.0
Other tax liabilities	2.8	3.3
Other liabilities	15.7	12.6
	33.6	**30.5**

Other tax liabilities include excise taxes, payroll taxes, etc.

Other liabilities include financing liabilities of €5.3 million (4.8) related to the delivery agreements in France that are shown under "Other assets". Also included are the participation-rights compensation of €3.7 million due on August 1, 2008, commission obligations, customers with credit balances and deferred income.

32 > Joint ventures

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

[in € million]	2007	2006
Long-term assets	2.5	2.6
Inventories and receivables	5.5	4.3
Other short-term assets	2.5	4.2
Assets	**10.5**	**11.1**
Shareholders' equity	5.3	6.2
Long-term liabilities	0.2	0.4
Short-term liabilities	5.0	4.5
Equity and liabilities	**10.5**	**11.1**
Income	40.4	31.7
Expenses	36.3	29.8

33 > Contingent liabilities and other financial obligations

Contingent liabilities and other financial obligations were as follows:

Contingencies [in € million]	Dec. 31, 2007	Dec. 31, 2006
Bills of exchange	0.0	0.1
Guarantees	1.5	2.5
> Of which in favor of subsidiaries	0.0	0.0
> Of which in favor of joint ventures or companies in which shares are held	0.0	1.4
Securing third-party liabilities	16.0	17.1

The item "Securing third-party liabilities" refers to so-called "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.

Leasing 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 Company's nominal minimum rental payments required under non-cancelable operating lease commitments are as follows:

Maturities [in € million]	Dec. 31, 2007 Operating leases	Dec. 31, 2006 Operating leases
Up to 1 year	9.8	9.4
1 to 5 years	17.7	16.3
More than 5 years	11.6	11.2
Total of minimum leasing payments	39.1	36.9

Total rental and leasing expense for the reporting year was €12.4 million (12.7). 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 €0.4 million (0.4).

34 > Financial instruments

a) Carrying amounts and fair values of financial instruments

The table below lists the book values and the fair values of the Group's financial instruments, categorized by different classes (IFRS 7).

[in € million]	Dec. 31, 2007		Dec. 31, 2006	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	201.2	201.2	203.7	203.7
Cash and cash equiva-lents	64.2	64.2	40.2	40.2
Other financial assets				
> Available-for-sale financial assets	0.0	0.0	0.0	0.0
> Financial assets at fair value through profit and loss	0.1	0.1	0.0	0.0
> Derivative financial instruments, where hedge accounting was applied	0.0	0.0	0.0	0.0
> Other receivables and other assets	17.9	17.9	20.7	20.7
Total of financial assets	**283.4**	**283.4**	**264.6**	**264.6**
Financial liabilities	71.9	71.9	98.5	98.5
Trade payables	114.6	114.6	117.4	117.4
Other financial liabilities				
> Financial liabilities at fair value through profit and loss	0.1	0.1	0.1	0.1
> Derivative financial instruments, where hedge accounting was applied	0.0	0.0	0.0	0.0
> Miscellaneous other financial liabilities	12.7	12.7	10.9	10.9
Total of financial liabilities	**199.3**	**199.3**	**226.9**	**226.9**

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, the stated fair values can only be regarded as indicators for values actually realizable on the market.

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

The table below lists the carrying amounts of the Group's financial instruments, grouped by the categories specified in IAS 39. The liquid funds and the liabilities due to finance leases are not included since these financial instruments are not allocated to a category of IAS 39:

[in € million]	Dec. 31, 2007	Dec. 31, 2006
Assets		
> Trade receivables	201.2	203.7
> Other receivables and other assets	17.9	20.7
Loans and receivables	**219.1**	**224.4**
Available-for-sale financial assets	**0.0**	**0.0**
Financial assets at fair value through profit and loss	**0.1**	**0.0**
Liabilities		
> Trade payables	114.6	117.4
> Financial liabilities	67.8	94.1
> Miscellaneous other financial liabilities	12.7	10.9
Financial liabilities measured at amortized cost	**195.1**	**222.4**
Financial liabilities at fair value through profit and loss	**0.1**	**0.1**

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.

Trade receivables and cash and cash equivalents

Due to the short maturities of these financial instruments it is assumed that the fair values correspond to the carrying amounts.

Other financial assets

The financial assets at fair value through profit and loss are asset items valued at due date pertaining to forward exchange deals.

Financial liabilities

The fair value of the financial liabilities corresponds to the repayable amounts.

Trade payables

Due to the short maturities it is assumed that the fair values of these financial instruments correspond to the carrying amounts.

