ANNUAL REPORT 2008

Investing in the future creates greater opportunities.

FUCHS PETROLUB AG

ANNUAL REPORT 2008
CONTENTS

Investing in the future creates greater opportunities.

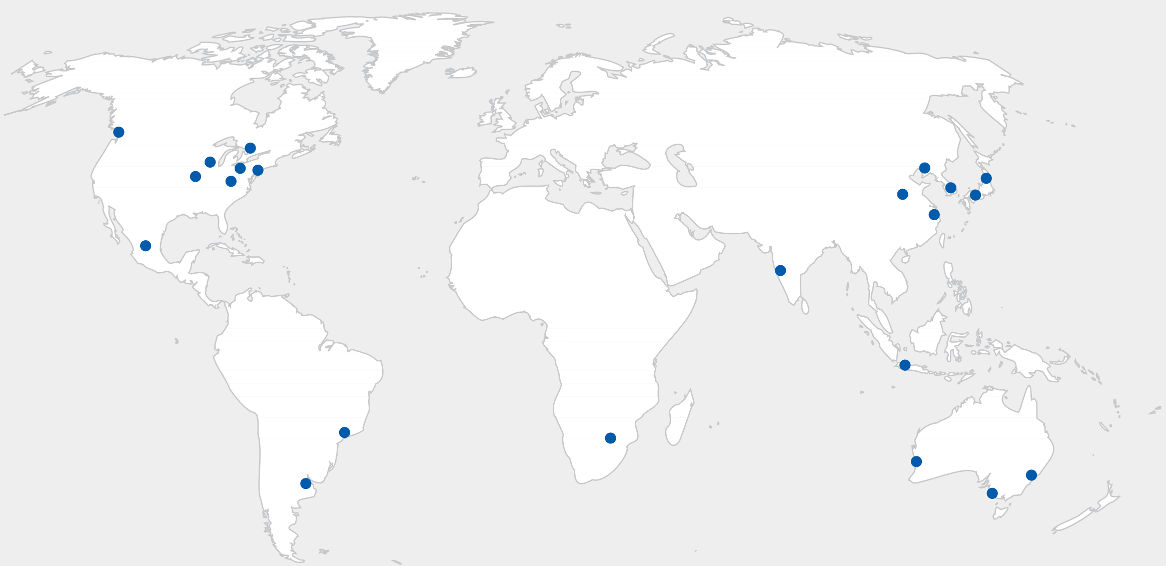
The special topic in this year's annual report can be found on pages 6–7, 22–23, 32–33 and 52–53.

FUCHS AT A GLANCE

FUCHS PETROLUB Group

[amounts in € million]	2008	2007	Change in %
Sales revenues	1,393.7	1,365.3	2.1
Of which international	1,050.0	1,040.6	0.9
In %	75.3	76.2	
Earnings before interest, tax, depreciation and amortizaion (EBITDA)	191.7	216.0	–11.3
In % of sales revenues	13.8	15.8	
Earnings before interest and tax (EBIT)	171.7	195.2	–12.0
In % of sales revenues	12.3	14.3	
Profit after tax	110.3	120.3	–8.3
In % of sales revenues	7.9	8.8	
Investments in property, plant and equipment and intangible assets (excluding goodwill)	46.6	24.4	91.0
In % of scheduled depreciation	247.8	124.0	
Shareholders' equity	315.3	325.9	–3.3
In % of balance sheet total	44.8	45.6	
Balance sheet total	703.8	714.9	–1.6
Number of employees on December 31	3,855	3,787	1.8
Earnings per sahre [in €]			
‖ Ordinary share	4.43	4.63	–4.3
‖ Preference share	4.49	4.69	–4.3
Proposed dividend/dividend [in €]			
‖ Per ordinary share	1.54	1.44	6.9
‖ Per preference share	1.60	1.50	6.7

Production locations outside Europe



GROUP STRUCTURE

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

On December 31, 2008, the Group comprised 55 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 58. Of the 55 operating companies, six conducted their business activities in Germany and 49 abroad. The organizational and reporting structure is divided into the following regions:

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

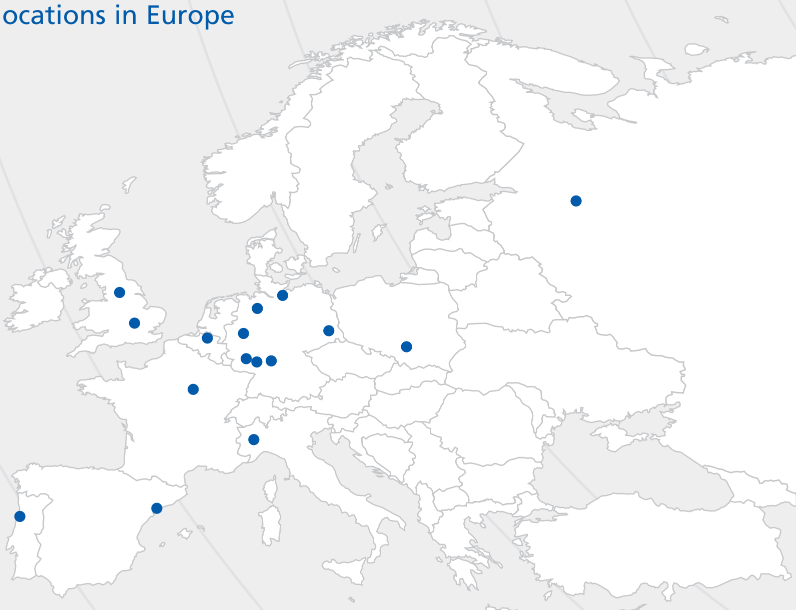
SUBSIDIARIES AND PRODUCTION LOCATIONS

[As at December 31, 2008]	Subsidiaries[1]	Production locations[2]
Germany	6	7
Other European countries	21	9
North America	3	8
South America	3	2
Africa	1	1
Asia-Pacific	21	11
Total	55	38

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

2 Excluding partner plants in Saudi Arabia and Switzerland

Production locations in Europe



THE COMPANY

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

The Group currently employs a staff of 3,855 people in 55 operating companies in Europe and overseas.

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

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

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

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.

Investing in progress creates greater success in the market.

If you believe in the future, you must invest in its long-term. Where is it happening? In the growth markets of China, India and Brazil. Also in Germany, at the main plant in Mannheim as well as the LUBRITECH headquarters in Kaiserslautern. This is the goal of the FUCHS investment initiative with its comprehensive €70 million package of measures that will add lasting improvements to our technological leadership and performance in strategically important areas of application. Worldwide.

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

After six consecutive successful years, 2008 also started on a promising note. In the course of the second half of the year, however, the severe slump in the global economic situation and the volatility of raw material costs and currencies became increasingly noticeable. Overall, with earnings after taxes of €110 million and a 4 % drop in earnings per share compared to the previous year, we can report that the financial year 2008 was satisfactory.

The organic growth in sales revenues of 5.4 % in 2008 was price-driven. The significant increases in the price of raw materials in mid 2008 resulted in a dilution of margins, while the abrupt drop in demand from the start of November took its toll on the income statement. As such, earnings before interest and taxes (EBIT) dropped by 12 % to €171 million in 2008. These two effects led to large amounts of funds being tied up in inventories, which caused the free cash flow to drop significantly.

We now know that the economic crisis is global and is expected to last at least through 2009. It is good to know that FUCHS has significantly strengthened its balance sheet, eliminated weaknesses and focused on its core business over the course of the last few years. With an equity ratio of 45 % at the end of the year and a ratio of shareholders' equity to net financial debt of 3:1, the Group not only has solid financing, but also the necessary shareholder stability thanks to the major shareholder. We will continue our system of disciplined cost management and implement all necessary measures. We are fully aware of the difficulties in the current economic climate, but see opportunities for ourselves. We will further expand our market position and make the most of sensible acquisition opportunities both strategically and financially. The drop in raw material costs will have a positive effect on both our income and cashflow statements.

We intend to continue distributing the funds we earn in a balanced manner between investments in the company and dividend payments to our shareholders for them to have the opportunity to share in our company's success. We further intend to continue the investment strategy announced last year in the fields of research and development, the specialty business and growth markets in the years 2009 and 2010. This will allow us to create the necessary basis for continued future growth and further establish ourselves as a technology partner for our customers. In Mannheim, the plans for construction of a new laboratory and sales center are underway, while the new headquarters of the LUBRITECH Group with laboratories and production site will be completed in Kaiserslautern in 2009. In 2008 we opened a new, ultra-modern facility in Shanghai and in the course of 2009 and 2010 we are planning new plants both in India and Brazil.

If the Annual General Meeting accepts the proposal by the management, the total dividend payout will remain nearly the same as the previous year but, due to the share buyback program, the payout per share will increase by 7 % to €1.60 per preference share and €1.54 per ordinary share.

Further developments are difficult to assess in the light of the global collapse in demand. We must assume that the difficult market conditions are likely to remain throughout this year. Any forecasts are extremely risky, so we will not be able to set concrete figures for 2009 until we have received clear signals from our markets. FUCHS enters this difficult time in robust condition and is confident of its proven business model.

FUCHS PETROLUB has extended its Executive Board thereby preparing the company for the challenges of the future. With an average age of under 50 and average service of more than ten years, the Executive Board at FUCHS PETROLUB AG is both young and experienced.

I thank you, the shareholders of FUCHS PETROLUB AG, for your trust in our company, its management and its workforce in this difficult time. Our worldwide team is focused and motivated. I would like to thank all members of staff and assure them that we will actively shape the future at FUCHS PETROLUB with strong and level-headed action.

Mannheim, March 26, 2009

Yours

Stefan Fuchs
Chairman of the Executive Board

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In the last few weeks of 2008 we were all witness to an economic crisis, the likes of which has never been seen in recent history. This crisis affected all sectors and all regions of the globe. Set against the background of this huge crisis, it is encouraging that in the last few years FUCHS has consistently sought to remove any weak areas in its business, focus on its core expertise and thereby significantly improve its income statement and balance sheet. The Group is well equipped to overcome this difficult time, is continuing to adapt to the altered conditions and intends to come out of the crisis stronger.

Reports and board meetings

In the 2008 financial year, the Supervisory Board performed its duties with care in accordance with the requirements of law, the Company's Articles of Association, and the Corporate Governance Code. The management of the Executive Board was monitored regularly and 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.

Five scheduled meetings took place, in which the company's strategic and operating development, its business segments and numerous important individual measures were discussed.

Two of the meetings took place in the first half of the year (March 27 and May 06, 2008) and three were held in the second half of the year (July 21, November 3 and December 11, 2008). All members of the Supervisory Board took part in the meetings. The members of the Executive Board also took part in all meetings of the Supervisory Board.

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

Focus of consulting in the Supervisory Board

The Supervisory Board was kept informed regularly, promptly and comprehensively of corporate policy, business developments, the profitability and general situation of the company, as well as of relevant questions regarding strategic enhancements. Corporate planning with financial and personnel planning, the acquisition and investment policy, budget monitoring and strategic corporate planning were important consulting points.

All significant investment, acquisition and cooperation projects were discussed in detail. Further topics included the growth opportunities in North America, the structural and technological prospects in Europe, the development of the industrial lubricant business in Germany, the effects on FUCHS of the European directive governing the registration, evaluation and authorization of chemicals (REACH) introduced in 2007, as well as the availability and price trend of raw materials. In addition to this, the Supervisory Board also considered the strategic further development of Human Resources, changes in the composition of the Executive Board, the remuneration system and key contractual elements for the Board Members. The Chief Compliance Officer also reported to the Supervisory Board on his activities, the measures introduced in the reporting period and upcoming projects in the FUCHS PETROLUB Group. The rules and procedures of the Supervisory Board were also revised and an Audit Committee appointed.

The Group's assets, financial and income development, and those of important subsidiaries, was a main focus of meetings, as were reports from the respective international regions and segments. With a view to medium and long-term technological changes, questions regarding the basic strategic alignment of the FUCHS PETROLUB Group were another key focus.

The most important control elements for future business development were particularly interesting for the Supervisory Board. Comprehensive discussions took place on the 2009 budget in terms of income, the balance sheet and cash flow. In this context, potential effects of the financial and economic crisis on FUCHS were also discussed. The same applied to the investment budget, which requires the approval of the Supervisory Board as per the rules and procedures of the Executive Board. In the light of the largest investments made by the Group to date in building new and expanding existing plants in Germany, China, India and Brazil, the Supervisory Board dealt in detail with the opportunities, risks, productivity and quality improvements, as well as the market aims of these ventures and approved the capital spending plan.

The Supervisory Board also gathered detailed information on the progress of the share buyback program initiated on May 10, 2007 and which was continued in 2008. The 2008 dividend policy was also discussed.

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 at the appropriate times.

The Supervisory Board also examined the efficiency of its own activities in 2008 and regards improvements in its cooperation as a continuous process. The Supervisory Board deems its committee to have a sufficient number of independent members.

Corporate governance Report and Declaration of Compliance

The Supervisory Board and Executive Board discussed the recommendations and proposals of the German Corporate Governance Code and the amendments made in 2008, and on December 11, 2008 submitted the declaration of compliance, in accordance with Section 161 of the German Stock Corporation Act (AktG).

The notes on the declaration of compliance have been included in this annual report in the Corporate Governance Report. The text of the declaration of compliance can be accessed at any time by the shareholders on the company website.

The Supervisory Board examined and in some cases revised the work of the Executive Board, the departmental responsibility of the Executive Board members and tasks assigned to the entire Board of Management in the rules and procedures of the Executive Board.

The rules and procedures of the Supervisory Board were also examined and adjusted in the context of the changes to the Corporate Governance Code.

At no time were the actions and decisions that the Supervisory Board undertook or reached within the scope of its monitoring in conflict with the interests of one or more members of the Supervisory Board. There were also no conflicts of interest among members of the Executive Board.

Work of the committees in the Supervisory Board

Within the scope of its statutory responsibility, the Supervisory Board formed three committees: a Compensation Committee, a Nomination Committee and with the resolution adopted on July 21, 2008 an Audit Committee.

The *Compensation Committee* of the Supervisory Board is made up of the Chairman of the Supervisory Board, Prof. Dr. Jürgen Strube as Chairman, the Vice Chairman of the Supervisory Board, Dr. Manfred Fuchs as Vice Chairman and Prof. Dr. Bernd Gottschalk. The Compensation Committee convened for four meetings in the reporting year, on July 21, on September 22, on October 30 and on December 11, 2008 and in particular dealt with the appointment of two new members of the Executive Board. In addition, other personnel matters relating to the members of the Executive Board and the further development of future managers in the FUCHS PETROLUB Group were discussed.

In line with the recommendation of the Corporate Governance Code, the Supervisory Board formed a *Nomination Committee* made up of shareholder representatives which suggests suitable candidates to the Supervisory Board, which then in turn proposes candidates for election to the Annual General Meeting. The Nomination Committee is made up of the Chairman of the Supervisory Board, Prof. Dr. Jürgen Strube as Chairman, the Vice Chairman of the Supervisory Board, Dr. Manfred Fuchs as Vice Chairman, Prof. Dr. Bernd Gottschalk and Dr. Erhard Schipporeit. The committee did not convene in the reporting year.

Members of the *Audit Committee* are Dr. Erhard Schipporeit as Chairman (who is also appointed as "Audit Committee Financial Expert"), the Vice Chairman of the Supervisory Board Dr. Manfred Fuchs and Prof. Dr. Bernd Gottschalk. The Audit Committee convened for three meetings in the reporting year, on July 29, October 31 and December 11, 2008. The Audit Committee monitored the financial accounting process and discussed the quarterly results prior to their publication. It defined the focuses of the audit for the reporting year and awarded the audit assignment to the auditor. The committee also received the audit report from the internal Group audit and approved the audit plan for 2009.

Audit of annual and consolidated financial statements discussed in detail

The Audit Committee of the Supervisory Board awarded the audit assignment to KPMG AG Wirtschaftsprüfungsgesellschaft in Berlin as per the resolution of the Annual General Meeting on May 6, 2008. The auditor's declaration of independence was submitted.

The financial statements for the financial year 2008 drawn up in line with the rules of the German Commercial Code (HGB), as well as the management report, the consolidated financial statements drawn up on the basis of the IFRS international accounting standards and the group management report of FUCHS PETROLUB AG were audited and granted an unqualified auditors' opinion by KPMG AG Wirtschaftsprüfungsgesellschaft in Berlin. The focuses of the audit defined for the reporting period by the Audit Committee upon the appointment of the auditors were examined in more detail by KPMG. In particular the company's auditor confirmed that the Executive Board had installed a suitable risk monitoring system in accordance with Section 91 (2) of the German Stock Corporation Act (AktG), which is appropriate for identifying at an early stage any developments which might endanger the continued 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 in good time and were discussed comprehensively in the Audit Committee on March 19, 2009 as well in the balance sheet meeting on March 26, 2009. The auditor who took part in both meetings reported on the main results of the audit and was available to answer any questions or give extra information. 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.

Changes in the Supervisory Board and the Executive Board

At the end of the Annual General Meeting on May 6, 2008, Prof. em. Dr. Dr. h. c. mult. Otto H. Jacobs stepped down from his office as member of the Supervisory Board after 20 years of commendable service. Dr. Erhard Schipporeit, former Chief Financial Officer at E.ON AG, was elected as a new member of the Supervisory Board in his place. Lars-Eric Reinert had already been appointed to the Supervisory Board of FUCHS PETROLUB AG as employees' representative on April 16, 2008 in the runup to the Annual General Meeting. He replaces Heinz Thoma, who had been a member of the committee since the IPO of FUCHS in 1985 and decided to leave the Supervisory Board on April 16, 2008 due to his age. The Supervisory Board thanks its former members for their many years of successful work.

There were no personnel changes to the Executive Board in the reporting year. On January 1, 2009, a new organizational structure with regional Executive Board divisions for Europe, Asia-Pacific and Africa was introduced and the Executive Board was extended from four to six members. The previous members of the Group's Executive Committee, Dr. Lutz Lindemann and Dr. Ralph Rheinboldt, were appointed as members of the Executive Board at FUCHS PETROLUB AG with effect from January 1, 2009. This further development of the organization will allow the Group's opportunities for growth and improved results to be better exploited.

The FUCHS PETROLUB Group ended the financial year 2008 with a good result. All those involved have earned our acknowledgment. The Supervisory Board hereby expresses its thanks and appreciation to the members of the Executive Board, all those in the Group's Executive Committee, the members of the Labor Council and all employees of the FUCHS PETROLUB Group for their dedication, as well as their constructive, loyal, and successful work in the past year.

Mannheim, March 26, 2009

The Supervisory Board

Prof. Dr. Jürgen Strube
Chairman of the Supervisory Board

ORGANIZATION
CORPORATE BOARDS

Supervisory Board

Prof. Dr. Jürgen Strube Mannheim	Chairman Chairman of the Supervisory Board of BASF SE
Dr. Manfred Fuchs Mannheim	Deputy chairman Former Chairman of the Executive Board of FUCHS PETROLUB AG
Hans-Joachim Fenzke* Mannheim	Industrial chemical technician FUCHS EUROPE SCHMIERSTOFFE GMBH
Prof. Dr. Bernd Gottschalk Esslingen	Former President of the German Association of the Automotive Industry e.V.
Prof. (em.) Dr. Dr. h.c. mult. Otto H. Jacobs Heddesheim (until May 6, 2008)	Professor of Business Administration, Fiduciary Management and Tax Law at the University of Mannheim
Lars-Eric Reinert* Altenholz (since April 16, 2008)	Industrial metalworking technician FUCHS EUROPE SCHMIERSTOFFE GMBH
Dr. Erhard Schipporeit Hannover (since May 6, 2008)	Former Member of the Executive Board of E.ON AG
Heinz Thoma* Mannheim (until April 16, 2008)	Industrial clerk FUCHS EUROPE SCHMIERSTOFFE GMBH

* Employee representative

Executive Board

Stefan R. Fuchs Hirschberg	Chairman
Dr. Alexander Selent Limburgerhof	Deputy Chairman
L. Frank Kleinman Chicago, USA	Member
Dr. Lutz Lindemann Kerzenheim (since January 1, 2009)	Member
Dr. Georg Lingg Mannheim	Member
Dr. Ralph Rheinboldt Heddesheim (since January 1, 2009)	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 Executive Board of Deutsche Bank AG
Franz K. von Meyenburg Herrliberg, Switzerland (until June 30, 2008)	Vice President of the Administrative Board of AXA Winterthur Versicherung
Dr. Uwe Schroeder-Wildberg Heidelberg	Chairman of the Executive Board of MLP AG
Roland Schuler Munich	Member of the Executive Board of BayWa AG
Dr. Eckart Sünner Ludwigshafen	Chief Compliance Officer of BASF SE

ORGANIZATION
BOARD RESPONSIBILITIES, REGIONS AND DIVISIONS

Stefan R. Fuchs
Chairman of the Executive Board

- Corporate development
- Coordination and Public Relations
- Senior Management

Dr. Alexander Selent
Deputy Chairman of the Executive Board

- Finance, Controlling
- Legal, Human Resources
- Compliance
- IT, Internal Auditing

L. Frank Kleinman
Member of the Executive Board

- Region North and South America
- International Mining Division

Dr. Georg Lingg
Member of the Executive Board

- Region Asia-Pacific and Africa

Dr. Lutz Lindemann
Member of the Executive Board

- Technology
- Supply Chain Management
- International OEM Business

Dr. Ralph Rheinboldt
Member of the Executive Board

- Region Europe

Klaus Hartig
Member of the Group's Executive Committee

I Region East Asia

Frans J. de Manielle
Member of the Group's Executive Committee

I Region Southeast Asia, Australia and New Zealand

Alf Untersteller
Member of the Group's Executive Committee

I Region Turkey, Middle East, Central Asia, Indian Subcontinent, Africa

Reiner Schmidt
Member of the Group's Executive Committee

I Finance and Controlling

Bernhard Biehl
Member of the Group's Executive Committee

I FUCHS LUBRITECH Group

CORPORATE GOVERNANCE REPORT

Our actions have always been governed by the basic principles of responsible corporate management and transparency. We see corporate governance as a central prerequisite for achieving our company targets and increasing company value.

Emphasis has always been placed on sound, responsible management and monitoring geared toward lasting added value at FUCHS PETROLUB AG. The following are key factors in this regard:

- Close and trusting cooperation between Executive Board and Supervisory Board
- Respect for shareholders' interests
- Open corporate communication
- Transparency in accounting
- Responsible handling of risks as well as legal and internal company guidelines

FUCHS PETROLUB AG welcomes the German Corporate Governance Code first put forward by the Government Commission in 2002 and recently amended in August 2008.

