INSIGHT

Annual Report 2006

FUCHS PETROLUB AG

CONTENTS

FUCHS AT A GLANCE

FUCHS PETROLUB Group

[amounts in € million]	2006	2005	Change in %
Sales revenues	**1,323.3**	**1,192.2**	**11.0**
of which international	**1,022.5**	924.0	10.7
in %	**77.3**	77.5	
Earnings before interest, tax, depreciation and amortization (EBITDA)	**183.2**	**158.2**	**15.8**
in % of sales revenues	**13.9**	13.3	
Earnings before interest and tax (EBIT)	**161.2**	**128.8**	**25.2**
in % of sales revenues	**12.2**	10.8	
Profit after tax	**97.2**	**74.2**	**31.0**
in % of sales revenues	**7.3**	6.2	
Investments in property, plant and equipment and intangible assets (excluding goodwill)	**18.1**	**28.8**	**–37.2**
in % of scheduled depreciation	**92.0**	131.1	
Shareholders' equity	**303.2**	**232.6**	**30.4**
in % of balance sheet total	**44.5**	33.6	
Balance sheet total	**680.7**	**691.3**	**–1.5**
Number of employees on December 31	**3,765**	**4,137**	**–9.0**
Earnings per share [in €][1]			
> ordinary share	**3.70**	2.79	32.6
> preference share	**3.76**	2.85	31.9
Proposed dividend/dividend [in €][1]			
> per ordinary share	**0.94**	0.64	46.9
> per preference share	**1.00**	0.70	42.9

1 For better comparability, prior-year figures have been converted to values resulting after the issuance of bonus shares in June 2006.

GROUP STRUCTURE

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

On December 31, 2006, 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 61. Of the 54 operating companies, 6 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

>> **Production locations** | outside Europe

>> **Production locations** | in Europe

Subsidiaries and production locations

[status: Dec. 31, 2006]	Subsidiaries[1]	Production locations[2]
Germany	6	7
Other European countries	21	8
North America	3	8
South America	2	2
Africa	1	2
Asia-Pacific	21	12
Total	**54**	**39**

1 excluding management companies, real-estate companies and dormant companies

2 excluding partner plants in Saudi Arabia and Switzerland

FUCHS at a glance
Group structure
Subsidiaries
Production locations

INSIGHT INTO NEW PERSPECTIVES: ACTIVITIES AND DIVISIONS AT FUCHS.

Over 10,000 different lubricant specialties. But what's behind it all? The commitment, responsibility and competence of 3,800 FUCHS employees throughout the world. All these staff members work together to meet, or better still to exceed, the individual needs of our customers through smooth workflows and high-quality products. This strong customer orientation and acute awareness of quality have made FUCHS the leader among independent lubricant manufacturers. For us, quality is a continual process involving all of the company's divisions. Every department and every employee is part of the whole and each one contributes to further development with their knowledge, experience and dedication. Our market success and innovative power are due in no small part to this commitment to intensive cooperation. We place great importance on cross-boundary cooperation between colleagues, customers and partners. By communicating, learning from one another and trusting in one another, we are able to create the future-oriented solutions which put FUCHS at the head of the pack.

Overview
The year 2006
Group management report
Financial report

THE COMPANY

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

The Group currently employs 3,765 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 serve customers in the fields of mining, steel production, agriculture, transport, the automobile industry, mechanical engineering, pharmaceuticals, and everyday consumers, as well as automotive lubricant retailers. The ordinary shares and preference shares are listed for official trading on the stock exchanges in Frankfurt and Stuttgart, as well as the Swiss stock exchange in Zurich.

REVIEW >> The year 2006

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

In its 75th anniversary year, the Group once again achieved record results, and thus set the course for continued success. For the fifth time in succession our net profit has increased by a double digit percentage and we have further strengthened our accounts. This success helped us in 2006 to a 70 % increase in market capitalization to €1.4 billion, and prompted the Executive Board and Supervisory Board to propose a considerable increase in dividends.

Increases in the price of raw materials and partial shortages presented the organization with large challenges in 2006. Focus, a global network and the size of the company allowed us to find the right answers. The consistent specialization, price increases and expansion of business in the growth regions of Eastern Europe and Asia have helped to increase sales revenue in 2006 by 11 % to €1.3 billion. The organic growth was slightly higher, as the polishing business, which is not a core area, was sold in 2006. The disposal of LIPPERT-UNIPOL now allows us to concentrate fully on the diversified lubricant business.

The business expansion, in cooperation with disciplined cost management, led to a further improvement in results. Earnings before interest and tax (EBIT) increased by 25 % in 2006. This amount was achieved in spite of considerable income from the disposal of land no longer required for operations being recorded in the previous year. Net profit rose by 31 % to €97 million. The free cash flow of €86 million exceeded the impressive figure from the previous year by more than two thirds.

The equity ratio of 44 %, the strong cash flow and proven management provide FUCHS PETROLUB with the foundation for playing a role in the market consolidation in the lubricant industry. However, potential acquisitions must be in line with the business philosophy at FUCHS PETROLUB, and must also add value. Should it not come to any noteworthy acquisitions, then we will consider returning part of the capital to the shareholders through a share buyback program, which must be authorized by the Annual General Meeting. In addition, the company will continue to pursue a shareholder-friendly dividend policy. This was also the basis for the proposal to considerably increase the dividends to €1.00 per preference share, and €0.94 per ordinary share. This would establish a new dividend level. The total dividend would increase by over 40 %, also taking into account the bonus shares issued in the anniversary year.

At the start of 2007, the price of some raw materials has fallen. However, the price level of the entire basket of raw materials has so far barely moved. With the help of mix improvements we want to achieve an increase in turnover, although the development of prices on the raw material markets and the development of the exchange rate pose great challenges. In 2007 the Group plans to build on the EBIT level achieved in 2006, but at a lesser growth rate than produced in the previous years.

We aim to expand on our leading market position as the largest independent lubricant provider in the world, and to continue to create shareholder value. We have aligned the principle investments for 2007 to meet this objective. Alongside the modernization and enhancement of laboratory capacities in Mannheim, a new plant is also planned for Shanghai. An important production location will be established here, as well as the research and development center for the Asian market. China alone already makes up 6 % of Group turnover.

I thank you, the shareholders in FUCHS PETROLUB AG, for your trust in the company, its workforce, and its management. I thank our employees for the outstanding teamwork in the past year, and encourage them to continue this commitment in 2007.

Mannheim, March 2007

Yours

Stefan Fuchs
Chairman of the Executive Board

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In the company's 75th anniversary year, FUCHS has, for the fifth year in succession, achieved the best results in its history. This success is a visible tribute to the company's long-term strategy and the performance of the Executive Board, the Group's Executive Committee, and its employees. This shows that the FUCHS PETROLUB Group is well prepared to expand its position as the leading independent international lubricant company in the coming years.

Reports and board meetings

In the 2006 financial year, the Supervisory Board performed its duties in accordance with the requirements by law, the Company's Articles of Association, and the Corporate Governance Code. The Supervisory Board monitored the work of the Executive Board in detail with the aid of written and oral reports, and offered regular advisory support. The Supervisory Board was directly involved in all decisions of fundamental importance to the company.

Again five scheduled meetings took place in which the company's strategic and operating development and its business segments were discussed, as well as numerous issues of topical relevance.

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 effective flow of information and exchange of opinions between the Supervisory Board and the Executive Board.

Advisory issues

The Supervisory Board was kept informed regularly, promptly and comprehensively of business developments and the profitability and situation of the company, as well as of relevant questions regarding strategic enhancements. Some of the major issues were the company's acquisition policy, budget monitoring and corporate planning.

All significant acquisition, cooperation and divestment projects were discussed in detail. Particular attention was paid to the sale of the LIPERT-UNIPOL Group, which did not belong to the core areas. Other advisory issues included growth financing, management of the product complexity, the availability and price development of raw materials, and growth prospects in Asia. In addition, the Supervisory Board was involved in issues regarding insurance and currencies, as well as the further development of the company's risk management.

The Group's sales revenue and profit development, and that of important subsidiaries, was a main focus of meetings, as were reports from various countries in the respective international regions and segments. The development of the international specialty business of the FUCHS LUBRITECH Group was also discussed intensely.

The Supervisory Board also received comprehensive information about the budget for income, balance sheet, cash flow and investments and the effects of the planned corporation tax reform in 2008, as well as the strategic orientation of the FUCHS PETROLUB Group. The Supervisory Board welcomed the further reduction in debt with the simultaneous strengthening of the balance sheet situation and increase in market capitalization.

Finally, the Supervisory Board was involved in the Executive Board's deliberations regarding dividends and a share buyback program.

With the aid of comprehensive written and oral reports, the Supervisory Board was in a position to determine that the Executive Board properly conducted the company's business and took the required measures timely.

In 2006 the Supervisory Board also examined the efficiency of its own activities. The Supervisory Board deems its number of independent members to be sufficient.

Corporate governance report and declaration of compliance

The Supervisory Board and Executive Board have repeatedly discussed the recommendations and proposals of the German Corporate Governance Code and the amendments made in 2006, and have submitted the declaration of compliance, in accordance with Section 161 of the German Stock Corporation Act (AktG). Explanations regarding the declaration of compliance have been included in this annual report. The complete text of the declaration of compliance is accessible at all times to the shareholders on the company website.

Compensation Committee

The Compensation Committee of the Supervisory Board considered directors' compensation and other personnel matters relating to the members of the Executive Board and especially the development of management in the FUCHS PETROLUB Group.

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 June 21, 2006, 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, Mannheim, the company management report, the consolidated financial statements and the Group management report were audited by KPMG, as defined and authorized by 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 Section 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 on appropriation of profits. The audit reports of KPMG were submitted to all members of the Supervisory Board and were discussed comprehensively at the meeting on March 22, 2007. The external auditors participated in these consultations. The Supervisory Board took note of and approved the auditors' final report and expressed no objections. The Supervisory Board also approved the annual financial statements, which are thus adopted, and consents to the proposal of the Executive Board on the appropriation of profits.

The Executive Board reported on its relationship to associated companies pursuant to section 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 audit opinion:

“We have audited in accordance with our professional duties and confirm that
1. the actual statements made in the report are correct and,
2. in connection with the legal transactions listed in the report, the payments or other contributions made by the company were not unreasonably high, or the disadvantages have been outweighed.”

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

In keeping with its own findings, the Supervisory Board has no objections to the statement made by the Executive Board, which appears at the end of the report.

Members of the Supervisory Board and Executive Board

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

The FUCHS PETROLUB Group once again recorded record results in the 2006 fiscal year. All those involved have earned our acknowledgement. The Supervisory Board hereby expresses its thanks and appreciation to the members of the Executive Board, the members of the Labor Council and all of the employees of the FUCHS PETROLUB Group for their dedication, as well as their constructive, loyal, and successful work in the past year.

Mannheim, March 2007

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

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
Franz K. von Meyenburg Herrliberg, Switzerland	Partner at Bank Sarasin & Cie. AG
Dr. Uwe Schroeder-Wildberg Heidelberg	Chairman of the Executive Board of MLP AG
Dr. Eckart Sünner Ludwigshafen	President Law, Tax and Insurance at BASF Aktiengesellschaft

* Employee representative

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 <
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 contains important legal regulations for the management and monitoring of listed German companies (company management), as well as internationally and nationally recognized standards for good, responsible company management. The Code, which was passed in 2002 and last amended in June 2006, is intended to make the German corporate governance system transparent and comprehensible. It is also intended to promote confidence among international and national investors, customers, employees and the public in the management and supervision of German listed stock corporations.

For FUCHS PETROLUB AG "Corporate Governance" stands for responsible management and control of a company, oriented toward long-term value creation. Efficient cooperation between Executive Board and Supervisory Board, attention to shareholders' interests, as well as publicity and transparency of company communication, are important aspects. For us, Corporate Governance is a central approach, which comprises all areas in the company. Our primary objective is to ratify and strengthen the trust placed in us by investors, financial markets, business partners, employees and the public. With our Corporate Governance we are ensuring that we have management that is responsible and oriented to creating added value and control of the company.

The Executive Board, the Supervisory Board and the employees of FUCHS PETROLUB AG and its subsidiaries are bound by the German Corporate Governance Code.

Deviations from 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 here and on the Internet.

Further information on the Corporate Governance report is contained in the notes to this Annual Report on pages 113 and 114.

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 12, 2006 – with the deviations disclosed in the declaration of compliance of December 14, 2005. 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 to be clarified 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 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 remuneration 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 remuneration 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.

>> Section 7.1.4

FUCHS PETROLUB AG publishes a list of its major investments in companies. This list shows the names and headquarters of the companies, the amount of each company's equity, our share of equity and the sales revenues. No details are given of the respective company's earnings for the previous financial year for reasons of competition. However, the companies' annual financial statements are filed with the Company Register and are laid out for inspection at the Annual General Meeting. Moreover, on request, details of individual companies' earnings may be communicated at the Annual General Meeting.

Mannheim, December 12, 2006

Prof. Dr. Jürgen Strube
Chairman of the Supervisory Board

Stefan R. Fuchs
Chairman of the Executive Board


K. LUONG
FUCHS

FOR US, PROGRESS MEANS HAVING ONE FOOT IN THE PRESENT AND THE OTHER FAR IN THE FUTURE.

Kim Saur
Kim Thuy Luong

RESEARCH AND DEVELOPMENT AT FUCHS

Our R&D staff monitor and continuously develop the formulas for success: Our chemists not only ensure the excellent quality of our products, they also work continuously to improve them and develop new products. At the various FUCHS laboratories as well as test facilities and production plants the world over, our formulas are tested, analyses conducted, experiments documented and processes checked. Market-oriented, customer-specific innovations are of prime importance here, as only products with convincing advantages ensure the highest standards and guarantee market leadership.

FUCHS SHARES

2006 saw a continuation of the positive development of FUCHS shares

Following substantial changes to the German stock market in midyear 2006, which affected medium and smaller values in particular, a recovery phase started in July. However, the stock market was still burdened by record oil prices, which could be partially compensated for with the announcement of the company's midyear figures. The FUCHS shares were in line with this market development, whereby they were considerably higher than the development of the SDAX, and set new peak levels for both share categories.

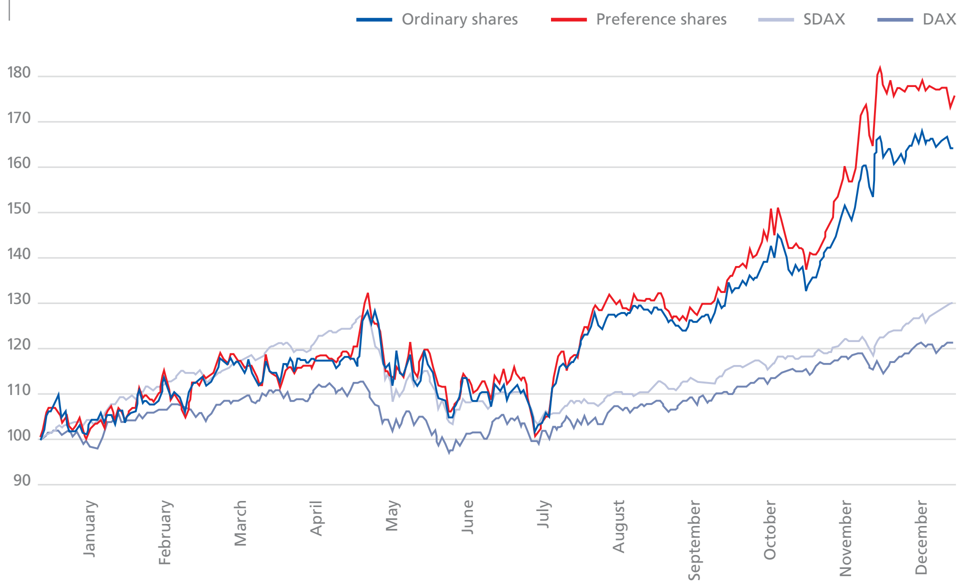
Reasons for this included the issue of anniversary bonus shares at the end of July, the improved midyear results announced at the start of August, and the positive outlook for 2006 with relation to these results. With the closing prices achieved at the end of year for 2006, FUCHS' share prices have increased almost tenfold since 2001. The market capitalization and trading volumes in the SDAX segment also increased significantly.

New annual records for both share categories

The ordinary shares achieved annual records on December 18, 2006, at €53.14, and the preference shares on November 30, 2006, at €59.90. With a closing price of €52.00 on December 29, 2006 (closing price on December 30, 2005: €31.79) the market value of the ordinary shares increased by 63.6 % in the past year. The preference shares closed at €58.00 on December 29, 2006 (closing price on December 30, 2005: €32.91), an increase of 76.2 %. In contrast, the DAX increased in value by 22.0 % in the same period, the MDAX by 28.6 %, and the SDAX by 31.0 %.

The share prices were able to maintain this high level through the middle of March 2007. Ordinary shares rose to €53.65, which was an increase of 3.2 % on the end of last year. Preference shares rose to €59.40, an increase of 2.4 %.

Development of FUCHS PETROLUB shares [in %]



1.1.–31.12.2006 Indexed share price performance

Stock exchange and daily trading volumes remain high

Trading volumes ran in parallel with the rise in share prices. With an increase from €438.7 million in 2005 to €613.0 million in 2006, this sum increased by 40 %. The average daily trading volumes of ordinary shares rose in the same period from €518 thousand to €767 thousand, while preference share volumes increased from €1,189 million to €1,637 million. Market capitalization reached a new peak of €1.43 billion on December 31, 2006. €752.2 million of this figure was accounted for by preference shares. The total market capitalization saw an increase of 70 % on the previous year's value of €839.1 million.

Wide-ranging research for FUCHS as an outperformer in 2006

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

Intensive communication with institutional and private investors

The interest in FUCHS shares, which continued to grow in 2006, 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, eight road shows and 145 individual discussions with institutional investors, fund managers and financial analysts in Germany and abroad. With regard to communication with private investors we have held the Annual General Meeting in Mannheim with some 1,800 shareholders, the information event for investors in Zurich with about 100 participants, and two bank events with over 350 private customers. The annual report and quarterly reports were sent to 10,000 interested parties. Almost half of these reports were sent abroad. Finally, the Internet played an extremely important role within our general communication strategy with over 312,000 visitors in 2006 (2005: 275,000 visitors).

FUCHS preference shares in the SDAX of the Prime Standard category

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 2006, the following three securities of the FUCHS PETROLUB Group were in circulation:

Share Type	Security ID No.	Code	Stock Exchange
Ordinary share	579040	FPE	Frankfurt am Main, Stuttgart, Zurich
Preference share	579043	FPE3	Frankfurt am Main, Stuttgart, Zurich
7.29 % participation certificates	551831	FPEA	Frankfurt am 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 50 shares.