Other financial liabilities

The financial liabilities at fair value through profit and loss are forward exchange deals valued at the closing rate.

b) Net profit or loss

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

[in € million]	2007	2006
Financial assets and financial liabilities at fair value through profit and loss	0.0	0.5
Available-for-sale financial assets	0.0	0.0
Loans and receivables	–1.6	–2.0
Financial liabilities measured at amortized cost	0.0	0.0

Net profit and loss from loans and receivables are mainly made up of the balance of allowances for bad debts recognized and reversed. 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, 2007	Dec. 31, 2006
Total interest income	1.7	1.6
Total interest expenses	–7.6	–9.9

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 the previous year all interest swaps were terminated prematurely to adjust to the Group's reduced financial debts. For the same reason no derivative transactions were concluded to hedge interest rate risks in the reporting year. The table below shows derivative financial instruments at the balance sheet date for hedging currency risks and sorted by their time to maturity:

Nominal value Instrument [in € million]	Dec. 31, 2007 Up to 1 year	1–5 years	More than 5 years	Total	Dec. 31, 2006 Up to 1 year	1–5 years	More than 5 years	Total
Forward currency transactions	23.8	–	–	23.8	19.0	–	–	19.0
Nominal volume of derivatives	23.8	–	–	23.8	**19.0**	**–**	**–**	**19.0**

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 included 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 reporting date forward exchange transactions were in place for hedging already existing transactions. There were no forward currency transactions for hedging firm commitments and future (anticipated) transactions.

Fair value of hedging instruments. The fair values of the derivative financial instruments were as follows:

Fair value as at Dec. 31, 2007 Instrument [in € million]	Nominal value	Market value (net)	Recognized in the income statement	Recognized in shareholders' equity
Forward currency transactions	23.8	−0.1	−0.1	0.0
Total derivatives	23.8	−0.1	−0.1	0.0

Fair value as at Dec. 31, 2006 Instrument [in € million]	Nominal value	Market value (net)	Recognized in the income statement	Recognized in shareholders' equity
Forward currency transactions	19.0	−0.1	−0.1	0.0
Total derivatives	**19.0**	**−0.1**	**−0.1**	**0.0**

Fair Value and cash flow hedges

In the reporting year no premature termination of cash flow hedges (interest swaps) were charged to the income statement. In the previous year this had led to expenses of €0.5 million.

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 operative 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 Executive 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 reasons only. The utilization of a two-person principle guarantees adequate functional separation between trading and processing.

Credit risk

A credit risk arises if one party of a financial instrument might cause 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 cash and cash equivalents are not needed for the ongoing operating business, the funds shall 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.

For the remaining credit risks bad debt allowances are recorded as soon as they exceed certain limits (see note 19).

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 (Baa 1 and higher). Through these process, 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 does not see itself exposed to any significant credit risks thanks to a natural diversification and its credit risk management.

Liquidity risk

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, primarily to finance working capital and capital expenditure.

Currently, the Group has funds available amounting to €51.1 million in the form of participation certificates repayable on August 1, 2008. At the balance sheet date, the Group had utilized €20.8 million of the approx. €170 million of credit lines committed to the Group worldwide. 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. In 2007 the financial borrowings were continuously reduced and liquid funds at the same time increased, so that the Group did not need to use these additional instruments and options in the year under review.

The following overview shows how the Group's contractually fixed payments for redemptions, repayments and interest from the recognized financial liabilities as of December 31, 2007 affect the Group's liquidity situation (non-discounted):

Financial liabilities [in € million]	Total	2008	2009	2010	2011	2012	≥ 2013
Financial liabilities	**75.9**	71.8	0.6	0.5	3.0	0.0	0.0
Derivative financial instruments	**0.1**	0.1	0.0	0.0	0.0	0.0	0.0
Trade payables	**114.6**	114.6	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	**12.7**	12.2	0.5	0.0	0.0	0.0	0.0
Total	**203.3**	**198.7**	**1.1**	**0.5**	**3.0**	**0.0**	**0.0**

Financial liabilities including interest went down by €27.0 million compared to the previous year due to redemption payments. The proportion of short-term financial liabilities compared to overall financial liabilities increased to 97.7 % (75.8) due to the repayment of participation certificates scheduled for 2008.

The FUCHS PETROLUB Group regards its liquidity situation as stable and not subject to any significant liquidity risk. Apart from the operating business, where liabilities are balanced by short-term trade receivables of €201.2 million, there are sufficient funds and financing alternatives available.

Market risk

As a result of its global business activities, the FUCHS Group faces market risks in the form of foreign exchange risks and interest rate risks. There are no stock market risks since the Group does not hold any freely tradable securities except for own shares which are to be redeemed within the scope of the share buyback program. The assets held by pension funds to meet pension obligations are explained in note 24 and are not referred to in these explanations.

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 revenues are achieved. Some of the raw materials processed by FUCHS are traded in US dollars. At the same time, most of the companies' sales revenues are generated 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 exists which leads to the reduction of the transaction risks existing for the Group as a whole.

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 quite a number of Group companies located outside the Euro zone. 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.