Deviations from the recommendations of the German Corporate Governance Code are documented in the legally required declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG). This declaration is published both in the annual report and on the Internet (http://www.fuchs-oil.de/documents_cg.html).

Further information on the Corporate Governance Report is contained in the notes to this Annual Report on pages 135 and 136.

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 August 8, 2008 – with the deviations disclosed in the declaration of compliance of December 17, 2007. 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 5.4.6

FUCHS PETROLUB AG reports the compensation of the members of the Supervisory Board in the notes to the consolidated financial statements (Corporate Governance Report) stated according to fixed and variable components. No specific details of compensation are given, as these can be gained from the details in the Corporate Governance Report.

Section 6.6

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

Mannheim, December 11, 2008

Prof. Dr. Jürgen Strube
Chairman of the Supervisory Board

Stefan R. Fuchs
Chairman of the Executive Board

Investing in research creates greater knowledge.

When we invest in new plants and the expansion of existing facilities throughout the world, this is also an investment in research and development. Advances are fueled by knowledge, as are technology and progress. It is our know-how in applications that has made us who we are today. This is why we invest in the construction of new technology and laboratory centers in Mannheim, Shanghai and Kaiserslautern.

FUCHS SHARES

The uncertainty that has been lingering in the financial and capital markets since the second half of 2007 was the driving force behind an overall turbulent development of share prices on the stock market in 2008. By the end of 2008 the share markets, which were increasingly influenced by the global financial crisis, in many cases suffered a severe drop in prices. Second-tier shares were particularly hard hit.

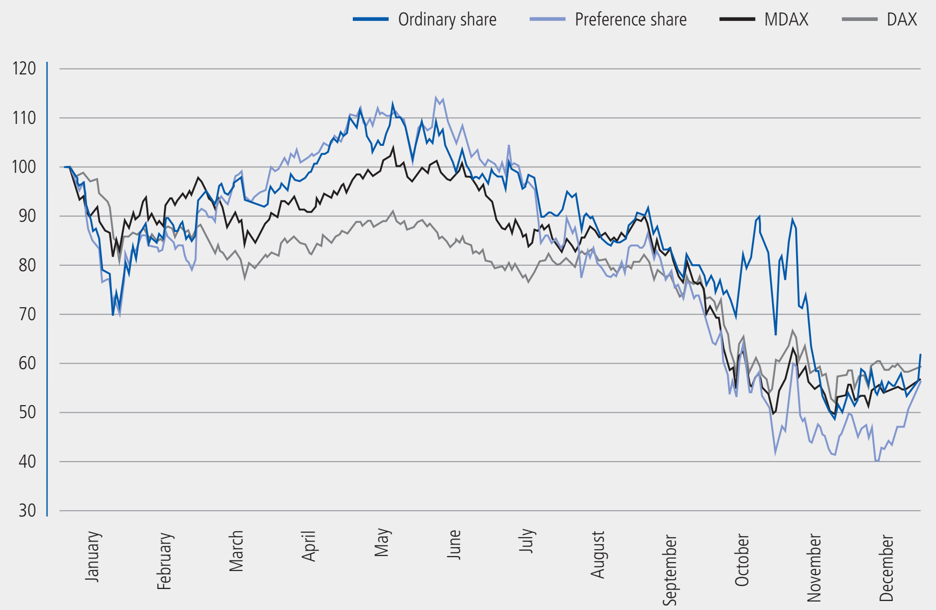
FUCHS shares were affected more than average, as institutional investors generally drifted from second-tier shares to the more liquid DAX shares in the course of stock market turbulence across the board. This especially affected those second-tier shares which had shown above-average development in recent years. This led to a considerable drop in the FUCHS share prices.

FUCHS shares suffered in an environment shaped by profit-taking

Ordinary shares closed at an Xetra price of €39.09 on December 31 (closing price 31.12.2007: €62.86) and were thus 37.8 % below the previous year's level. Preference shares dropped in value by 43.9 % and closed on December 31, 2008 with an Xetra closing price of €34.00 (closing price 31.12.2007: €60.59). Overall, the FUCHS preference share suffered more from substantial profit-taking than the ordinary share. In comparison with this, the DAX fell by 40.4 % and the MDAX by 43.2 % in 2008.

After deducting its own shares acquired up to that point, the FUCHS total market capitalization was €0.9 billion on December 31, 2008 (1.6).

Price trend of ordinary and preference shares in comparison with DAX and MDAX (January 1 – December 31, 2008)



Rise in trading volumes

Trading volumes with FUCHS shares increased further in 2008. The volume traded increased more than 15 % from €1,026.2 million in 2007 to €1,180.5 million in 2008. The average daily trading volumes of ordinary shares dropped slightly from €1,328 thousand to €1,290 thousand, while preference shares recorded an increase in trading volume from €2,744 thousand to €3,358 thousand.

FUCHS preference shares in MDAX since June 2008

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 2008, two FUCHS PETROLUB AG shares were in circulation:

Share category	Security ID No.	Stock Exchange
Ordinary share	579040	Frankfurt/Main, Stuttgart, Zurich
Preference share	579043	Frankfurt/Main, Stuttgart, Zurich

The preference shares and ordinary shares of FUCHS PETROLUB AG have been quoted in the Prime Standard of the German stock market since January 1, 2003. The preference shares, 100 % of which are freely floated, have been a member of the second largest German share index, the MDAX, since June 23, 2008. Following the DAX, the MDAX lists 50 medium-sized German companies, predominantly from traditional sectors. In the ranking, the FUCHS preference share was able to improve its position since its inclusion in the MDAX up to the end of 2008 both in terms of market capitalization and trading volume – the two most important index criteria.

Participation certificates fully redeemed

The FUCHS PETROLUB participation certificates issued at par value in 1998 with a total nominal amount of €51.1 million were fully redeemed in August 2008.

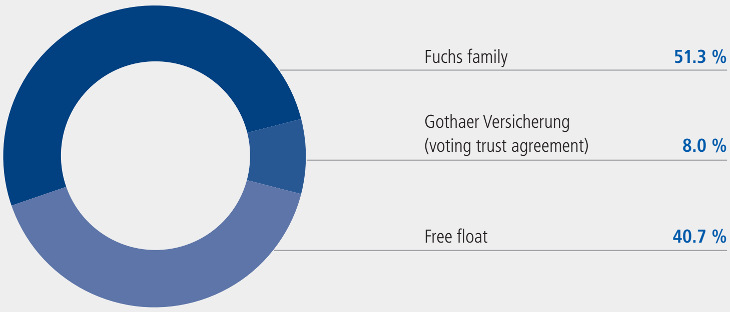
Share buyback program continued

The Annual General Meeting of FUCHS PETROLUB AG on May 6, 2008 authorized the company to purchase own ordinary and preference shares of up to 10 % of the share capital up to November 5, 2009. The corresponding authorization of the Annual General Meeting from May 2, 2007 would have expired on November 1, 2008. The share buyback program was launched on May 10, 2007. By the end of 2008 1,038,450 ordinary and preference shares had been bought back by the bank commissioned to do so for a total of €117.8 million. This corresponds to 8.0 % of the share capital. Since December 31, 2008, a further 100,550 ordinary shares and 100,550 preference shares have been purchased for redemption purposes within the scope of the share buyback program. The redemption of own shares was entered in the Commercial Register on March 17, 2009.

Shareholder structure after redemption of own shares

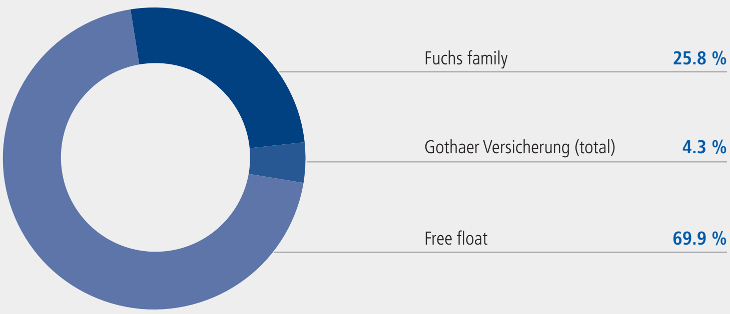
Taking into account the redemption of the shares bought back by December 31, 2008, the proportion of ordinary voting shares held by the Fuchs family increased to 51.3 %. Together with Gothaer Versicherung, this leads to a voting pool of 59.3 % of the capital stock with voting rights. The free float of virtually 70 % of the total capital stock (ordinary and preference shares) is distributed more or less equally among institutional and private investors. One third of the total capital stock is held abroad.

Breakdown of shareholders after redemption of bought-back shares as at December 31, 2008
[Ordinary shares]



Basis: 11,930,550 shares after redemption of bought-back shares amounting to 1,038,450 units (ordinary shares)

Breakdown of shareholders after redemption of bought-back shares as at December 31, 2008
[Total capital stock]



Basis: 23,861,100 shares after redemption of bought-back shares amounting to 1,079,900 units (ordinary and preference shares)

Numerous voting rights announcements

Pursuant to Section 26 (1) of the German Securities Trading Act (WpHG), FUCHS PETROLUB AG announced on January 4, 2008 that the percentage of its own ordinary shares had exceeded the threshold of 3 % in voting rights and was at a level of 3.02 % at this time (391,135 voting rights). On June 16, 2008 the announcement was made that the percentage of own ordinary shares had reached the threshold of 5 % (648,450 voting rights).

Pursuant to Section 21 (1) of the German Securities Trading Act (WpHG), Capital Research and Management Company, Los Angeles, C.A., USA, informed us on July 4, 2008 that its share of the voting rights in FUCHS PETROLUB AG through shares held had exceeded the threshold of 3 % in voting rights on June 30, 2008 and is now at a level of 3.004 % (389,527 voting rights). The company has 3.004 % of the voting rights (389,527 voting rights) as per Section 22 (1), sentence 1, no. 6 of the German Securities Trading Act (WpHG).

Pursuant to Section 21 (1) of the German Securities Trading Act (WpHG), Gothaer Krankenversicherung AG, Cologne, informed us on December 17, 2008 that its share of the voting rights in FUCHS PETROLUB AG through shares held had exceeded the threshold of 3 % and 5 % in voting rights on December 15, 2008 and is now at a level of 7.99 % (1,036,670 voting rights).

Pursuant to Section 21 (1) of the German Securities Trading Act (WpHG), Gothaer Krankenversicherung AG, Cologne, informed us on December 17, 2008 that its share of the voting rights in FUCHS PETROLUB AG through shares held had fallen below the threshold of 5 % and 3 % in voting rights on December 15, 2008 and is now at a level of 0 % (0 voting rights).

Continued, high level of research interest in FUCHS

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

Intensive communication with institutional and private investors

We responded to the continued high level of interest for information from investors by organizing or participating in seven financial market conferences, eight road shows and 150 individual discussions with institutional investors, fund managers and financial analysts in Germany and abroad. Furthermore, the latter were promptly informed about the development of the company in two analyst conferences and three telephone conferences. The key forums for communication with private investors included the Annual General Meeting in Mannheim with over 1,700 shareholders and guests, as well as the investor information event in Zurich with over 100 participants. The annual report and quarterly reports were sent to nearly 13,000 interested parties, with almost half of this figure being sent abroad. Finally, the Internet played an extremely important role within our general communication strategy with over 450,000 visitors in 2008 (2007: 358,000 visitors).

Awards for successful investor relations

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

And FUCHS was among the top four in the survey of 1,500 international, institutional investors by the research company Thomson Extel Survey in cooperation with the "Wirtschaftswoche" as well in the assessment of 400 analysts and funds managers in a survey performed by the "Deutsche Vereinigung für Finanzanalyse (DVFA)" and the economic magazine "Capital".

Earnings per share

Of the profit after tax of €110.3 million (120.3), €0.9 million (0.7) is attributable to minority interests. Net profit after minority interests was €109.4 million (119.6). Earnings per ordinary share were €4.43 (4.63), while the earnings per preference share were €4.49 (4.69). This represents a fall of 4.3 %.

Proposal to increase dividends

At the Annual General Meeting on May 6, 2008 a proposal will be submitted to increase dividends compared to the previous year by €0.10 per share to €1.60 (1.50) per preference share and to €1.54 (1.44) per ordinary share. This would mean the total dividend payout is around the same level as the previous year. However, when the share buyback is taken into account, this represents an increase in dividend per share of 7 %.

Key figures for FUCHS PETROLUB shares

	2008		2007	
	Ordinary	Preference	Ordinary	Preference
Number of no-par-value shares at €3	11,930,550	11,930,550	12,582,999	12,584,855
Average number of shares	12,265,008	12,260,343	12,846,257	12,845,737
Dividends [in €]	1.54[1]	1.60[1]	1.44	1.50
Dividend yield [in %][2]	2.8	3.3	2.3	2.3
Earnings per share [in €][3]	4.43	4.49	4.63	4.69
Gross cash flow per share [in €][4]	5.17	5.17	5.75	5.75
Book value per share [in €][5]	13.13	13.19	13.29	13.35
Closing price [in €] Xetra	39.09	34.00	62.86	60.59
Highest price [in €] Xetra	71.15	67.75	72.95	75.07
Lowest price [in €] Xetra	30.73	23.85	49.00	53.40
Average price [in €] Xetra	54.97	48.93	61.96	64.93
Average daily turnover [in € thousand] Xetra and Parkett	1,290	3,358	1,328	2,744
Market capitalization [in € million][6]	872.0		1,553.5	
Price-to-earnings ratio[7]	12.4	10.9	13.4	13.8

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

STRATEGIC OBJECTIVES AND BUSINESS MODEL

FUCHS is a company with global operations based in Germany, and currently employs 3,855 employees in a total of 55 operating companies worldwide. The organizational and reporting structure is grouped according to the three geographic regions Europe, North and South America, and Asia-Pacific, Africa.

Exploiting organic, yet also external opportunities for growth, FUCHS pursues the goal of maintaining a balanced global position. The company's strong position in the European market should be continuously developed to ensure broad worldwide strategic positioning. The Group is therefore not only active in the European market with 27 operating companies, but also supports 6 subsidiaries on the American continent and 22 subsidiaries in the Asia-Pacific, Africa region. The companies are generally held directly and 100 % by FUCHS PETROLUB AG in Mannheim. The company also has several joint venture agreements, each with a 50 % holding, as well as minority holdings. Minority holdings are also held in individual Group companies by external partners.

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. Through this niche strategy we offer customer segments individual support and dedicated solutions. In this way FUCHS differentiates itself from the vertically structured mineral oil companies, that generally focus more on standard lubricants and for whom these niches are often too small.

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 more.

The high level of innovative power is a key driver in the business model. Every eleventh employee works 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.

Another important success factor is sales. 70 % of revenue is generated through direct sales. The advantage for customers is that they are advised on specific detailed questions by industry experts. 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 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.

FUCHS pursues a value-driven growth strategy with long-term strategic goals. The central KPI is FUCHS Value Added, which is based both on income and capital investment. All bonus payments granted to the management are based on this key performance indicator.

FUCHS builds on a stable financing structure that also envisages interest-bearing borrowed capital alongside a broad shareholders' equity base. While shareholders' equity is used to finance long-term assets, working capital is financed via bank loans and similar sources of financing. Depending on the circumstances, this can just as easily include euro private placements (German Schuldschein) or capital market products such as bonds. The level of borrowing depends on the level of working capital required. Dividends and share buyback programs are financial instruments used for controlling the level of shareholders' equity.

In summary, the goals and building blocks of the business model can be described as follows:

- To expand our position as the largest independent manufacturer of lubricants and related specialties in the world with global presence
- To achieve value-driven growth by leadership in innovation and specialization
- To achieve organic growth in developing markets and both organic and external growth in mature markets
- To create shareholder value, i.e. to create value beyond capital costs
- To create a stable basis of financing through a balanced ratio of borrowed and equity capital.

MACROECONOMIC AND SECTORAL DEVELOPMENTS

The phase of strong expansion in the global economy came to a standstill in 2008. Following a substantial increase in production at the start of the year, economic activity in the industrialized countries started to tail off appreciably around the middle of the year. The drop in demand in the industrialized countries and poorer conditions in the financial markets ultimately put a stop to the upturn in the emerging markets over the course of the year.

The collapse of economic activity in the large industrialized countries is realized worldwide, meaning that the development of the sectors in Germany is a good indicator.

Set against the background of the worldwide economic and financial crisis, the economy in Germany shrunk sharply in the fourth quarter of 2008. However, the first 3 months of the year did see strong growth, meaning that the German economy as a whole still managed to achieve real GDP growth of 1.3 % in 2008.

The German Engineering Federation (VDMA) considers 2008 overall positive. Real production increased by 5.4 %. In the fourth quarter, however, there was a drop in orders of around 30 %. Expectations for 2009 are for an average drop in real production of 7 %.

According to estimates published by its association (VDA), the German automotive industry is caught in the maelstrom of the global recession. For 2008 as a whole, just under 2 % fewer new cars were registered than in the previous year. Production dropped by 3 % and, following six successive record years, the export volume dropped by 4 %.

According to the German Chemical Industry Association (VCI), German chemicals production for 2008 as a whole did not see any increase. The overall industry revenue increased by 3 % merely due to higher prices. After four years with healthy growth rates, the association is anticipating a 1 % drop in production for 2009.

The global economic development in 2008 is also reflected in the change in volumes in the global lubricants market. In the industrialized countries of USA, Japan, France and Italy, which together make up around one third of the global lubricant volume, total demand has dropped by around 7 %. In the remaining regions of the world, including developing countries and emerging markets, the volumes consumed in total in 2008 roughly correspond to those of the previous year. We expect the drop in the global lubricant market for 2008 as a whole to have been around 2 %.

Strengthening the specialty business creates greater growth.

The specialty lubricant business is becoming increasingly important for us. This is underlined by our investment in the construction of a new global HQ for the specialty business in Kaiserslautern. Through the expansion and concentration of all facilities and departments at a single location, not only will we improve our flexibility, we will also improve our offerings. This is the logical response to the continuing increase in international demand for specialty lubricants.

PERFORMANCE
SALES REVENUES

Sound organic growth, although currency influences have negative effect

The FUCHS PETROLUB Group continued to grow organically in 2008 and increased its sales revenue by €72.5 million or 5.3 %. However, when converting into the Group currency (€), the sales revenue dropped by €51.9 million or 3.8 %, since the euro was at a higher level in 2008 than in the previous year relative to most other currencies. External growth was €7.8 million or 0.6 %.

Growth factors	€ million	%
Organic growth	72.5	5.3
External growth	7.8	0.6
Effects of currency conversion	–51.9	–3.8
Net effect on sales revenues	28.4	2.1

Regional development of sales revenues by company location

[in € million]	2008	2007	Organic growth	External growth	Currency effects	Change absolute	Change in %
Europe	945.0	934.1	32.8	–	–21.9	10.9	1.2
North and South America	206.0	208.3	7.7	3.2	–13.2	–2.3	–1.1
Asia-Pacific, Africa	275.0	253.4	34.1	4.6	–17.1	21.6	8.5
Consolidation	–32.3	–30.5	–2.1	–	0.3	–1.8	
Total	1,393.7	1,365.3	72.5	7.8	–51.9	28.4	2.1

Price-based organic growth

The organic growth of the FUCHS PETROLUB Group in 2008 was price-driven. While it was possible to achieve appreciable increases in volume in the first half of the year, the poor economic climate meant that sales in the fourth quarter were significantly below the previous year's level. By the end of the year, the previous year's volume was only just achieved. However, the significant price increases im raw materials also led to price increases in sales. In total, the Group recorded organic increase in revenue of €72.5 million or 5.3 % for the year.

In Europe it was the English, Russian and three German companies which generated the lion's share of the increased revenue. However, in Spain (and to a lesser extent also in France), the economic collapse caused a drop in revenue for the full year.

Within the Asia-Pacific, Africa region our companies in Australia, the Middle East, China and South Africa were particularly successful and recorded significant increases in revenue. Unlike the previous year, in 2008 we recorded organic sales growth not only in South America but also in North America.

External growth in Asia and America

The external growth of €7.8 million or 0.6 % resulted from the acquisition of two small specialty businesses in Brazil in the first half of 2007, as well as from the increase in shares in our Japanese subsidiary and the acquisition of a lubricant business in the US in 2008.

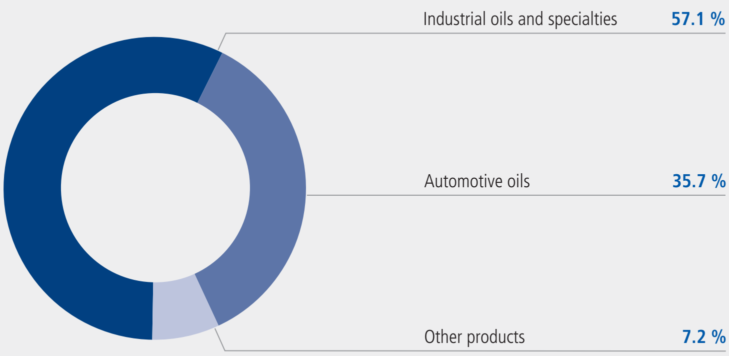
Euro exchange rate sees further increases

In 2008, the euro initially continued its upward trend against the US dollar before starting to drop in the middle of the year. The British pound, the Australian dollar and the South African rand, on the other hand, were weaker – particularly in the second half of the year. Overall, the stronger euro had a negative effect of €51.9 million or 3.8 % on sales revenues.

Sales revenues by product segments

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

Breakdown of Group sales revenues



The main areas of the automotive lubricants product segment are engine oil, gear oil, and shock-absorber oil. At €497.2 million (472.9), sales revenues in this segment increased by 5.1 %. This segment share in Group sales revenues increased to 35.7 % (34.6).

The industrial lubricants and specialties product segment mainly comprises metal-working fluids, corrosion preventatives, hydraulic and gear oils, greases, and other specialties. At €796.1 million (790.4), sales revenues in this business segment increased by 0.7 %. At 57.1 % (57.9), the segment represents the largest part of Group sales revenues.

Other products mainly include toll blending, chemical process management and trade activities. This segment dropped by €1.6 million or 1.6 % to €100.4 million (102.0).

The relative increase of the automotive lubricant segment reflects the higher level of growth in Europe, Asia-Pacific and Africa. The focus of the North and South America region is predominantly on industrial lubricants and specialties.

[in € million]	2008	Share in %	2007	Share in %	Change absolute	Change in %
Automotive lubricants*	497.2	35.7	472.9	34.6	24.3	5.1
Industrial lubricants and specialties*	796.1	57.1	790.4	57.9	5.7	0.7
Other products	100.4	7.2	102.0	7.5	–1.6	–1.6
Total	1,393.7	100	1,365.3	100	28.4	2.1

* and related products

PERFORMANCE
EARNINGS

Second best net profit

In 2008 the FUCHS PETROLUB Group recorded its second best earnings ever, although it was not possible to repeat or exceed the record profits of 2007. This was due to the collapse in the global economy caused by the financial market crisis in the second half of 2008, which was particularly severe in the fourth quarter of 2008.