Great interest in employee shares

Once again in 2006, the employees and pensioners of the FUCHS companies in Germany were offered the opportunity to purchase employee shares of FUCHS PETROLUB at an advantageous price. At a reduced purchase price of €38.05 each employee could purchase a maximum of 25 ordinary shares. 463 employees took advantage of this offer.

Earnings per share

Of the net profit after tax of €97.2 million (74.2), €0.6 million (1.0) is attributable to minority interests. Net profit after minority interests amounts to €96.6 million (73.2). Earnings per ordinary share amount to €3.70 (2.79) and per preference share to €3.76 (2.85). The figures from the previous year are adjusted to account for the bonus shares issued on June 30, 2006.

Key figures for FUCHS PETROLUB shares

To enable better comparison, the figures from the previous year were adjusted by corporate actions executed.

	2006		2005	
	Ordinary	Preference	Ordinary	Preference
Number of no-par-value shares at €3	12,969,000	12,969,000	12,969,000	12,969,000
Average number of shares	12,969,000	12,969,000	12,969,000	12,969,000
Dividends [in €]	0.94[1]	1.00[1]	0.64	0.70
Dividend yield [in %][2]	2.4	2.4	2.4	2.7
Earnings per share [in €][3]	3.70	3.76	2.79	2.85
Gross cash flow per share [in €][4]	4.50	4.50	3.88	3.88
Book value per share [in €][5]	11.65	11.65	8.92	8.92
Closing price [in €][6] Xetra	52.00	58.00	31.79	32.91
Highest price [in €][6] Xetra	53.14	59.90	32.56	33.45
Lowest price [in €][6] Xetra	31.68	32.96	21.21	20.45
Average price [in €][6] Xetra	39.13	41.66	26.54	26.25
Average daily turnover [in € thousand] Xetra and Parkett	767	1,637	518	1,189
Market capitalization [in € million][7]	1,426.6		839.1	
Price-to-earnings ratio[8]	10.6	11.1	9.5	9.2

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 Xetra prices
7 Stock exchange values at end of the year
8 Ratio of average price to earnings per share

Proposal to increase dividends

At the Annual General Meeting on May 2, 2007, a proposal will be submitted to increase the dividends by €0.23 on last year's value or, taking into account the corporate actions undertaken in the previous year, by €0.30 per share to €1.00 (0.70) per preference share and €0.94 (0.64) per ordinary share. This is based on the good Group profits, which was once again the best result in the history of FUCHS.

The dividends from the previous year have been adjusted, as one bonus share was issued for every ten shares in 2006. These bonus shares are entitled to dividends as of January 1, 2006. The dividends from the previous year contained an anniversary bonus of €0.10 per ordinary share and preference share. With the corresponding agreement of the Annual General Meeting, the dividend distribution will thus be increased by 44.2 %.

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 29, 2006 at a price of 109.8 % (113.9). They feature a dividend rate of 7.29 % per annum. The 52-week high was 115.75 %, the low was 106.0 %.The price includes the interest accrued up to August 1 of the following year.

Change in ownership of voting rights

Bestinver Gestión, S.G.I.I.C, Madrid/Spain, notified us on July 14, 2006, that their acquisition of 5.043 % of the FUCHS PETROLUB AG shares on April 22, 2005 concerned non-voting preference shares. This means that the 5 % threshold of voting rights (subject to report) in FUCHS PETROLUB AG was at no point exceeded.

Number of shareholders almost doubled

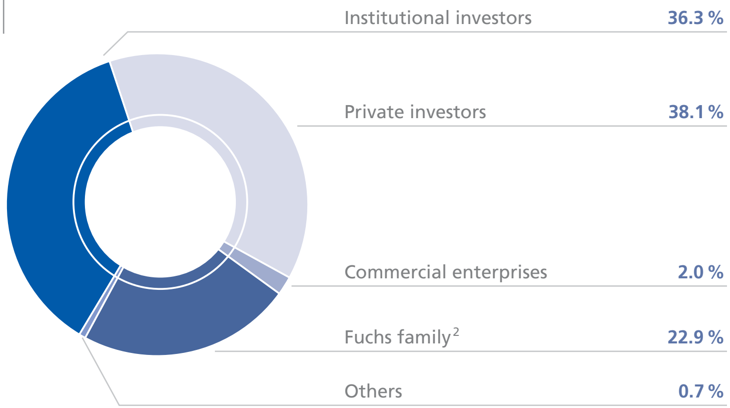
The shareholder survey published on January 31, 2007, showed that the number of FUCHS shareholders in Germany and abroad has increased to almost 17,000, which is almost double the figure from three years ago. The majority of these shareholders are still private investors. However, the number of institutional investors has increased considerably, especially abroad.

In contrast, there have been very few changes in the weighting of reported capital. This means that the Fuchs family, private investors and institutional investors still hold a good 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, with 49.5 %. In Switzerland this figure is 59.1 %.

29.5 % of the reported capital is currently abroad. This figure has only slightly decreased since the last shareholder survey in 2004. However, the weighting abroad has shifted. While three years ago Switzerland held the largest portion in shareholder capital, today Great Britain holds the largest portion with 7.1 %. They are followed by USA with 5.8 % and Luxembourg with 5.6 %. 4.0 % was reported for Switzerland.

This allows us to establish that the basic capital distribution has not changed significantly. 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.

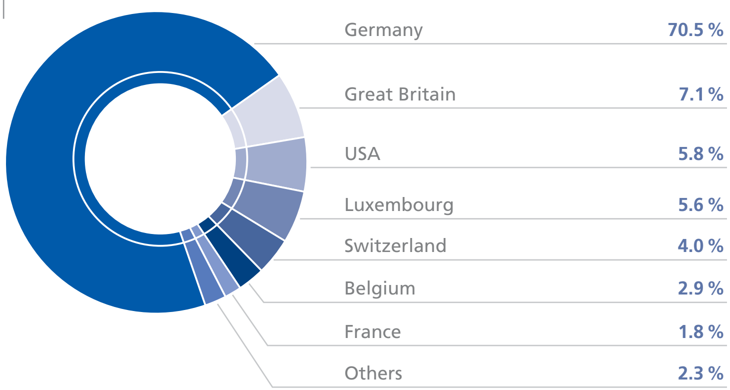
Breakdown of shareholder capital by investor groups[1]



1 January 31, 2006: 18.317.741 shares (71 % of total capital stock).

2 Including 45,5 % of the ordinary voting shares.

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 3,765 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 is focused 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 eighth 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. Target agreements, which are oriented around the success of the company, are a suitable instrument for this. For this reason, we introduced the FUCHS VALUE ADDED program, which takes into consideration the earnings on the one hand and the capital employed on the other. The implementation of the corresponding target agreements indicates measurable positive effects on the operating business.

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

- to enlarge 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 external growth in mature markets
- to create shareholder value, i.e. to create value beyond capital costs.

HOW DOES A PRODUCT SELL ITSELF BEST? WITH HOLISTIC THINKING AND A LOT OF TIME.

Stanisław Dykiel
Artur Całka
Bartłomiej Habas
Agata Koźmińska
Justyna Piotrowska

SALES SPECIALISTS AT FUCHS

Products from FUCHS are in great demand on the market. This demand is particularly pleasing for our sales specialists in Germany and abroad who, with their applied training, experience and knowledge of the respective market, make a considerable contribution to this success. Their marketing strategy is based on intensive customer consultation, which often makes up as much as 80 percent of their working time. Personal interaction helps to identify problems and requirements and to align all relevant activities to them.


TITAN
WINTER
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FUCHS
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MACROECONOMIC AND SECTORAL DEVELOPMENTS

The global economic trend continued its dynamic development in 2006. According to the International Monetary Fund (IMF) the increase in the real gross domestic product (GDP) reached 3.9 %, slightly higher than the previous year's figure (3.4). However, the dynamic trend lost impetus somewhat over the course of the year, particularly in the industrial nations.

Economic development in the USA flagged following a fast-paced start to the year. The year as a whole exhibited 3.3 % growth in the GDP. The Japanese economy continued its expansion phase initially, yet the dynamic trend slowed here, too, toward the end of 2006. At 2.8 %, Japanese GDP growth stood at around the same level as the previous year.

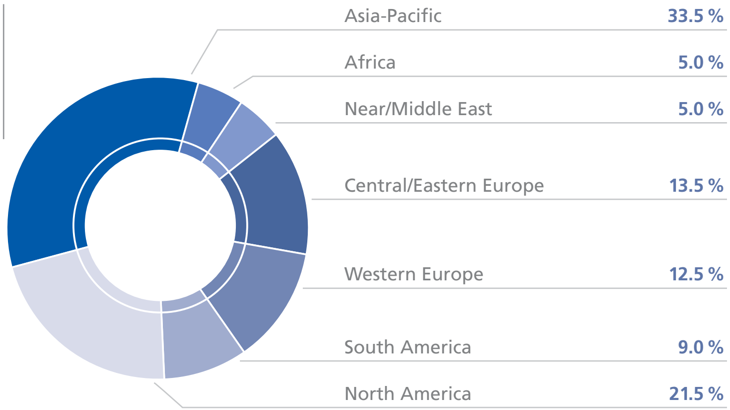
The trend in the developing and emerging markets was strong once again, particularly in Asia. China in particular proved that it was still on the up with a double-digit GDP growth rate of 10.6 %, even though also the Chinese boom slackened slightly over the course of the year. The drop in economic development in some of the countries mentioned was balanced out by a powerful upturn in the Eurozone. The growth rate of the GDP in 2006 amounted to 2.7 %.

In Germany, the rate of increase in the GDP stood at 2.6 % in 2006, the highest figure recorded since 2000. The German Engineering Federation (VDMA) quotes the growth in revenue in its industry at 7.4 %. According to the German Association of the Automotive Industry (VDA), total automobile production by German manufacturers in 2006 climbed by 2.9 %. The German Chemical Industry Association (VCI) reports an increase in production of 3.5 % for the German chemical industry for the year as a whole.

The global demand for lubricants (excluding marine oils) also benefited from the positive global economic climate, growing by around 0.5 % to 36.7 million tons in 2006. Like global economic development, the initially very positive development in demand for lubricants dropped off slightly over the course of the year.

Lubricant consumption by the largest industrial nations (USA, Japan, Germany, France and Italy), which account for around one third of global lubricant consumption, dropped by a total of 1.8 % in 2006. The volume decline in these mature industrial markets results from lubricants with improved technical performance. Consumption in the developing and emerging countries, on the other hand, is continuing to rise due to growing industrialization. In the BRIC nations (Brazil, Russia, India and China) for instance, which make up around one quarter of the global market volume, the demand for lubricants climbed by approximately 2.9 %. Demand in the other markets rose by about 1.0 %.

Regional breakdown of the global demand for lubricants in 2006
[domestic consumption]



PERFORMANCE | Sales revenues

Strong increase in sales revenues

In the year of the company's 75th anniversary, FUCHS considerably increased its sales revenues by €131.1 million or 11 % to €1,323.3 million (1,192.2). Internal growth reached 12.2 %, while the sale of the company in Bangladesh and the LIPPERT-UNIPOL Group generated a reduction in sales revenues of 1.2 %. Currency translation changes had no influence on the development of sales revenues on balance.

Growth factors	€ million	%
Internal growth	145.3	12.2
External growth	–13.9	–1.2
Currency translation effects	–0.3	0.0
Net effect on sales revenues	131.1	11.0

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

[in € million]	2006	2005	Internal growth	External growth	Currency effects	Change absolute	Change in %
Europe	874.7	781.0	101.9	–10.1	1.9	93.7	12.0
North and South America	235.0	224.2	11.4	–0.6	0.0	10.8	4.8
Asia-Pacific, Africa	237.2	207.6	35.0	–3.3	–2.1	29.6	14.3
Consolidation	–23.6	–20.6	–3.0	0.1	–0.1	–3.0	
Total	**1,323.3**	**1,192.2**	**145.3**	**–13.9**	**–0.3**	**131.1**	**11.0**

Strong internal growth

At €145.3 million or 12.2 %, the Group achieved strong internal growth in all regions in 2006. The background for this was the considerable increase in base oil prices, which began in the previous year and continued in 2006. At the end of 2006 the base oil market reported historic record highs. As a result of its specialization and focusing strategy, the FUCHS PETROLUB Group was able to rise to these challenges by increasing the sales price and making improvements to the product mix.

In Asia-Pacific, Africa, the overall growth in sales revenues amounted to 14.3 % (+ €29.6 million) and in Europe to 12.0 % (+ €93.7 million). North and South America had already achieved double-digit growth rates in the previous year, meaning that growth in 2006 was limited to 4.8 % (+ €10.8 million).

In the Asia-Pacific, Africa region, our Chinese companies in particular achieved above-average growth (+ 28.5 %). In Europe it was the companies in Great Britain (+ 14.2 %) and also in Germany (+ 14.8 %) and Central and Eastern Europe (+ 16.0 %), which recorded above-average increases in sales revenues.

Disinvestments reduce sales revenues slightly

The external reduction in sales revenues of €13.9 million or 1.2 % reflects the sale of the LIPPERT-UNIPOL Group on July 1, 2006 and of FUCHS LUBRICANTS (BANGLADESH) on January 1, 2006. This saw the Group take a further important step towards concentrating on the area of lubricants and related specialties.

Balanced development for exchange rates

Positive and negative currency effects balanced each other out over the course of the entire year, after a positive currency effect of 2.2 % was recorded at the half-year mark. The US dollar weakened in the course of 2006 and remained almost at the previous year's level in the annual average.

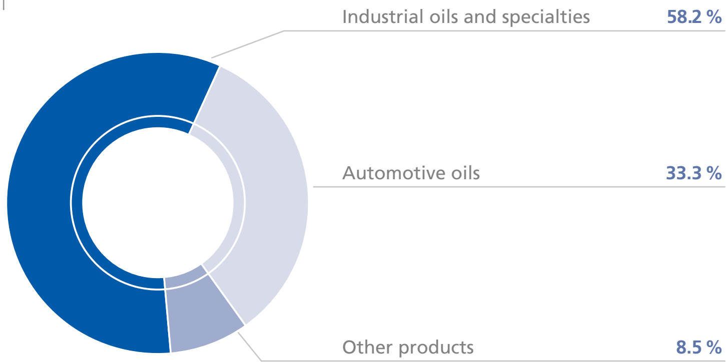
The currency differences for other currencies were also very low, with the exception of the South African rand, which fell 7 %.

Sales revenues by product segments

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

The automotive oils product segment includes engine, transmission and shock absorber oils. At €440.8 million, sales revenues in this segment were 15 % above the previous year (383.4). The segment share of Group sales revenues increased to 33.3 % (32.2).

Breakdown of Group sales revenues



The industrial oils and specialties product segment above all includes metal working fluids, corrosion preventatives, hydraulic and industrial gear oils as well as greases and other specialties. With €769.8 million (693.3) or 58.2 % (58.1), this business segment constitutes the largest area of the Group's sales revenues and increased by 11 % in comparison with the previous year.

Polishing technology (up to June 30, 2006), toll blending, chemical management, base-oil trading and other activities are summarized in the other products sector. This segment shrank by €2.8 million or 2.4 % and its share in the Group sales revenues dropped to 8.5 % (9.7).

[in € million]	2006	Share in %	2005	Share in %	Change absolute	Change in %
Automotive oils[1]	440.8	33.3	383.4	32.2	57.4	15.0
Industrial oils and specialties[1]	769.8	58.2	693.3	58.1	76.5	11.0
Other products	112.7	8.5	115.5	9.7	−2.8	−2.4
Total	**1,323.3**	**100**	**1,192.2**	**100**	**131.1**	**11.0**

1 and related products

The figures for the previous year have been slightly adjusted.

FUCHS increases profit after tax by 31 % to €97.2 million (74.2)

In 2006, the FUCHS PETROLUB Group successfully continued its strategy of selective growth, which is paired with specialization and disciplined cost management. For the fifth consecutive year, the Group increased its profit after tax by a double-digit percentage, this time by 31 % to €97.2 million (74.2).

Good economic global framework conditions and the right strategy formed the foundation for countering the extreme price increases, especially for base oils. The increase in sales revenues by €131.1 million or 11.0 % considerably exceeded the cost of sales, which rose by €89 million or 11.6 %. As a result, the gross profit climbed by €42.1 million to €466.9 million (424.8). However, a drop in the gross margin to 35.3 % (35.6) was unavoidable.

At the same time, the marketing and sales, administrative and R&D expenses rose only moderately by 1.3 % or €4.0 million. Their share in the sales revenues sank to 23.4 % (25.6). As such, the operating result climbed by 31.9 % to €157.5 million (119.4) with an operating margin of 11.9 % (10.0).

The other operating income was influenced only slightly by special effects in 2006. On balance, income of €2.7 million (8.5) results primarily from the sale of the LIPPERT-UNIPOL Group. The previous year's profits contain income from the disposal of land amounting to €7.6 million. The earnings before interest and tax (EBIT) therefore reached €161.2 million (128.8), which corresponds to growth of 25.2 %.

In keeping with the continual reduction of the financial liabilities, the Group reduced its financial expenditure over the past year. At –€11.8 million (–15.7) the financial result constituted only 0.9 % (1.3) of the sales revenues.

Taking into account income tax expenses of €52.2 million (38.9), which correspond to a rate of taxation of 34.9 % (34.4), the Group achieved a profit after tax of €97.2 million (74.2). The after-tax return in terms of sales revenues reached 7.3 % (6.2).

The success of the Group as a whole is reflected in the individual regions. All regions succeeded in increasing their segment earnings (EBIT) in absolute terms and in percent of sales revenues.

Earnings per ordinary and preference share amounted to €3.70 (2.79) and €3.76 (2.85) respectively, which corresponds to a 33 % and 32 % increase respectively compared to the previous year. The previous year's figures were adjusted by the bonus shares issued in June 2006.

Improvement on returns

Return on sales (profit after tax in relation to the sales revenues) of the FUCHS PETROLUB Group rose in 2006 to a new record high of 7.3 % (6.2).