Taking into consideration the effects of derivatives with a currency component, the financial liabilities are structured as follows:

Financial liabilities [in € million]	2007	in %	2006	in %
Euro	37.6	52.3	54.8	53.9
US dollar	15.6	21.7	14.4	14.6
British pound	6.5	9.0	16.4	18.4
Australian dollar	1.8	2.5	4.7	4.8
Other currencies	10.4	14.5	8.2	8.3
	71.9	100.0	**98.5**	**100.0**

Interest rate risk

Based on a continuous decrease of its financial liabilities, the Group has considerably reduced 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 short-term refinancing of working capital is rather based on a congruent-maturity concept.

The company's financial liabilities (cf. notes 26 and 30) were partially restructured using the forward currency transactions listed. The table below therefore takes into account the way in which the derivatives work. No securities were posted – with the exception of the finance leasing transactions.

Financial liabilities [in € million]	Effective interest rate	Fixed interest rate	Book value Dec. 31, 2007	Book value Dec. 31, 2006
EUR time deposits	Euribor plus markup	< 1 year	1.6	0.0
GBP time deposits	Libor plus markup	< 1 year	6.5	16.4
USD time deposits	Libor plus markup	< 1 year	15.6	7.2
AUD time deposits	Libor plus markup	< 1 year	1.8	4.7
Time deposits in other currencies	Respective variable interest rates	< 1 year	10.4	8.2
USD fixed rate loans	Fixed rate 5.4 %	< 1 year	0.0	7.2
EUR fixed interest payment obligations	Fixed rate 7.0 %	2008	32.5	51.1
EUR finance leasing	Fixed rate 6.5 %	2011	3.5	3.7
			71.9	**98.5**

Summary of interest rate hedging periods

Interest rate hedging periods [in € million]	2007	In %	2006	In %
Up to 1 year	68.4	95.1	43.6	44.3
1 to 5 years	3.5	4.9	54.9	55.7
More than 5 years	–	–	–	–
	71.9	100.0	**98.5**	**100.0**

Other price risks

The FUCHS PETROLUB Group is exposed to significant 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. In this respect the financial instruments do not represent any market risks other than foreign exchange risks and interest rate risks.

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 1 % (parallel shift of the yield curves);
> a concurrent upward 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 recognized on December 31, 2007 would have reduced the financial result by €0.4 million (0.4) – assuming that the higher interest rate would have 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 upward revaluation of 10 % of the euro relative to all foreign currencies would have reduced the result by €0.5 million (0.4) which is equally attributable to the correlations EUR/USD and EUR/GBP.

35 > Notes on 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 liquid funds recognized in the balance sheet.

The gross cash flow and the cash flow from operating activities are indirectly calculated from profit 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 agree with the amounts shown in the balance sheet. The cash flows from/into investing and financing activities are determined on the basis of actual payments.

Of the cash and cash equivalents at December 31, 2007, €2.4 million (4.1) are from pro rata consolidated companies.

36 > Notes to the segment reporting

Segment reporting takes place according to the geographical regions reflecting the FUCHS PETROLUB Group's internal organization and internal reporting structure. In accordance with the regulations of IFRS 8 ("Operating Segments"), this structure is oriented towards internal management and reporting and takes into consideration the various risk and earnings structures of the business divisions. Accordingly, the primary reporting format is the regions. These are defined as Europe, North and South America, and Asia-Pacific, Africa. The individual companies are allocated to the segments according to the regions in which they are located.

The segment assets of the Asia-Pacific, Africa region include associated companies with book values of €4.4 million (4.3).

A further segment information reflects the Group's product segments, i.e. a) automotive lubricants, b) industrial lubricants and specialties, and c) other products. Automotive lubricants consist mainly of engine oils, gear oils and shock-absorber oils. Industrial lubricants and specialties comprise metal-working fluids, corrosion protection, hydraulic and industrial gear oils, lubricating greases and other specialties. Other products mainly include toll blending, chemical process management and trade activities.

The segment information is fundamentally 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 varying degrees. Whereas the allocation of amounts is only required to a small extent in the regional segments, the assets of the product segments are solely determined via indirect allocation, due to the common use of production facilities and other items. The prior-year sales revenues by product groups have been restated to reflect corrections made by a subsidiary.

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 segments' overall performance is presented in the financial report on pages 74 and 75.

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, the asset management company 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 between the holding company, FUCHS PETROLUB AG, and its subsidiaries, i.e. loans, sales, services, etc. 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 claims relating to supplies and services with companies included pro rata in the amount of €0.1 million. There are no liabilities. Sales revenues of €0.4 million were generated.

FUCHS PETROLUB AG has claims against the company included at equity relating to supplies and services in the amount of €0.7 million. There are no liabilities. The value of goods supplied in 2007 was €2.8 million.

For information on pension plans please refer to the statements in note 24.

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: "With the legal transactions listed in the dependent companies report, in accordance with the circumstances known to us on the date that the respective transactions were performed, our company received a reasonable consideration in each transaction. No actions subject to disclosure occurred on the instructions or in the interest of the controlling company." The independent auditors of FUCHS PETROLUB AG, KPMG Deutsche Treuhand-Gesellschaft Wirtschaftsprüfungsgesellschaft, have audited this dependent company report and provided it with an unqualified audit opinion.