Despite this, the Group managed to record satisfactory earnings after taxes of €110.3 million (120.3) in 2008. The 8.3 % fall in earnings equates to –4.3 % in terms of earnings per share due to the reduced number of shares resulting from the share buyback program.

Following a less than satisfactory fourth quarter, gross contribution for the year as a whole did not reach the previous year's level. At €488.1 million (509.2), this was 4.1 % lower than in the previous year. The gross margin dropped to 35.0 % (37.3). This was above all due to the price-driven increase in sales revenues.

The sales, administration and R&D expenses included inflationary trends, in particular in terms of salaries and wages and freight. Despite this, these expenses dropped by €2.4 million (–0.8 %) with the support of currency effects. As such, an operating profit of €174.8 million (193.5) was recorded. The operating margin dropped from 14.2 % to 12.5 %.

Other operating income provides for the increased risks from potential default on receivables. The balance is –€6.0 million (–0.6). Taking into account the profit contribution from at equity companies of €2.9 million (2.3), earnings before interest and taxes (EBIT) is €171.7 million (195.2). This corresponds to a drop of 12 %, while the EBIT margin is 12.3 % (14.3).

Despite the share buyback and increased working capital financing, at –€8.9 million (–8.5) the financial result remained at virtually the same level as the previous year due to lower interest rates. At €52.5 million (66.4), tax expenses saw a downward trend, not least since the rate of taxation dropped to 32.2 % (35.6) due to tax reforms in Germany and several other European countries.

Earnings after taxes of €110.3 million (120.3) correspond to an after-tax return in relation to sales revenue of 7.9 % (8.8).

At €109.6 million (125.9), more than 60 % of the Group EBIT was generated by the European companies, while each of the other two regions contributed around 20 %. In America, EBIT was €34.5 million (37.1), in Asia-Pacific Africa €31.2 million (34.1). In all three regions, the EBIT margin is double digits. The 16.8 % (17.8) of the North and South America region stands out here. The EBIT margin in Europe dropped from 13.5 % in the previous year to 11.6 %, while Asia-Pacific, Africa fell to 10.3 % from 12.5 % in the previous year.

Earnings per ordinary and preference share were €4.43 (4.63) and €4.49 (4.69), which represents a decline of 4.3 % compared to the previous year.

Key performance indicators

The FUCHS PETROLUB Group achieved an EBIT margin (earnings before interest and tax in relation to sales revenues) of 12.3 % in 2008. The previous year's figure was 14.3 %.

Return on sales (earnings after tax in relation to sales revenues) was 7.9 % (8.8).

The Group's return on equity (profit after tax in relation to the average shareholders' equity, based on the quarterly figures) was 33.3 % (37.1).

The ROCE, return on capital employed (earnings before interest and tax in relation to the average of the total of shareholders' equity, financial liabilities, pension provisions, and accumulated scheduled goodwill amortization less cash and cash equivalents) was 32.0 % (38.3).

Monitoring system

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

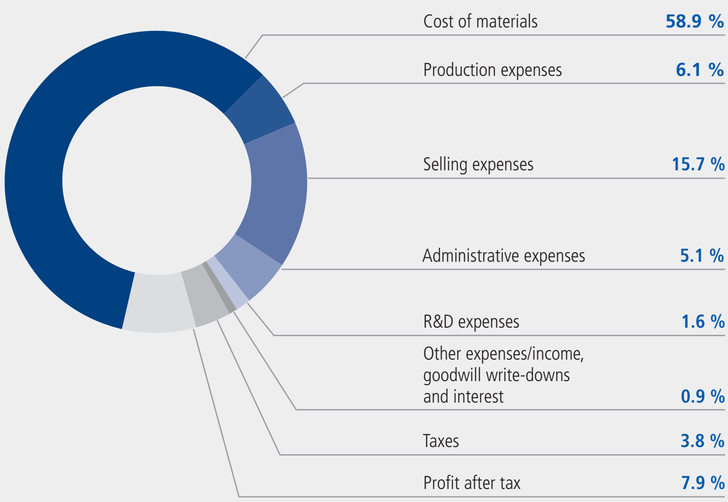
The FUCHS VALUE ADDED (FVA) is the key ratio of the FUCHS Group derived from the EBIT after deducting costs of equity and liabilities employed. The FVA encourages the value-oriented company management of the FUCHS Group. To determine the costs of the equity and liabilities employed, a weighted interest rate is used (WACC) derived from the respective financial market data. The WACC is currently 11.5 % before or 7.8 % after tax.

The Group's FVA was €110.1 million (136.5) in 2008. The positive FVA means that the return on capital employed (ROCE) actually achieved is above the cost of capital (WACC), which means that a bonus was earned on the cost of capital.

The FVA goes up if the capital employed up to this point is more successfully employed or if additional capital obtains a return above the WACC. In the last financial year, the average capital employed increased by 5 %, while EBIT saw a 12 % reduction.

To calculate the FVA, the capital employed is adjusted by scheduled goodwill amortization of earlier years and an average is generated from the last four quarterly balance sheet values of a year plus the figures of the last quarterly report of the previous year.

Structure of income statement



PERFORMANCE
NET ASSETS AND FINANCIAL POSITION*

Solid balance sheet

The FUCHS PETROLUB Group starts 2009 in a solid financial position. Despite the buyback of shares and the payout of a higher total dividend than in 2007, at 44.8 % (45.6) the equity ratio in the reporting year saw little change.

41.6 % or €292.7 million (265.8) of the Group's assets are long-term assets. Some €168.6 million (149.2) of this is property, plant and equipment, while another €93.5 million (85.3) is held in intangible assets, in particular goodwill. The long-term assets are financed entirely with equity.

Around half (52.4 %) of all assets held by the FUCHS PETROLUB Group are made up of inventories and trade receivables. The €191.6 million (164.7) in inventories and €177.5 million (201.2) in trade receivables are offset against trade accounts payable of €85.6 million (114.6). As such, a net operating working capital of €283.5 million (251.3) remains. The "net operating working capital to sales" ratio thereby increased to 20.3 % (18.4). The main cause of this unsatisfactory development is the high level of inventories due to severe material price increases and simultaneous downward trend in demand.

Structure of assets and capital [in %]

* The balance sheet values have changed slightly due to the conversion in the accounting of the pension liabilities and have also been adjusted accordingly for the previous year.

Tax receivables and other short-term assets were €22.5 million (19.0), while cash holdings were used as scheduled to redeem participation certificate liabilities and reduced to €19.5 million (64.2).

With shareholders' equity of €315.3 million (325.9), the Group has a sound financial basis. The pension liabilities of €70.6 million (67.1) are another long-term source of financing. This amount and the amount adjusted for the previous year for the first time contain accumulated actuarial losses of €19.0 million (16.4).

Further sources of financing available to the Group are mainly short-term bank loans. At a level of €118.8 million on the balance sheet date, only around half of the €220 million in credit approved worldwide is being used in the short-term. Long-term financial liabilities were €5.3 million (3.7).

On the balance sheet date, the Group has a three-year promissory note bond of €40.0 million issued by a bank. This is for partial refinancing of the short-term bank loans as long-term financial liabilities.

Further short-term and long-term liabilities of the Group concerned various short-term and long-term provisions of €47.3 million (52.9), tax liabilities of €17.9 million (34.0), deferred tax liabilities of €13.8 million (13.3) and other short-term and long-term liabilities of €29.2 million (35.2).

The Group's short-term and long-term financial liabilities were €124.1 million (71.9). After taking cash holdings of €19.5 million (64.2) into account, the net financial debt was therefore €104.6 million (7.7) and as such only represents around one third of the shareholders' equity.

PERFORMANCE
STATEMENT OF CASH FLOWS

Based on earnings after taxes of €110.3 million (120.3), the cash flow statement records gross cash flow of €126.8 million (147.8). This includes depreciation and amortization of long-term assets of €20.0 million (20.8).

Predominantly as a result of severe increases in raw material prices and a downward trend in sales revenues in the fourth quarter, inventories increased by €33.8 million as at the end of December 2008. While trade receivables dropped by €18.5 million at the same time, trade accounts payable also dropped by €26.4 million. This requires net additional financing of €41.7 million. High tax payments ultimately had a liquidity-burdening effect. These items are included in the changes in other liabilities, which absorbed liquidity of €20.8 million in 2008 but in the previous year had led to liquidity savings of €24.4 million.

At €59.6 million, the inflow of funds from operating activities in the reporting year is significantly below the previous year's level of €152.2 million.

In the reporting year, the Group increased its investments in property, plant and equipment and other long-term assets by €46.6 million (24.4) as scheduled. Among other investments were the completion of the new facility in Shanghai and the commencement of our plant expansion and new building in Kaiserslautern. €12.2 million (3.7) was spent on acquisitions. As such, the cash outflow from investing activities increased to €52.1 million (23.8).

This leaves free cash flow of €7.5 million (128.4). The financing of the dividend distribution of €36.8 million (25.8) and the buyback of shares to the tune of €67.1 million (50.8) took place as planned via the reduction of cash and cash equivalents to €19.5 million (64.2) and through loans. In the light of a net financial debt of €7.7 million at the end of 2007, the goal of the share buyback program was to increase the Group's financial leverage.

Overall position

A meaningful KPI for assessing the Group's net assets and financial position is net gearing. This is formed by the ratio of financial liabilities minus cash holdings on the one hand and shareholders' equity on the other. The net gearing increased compared to 2007 and was at 33 % (2) at the end of 2008. Accordingly, the Group continues to have a healthy financial basis for its operating business.

The return on capital employed is a suitable KPI for measuring the Group's earning power. At 32.0 % (38.3), the FUCHS PETROLUB Group has a high value here.

The Group's ability to distribute dividends, repay debts and make acquisitions can be derived from the free cash flow. At €7.5 million (128.4), in 2008 the value achieved was not satisfactory. However, this does include both one-off effects (tax payments for previous years, overpayments for the current year) and an extraordinary increase in inventories that is unlikely to be repeated and will likely be reversed.

The Group's liquidity is good. Its lines of credit at banks in the most diverse of global regions are sufficient and offer enough flexibility and risk buffers. The euro private placement (German Schuldschein) bond issued in 2009 for €40.0 million is increasing the long-term stability of the Group's financing. With completion of the share buyback program in the first quarter of 2009, any financing requirements associated with this are now also complete. Some €67.1 million was spent on this in 2008.

In summary, we can say that the FUCHS PETROLUB Group is in a sound and stable financial position and is well prepared for the difficult year that lies ahead in 2009.

PERFORMANCE
CAPITAL EXPENDITURE AND ACQUISITIONS

Capital expenditure

The FUCHS PETROLUB Group dedicated €46.6 million (24.4) to capital expenditure in property, plant and equipment and intangible assets in 2008. The reason for the significant increase compared to the previous years was the launch of the investment program announced in mid 2008 which covers two German sites as well as China, India and Brazil. In 2008, construction of the new facility in Shanghai was completed and operations commenced. In Kaiserslautern, the main site of the FUCHS PETROLUB Group's specialties division, construction of new R&D, production and administration buildings was started in mid 2008. The business activities of two neighboring sites will be brought together here in 2009.

At the FUCHS PETROLUB Group's main plant on the Mannheim site, the introduction of the integrated SAP software was completed in 2008.

Depreciation and amortization

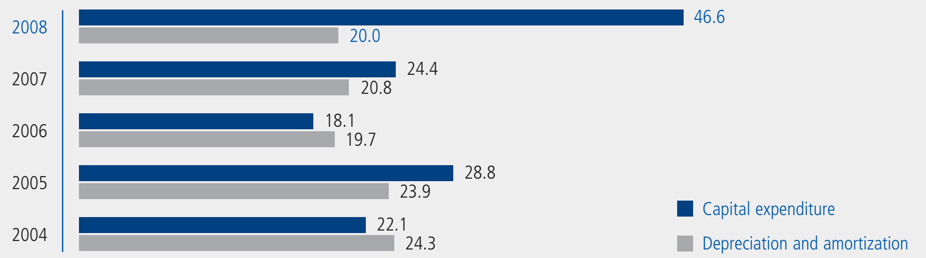
The depreciation of property, plant and equipment and intangible assets amounted to €20.0 million (20.8) in 2008, of which €1.1 million (1.9) is attributable to impairment charges.

Investments in companies

In 2008, FUCHS increased its holding in the former joint venture in Japan from 50 % to 99.7 %. This improves opportunities for FUCHS to intensify operations in the third largest lubricant market in the world.

In the fourth quarter of 2008, the business of MS FLUID TECHNOLOGIES was acquired in the US. The focus of this business is on metalforming lubricants, a core field at FUCHS.

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



PERFORMANCE
SUPPLEMENTARY REPORT

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

SEGMENT REPORT BY REGION

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

We estimate the global lubricant consumption for the year 2008 at around 36 million tons. Approximately half of this is consumed in the Asia-Pacific, Africa region. This region is not only the largest market for lubricants and related specialties, it is also the region with the highest growth rates. Around one quarter of all lubricants were consumed in North and South America and in Europe.

Sales revenue in the FUCHS PETROLUB Group, broken down by **customer location**, is generated in the following regions:

[in € million]	2008	Share in %	2007	Share in %
Europe	870.0	62.4	859.4	62.9
North and South America	212.8	15.3	217.8	16.0
Asia-Pacific, Africa	310.9	22.3	288.1	21.1
Total	1,393.7	100	1,365.3	100.0

Sales revenue with customers in the Asia-Pacific, Africa region increased the greatest for FUCHS in 2008. At €310.9 million (288.1), it increased by 7.9 %. Sales revenue with European customers was increased by 1.2 %. At €870.0 million (859.4), this customer group represents 62.4 % (62.9) of sales revenue, which makes it the greatest contributor. The North and South America region reduced its proportion to €212.8 million or 15.3 % (217.8 or 16.0) due to currency effects.

SEGMENT REPORT BY REGION
EUROPE

Segment information [in € million][1]	2008	2007
Sales revenues by customer's location	870.0	859.4
Sales revenues by company's location	945.0	934.1
Of which with other segments	28.9	29.4
Scheduled depreciation	12.0	12.0
Impairment losses	0.0	0.8
Income from investments accounted for using the equity method	0.0	0.0
Segment earnings (EBIT)	109.6	125.9
Segment assets	416.1	419.0
Segment liabilities	116.8	147.8
Capital expenditure	30.9	16.0
Employees (average numbers)	2,357	2,327
KPIs [in %]		
Ratio of EBIT to sales revenues	11.6	13.5

1 See pages 82 and 83

Companies in Europe increased their sales revenues by 1.2 % to €945.0 million (934.1) in 2008. Sales revenues in Central and Eastern Europe saw particularly dynamic growth. These companies generated 8.4 % (7.5) of sales revenue in the region. Within Western Europe, with the exception of Spain, France and Greece, all companies also enjoyed organic growth. However, the weakness of the British pound led to substantial, negative conversion effects. In Europe as a whole, the exchange rates caused a reduction in revenue of €21.9 million or 2.3 %.

At €109.6 million (125.9), earnings before interest and taxes (EBIT) in the region were down by 12.9 %. The EBIT margin (EBIT in relation to sales revenue) was 11.6 % (13.5).

Key sales revenue and profit contributions in the region again came from the companies in Germany and Great Britain in 2008. However, France and Poland also generated respectable sales revenue and earnings. Another positive aspect worthy of mention is that many smaller companies also achieved a sound market position in their respective markets and delivered pleasing profit contributions.

Heterogeneous development in Western and Southern Europe

Despite a very difficult market environment, the company in Great Britain was able to record satisfactory earnings, although it was not possible to achieve the previous year's level. The same applies to France, while the companies in Italy and Spain were not able to overcome the weak economic climate and were significantly below their previous year's earnings due to a poor final quarter.

FUCHS maintains market position in Germany

Following a record year in 2007, the largest group company FUCHS EUROPE SCHMIERSTOFFE was not able to repeat the previous year's earnings due to a poor fourth quarter, but was still able to maintain its market position.

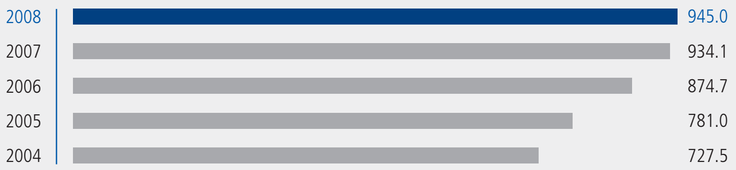
In the middle of the year, the company successfully introduced SAP R3, making it an important player in the European IT network.

The specialty business of the LUBRITECH Group saw again positive development in 2008. The construction work in Kaiserslautern is running as scheduled and is expected to be completed in the 2^{nd} half of 2009.

Poland and Russia determine growth in Central and Eastern Europe

The Polish subsidiary continued its growth course in sales revenue and earnings last year and ranks among the most important revenue pillars within the region of Europe. Similarly, Russia is becoming increasingly important in Europe, as the continuous expansion of the FUCHS organization is bringing significant growth in sales revenue.

Development of sales revenues in Europe by company location [in € million]



SEGMENT REPORT BY REGION
NORTH AND SOUTH AMERICA

Segment information [in € million][1]	2008	2007
Sales revenues by customer's location	212.8	217.8
Sales revenues by company's location	205.9	208.3
Of which with other segments	3.3	1.1
Scheduled depreciation	3.9	3.9
Impairment losses	0.0	0.0
Income from investments accounted for using the equity method	0.0	0.0
Segment earnings (EBIT)	34.5	37.1
Segment assets	152.4	142.6
Segment liabilities	17.3	22.7
Capital expenditure	3.2	2.8
Employees (average numbers)	574	588
KPIs [in %]		
Ratio of EBIT to sales revenues	16.8	17.8

1 See pages 82 and 83

The companies in the North and South America region recorded sales revenues of €205.9 million (208.3) in 2008. The slight drop was due to currency effects, as all companies actually increased their sales revenue in their local currency. At €34.5 million (37.1), earnings before interest and tax (EBIT) in the region were down by 7.0 %. This decline was also essentially due to currency effects. The EBIT margin (EBIT in relation to sales revenue) was at a healthy 16.8 % (17.8).

The dynamics of the South American markets can be seen in the increasing proportion that the companies in Argentina and Brazil are contributing to the entire region. In 2008 they generated around 20 % of the sales revenue and EBIT in the entire region.

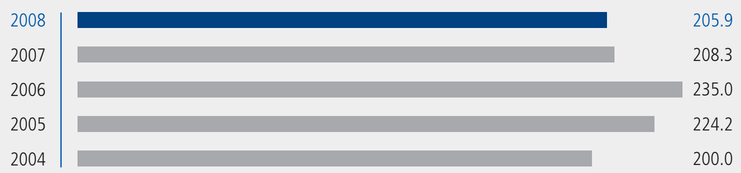
Expansion of technical competence in North America

As was the case in the previous year, the recessive development in the US in the reporting year significantly impaired the North American market. However, our local companies once again managed to secure their high degree of profitability in this difficult environment. With consistent expansion in the divisions of Research & Development, Product Management and Application Engineering, we have set the foundations for future growth. By appointing a president for our company in the US, the successor to the CEO has been prepared for the end of this year.

Special lubricant business in South America further expanded

In 2008, our company in Argentina successfully continued the excellent development they have enjoyed over the last few years. The two small special lubricant businesses acquired at the start of 2007 in Brazil form a solid basis for future growth in this important segment. The positive development of our Brazilian company over the course of the last few years means that we now require a larger site. We are currently searching in the vicinity of São Paulo.

Development of sales revenues in North and South America by company location [in € million]



SEGMENT REPORT BY REGION
ASIA-PACIFIC, AFRICA

Segment information [in € million][1]	2008	2007
Sales revenues by customer's location	310.9	288.1
Sales revenues by company's location	274.9	253.4
Of which with other segments	0.0	0.0
Scheduled depreciation	2.0	2.1
Impairment losses	1.1	1.2
Income from investments accounted for using the equity method	2.9	2.3
Segment earnings (EBIT)	31.2	34.1
Segment assets	115.5	110.7
Segment liabilities	32.2	37.1
Capital expenditure	11.8	4.2
Employees (average numbers)	863	821
KPIs [in %]		
Ratio of EBIT to sales revenues	10.3	12.5

1 See pages 82 and 83

The companies in the Asia-Pacific, Africa region increased their sales revenue organically by 13.4 % to a level of €274.9 million (253.4) in 2008. However, the region then lost around half of this increase due to the strength of the euro when converting to the Group currency. Yet despite this, the companies in the region were able to record an increase in sales revenues of 8.5 %, taking into account external growth of 1.8 %.

Important sales revenue and profit contributions in the region come from the companies in China, Australia, the Middle East and South Africa. These companies generate around 80 % of the sales revenue in the region. Overall, the companies in the region generated EBIT of €31.2 million (34.1). The drop is largely attributable to exchange rate movements. The EBIT margin was at 10.3 % (12.5).

New plant begins operations in China

The new facility in Shanghai was inaugurated and started operations in 2008. In particular the Chinese mining business displayed very positive development in 2008.

India an important market for special and industrial lubricants

In India, a site has been acquired near Mumbai. Planning and construction work for a production facility is already underway. The goal of investment in this important market is to drive forward our core business with industrial and specialty lubricants.

South African company enjoys continued success

In the last reporting period, our company in South Africa once again succeeded in increasing sales revenue and earnings in its local currency. Activities on focusing production at a single site in Johannesburg have now been completed and production capacities have been adjusted accordingly.

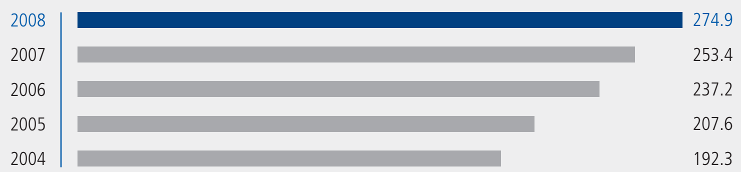
Australian lubricant business remains extremely successful in 2008

Our Australian company increased sales revenue and earnings both in local currency and in euros. To participate more in the local and regional lubricating grease market, construction of a grease manufacturing facility at the Melbourne plant has started. This is set to begin operations in 2009.

Market position of FUCHS in the Middle East once again significantly improved

The companies in Saudi Arabia and UAE recorded very pleasing figures in 2008. Both companies expanded their market position and significantly boosted both sales revenue and earnings in their respective markets in 2008.