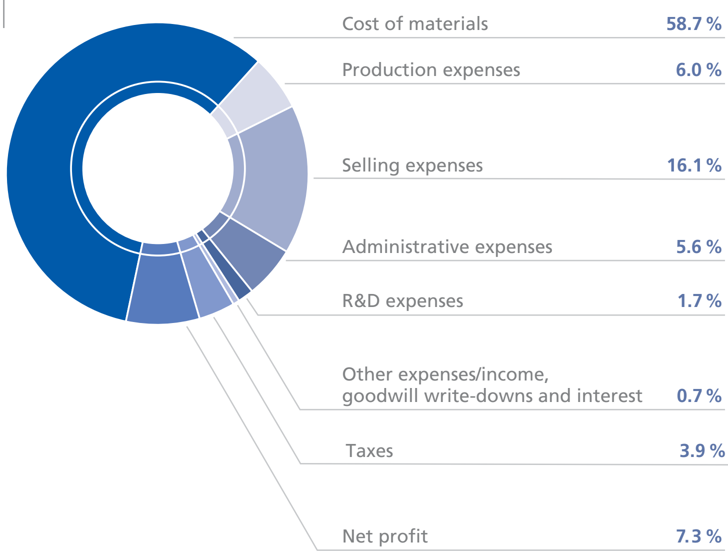
The earnings before interest and tax (EBIT) in relation to the sales revenues increased to 12.2 %; the previous year's figure stood at 10.8 %.

The Group's return on equity (profit after taxes in relation to the average shareholders' equity, based on the quarterly figures) reached 36.9 % (38.1). Return on capital employed (earnings before interest and tax in relation to the average of the total of shareholders' equity, interest-bearing liabilities, pension provisions and accumulated goodwill amortization less cash and cash equivalents) rose to 30.4 % (25.8).

Monitoring system

The essential key performance indicators and controls for the operating business are sales revenues, earnings before interest and tax (EBIT) and the return on capital employed (ROCE). The FUCHS VALUE ADDED (FVA) key figure was introduced for value-oriented company management some years ago. FVA represents the earnings before interest and tax (EBIT) less the weighted equity and borrowing costs. The capital costs for the Group amount to 11.5 % before or 7.2 % after tax. The Group's FVA increased to €100.3 million (71.4) in 2006.

Structure of income statement



MUCH CAN COME OF A PROBLEM. SUCH AS SUCCESSFUL INNOVATION.

Wolfgang Bock
Martyn Rushton
Peter Baker

APPLICATION TECHNOLOGY AT FUCHS

Whenever a problem makes life difficult for the customer, our application engineers won’t rest until they’ve found the perfect solution. It is this attitude which earns them respect. After all, even short plant downtimes can generate considerable costs for the customer. So sound knowledge and direct contact are of the greatest importance. What’s more, these experts make a valuable contribution to research and development work. They understand our customers’ processes and can ensure new product development to meet specific customer requirements.

Balance sheet is further strengthened

The FUCHS PETROLUB Group once again recorded a strengthened balance sheet as at December 31, 2006. The balance sheet total dropped slightly to €680.7 million (691.3), while the shareholders' equity shot up to €303.2 million (232.6). The equity ratio rose to 44.5 % (33.6).

Whereas the strength of the US dollar at the end of 2005 resulted in a balance sheet extension, the subsequent strength of the euro in the course of 2006 led to a balance sheet contraction. The currency effect made itself felt, particularly in the long-term assets and in the shareholders' equity.

The long-term assets constitute €261.1 million (279.6) or 38.4 % (40.4) of all assets of the FUCHS PETROLUB Group. The largest item within the long-term assets is the property, plant and equipment. Its decrease to €150.9 million (161.3) can be attributed to currency effects and lower investments. The sale of the LIPPERT-UNIPOL Group represents another factor for reduction.

Structure of assets and capital

Assets [in %]	2006	2005
Goodwill	11.6	12.1
Property, plant and equipment	22.2	23.3
Inventories	22.9	23.8
Trade receivables	29.9	28.7
Other assets	13.4	12.1
Balance-sheet total [in € million]	**680.7**	**691.3**

Liabilities [in %]	2006	2005
Shareholders' equity	44.5	33.6
Pension provisions	7.5	7.9
Financial liabilities	14.5	22.8
Trade liabilities	17.3	17.4
Other liabilities	16.2	18.3
Balance-sheet total [in € million]	**680.7**	**691.3**

The short-term assets rose slightly both in absolute and relative terms. The inventories dropped to €156.0 million (164.4) while the trade receivables climbed to €203.7 million (198.6). In view of the significant increase in purchase prices and sales revenues in 2006, these asset levels indicate a considerable improvement in the use of working capital.

The cash and cash equivalents grew to €40.2 million (26.0), which is a sure sign of a further improvement in the financial position.

The Group's shareholders' equity amounted to €303.2 million (232.6) on the balance sheet date. This financed 44.5 % (33.6) of the Group's assets. The high equity ratio is driven by the strong earnings position. Negative currency effects reduced the shareholders' equity.

Pension provisions of €51.3 million (54.9) and financial liabilities of €55.4 million (66.5) are classfied as long-term liabilities. The long-term liabilities also include deferred tax liabilities of €10.9 million (11.9). Other provisions constitute €8.6 million (7.9). The total long-term liabilities plus shareholders' equity amount to 165 % (134) of the long-term assets.

At €117.4 million (120.4), the trade payables represent the most important item in the short-term liabilities. At €40.0 million, provisions remained at the previous year's level (39.8), while significant tax payments in the reporting year led to a drop in tax liabilities to €19.3 million (31.2).

As a result of the positive cash flow in 2006, short-term financial liabilities were reduced by more than 50 % to €43.1 million (90.8). The net financial debt, that is to say the total short-term and long-term financial liabilities, less cash and cash equivalents, decreased by €73 million to €58.3 million.

Other liabilities amounted to €31.5 million (35.3).

In its financial management, the FUCHS Group pursues the objective of liquidity safeguarding. This includes repayment of borrowed funds and the ability to pay out appropriate dividends. The statement of cash flows shows that these objectives have been met.

The statement of cash flows has been adjusted for currency-translation and consolidation effects in conformance with IAS 7.

The gross cash flow rose in the reporting year to €116.8 million (100.8), thereby exceeding the high level of the previous year by 15.9 %. This was driven by the Group's further improved earnings position. Depreciation and amortization of long-term assets, including financial investments, contributed €22.1 million compared to €30.0 million in the previous year.

The cash inflow from operating activities increased by 16.6 % to €90.7 million (77.8), although tax payments of €14.2 million were made for the previous year.

The development of the net operating working capital (inventories plus trade receivables minus trade payables) had a positive effect on the cash flow. The working capital increased only moderately despite a considerable rise in purchase prices and sales revenues. In relation to the sales revenues, the working capital dropped notably.

At €18.1 million (28.8) in the reporting year, investments were considerably lower than in the previous year, not least because two major projects were postponed until 2007. No acquisitions were made in the reporting year (9.7 million in the previous year). The disposal of subsidiaries and other business units (LIPPERT-UNIPOL Group and FUCHS LUBRICANTS BANGLADESH) generated income of €11.1 million (0.3). The considerable proceeds from the disposal of property, plant and equipment (land valued at €7.6) received in the previous year were not repeated. Overall, the cash outflow from investing activities ran to €4.3 million net (26.1).

The free cash flow represents the balance of the cash inflow from operating activities and the cash outflow from investing activities. This free cash flow rose very significantly by 67.1 % to €86.4 million (51.7). This financed a dividend distribution of €18.2 million and financial liabilities were reduced by €53.0 million. The remaining amount went to increasing the cash and cash equivalents, which, at €40.2 million, were higher than the previous year's figure (26.0).

Overall position

The Group's net assets and financial position are well described by the net gearing, that is the relationship between financial liabilities plus pension provisions, less cash and cash equivalents on the one hand and shareholders' equity on the other. This key performance indicator halved to 0.4 (0.8) in 2006 and indicates that the Group has a healthy financial basis for its operating business.

The KPI "Return on capital employed" increased yet again in 2006 to 30.4 % (25.8). This KPI demonstrates the high earning power of the FUCHS PETROLUB Group.

The free cash flow of €86.4 million (51.7) symbolizes the Group's ability to distribute dividends, repay debts and consumate acquisitions.

All KPIs mentioned indicate the Group's strong and stable overall financial position.

PERFORMANCE | Capital expenditure and investments in companies

The FUCHS PETROLUB Group's capital expenditure on property, plant and equipment and intangible assets amounted to €18.1 million (28.8) in 2006 and therefore constitutes just 1.4 % of sales revenues. The capital expenditure to sales revenues ratio, however, tends to be at a sustainable level of between 2 % and 2.5 %.

Capital expenditure

Due to the disposal of subsidiaries and delays in the planned construction of a new laboratory in Germany and the construction of a new factory in China, the Group's capital expenditure on property, plant and equipment and intangible assets in 2006 stood below the previous year's level at €18.1 million (28.8). Investment requirements will therefore increase accordingly in 2007.

In Germany, investments were made in the replacement and expansion of various production and filling facilities and in environmental and fire protection facilities at the Mannheim, Kaiserslautern and Kiel sites. Various individual modernization and expansion investments in the areas of production, research and development were also made in the other European countries.

The introduction of SAP in Italy and North America in the reporting year expanded and supplemented our IT platform in the Group. We now use the integrated SAP software in many European, Asian and American production and marketing and sales companies.

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

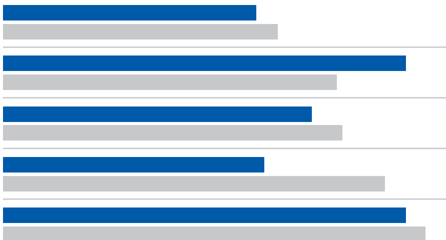
The depreciation of property, plant and equipment and intangible assets amounted to €19.7 million (23.9) in 2006. Goodwill impairments constituted €2.2 million (5.5).

Investments in companies

With effect from January 1, 2006 we sold our company in Bangladesh to a local partner who is now continuing production under license. The company generated sales revenues of €3.7 million and employed 86 people in 2005.

Furthermore, on July 14, 2006 the LIPPERT-UNIPOL Group, which operates in the field of polishing technology, was sold to Jason GmbH in Sulzbach-Rosenberg. The group generated sales revenues of €22 million and employed 208 people in 2005. The sales revenues for the first half of 2006 amounted to €12 million.

Capital expenditure and depreciation and amortization – tangible and intangible assets (excluding goodwill)



[in € million]	Capital expenditure	Depreciation and amortization
2006	**18.1**	**19.7**
2005	28.8	23.9
2004	22.1	24.3
2003	18.7	27.3
2002	28.8	30.2

SEGMENT REPORT BY REGION

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

The Asia-Pacific, Africa region is the largest lubricants market with a share of 43.5 %, a long way ahead of North and South America (30.5 %) and Europe (26.0 %). Asia is the fastest-growing market for lubricants.

The regional development of sales revenues of the FUCHS PETROLUB Group in terms of **customer location** is as follows:

[in € million]	2006	Share in %	2005	Share in %
Europe	809.2	61.1	722.6	60.6
North and South America	243.4	18.4	229.9	19.3
Asia-Pacific, Africa	270.7	20.5	239.7	20.1
Total	**1,323.3**	**100**	**1,192.2**	**100**

Calculated in terms of customer location, Europe, with 61.1% (60.6) of Group sales revenues or €809.2 million (722.6), continues to be FUCHS' most important market. The Asia-Pacific, Africa region achieved above-average growth rates and is now the second largest market for FUCHS with 20.5% or €270.7 million (239.7). With €243.4 million, the North and South America region constituted 18.4% of the total sales revenues.

Segment information [in € million][1]	2006	2005
Sales revenues by customer's location	809.2	722.6
Sales revenues by company's location	874.7	781.0
> of which with other segments	22.5	20.0
Scheduled depreciation	12.3	14.5
Impairment losses	2.2	4.5
Income from investments accounted for using the equity method	0.0	0.0
Segment earnings (EBIT)	95.7	75.6
Segment assets	413.0	415.3
Segment liabilities	135.3	142.3
Capital expenditure	11.5	23.8
Employees (average numbers)	2,376	2,507
KPIs [in %]		
Ratio of EBIT to sales revenues	10.9	9.7

1 See pages 76 and 77

Sales revenues by company location in Europe rose by 12.0 % to €874.7 million (781). The rise is particularly based on internal growth (101.9 million or 13.0 %), influenced by price increases and changes to the mix. The sale of the LIPPERT-UNIPOL Group led to a drop in sales revenues of €10.1 million or 1.2 % and the currency effects constituted €1.9 million or 0.2 percentage points of the growth. The regional earnings before interest and tax (EBIT) grew in the reporting period to €95.7 million (75.6), although it should be noted here that the previous year's period contained profit from the sale of land. Impairment losses were made in France and Great Britain in the reporting year. For the fifth year in succession, Europe increased the EBIT both in absolute and relative terms. The ratio of EBIT to sales revenues amounted to 10.9 % (9.7).

The Europe region is subdivided into the sub-regions of Western Europe excluding Germany (sales revenues share 47 %), Germany (sales revenues share 46 %) and Central and Eastern Europe (sales revenues share 7 %).

Western Europe excluding Germany: Advantages of the FUCHS EUROPE network used

The greatest challenges in Western Europe in the reporting period were the steep rise in the price of raw materials and a shortage of isolated basic products. Thanks to the close integration of the operating units in FUCHS EUROPE, it was possible to ensure that all customer orders could be processed on time at any time. For the first time, we imported base oils from the USA and Asia, stored them temporarily in external tanks in Europe and then distributed them among the Group.

Our company in Great Britain in particular developed very well in the reporting period, and in France, too, there were significant increases in earnings. Investments focused on England, where the centralization to one sub-site was completed, and on Italy.

Germany: Good development of business, LIPPERT-UNIPOL sold

In the course of the pleasing business development in Germany, the production volume at the Mannheim site, which had doubled in the previous year, rose once again by almost 10 %. Due to unforeseen construction conditions, a major investment project for the construction and expansion of laboratories was moved to 2007.

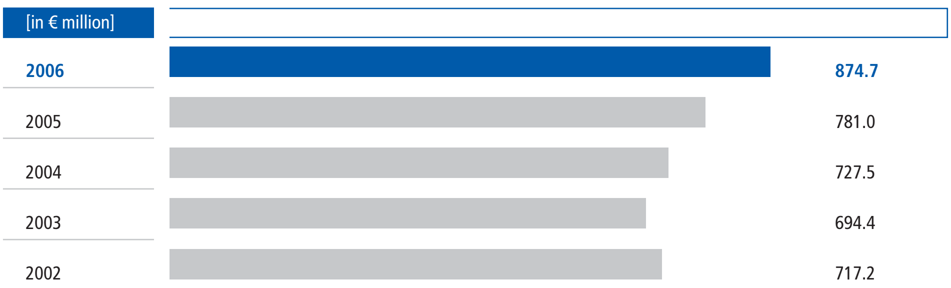
The FUCHS LUBRITECH Group once again developed well in Germany and was able to expand its international network using the FUCHS infrastructure. Sales revenues and profits rose again in 2006.

In July 2006 LIPPERT-UNIPOL was sold to an American competitor. As the buyer had no prior infrastructure in this business segment in Europe, the existing branches of LIPPERT-UNIPOL will continue to be used by the buyer. Following the sale of LIPPERT-UNIPOL, the FUCHS Group now focuses 100 % on the lubricants segment.

Central and Eastern Europe: Progress made in Russia

In addition to the FUCHS companies in Poland and the Czech Republic, which have been operating successfully for many years, business in Russia was improved once again in the Central and Eastern Europe region in 2006. Based on a dedicated and well-trained team, the customer base was further expanded. We also extended our shareholding in our Ukraine company to 80 %.

Development of sales revenues in Europe (by company location)



NOT JUST PRODUCING SOMETHING NEW, BUT CREATING SOMETHING VERY SPECIAL EVERY DAY – THAT'S WHAT ADDED VALUE IS ALL ABOUT.

Faruk Cobanoglu
Zillur Rahman
Salvatore Contino
Thomas Weber
Horst Münkel

PRODUCTION AT FUCHS

The fast, reliable and top quality production of more than 10,000 different lubricant specialties requires a high degree of manufacturing know-how. No problem for FUCHS. Our qualified, reliable employees process individual components according to innovative formulae to form top-quality specialties. And investments in high-performance, high-tech production plants at different sites across the world ensure that we are always at the cutting edge. Not only do we constantly set new standards in manufacturing technology and efficiency, we also address core contemporary issues such as environmental compatibility and sustainability.


FUCHS
FUCHS
FUCHS

Segment information [in € million][1]	2006	2005
Sales revenues by customer's location	243.4	229.9
Sales revenues by company's location	235.0	224.2
> of which with other segments	1.1	1.0
Scheduled depreciation	3.7	3.8
Impairment losses	0.0	0.0
Income from investments accounted for using the equity method	0.0	0.0
Segment earnings (EBIT)	41.2	37.6
Segment assets	152.0	161.5
Segment liabilities	22.5	30.0
Capital expenditure	4.5	8.0
Employees (average numbers)	607	618
KPIs [in %]		
Ratio of EBIT to sales revenues	17.5	16.8

1 See pages 76 and 77

In 2006, sales revenues by company location increased in the North and South America region by 4.8 % to €235.0 million in comparison with the previous year. The growth in sales revenues is based on internal growth of €11.4 million or 5.1 % due to price increases and mix improvements, while the volume decreased. There was no effect due to the translation of the regional sales revenues into euros, as the average annual exchange rate for the dollar against the euro did not change significantly. The regional earnings before interest and tax (EBIT) rose by almost 10 % to €41.2 million. The ratio of EBIT to sales revenues amounted to 17.5 % in the reporting year, which was a new record.

Our business in South America represented 13 % of the regional sales revenues by company location and continued to develop very positively.

North America: Technical structures improved and SAP introduced

In 2006, SAP was introduced as new software in the USA. This now facilitates the management of the organization, which has grown rapidly over the years.

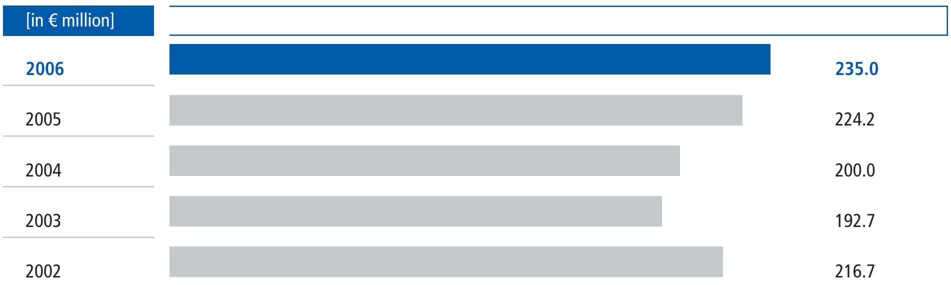
Once again, all three operating companies in North America (Canada, USA and Mexico) increased their sales revenues and earnings. Our product and customer portfolio in North America gives us a very broad base.