Details of the Corporate Boards

Supervisory Board

Prof. Dr. Jürgen Strube
Mannheim

Chairman
Chairman of the Supervisory Board of BASF SE

Other mandates*:
> Allianz Deutschland AG
> BASF SE (1)
> Bayerische Motoren Werke Aktiengesellschaft
> Bertelsmann AG (2)
> Commerzbank AG
> Hapag Lloyd AG
> Linde AG

Dr. Manfred Fuchs
Mannheim

Deputy chairman
Former Chairman of the Executive Board of FUCHS PETROLUB AG

Other mandates*:
> MVV Energie AG

Comparable German and international supervisory bodies:
> Hilger u. Kern GmbH (1)

Hans-Joachim Fenzke (3)
Mannheim

Industry chemical technician
FUCHS EUROPE SCHMIERSTOFFE GMBH

Prof. Dr. Bernd Gottschalk
Esslingen

Former President of the German Association of the Automotive Industry (VDA)

Other mandates*:
> BASF Coatings AG
> F. Hoffmann-La Roche AG
> HYMER AG (1)
> ThyssenKrupp Technologies AG
> Voith AG

Comparable German and international supervisory bodies:
> Auto-i-DAT (Switzerland)

Prof. (em.) Dr. Dr. h. c. mult. Otto H. Jacobs
Heddesheim

Em. Professor of Business Administration, Fiduciary Management and Tax Law at the University of Mannheim

Other mandates*:
> Ernst & Young, Deutsche Allgemeine Treuhand AG, Wirtschaftsprüfungsgesellschaft (1)

Comparable German and international supervisory bodies:
> ZEW Zentrum für Europäische Wirtschaftsforschung GmbH

Heinz Thoma (3)
Mannheim

Industrial clerk
FUCHS EUROPE SCHMIERSTOFFE GMBH

(1) Chairman
(2) Deputy chairman
(3) Employee representative
* Supervisory Board memberships pursuant to § 100 (2) of the German Stock Corporation Act (AktG)

Executive Board

Stefan R. Fuchs
Hirschberg

Chairman
Group mandates:
> FUCHS LUBRICANTS CO.
> FUCHS CORPORATION
> FUCHS LUBRIFICANTI S.P.A.
> FUCHS LUBRICANTES, S.A.
> ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD.
> FUCHS OIL MIDDLE EAST LTD.

Dr. Alexander Selent
Limburgerhof

Deputy chairman
Group mandates:
> FUCHS DO BRASIL S.A.
> FUCHS LUBRIFIANT FRANCE S.A.
> FUCHS LUBRICANTS (SHANGHAI) LTD.
> FUCHS LUBRICANTS (YINGKOU) LTD.
> FUCHS LUBRICANTS (HEFEI) LTD.
> LUBRICANTES FUCHS DE MEXICO, S.A.
> FUCHS CORPORATION

L. Frank Kleinman
Chicago, USA

Member
Group mandates:
> FUCHS CORPORATION (1)
> FUCHS LUBRICANTS CO. (1)
> FUCHS LUBRICANTS CANADA LTD.
> FUCHS LUBRICANTS (S.A.) (PTY.) LTD.

Dr. Georg Lingg
Mannheim

Member
Group mandates:
> MOTOREX AG

(1) Chairman

Corporate Governance Report (supplementary data)

Compensation of the Executive Board and the Supervisory Board [in € thousand]	2007	2006
Compensation of the Executive Board	5,286	4,163
> Of which fixed compensation	1,036	1,021
> Of which variable compensation	4,250	3,142
Compensation of the Supervisory Board	355	335
> Of which fixed compensation	130	130
> Of which variable compensation	225	205
Total compensation of former board members	320	300
Pension provisions for former members of the Executive Board	4,259	4,249
Current service cost for pension commitments to active members of the Executive Board	231	227
Compensation of the Advisory Board	72	72

The emoluments of the Executive Board are made up of a fixed and a variable compensation. The variable compensation of the Executive Board is based on the FUCHS VALUE ADDED (FVA) key figure, which is used for value-oriented company control. FVA represents the earnings before interest and tax (EBIT) less capital costs; both values are adjusted by goodwill write-downs. 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.

According to a resolution passed by the Annual General Meeting of FUCHS PETROLUB AG on June 21, 2006 there shall be no individual disclosure of the Executive Board compensation for the duration of five years.

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 a fixed compensation of €15,000 for the last financial 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 exceeds €1.03. The variable compensation may not exceed double the fixed compensation. The Chairman of the Supervisory Board receives double these compensations and the Deputy Chairman one and a half times. Furthermore, each member of the Supervisory Board shall receive a meeting payment of €600 per Supervisory Board meeting.