Development of sales revenues in Asia-Pacific, Africa by company location [in € million]



Investing in growth markets creates greater strengths

Large countries need large investments that cater to their growing economies. This is why in 2008 we opened our new, ultra-modern company HQ in Shanghai, which will also function as the R&D center for the whole of Asia. We are also set to build new, larger facilities with additional capacities in Mumbai and Greater São Paolo. Investing in strong locations allows us to build on existing strengths and create new potential.

RESEARCH AND DEVELOPMENT

Innovative application of tribology leads to optimization of friction conditions and reduction in wear. Optimization of this nature saves energy and resources, reduces emissions and increases the operational reliability of machines and systems. This is made possible through close cooperation with our customers and supported by combined research with universities and associated research institutes.

At the end of 2008, 330 (332) engineers, scientists and technical assistants were working in the Group. In the reporting period, €22.7 million (23.7) was spent in this field.

Proven special lubricants for wind power

All market activities in the field of wind energy were brought together under one roof, the FUCHS Windpower Division. Customers in this sector now have worldwide access to a wide range of greases and grease pastes, as well as hydraulic and gear oils. This new division thus has the expertise to solve all lubrication challenges faced by the wind turbine manufacturers, the manufacturers of drive components as well as wind farm operators. The FUCHS Windpower Division offers its customers tried-and-tested special lubricants which have been approved by equipment, gear and bearing manufacturers, as well as suppliers of filter systems. The services provided include individual lubricant selection, comprehensive documentation with gear condition reports and extremely precise oil analyses. These offer detailed information on the condition of the oil, allowing exact oil change intervals to be specified.

Special engine oil allows oil change intervals to be extended in buses running on natural gas

In a field test conducted in cooperation with a bus manufacturer, FUCHS succeeded in extending the maintenance interval of six buses running on natural gas from 30,000 kilometers to 45,000 kilometers. This is made possible by using a special engine oil that has already been given the bus manufacturer’s approval. Both partners are currently working on extending the maximum possible interval to 60,000 kilometers. By successfully extending oil change intervals it was possible to reduce the number of visits to the garage and the required oil and filter changes. This saves the operator time and money. Added to this is the fact that using the new oil gives a measurable reduction in wear of numerous components and the fuel consumption of the test vehicles dropped by around 3 % since the start of the test.

New high performance grinding and milling oil for gear and bearing manufacture

Leading grinding machine manufacturers recommend a new high performance grinding and milling oil that has really proven itself in gear and bearing manufacture. The low emission and low evaporation high-tech product is based on low-aromatic hydrocracked oils. The key prerequisites for gaining approval were an endurance test with regard to grinding performance, suitability for hydraulic applications and additional suitability for cutting processes with defined cutting edge. These properties offer key advantages for use in gear manufacture, as they allow a single oil to be used for all processing steps. As such, the range of oils that users need to stock is reduced and the risk of using the wrong oil is eliminated. Alongside better cooling, users also benefit from the significantly lower drag-out losses via workpieces and swarf, which reduces the load on downstream washing systems.

Environmentally-friendly refrigerator oils offer greater energy efficiency in refrigeration technology

Environmental friendliness and energy efficiency are also important topics in refrigeration technology. Large supermarket chains in Germany equip their new refrigerating systems with natural refrigerants such as carbon dioxide. However, the environmentally friendly refrigerants place greater demands on the refrigerator oil used. FUCHS has now developed lubricating oils based on highly stable synthetic esters that are equipped with special wear protection additives and are perfectly adapted to use with carbon dioxide as the refrigerant.

Modern domestic fridges, on the other hand, use isobutane as their refrigerant. This is a hydrocarbon with extremely low greenhouse gas emission levels. Thanks to innovative refrigerant compressors and specially adapted refrigerator oils, very high energy efficiency classes can be achieved and primary energy consumption in households reduced.

Modern solid film lubricants ensure lower noise emissions and smooth running

After the coating process with water-based solid film lubricants a tack-free, usually invisible film remains on the components. A newly developed solid film lubricant allows many materials to be processed. The product is ideally suited to lubrication of plastics and elastomers and is predominantly used to reduce noise emissions, to improve smooth running of switching elements and to simplify assembly. Avoiding noise can be extremely important, above all in the automotive industry. Applications include the mechanicals of air vent flaps, the suspension of boot covers, the spring mechanism for the flaps of door storage compartments and various switch elements. Further areas of application of this universal solid film lubricant include switches in household and kitchen appliances, coating of medico-technical components, threaded fasteners or stainless steel anchors.

EMPLOYEES

Our employees – every one is a part of our success

Committed employees are drivers of innovation and the engine for change. Employees' willingness to perform and loyalty to FUCHS are key to allowing us to manage our company successfully both now and in the future. Qualification is the best prerequisite for achieving high targets.

Attractive employer

FUCHS' image as an attractive employer, in conjunction with a professional recruitment process, allows us to find qualified employees. Particular growth markets are India, Russia and China – countries in which we are actively changing the personnel structure. Human Resources plays a very important part here. The range of applicants in these countries can be rather daunting, but FUCHS copes with this through professional selection procedures to ensure recruitment of suitable and qualified employees. FUCHS presents itself as an attractive employer and uses targeted recruitment for technical and management staff as well as attractive training programs. With targeted HR marketing, for example through participation in company contact fairs or the regional information fairs of universities, we increase awareness and ensure that FUCHS is seen as an attractive employer for school leavers and students. We also offer in-house career forums to give school leavers the ability to get a better picture of the training we offer and our operational procedures.

Corporate culture and work-life balance

FUCHS promotes a corporate culture characterized by appreciation, trust and respectful interaction. Modern employment agreements and transparent guidelines create framework conditions that make it easier for staff to combine their professional and private life. Flexible working hours and consistent health management support our employees in maintaining good mental and physical performance.

Training

With our dedicated training we enable a flexible career entry that meets all requirements. We offer our young and committed employees interesting prospects. At our German companies we train staff in eight different careers. We also offer determined and qualified school leavers the option of dual training, whereby training in the company is accompanied by a course of studies at a University of Cooperative Education, culminating in a bachelor's degree. Right from the outset, our young employees work together with experienced staff, exchange ideas and know-how and learn from one another. This is how new ideas grow which constantly drive us forward and have done so for many years.

Potential development

Targeted personnel development forms the basis for individual further development in the company. Our company-owned educational establishment, the FUCHS ACADEMY, ensures continuous training and further education of our employees. As a global training instrument, the FUCHS ACADEMY offers regular seminars on the most diverse of technical subjects and also provides our sales employees with sound background knowledge. The FUCHS ACADEMY is also open to our sales partners and customers for selected topics and is used intensively by them.

Due to the international structure of our organization, intercultural competence is an important success factor for our staff. We encourage this early on through targeted staff positioning at our subsidiaries and sales companies across the globe. With worldwide, internal placements, FUCHS also ensures optimum knowledge transfer from our know-how carriers to new employees.

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 our company by employees with relevant operating experience. Social skills, an entrepreneurial attitude and employee focus are the key requirements for assuming responsibility at the companies in the FUCHS Group.

Performance-related pay in the FUCHS Group

The FUCHS Group's compensation system links personal performance to the success of the company and thereby enables performance-related pay for employees. Through transparency and target orientation, this compensation system creates incentives for staff to take on challenges and assume responsibility.

Back in 2003, the FUCHS Incentive Program, a global instrument for the performance-related compensation of the management of the FUCHS Group's global subsidiaries was introduced.

The program is based on a value-oriented incentive system known as FVA (FUCHS VALUE ADDED), which links the operating profit, the capital employed and the capital costs.

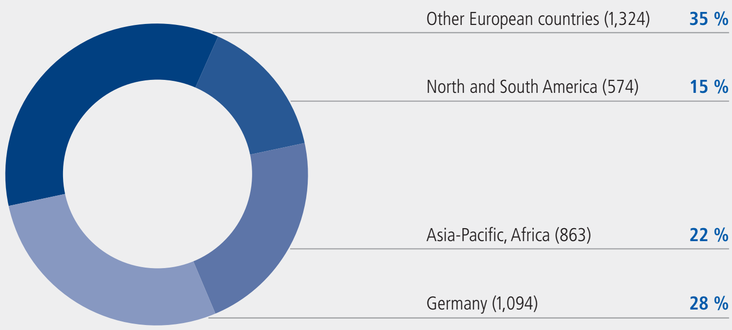
The concept of success-based remuneration is a concept we also employ in our sales structure, in which sales staff participate in the product success that they themselves have generated.

Number of employees at previous year's level

As at December 31, 2008, the FUCHS PETROLUB Group employed 3,855 people worldwide (3,787). The total number of employees has therefore increased slightly year on year by 68 people or +1.8 %.

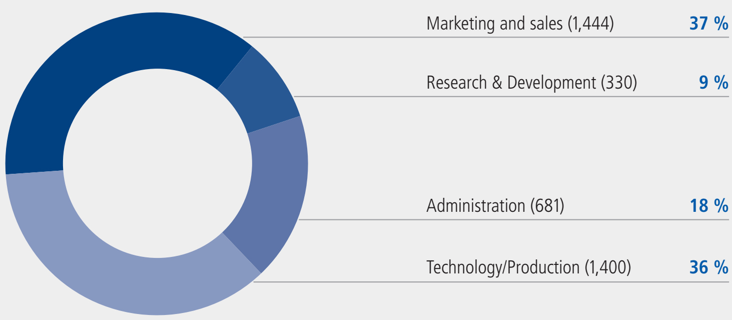
2,761 (2,739) people or 72 % of staff were employed abroad and 1,094 (1,048) in Germany.

Geographical workforce structure [in % and absolute figures]



Worldwide, 37 % (37) of the workforce is employed in engineering and production, while 36 % (37) works in marketing and sales, 18 % (17) in administration and 9 % (9) in research and development.

Functional workforce structure [in % and absolute figures]



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

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

Composition of the share capital

As at December 31, 2008, the company's share capital was €77,814,000. The share capital is divided into 12,969,000 bearer ordinary shares with no par value and 12,969,000 bearer preference shares with no par value. As such, the percentage of share capital in the company is 50 % per share class. Each share is assigned a nominal value of €3 on the balance sheet date. 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. The rights and duties of the shareholders are based on the regulations of the German Stock Corporation Act, in particular Sections 12, 53a ff., 118 ff. and 186 of the German Stock Corporation Act (AktG).

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

a. For payment of any remaining profit shares on the non-voting shares from the previous years
b. For payment of a preference profit share of €0.14 per preference share of no par value
c. For payment of an initial profit share of €0.08 per ordinary share of no par value
d. For equal payment of further profit shares on the ordinary shares and the non-voting shares, unless the Annual General Meeting decides on another use.

On the basis of the resolution passed by the Annual General Meeting on May 2, 2007 and in line with Section 71 (1) No. 8 of the German Stock Corporation Act (AktG), the Executive Board was authorized, with the consent of the Supervisory Board, to buy back own shares (ordinary and/or preference shares) of up to 10 % of the current share capital for redemption purposes by November 1, 2008. By April 30, 2008, 564,000 ordinary shares and preference shares each had been bought back. Redemption of the shares has been completed.

On the basis of the resolution passed by the Annual General Meeting on May 6, 2008 and in line with Section 71 (1) No. 8 of the German Stock Corporation Act (AktG), the Executive Board was once again authorized, with the consent of the Supervisory Board, to buy back own shares (ordinary and/or preference shares) of up to 10 % of the current share capital for redemption purposes by November 5, 2009. By March 10, 2009, 575,000 ordinary shares and preference shares each were bought back. Redemption of the shares has been completed.

Limitations that affect voting rights or the transfer of shares

RUDOLF FUCHS GMBH & CO KG, Mannheim, has concluded a voting trust agreement with Gothaer Krankenversicherung AG, Cologne, regarding consistent voting in the Annual General Meeting. The contractual agreement refers to – as at the date the balance sheet was prepared – 8.09 % of the capital stock with voting rights, as is the case following redemption of the shares bought back by the company. This 8.09 % is held by Gothaer Krankenversicherung AG.

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

Investments in the capital that exceed 10 % of voting rights

The following direct or indirect investments in the company's capital exceed 10 % of the voting rights. The participation relationships as at the date the balance sheet was prepared refer to all voting shares following redemption of the shares bought back by the company.

The Schutzgemeinschaft Fuchs holds the majority of the capital stock with voting rights. RUDOLF FUCHS GMBH & CO KG holds 47.15 % of the voting rights. The individuals who are members of the Fuchs family hold a further 4.59 %. The Schutzgemeinschaft FUCHS therefore holds 51.74 % of the voting shares in total. RUDOLF FUCHS GMBH & CO KG has concluded a voting trust agreement with Gothaer Krankenversicherung AG regarding consistent voting in the Annual General Meeting. The contractual agreement refers to 8.09 % of the capital stock with voting rights reduced as a result of redemption of the shares bought back by the company. The Schutzgemeinschaft Fuchs is therefore allocated a total of 59.83 % of the voting rights, taking into account the stake of Gothaer Krankenversicherung AG.

Shares with special rights which confer supervisory powers

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

Type of voting rights control when employees participate in the capital and do not directly exercise their control rights

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

Legal requirements and terms of the company's articles of association regarding the appointment and dismissal of members of the Executive Board and changes to the articles of association

The company's articles of association in their current form concur with the legal requirements pursuant to Sections 84, 179 of the German Stock Corporation Act with regard to the appointment and dismissal of board members and amendments to the articles of association.

Authority of the Executive Board to issue and buy back shares

The company's articles of association contain an authorized capital. The Executive Board is authorized, with the Supervisory Board's 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's articles of association contain a conditional capital. Accordingly, 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.

Significant company agreements that are in place in the event of a change in control as a result of a takeover bid

The company has reached agreements with two banks that enable the immediate termination or repayment of lines of credit or loans granted should there be a change in control due to a takeover bid.

Company agreements for compensation of members of the Executive Board or employees in the event of a takeover bid

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

The Executive Board has addressed the disclosure requirements in line with Section 315 (4) of the German Commercial Code in line with Section 120 (3) of the German Stock Corporation Act. The Board confirms the regulations implemented at FUCHS and does not see any need for alterations. Those disclosure requirements that refer to features of the capital and shareholder structure reflect the content of FUCHS PETROLUB AG's articles of association.

REPORT ON THE COMPANY'S RELATIONSHIP TO ASSOCIATED COMPANIES

As described in the previous section, the Fuchs family holds the majority of capital stock with voting rights, taking into account a voting rights agreement concluded with Gothaer Krankenversicherung AG. Due to these circumstances, RUDOLF FUCHS GMBH & CO KG, the asset management company through which most of the Fuchs family's ordinary stock is held, is the dominant enterprise for FUCHS PETROLUB AG, which is an independent company.

A dependent company report has therefore been prepared on relationships with related parties pursuant to Section 312 of the German Stock Corporation Act (AktG) with the concluding declaration: "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."

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

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) KPI, which is used for value-oriented company control. The FVA represents earnings before interest and taxes (EBIT) minus the cost of capital. Both figures have been adjusted by regular goodwill write-downs of earlier years. 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 €1.06. The variable compensation may not exceed double the fixed compensation. The Chairman of the Supervisory Board receives double these compensations and the Deputy Chairman one and a half times. Furthermore, each member of the Supervisory Board shall receive a meeting payment of €600 per Supervisory Board meeting.

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

RISK REPORT

The business operations of the FUCHS PETROLUB Group and its operating companies in the field of lubricants and related specialties is confronted with a large number of risks which can result from its business activities. However, these business activities do not consist solely of risks, but also offer numerous opportunities that are to be exploited as a way of securing and building on the company's competitiveness.

Effects of the worldwide financial and economic crisis

What started as a financial crisis has now developed into a worldwide financial and economic crisis. All regions of the world and many branches of the economy are now feeling the effects. And while these effects are currently difficult to assess accurately, the sales revenue and income risks that FUCHS faces have significantly increased. FUCHS is countering these risks through suitable measures within the scope of its risk management system.

The Group’s risk management system

The risk management system in the FUCHS PETROLUB Group is an integral part of the FUCHS planning, controlling and reporting processes in all operating units, legal entities and central functions. The risk management system comprises the following elements: strategic planning, mid-term planning and budgeting, reporting and permanent controlling, risk reporting, the Internal Control System (ICS) of the operational and organizational structure and internal audits. The risk inventories carried out twice a year are an important instrument in global risk management. Central and local execution in the operating companies and in central functions ensure risk detection at the location where the risks exist or where the corresponding experts for dealing with these risks work.

To avoid risks wherever possible, deal with any risks as quickly as possible and be able to introduce counter measures, risks are systematically identified, monitored and documented early on. Risks from management of the operating companies and central functions are identified and assessed applying suitable risk categories in terms of their likelihood of occurrence and (gross) potential loss (i.e. before suitable counter measures are implemented). The assessment of potential damage generally takes place with a view to the effects of the risks on EBIT.

Risk data is recorded via an Intranet-based system that condenses the information from the operating companies and central functions based on the predefined risk categories and offers a general overview of the company's risk situation.

Another important constituent of the risk management system in the FUCHS PETROLUB Group is the Internal Control System (ICS), which is regularly audited within the scope of the audit plan drawn up annually by performing so-called functional audits (such as purchasing, sales, HR, etc.) and audits with a selected focus. The internal audit is under direct supervision of the Chief Financial Officer of FUCHS PETROLUB AG and essentially examines the effectiveness and efficiency of business processes, the reliability of process-related records in terms of operational and functional data, as well as compliance with internal guidelines and external requirements (such as laws). The audit approach takes into account strategic information concerning the individual companies with effects on financial business development, results from data evaluations, process analyses and results of previous risk inventories, which are scrutinized and assessed within the scope of the audits. Within the scope of the annual audit, the auditors ultimately assess the effectiveness of the early risk detection system. The auditors of KPMG have confirmed that the system meets all the requirements.

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

The following section highlights the most important risks that arise from the processes described above which can influence the net assets, financial position and results of operations in the Group. Risks of which we are not aware or risks that we still consider minor based on current knowledge can also have an influence on the Group's business operations.

Individual risks

Economic risks

The global business operations of the FUCHS PETROLUB Group require us to examine the economic and/or political opportunities and risks in those countries in which FUCHS operates. Significant risks are the volatility of raw material costs, the worldwide financial crisis with effects on the real economy and the potential intensification of geopolitical tension in individual regions of the world. The financial crisis is having a negative effect on consumption, investments and exports. However, the fact that the company manufactures a large number of lubricants and related specialties for a large number of applications and sells these to over 100,000 customers in more than 100 countries certainly helps. The company's geographical spread, broad portfolio of holdings and balanced customer structure allow the risk associated with low productivity of individual customers, sectors or regions to be diversified and minimized.

Sector risks

Technological advances and innovative power are two measures that can help counteract sector-typical risks, including cyclical fluctuations in demand in important customer sectors such as the automotive, capital goods and supply industry, and also the intensive competition in the sales markets. The company is the technological leader in strategically important niches and business segments. To further reinforce and expand its market position, FUCHS engages in continuous research and work on new products and processes. Application support stimulates cooperative research and development work directly on site with customers, whereby lubricants for new machines, components, units and production processes are constantly being developed. This innovation and niche strategy, global presence, high degree of specialization and ongoing cost management will continue to support the Group's earning power in the future.

The European chemical regulation REACH (Registration, Evaluation, Authorization of Chemicals) has been in force since June 1, 2007, whereby the preregistration phase was completed by December 1, 2008. In the period from June 1 to November 30, 2008, all substances to be recorded had to be registered at the corresponding agency in Helsinki. Since January 1, 2009 the agency has been publishing data on these substances on the Internet. From the perspective of the FUCHS PETROLUB Group, the most important risks lie in the level of inspection, registration and substitution costs. In addition, the range of raw materials available could be reduced if suppliers cease production of individual raw materials for economic reasons. This would then involve searches for alternative raw materials. FUCHS is working intensively on meeting these requirements and has introduced corresponding HR and organizational measures. Where possible, critical raw materials are also being identified and replaced by alternatives.

Procurement risks

The increase in prices of raw materials – in particular base oils, chemicals and additives – represents a risk due to the drop in availability, general changes in the market and the oligopolistic position of suppliers. The volatilities currently experienced in the procurement market are being carefully monitored by the central purchasing department to be able to react immediately to any developments. Base oil supply continues to be secured through a broad range of sources.

Inventory risks

One strength of the FUCHS PETROLUB Group lies in its large number of customers and diverse product portfolio. In connection with fast delivery times, this requires a broad basis of inventories, both of raw materials and finished products. The significant increase in volatility, both in terms of purchase prices and customer demand, is leading to increased valuation risks. Despite this, there was no appreciable need for devaluation from the loss-free valuation and other inventory risks on the balance sheet date at the end of 2008.

Risks from receivables

The effects of the global financial crisis on the real economy also require constant observation in connection with the liquidity situation of our customers. To this end, the FUCHS PETROLUB Group has introduced a central early warning system, which checks the age pattern and adherence to payment terms of trade receivables per company. In addition, companies are implementing local measures to anticipate and be able to react to liquidity squeezes early on. In the internal audits, which are periodically performed, the implementation of the measures is additionally checked.

Risks from research and development

For FUCHS, a capacity for fast innovation and a high degree of specialization while maintaining close proximity to customers are the key prerequisites for lasting market success. Risks are inherent in the high level of complexity and limited predictability of research and development projects. To minimize these risks, most products are developed in cooperation and coordination with our customers. In addition, common research in a network together with universities or corresponding research institutes makes an important contribution to promoting innovation and the high degree of specialization.

Interest rate and currency risks, as well as financing risks

The most important financial risks – i. e. interest rate and currency risks – are monitored and controlled by the central Treasury department at FUCHS PETROLUB AG. There are detailed guidelines and requirements, approved by the company's Board, specifying how these risks are to be handled. Currency risks are reduced (where necessary) by entering into term and currency-matched financing and by making use of derivatives. We employ these instruments for hedging purposes only.

The gross financial debt at the end of the reporting year 2008 was almost entirely of a short-term nature. This leads to a refinancing risk and an interest risk in the current market environment. The financial crisis is generally making access to the capital and money markets more difficult. However, thanks to the creditworthiness of FUCHS, the refinancing risk is small, especially since the lines of credit available to the Group are around twice that which is actually drawn on. There is sufficient liquidity.

Currency risks consist of (operating) transaction risks (income and expenditures in foreign currency) which, among other things, result from the procurement of raw materials as well as translation risks (conversion of investments/profit and loss outside the Eurozone in euros) that come about from currency translation for individual companies on various reporting dates.

Transaction and translation risks counterbalance each other at Group level and have a compensatory effect.

Pension risks

The pension risks arise from the development of pension obligations and the capital market. These are determined pursuant to IFRS using actuarial calculations based on certain assumptions, in particular in terms of interest rate development (discount interest rate) and life expectancy. The value changes of the covering funds are determined by the capital market. The risks are limited by the fact that the state pension fund in Germany was closed to new commitments in 1983 and the premium-based system (defined contribution system) is used for new commitments in England and the US.