In the financial year 2006, investments were made in additional staff in research and development and in product management. As a result of its integration within the FUCHS PETROLUB Group and through the cooperation with marketing and sales on the basis of a concrete marketing plan, this infrastructure will enable new niche markets to be explored and a deeper penetration of the market.

South America: Continued positive growth in sales revenues and earnings

In Brazil and Argentina, the two FUCHS subsidiaries once more increased their sales revenues and earnings. In Argentina, the business developed particularly well. In Brazil, the structures of the LUBRITECH business were expanded.

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



Segment information [in € million][1]	2006	2005
Sales revenues by customer's location	270.7	239.7
Sales revenues by company's location	237.2	207.6
> of which with other segments	0.0	0.0
Scheduled depreciation	2.5	2.6
Impairment losses	0.2	3.5
Income from investments accounted for using the equity method	1.0	0.8
Segment earnings (EBIT)	23.4	16.1
Segment assets	108.5	105.2
Segment liabilities	38.0	31.2
Capital expenditure	2.0	2.4
Employees (average numbers)	854	953
KPIs [in %]		
Ratio of EBIT to sales revenues	9.4	7.4

1 See pages 76 and 77

In 2006, the regional sales revenues by company location amounted to €237.2 million (207.6). This constituted regional growth of 14.3 %. Internal growth was 16.9 %. The greatest rates of increase were reached in China, Australia and South Africa and were essentially driven by the price and mix. The currency effect constituted –1.0 %. The value of the euro rose in particular against the Australian dollar, South African rand and Japanese yen, while the euro fell in value against the other currencies in the region.

The regional earnings before interest and tax (EBIT) climbed to €23.4 million (16.1) in the reporting period, which constituted a pleasing increase of 45.3 %. The ratio of EBIT to sales revenues now amounts to 9.4 % compared with 7.4 % in the previous year.

Sales revenues in the Asia-Pacific, Africa region were particularly strong in China (sales revenues share 32 %), Australia (sales revenues share 29 %) and South Africa (sales revenues share 13 %). The remaining sales revenues are distributed mainly among India, Indonesia and our joint ventures in Japan and the United Arab Emirates. The region has its own manufacturing plants in many countries and is anxious to expand its share of local production still further.

China is on the way to becoming the third largest economic power

China's rise to becoming one of the leading global economic powers is continuing unabated. The national economy grew by more than 10 % in 2006. Today, China is already the fourth largest economic power after the USA, Japan and Germany and is expected to go on to become the third largest economic power in the course of 2007. This upward trend is based on continued brisk investment activity and the emergence of a free-spending middle class. This development gives the FUCHS PETROLUB business an additional boost.

FUCHS LUBRICANTS CHINA, consisting of three Chinese companies, successfully served the local industrial and automotive lubricants market with growth rates in double figures. The construction of a new plant in Shanghai is evidence of the strong growth in China and its neighboring countries. Based on sales revenues of approximately €75 million in 2006, the continued focus is on expanding the local research and development activities and specialization in the product portfolio.

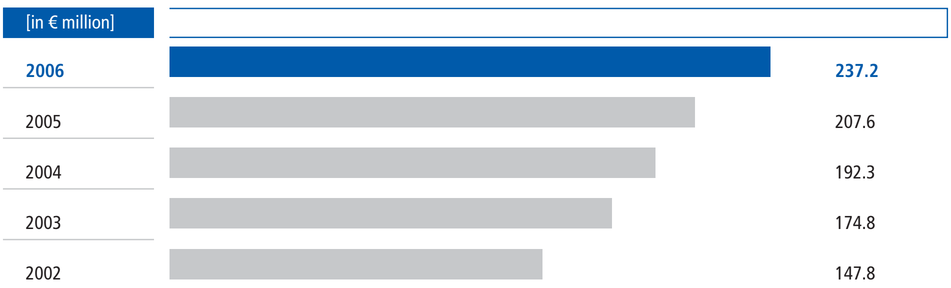
Australia continues to benefit from the boom in China

The Australian economy is continuing to benefit from the Chinese demand for raw materials. FUCHS LUBRICANTS (AUSTRALASIA) was able to achieve double-digit increases in lubricant sales revenues and profit in this market. The integration of FUCHS LUBRITECH (AUSTRALIA) into FUCHS LUBRICANTS (AUSTRALASIA) allowed improved market cultivation and enabled the use of synergies.

Further regional expansion

Sales revenues and earnings of our subsidiary in South Africa were again excellent. India positioned itself well after focusing on industrial lubricants and specialties. Our remaining subsidiaries and joint ventures in the Middle East, South East Asia and East Asia also contributed to growth in earnings due to the discontinuation of low-margin business and stringent cost management.

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



RESEARCH AND DEVELOPMENT

Innovative ability and a high degree of specialization coupled with customer proximity are the secret to sustained market success. This is why most products are developed in cooperation and coordination with our customers. What's more, joint research and cooperation with universities or appropriate research facilities also plays an important role.

At the end of the reporting period, the Group’s Research and Development departments employed 318 (329) engineers, chemists and technical specialists and assistants. The expenses for this area in 2006 amounted to €22.1 million (20.6).

Electrosyntec makes the difference

New products, which use the unique Electrosyntec technology, were added to the Silkolene program for motorcycle lubricants. FUCHS developed this innovative technology in close cooperation with its technology partners in the motorcycle industry and the racing scene. The Electrosyntec molecules attach themselves to the metallic surfaces of the pistons and cylinders via electrostatic force and stay there – even when the engine is switched off. The result is an optimum protective film, which reduces friction in the engine, thereby improving performance and effectively reducing wear and fuel consumption. Amongst others, this technology is used in special oils for motorcycles, scooters, mopeds, quads and ATVs.

Optimized corrosion protection concepts

With the growing number of transport procedures in the automobile industry caused by the shipping of partially preassembled components and the increase in internal logistic activities between individual plants, the demand on economic and safe corrosion protection concepts is growing. For the first time, an automobile manufacturer is now investing in a jointly developed and patentable concept: New volatile corrosion inhibitors (VCI) are being applied by a robot via a metering system into newly developed reusable carriers for crankshaft shipping. Due to the volatility of the solvent and the small amounts required, practically no residue remains on the carriers. The solvent was selected so that no fire or explosion protection, or extraction system are required. The corrosion protection is formed in a vapor phase after the carrier system is closed and thus protects the parts against corrosion. As a closed carrier system is used, a high level of cleanliness is ensured even after transport.

Damping properties lead the way

Some special applications throw the spotlight in particular on the damping properties of FUCHS lubricating greases. Take friction dampers in domestic washing machines, for instance: The unbalance of the drum is compensated by friction dampers. Both the lubricating grease and the component design together determine the damping factor here. The grease used must ensure a consistently high coefficient of friction over the entire useful life and all temperature ranges. Another example is the suspension forks of mountain bikes, which are establishing themselves on the international market. In this application, however, it is the grease itself, which forms the damping medium and, unlike the application in the washing machine, it must have a constantly low coefficient of friction unaffected by temperature and strain.

Sustainable protection

Those who use conventional coolants when cutting non-ferrous metals often have to deal with components becoming discolored and water-soluble metal compounds dissolving in the coolant used. These problems cause additional costs, such as increased personnel, time requirements for quality control, or cleaning and disposal measures. FUCHS has now developed a formulation that can solve these problems. The new product from the ECOCOOL STAR series contains special inhibitors, which treat with particular care non-ferrous metals and aluminum, provide sustained protection for workpiece surfaces and thereby counter long-term discoloration and dissolving. The processing fluid is free of boron, chlorine, phosphorus and amines.

Safety and performance in mining

In underground coal mining, the use of fire resistant hydraulic fluids for safety reasons is of prime importance for reducing the danger of fire. FUCHS has developed a new water-glycol-based product especially for use in road heading and earth-moving machines or hydraulic winches. This differs from conventional products in that it contains less water. With the same level of low inflammability, the lower proportion of water enables higher operating temperatures, meaning that the daily operating times of the hydraulic units can be extended. What's more, the balanced selection of glycols and special additives reduces the wear of the pumps and extends their useful life. Further possible areas of application are found in die casting machines, foundries or steel mills.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THE BEST WAY TO WIN OVER A CUSTOMER IS TO MAKE THE IMPOSSIBLE POSSIBLE.

Christina Ernst
Hans-Jürgen Rux
Silvia Müller
Herbert Kunzmann
Lutz Schulz

LOGISTICS EXPERTS AT FUCHS

When the right goods reach the right place in the right quantity at the right time, it is thanks to the hard work of the right employees. Logistics are a permanent challenge which can only be met through the seamless interaction of everyone involved. Hundreds of thousands of tons of very different specialized lubricants are organized and coordinated each year, starting with manufacturing, through filling into small containers, drums or tankers, right up to shipment into the warehouse and transport by shipping companies. This is a feat which our logistics experts have mastered perfectly. Innovative computer systems and the ability to maintain a comprehensive overview offer the perfect support to make this happen.

OUR PEOPLE

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 makes it possible for us to manage our company successfully both now and in the future.

Training and further education

At FUCHS, securing the future starts with our own employees. In our German companies we offer training in eight vocational careers and offer interesting prospects for our young and dedicated employees. 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 for many years.

In order to meet the requirements of a constantly changing environment, we give our employees the necessary support and train their skills and competencies. The FUCHS ACADEMY serves as a global training facility. This is where we hold technical training courses and support our marketing and sales professionals with solid background knowledge in marketing and 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 demanding training courses of the FUCHS ACADEMY are complemented individually by numerous offerings from our local units.

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. Mastery of the operating business, strong implementational ability and employee orientation are decisive factors in assuming responsibility at FUCHS.

University marketing

It is essential for our company to form ties between new employees, specialists and managers and the company as soon as possible. We do this via targeted university marketing, such as by participating in regional information fairs at universities.

Last year, a large number of students and graduates from all over the world worked as trainees and dissertation students on project work in the FUCHS PETROLUB Group. Every one of them proved themselves through their good performance and supplied us with new ideas.

Global Diversity Guideline

Diversity is a holistic concept of company management, which brings the heterogeneity of the staff to the fore and allows it to be put to use in increasing the success of organizations.

For FUCHS, diversity is a future-oriented alignment of business, which promotes and strengthens the company. Diversity for us includes a way of thinking that reflects mutual respect, openness and a personal obligation to professional and personal further development. Our company expects each and every employee to adhere to this basic conduct. Fundamental here is that we encourage everyone who works for us to nurture their own individuality and to see the differences of others as an advantage.

We want to create a corporate culture in which everyone can exist as an individual. The geographic diversification of FUCHS in over 50 countries all over the world requires openness, fairness, cultural tolerance and loyalty from employees in the manner in which they interact with one another, especially across boundaries. It is our principle that local employees assume on-site management and local service providers work for us.

In 2004, FUCHS adopted a global Code of Conduct, which defines important agreements for internal and external cooperation. In 2006, a supplementary Global Diversity Guideline was created, which places particular importance on intercultural cooperation and mutual understanding.

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 remuneration 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.

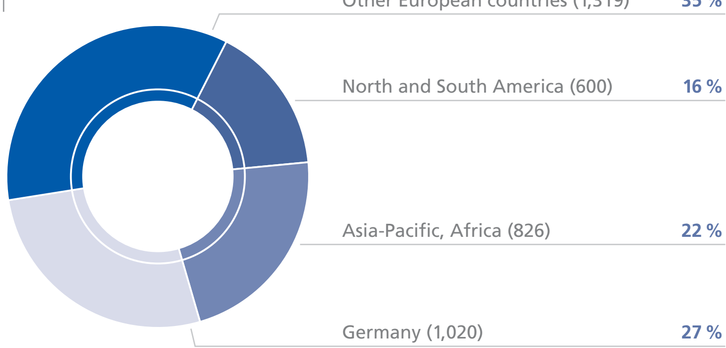
The thinking behind the performance-oriented pay is also reflected in our marketing and sales culture, where sales staff share in the product success that they generate individually.

Workforce reduced through sale of subsidiaries

As at December 31, 2006, the FUCHS PETROLUB Group employed 3,765 people worldwide (4,137). The total number of employees has declined in comparison with the previous year by 372 people or 9.0 %. The reduction in the number of employees is primarily attributable to the sale of the LIPPERT-UNIPOL Group and FUCHS Bangladesh.

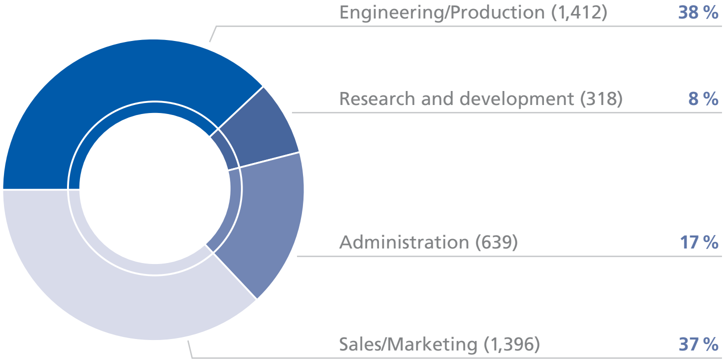
2,745 (3,015) people or 73 % of the staff were employed abroad and 1,020 (1,122) people in Germany.

Geographical workforce structure
[in % and absolute figures]



Worldwide, 38 % (38) of the workforce is employed in engineering and production, 37 % (36) in marketing and sales, 17 % (18) in administration and 8 % (8) in research and development.

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



DISCLOSURES AS PER THE ACT ON IMPLEMENTING THE DIRECTIVE ON TAKEOVER BIDS

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. The following comments are made in accordance with the required additional disclosure obligations:

- As at 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.

- The Schutzgemeinschaft Fuchs, 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:

  RUDOLF FUCHS GMBH & CO KG holds 41.46 % of the voting rights, the individuals, who are members of the Fuchs family, hold a further 4.08 %. The Schutzgemeinschaft Fuchs therefore holds 45.54 % 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 7.38 % of Gothaer Lebensversicherung a.G.'s share in the voting share capital, meaning that 52.92 % of the voting rights are to be ascribed to the Fuchs Protective Association in total.

- There are no shares with special rights that confer supervisory powers.

- There are no voting right checks 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, with the Supervisory Board's permission, to increase the share capital of the company by June 8, 2009 by up to €35,370,000 by issuing up to 11,790,000 new, no-par-value bearer shares in exchange for cash or non-cash contributions. Ordinary and/or preference shares with no voting right can be issued. The company is not authorized to purchase own shares.

The company's articles of association contain a conditional capital. This states that the share capital is increased conditionally by up to a further €7,781,400, divided into a maximum of 1,296,900 ordinary bearer shares and/or non-voting preference bearer shares respectively, provided that the bearers of options or conversion rights or those obliged to perform conversion/exercise options from optional or convertible bonds which are issued or guaranteed by the company or a subordinate Group company due to authorization from the Executive Board granted by the Annual General Meeting of May 24, 2005, make use of their options or conversion rights or, if they are obliged to perform conversion/exercise options, fulfill such 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 to 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 COMPANY'S 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. 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 compensations 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 €1.00. 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.

OUR CONTRIBUTION TO GREATER PERFORMANCE: A WHOLE LOT OF BITS, BYTES AND THE RIGHT STRATEGY.

Stavroula Kata-Katu, IT Consulting
Thomas Sage, IT Consulting

Apu Gosalia, Strategic Marketing

IT CONSULTING FOR FUCHS

Our IT specialists love nothing more than proving their capabilities when creativity is required. Since the business unit was founded in 2000, the employees of the SAP project team have been working continuously to standardize the core processes in the company. Their creative commitment and dedication have made this a success. This is essential, as procedures differ depending on the foreign subsidiary, market and customer or user requirements. In the reporting area, for instance, not only general requirements from a Group perspective need to be taken into account, but also many individual characteristics. Our consultants from Euro SAP support all users at FUCHS in setting up and designing regularly recurring or one-off reports.

OPPORTUNITY AND RISK MANAGEMENT

FUCHS supports the opportunity and risk awareness of its employees through its risk management. By handling risks in a deliberate and controlled manner, the company can orient itself to sustained growth, use opportunities and realize economic advantages.

Risk management

FUCHS' risk management helps to avoid risks where possible, at the very least to detect them at an early stage and to deflect resulting threats to the company. The risk management system is an integral part of the overall planning, steering and reporting process. The main core elements of risk management are strategic planning, medium-term planning and budgeting, reporting and permanent controlling, risk reporting, process organization, and internal audit.

Risk inventory

FUCHS' global risk controlling is based on periodic risk inventories in all foreign subsidiaries and in the departments and headquarters. The responsible management (risk owner) identifies risks in accordance with predefined categories and classifies them in terms of their probability of occurrence and the expected amount of loss. Moreover, the persons in charge of this area identify the measures for avoiding, reducing and diversifying risks. Risk detection entails recognizing any factors capable of endangering the success of the company, or at worst its very existence, as well as pinpointing and taking advantage of opportunities. The risk reports of the individual departments are combined in a risk database for the Group. This offers a full overview of FUCHS' risk profile. Essential changes in this risk database are presented to the Executive Board of FUCHS PETROLUB AG on a regular basis and therefore serve as a decision-making basis.

An essential component of the risk management system is the monitoring of risk management and the internal control system via process-independent audits. The reliability and effectiveness of the risk management system are examined by internal audit, during which process improvements and risk reduction opportunities are regularly identified. Furthermore, the external auditors assess the risk early warning system within the scope of the annual audit. The audit by KPMG showed that the Executive Board had suitably fulfilled the measures required by § 91 (2) of the German Stock Corporation Act, in particular for setting up a monitoring system, and that the risk monitoring system is suitable for detecting any developments which are a threat to the continued existence of the company at an early stage.

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

In the following, risks are described which might have negative effects on our asset, financial and earnings situation. As a portion of the risks are outside of our sphere of influence, even functional risk management is unable to guarantee that all risks are neutralized. As such, developments may occur that deviate from our planning.

Individual risks

Economic risks

FUCHS is exposed to the general economic and political opportunities and risks in the countries and regions in which it operates. Due to its geographic positioning and broad product portfolio, which covers several thousand lubricants and applied specialties for all applications and industries, there are no severe dependencies on individual branches of the industry.

Sector risks

As a company in the chemical industry, FUCHS is exposed to risks, which are typical for the industry. Cyclical fluctuations in demand from important customers, such as the automobile, industrial goods and supplier industries, and the intense competition on the sales markets pose operational risks. As the world's largest independent supplier, FUCHS focuses on the development, manufacture and sale of high quality lubricants and associated specialties. Innovative power is an essential competitive factor here. The company is the technological leader in strategically important niches and high-quality business segments. FUCHS sees itself in many respects as a solution provider rather than a supplier of products. In order to secure and expand its market position, FUCHS researches and works on new products and processes all the time. The research and development work is supported directly with the customer through application support. In addition, lubricants for new machines, components and aggregates are developed in partnership with customers. This innovation and niche strategy, global presence, high level of specialization and ongoing disciplined cost management will also help in the future to secure our market position.