Shares held by members of the Executive Board and the Supervisory Board

At December 31, 2007 Stefan Fuchs held directly and indirectly 595,330 ordinary shares. All other members of the Executive Board held in total 77,442 ordinary shares and 234 preference shares.

Dr. Manfred Fuchs held directly and indirectly 2,177,621 ordinary shares. All other members of the Supervisory Board held in total 2,085 ordinary shares and 5,648 preference shares.

Share options do not exist.

Corporate Governance Code

FUCHS PETROLUB AG has issued the declaration of compliance pursuant to § 161 of the German Stock Corporation Act (AktG) and has rendered it permanently accessible to the shareholders (http://www.fuchs-oil.de/corporate_governance.html).

Audit fees

KPMG Deutsche Treuhand-Gesellschaft, Mannheim, has audited the consolidated financial statements.

Audit fees of €522,000 (401,000) for the annual audit and €10,000 (0) for tax consultancy were recorded. In addition the previous year’s figure included costs of €25,000 for other consulting services.

Since October 2007, KPMG LLP (UK) has been an affiliated company of KPMG Deutschland in line with § 271 (2) of the German Commercial Code (HGB). Thus the audit fees for the financial year 2007 also comprise the audit and consulting services provided for FUCHS PETROLUB Group by KPMG LLP (UK) after September 30, 2007.

Events after the balance sheet date

Subsequent to the balance sheet date there have been no events that would materially affect the financial condition or results of operations of the Group.

Declaration of the Executive Board

”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 18, 2008
FUCHS PETROLUB AG

Executive Board

S. Fuchs **Dr. A. Selent** **L. F. Kleinman** **Dr. G. Lingg**

> AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the FUCHS PETROLUB AG, Mannheim, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2007. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and 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 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 18, 2008

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

von Hohnhorst
Auditor

Heublein
Auditor

> ANNUAL FINANCIAL STATEMENTS OF FUCHS PETROLUB AG

Income statement

[in € million]		2007		2006
Investment income		123.6		90.0
Administrative expenses		–20.2		–21.3
Other operating income	33.7		27.7	
Other operating expenses	–3.2		–3.7	
		30.5		24.0
Earnings before interest and tax (EBIT)		133.9		92.7
Financial result		1.0		–5.9
Earnings from ordinary business activities		134.9		86.8
Income taxes		–25.4		–21.3
Remuneration for participating-right certificates		–3.7		–3.7
Profit after tax		105.8		61.8
Retained earnings brought forward		28.4		22.7
Transfer to other retained earnings		–52.8		–30.8
Unappropriated profit		81.4		53.7

Balance sheet

[in € million]		31.12.2007		31.12.2006
Assets				
Intangible assets		1.6		1.3
Property, plant and equipment		0.7		0.4
Financial assets		348.7		334.1
Long-term assets		**351.0**		**335.8**
Receivables due from affiliated companies	82.1		66.4	
Other receivables and other assets	1.6		0.7	
Receivables and other assets		83.7		67.1
Cash and cash equivalents				
Short-term assets		**83.7**		**67.1**
		434.7		**402.9**
Equity and liabilities				
Subscribed capital	77.8		77.8	
Accounting par value of shares purchased for redemption purposes	–2.3		0.0	
		75.5		77.8
Capital reserves		88.9		88.9
Retained earnings		98.6		94.2
Participation-right certificates		0.0		51.1
Unappropriated profit		81.4		53.7
Shareholders' equity		**344.4**		**365.7**
Pension provisions and similar obligations	8.9		8.4	
Other provisions	24.3		15.3	
Provisions		**33.2**		**23.7**
Other liabilities	56.9		13.2	
Liabilities		**56.9**		**13.2**
Prepaid expenses		**0.2**		**0.3**
		434.7		**402.9**

> 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 2008 Annual General Meeting:

Proposal on the appropriation of profits [in €]	
Distribution of a dividend of €1.44 for each ordinary share entitled to dividend on the balance sheet date; these were 12,582,999 shares	18,119,518.56
Distribution of a dividend of €1.50 for each preference share entitled to dividend on the balance sheet date; these were 12,584,855 shares	18,877,282.50
	36,996,801.06
Balance carried forward	44,426,334.28
Unappropriated profit (HGB) of FUCHS PETROLUB AG	**81,423,135.34**

If the company holds additional own shares not entitled to dividend on the day of the Annual General Meeting, the resolution proposal will be changed to the effect that the amounts attributable to these shares will be carried forward to new account.