Fund assets are subject to continuous control and monitoring. The pension funds in England and the US are handled by professional fund managers.

Legal, regulatory and location risks

Legal risks result from the regulations and laws affecting the Group. To prevent risks associated with this, our decisions and actions are secured through comprehensive legal and insurance advice, as well as through our own expert staff. Appropriate insurance coverage is in place, although in the current financial crisis this can be negatively influenced by failure of insurers.

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

The international business transactions carried out by the FUCHS PETROLUB Group entail local tax liabilities. Any potential tax risk is covered by sufficient risk provision measures. At present, we are not aware of any tax risks which might expose a significant influence on the Group. Furthermore, due to its international business activities and heterogeneous portfolio of holdings and subsidiaries, the FUCHS PETROLUB Group is exposed to international and country-specific risks. These can include risks in the areas of product liability, competition and cartel legislation, recalls, workplace safety, patent law, trademark law, and environmental protection. To this end, the FUCHS PETROLUB Group has implemented a compliance organization and corresponding training measures to be able to deal with any risks resulting from this in the appropriate manner. Further measures to minimize risks lie in the continuous improvement of the operational and organizational structure, the quality management system and in ensuring suitable insurance coverage.

The FUCHS PETROLUB Group's global presence also leads to certain country and location-related risks. Potential risks in this context include forces of nature, pandemics, terror, nationalization or confiscation of assets, legal and regulatory risks, capital transfer embargoes, war and other turbulence. The security measures in such locations are constantly re-examined, assessed and adjusted accordingly. At the same time, the political risk of individual planned investments is taken into account. The risk of damage to property and liability risks, as well as risks posed by potential interruptions in business, are sufficiently covered throughout the Group by existing insurance policies.

Risks from acquisitions and investments

Acquisition and investment projects are associated with complex risks. For this reason, such projects are dealt with using fixed processes and procedures, which allow risks to be controlled and minimized.

There are currently no risks from acquisition and investment activities.

IT risks

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

There are currently no discernible IT-relevant risks for the FUCHS PETROLUB Group.

Human resources risks

HR risks result from the fluctuation of employees in key positions as well as the acquisition and development of specialist staff and managers. The FUCHS PETROLUB Group counters these risks through intensive programs of further training, as well as performance-related compensation packages, substitution plans and early succession planning.

Product and environmental protection risks

Manufacturing chemical products involves risks associated with the production, filling, storage and transport of raw materials, products and waste. A failure can lead to personal injury, damage to the environment or production downtime.

To counter potential risks in these areas, high technical (safety) standards are applied when constructing, operating and maintaining production plants. In addition to the rigorous monitoring of quality standards for preventing business interruptions, FUCHS is taking concerted action to maintain soil and water conservation. As is standard in the industry, FUCHS is also insured against any potential damage that may result from this.

There are currently no risks that threaten the existence of the Group in terms of product or environmental risks.

Other risks

There are currently no other significant risks.

Overall risk

The worldwide financial and economic crisis will place a significant burden on economic development and result in an increased risk to sales revenues and income. From today's perspective, however, there are no discernible risks that threaten the Group's continued existence.

We have made all possible provision for typical business risks capable of having a major influence on assets, finances and profits in the Group.

FORECAST REPORT

Business development in the first two months of 2009

Business development in the first two months of 2009 remained highly unsatisfactory. Our customers are continuing to reduce their inventories and are ordering less in light of their own weak order situation.

There are few regional differences here. Even countries that have so far escaped the worst effects of the global recession are now also reporting downward trends in sales.

Expectations for the financial year 2009

Since the turbulence on the financial markets had significantly more severe effects on the real economy than anticipated in 2008, any kind of forecast regarding the development of the global economy in 2009 is extremely difficult. Indeed, the growth rates estimated for 2009 by research institutes, international organizations and governments are currently being revised on a monthly or even weekly basis. This uncertainty also makes it impossible to make reliable assumptions regarding the development in global lubricant demand in 2009.

Since there is a lack of well-founded projections for the development of the global economy, impacting realistic plans for 2009 and 2010, it is currently not possible to quantify sales revenue and earnings trends. However, due to the worldwide recession, downward trends in sales revenues are to be expected in all regions in 2009. We will attempt to counter this through a disciplined system of cost management. The falling prices for raw materials should also support EBIT development.

In terms of cash development, we intend to continue the good cash flow generation of the previous years.

We completed the share buyback program, which was started in May 2007, on schedule in the first quarter of 2009.

In terms of capital expenditure on property, plant and equipment, we expect completion of the plant expansion in Kaiserslautern in 2009 and look forward to begin investment in the R&D and sales center in Mannheim in the second quarter. Construction work is also scheduled to start on a new facility in India in 2009. These strategic investments are being made to help us cope with the challenges of the future. Where necessary and sensible, however, these investments will be spread over time.

FUCHS begins 2009, which will certainly be a difficult year, in a robust condition and has confidence in its proven business model. However, we most assume that the previous year's profit will not be achieved. FUCHS will also continue to work on potential weak areas, continue its disciplined system of cost management and take all measures necessary. Despite the extremely difficult economic situation, we still see opportunities for ourselves. We will further expand our market position and make the most of sensible acquisition opportunities both strategically and financially.

At present it is hard to make any predictions on whether the development of sales revenue and EBIT will improve in 2010.

Financial report 2008

FINANCIAL REPORT 2008
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CONSOLIDATED FINANCIAL STATEMENTS OF FUCHS PETROLUB AG

INCOME STATEMENT

[in € million]	Notes		2008		2007
Sales revenues	(1)		1,393.7		1,365.3
Cost of sales	(2)		–905.6		–856.1
Gross profit			488.1		509.2
Selling and distribution expenses	(3)	–219.3		–216.0	
Administrative expenses		–71.3		–76.0	
Research and development expenses		–22.7		–23.7	
			–313.3		–315.7
Operating profit			174.8		193.5
Other operating income and expenses	(4)		–6.0		–0.6
Investment income	(5)		2.9		2.3
Earnings before interest and tax (EBIT)			171.7		195.2
Financial result	(6)		–8.9		–8.5
Earnings before tax (EBT)			162.8		186.7
Income taxes	(7)		–52.5		–66.4
Profit after tax			110.3		120.3
Profit attributable to minority interest	(8)		–0.9		–0.7
Profit attributable to equity holders of FUCHS PETROLUB AG			109.4		119.6
Earnings per share in €[1]	(9)				
Ordinary share			4.43		4.63
Preference share			4.49		4.69

1 Basic and dilluted in both cases.

BALANCE SHEET

[in Mio €]	Notes		31.12.2008		31.12.2007
Assets					
Intangible assets	(14)		93.5		85.3
Property, plant and equipment	(13)		168.6		149.2
Investments accounted for using the equity period	(15)		4.5		4.4
Other financial assets	(16)		8.0		8.7
Deferred tax assets	(17)		18.1		18.2
Long-term assets	(12)		292.7		265.8
Inventories	(18)		191.6		164.7
Trade receivables	(19)		177.5		201.2
Tax receivables	(20)		5.9		3.0
Other receivables and other assets	(21)		16.6		16.0
Cash and cash equivalents	(22)		19.5		64.2
Short-term assets			411.1		449.1
			703.8		714.9
Equity and liabilities					
Subscribed capital		77.8		77.8	
Group reserves		126.7		127.3	
Group profits		109.4		119.6	
FUCHS PETROLUB Group capital			313.9		324.7
Minority interests			1.4		1.2
Shareholders' equity	(23)		315.3		325.9
Pension provisions	(24)	70.6		67.1	
Other provisions	(25)	6.9		8.9	
Deferred tax liabilities	(17)	13.8		13.3	
Financial liabilities	(26)	5.3		3.7	
Other liabilities		1.5		1.6	
Long-term liabilities			98.1		94.6
Trase payables	(27)	85.6		114.6	
Provisions	(28)	40.4		44.0	
Tax liabilities	(29)	17.9		34.0	
Financial liabilities	(30)	118.8		68.2	
Otehr liabilities	(31)	27.7		33.6	
Short-term liabilities			290.4		294.4
			703.8		714.9

STATEMENT OF CHANGES IN LONG-TERM ASSETS

[in € million]	Gross amounts Acquisition and manufactoring costs						
2007	31.12. 2006	Differences	Changes in the scope of con-solidation	Additions	Disposals	Reclassi-fications	31.12. 2007
Intangible assets							
Licenses, industrial property rights and similar values	32.3	–0.4	0.0	3.5	0.1	0.4	35.7
Goodwill[1]	86.5	–1.5	0.0	2.2	1.2	0.0	86.0
Other intangible assets	0.0	0.0	0.0	1.3	0.0	0.0	1.3
	118.8	–1.9	0.0	7.0	1.3	0.4	123.0
Property, plant and equipment							
Land, land rights and buildings	133.5	–5.3	0.0	3.5	1.2	0.8	131.3
Technical equipment and machinery	165.3	–7.6	0.0	6.0	5.4	0.6	158.9
Other equipment, factory and office equipment	82.3	–2.3	0.1	7.3	7.9	0.8	80.3
Work in progress	3.8	–0.3	0.0	4.8	0.0	–2.6	5.7
	384.9	–15.5	0.1	21.6	14.5	–0.4	376.2
Financial assets							
Shares in affiliated companies	0.2	0.0	–0.2	0.0	0.0	0.0	0.0
Investment accounted for using the equity method	4.3	–0.5	0.0	2.3	1.7	0.0	4.4
Investment in companies	2.2	0.0	–0.2	0.0	0.0	0.0	2.0
Loans to participating interests	0.5	0.0	0.0	0.1	0.0	0.0	0.6
Other loans	7.2	0.0	0.0	1.1	1.1	0.0	7.2
Long-term securities	0.3	0.1	0.0	0.0	0.0	0.0	0.4
	14.7	–0.4	–0.4	3.5	2.8	0.0	14.6
Long-term assets (excluding deferred taxes)	518.4	–17.8	–0.3	32.1	18.6	0.0	513.8
2008	31.12. 2007	Differences	Changes in the scope of con-solidation	Additions	Disposals	Reclassi-fications	31.12. 2008
Intangible assets							
Licenses, industrial property rights and similar values	35.7	–0.3	0.0	6.4	1.0	1.6	42.4
Goodwill[1]	86.0	–1.6	0.0	4.5	0.4	0.0	88.5
Other intangible assets	1.3	0.0	0.0	0.0	0.0	–1.3	0.0
	123.0	–1.9	0.0	10.9	1.4	0.3	130.9
Property, plant and equipment							
Land, land rights and buildings	131.3	–4.2	2.8	7.6	4.6	7.0	139.9
Technical equipment and machinery	158.9	–9.9	0.4	7.7	1.6	1.9	157.4
Other equipment, factory and office equipment	80.3	–4.9	0.2	6.2	2.2	0.8	80.4
Work in progress	5.7	0.0	0.0	21.4	0.2	–10.0	16.9
	376.2	–19.0	3.4	42.9	8.6	–0.3	394.6
Financial assets[2]							
Shares in affiliated companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment accounted for using the equity method[1]	4.4	0.2	0.0	2.9	3.0	0.0	4.5
Investment in companies	2.0	0.0	0.0	0.0	0.1	0.4	2.3
Loans to participating interests	0.6	0.0	0.0	0.0	0.2	–0.4	0.0
Other loans	7.2	0.0	0.3	0.0	1.1	0.0	6.4
Long-term securities	0.4	0.0	0.0	0.0	0.1	0.0	0.3
	14.6	0.2	0.3	2.9	4.5	0.0	13.5
Long-term assets (excluding deferred taxes)	513.8	–20.7	3.7	56.7	14.5	0.0	539.0

1 The amortization on goodwill accumulated by December 31, 2004 was balanced according to IFRS 3.79 with historical acquisition costs.

2 The inflows to the financial assets also contain partial proceeds of the investement accounting for using the equity method, in addition to the capital expenditures.

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

	31.12. 2007	Differences	Changes in the scope of con-solidation	Scheduled deprec. & amortiz.	Impairment losses	Disposals	Reclassi-fications	31.12. 2008	31.12. 2008	31.12. 2007
	29.1	–0.3	0.0	2.6	0.0	1.0	0.0	30.4	12.0	6.6
	8.6	–1.2	0.0	0.0	0.0	0.4	0.0	7.0	81.5	77.4
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3
	37.7	–1.5	0.0	2.6	0.0	1.4	0.0	37.4	93.5	85.3
	55.3	–1.7	0.9	3.2	2.2	3.5	–0.5	55.9	84.0	76.0
	110.0	–8.0	0.3	7.0	0.0	1.5	0.4	108.2	49.2	48.9
	61.7	–4.2	0.2	6.0	0.0	2.0	0.1	61.8	18.6	18.6
	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	16.8	5.7
	227.0	–13.8	1.4	16.2	2.2	7.0	0.0	226.0	168.6	149.2
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.5	4.4
	0.9	0.2	0.0	0.0	0.0	0.1	0.0	1.0	1.3	1.1
	0.6	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.4	7.2
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.4
	1.5	0.2	0.0	0.0	0.0	0.7	0.0	1.0	12.5	13.1
	266.2	–15.1	1.4	18.8	2.2	9.1	0.0	264.4	274.6	247.6

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

[in € million]	Outstanding shares (units)[1]	Subscribed capital AG	Capital reserves AG	Reserve for own shares	
As at Dec 31, 2006	25,938,000	77.8	87.8		
Share buy-back	–770,146			–50.8	
Dividend payments					
Income and expense not recognized in the income statement					
Currency effects					
Financial instruments net of deferred tax					
Actuarial gains/losses from pension commitments					
Deferred taxes on gains/losses recognized immediately in equity					
Other changes					
Income and expense recognized in the income statement					
Profit after tax 2007					
As at Dec 31, 2007	25,167,854	77.8	87.8	–50.8	
Share buy-back	–1,306,754			–67.1	
Dividend payments					
Income and expense not recognized in the income statement					
Currency effects					
Financial instruments net of deferred tax					
Actuarial gains/losses from pension commitments					
Deferred taxes on gains/losses recognized immediately in equity					
Other changes					
Income and expense recognized in the income statement					
Profit after tax 2008					
As at Dec 31, 2008	23.861.100	77.8	87.8	–117.9	

1 The treasury stock has not been redeemed yet.

Changes in shareholders' equity are illustrated in the notes under item 23.

	Equity capital generated in the Group	Effects from currency translations	Market valuation of financial instruments	**Group's capital**	Minority interest	**Shareholders' equity**
	117.8	–0.4		**283.0**	1.1	**284.1**
				–50.8		**–50.8**
	–25.2			**–25.2**	–0.6	**–25.8**
		–10.2		**–10.2**		**–10.2**
				0.0		**0.0**
	13.0			**13.0**		**13.0**
	–4.4			**–4.4**		**–4.4**
	–0.3			**–0.3**		**–0.3**
	119.6			**119.6**	0.7	**120.3**
	220.5	–10.6	0	**324.7**	1.2	**325.9**
				–67.1		**–67.1**
	–36.5			**–36.5**	–0.6	**–37.1**
		–13.5		**–13.5**		**–13.5**
				0.0		**0.0**
	–3.4			**–3.4**		**–3.4**
	0.5			**0.5**		**0.5**
	–0.2			**–0.2**	–0.1	**–0.3**
	109.4			**109.4**	0.9	**110.3**
	290.3	–24.1	0.0	**313.9**	1.4	**315.3**

STATEMENT OF INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY

[in Mio €]	2008	2007
Profit after tax	110.3	120.3
Fair value gains and losses on financial instruments used for hedging purposes recognised directly in equity	0	0
Exchange differences arising on the translation of foreign subsidiaries	–13.5	–10.2
Actuarial gains and losses on defined benefit pension and similar obligations	–3.4	13.0
Deferred taxes on gains and losses recognised directly in equity	0.5	–4.4
Other changes	–0.3	–0.3
Income and expense recognised directly in equity	–16.7	–1.9
Total income and expenses recognised in equity	93.6	118.4
Thereof FUCHS PETROLUB AG	92.8	117.7
Thereof minority interests	0.8	0.7

STATEMENT OF CASH FLOWS

[in € million]	2008	2007
Profit after tax	110.3	120.3
Depreciation and amortization of long-term assets	20.0	20.8
Change in long-term provisions	−2.0	5.0
Change in deferred taxes	2.0	4.0
Non cash income from release of negative goodwill	−0.6	0.0
Non cash income from investments accounted for using the equity method	−2.9	−2.3
Gross cash flow	126.8	147.8
Change in inventories	−33.8	−12.3
Change in trade receivables	18.5	−4.1
Change in other assets	−3.7	−3.5
Change in trade payables	−26.4	−0.2
Change in other liabilities (excluding financial liabilities)	−20.8	24.4
Gain/loss on disposal of long-term assets	−1.0	0.1
Cash flow from operating activities	59.6	152.2
Investments in long-term assets	−46.6	−24.4
Acquisition of subsidiaries and other business units	−12.2	−3.7
Disposal of subsidiaries and other business units	0.2	0.0
Proceeds from the disposal of long-term assets	3.5	2.6
Dividends received	3.0	1.7
Cash flow from investing activities	−52.1	−23.8
Free cash flow	7.5	128.4
Dividends paid	−36.8	−25.8
Repayment participatory capital	−51.1	0.0
Purchase of own shares	−67.1	−50.8
Changes in bank and leasing commitments	103.5	−26.6
Effects on cash from changes in scope of consolidation	0.9	0.0
Cash flow from financing activities	−50.6	−103.2
Cash and cash equivalents at the end of the previous period	64.2	40.2
Cash flow from operating activities	59.6	152.2
Cash flow from investing activities	−52.1	−23.8
Cash flow from financing activities	−50.6	−103.2
Effect of currency translations	−1.6	−1.2
Cash and cash equivalents at the end of the period[1]	19.5	64.2
Details of the acquisition and disposal of subsidiaries and other business units [in € million]		
Total of all purchase prices[2]	12.2	3.7
Total of acquired cash and cash equivalents	0.9	0.0
Balance of acquired net assets[3]	7.3	3.3
Total of all sale prices	0.2	0.0
Total of sold cash and cash equivalents	0.0	0.0
Total of sold net assets	0.0	0.0

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

2 All purchase prices were paid in cash or cash equivalents.

3 Acquired net assets of FUCHS JAPAN LTD and MS FLUID TECHNOLOGIES, USA.

It is divided up between long-term assets (€4.4 million), short-term assets (€4.9 million) and liabilities (€2.0 million).

The taxes on income total €77.0 million (47.9).

€7.9 million (7.7) was paid for interest. Interest payments received totaled €1.6 million (1.7).

Statement of cash flows is illustrated in the notes under item 35.

REGIONAL AND PRODUCT SEGMENTS

[in € million]	Europe 2008	Europe 2007	Europe Change	North and South America 2008	North and South America 2007	North and South America Change
Sales revenues by customer's location	870.0	859.4	10.6	212.8	217.8	–5.0
Sales revenues by company's location	945.0	934.1	10.9	205.9	208.3	–2.4
Of which with other segments	28.9	29.4	–0.5	3.3	1.1	2.2
Scheduled depreciation[1]	12.0	12.0	0.0	3.9	3.9	0.0
Impairment losses[1]	0.0	0.8	–0.8	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)	109.6	125.9	–16.3	34.5	37.1	–2.6
Financial result						
Income taxes						
Profit after tax						
Segment assets[2]	416.1	419.0	–2.9	152.4	142.6	9.8
Segment liabilities[3]	116.8	147.8	–31.0	17.3	22.7	–5.4
Financial liabilities						
Pension provisions[7]						
Cash and cash equivalents						
Group liabilities[4]						
Investments in property, plant and equipment and intangible assets[5]	30.9	16.0	14.9	3.2	2.8	0.4
Employees (average numbers)	2,357	2,327	30	574	588	–14
Key performance indicators [in %]						
Ratio of EBIT to sales revenues[6]	11.6	13.5		16.8	17.8	

1 Relating to property, plant and equipment, intangible assets, goodwill and financial assets.

2 Including investments accounted for using the equity method, excluding financial receivables.

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 Excluding additions due to acquisitions in the North and South America segment.

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.

7 Adjustment of prior year figures due to change to direct allocation of actuarial gains and looses against equity.

[in € million]	Automotive lubricants 2008	Automotive lubricants 2007	Automotive lubricants Change	Industrial lubricants and specialties 2008	Industrial lubricants and specialties 2007	Industrial lubricants and specialties Change
Sales revenue by product group	497.2	472.9	24.3	796.1	790.4	5.7
Segment assets[1]	225.8	219.9	5.9	431.1	425.3	5.8
Investments in property, plant and equipment and intangible assets[2]	13.5	7.7	5.8	29.9	13.7	16.2

1 Including investments accounting for using the equity method, excluding income tax receivables.

2 Including additions due to changes in the scope of consolidation, excluding additions due to acquisitions in the North and South America segment and goodwill.

Segments are illustrated in the notes under item 35.

Asia-Pacific, Africa			Total for operating companies			Holding companies including consolidation			FUCHS PETROLUB Group		
2008	2007	Change	2008	2007	Change	2008	2007	Change	2008	2007	Change
310.9	288.1	22.8	1,393.7	1,365.3	28.4	0.0	0.0	0.0	1,393.7	1,365.3	28.4
274.9	253.4	21.5	1,425.8	1,395.8	30.0	−32.1	−30.5	−1.6	1,393.7	1,365.3	28.4
0.0	0.0	0.0	32.2	30.5	1.7	−32.2	−30.5	−1.7	0.0	0.0	0.0
2.0	2.1	−0.1	17.9	18.0	−0.1	1.0	0.8	0.2	18.9	18.8	0.1
1.1	1.2	−0.1	1.1	2.0	−0.9	0.0	0.0	0.0	1.1	2.0	−0.9
2.9	2.3	0.6	2.9	2.3	0.6	0.0	0.0	0.0	2.9	2.3	0.6
31.2	34.1	−2.9	175.3	197.1	−21.8	−3.6	−1.9	−1.7	171.7	195.2	−23.5
									−8.9	−8.5	−0.4
									−52.5	−66.4	13.9
									110.3	120.3	−10.0
115.5	110.7	4.8	684.0	672.3	11.7	19.8	42.6	−22.8	703.8	714.9	−11.1
32.2	37.1	−4.9	166.3	207.6	−41.3	27.5	42.4	−14.9	193.8	250.0	−56.2
									124.1	71.9	52.2
									70.6	67.1	3.5
									19.5	64.2	−44.7
									369.0	324.8	44.2
11.8	4.2	7.6	45.9	23.0	22.9	0.7	1.4	−0.7	46.6	24.4	22.2
863	821	42	3,794	3,736	58	71	71	0	3,865	3,807	58
10.3	12.5		12.2	14.1					12.3	14.3	

Other products			Total for operating companies			Holding companies including consolidation			FUCHS PETROLUB Group		
2008	2007	Change	2008	2007	Change	2008	2007	Change	2008	2007	Change
100.4	102.0	−1.6	1,393.7	1,365.3	28.4	0.0	0.0	0.0	1,393.7	1,365.3	28.4
43.9	47.7	−3.8	700.8	692.9	7.9	3.0	22.0	−19.0	703.8	714.9	−11.1
2.5	1.6	0.9	45.9	23.0	22.9	0.7	1.4	−0.7	46.6	24.4	22.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
BASIS OF PREPARATION

General information

The consolidated financial statements of FUCHS PETROLUB AG, Mannheim, as at December 31, 2008, have been prepared in accordance with the standards and interpretations as specified in the guidelines of the International Accounting Standards Board (IASB), London, to be applied within the EU, and in accordance with the supplementary regulations to be applied as specified by Section 315a (1) of the German Commercial Code (HGB), as applicable on the balance sheet date. All of the International Financial Reporting Standards (IFRS), formerly International Accounting Standards (IAS), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), that were required for the 2008 financial year have been applied.