In December 2006, the Registration, Evaluation and Authorization of Chemicals (REACH) Directive was passed by the European Parliament. REACH is due to come into force on June 1, 2007. One year later, a six-month pre-registration phase will begin in which almost all existing chemicals produced in or imported into the EU, which exceed a quantity of one ton per year, must be pre-registered.

In addition to direct costs that will be incurred as part of the registration, market structures may change to FUCHS' disadvantage due to evasive movements by vendors and customers outside Europe. The reduction in the supply of raw materials could pose a further problem if suppliers discontinue production of individual raw materials for economic reasons, forcing FUCHS to seek alternatives. REACH is a high-priority topic for FUCHS. Its development has been tracked internally for many years and measures are being developed which will be implemented accordingly.

Risks arising within different parts of the company

Our geographic positioning, the breadth of our product portfolio and a balanced customer structure serve to reduce the FUCHS PETROLUB Group's overall dependence on revenues from individual companies, regions or customers. The company produces around 10,000 products in 39 plants and sells them to over 100,000 customers in more than 100 countries. We are not dependent on individual customers or clusters of customers. All regions of the Group make a positive contribution to the profit.

The procurement side involves risks caused by heavily increased prices for raw materials such as base oils, additives, chemicals and packaging materials as well as by partial restrictions in their availability. The prices for raw materials grew more rapidly in the first three quarters of 2006 than in the fourth quarter. The prices for certain base oils softened in January 2007. However, the situation for many other raw materials has not let up and may therefore lead to supply shortages in 2007. FUCHS is endeavoring to counter this through appropriate measures such as centralizing base oil procurement, winning new suppliers and leasing additional storage capacities.

Great importance is attached to research and development at FUCHS. Innovative products and customer-specific solutions are the key to long-term market success. Risks are inherent in the high level of complexity and limited predictability of research projects. We reduce research and development risks by approaching development projects jointly with our customers and concluding project partnership agreements. What is more, we maintain close contact with universities as part of our joint research. This promotes our innovative capabilities and a high level of specialization.

Financing and currency related risks

Financial risks arise from exchange-rate movements and interest-rate fluctuations. These risks are regularly recorded, assessed, analyzed, controlled and monitored by the central treasury department of FUCHS PETROLUB AG. The foundation of this work is formed by the financial guideline 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 reasons only (see pages 106–108, Notes to the balance sheet, Financial instruments.)

The risk from changes in interest rates lessened due to the repayment of financing debts. Interest rate hedging instruments that were previously employed for interest rate hedging were disposed of in the reporting year.

As a result of the global orientation of its business activities, FUCHS is necessarily exposed to currency risks. Significant assets are held in foreign currencies and purchases and sales are conducted in various currencies.

The FUCHS Group's investments in companies outside the euro zone involve translation risks. The earnings generated, particularly in US dollars, may change as a result of exchange rate fluctuations and influence the net profit accordingly. In addition, exchange rate fluctuations when converting shareholders' equity of the companies situated outside the euro zone lead to an on-balance-sheet change to the Group shareholders' equity.

The translation risks are countered by the transaction risks, which primarily affect the Group in the area of income and expenditures in foreign currency. This mainly includes the procurement of raw materials and finished products in foreign currency by the operating companies and dividend and license income from the holding company. The transaction risks of the holding company and those of the operating companies are mostly balanced out, so that a netting of the payment flows is possible or residual risks can be reduced by forward currency transactions. Residual translation and transaction risks are netted out to a large extent at Group level.

Regulatory and legal risks

As a company operating on the international market the FUCHS PETROLUB Group is exposed to numerous regulatory and legal risks. These can include risks in the areas of product liability, recalls, occupational health and safety and environmental protection. By continually improving the organization and processes, quality management and suitable insurance coverage, possible risks are minimized right from the start.

There are no pending or threatened court cases likely to have a significant effect on the economic standing of the companies in the FUCHS PETROLUB Group. Should the known facts so require, provisions are established as allowances for losses in the event that such a court case should end unfavorably.

Legal risks may result from the many regulations and laws by which we are governed. In order to avoid any possible risks, our decisions and transactions are based on comprehensive legal and insurance law advice. We employ both our own experts and external experts here. This is accompanied by appropriate insurance coverage.

Risks from acquisitions and investments

Acquisition and investment projects are necessary for the growth of the company, as they are geared towards the future. Yet they are also surrounded by complex risks. These risks are controlled and reduced using defined workflows and procedures within such projects.

There are currently no risks from acquisition and investment activities.

Other risks and IT risks

FUCHS counters IT risks with regular investments in modern hardware and software. With the help of modern security solutions, we protect our data and our infrastructure against unwanted access. The availability and stability of the server and storage systems for business critical applications are continuously increased.

FUCHS currently faces no IT-related risks.

The FUCHS PETROLUB Group's global presence entails certain country and location-related risks. These primarily include natural disasters, pandemics, terror, war and the political situation or events, which may pose a risk in various countries. The security measures in such locations are constantly re-examined, assessed and adjusted accordingly. Furthermore, property and liability risks, as well as the risk posed by business interruption, are sufficiently covered by insurance policies.

Our employees are the most important resource for the growth and further development of the FUCHS PETROLUB Group. The essential risks in the field of personnel arise from employee fluctuation in key positions and in personnel recruitment and development of specialists and managers. FUCHS mitigates these risks through intensive opportunities for qualifications and further training and remuneration packages, which meet performance and market conditions.

There are currently no discernible risks arising from product liability or environmental protection. FUCHS applies high technical and security standards in the construction, operation and maintenance of production plants, although business interruptions, which can also be caused by external influences and may lead to unwanted damage, cannot be ruled out. 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 loss to an extent that is standard for the industry.

There are no other discernible risks.

Overall risk

No significant changes have taken place in the risk situation since the last reporting period. On the basis of the information currently available, we are of the opinion that no significant individual risks exist for the FUCHS PETROLUB Group, either now or in the foreseeable future. Nor do the total risks and combinations of risks threaten the continued existence of the Group.

The FUCHS PETROLUB Group has implemented an adequate risk management system, which ensures that key opportunities and risks are identified early and dealt with accordingly. We have made all possible provisions for typical business risks capable of having a major influence on company assets, finances and profits.

FORECAST REPORT

Business developments in the first two months of 2007

In the first two months of 2007 the Group succeeded in increasing sales. In Asia-Pacific, Africa and in Europe, mix improvements and price increases contributed to good internal growth, whereas in America, the previous year's sales levels were not reached, not least due to currency effects. External growth showed a slight negative trend.

Expectations for the financial year 2007

According to the latest forecast by the International Monetary Fund (IMF), the world economy is expected to grow by 3.5 % in 2007. The global demand for lubricants is also set to increase further in 2007. We are anticipating growth of 0.5 % to 1 %, which will probably correspond approximately to the value for 2006.

As regards the US dollar, we have planned for an exchange rate of 1.30 US dollars per euro. The US dollar plays a role in translation (euro conversion of the balance sheet and income statement) and in the raw material purchases of the European companies.

In view of its good regional positioning and broad array of products, the FUCHS PETROLUB Group is planning to expand its market share in the field of high-grade lubricants further in 2007. Not least due to its numerous research and development activities, the company should benefit from the trend towards high-quality lubricants. We therefore anticipate sales revenue expansion, although we are not expecting anything as drastic as the previous years' price-related growth rates. It remains to be seen to what extent the price development on the raw materials markets and the currency development will affect sales revenues.

The prices for raw materials grew more rapidly in the first three quarters of 2006 than in the fourth quarter. The prices for certain base oils have dropped since the start of 2007. As for many other raw materials, however, the situation has failed to improve and may therefore lead to supply shortages in 2007, although we are countering these risks by centralizing the procurement of base oil, winning new suppliers and leasing additional storage capacities.

The Group once more achieved a record level of earnings before interest and tax (EBIT) in the financial year 2006. We plan to build on this EBIT but not at the high growth rates achieved in previous years. As such, all regions have budgeted for both organic sales increases and an increase in their operating profit. We wish to keep the operating cash flow at the same high level as 2006. We therefore assume that the business of the FUCHS PETROLUB Group will continue to develop positively in the future.

We anticipate that the investments in property, plant and equipment will be greater than those made in 2006. This includes expansion and construction of our laboratory facilities at the Mannheim site and the construction of a new plant in China. Both projects were brought forward from the previous year.

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.

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CONSOLIDATED FINANCIAL STATEMENTS

Income statement

[in € million]	Notes	2006		2005	
Sales revenues	(1)		1,323.3		1,192.2
Cost of sales	(2)		–856.4		–767.4
Gross profit			466.9		**424.8**
Selling and distribution expenses	(3)	–213.1		–213.1	
Administrative expenses		–74.2		–71.7	
Research and development expenses		–22.1		–20.6	
			–309.4		–305.4
Operating profit			157.5		**119.4**
Other operating income and expenses	(4)		2.7		8.5
Investment income	(5)		1.0		0.9
Earnings before interest and tax (EBIT)			161.2		**128.8**
Financial result	(6)		–11.8		–15.7
Earnings before tax (EBT)			149.4		**113.1**
Income taxes	(7)		–52.2		–38.9
Profit after tax			97.2		**74.2**
Minority interests	(8)		–0.6		–1.0
Profit after minority interests (Group profits)			96.6		**73.2**
Earnings per share [in €][1]	**(9)**				
Ordinary share			3.70		**2.79**
Preference share			3.76		**2.85**

1 Basic and diluted in both cases. Including bonus shares issued on June 30, 2006 by means of a capital increase from corporate funds; the previous year's values have been adjusted accordingly.

Balance sheet

[in € million]	Notes	31.12.2006		31.12.2005	
Assets					
Intangible assets	(13)		83.7		90.0
Property, plant and equipment			150.9		161.3
Investments accounted for using the equity method	(14)		4.3		3.7
Other financial assets	(15)		8.9		9.6
Deferred taxes	(16)		13.3		15.0
Long-term assets	**(12)**		261.1		**279.6**
Inventories	(17)		156.0		164.4
Trade receivables	(18)		203.7		198.6
Tax receivables	(19)		0.9		1.6
Other receivables and other assets	(20)		18.8		21.1
Cash and cash equivalents	(21)		40.2		26.0
Short-term assets			419.6		**411.7**
			680.7		**691.3**
Equity and liabilities					
Subscribed capital		77.8		70.7	
Group reserves		127.7		87.5	
Group profits		96.6		73.2	
FUCHS PETROLUB Group capital			302.1		231.4
Minority interest			1.1		1.2
Shareholders' equity	**(22)**		303.2		**232.6**
Pension provisions	(23)	51.3		54.9	
Other provisions	(24)	8.6		7.9	
Deferred taxes	(16)	10.9		11.9	
Financial liabilities	(25)	55.4		66.5	
Other liabilities		1.0		1.3	
Long-term liabilities			127.2		**142.5**
Trade payables	(26)	117.4		120.4	
Provisions	(27)	40.0		39.8	
Tax liabilities	(28)	19.3		31.2	
Financial liabilities	(29)	43.1		90.8	
Other liabilities	(30)	30.5		34.0	
Short-term liabilities			250.3		**316.2**
			680.7		**691.3**

STATEMENT OF CHANGES IN LONG-TERM ASSETS

[in € million]	Gross amounts Acquisition and manufacturing costs						
2005	31.12.2004	Exchange differences	Changes in the scope of consolidation	Additions	Disposals	Reclassi-fications	31.12.2005
Intangible assets							
Licenses, industrial property rights and similar values	28.3	0.3	0.0	3.7	0.2	0.3	32.4
Goodwill[1]	78.7	3.4	–0.1	7.2	0.0	0.0	89.2
Other intangible assets	0.2	0.0	0.0	0.5	0.0	–0.3	0.4
	107.2	**3.7**	**–0.1**	**11.4**	**0.2**	**0.0**	**122.0**
Property, plant and equipment							
Land, land rights and buildings	137.6	6.5	0.0	3.8	6.9	2.4	143.4
Technical equipment and machinery	165.2	8.3	0.0	9.8	10.7	2.5	175.1
Other equipment, factory and office equipment	80.7	2.6	0.0	7.3	4.8	2.7	88.5
Work in progress	8.2	0.3	0.0	3.7	0.2	–7.6	4.4
Leased objects	0.7	0.0	0.0	0.0	0.0	0.0	0.7
	392.4	**17.7**	**0.0**	**24.6**	**22.6**	**0.0**	**412.1**
Financial assets							
Shares in affiliated companies	0.3	0.0	0.0	0.4	0.0	0.0	0.7
Investments accounted for using the equity method	14.1	0.5	0.0	0.8	0.0	0.0	15.4
Investments in companies	2.6	0.0	0.0	0.0	0.6	0.0	2.0
Loans to participating interests	0.3	0.1	0.0	0.3	0.0	0.0	0.7
Other loans[3]	6.4	0.0	0.0	1.1	0.3	0.0	7.2
Long-term securities	0.6	0.0	0.0	0.0	0.1	0.0	0.5
	24.3	**0.6**	**0.0**	**2.6**	**1.0**	**0.0**	**26.5**
Long-term assets (excluding deferred taxes)	**523.9**	**22.0**	**–0.1**	**38.6**	**23.8**	**0.0**	**560.6**
2006	31.12.2005	Exchange differences	Changes in the scope of consolidation	Additions	Disposals	Reclassi-fications	**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[1]	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[2]							
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**

1 The amortization on goodwill accumulated by December 31, 2004 was balanced according to IRFS 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.
3 Due to the nature of financing long-term supply contracts in France, the previous year's value for "Other loans" was adjusted by €5.9 million.

Depreciation and amortization								Net amounts	
31.12.2004	Exchange differences	Changes in the scope of consolidation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassi-fications	31.12.2005	31.12.2005	31.12.2004
25.0	0.3	0.0	1.4	0.0	0.2	0.0	26.5	5.9	3.3
0.0	0.0	0.0	0.0	5.5	0.0	0.0	5.5	83.7	78.7
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.2
25.0	**0.3**	**0.0**	**1.4**	**5.5**	**0.2**	**0.0**	**32.0**	**90.0**	**82.2**
56.4	2.3	0.0	4.3	2.0	4.4	0.1	60.7	82.7	81.2
119.4	5.7	0.0	7.8	0.0	10.6	–1.8	120.5	54.6	45.8
61.7	2.0	0.0	8.4	0.0	4.2	1.7	69.6	18.9	19.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.4	8.2
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.7
237.5	**10.0**	**0.0**	**20.5**	**2.0**	**19.2**	**0.0**	**250.8**	**161.3**	**154.9**
0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.6	0.3
11.7	0.0	0.0	0.0	0.0	0.0	0.0	11.7	3.7	2.4
1.2	0.0	0.0	0.0	0.3	0.6	0.0	0.9	1.1	1.4
0.2	0.1	0.0	0.0	0.2	0.0	0.0	0.5	0.2	0.1
0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	7.2	6.3
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.6
13.2	**0.1**	**0.0**	**0.0**	**0.6**	**0.7**	**0.0**	**13.2**	**13.3**	**11.1**
275.7	**10.4**	**0.0**	**21.9**	**8.1**	**20.1**	**0.0**	**296.0**	**264.6**	**248.2**
31.12.2005	Exchange differences	Changes in the scope of consolidation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassi-fications	31.12.2006	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**

Statement of changes in shareholders' equity

[in € million]	Subscribed capital AG	Capital reserves AG	Equity capital generated in the Group	Effects from currency translations	Market valuation of financial instruments	**Group's capital**	Minority interest	**Share-holders' equity**
As at Dec 31, 2004	70.7	94.9	0.8	–8.9	–1.6	**155.9**	3.9	**159.8**
Reclassification of currency translation effects from the capital repaid by a subsidiary			–2.6	2.6		**0**		**0**
Dividend payments			–13.7			**– 13.7**	–0.9	**–14.6**
Gains and losses not recognized in the income statement								
Currency effects				15.0		**15.0**		**15.0**
Financial instruments net of deferred tax					1.0	**1.0**		**1.0**
Other changes						**0**	–2.8	**–2.8**
Gains and losses recognized in the income statement								
Profit after tax 2005			73.2			**73.2**	1.0	**74.2**
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**

According to IRFS, the capital reserves of the AG are reduced by the costs of the 2003 capital increase to the amount of €1.1 million.
The 2006 dividend payment to the amount of €17.4 million is the dividend distribution agreed to in the Annual General Meeting of FUCHS PETROLUB AG on June 21, 2006 for the year 2005; including the anniversary bonus of €0.10 per share the dividend amounted to €0.71 per ordinary share and €0.77 per preference share.
Changes in shareholders' equity are illustrated in the notes under item 22.

Statement of cash flows

[in € million]	2006	2005
Profit after tax	**97.2**	**74.2**
Depreciation and amortization of long-term assets	22.1	30.0
Change in long-term provisions	–2.6	–0.2
Change in deferred taxes	1.1	–2.4
Non-cash income from investments accounted for using the equity method	–1.0	–0.8
Gross cash flow	**116.8**	**100.8**
Change in short-term provisions	–11.2	9.7
Change in inventories	–0.8	–17.8
Change in receivables	–13.9	–15.8
Change in other assets	2.2	5.7
Change in liabilities (excluding financial liabilities)	1.0	5.1
Net gain/loss on disposal of long-term assets and sale of business units	–3.4	–9.9
Cash inflow from operating activities	**90.7**	**77.8**
Investments in intangible assets	–1.6	–4.2
Investments in property, plant and equipment	–16.5	–24.6
Investments in financial assets	–0.1	–1.8
Acquisition of subsidiaries and other business units	0.0	–9.7
Disposal of subsidiaries and other business units	11.1	0.3
Proceeds from the disposal of intangible assets	0.1	0.2
Proceeds from the disposal of property, plant and equipment	2.3	13.4
Proceeds from the disposal of financial assets	0.4	0.3
Cash outflow from investing activities	**–4.3**	**–26.1**
Free cash flow	**86.4**	**51.7**
Dividends paid	–18.2	–14.6
Changes in loan commitments	0.0	–58.5
Changes in bank and leasing commitments	–53.0	18.4
Cash outflow from financing activities	**–71.2**	**–54.7**
Cash and cash equivalents at the end of the previous period	**26.0**	**27.6**
Cash inflow from operating activities	90.7	77.8
Cash outflow from investing activities	–4.3	–26.1
Cash outflow from financing activities	–71.2	–54.7
Effect of currency translations	–1.0	1.4
Cash and cash equivalents at the end of the period[1]	**40.2**	**26.0**
Details of the acquisition and disposal of subsidiaries and other business units [in € million]		
Total of all purchase prices	0.0	9.7
Total of acquired cash and cash equivalents	0.0	0.0
Balance of acquired net assets	0.0	2.8
Total of all sale prices[2]	12.4	0.3
Total of sold cash and cash equivalents	1.3	0.0
Total of sold net assets[3]	–2.9	0.3

1 Cash and cash equivalents comprise total liquid funds of the Group. The taxes on income total €64.2 million (25.3). €11.3 million (14.5) was paid for interest. Interest payments received totaled €1.6 million (2.1).
2 All purchase prices were paid in cash or cash equivalents.
3 The item "Sold net asset" concerns FUCHS LUBRICANTS (BANGLADESH) LTD. and the LIPPERT-UNIPOL Group.