> MAJOR SUBSIDIARIES

As at December 31, 2007

Germany	Capital[1] [in € thousand]	Share of equity capital[2] [in %]	**Sales in 2007 [in € thousand]**
BREMER & LEGUIL GMBH, Duisburg	240	100	**22,662**
FUCHS EUROPE SCHMIERSTOFFE GMBH, Mannheim	10,000	100	**389,099**
FUCHS LUBRITECH GMBH, Weilerbach	2,583	100	**69,803**
PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg	307	100	**7,854**
WISURA MINERALÖLWERK GOLDGRABE & SCHEFT GMBH & CO., Bremen	1,023	85	**12,234**

International		Capital[1] [in € thousand]	Share of equity capital[2] [in %]	**Sales in 2007 [in € thousand]**
Argentina	FUCHS ARGENTINA S.A., El Talar de Pacheco	153	100[3]	**11,399**
Australia	FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Sunshine-Melbourne	2,986	100	**72,420**
Austria	FUCHS AUSTRIA SCHMIERMITTEL GMBH, Bergheim/Austria	1,236	70	**12,479**
Belgium	FUCHS BELGIUM N.V., Huizingen	4,700	100	**25,876**
Brazil	FUCHS DO BRASIL S.A., São Paulo	1,709	100	**26,525**
British Virgin Islands	FUCHS OIL MIDDLE EAST LTD.	3,787	50	**48,104**
Czech Republic	FUCHS OIL CORPORATION (CZ) SPOL. S R.O., Prague	54	100	**8,705**
China	FUCHS LUBRICANTS (HEFEI) LTD., Hefei	998	100	**15,106**
	FUCHS LUBRICANTS (SHANGHAI) LTD., Nanxiang, Shanghai	4,112	100	**41,438**
	FUCHS LUBRICANTS (YINGKOU) LTD., Yingkou-City	2,423	100	**45,854**
Croatia	FUCHS MAZIVA D.O.O., Samobor	774	100	**5,507**
France	FUCHS LUBRIFIANT FRANCE S.A., Nanterre	10,386	99.68	**108,036**
	FUCHS LUBRITECH S.A.S., Ensisheim/France	91	100	**6,258**
Great Britain	FUCHS LUBRITECH (UK) LTD., London	86	100	**7,411**
	FUCHS (UK) PLC., Stoke-on-Trent, Staffordshire (sub-group)	2,966	100	**161,250**
	> FUCHS LUBRICANTS (UK) PLC., Stoke-on-Trent, Staffordshire	61	100	**161,250**
Greece	FUCHS HELLAS S.A., Athens	1,562	97.37	**5,143**
India	FUCHS LUBRICANTS (INDIA) PRIVATE LTD., Mumbai	503	100	**7,819**
Indonesia	PT FUCHS INDONESIA, Jakarta	2,109	100	**7,828**
Italy	FUCHS LUBRIFICANTI S.P.A., Buttigliera d'Asti	4,160	100	**54,034**
Japan	MAKOTO-FUCHS K.K., Nara-ken	2,258	50	**13,968**
Korea	FUCHS LUBRICANTS (KOREA) LTD., Seoul	3,467	100	**11,174**
Poland	FUCHS OIL CORPORATION (PL) SP. Z O.O., Gleiwitz	1,108	100[4]	**37,109**
Portugal	FUCHS LUBRIFICANTES UNIPESSOAL LDA., Maia	2,370	100	**7,580**
Russia	OOO FUCHS OIL, Jaroslavl	84	100[5]	**9,418**
Saudi-Arabia	ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah	5,895	32	**145,082**
Singapore	FUCHS LUBRICANTS PTE LTD., Singapore	2,229	100	**5,628**
South Africa	FUCHS LUBRICANTS (SOUTH AFRICA) (PTY.) LTD., Johannesburg	11	100	**27,348**
Spain	FUCHS LUBRICANTES S.A., Castellbisbal	3,967	100	**59,536**
Switzerland	MOTOREX AG, Langenthal	155	50	**15,140**
USA/Canada	FUCHS CORPORATION, Dover, Delaware (sub-group)	1	100	**170,889**
	> FUCHS LUBRICANTS CANADA LTD., Cambridge, Ontario/Canada	2,567	100	**17,817**
	> FUCHS LUBRICANTS CO., Harvey, Illinois/USA	2	100	**148,836**

1 Equity capital and sales revenues are each shown at 100 %.
2 Related to the controlling parent company.
3 Of which 15 % is held by FUCHS FINANZSERVICE GMBH, Mannheim/Germany.
4 Of which 10,04 % is held by FUCHS FINANZSERVICE GMBH, Mannheim/Germany.
5 Of which 1 % is held by FUCHS FINANZSERVICE GMBH, Mannheim/Germany.

> GLOSSARY

Capital employed
Average capital employed consists of shareholders' equity capital, participation-right capital, 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.

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.

Declaration of compliance
Declaration by the Supervisory Board and Executive Board pursuant to § 161 of the German Stock Corporation Act (AktG) concerning the implementation of the recommendations of the German Corporate Governance Code.

Deferred taxes
Deferred taxes serve to show tax expenses in the consolidated financial statements on an accrual basis. The calculation of tax expenses for a period based on pertinent tax laws on the one hand and the calculation of tax expenses for the period based on items accounted for using IFRS might result in a difference. If this concerns a temporary difference, in addition to the actual tax expense for the period, a deferred tax item is to be recognized in the income statement and a corresponding liability or asset is to be recorded. In the case of changes to these temporary differences, the respective liability or asset items are adjusted accordingly affecting net income.