The following amendments to standards and interpretations were binding for the first time in the financial year 2008:

- Amendment to IAS 39 and IFRS: "Reclassification of financial assets",
- IFRIC 11 "IFRS 2 – Group and treasury share transactions"

The amended regulations have no effect on the consolidated financial statements.

The following standards and/or amendments to standards and interpretations will only become binding as of the financial year 2009 and were also not adopted early:

- Revised version of IAS 1 "Presentation of financial statements",
- Revised version of IAS 23 "Borrowing costs",
- Amendments to IAS 32 and IAS 1: "Puttable instruments and obligations arising on liquidation",
- Amendment to IFRS 1 and IAS 27: "Cost of an investment in a subsidiary, jointly controlled entity or associate",
- Amendments to IFRS 2 "Share-based payment",
- "Improvements to the International Reporting Standards",
- IFRS 8 "Operating segments",
- IFRIC 13 "Customer loyalty programmes",
- IFRIC 14 „IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction".

We do not anticipate any significant effects on the consolidated financial statements as a result of the new or amended regulations mentioned.

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

- IAS 27 (2008) "Consolidated and separate financial statements according to IFRS",
- IFRS 3 (2008) "Business combinations",
- IFRIC 12 "Service concession arrangements",
- IFRIC 15 "Agreements for the construction of real estate",
- IFRIC 16 "Hedges of a net investment in a foreign operation",
- IFRIC 17 "Distributions of non-cash assets to owners".

We do not anticipate any significant effects on the consolidated financial statements as a result of the above-listed new regulations.

In the financial year 2008 we made use of the regulatory option of IAS 19 "Employee benefits". The associated changes concern the treatment of actuarial gains and losses in connection with pension obligations. Up to now these were accounted for using the so-called "corridor approach" as per IAS 19.92 and the gains and losses exceeding the corridor were amortized affecting net income. With the adoption of the IAS 19.93A rule we exercised the option of recognizing actuarial gains and losses directly and fully in equity. This increases the information value of the consolidated balance sheet, since elements of the pension obligations which have previously not been considered will now be recognized in the balance sheet. Since this is a change in accounting policies, the reported previous year is to be adjusted and made comparable. Accordingly, the pension provisions disclosed in the consolidated balance sheet as at December 31, 2007 have increased by €10.6 million, long-term receivables and assets dropped by €5.9 million, deferred tax assets rose by €5.9 million and taking account of deferred taxes shareholders' equity reduced by €10.6 million. The opening balance of shareholders' equity as at January 1, 2008 was reduced accordingly. An adjustment of the income statement and the earnings per share published in the previous year was not necessary since the effects for the consolidated financial statements of FUCHS PETROLUB AG are overall insignificant.

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 58 (59) companies.

The changes to the scope of consolidation in the financial year 2008 are stated below in a separate section.

The main subsidiaries and associated companies are shown on page 141. The complete list of shareholdings pursuant to the provisions of the German Commercial Code (HGB) has been filed in the electronic Federal Bulletin and can be called up under www.unternehmensregister.de.

As in the previous year, ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah/Saudi Arabia was included in the consolidated financial statements using the equity method.

One German and one international subsidiary 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,
as per Section 264b of the German Commercial Code (HGB) and for
BREMER & LEGUIL GMBH, Duisburg,
FUCHS EUROPE SCHMIERSTOFFE GMBH, Mannheim
FUCHS FINANZSERVICE GMBH, Mannheim,
FUCHS LUBRITECH GMBH, Weilerbach, and
PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg,
as per Section 264 (3) of the German Commercial Code (HGB). The large and medium-sized corporations were also exempted from preparing a management report.

Changes in the scope of consolidation

In the reporting year the scope of consolidation was extended by the first-time consolidation of one company. The company concerned is FUCHS URUGUAY S.A., which was included in the consolidated financial statements as a fully consolidated company as of January 1, 2008. The shareholding represents 100 %.

In April 2008, FUCHS PETROLUB AG acquired a further stake of 49.67 % of the outstanding shares in MAKOTO-FUCHS KK; Japan, and thus holds 99.67 %. The company, which was renamed into FUCHS JAPAN LTD. was proportionately consolidated up to March 2008 and, pursuant to IAS 27, was fully consolidated in the Group as of April 2008. The acquisition resulted in a negative difference of €0.6 million, which is (after reversal) recorded under other operating income of the Group. At the same time impairment charges of €1.1 million were necessary, which are disclosed under other operating expenses of the Group.

Two non-operating companies in Great-Britain were dissolved in the financial year 2008. These companies have been included in the consolidation for the first six months. The companies' assets have been transferred to the parent company FUCHS LUBRICANTS (UK) PLC and therefore remain included in the consolidated financial statements.

The comparability of the Group's balance sheet and income statement to the previous year is not affected significantly by the above-mentioned changes. Overall, the balance sheet total was increased by around €4.5 million. Due to the acquisitions made, sales revenues rose by €4.8 million and profit after tax has changed by –€0.3 million.

Consolidation principles

The acquisition accounting for acquisitions prior to March 31, 2004 has been accounted in accordance with the regulations of IAS 22. For acquisitions after March 31, 2004, the principles of IFRS 3 apply. All business combinations are accounted for using the purchase method of accounting.

The assets and liabilities acquired before March 31, 2004 are assessed at the pro rata fair value. The positive difference between the acquisition costs and the portion of the net fair value will be stated as goodwill. 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 7.5 %, 9.0 %, and 10.5 % after tax will be applied in order to reflect the different country risk profiles. In light of the current economic situation, the 2009 budget was used as a basis for planning.

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

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

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

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

Expenses and income at the average annual exchange rate in line with the simplification rule of IAS 21.40; shareholders' equity at historical exchange rates and assets and liabilities at the exchange rate applicable on the balance sheet date. The resulting translation adjustments are recorded directly in shareholders’ equity and will be included in income only upon sale or liquidation of the underlying investment. The values are listed in a separate column in the statement of changes in shareholders’ equity.

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

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

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

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

Closing rate [1 €]	Dec. 31, 2008	Dec. 31, 2007	Change in foreign currency in %
US dollar	1.410	1.473	+4.3
British pound	0.974	0.738	–32.0
Chinese renminbi yuan	9.663	10.773	+10.3
Australian dollar	2.042	1.682	–21.4
South African rand	13.329	10.036	–32.8
Polish zloty	4.153	3.626	–14.5
Brazilian real	3.321	2.613	–27.1
Argentinean peso	4.874	4.640	–5.0

Average annual exchange rate [1 €]	2008	2007	Change in foreign currency in %
US-Dollar	1.471	1.370	–7.4
British pound	0.796	0.685	–16.2
Chinese renminbi yuan	10.248	10.433	+1.8
Australian dollar	1.743	1.636	–6.5
South African rand	12.075	9.670	–24.9
Polish zloty	3.523	3.793	+7.1
Brazilian real	2.682	2.669	–0.5
Argentinean peso	4.656	4.279	–8.8

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 make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Group's financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions are based on experience values 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 and other operating income

Sales revenues include revenues from ordinary business activities net of sales deductions and elimination of intra-group transactions. Sales revenues also include fees for chemical process management services.

Sales revenue and other operating income is realized upon delivery of the products and services when all essential risks and opportunities have been transferred to the owner.

Cost of sales

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

Selling and distribution expenses

Selling expenses include the costs of the sales departments and operations, advertising expenses, commission expenses, and shipping costs.

Administrative expenses

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

Research and development expenses

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

Financial result

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

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

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

Intangible assets

Acquired intangible assets are measured at cost in accordance with IAS 38. It must be determined whether the useful life of an asset is finite or indefinite. The useful life is indefinite if there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group. This applies to goodwill which is recorded as assets with an indefinite useful life in accordance with IFRS 3.

Intangible assets with indefinite useful lives are not subject to scheduled amortization, but will undergo the impairment test every year. The procedures in connection with impairment testing is described in the section “Consolidation principles”. Definite-lived intangible assets will be subjected to scheduled amortization over their useful lifetimes using the straight-line method.

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. Government grants are offset against acquisition costs. Straight-line depreciation is applied over the useful life of the property, plant and equipment.

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

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

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 carried in the consolidated financial statements at equity. 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.

Financial instruments

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

Financial assets and financial liabilities are recorded if the company is a contractual party in relation to a financial instrument. Financial assets are derecognized if the contractual rights to payments arising from the financial assets expire or if the financial assets are transferred with all material risks and opportunities. Financial liabilities are derecognized if the contractual obligations have been settled, extinguished or have expired.

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

- Financial assets and liabilities that are measured at fair value and recognized in income consist of derivatives and other trading instruments. At the FUCHS PETROLUB Group this category only includes derivatives (forward currency transactions). Derivatives are reported in other short-term assets or other short-term liabilities.

- Loans and receivables comprise financial assets with fixed or determinable payments, which are not quoted on an active market and are not derivatives or classified as available-for-sale. In addition to trade receivables this category includes financial assets contained in other non-current financial assets and in other receivables and other assets. Initial measurement is done at fair value, which generally matches the nominal value of the receivable or loan. Interest-free and low-interest long-term loans and receivables are recorded at present value. Subsequent measurements are generally done at amortized cost under consideration of the effective interest method.

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

- Available-for-sale financial assets comprise financial assets which are not derivatives and do not fall under any of the previously stated measurement categories. In the FUCHS PETROLUB Group there are no financial assets that fall under this category.

- Financial liabilities measured at their cost of acquisition comprise financial liabilities which are not derivatives. They are measured at fair value which corresponds to the repayable amount. Subsequent valuations are done at amortized cost under consideration of the effective interest method.

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

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

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

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

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

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

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

Detailed information on financial instruments can be found in the notes to the balance sheet under note 34.

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 assets are subject to impairment if the realization of the tax claim is unlikely. Deferred tax liabilities mainly result from long-term asset depreciation differences between the Group's uniform depreciation rules and applicable tax laws. Deferred taxes are 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.

Cash and cash equivalents

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

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

Shareholders’ equity

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

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

Provisions for pensions and similar obligations

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

Actuarial gains and losses are recognized directly in retained earnings in the period in which they occur. The charges from forming the pension provisions in the amount of the current service expense are allocated to personnel expenses in the departments, whereby the interest portion is included in the financial result.

Other provisions

Other provisions are recognized when an obligation to third parties exists, an outflow of funds is probable (i.e., probability of occurrence is greater than 50 %) and a reliable estimate can be made of the amount of the obligation.

The values shown for provisions indicate those amounts which are required for covering future payment obligations, identifiable risks and uncertain liabilities of the Group. Long-term provisions with a remaining term of more than one year are discounted at usual market conditions to their present value at the balance sheet date.

Liabilities

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

NOTES TO THE INCOME STATEMENT

1 Sales revenues

Sales revenues break down by product as follows:

[in € million]	2008	2007	Change in %
Automotive lubricants	497.2	472.9	5.1
Industrial lubricants and specialties	796.1	790.4	0.7
Other products	100.4	102.0	–1.6
	1,393.7	1,365.3	2.1

Other products mainly include toll blending, chemical process management and trade activities.

The development of sales revenues by region can be seen under segment reporting on pages 82 and 83.

2 Cost of sales

[in € million]	2008	2007
Cost of purchased raw materials, supplies, goods for resale and purchased services	820.7	776.7
Cost of materials	820.7	776.7
Personnel and other costs	84.9	79.4
	905.6	856.1

3 Selling and distribution expenses

[in € million]	2008	2007
Freight	49.1	48.0
Commission payments	25.9	27.9
Personnel and other costs	144.3	140.1
	219.3	216.0

4 Other operating income and expenses

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

[in € million]	2008	2007
Income from the disposal of fixed assets	1.5	0.3
Income from the reversal of provisions	3.0	3.5
Income from the reversal of write-downs	1.6	1.6
Income from cost allocations, commission payments, licenses, and cost charging	1.0	1.4
Income from rents and leases	0.1	0.3
Currency exchange gains	5.5	2.9
Miscellaneous operating income	8.6	7.0
Other operating income	21.3	17.0
Losses from the disposal of fixed assets	0.5	0.4
Write-downs of receivables	8.2	3.2
Currency exchange losses	7.9	3.7
Restructuring costs and severance payments	0.7	0.3
Impairments	1.1	1.9
Miscellaneous operating expenses	8.9	8.1
Other operating expenses	27.3	17.6
Other operating income and expenses	–6.0	–0.6

The income from the disposal of fixed assets has mainly been generated by our French subsidiary.

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

Miscellaneous operating income includes compensation payments received, sales of empty containers, and other sales. This item also includes income of €0.6 million resulting from the reversal of a negative goodwill due to the acquisition of further shares in the existing shareholding in the Asia Pacific region.

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

The impairment charges concern write-downs of long-term assets of a company in the Asia Pacific region.

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 pro rata earnings of associated companies:

[in € million]	2008	2007
Income from investments accounted for using the equity method	2.9	2.3

6 Financial result

[in € million]	2008	2007
Other interest and similar income		
ǀ Subsidiaries	0.0	0.0
ǀ Others (mainly banks)	1.6	1.7
Interest income	1.6	1.7
Interest and similar expenses		
ǀ Remuneration for participating-right certificates	–2.2	–3.7
ǀ Interest rate hedging	0.0	0.0
ǀ Others (mainly banks)	–5.3	–3.6
Interest attributable to finance leases	–0.3	–0.3
Pension obligations		
ǀ Interest expense	–7.5	–7.3
ǀ Expected return on plan assets	4.8	4.8
Interest expenses	–10.5	–10.1
Net interest income	–8.9	–8.4
Write-downs due to impairment of financial assets	0.0	–0.1
Other financial income (expenses)	0.0	0.0
Financial result	–8.9	–8.5

The netted interest component of additions to pension provisions of –€2.7 million (–2.5) comprises interest expenses of €7.5 million (7.3) for funded obligations and obligations financed by provisions and the expected return on pension plan assets of €4.8 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 applicable or passed at the balance sheet date.

[in € million]	2008	2007
Current taxes	51.1	62.0
Deferred taxes	1.4	4.4
Total	52.5	66.4

Current taxes comprise €2.2 million taxes for previous financial years.

In 2007, the German corporate tax reform 2008 was passed having significant effects on the taxation of corporations. In particular, the German corporate tax rate was lowered from 25 % to 15 % with effect from January 1, 2008. This was already taken into account in 2007 for deferred taxes, since the enacted tax rate is applicable for calculating deferred taxes. In addition, as of 2008, trade tax is no longer deductible as an operating expense. Other current changes to the tax law had no significant effect on the consolidated financial statements.

Hence, the German tax rate is based on the corporation tax rate of 15.83 % and includes the solidarity surcharge of 5.5 %. Including trade tax, the total tax burden in Germany is about 30 % (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 16.0 % (13.5 %) to 40.5 % (40.5 %).

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

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

[in € million]	2008	in %	2007	in %
Earnings before tax (EBT)	162.8		186.7	
Expected tax expense	48.8	30.0	72.8	39.0
Taxation rate differences	–4.7	–2.9	–8.1	–4.3
Non-deductible expenses	3.0	1.8	1.7	0.9
Impairment of deferred tax assets	0.8	0.5	0.0	0.0
Tax-free income	–0.1	0.0	–0.2	–0.1
Effect of tax loss carryforwards, for which no deferred tax assets had been recognized	–0.1	0.0	–0.3	–0.2
Expected use of loss carryforwards	0.0	0.0	–0.6	–0.3
Taxes for prior periods	2.2	1.4	0.5	0.3
Withholding taxes	0.9	0.6	0.5	0.3
Other	1.7	1.0	0.1	0.0
Actual tax expense	52.5	32.4	66.4	35.6

Calculation of deferred taxes are based on the tax rates expected to apply at the time of realization. Compared to the previous year lower tax rates were to be applied in particular in Germany (down to 30 %) but also in Spain, Russia and South-Africa, whereas in Italy and Korea tax rates went up.

8 Earnings attributable to minority interests

Profits attributable to minority interests amount to €0.9 million (0.7), of which €0.4 million relates to German minority interests and €0.5 million to shareholders in Austria, the Ukraine and France.

9 Earnings per share

[in € million]	2008	2007
Profit after minority interests	109.4	119.6
Earnings per ordinary share in €		
Earnings per share	4.43	4.63
Weighted average number of ordinary shares	12,265,008	12,846,257
Earnings per preference share in €		
Earnings per share	4.49	4.69
Weighted average number of preference shares	12,260,343	12,845,737

Pursuant to IAS 33, the additional dividend of €0.06 per share to be distributed to the preference shareholders is allocated in advance. The remainder of the Group's profit after taxes and minority interests is allocated equally among the two share classes.

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

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

10 Other taxes

[in € million]	2008	2007
	7.1	6.5

The amount shown relates to non-income taxes, which are included in the costs of manufacturing, administrative expenses, selling and distribution expenses, and research and development expenses. €6.8 million of this amount are attributable to foreign Group companies, mainly in France, Poland and the USA.

11 Personnel expenses/employees

Personnel expenses [in € million]	2008	2007
Wages and salaries	155.4	150.4
Social security contributions and expenses for pensions and similar obligations	35.6	31.3
Of which for pensions	5.3	6.1
	191.0	181.7

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

Employees [annual average numbers]	2008	2007
Salaried staff	2,742	2,686
Wage earners	1,122	1,121
	3,864	3,807

The average number of persons employed by pro rata consolidated companies is included on the basis of the proportionate interest held and is therefore 30 (51).

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 76 and 77 shows a breakdown of these items and the changes therein in 2008.

13 Property, plant and equipment

Property, plant and equipment includes lease assets (finance leases) totaling €4.7 million consisting mainly of an office building in Mannheim with a carrying amount of €4.2 million. There is the option to purchase the asset when the lease expires in 2011.

In addition, leased vehicles and computer equipment totaling €0.3 million are included in "Technical equipment and machinery" and "Other equipment".

In connection with the purchase of an almost 50 % share in FUCHS JAPAN LTD., the acquired assets were assessed at the fair value in accordance with IFRS 3. These were determined using expert opinions with reference to the active market. As a consequence, impairments of the property, plant and equipment of €1.1 million existing prior to the successive acquisition had to be undertaken. These write-down charges are included in "Other operating expenses and income".

There were no indications for impairment of property, plant and equipment in the impairment tests carried out for the other subsidiaries. The impairment test method is described in the "Consolidation principles" section.

14 Intangible assets

Goodwill

[in € million] from	Company financial statements	Business combinations	Total
Historical acquisition costs			
Balance at January 1, 2008	30.9	55.1	86.0
Currency translation differences	–0.9	–0.7	–1.6
Additions	4.5	0.0	4.5
Disposals/changes in scope of consolidation	0.0	–0.4	–0.4
Balance at December 31, 2008	34.5	54.0	88.5
Accumulated amortization			
Balance at January 1, 2008	–6.2	–2.4	–8.6
Currency translation differences	1.2	0.0	1.2
Impairment losses	0.0	0.0	0.0
Disposals/changes in scope of consolidation	0.0	0.4	0.4
As at December 31, 2008	–5.0	–2.0	–7.0
Carrying amount at December 31, 2008	29.5	52.0	81.5

According to IFRS 3, goodwill is an intangible asset with an indefinite useful life. Therefore, with effect from 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 €81.5 million (77.4). Of that amount, €52.0 million (52.7) relates to business combinations and €29.5 million (24.7) to the financial statements of the subsidiaries. Goodwill of €64.6 million (59.2), consisting of €41.7 million (41.6) from business combinations and €22.9 million (17.6) from acquired goodwill is attributable to FUCHS CORPORATION, USA. The impairment test for this goodwill is also based on the uniform group evaluation scheme which is described in the section "Consolidation principles".

In the financial year 2008, no impairment losses on goodwill were recognized.

Industrial property rights and similar values

Intangible assets also include industrial property rights and similar rights and assets. These consist mainly of capitalized licenses for computer software, acquired formulas, a restraint on competition, and acquired customer lists. These rights and assets amount to €12.0 million (6.6) in total.

15 Investments accounted for using the equity method

The investment in associated companies is accounted for using the equity method. It is measured by determining the proportionate equity based on the financial statements prepared in accordance with the respective national legislation and adapted in line with the requirements of IFRS. The company's assets amount to €46.7 million, its liabilities to €31.1 million, its sales revenues to €172.4 million, and its net profit for 2008 to €9.8 million.

16 Other financial assets

This item includes shares in unconsolidated affiliated companies, investments in and loans to subsidiaries, long-term securities, and other loans. As they are of a financing nature, the long-term receivables relating to delivery agreements in France of €6.1 million (6.5) are disclosed under "Other loans".

The statement of changes in long-term assets on pages 76 and 77 shows the changes in and the amount of the individual items.

17 Deferred tax assets and liabilities

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

[in € million]	Deferred tax assets 2008	Deferred tax assets 2007	Deferred tax liabilities 2008	Deferred tax liabilities 2007	Net 2008	Net 2007
Property, plant and equipment	0.9	1.5	–10.9	–11.3	–10.0	–9.8
Other long-term assets	1.2	1.5	–3.8	–3.1	–2.6	–1.6
Inventories	3.5	2.8	–0.1	–0.1	3.4	2.7
Other short-term assets	2.1	1.3	–0.3	–0.4	1.8	0.9
Long-term provisions	10.6	11.6	–2.1	–2.0	8.5	9.6
Financial liabilities	0.9	1.6	0.0	0.0	0.9	1.6
Other long-term liabilities	0.4	0.3	0.0	0.0	0.4	0.3
Short-term provisions and liabilities	3.6	2.6	–1.7	–2.0	1.9	0.6
Expected use of loss carryforwards	0.0	0.6	0.0	0.0	0.0	0.6
Sum of deferred taxes asset/liability	23.2	23.8	–18.9	–18.9	4.3	4.9
Tax offset	–5.1	–5.6	5.1	5.6	0.0	0.0
Total assets/liabilities	18.1	18.2	–13.8	–13.3	4.3	4.9

The deferred tax assets of €18.1 million (18.2) are attributable 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.