REGIONAL AND PRODUCT SEGMENTS

Regional segments [in € million]	Europe			North and South America			
	2006	2005	Change	**2006**	2005	Change	
Sales revenues by customer's location	**809.2**	722.6	86.6	**243.4**	229.9	13.5	
Sales revenues by company's location	**874.7**	781.0	93.7	**235.0**	224.2	10.8	
> of which with other segments	**22.5**	20.0	2.5	**1.1**	1.0	0.1	
Scheduled depreciation[1]	**12.3**	14.5	–2.2	**3.7**	3.8	–0.1	
Impairment losses[1]	**2.2**	4.5	–2.3	**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)	**95.7**	75.6	20.1	**41.2**	37.6	3.6	
Financial result							
Income taxes							
Profit after tax							
Segment assets[2]	**413.0**	415.3	–2.3	**152.0**	161.5	–9.5	
Segment liabilities[3]	**135.3**	142.3	–7.0	**22.5**	30.0	–7.5	
Financial liabilities							
Pension provisions							
Cash and cash equivalents							
Group liabilities[4]							
Investments in property, plant and equipment and intangible assets[5]	**11.5**	23.8	–12.3	**4.5**	8.0	–3.5	
Employees (average numbers)	**2.376**	2.507	–131	**607**	618	–11	
Key performance indicators [in %]							
Ratio of EBIT to sales revenues[6]	**10.9**	9.7		**17.5**	16.8		

1 Relating to property, plant and equipment, intangible assets, goodwill and financial assets.
2 Including investments accounted for using the equity method.
3 Non-interest bearing borrowed capital: trade payables, other provisions and other liabilities; 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.
6 EBIT in segments excluding results and impairment losses of investments accounted for using the equity method, as their sales revenues are not included too; sales revenues by company's location.

Product segments [in € million]	Automotive oils			Industrial oils and specialties			
	2006	2005	Change	**2006**	2005	Change	
Sales revenues by product groups[1]	**440.8**	383.4	57.4	**769.8**	693.3	76.5	
Segment assets[2]	**206.5**	206.9	–0.4	**420.2**	418.8	1.4	
Investments in property, plant and equipment and intangible assets[3]	**4.7**	8.5	–3.8	**11.7**	23.0	–11.3	

1 The 2005 sales revenues by product group have been updated due to adjusted segment values of a foreign subsidiary.
2 Including investments in associated companies accounted for using the equity method.
3 Including goodwill and capital expenditure from additions through changes in the scope of consolidation.

Asia-Pacific, Africa			Total for operating companies			Holding companies including consolidation			FUCHS PETROLUB Group		
2006	2005	Change	**2006**	2005	Change	**2006**	2005	Change	**2006**	2005	Change
270.7	239.7	31.0	**1,323.3**	1,192.2	131.1	**0.0**	0.0	0.0	**1,323.3**	1,192.2	131.1
237.2	207.6	29.6	**1,346.9**	1,212.8	134.1	**–23.6**	–20.6	–3.0	**1,323.3**	1,192.2	131.1
0.0	0.0	0.0	**23.6**	21.0	2.6	**–23.6**	–21.0	–2.6	**0.0**	0.0	0.0
2.5	2.6	–0.1	**18.5**	20.9	–2.4	**1.2**	1.0	0.2	**19.7**	21.9	–2.2
0.2	3.5	–3.3	**2.4**	8.0	–5.6	**0.0**	0.1	–0.1	**2.4**	8.1	–5.7
1.0	0.8	0.2	**1.0**	0.8	0.2	**0.0**	0.0	0.0	**1.0**	0.8	0.2
23.4	16.1	7.3	**160.3**	129.3	31.0	**0.9**	–0.5	1.4	**161.2**	128.8	32.4
									–11.8	–15.7	3.9
									–52.2	–38.9	–13.3
									97.2	74.2	23.0
108.5	105.2	3.3	**673.5**	682.0	–8.5	**7.2**	9.3	–2.1	**680.7**	**691.3**	**–10.6**
38.0	31.2	6.8	**195.9**	203.5	–7.6	**31.8**	43.0	–11.2	**227.7**	246.5	–18.8
									98.5	157.3	–58.8
									51.3	54.9	–3.6
									40.2	26.0	14.2
									337.3	**432.7**	**–95.4**
2.0	2.4	–0.4	**18.0**	34.2	–16.2	**0.2**	1.8	–1.6	**18.2**	36.0	–17.8
854	953	–99	**3.837**	4.078	–241	**72**	71	1	**3.909**	4.149	–240
9.4	7.4		**11.8**	10.6					**12.2**	10.8	

Other products			Total for operating companies			Holding companies including consolidation			FUCHS PETROLUB Group		
2006	2005	Change	**2006**	2005	Change	**2006**	2005	Change	**2006**	2005	Change
112.7	115.5	–2.8	**1,323.3**	1,192.2	131.1	**0.0**	0.0	0.0	**1,323.3**	1,192.2	131.1
49.4	63.2	–13.8	**676.1**	688.8	–12.7	**4.6**	2.5	2.1	**680.7**	691.3	–10.6
1.6	4.4	–2.8	**18.0**	35.9	–17.9	**0.2**	0.1	0.1	**18.2**	36.0	–17.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

General information

The consolidated financial statements of FUCHS PETROLUB AG, Mannheim, as of December 31, 2006, 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, as applicable on the balance sheet date. All of the International Financial Reporting Standards (IFRS), formerly International Accounting Standards (IAS), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), that were required for the 2006 financial year have been applied. The following standards or amendments to standards and interpretations do not become binding until the financial year 2007:

>> IFRS 7 "Financial instruments: Disclosures"
>> Amendment to IAS 1 "Presentation of financial statements: Capital disclosures"
>> IFRIC 7 "Applying the restatement approach under IAS 29: Financial reporting in hyperinflationary economies"
>> IFRIC 8 "Scope of IFRS 2"
>> IFRIC 9 "Reassessment of embedded derivatives".

We do not anticipate any significant effects on the consolidated financial statements as a result of the new or amended regulations mentioned. The new IFRS 7 and the amendments to IAS 1 will require additional disclosures to be made in the notes as of the financial year 2007.

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

>> IFRS 8 "Operating segments"
>> IFRIC 10 "Interim financial reporting and impairment"
>> IFRIC 11 "IFRS 2: Group and treasury share transactions"
>> IFRIC 12 "Service concession arrangements".

We do not anticipate any significant effects on the consolidated financial statements as a result of the new regulations mentioned. IFRS 8 is expected to require additional disclosures to be made in the notes as of the financial year 2009.

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.

Three affiliated companies, which are managed jointly with other companies, have been consolidated pro rata. The scope of consolidation includes a total of 61 (70) companies.

In 2006 the scope of consolidation changed due to changes in the status of nine fully consolidated companies: six companies were sold, three companies were wound up, one company was merged within the Group and a newly founded company was consolidated for the first time.

The main subsidiaries and associated companies are shown on page 119; a 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, the company ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah/Saudi Arabia,has been included using the equity method.

One German and four international subsidiaries as well as four 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,
pursuant to Section 264b of the 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,
pursuant to § 264 (3) of the 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, one company from the Asia-Pacific, Africa region was deconsolidated on January 1, 2006, the companies of the LIPPERT-UNIPOL Group on July 1, 2006 and three Western European companies at the end of the year. The comparability of the Group's balance sheet and income statement to the previous year is not significantly affected by the disposals. Overall, the balance sheet total was reduced by around €3.5 million; assets of €4.3 million were sold and the Group liabilities fell by €7.3 million as a result of the disposals. The LIPPERT-UNIPOL Group is included in the Group income statement until June 30, 2006. The sales revenues of the deconsolidated companies, which were omitted in comparison with the previous year, amount to €13.9 million. The net profit after tax improved by €0.7 million in 2006. The other operating income includes deconsolidation profit of €3.0 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 % will be applied in order to reflect the different country risk profiles.

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 that, 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 the 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:

Income and expense accounts at the average exchange rate, equity capital at historical exchange rates and assets and liabilities at the exchange rate of 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 €]	31.12.2006	31.12.2005	Change in foreign currency in %
US dollar	1.320	1.184	−10.3
British pound	0.674	0.688	+2.1
Chinese renminbi yuan	10.321	9.563	−7.3
Australian dollar	1.675	1.623	−3.1
South African rand	9.306	7.495	−19.5
Polish zloty	3.857	3.863	+0.2
Brazilian real	2.823	2.761	−2.2
Argentinean peso	4.054	3.598	−11.2

Average annual exchange rate [1 €]	2006	2005	Change in foreign currency in %
US dollar	1.256	1.246	−0.8
British pound	0.682	0.684	+0.3
Chinese renminbi yuan	10.022	10.223	+2.0
Australian dollar	1.668	1.633	−2.1
South African rand	8.528	7.929	−7.0
Polish zloty	3.905	4.029	+3.2
Brazilian real	2.737	3.042	+11.1
Argentinean peso	3.882	3.650	−6.0

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 services from 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.

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 lives	
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 liability. Since the corresponding change in value of the hedged item affects profit or loss, the (opposite) change in value of the derivative is also recognized in the income statement.

In the case of a cash flow hedge, the derivative offsets the exposure to changes in the future cash flows of an existing hedged item or a highly probable future transaction (e.g. the derivative offsets the possible exchange rate disadvantage arising from a foreign-currency revenue item). The effectiveness of a cash flow hedge is determined by how precisely a specific hedged item is hedged by a corresponding derivative. The portion of the gain or loss on the hedging derivative that is determined to be an effective hedge is recognized directly in equity (Group reserves). The gain or loss on both the derivative and the hedged item is taken to the income statement when the hedged item affects profit or loss (matures). Conversely, the ineffective portion of the gain or loss on the derivative is always carried in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash at banks with a maturity of less than three months, checks and bills not yet presented, and cash in hand. They are measured at cost. Foreign-currency assets are translated at the closing rate.

In accordance with IAS 7 changes in cash and cash equivalents are shown in the consolidated statement of cash flows.

Shareholders’ equity

Costs incurred in raising shareholders’ equity are deducted directly from shareholders’ equity.

Preference share capital is recognized as shareholders’ equity because it meets the requirements of IAS 32 regarding equity instruments. Dividends on both preference and ordinary shares are shown as an appropriation of shareholders’ equity.

Provisions for pensions and similar obligations

Provisions for pensions are recognized using the projected unit credit method in accordance with IAS 19. In estimating the relevant inputs, this method takes into account not only pensions and acquired entitlements known at the balance sheet date, but also future anticipated increases in pensions and salaries. Measurement is based on actuarial opinions and biometric data.

Actuarial gains and losses are only recognized in the income statement when their net cumulative amount exceeds either 10 % of the obligation or 10 % of the plan assets (“corridor rule”). In this case, the portion exceeding 10 % is recognized over the expected remaining working lives of the employees. The expense arising from additions to pension provisions in the amount of current service cost is allocated to personnel expenses, while the interest portion is included in the financial result.

Other provisions

Other provisions are recognized when an obligation to a third party exists, it is probable that an outflow of funds will be required to settle the obligation (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 the amount required to cover the Group’s future payment obligations, identifiable risks, and uncertain liabilities. Long-term provisions with a remaining term of more than one year are discounted to their present value at the balance sheet date at standard market conditions.

Liabilities

Liabilities are generally stated in the balance sheet at amortized cost. The measurement of liabilities relating to derivatives (fair value hedge accounting) may differ. These liabilities and the derivatives themselves are stated in the balance sheet at fair value. Finance lease liabilities are carried under “Other financial liabilities” at the present value of the future lease payments.

NOTES TO THE INCOME STATEMENT

1 >> Sales revenues

Sales revenues break down by product as follows:

[in € million]	2006	2005	Change in %
Automotive oils	440.8	383.4	15.0
Industrial oils and specialties	769.8	693.3	11.0
Other products	112.7	115.5	−2.4
	1,323.3	**1,192.2**	**11.0**

Other products include polishing technology, toll blending, chemical management, base oil trading, and other miscellaneous activities.

The prior-year figures have been adjusted slightly.

The change in sales revenues by region is shown in the segment reporting section on pages 76 and 77.

2 >> Cost of sales

[in € million]	2006	2005
Cost of purchased raw materials, supplies, goods for resale, purchased services	777.4	682.0
Cost of materials	**777.4**	**682.0**
Personnel and other costs	79.0	85.4
	856.4	**767.4**

3 >> Selling and distribution expenses

[in € million]	2006	2005
Freight	46.5	49.5
Commission payments	24.9	23.9
Personnel and other costs	141.7	139.7
	213.1	**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]	2006	2005
Income from the disposal of fixed assets	0.6	10.0
Income from deconsolidation	3.0	0.0
Income from the reversal of provisions	2.5	3.6
Income from the reversal of write-downs	1.9	1.0
Income from cost allocations, commission payments, licenses, and cost charging	1.0	1.3
Income from rents and leases	0.3	0.6
Currency exchange gains	2.4	3.3
Miscellaneous operating income	6.0	5.4
Other operating income	**17.7**	**25.2**
Losses from the disposal of fixed assets	0.2	0.1
Write-downs of receivables	4.0	4.1
Currency exchange losses	2.4	2.0
Expenses of renting fixed assets	0.1	0.2
Restructuring costs and severance payments	0.7	0.5
Impairments of goodwill	2.2	5.5
Miscellaneous operating expenses	5.4	4.3
Other operating expenses	**15.0**	**16.7**
Other operating income and expenses	**2.7**	**8.5**

Income from deconsolidation relates to a company in the Asia-Pacific, Africa region, which was sold with effect from January 1, 2006, and to the companies of the LIPPERT-UNIPOL Group, which were sold with effect from July 1, 2006.

Income from the reversal of provisions includes risks relating, among other things, to reorganization measures, 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.

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

Impairment charges relate exclusively to goodwill from the company financial statements of subsidiaries in Europe outside Germany.

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]	2006	2005
Income from investments accounted for using the equity method	1.0	0.8
Income from other participating interests	0.0	0.1
	1.0	0.9

6 >> Financial result

[in € million]	2006	2005
Other interest and similar income		
> subsidiaries	0.1	0.0
> others (mainly banks)	1.5	2.1
Interest income	1.6	**2.1**
Interest and similar expenses		
> subsidiaries	0.0	0.0
> remuneration for participation-right certificates	–3.7	–3.7
> interest rate hedging	–0.5	–0.8
> others (mainly banks)	–5.9	–9.6
Interest attributable to finance leases	–0.3	–0.4
Pension obligations		
> interest expense	–7.4	–7.4
> expected return on plan assets	4.7	4.8
Interest expense	–13.1	**–17.1**
Net interest income (expense)	–11.5	**–15.0**
Write-downs due to impairment of financial assets	–0.2	–0.6
Other financial income (expense)	–0.1	–0.1
Financial result	–11.8	**–15.7**

The interest component of additions to pension provisions of €2.7 million (–2.6) comprises interest expense of €7.4 million (7.4) for funded obligations and obligations financed by provisions netted against the expected return on plan assets of €4.7 million (4.8).

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 that have been enacted or substantively enacted at the balance sheet date.

[in € million]	2006	2005
Current taxes	51.1	41.3
Deferred taxes	1.1	–2.4
Total	52.2	**38.9**

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]	2006	in %	2005	in %
Earnings before tax (EBT)	149.4		113.1	
Expected tax expense	58.3	39.0	44.1	39.0
Taxation rate differences	–14.3	–9.6	–7.0	–6.2
Impairments of goodwill and other non-deductible items	4.9	3.3	1.1	1.0
Impairment of deferred tax assets	0.0		0.1	0.1
Tax-free income	–0.6	–0.4	–1.4	–1.2
Effect of tax loss carryforwards, for which no deferred tax assets had been recognized	–1.6	–1.1	–1.0	–0.9
Expected use of loss carryforwards	0.0		–1.1	–1.0
Taxes for prior periods	3.5	2.3	3.6	3.2
Withholding taxes	1.6	1.1	1.5	1.3
Other	0.4	0.3	–1.0	–0.9
Actual tax expense	**52.2**	**34.9**	**38.9**	**34.4**

The deferred taxes were recognized in full in the income statement. No deferred taxes were recognized in equity, as there were no longer any cash flow hedges at the balance sheet date.

8 >> Minority interests

Profits attributable to minority interests amount to €0.6 million (1.0), of which €0.3 million relates to German minority interests and €0.3 million to shareholders in Austria and France.

9 >> Earnings per share

[in € million]	2006	2005
Profit after minority interests	**96.6**	**73.2**
Earnings per ordinary share in €		
Earnings per share	3.70	2.79
Weighted number of ordinary shares	12,969,000	12,969,000
Earnings per preference share in €		
Earnings per share	3.76	2.85
Weighted number of preference shares	12,969,000	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, prior-year amounts have been restated to reflect the increase in the number of shares following the issue of free shares by way of the capital increase from corporate funds on June 30, 2006.

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

10 >> Other taxes

[in € million]	2006	2005
	6.3	7.0

The amount shown relates to non-income taxes, mainly of Group companies abroad, which are included in cost of sales, administrative expenses, selling and distribution expenses, and research and development expenses.

11 >> Personnel expenses/employees

Personnel expenses [in € million]	2006	2005
Wages and salaries	154.9	148.2
Social security costs and expenses for pensions and similar obligations	26.6	26.2
> of which for pensions	6.2	5.3
	181.5	174.4

Pension expense does not include the interest expense of €7.4 million (7.4) arising from pension provisions, which is included in the net financial result. Nor does it include any return on plan assets for financing pension obligations.

Employees [annual average numbers]	2006	2005
Salaried staff	2,717	2,754
Wage earners	1,192	1,395
	3,909	4,149

The average number of persons employed by proportionately consolidated companies is included on the basis of the proportionate interest held and is therefore 47 (44).

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 72 and 73 shows a breakdown of these items and the changes therein in 2006.