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 underlying 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.

EBITDA
Abbreviation for earnings before interest, tax, depreciation and amortization. EBIT before depreciation and goodwill impairment.

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 minority 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 such companies’ equity capital have an effect on the valuation of the Group’s ownership interest, their annual profit is included at equity in the Group’s profit.
Equity ratio	Proportion of capital resources (= subscribed capital, reserves and accumulated other capital) to the balance-sheet total.
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	Abbreviation 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.
Joint ventures	Enterprises managed jointly with other companies, where each company has equal share.
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.
Return on equity	Profit after tax, in relation to shareholders’ equity.
Return on sales	Profit after tax in relation to sales revenue.
ROCE	Abbreviation for return on capital employed. Return on capital employed (earnings before scheduled goodwill amortization, financial result, taxes, and minority interests in relation to capital employed).
SDAX	Share index of German companies with a low market capitalization. The SDAX is thus the third value segment after the DAX (30 companies with a high market capitalization) and the MDAX (50 companies with a medium 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 SDAX segment, which comprises 50 companies in total.
Subsidiary	Company controlled by another company.
Volatility	Intensity of fluctuations in share prices and exchange rates.

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> FINANCIAL CALENDAR

March 28	> Balance Sheet Press Conference, Mannheim > DVFA Analysts Conference, Frankfurt/Main
May 6	> Annual General Meeting, Mannheim > Quarterly Report, First Quarter 2008
May 7	> Information Event for Swiss shareholders, Zurich
August 6	> First-Half Press Conference, Mannheim > Quarterly Report, First Half-Year 2008
October 1/2	> Financial Markets Conference, Munich
November 6	> Quarterly Report, Third Quarter 2008

Annual General Meeting 2008

The Annual General Meeting will take place on Tuesday, May 6, at 10 a.m. in the Mozart Room at the m:con Rosengarten Congress Center, Rosengartenplatz 2 in Mannheim. Shareholders will also receive an invitation and the agenda via their depositary banks. The payment of dividends to be approved by the Annual General Meeting will be made from May 7, 2008 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 agree with the assumptions and estimates set out in this annual report and assumes no liability for such.

> TEN-YEAR OVERVIEW

FUCHS PETROLUB Group

[amounts in € million]	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 IFRS	2002 IFRS	2001 IFRS	2000 HGB	1999 HGB	1998 HGB
Earnings										
Sales revenues	**1,365.3**	1,323.3	1,192.2	1,096.3	1,040.9	1,064.7	940.0	902.0	834.0	789.3
> Germany	**324.7**	300.8	268.2	262.2	249.8	264.9	183.8	170.1	201.3	218.8
> International	**1,040.6**	1,022.5	924.0	834.1	791.1	799.8	756.2	731.9	632.7	570.5
Cost of materials	**776.7**	777.4	682.0	605.6	569.5	579.6	521.2	494.0	449.0	421.2
Gross profit	**509.2**	466.9	424.8	407.7	387.2	399.7	339.2	329.1	311.6	298.2
> In % of sales revenues	**37.3**	35.3	35.6	37.2	37.2	37.5	36.1	36.5	37.4	37.8
Earnings before interest and tax (EBIT)	**195.2**	161.2	128.8	86.2	75.1	70.0	50.5	56.9	55.1	41.1
> In % of sales revenues	**14.3**	12.2	10.8	7.9	7.2	6.6	5.4	6.3	6.6	5.2
Financial result	**–8.5**	–11.8	–15.7	–18.8	–23.1	–26.0	–25.6	–16.5	–16.2	–16.3
Profit after tax	**120.3**	97.2	74.2	40.1	30.9	24.1	8.8	18.5	17.1	6.2
> In % of sales revenues	**8.8**	7.3	6.2	3.7	3.0	2.3	0.9	2.1	2.1	0.8
Assets/equity and liabilities										
Long-term assets[6]	**265.8**	266.8	279.6	254.0	272.0	316.8	354.9	315.5	310.5	325.8
Short-term assets	**449.1**	419.6	411.7	374.6	363.9	361.6	364.7	365.7	336.7	284.1
Total assets	**714.9**	686.4	691.3	628.6	635.9	678.4	719.6	681.2	647.2	609.9
Shareholders' equity	**336.5**	303.2	232.6	159.8	137.7	110.1	120.6	165.8	163.9	196.5
> In % of total assets	**47.1**	44.2	33.6	25.4	21.7	16.2	16.8	24.3	25.3	32.2
Provisions[6]	**100.5**	97.0	94.7	97.5	112.0	107.4	77.8	75.3	85.4	76.9
Financial liabilities	**71.9**	98.5	157.3	194.2	239.3	318.4	375.6	313.0	273.4	246.1
> In % of total assets	**10.1**	14.4	22.8	30.9	37.6	46.9	52.2	45.9	42.2	40.4
> Net gearing[1]	**0.19**	0.38	0.80	1.39	1.94	3.28	3.21	1.95	1.74	1.26
Other liabilities	**25.9**	21.2	26.8	31.2	45.6	46.7	42.2	127.1	124.5	90.4
Return on equity in %[2]	**37.1**	36.9	38.1	32.5	34.7	29.9	7.3	13.4	12.7	3.9
Financing										
Gross cash flow	**147.8**	116.8	100.8	81.7	79.6	76.2	50.3	49.3	48.7	37.5
Cash inflow from operating activities	**152.2**	90.7	77.8	84.7	89.1	78.5	60.1	11.5	49.0	35.8
Cash outflow from investing activities	**–23.8**	–4.3	–26.1	–28.6	–11.5	–30.5	–39.4	–35.5	–40.1	–24.0
Cash flow from financing activities	**–103.2**	–71.2	–54.7	–57.4	–60.3	–60.0	–11.9	25.5	–9.7	–18.4
Free cash flow	**128.4**	86.4	51.7	56.1	77.6	48.0	20.7	–24.0	8.9	11.8
Investments in property, plant and equipment	**21.6**	16.5	24.6	21.2	18.4	27.0	26.4	30.5	28.2	30.1
> Germany	**3.8**	5.5	8.2	9.1	7.3	12.1	8.4	9.0	7.9	5.8
> International	**17.8**	11.0	16.4	12.1	11.1	14.9	18.0	21.5	20.3	24.3
Depreciation of property, plant and equipment	**16.8**	18.0	22.5	22.5	25.5	28.3	25.1	24.4	24.3	25.7
> In % of investments in P. P&E	**77.8**	109.1	91.5	106.1	138.6	104.8	95.1	80.0	86.2	85.4