The deferred tax assets listed in the preceding table are net, that is, after deduction of impairments:

For the deferred tax assets from temporary differences for a company in the Asia-Pacific, Africa region, impairments of €1.1 million were recognized since there was no expectation in the foreseeable future of them being realized.

Tax loss carryforwards in the Group amount to €2.0 million (3.0) existing in the companies of the Asia-Pacific, Africa region. The deferred tax assets of €0.7 million recognized for them are impaired in full as it is not probable that loss carryforwards will be utilized in the foreseeable future.

A deferred tax liability of €0.9 million is recorded for future tax burdens from planned dividend payments from foreign subsidiaries. In addition, there are retained earnings at the subsidiaries which are to remain invested permanently and consequently not result in a deferred tax debt.

The change in the net amount of deferred taxes is –€0.6 million in the year under review. Taking into account the deferred taxes for the financial year 2008 recognized directly in equity and resulting essentially from the allocation of pension obligations of €0.5 million, the deferred tax expense reported in the income statement amounts to €1.4 million

Of the total deferred tax assets of €18,1 million, a total of €6.4 million are recognized directly in equity, of which €6.1 million is attributable to the offsetting of actuarial gains and losses.

Due to the change in accounting method for pension obligations, the previous year value of deferred tax assets for long-term provisions has been adjusted by €5.9 million.

18 Inventories

Write-downs of inventories totaling €1.1 million (0.3) were recognized in the income statement in the year under review due to reduced saleability. Inventories comprise the following:

[in € million]	Dec. 31, 2008	Dec. 31, 2007
Raw materials and supplies	87.2	63.2
Work in progress	21.1	16.1
Finished goods and merchandise (including advance payments on inventories)	83.3	85.4
	191.6	164.7

19 Trade receivables

[in € million]	Dec. 31, 2008	Dec. 31, 2007
Receivables due from affiliated companies	0.0	0.1
Receivables due from associated companies	0.5	0.7
Receivables due from other companies	177.0	200.4
	177.5	201.2

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

[in € million]	2008	2007
Impairments as at January 1	11.2	11.7
Currency translation effects	–0.2	0.0
Additions (impairment expenses)	8.2	3.2
Utilization	1.0	2.1
Reversals	1.6	1.6
Change in the scope of consolidation	0.0	0.0
Impairments as at December 31	16.6	11.2

In the year under review, write-downs of receivables recognized in the income statement totaled €8.2 million (3.2). This includes provision against contingencies of €4.0 million for del credere risks in the automotive and component supplier sector. The income from the reversal of write-downs is €1.6 million (1.6). Trade receivables include write-downs totaling €16.6 million (11.2) reflecting identifiable risks.

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

Receivables by maturity [in € million]	Dec. 31, 2008	Dec. 31, 2007
Receivables neither overdue nor impaired	142.3	157.1
Overdue receivables that are not impaired:		
Less than 30 days	23.9	31.9
30 to 60 days	8.0	8.7
61 to 90 days	5.0	2.5
91 to 180 days	3.8	1.9
181 to 360 days	2.4	0.9
More than 360 days	0.4	1.0
Total of overdue receivables	43.5	46.9
Minus collectively assessed allowances	–8.9	–4.7
Impaired receivables, gross	8.3	8.4
Minus individually assessed allowances	–7.7	–6.5
Trade receivables	177.5	201.2

20 Short-term tax receivables (income tax)

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

21 Short-term other receivables and other assets

[in € million]	Dec. 31, 2008	Dec. 31, 2007
Tax receivables	2.3	3.0
Other assets	14.3	13.0
	16.6	16.0

At €1.8 million (2.1) tax receivables predominantly concern VAT receivables. Furthermore, this item also includes receivables from non-income taxes in Spain and Poland.

The Group's other assets include customer loans of €3.6 million (3.4) in connection with delivery agreements in France. The long-term part of this loan is disclosed under long-term other financial assets.

Other assets also include advance rental and lease payments, accounts payable with a debit balance, prepaid expenses and other customer loans and receivables from other sales. Other assets comprise impairment losses of €5.1 million (5.2) in total.

22 Cash and cash equivalents

Cash and cash equivalents of €19.5 million (64.2) comprise bank deposits with a maturity of less than three months, checks and bills of exchange not yet presented, and cash in hand.

23 Shareholders' equity

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

Subscribed capital

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

As at December 31, 2008 [in € million]	77.8

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

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

Authorized capital remains unchanged at €35.4 million. Authorized capital expires on June 8, 2009 and entitles the Executive Board to increase the share capital, with the consent of the Supervisory Board, by issuing up to 11,790,000 new no-par value shares (ordinary and/or preference shares without voting rights) against cash or contributions in kind. In the financial year 2008, no use was made of the authorization granted by the Annual General Meeting on June 9, 2004.

The conditional capital increase resolved by the Annual General Meeting on May 24, 2005 and amended to 10 % of the share capital by the Annual General Meeting on June 21, 2006 (capital 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 conversion rights exercise their rights. The Executive Board is authorized, with the consent of the Supervisory Board, to issue bearer bonds with warrants and/or convertible bonds of up to €140 million in total in the period up to and including May 23, 2010 and to grant the holders of these bonds option and/or conversion rights for ordinary and/or preference shares with a notional interest in the share capital of up to €7.8 million in total. No option or conversion rights were exercised in the financial year 2008, as no corresponding debt instruments were issued.

Share buyback program

Following the authorization granted by the Annual General Meeting of FUCHS PETROLUB AG on May 6, 2008, the Executive Board has decided, with the consent of the Supervisory Board, to continue buying back its own shares on May 8, 2008. This authorization allows FUCHS PETROLUB AG to acquire up to and including November 5, 2009 – taking into consideration the shares already acquired since May 10, 2007 following the authorization of FUCHS PETROLUB AG of May 2, 2007 – a total of up to 10 % of the share capital, i. e. up to 1,296,900 ordinary shares and up to 1,296,900 preference shares via the stock exchange for the purpose of redemption. All transactions in connection with the share buyback program are published on a weekly basis on the FUCHS PETROLUB AG website under "Investor Relations/Share buyback program".

In the period from January 1, 2008 to December 31, 2008, the company bought back a total of 1,306,754 own shares. 652,449 ordinary shares at a total value of €35.5 million (average price per share: €54.38) and 654,305 preference shares with a total value of €31.6 million (average price per share: €48.29) were purchased. Together with the shares acquired in 2007, the buybacks amount to 8.0 % of the share capital of the company as at December 31, 2008.

The amount of €67.1 million spent including transaction costs of €0.1 million was deducted from shareholders' equity and, pursuant to IAS 33.20, the acquired shares were not included in the calculation of earnings per share. Transaction costs were recognized directly in equity.

The number of shares in circulation is:

Number of shares	Dec. 31, 2008	Jan. 1, 2008
Ordinary shares	11,930,550	12,582,999
Preference shares	11,930,550	12,584,855
Total	23,861,100	25,167,854

Since December 31, 2008, a further 100,550 ordinary shares and 100,550 preference shares have been purchased for redemption purposes within the scope of the share buyback program. The redemption of own shares was entered in the Commercial Register on March 17, 2009.

Group reserves

This item consists of the capital reserves of FUCHS PETROLUB AG (agio) and the unappropriated profits and currency reserves of the companies included in the consolidated financial statements. The unappropriated profits contain the profits generated in the past to the extent that these were not distributed. Positive and negative goodwill amounts arising in accounting for acquisitions of subsidiaries consolidated in the period to December 31, 1994 were 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.

Own shares acquired through the share buyback program are also offset against the Group reserves.

In addition, the Group reserves are reduced by recognizing actuarial gains and losses in equity. As at December 31, 2008, the accumulated offsetting of actuarial losses of €19.0 million is €12.9 million (10.6) net after taking into account deferred taxes of €6.1 million.

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

The changes in reserves in the financial years 2007 and 2008 including the acquisition of own shares and the offsetting of actuarial gains and losses are shown in the statement of changes in shareholders' equity.

Group profits

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

Proposal on the appropriation of profits of FUCHS PETROLUB AG

The Executive Board will recommend to the Supervisory Board that it presents the following dividend proposal at the 2009 Annual General Meeting: €1.54 per ordinary share entitled to dividend and €1,60 per preference share entitled to dividend.

Minority interest in shareholders' equity

This item contains the shareholders' equity and earnings of consolidated subsidiaries attributable to minority interests. €0.3 million (0.3) is attributable to minority interests in Germany and €1.1 million (0.9) to shareholders in Austria, Ukraine, France and Greece.

24 Pension provisions

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

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

In Germany, measurement is based on the following assumptions:

[in %]	2008	2007
Discount rate	6.0	5.25
Salary trend	3.0	3.0
Pension trend	2.25	1.9

The obligations of companies outside Germany are determined according to the country-specific accounting regulations and parameters, using discount rates of 6.20 % to 13.00 % (average 6.3 %), salary level trends of 3.20 % to 8.00 % (average 3.3 %) and pension level trends of 2.60 % to 3.80 % (average value 2.7 %). The expected return on plan assets is between 5.20 % and 8.25 % (average 6.4 %).

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, 2008	Dec. 31, 2007
Present value of pension benefits financed by provisions	52.2	52.8
Present value of funded pension benefits	71.3	91.9
Total pension benefits	123.5	144.7
Fair value of plan assets	53.4	77.8
Net obligation	70.1	66.9
Similar obligations	0.5	0.2
Net obligation as at December 31	70.6	67.1
Amount not recognized as an asset because of the limit in IAS 19.58	0.0	0.0

In 2008 there was a change in the accounting method such that actuarial gains and losses are recognized directly in retained earnings in the reporting period in which they occur. Without taking into account deferred taxes in the financial year 2008, actuarial losses of €3.4 million are offset against retained earnings. To aid comparison the values for 2007 are adjusted accordingly, an amount of €13.0 million was recognized here. These adjustments are set out in the statement of changes in shareholders’ equity of the Group on pages 78 and 79. By December 31, 2008 without taking into account deferred taxes, actuarial gains and losses of a total of €19.0 million are recognized in shareholders' equity.

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

Pension benefits [in € million]	2008	2007
Present value as at January 1	144.7	162.8
Currency effects	–15.1	–9.2
Current service cost	3.1	3.5
Past service cost	0.8	0.0
Interest expense	7.5	7.2
Actuarial gains and losses	–9.1	–9.7
Benefits paid	–8.4	–9.9
Present value as at December 31	123.5	144.7

Plan assets are made up of shares (37 %), bonds (51 %) and raw material contracts (12 %). The actual return on plan assets was –12.1 % (6.5 %) on average.

For 2009 we expect a return of 6.4 %. This assumption is based on the market conditions for bonds on the balance sheet date and the anticipated future development of share investments. These predictions are weighted with the portfolio structure of plan assets to arrive at the expected overall return.

Changes to plan assets during the year are detailed below:

Plan assets [in € million]	2008	2007
Fair value at January 1	77,8	82,2
Currency effects	–15,9	–7,2
Expected return on plan assets	4,8	4,8
Contributions	3,4	3,9
Benefits paid	–4,2	–5,6
Actuarial gains and losses	–12,5	–0,3
Fair value at December 31	53,4	77,8

Contributions of €3.6 million are scheduled for 2009.

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

Pension expenses [in € million]	2008	2007
Current service cost	2.3	2.4
Interest expense	7.5	7.3
Expected return on plan assets (–)	–4.8	–4.8
Actuarial gains and losses	0.0	1.1
Past service costs	0.8	0.0
Effects of plan settlements	0.0	0.0
Expenses for defined benefit pension plans	5.8	6.0
Expenses for defined contribution pension plans	5.0	4.8
Total pension expense	10.8	10.8

At €3.2 million, the share of pension contributions paid by the employer in Germany has been included in "Defined contribution pension plans".

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

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

Pension expenses [in € million]	2008	2007
Cost of manufacture	1.4	1.4
Research and development expenses	0.7	0.7
Selling and distribution expenses	1.8	2.0
Administrative expenses	4.3	4.3
Other operating income	–0.1	0.0
Other operating expenses	0.0	0.0
Financial result	2.7	2.4
	10.8	10.8

25 Other long-term provisions

This item mainly includes provisions for part-time working arrangements for older employees. Such obligations exist only within Germany. They are measured using actuarial principles and discounted because of their long-term structure. Contractual terms range from 2 to 6 years. The discount rate is 5.5 % (4.75). The provisions amount to €6.3 million (7.2).

26 Long-term financial liabilities

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

[in € million]	Dec. 31, 2008	Dec. 31, 2007
Liabilities due to banks	2.1	0.1
Other financial liabilities	3.2	3.6
	5.3	3.7

No property has been pledged as collateral for bank liabilities.

Other financial liabilities include finance lease obligations of €3.2 million (3.6). 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 €3.6 million (4.1). These minimum lease payments were discounted using interest rates of between 5.0 % and 9.3 % (average 5.1 %).

The long-term financial liabilities fall due as follows:

Maturities [in € million]	
2010	0.3
2011	5.0
2012	0.0
After 2012	0.0
	5.3

27 Trade payables

Trade payables are considered to be current liabilities, as they are generated by operating business. They are generally stated at nominal value. Foreign-currency liabilities are translated at the closing rate.

[in € million]	Dec. 31, 2008	Dec. 31, 2007
Trade payables	79.6	108.4
Bills payable	5.5	5.7
Advance payments received	0.5	0.5
	85.6	114.6

28 Short-term provisions

Short-term provisions mainly consist of the following:

[in € million]	Dec. 31, 2008	Dec. 31, 2007
Obligations for personnel and social expenses	24.6	28.2
Obligations for ongoing operating expenses	4.3	4.6
Other obligations	11.5	11.2
	40.4	44.0

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

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

Other obligations include provisions for restructuring and reorganization of 1.8 million (1.5). Furthermore, the figure includes provisions for contract risks, contribution obligations and returnable container deposits.

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

[in € million]	Dec. 31, 2007	Currency exchange	Changes in the scope of consolidation	Additions	Utilization	Reversals	Dec. 31, 2008
Obligations for personnel and social expenses	28.2	–0.5	–0.1	25.5	27.9	0.6	24.6
Obligations for ongoing operating expenses	4.6	–0.2	0.1	5.6	5.2	0.6	4.3
Other obligations	11.2	–0.8	0.0	17.8	15.7	1.0	11.5
	44.0	–1.5	0.0	48.9	48.8	2.2	40.4

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

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

29 Short-term tax liabilities

This item includes total liabilities for income taxes of €17.9 million (34.0). The fall compared to the previous year is mainly attributable to the reduced provisions for corporation and trade tax for Germany and other European countries.

30 Short-term financial liabilities

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

[in € million]	Dec. 31, 2008	Dec. 31, 2007
Participation-right certificates	0.0	51.1
Liabilities due to banks	118.2	16.6
Other financial liabilities	0.6	0.5
	118.8	68.2

On the basis of the authorization granted by the Annual General Meeting of July 2, 1998, in August 1998 FUCHS PETROLUB AG issued bearer participation certificates at an overall value of €51.1 million (corresponds to DM100 million). The issue price was 100 % and the dividend rate is fixed at 7.29 %. The ten year term of the participation certificates ended on December 31, 2007. Repayment was carried out as scheduled on August 1, 2008.

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

31 Other short-term liabilities

The following is a breakdown of other liabilities:

[in € million]	Dec. 31, 2008	Dec. 31, 2007
Fair value of derivative financial instruments	0.0	0.1
Social security	4.1	4.9
Employees	3.9	3.6
VAT liabilities	4.5	6.5
Other tax liabilities	2.6	2.8
Other liabilities	12.6	15.7
	27.7	33.6

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

Other liabilities include financing liabilities of €5.6 million (5.3) related to the delivery agreements in France that are disclosed under "Other assets". Furthermore, liabilities relating to the construction of the new factory in China as well as commission obligations, customers with credit balances and deferred income are also disclosed here.

32 Joint ventures

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

[in € million]	2008	2007
Long-term assets	0.4	2.5
Inventories and receivables	4.2	5.5
Other short-term assets	2.9	2.5
Assets	7.5	10.5
Shareholders' equity	4.9	5.3
Long-term liabilities	0.0	0.2
Short-term liabilities	2.6	5.0
Equity and liabilities	7.5	10.5
Income	41.0	40.4
Expenses	36.7	36.3

33 Contingent liabilities and other financial obligations

Contingent liabilities and other financial obligations were as follows:

Contingencies [in € million]	Dec. 31, 2008	Dec. 31, 2007
Bills of exchange	0.0	0.0
Guarantees	1.7	1.5
I Of which in favor of subsidiaries	0.0	0.0
I Of which in favor of joint ventures or companies in which shares are held	0.0	0.0
Securing third-party liabilities	13.7	16.0

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.

At the balance sheet date, the probability of an outflow of resources is not strong enough to justify the recognition of a provision.

Contractual obligations for the purchase of property, plant and equipment mainly exist with European subsidiaries and amount to €10.9 million on December 31, 2008.

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 minimum rental payments required under non-cancelable operating lease commitments are as follows:

Maturities [in € million]	Dec. 31, 2008 Operating leases	Dec. 31, 2007 Operating leases
Up to 1 year	9.8	9.8
1 to 5 years	16.4	17.7
More than 5 years	9.5	11.6
Total of minimum leasing payments	35.7	39.1

Total rental and leasing expense for the reporting year was €12.4 million (12.4). 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 €0.6 million (0.4).

34 Financial instruments

a) Carrying amounts and fair values of financial instruments

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

[in € million]	Dec. 31, 2008 Carrying amount	Dec. 31, 2008 Fair value	Dec. 31, 2007 Carrying amount	Dec. 31, 2007 Fair value
Trade receivables	177.5	177.5	201.2	201.2
Cash and cash equivalents	19.5	19.5	64.2	64.2
Other financial assets				
I Available-for-sale financial assets	0.0	0.0	0.0	0.0
I Financial assets at fair value through profit and loss	0.0	0.0	0.1	0.1
I Derivative financial instruments, where hedge accounting was applied	0.0	0.0	0.0	0.0
I Other receivables and short-term assets	21.9	21.9	17.9	17.9
Total of financial assets	218.9	218.9	283.4	283.4
Financial liabilities	124.1	124.1	71.9	71.9
Trade payables	85.6	85.6	114.6	114.6
Other financial liabilities				
I Financial liabilities at fair value through profit and loss	0.0	0.0	0.1	0.1
I Derivative financial instruments, where hedge accounting was applied	0.0	0.0	0.0	0.0
I Miscellaneous other financial liabilities	12.4	12.4	12.7	12.7
Total of financial liabilities	222.1	222.1	199.3	199.3

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

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

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

[in € million]	Dec. 31, 2008	Dec. 31, 2007
Assets		
Trade receivables	177.5	201.2
Other receivables and short-term assets	21.9	17.9
Loans and receivables	199.4	219.1
Available-for-sale financial assets	0.0	0.0
Financial assets at fair value through profit and loss	0.0	0.1
Liabilities		
Trade payables	85.6	114.6
Financial liabilities	120.3	67.8
Miscellaneous other financial liabilities	12.4	12.7
Financial liabilities measured at their cost of acquisition	218.3	195.1
Financial liabilities at fair value through profit and loss	0.0	0.1

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

Trade receivables and cash and cash equivalents

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

Other financial assets

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

Financial liabilities

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

Trade payables

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

Other financial liabilities

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

b) Net profit or loss

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

[in € million]	2008	2007
Financial assets and financial liabilities at fair value through profit and loss	0,0	0,0
Available-for-sale financial assets	0,0	0,0
Loans and receivables	–6,6	–1,6
Financial liabilities measured at their cost of acquisition	0,0	0,0

Net profit and loss from loans and receivables are mainly made up of the balance of allowances for bad debts recognized and reversed. They are disclosed under "Other operating expenses and income".

c) Total interest income and expense

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

[in € million]	Dec. 31, 2008	Dec. 31, 2007
Total interest income	1.6	1.7
Total interest expenses	–7.8	–7.6

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

d) Information on derivative financial instruments

Use of derivatives. The objective of using derivative financial instruments is to hedge interest rate and currency risks. In the view of the Group's relatively low level of financial debt, which solely serves to finance short-term working capital assets, the Group strategy does not incorporate entering into fixed interest rate agreements or making use of any other interest limitation methods. For this reason no derivatives were concluded to hedge interest rate risks, as in the previous year. The table below shows derivative financial instruments in place at the balance sheet date for hedging currency risks and sorted by their time to maturity:

Nominal value [in € million]	Dec. 31, 2008				Dec. 31, 2007			
Instrument	Up to 1 year	1–5 years	More than 5 years	Total	Up to 1 year	1–5 years	More than 5 years	Total
Forward currency transactions	0.6	–	–	0.6	23.8	–	–	23.8
Nominal volume of derivatives	0.6	–	–	0.6	23.8	–	–	23.8

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

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

On the balance sheet date there were forward currency transactions solely for the purpose of securing existing hedged items (inter-company loan). There were no forward currency transactions for the purpose of hedging firm commitments or future (anticipated) transactions.

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

Fair value as at Dec. 31, 2008 Instrument [in € million]	Nominal value	Market value (net)	Recognized in the income statement	Recognized in shareholders' equity
Forward currency transactions	0.6	0.0	0.0	0.0
Total derivatives	0.6	0.0	0.0	0.0

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

Fair Value and cash flow hedges

In the reporting year no premature termination of cash flow hedges (interest swaps) were charged to the income statement.

Management of risks from financial instruments

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

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

Credit risk

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

Cash and cash equivalents

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

Trade receivables

Due to its business relations maintained with more than 100,000 customers worldwide, the FUCHS PETROLUB Group is permanently confronted by significant trade receivables. The handling of the inherent credit risks is defined in a directive permitting procedures that may differ from one country to another. If the internal credit risk assessment – which is based on external credit information reveals that a credit risk is too high, credit collaterals must be provided, e.g. in the form of bank guarantees or documentary credits. Alternatively, credit insurance is also used. On the balance sheet date, receivables totaling over €5.7 million were secured.

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

Derivative financial instruments and other receivables and other assets

When selecting banks with which derivative transactions are concluded, FUCHS PETROLUB ensures that the counterparty is sufficiently creditworthy. Further, all derivative transactions are concluded with banks carrying a Moody's long-term rating in the investment sector (Baa1 and higher). Through these processes, the default risk by contracting parties (credit risk) is minimized.