Property, plant and equipment includes lease assets (finance leases) totaling €5.4 million and consisting mainly of an office building in Mannheim with a carrying amount of €4.4 million. There is the 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 tests performed for the subsidiaries did not indicate that the items of property, plant and equipment may be impaired. The method of testing for impairment is explained in the section on consolidation principles.

13 >> Intangible assets

Goodwill

[in € million] from	Company financial statements	Business Combinations	Total
Historical costs			
Balance at January 1, 2006	34.3	54.9	89.2
Currency translation differences	–2.2	–0.4	–2.6
Additions	0	0	0
Disposals/Changes in Scope of consolidation	–0.1	0	–0.1
Balance at December 31, 2006	**32.0**	**54.5**	**86.5**
Accumulated amortization			
Balance at January 1, 2006	–4.6	–0.9	–5.5
Impairment losses	–2.2	0	–2.2
Balance at December 31, 2006	**–6.8**	**–0.9**	**–7.7**
Carrying amount at December 31, 2006	**25.2**	**53.6**	**78.8**

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 €78.8 million (83.7). Of that amount, €53.6 million (54.0) relates to business combinations (capital consolidation) and €25.2 million (29.7) to the financial statements of the subsidiaries. In 2006, impairment losses amounted to €2.2 million (5.5) and related to goodwill from the company financial statements of subsidiaries in Europe outside Germany.

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, a restraint on competition, and acquired customer lists. These rights and assets amount to €4.9 million (5.9) in total.

14 >> Investments accounted for using the equity method

The investment in associated companies is accounted for under the equity method. It is measured by determining the proportionate equity based on the financial statements prepared in accordance with local law and adapted in line with the requirements of the IFRSs. The company's assets amount to €39.5 million, its liabilities to €26.8 million, its sales revenues to €127.2 million, and its net profit for 2006 to €3.5 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 (€5.8 million) are reported under other loans; the previous year's figures (€5.9 million) have been adjusted accordingly. The statement of changes in long-term assets on pages 72 and 73 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		Deferred tax liabilities		Net	
	2006	2005	**2006**	2005	**2006**	2005
Property, plant and equipment	**1.6**	1.5	**–12.3**	–13.1	**–10.7**	–11.6
Other long-term assets	**1.3**	1.3	**–1.7**	–1.8	**–0.4**	–0.5
Inventories	**3.5**	4.0	**–0.1**	–0.3	**3.4**	3.7
Other short-term assets	**1.2**	1.6	**–1.0**	–0.9	**0.2**	0.7
Long-term provisions	**7.3**	7.0	**–1.7**	–1.0	**5.6**	6.0
Financial liabilities	**1.4**	2.0	**0.0**	–0.1	**1.4**	1.9
Other long-term liabilities	**0.0**	0.0	**–0.3**	0.0	**–0.3**	0.0
Short-term provisions and liabilities	**4.1**	4.0	**–0.9**	–2.2	**3.2**	1.8
Expected use of loss carryforwards	**0.0**	1.1	**0.0**	0.0	**0.0**	1.1
Sum of deferred tax assets/liabilities	**20.4**	**22.5**	**–18.0**	**–19.4**	**2.4**	**3.1**
Tax offset	**–7.1**	–7.5	**7.1**	7.5	**0.0**	0.0
Total assets/liabilities	**13.3**	**15.0**	**–10.9**	**–11.9**	**2.4**	**3.1**

The deferred tax assets of €13.3 million (15.0) 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.

No deferred tax assets were recognized in respect of the tax loss carryforwards, as it is not sufficiently probable that they will be utilized in the foreseeable future. Tax loss carryforwards in the Group amount to €4.5 million (20.5). They exist mainly at companies in the Asia-Pacific, Africa region.

The change in the net amount of deferred taxes is -€0.7 million in the year under review. Taking into account the change in deferred taxes recognized directly in equity of €0.4 million, the deferred tax expense reported in the income statement amounts to €1.1 million.

17 >> Inventories

Write-downs of inventories totaling €1.9 million (2.9) were recognized in the income statement in the year under review due to reduced saleability. Inventories comprise the following:

[in € million]	Dec. 31, 2006	Dec. 31, 2005
Raw materials and supplies	60.8	69.7
Work in progress	9.0	9.2
Finished goods and merchandise	86.2	85.5
	156.0	164.4

18 >> Trade receivables

[in € million]	Dec. 31, 2006	Dec. 31, 2005
Receivables due from affiliated companies	0.3	0.3
Receivables due from associated companies	0.3	0.3
Receivables due from other companies	203.1	198.0
	203.7	198.6

In the year under review, write-downs of receivables recognized in the income statement totaled €4.0 million (4.1), while income from the reversal of write-downs amounted to €1.9 million (1.0). Trade receivables include write-downs totaling €11.7 million (13.0) reflecting identifiable risks.

19 >> Tax receivables

This item comprises tax refund claims, including Italian, Croatian and Greek taxes on income.

20 >> Other receivables and other assets

[in € million]	Dec. 31, 2006	Dec. 31, 2005
Receivables due from affiliated companies	0.0	0.0
Receivables due from associated companies	0.0	0.0
Receivables due from participation interests	0.0	0.1
Fair value of derivative financial instruments	0.0	0.1
Tax receivables	2.8	2.1
Other assets	16.0	18.8
	18.8	21.1

The Group's other assets include customer loans amounting to €4.6 million (4.1) in connection with delivery agreements in France. The long-term portion of these loans is reported under "Other financial assets". The previous year's figures have been adjusted accordingly.

Other assets also include advance rental and lease payments, accounts payable with a debit balance, prepaid expenses of €4.3 million (4.9), other customer loans, and receivables from other sales.

21 >> Cash and cash equivalents

Liquid funds of €40.2 million (26.0) comprise cash at banks with a maturity of less than three months, checks and bills not yet presented, and cash in hand.

22 >> Shareholders' equity

Subscribed capital

The subscribed and fully paid capital of FUCHS PETROLUB AG increased to €77,814,000 during the financial year:

In accordance with the resolution passed by the Annual General Meeting on June 21, 2006, capital was increased to €77,814,000, by converting €7,074,000 of capital reserves into share capital. The capital increase was implemented by issuing free of charge 1,179,000 new ordinary and preference shares with a notional value of €3.00 each at a ratio of 10 to 1. It was entered in the commercial register on June 30, 2006.

As at December 31, 2006 [in € million]	77.8

Consisting of

12,969,000 ordinary shares	of €3 value	= 38,907,000 €
12,969,000 preference shares	of €3 value	= 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 8 June 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 financial year 2006.

The contingent 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 increase 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 convertible 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 financial year 2006, as no corresponding debt instruments were issued.

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.

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

The changes in the reserves in financial year 2006 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 present the following dividend proposal at the 2007 Annual General Meeting: €0.94 per ordinary share and €1.00 per preference share.

Minority interests

This item contains the shareholders' equity and earnings of consolidated subsidiaries attributable to minority interests. €0.3 million (0.5) is attributable to minority interests in Germany and €0.8 million (0.7) to shareholders in Austria and France.

23 >> 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 dependants. 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 %]	2006	2005
Discount rate	**4.25**	4.25
Salary trend	**3.0**	3.0
Pension trend	**1.8**	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 11.5 % (average 4.3 %), salary trends of 3.4 % to 8.0 % (average 3.0 %), and pension trends of 2.9 %. The expected return on plan assets is between 6.4 % 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, 2006	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2002
Present value of pension benefits financed by provisions	59.0	59.6	54.1	51.9	49.1
Present value of funded pension benefits	103.8	100.9	83.8	81.3	81.4
Fair value of plan assets	82.2	76.7	64.5	59.7	59.6
Net obligation	80.6	83.8	73.4	73.5	70.9
Actuarial gains (+) and losses (–)	–29.4	–29.3	–18.2	–17.3	–18.8
Similar obligations	0.1	0.4	0.3	0.8	4.0
Balance sheet value at December 31	**51.3**	**54.9**	**55.5**	**57.0**	**56.1**
Amount not recognized as an asset because of the limit in IAS 19.58	0.0	0.0	0.0	0.0	0.0

Plan assets consist solely of financial assets. The actual rate of return on plan assets was 5.2 % on average (13.0). Plan assets changed as follows in the year under review:

Fund assets [in € million]	
Fair value at January 1, 2006	76.7
Currency exchange gains	0.1
Expected return on plan assets	4.7
Contributions	6.8
Benefits paid	–5.4
Actuarial gains and losses	–0.7
Fair value at December 31, 2006	**82.2**

In calculating pension expense, 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 assets. The amount in excess of this corridor is recognized over the average remaining working lives of the employees.

Pension expense arising from the pension plans in place within the FUCHS PETROLUB Group amounted to €7.6 million (6.9) and was made up of the following components:

Pension expenses [in € million]	2006	2005
Current service cost	3.0	3.0
Interest expense	7.4	7.4
Expected return on plan assets (–)	–4.7	–4.8
Actuarial gains and losses	1.3	0.8
Past service cost	0.0	0.0
Effects of plan curtailments or settlements	0.0	0.0
Expense for defined benefit pension plans	**7.0**	**6.4**
Expense for defined contribution pension plans	0.6	0.5
Total pension expense	**7.6**	**6.9**

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

Pension expenses [in € million]	2006	2005
Cost of sales	0.6	0.5
Research and development expenses	0.3	0.2
Selling and distribution expenses	1.2	0.9
Administrative expenses	2.8	2.6
Other operating income	0.0	0.0
Other operating expenses	0.0	0.1
Financial result	2.7	2.6
	7.6	**6.9**

The carrying amount of the net liability in the balance sheet in respect of pension provisions changed as follows:

Net liability [in € million]	2006	2005
Balance sheet value at January 1	54.9	55.5
Disposal due to change in the scope of consolidation	–0.2	0.0
Pension expense	7.6	6.9
Benefits paid and transfers made to external funds	–11.0	–7.5
Balance sheet value at December 31	**51.3**	**54.9**

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

24 >> 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 4.0 % (4.0). The provisions amount to €8.6 million (7.9). Additions in 2006 totaled €1.0 million.

25 >> 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, 2006	Dec. 31, 2005
Participation-right certificates	51.1	51.1
Liabilities to banks	0.4	9.6
Other financial liabilities	3.9	5.8
	55.4	66.5

In August 1998, on the basis of the authorization granted by the Annual General Meeting on July 2, 1998, FUCHS PETROLUB AG issued bearer participation certificates in an aggregate principal amount of €51.1 million (DM 100 million). The issue price was 100 % and the dividend rate was set at 7.29 % p.a. The term of the participation certificates ends 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. The participation certificates, with securities identification number 551831, have been admitted to trading on the official market of the Frankfurt Stock Exchange.

No property has been pledged as collateral for bank liabilities.

Other financial liabilities include finance lease obligations of €3.8 million (5.8). 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 €4.7 million (8.5). These minimum lease payments were discounted using interest rates of between 3.0 % and 11.0 % (average 4.22 %).

The long-term financial liabilities fall due as follows:

Maturities	[in € million]
2008	51.6
2009	0.5
2010	0.4
2011	0.3
after 2011	2.6
	55.4

26 >> 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, 2006	Dec. 31, 2005
Trade payables	108.3	109.5
Bills payable	8.4	10.7
Liabilities to subsidiaries and associated companies	0.0	0.1
Liabilities to companies in which shares are held	0.0	0.0
Advance payments received	0.7	0.1
	117.4	120.4

27 >> Short-term provisions

Short-term provisions consist of the following:

[in € million]	Dec. 31, 2006	Dec. 31, 2005
Obligations for personnel and social expenses	26.1	21.7
Obligations for ongoing operating expenses	3.8	4.7
Other obligations	10.1	13.4
	40.0	39.8

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 €1.9 million (4.2). 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, 2005	Currency exchange differences	Changes in the scope of consolidation	Additions	Utilizations	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
	Dec. 31, 2004	Currency exchange differences	Changes in the scope of consolidation	Additions	Utilizations	Reversals	Dec. 31, 2005
Obligations for personnel and social expenses	19.0	1.0	0.0	21.7	19.0	1.0	21.7
Obligations for ongoing operating expenses	3.6	0.1	0.0	4.7	3.3	0.4	4.7
Other obligations	19.4	0.4	−0.1	13.4	17.5	2.2	13.4
	42.0	1.5	−0.1	39.8	39.8	3.6	39.8

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

28 >> Short-term tax liabilities

This item includes total liabilities for income taxes of €19.3 million (31.2). The decline compared to the previous year is almost exclusively attributable to settlements of domestic corporation and trade tax.

29 >> 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, 2006	Dec. 31, 2005
Liabilities due to banks	42.5	90.0
Other financial liabilities	0.6	0.8
	43.1	90.8

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 liabilities (note 25).

30 >> Other short-term liabilities

The following is a breakdown of other liabilities:

[in € million]	Dec. 31, 2006	Dec. 31, 2005
Fair value of derivative financial instruments	0.1	1.8
Social security	4.2	4.6
Employees	3.3	5.2
VAT liabilities	7.0	4.5
Other tax liabilities	3.3	4.0
Other liabilities	12.6	13.9
	30.5	**34.0**

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

Other liabilities include financing liabilities of €4.8 million (5.5) related to the delivery agreements in France that are shown under other assets. Also included are the participation-rights remuneration of €3.7 million due on August 1, 2007, commission obligations, customers' accounts in collection, prepaid income, loans to minority shareholders and accrued expenses.

31 >> Joint ventures

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

[in € million]	2006	2005
Long-term assets	2.6	3.1
Inventories and receivables	4.3	5.0
Other short-term assets	4.2	1.8
Assets	11.1	**9.9**
Shareholders' equity	6.2	5.8
Long-term liabilities	0.4	0.2
Short-term liabilities	4.5	3.9
Equity and liabilities	11.1	**9.9**
Income	31.7	28.9
Expenses	29.8	27.4

32 >> Contingent liabilities and other financial obligations

Contingent liabilities and other financial obligations were as follows:

Contingencies [in € million]	Dec. 31, 2006	Dec. 31, 2005
Bills of exchange	0.1	0.1
Guarantees	2.5	1.6
> of which in favor of subsidiaries	0.0	0.0
> of which in favor of joint ventures or companies in which shares are held	1.4	1.6
Securing third-party liabilities	17.1	16.3

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. Due to an alteration in the calculation method, the previous year's figure was also adjusted.

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, 2006 Operating leases	Dec. 31, 2005 Operating leases
Up to 1 year	9.4	10.2
1 to 5 years	16.3	16.7
More than 5 years	11.2	13.5
Total of minimum leasing payments	36.9	40.4

Total rental and leasing expense for the reporting year was €12.7 million (11.9). 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).

33 >> Financial instruments

The FUCHS PETROLUB AG Group Treasury is solely responsible for controlling the application of, and the competencies for, applying derivative financial instruments. This control is employed strictly according to binding internal guidelines that utilize a two-person principle that guarantees adequate functional separation between trading and processing. Further, all derivative transactions are concluded with banks carrying a Moody's long-term rating in the investment sector (Baa 1 and higher). Through these processes, the default risk by contracting parties (credit risk) is minimized.

The following derivative financial items, broken down by residual term, existed on the balance sheet date:

Nominal values Instrument [in € million]	Dec. 31, 2006				Dec. 31, 2005			
	Up to 1 year	1–5 years	More than 5 years	Total	Up to 1 year	1–5 years	More than 5 years	Total
Interest rate swaps	–	–	–	–	7.6	24.3	–	31.9
Interest-rate and currency swaps	–	–	–	–	–	–	–	–
Forward currency transactions	19.0	–	–	19.0	22.6	–	–	22.6
Nominal volume of derivatives	**19.0**	**–**	**–**	**19.0**	**30.2**	**24.3**	**-**	**54.5**

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

During the course of 2006, all remaining interest rate swaps were terminated prematurely to adjust to the considerable drop in the Group's financial debts. 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 contracts.

On the reporting date there were forward exchange transactions to secure firm commitments. There were no forward currency transactions to secure future (anticipated) transactions.

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

Instrument as at Dec. 31, 2006 [in € million]	Nominal value	Fair value (net)	Recognized in the income statement	Recognized in the share-holders' equity
Interest rate swaps	–	–	–	–
Forward currency transactions	19.0	−0.1	−0.1	–
Total derivatives	**19.0**	**−0.1**	**−0.1**	**–**

Instrument as at Dec. 31, 2005 [in € million]	Nominal value	Fair value (net)	Recognized in the income statement	Recognized in the share-holders' equity
Interest rate swaps	31.9	−1.7	−0.7	−1.0
Forward currency transactions	22.6	–	–	–
Total derivatives	**54.5**	**−1.7**	**−0.7**	**−1.0**

Due to the premature termination of cash flow hedges (interest rate swaps), the income statement for 2006 was debited with an amount of €0.5 million (0.8).

Risk of interest rate movements of financial liabilities

The company's financial liabilities (cf. notes 25 and 29) 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, 2006	Book value Dec. 31, 2005
EUR time deposits	Euribor plus markup	< 1 year	0.0	11.3
GBP time deposits	Libor plus markup	< 1 year	16.4	24.8
USD time deposits	Libor plus markup	< 1 year	7.2	8.1
AUD time deposits	Libor plus markup	< 1 year	4.7	7.3
Time deposits in other currencies	Respective variable interest rates	< 1 year	8.2	13.4
USD fixed rate loans	Fixed rate 5.4%	2007	7.2	8.0
EUR participation-right certificates	Fixed rate 7.0%	2008	51.1	51.1
EUR finance leasing	Fixed rate 6.5%	2011	3.7	4.0
Other	Various	Various	–	29.3
			98.5	157.3

Summary of interest rate hedging periods:

Interest rate hedging periosa [in € million]	2006	in %	2005	in %
Up to 1 year	43.6	44.3	76.1	48.4
1 to 5 years	54.9	55.7	77.2	49.1
More than 5 years	–	–	4.0	2.5
	98.5	100.0	157.3	100.0

Financial liabilities by currency

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

Financial liabilities [in € million]	2006	in %	2005	in %
Euro	54.8	53.9	86.0	54.7
US dollar	14.4	14.6	25.8	16.4
British Pound	16.4	18.4	24.8	15.8
Australian dollar	4.7	4.8	7.3	4.6
Other currencies	8.2	8.3	13.4	8.5
	98.5	100.0	157.3	100.0

34 >> 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, 2006, €4.1 million (1.6) are from pro rata consolidated companies.

35 >> Notes on the segment reporting

Segment reporting is according to the geographical regions reflecting the FUCHS PETROLUB Group's internal organization and internal reporting structure. In accordance with the provisions of IAS 14 (Segment Reporting), 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 €4.3 million (3.7).