FUCHS PETROLUB Group

[amounts in € million]	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 IFRS	2002 IFRS	2001 IFRS	2000 HGB	1999 HGB	1998 HGB
Employees										
Number of employees (average)	3,807	3,909	4,149	4,221	4,188	4,100	3,925	3,896	3,908	3,951
> Germany	1,044	1,077	1,101	1,094	1,124	1,151	935	939	950	978
> International	2,763	2,832	3,048	3,127	3,064	2,949	2,990	2,957	2,958	2,973
Personnel expenses	182.0	181.5	174.4	173.5	171.9	179.8	161.4	160.5	148.4	144.8
> In % of sales revenues	13.3	13.7	14.6	15.8	16.5	16.9	17.2	17.8	17.8	18.3
> Sales revenues per employees [in € thousand]	358.6	338.5	287.3	259.7	248.5	259.7	239.5	231.5	213.4	199.8
Research and development										
Research and development expenses	23.7	22.1	20.6	21.4	22.6	23.6	18.7	18.8	17.4	16.1
> In % of sales revenues	1.7	1.7	1.7	2.0	2.2	2.2	2.0	2.1	2.1	2.0

FUCHS shares

[amounts in €]	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 IFRS	2002 IFRS	2001 IFRS	2000 HGB	1999 HGB	1998 HGB
Earnings per share[3, 4] Ordinary	4.63	3.70	2.79	1.81	1.61	1.40	0.73	0.68	0.64	0.17
Earnings per share[3,4] Preference	4.69	3.76	2.85	1.87	1.67	1.46	0.79	0.74	0.70	0.23
Dividend distribution [in € million][5]	37.0	25.2	17.4	13.7	12.9	11.0	9.8	9.8	9.1	9.1
Dividend per ordinary share[4,5]	1.44	0.94	0.64	0.50	0.47	0.43	0.39	0.39	0.36	0.36
Dividend per preference share[4,5]	1.50	1.00	0.70	0.56	0.53	0.49	0.45	0.45	0.42	0.42
Stock exchange prices on December 31										
Ordinary share[4]	62.9	52.0	31.8	25.9	14.5	7.1	6.7	6.0	6.2	9.2
Preference share[4]	60.6	58.0	32.9	24.0	13.3	7.1	6.5	5.8	5.8	7.5
Participation certificate 1998–2008 [in %]	103.5	109.8	113.9	115.3	110.0	105.9	104.3	100.5	99.7	100.7

1 The ratio of financial liabilities plus pension provisions and minus cash and cash equivalents to shareholders' equity.
As a result of the transition to IFRS the participation-right capital was reclassified from shareholders' equity to the net financial debt.
2 Since 2002 the calculation has been based on average values, before that it was based on year-end values.
3 Before scheduled goodwill amortization.
4 For better comparability, the prior-year figures have been adjusted for changes in the equity structure (bonus shares, share split, capital increases).
5 Dividend proposal for 2007, based on the stock of shares prior to the buyback.
6 For 2006 adjusted to the updated presentation in 2007.

FUCHS PETROLUB AG