The secondary segment information reflects the Group's product segments, i.e. a) automotive oils, b) industrial oils and specialties, and c) other products. Automotive oils consist mainly of engine oil, gear oil and shock-absorber fluid. Industrial oils and specialties comprise metalworking fluids, corrosion protection, hydraulic and industrial gear oils, lubricating greases and other specialties. Other products include polishing technology, toll blending, chemical management, base oil trading and other 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. The regional segment assets are mainly formed by direct allocation. The assets of the product segments are solely determined via indirect allocation. 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 76 and 77.

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 AG Group has claims relating to supplies and services with companies included pro rata in the amount of €0.1 million. Liabilities also come to €0.1 million. Sales revenues of €0.3 million were generated.

FUCHS PETROLUB AG has claims against the company included at equity relating to supplies and services in the amount of €0.3 million. There are no liabilities. The value of goods supplied in 2006 was €1.1 million.

For information on pension plans please refer to the statements in note 23.

A dependent company report has been prepared on relationships with related parties pursuant to Section 312 of the German Stock Corporation Act (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 Aktiengesellschaft

Other mandates*:
> Allianz Deutschland AG
> BASF Aktiengesellschaft (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

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

Other mandates*:
> BASF Coatings AG
> Hoffmann-La Roche AG
> Voith AG
> Thyssen Krupp Automotive AG
> 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)

Comparabe 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 section 2
of the German Stock Corporation Act (AktG)

Executive Board

Stefan R. Fuchs
Hirschberg

Chairman
Group mandates:
- FUCHS LUBRICANTS CO.
- FUCHS CORPORATION
- FUCHS LUBRIFIANT FRANCE S.A.
- 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 Supervisory Board [in € thousand]	2006	2005
Compensation of the Executive Board	4,163	2,823
> of which fixed compensation	1,021	982
> of which variable compensation	3,142	1,841
Compensation of the Supervisory Board	335	195
> of which fixed compensation	130	77
> of which variable compensation	205	118
Total compensation of former board members	300	300
Pension provisions for former members of the Executive Board	4,249	4,044
Current service cost for pension commitments to active members of the Executive Board	227	234
Compensation of the Advisory Board	72	62

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) minus the capital costs.

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 €1.00. 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, 2006 Stefan Fuchs held directly and indirectly 568,298 ordinary shares. All other members of the Executive Board held in total 70,442 ordinary shares and 234 preference shares.

Dr. Manfred Fuchs held directly and indirectly 2,105,534 ordinary shares. All other members of the Supervisory Board held in total 2,065 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 Section 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.

During the financial year, audit fees of €401,000 for the annual audit and €25,000 for other services and expenses were recorded. No tax consulting services were provided.

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.

Mannheim, March 12, 2007
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 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, 2006. 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 Section 1 HGB [Handelsgesetzbuch "German Commercial Code"] 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 Section 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 12, 2007

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

von Hohnhorst
Wirtschaftsprüfer

Heublein
Wirtschaftsprüfer

ANNUAL FINANCIAL STATEMENTS OF FUCHS PETROLUB AG

Income statement

[in € million]		2006		2005
Investment income		90.0		72.0
Administrative expenses		–21.3		–18.4
Other operating income	27.7		19.4	
Other operating expenses	–3.7		–5.1	
		24.0		14.3
Earnings before interest and tax (EBIT)		**92.7**		**67.9**
Financial result		–5.9		–7.0
Earnings from ordinary business activities		**86.8**		**60.9**
Income taxes		–21.3		–14.3
Remuneration for participating-right certificates		–3.7		–3.7
Profit after tax		**61.8**		**42.9**
Retained earnings brought forward		22.7		18.7
Transfer to other retained earnings		–30.8		–21.4
Unappropriated profit		**53.7**		**40.2**

Balance sheet

[in € million]		31.12.2006		31.12.2005
Assets				
Intangible assets		1.3		1.7
Property, plant and equipment		0.4		0.4
Financial assets		334.1		335.5
Long-term assets		**335.8**		**337.6**
Receivables due from affiliated companies	66.4		68.7	
Other receivables and other assets	0.7		0.8	
Receivables and other assets		67.1		69.5
Cash and cash equivalents		0.0		0.2
Short-term assets		**67.1**		**69.7**
Prepaid expenses				
		402.9		**407.3**
Equity and liabilities				
Subscribed capital	77.8		70.7	
Capital reserves	88.9		96.0	
Retained earnings	94.2		63.4	
Participation-right certificates	51.1		51.1	
Unappropriated profit	53.7		40.2	
Shareholders' equity		**365.7**		**321.4**
Pension provisions and similar obligations	8.4		7.4	
Other provisions	15.3		28.0	
Provisions		**23.7**		**35.4**
Other liabilities	13.2		50.5	
Liabilities		**13.2**		**50.5**
Prepaid expenses		**0.3**		**0.0**
		402.9		**407.3**

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 2007 Annual General Meeting

Proposal for the appropriation of profits [in €]	
Distribution of a dividend of €0.94 per ordinary share of the entitled ordinary-share capital of €38,907,000	12,190,860
Distribution of a dividend of €1.00 per preference share of the entitled preference-share capital of €38,907,000	12,969,000
	25,159,860
Balance carried forward	28,488,710
Unappropriated profit (HGB) of FUCHS PETROLUB AG	**53,648,570**

MAJOR SUBSIDIARIES

as at December 31, 2006

Germany	Capital[1] [€000s]	Share of equity capital[2] [in %]	Sales in 2006[1] [€000s]
Lubricants and related specialty products			
BREMER & LEGUIL GMBH, Duisburg	240	100	20,559
FUCHS EUROPE SCHMIERSTOFFE GMBH, Mannheim	10,000	100	344,460
FUCHS LUBRITECH GMBH, Weilerbach	2,583	100	61,919
PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg	307	100	8,407
WISURA MINERALÖLWERK GOLDGRABE & SCHEFT GMBH & CO., Bremen	1,023	85	11,372

International	Capital[1] [€000s]	Share of equity capital[2] [in %]	Sales in 2006[1] [€000s]
Lubricants and related specialty products			
ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah/Saudi Arabia	5,895	32	127,206
FUCHS ARGENTINA S.A., El Talar de Pacheco/Argentina	153	100	8,936
FUCHS AUSTRIA SCHMIERMITTEL GMBH, Bergheim / Austria	1,236	70	12,207
FUCHS BELGIUM N.V., Huizingen/Belgium	4,700	100	25,906
FUCHS CORPORATION, Dover, Delaware/USA (sub-group)	1	100	203,618
> FUCHS LUBRICANTS CANADA LTD., Cambridge, Ontario/Canada	2,567	100	19,825
> FUCHS LUBRICANTS CO., Harvey, Illinois/USA	2	100	181,096
FUCHS DO BRASIL S.A., Sao Paulo/Brazil	1,709	100	22,333
FUCHS LUBRICANTES S.A., Castellbisbal/Spain	3,967	100	54,253
FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Sunshine-Melbourne/Australia	2,986	100	68,663
FUCHS LUBRICANTS (HEFEI) LTD., Hefei/China	998	100	16,775
FUCHS LUBRICANTS (INDIA) PRIVATE LTD., Mumbai/India	503	100	6,934
FUCHS LUBRICANTS (KOREA) LTD., Seoul/Korea	3,467	100	10,192
FUCHS LUBRICANTS (SHANGHAI) LTD., Nanxiang, Shanghai/China	4,112	100	39,007
FUCHS LUBRICANTS (SOUTH AFRICA) (PTY.) LTD., Johannesburg/South Africa	11	100	29,930
FUCHS LUBRICANTS (YINGKOU) LTD., Yingkou-City/China	2,423	100	37,025
FUCHS LUBRIFIANT FRANCE S.A., Nanterre/France	10,386	99.68	104,774
FUCHS LUBRIFICANTES UNIPESSOAL LDA., Maia/Portugal	2,370	100	6,865
FUCHS LUBRIFICANTI S.P.A., Buttigliera d'Asti/Italy	4,160	100	52,544
FUCHS LUBRITECH (UK) LTD., London/Great Britain	86	100	6,778
> FUCHS LUBRITECH FRANCE S.A.R.L., Paris/France	91	100	5,661
FUCHS MAZIVA D.O.O., Samobor/Croatia	774	100	5,242
FUCHS OIL CORPORATION (CZ) SPOL. S R.O., Prague/Czech Republic	54	100	7,924
FUCHS OIL CORPORATION (PL) SP. Z O.O., Gliwice/Poland	1,108	100[3]	33,781
FUCHS OIL MIDDLE EAST LTD., British Virgin Islands	3,787	50	33,416
OOO FUCHS OIL, Jaroslavl/Russia	84	100[4]	6,790
FUCHS (UK) PLC., Stoke-on-Trent, Staffordshire/Great Britain (sub-group)	2,966	100	155,839
> FUCHS LUBRICANTS (UK) PLC., Stoke-on-Trent, Staffordshire/Great Britain	61	100	155,839
MAKOTO-FUCHS K.K., Nara-ken/Japan	2,258	50	15,220
MOTOREX AG, Langenthal/Switzerland	155	50	14,123
PT FUCHS INDONESIA, Jakarta/Indonesia	2,109	100	8,986

1 Equity capital and sales revenues are each shown at 100 %.
2 Related to the controlling parent company.
3 Of which 5,6 % is held ba FUCHS FINANZSERVICE GMBH, Mannheim, Germany.
4 Of which 1 % is held by FUCHS FINANZSERVICS GMBH, Mannheim, Germany.

GLOSSARY

Associated company	A Company that is neither a subsidiary nor a share in a joint venture, upon which a significant influence is exercised and in which no less than 20 % of the shares are held.
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.
Cashflow	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 Net profit after tax + depreciation and amortization of long-term assets ± change in long-term provisions ± change in deferred taxes ± income (loss) 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 the organization of the company, its business-policy principles and guidelines, and guidelines, and all internal and external controlling and monitoring mechanisms.
Declaration of compliance	Declaration by the Supervisory Board and Executive Board pursuant to Section 161 of the German Stock Corporation Act (AktG) concerning the implementation of the recommendations of the German Corporate Governance Code.
Deferred taxes	Deferred taxes serve to show tax expenses in the consolidated financial statements on an accrual basis.
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.
EBIT	Abbreviation for earnings before interest and tax. Profit before financial result, taxes, and including shares of minority shareholders.
EBITDA	Abbreviation for earnings before interest, tax, depreciation and amortization. Profit before financial result, taxes, depreciation and goodwill amortization, including shares of minority shareholders.
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 Boards (IASB). FUCHS PETROLUB AG has compiled its consolidated financial statements on this basis since 2002.

IFRS — Abbreviation for international financial reporting standards, formerly international accounting standards (IAS).

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, due to the Group holding less than 20 % of the shares.

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 in 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 (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.

IMPRINT AND CONTACT ADDRESS

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Our thanks to Joy Mining Machinery Ltd, Nottinghamshire/Great Britain, for their friendly support in creating the photographs on page 34.

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TEN-YEAR OVERVIEW

FUCHS PETROLUB Group

[amounts in € million]	2006 IFRS	2005 IFRS	2004 IFRS	2003 IFRS	2002 IFRS	2001 IFRS	2000 HGB	1999 HGB	1998 HGB	1997 HGB
Earnings										
Sales revenues	**1,323.3**	1,192.2	1,096.3	1,040.9	1,064.7	940.0	902.0	834.0	789.3	787.4
> Germany	**300.8**	268.2	262.2	249.8	264.9	183.8	170.1	201.3	218.8	225.0
> International	**1,022.5**	924.0	834.1	791.1	799.8	756.2	731.9	632.7	570.5	562.4
Cost of materials	**777.4**	682.0	605.6	569.5	579.6	521.2	494.0	449.0	421.2	423.8
Gross profit	**466.9**	424.8	407.7	387.2	399.7	339.2	329.1	311.6	298.2	296.9
> in % of sales revenues	**35.3**	35.6	37.2	37.2	37.5	36.1	36.5	37.4	37.8	37.7
Earnings before interest and tax (EBIT)	**161.2**	128.8	86.2	75.1	70.0	50.5	56.9	55.1	41.1	48.5
> in % of sales revenues	**12.2**	10.8	7.9	7.2	6.6	5.4	6.3	6.6	5.2	6.2
Financial result	**–11.8**	–15.7	–18.8	–23.1	–26.0	–25.6	–16.5	–16.2	–16.3	–13.1
Profit after tax	**97.2**	74.2	40.1	30.9	24.1	8.8	18.5	17.1	6.2	18.2
> in % of sales revenues	**7.3**	6.2	3.7	3.0	2.3	0.9	2.1	2.1	0.8	2.3
Assets/equity and liabilities										
Long-term assets	**261.1**	279.6	254.0	272.0	316.8	354.9	315.5	310.5	325.8	347.5
Short-term assets	**419.6**	411.7	374.6	363.9	361.6	364.7	365.7	336.7	284.1	288.9
Total assets	**680.7**	691.3	628.6	635.9	678.4	719.6	681.2	647.2	609.9	636.4
Shareholders' equity	**303.2**	232.6	159.8	137.7	110.1	120.6	165.8	163.9	196.5	166.2
> in % of total assets	**44.5**	33.6	25.4	21.7	16.2	16.8	24.3	25.3	32.2	26.1
Provisions	**91.3**	94.7	97.5	112.0	107.4	77.8	75.3	85.4	76.9	86.0
Financial liabilities	**98.5**	157.3	194.2	188.2	267.3	324.5	313.0	273.4	246.1	304.4
> in % of total assets	**14.5**	22.8	30.9	29.6	39.4	45.1	45.9	42.2	40.4	47.8
> Net gearing[1]	**0.36**	0.80	1.39	1.52	2.77	2.89	1.78	1.57	1.15	1.71
Other liabilities	**21.2**	26.8	31.2	45.6	46.7	42.2	127.1	124.5	90.4	79.8
Return on equity in %[2]	**36.9**	38.1	32.5	34.7	29.9	7.3	13.4	12.7	3.9	11.0
Financing										
Gross cash flow	**116.8**	100.8	81.7	79.6	76.2	50.3	49.3	48.7	37.5	44.1
Cash inflow from operating activities	**90.7**	77.8	84.7	89.1	78.5	60.1	11.5	49.0	35.8	27.4
Cash outflow from investing activities	**–4.3**	–26.1	–28.6	–11.5	–30.5	–39.4	–35.5	–40.1	–24.0	–50.7
Cash flow from financing activities	**–71.2**	–54.7	–57.4	–60.3	–60.0	–11.9	25.5	–9.7	–18.4	27.2
Free cash flow	**86.4**	51.7	56.1	77.6	48.0	20.7	–24.0	8.9	11.8	–28.3
Investments in property, plant and equipment	**16.5**	24.6	21.2	18.4	27.0	26.4	30.5	28.2	30.1	35.9
> Germany	**5.5**	8.2	9.1	7.3	12.1	8.4	9.0	7.9	5.8	7.8
> International	**11.0**	16.4	12.1	11.1	14.9	18.0	21.5	20.3	24.3	28.1
Depreciation of property, plant and equipment	**18.0**	22.5	22.5	25.5	28.3	25.1	24.4	24.3	25.7	20.8
> in % of investments in P, P&E	**109.1**	91.5	106.1	138.6	104.8	95.1	80.0	86.2	85.4	57.9

FUCHS PETROLUB Group

[amounts in € million]	2006 IFRS	2005 IFRS	2004 IFRS	2003 IFRS	2002 IFRS	2001 IFRS	2000 HGB	1999 HGB	1998 HGB	1997 HGB
Employees										
Number of employees (average)	**3,909**	4,149	4,221	4,188	4,100	3,925	3,896	3,908	3,951	3,901
> Germany	**1,077**	1,101	1,094	1,124	1,151	935	939	950	978	1,109
> International	**2,832**	3,048	3,127	3,064	2,949	2,990	2,957	2,958	2,973	2,792
Personnel expenses	**181.5**	174.4	173.5	171.9	179.8	161.4	160.5	148.4	144.8	142.5
> in % of sales revenues	**13.7**	14.6	15.8	16.5	16.9	17.2	17.8	17.8	18.3	18.1
> Sales revenues per employee [in € thousand]	**338.5**	287.3	259.7	248.5	259.7	239.5	231.5	213.4	199.8	201.8
Research and development										
Research and development expenses	**22.1**	20.6	21.4	22.6	23.6	18.7	18.8	17.4	16.1	15.9
> in % of sales revenues	**1.7**	1.7	2.0	2.2	2.2	2.0	2.1	2.1	2.0	2.0

FUCHS shares

[amounts in €]	2006 IFRS	2005 IFRS	2004 IFRS	2003 IFRS	2002 IFRS	2001 IFRS	2000 HGB	1999 HGB	1998 HGB	1997 HGB
Earnings per share[3,4] Ordinary	**3.70**	2.79	1.81	1.61	1.40	0.73	0.68	0.64	0.17	0.67
Earnings per share[3,4] Preference	**3.76**	2.85	1.87	1.67	1.46	0.79	0.74	0.70	0.23	0.73
Dividend distribution [in € million][5]	**25.2**	17.4	13.7	12.9	11.0	9.8	9.8	9.1	9.1	8.9
Dividend per ordinary share [4,5]	**0.94**	0.64	0.50	0.47	0.43	0.39	0.39	0.36	0.36	0.36
Dividend per preference share [4,5]	**1.00**	0.70	0.56	0.53	0.49	0.45	0.45	0.42	0.42	0.42
Stock exchange prices on December 31										
> Ordinary share[4]	**52.0**	31.8	26.0	14.5	7.1	6.7	6.0	6.2	9.2	10.9
> Preference share[4]	**58.0**	32.9	24.0	13.1	27.2	6.5	5.8	5.8	7.5	11.0
> Participation certificate 1998–2008 [in %]	**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 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 proposals for 2006.

FINANCIAL CALENDAR

March 23, 2007	>> Balance Sheet Press Conference, Mannheim >> DVFA Analysts' Conference, Frankfurt
May 2, 2007	>> Annual General Meeting, Mannheim
May 3, 2007	>> Dividend Payment >> Information event for Swiss Shareholders, Zurich
May 9, 2007	>> Quarterly Report, First Quarter 2007
August 3, 2007	>> First-Half Press Conference, Mannheim >> Quarterly Report, First Half-Year 2007
September 10, 2007	>> Fourth Mannheim Capital Market Forum
September 24/25, 2007	>> Financial Markets Conference, Colmar, France
November 9, 2007	>> Quarterly Report, Third Quarter 2007

Annual General Meeting 2007

The Annual General Meeting will take place on Wednesday May 2, at 10:00 a.m. in the Mozart Room at the Rosengarten Congress Center, Rosengartenplatz 2 in Mannheim. Shareholders will 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 3, 2007 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.

FUCHS PETROLUB AG