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

Liquidity risk

A liquidity risk arises if a company cannot fully meet its financial obligations.

The funds of the FUCHS PETROLUB Group mainly come from its operating business. Occasionally revolving funds are employed in the form of bonds or bank loans, for example, primarily to finance working capital and investment projects.

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At the balance sheet date, the Group had utilized €124.1 million (20.8) of the approx. €220 million (170) of credit lines committed to the Group worldwide. Furthermore, the Group has the option to use other financial resources by taking up additional bank loans and/or by issuing promissory note loans, private placements or bonds. Due to the share buyback and an increased need for working capital, the net financial debt of the Group increased by approx. €97 million during the course of 2008. In addition, participation certificates amounting to over €51.1 million were redeemed in the middle of 2008. As a result of this, additional credit lines were agreed and these lines were utilized to a greater extent in 2008.

The following overview shows how the Group's contractually fixed payments for repayments and interest from the recognized financial liabilities as of December 31, 2008 affect the Group's liquidity situation (non-discounted):

Financial liabilities [in € million]	Total	2009	2010	2011	2012	2013	≥2014
Financial liabilities	127.7	122.0	2.9	2.8	0.0	0.0	0.0
Derivative financial instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade payables	85.6	85.6	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	12.4	12.4	0.0	0.0	0.0	0.0	0.0
Total	225.7	220.0	2.9	2.8	0.0	0.0	0.0

In comparison to the previous year (203.3), financial liabilities including interest have increased by €22.4 million. 97.5 % (97.7) of the financial liabilities are due in the short-term.

The FUCHS PETROLUB Group regards its liquidity situation as stable and not subject to any significant liquidity risk. Apart from the operating business, where liabilities are balanced by short-term trade receivables of €177.5 million, there are sufficient funds and financing alternatives available.

Market risk

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

Exchange rate risks

In regard to exchange rate risks, we distinguish between transaction and translation risks.

The Group's transaction risks result in particular from purchases of operating companies in a currency which differs from the one in which sales proceeds are achieved. Some of the raw materials processed by FUCHS are traded in US dollars. At the same time companies generate most of the sales revenues on the markets of their respective home country. Thus all companies located outside the US dollar zone are exposed to a US dollar transaction risk.

When exporting finished products, the currency used by the exporting company is at the same time its invoicing currency. For this reason, the importing Group companies or third-party customers are exposed to transaction risks.

Because of dividend and license income of the holding company, which is almost always obtained in the currency of the paying company, the holding company is also exposed to a transaction risk. Particularly in relation to the US dollar, this risk counters the transaction risk of many operating companies so that a natural hedge exists which leads to the minimization of the transaction risks existing for the Group as a whole.

Exchange rate risks arising from the granting of intra-group foreign currency loans are generally hedged by concluding forward currency transactions or other original or derivative hedging instruments such as foreign currency borrowing or interest rate and currency swaps.

Due to the structure of the lubricants business, which does not involve long run-up periods or a high level of orders on hand, FUCHS does not hedge currency positions in the context of its operating business on a long-term basis. For the operating companies the exchange rate is rather one of several price-determining factors which is to be taken into account when calculating prices.

The FUCHS PETROLUB Group comprises a large number of Group companies located outside the Euro zone. Therefore so-called translation risks arise due to fluctuating exchange rates when converting the sales proceeds and the results for the Group's income statement. They may have a considerable influence on the Group's income statement.

For FUCHS significant translation risks exist due to its activities in North and South America, the Asian-Pacific area and Africa. To the extent that these risks are directly or also indirectly linked to the US dollar, they represent a natural hedge of the above-mentioned US dollar transaction risk. Transaction and translation risks thus have a compensatory effect at Group level.

The Group also faces translation risks when converting the figures of the assets and liabilities held by subsidiaries abroad. To contain these risks, assets to be financed on a short term basis are usually refinanced in the local currency and only assets needed on a long-term basis are backed by equity. The changes in the equity position are continuously monitored, but normally not hedged against fluctuations in the exchange rate.

Financial liabilities exist in the following currencies:

Financial liabilities [in € million]	2008	in %	2007	in %
Euro	67.2	54.1	37.6	52.3
US dollar	28.6	23.1	15.6	21.7
British pound	3.4	2.7	6.5	9.0
Australian dollar	3.3	2.7	1.8	2.5
Other currencies	21.6	17.4	10.4	14.5
	124.1	100.0	71.9	100.0

Interest rate risk

Based on a continuous decrease of its financial liabilities, the Group has considerably minimized its interest rate risk over the past years. While in earlier years derivative instruments were used to limit interest rate risks, today's low volume of financial liabilities makes them obsolete. The aim is that the maturity of funds for financing current assets is maturity-congruent with short-term interest rates.

The financial liabilities break down by interest rate agreement as follows. With the exception of the finance leasing transactions no collateral was provided.

Financial liabilities [in € million]	Effective interest rate	Fixed interest rate	Carrying amount Dec. 31, 2008	Carrying amount Dec. 31, 2007
EUR time deposits	Euribor plus markup	< 1 year	64.0	1.6
GBP time deposits	Libor plus markup	< 1 year	3.4	6.5
USD time deposits	Libor plus markup	< 1 year	28.6	15.6
AUD time deposits	Libor plus markup	< 1 year	3.3	1.8
Time deposits in other currencies	Respective variable interest rates	< 1 year	21.6	10.4
EUR fixed interest payment obligations	Fixed rate 7.0 %	2008	0.0	32.5
EUR finance leasing	Fixed rate 6.5 %	2011	3.2	3.5
			124.1	71.9

Summary of interest rate hedging periods

Interest rate hedging periods [in € million]	2008	in %	2007	in %
Up to 1 year	120.9	97.4	68.4	95.1
1 to 5 years	3.2	2.6	3.5	4.9
More than 5 years	–	–	–	–
	124.1	100.0	71.9	100.0

Other price risks

The FUCHS PETROLUB Group is exposed to risks arising from changes in the prices of goods which the Group needs to manufacture its finished products. Purchases of these goods are not hedged by derivatives since the available instruments are not effective enough. Changes in the prices of raw materials are usually passed on to the market, possibly with a certain delay. Hence, these price risks are limited.

Sensitivity analyses

Underlying certain assumptions, sensitivity analyses provide an approximation of risks arising when certain influencing factors change. In terms of the interest rate risk and the foreign exchange rate risk we anticipate the following changes:

- an increase of the market interest rates of all currencies by 1 % (parallel shift of the yield curves);
- a concurrent revaluation of the euro relative to all foreign currencies by 10 %.

When determining the **interest rate risk** for FUCHS at the balance sheet date, only original financial instruments carrying variable interest are included. Original financial instruments with fixed interest measured at amortized costs do not entail interest rate risks pursuant to IFRS 7. There were no interest rate derivatives which could possibly have an effect on the financial result.

Thus, an increase by one percentage point of the market's interest rate level on financial liabilities with a variable interest rate disclosed on December 31, 2008 would have reduced the financial result by €1.2 million (0.4) – assuming that the higher interest rate would have been valid during the entire year.

The **foreign currency risk** is determined based on all net foreign currency positions not hedged at the balance sheet date. A simultaneous appreciation of the Euro by 10 % in comparison to all foreign currencies would have reduced the financial result by €0.5 million (0.5).

35 Notes on the statement of cash flows

The statement of cash flows shows how the liquid funds of the FUCHS PETROLUB Group have changed in the course of the year as a result of cash inflows and outflows. In accordance with IAS 7 (Cash Flow Statements), cash flows are classified into cash flows from, or into, operating, investing and financing activities.

Cash and cash equivalents as shown in the statement of cash flows comprise the cash and cash equivalents recognized in the balance sheet.

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

Of the cash and cash equivalents at the end of the period, €2.6 million (2.4) are from pro rata consolidated companies.

36 Notes to the segment reporting

Segment reporting takes place according to the geographical regions reflecting the FUCHS PETROLUB Group's internal organization and internal reporting structure. In accordance with the 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 €4.5 million (4.4).

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

The segment information is fundamentally based on the same accounting and valuation methods as the consolidated financial statements. Receivables and liabilities, income and expenses, and profits between the segments are eliminated in the consolidation process. The reconciliation of segment data to the total amounts for the Group is shown in the column "Holding companies including consolidation". This includes not only the depreciation, earnings, assets and liabilities of the Group companies, but also the inter-segment eliminations with regard to sales revenues. Intra-group revenues and transfers are transacted at prices and terms of independent business partners.

Segment data includes all direct segment costs as well as indirect costs to varying degrees. The assets of the product segments are solely determined via indirect allocation.

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 82 and 83.

Relationships with related parties

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

- directly and indirectly held subsidiaries, joint ventures and "at equity" companies of FUCHS PETROLUB AG,
- Executive Board and Supervisory Board of FUCHS PETROLUB AG,
- RUDOLF FUCHS GMBH & CO KG, the asset management company through which most of the Fuchs family's ordinary stock is held,
- its full partner FUCHS INTEROIL GMBH and its management
- and pension funds benefiting the company's employees.

The controlling company is RUDOLF FUCHS GMBH & CO KG.

FUCHS PETROLUB AG provides services to the related companies RUDOLF FUCHS GMBH & CO KG and FUCHS INTEROIL GMBH, for which it is compensated with a contribution to its administrative costs. The scope of these services is not material.

Furthermore, there are intercompany transactions between the holding company, FUCHS PETROLUB AG, and its subsidiaries, i.e. loans, sales, services, etc. All intercompany transactions and balances have been eliminated in the consolidated financial statements. License fees are charged to the subsidiaries according to their sales revenues for services provided by the holding company in the areas of research and development, product marketing, brand management, advertising, etc. Fees are also allocated for management and similar services. Services provided to related companies and persons are charged on the same basis as those for independent business partners.

The FUCHS PETROLUB Group has no receivables and no liabilities relating to supplies and services with companies included pro rata. Sales revenues of €0.2 million were generated.

FUCHS PETROLUB AG has receivables due from the company included "at equity" relating to supplies and services of €0.5 million. There are no liabilities. The value of goods supplied in 2008 was €2.3 million.

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

A dependent company report has been prepared on relationships with related parties pursuant to Section 312 of the German Stock Corporation Law (AktG) with the concluding declaration: "With the legal transactions listed in the dependent companies report, in accordance with the circumstances known to us on the date that the respective transactions were performed, our company received a reasonable consideration in each transaction. No actions subject to disclosure occurred on the instructions or in the interest of the controlling company." KPMG AG Wirtschaftsprüfungsgesellschaft (formerly KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft), the independent auditors of FUCHS PETROLUB AG, have audited this dependent company report and provided it with an unqualified audit opinion.

DETAILS OF THE CORPORATE BOARDS

Supervisory Board

Prof. Dr. Jürgen Strube Mannheim	Chairman Chairman of the Supervisory Board of BASF SE Other mandates*: I Allianz Deutschland AG (until April 2, 2009) I BASF SE (1) (until April 30, 2009) I Bayerische Motoren Werke Aktiengesellschaft (2) I Bertelsmann AG (2) I Commerzbank AG (until May 15, 2008) I Hapag Lloyd AG (until March 17, 2009) I Linde AG (until June 3, 2008)
Dr. Manfred Fuchs Mannheim	Deputy Chairman Former Chairman of the Executive Board of FUCHS PETROLUB AG Other mandates*: I MVV Energie AG Comparable German and international supervisory bodies: I Hilger u. Kern GmbH (1)
Hans-Joachim Fenzke (3) Mannheim	Industry chemical technician FUCHS EUROPE SCHMIERSTOFFE GMBH
Prof. Dr. Bernd Gottschalk Esslingen	Former President of the German Association of the Automotive Industry (VDA) Other mandates*: I BASF Coatings AG (until April 1, 2008) I HYMER AG (1) I ThyssenKrupp Steel AG I Voith AG Comparable German and international supervisory bodies: I Auto-i-DAT (Switzerland) (until March 10, 2008) I Roche Deutschland Holding GmbH I Roche Diagnostics GmbH

Prof. (em.) Dr. Dr. h. c. mult. Otto H. Jacobs Heddesheim (until May 6, 2008)	Professor of Business Administration, Fiduciary Management and Tax Law at the University of Mannheim Other mandates*: I Ernst & Young, Deutsche Allgemeine Treuhand AG, Wirtschaftsprüfungsgesellschaft (1) Comparable German and international supervisory bodies: I ZEW Zentrum für Europäische Wirtschaftsforschung GmbH
Lars-Eric Reinert (3) Altenholz (as of April 16, 2008)	Industrial metalworking technician FUCHS EUROPE SCHMIERSTOFFE GMBH
Dr. Erhard Schipporeit Hannover (as of May 6, 2008)	Former member of the Executive Board of E.ON AG Other mandates*: I CareerConcept AG I Deutsche Börse AG I Hannover Rückversicherung AG I HDI V.a.G. I SAP AG I Talanx AG Comparable German and international supervisory bodies: I TUI Travel PLC
Heinz Thoma (3) Mannheim (until April 16, 2008)	Industrial clerk FUCHS EUROPE SCHMIERSTOFFE GMBH

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

Executive Board

Stefan R. Fuchs Hirschberg	Chairman Group mandates: I ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD. I FUCHS CORPORATION I FUCHS LUBRICANTS CO. I FUCHS LUBRIFIANT FRANCE S.A. I FUCHS LUBRIFICANTI S.P.A. I FUCHS LUBRICANTES S.A. (until December 2008) I FUCHS OIL MIDDLE EAST LTD.
Dr. Alexander Selent Limburgerhof	Deputy Chairman Group mandates: I FUCHS CORPORATION I FUCHS DO BRASIL S.A. (until November 2008) I FUCHS LUBRIFIANT FRANCE S.A. I FUCHS LUBRICANTS (CHINA) LTD. I FUCHS LUBRICANTS (SHANGHAI) LTD. I FUCHS LUBRICANTS (YINGKOU) LTD. (until November 2008) I FUCHS LUBRICANTS (HEFEI) LTD. I LUBRICANTES FUCHS DE MEXICO, S.A.. (until December 2008)
L. Frank Kleinman Chicago, USA	Member Group mandates: I FUCHS CORPORATION (1) I FUCHS LUBRICANTS CO. (1) I FUCHS LUBRICANTS CANADA LTD. (1) I FUCHS LUBRICANTS (S.A.) (PTY.) LTD.
Dr. Georg Lingg Mannheim	Member Group mandates: I FUCHS LUBRICANTS (YINGKOU) LTD. (as of November 2008) I MOTOREX AG LANGENTHAL
Dr. Lutz Lindemann Kerzenheim (as of January 1, 2009)	Member Group mandates: I FUCHS OIL FINLAND OY
Dr. Ralph Rheinboldt Heddesheim (as of January 1, 2009)	Member Group mandates: I CENTURY OILS INTERNATIONAL LTD. I FUCHS BELGIUM N.V./S.A. I FUCHS EUROPE SCHMIERSTOFFE GMBH (1) I FUCHS HELLAS S.A. I FUCHS LUBRICANTES S.A I FUCHS LUBRICANTS (UK) PLC. I FUCHS LUBRIFIANT FRANCE S.A. (1) I FUCHS LUBRIFICANTI S.P.A. I MOTOREX AG LANGENTHAL

(1) Chairman

Corporate Governance Report (supplementary data)

Compensation of the Executive Board and the Supervisory Board [in € thousand]	2008	2007
Compensation of the Executive Board	4,490	5,286
Of which fixed compensation	1,076	1,036
Of which variable compensation	3,414	4,250
Compensation of the Supervisory Board	395	355
Of which fixed compensation	170	130
Of which variable compensation	225	225
Total compensation of former board members	320	320
Pension provisions for former members of the Executive Board	4,032	4,259
Current service cost for pension commitments to active members of the Executive Board	208	231
Compensation of the Advisory Board	67	72

The compensation of the Executive Board is made up of a fixed and a variable component. The variable compensation of the Executive Board is based on the FUCHS VALUE ADDED (FVA) key performance indicator, 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 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 €1.06. 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. Members of the Supervisory Board who have not been a member of the body for a full financial year receive compensation in accordance with the amount of time they have belonged to the Supervisory Board. Furthermore, each member of the Supervisory Board shall receive a meeting payment of €600 per Supervisory Board meeting. Members of the Supervisory Board that are on the audit committee receive an additional fixed compensation of €10,000. The Chairman receives double these compensations and the Deputy Chairman one and a half times. Each member of the committees formed by the Supervisory Board shall receive a meeting payment of €600 per committee meeting, the Committee Chairman receives double these compensations and the Deputy Chairman one and a half times, unless the committee meeting takes place on the same day as a meeting of the Supervisory Board.

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

At December 31, 2008 Stefan Fuchs held directly and indirectly 598,330 ordinary shares. All other members of the Executive Board held in total 64,009 ordinary shares and 22,634 preference shares.

Dr. Manfred Fuchs held directly and indirectly 2,177,371 ordinary shares. All other members of the Supervisory Board held in total 211 ordinary shares and 6,696 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

The auditor of the consolidated financial statements is KPMG AG, Wirtschaftsprüfungsgesellschaft in Mannheim (formerly KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft).

Audit fees of €566 thousand (522) for the annual audit and €9 thousand (10) for tax consulting services were recorded as expenses. In addition, expenses for other consulting services were incurred amounting to €76 thousand (25).

KPMG LLP, UK, and KPMG Auditores, S.L., Spain, are subsidiaries of KPMG AG, Germany, in accordance with Section 271 (2) of the German Commercial Code (HGB). Thus the audit fees for the financial year 2008 also comprise the audit and other services provided by KPMG LLP and KPMG Auditores, S.L. for the FUCHS PETROLUB AG Group.

Events after the balance sheet date

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

Declaration of the Executive Board and assurance pursuant to Section 297 (2), Section 315 (1) of the German Commercial Code (HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Mannheim, March 19, 2009
FUCHS PETROLUB AG

Executive Board

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

Dr. L. Lindemann **Dr. G. Lingg** **Dr. R. Rheinboldt**

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by FUCHS PETROLUB AG, Mannheim – comprising the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the consolidated financial statements, together with the Group management report for the business year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the Group management report in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the 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 Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftprüfer (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 Section 315a (1) of the German Commercial Code (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 19, 2009

KPMG AG Wirtschaftsprüfungsgesellschaft
(formerly KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft)

Walter
Auditor

Hetzel
Auditor

ANNUAL FINANCIAL STATEMENTS OF FUCHS PETROLUB AG

INCOME STATEMENT

[in € million]		2008		2007
Investment income		140.3		123.6
Administrative expenses		–24.9		–20.2
Other operating income	23.5		33.7	
Other operating expenses	–3.0		–3.2	
		20.5		30.5
Earnings before interest and tax (EBIT)		135.9		133.9
Financial result		–0.1		1.0
Earning from ordinary business activities		135.8		134.9
Income taxes		–16.8		–25.4
Remuneration for participating-right certificates		–2.2		–3.7
Profit after tax		116.8		105.8
Retained earnings brought forward		45.0		28.4
Transfer to other retained earnings		–58.4		–52.8
Unappropriated profit		103.4		81.4

BALANCE SHEET

[in € million]		31.12.2008		31.12.2007
Assets				
Intangible assets		1.6		1.6
Property, plant and equipment		0.7		0.7
Financial assets		351.0		348.7
Long-term assets		353.3		351.0
Receivables due from affiliated companies	51.3		82.1	
Other receivables and other assets	3.8		1.6	
Receivables and other asset		55.1		83.7
Cash and cash equivalents				
Short-term assets		55.1		83.7
		408.4		434.7
Equity and liabilities				
Subscribed capital	77.8		77.8	
Accounting par value of shares purchased for redemption	–6.2		–2.3	
		71.6		75.5
Capital reserves		88.9		88.9
Retained earnings		93.8		98.6
Participation-right certificates		0.0		0.0
Unappropiated profit		103.4		81.4
Shareholders' equity		357.7		344.4
Pension provisions and similar obligations	12.2		8.9	
Other provisions	12.0		24.3	
Provisions		24.2		33.2
Other liabilities	26.3		56.9	
Liabilities		26.3		56.9
Prepaid expenses		0.2		0.2
		408.4		434.7

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 2009 Annual General Meeting:

Proposal on the appropriation of profits [in €]	
Distribution of a dividend of €1.54 for each ordinary share entitled to dividend on the balance sheet date; these were 11,830,000 shares	18,218,200.00
Distribution of a dividend of €1.60 for each preference share entitled to dividend on the balance sheet date; these were 11,830,000 shares	18,928,000.00
	37,146,200.00
Balance carried forward	66,253,113.19
Unappropriated profit (HGB) of FUCHS PETROLUB AG	103,399,313.19

Since December 31, 2008, a further 100,550 ordinary shares and 100,550 preference shares have been purchased for redemption purposes within the scope of the share buyback program. These shares and own shares purchased previously, which were deducted from the subscribed capital on the balance sheet date, have been redeemed. The entry in the Commercial Register took place on March 17, 2009. Thus 11,830,000 ordinary shares and 11,830,000 preference shares currently remain as shares entitled to dividends.

MAJOR SUBSIDIARIES
AS AT DECEMBER 31, 2008

Germany	Capital[1] [in € thousand]	Share of equity capital[2] [in %]	Sales in 2008 [in € thousand]
BREMER & LEGUIL GMBH, Duisburg	240	100	24,506
FUCHS EUROPE SCHMIERSTOFFE GMBH, Mannheim	10,000	100	401,001
FUCHS LUBRITECH GMBH, Weilerbach	2,583	100	73,937
PARAFLUID MINERALOELGESELLSCHAFT MBH, Hamburg	307	100	8,305
WISURA MINERALÖLWERK GOLDGRABE & SCHEFT GMBH & CO., Bremen	1,023	85	11,970

International		Capital[1] [in € thousand]	Share of equity capital[2] [in %]	Sales in 2008 [in € thousand]
Argentina	FUCHS ARGENTINA S.A., El Talar de Pacheco	153	100[3]	13,502
Australia	FUCHS LUBRICANTS (AUSTRALASIA) PTY. LTD., Sunshine-Melbourne	2,986	100	75,743
Austria	FUCHS AUSTRIA SCHMIERMITTEL GMBH, Bergheim/Austria	1,236	70	13,659
Belgium	FUCHS BELGIUM N.V., Huizingen	4,700	100	27,230
Brazil	FUCHS DO BRASIL S.A., São Paulo	1,709	100	28,945
British Virgin Islands	FUCHS OIL MIDDLE EAST LTD.	3,787	50	59,925
China	FUCHS LUBRICANTS (CHINA) LTD., Nanxiang/Shanghai	4,112	100	42,970
	FUCHS LUBRICANTS (HEFEI) LTD., Hefei	998	100	17,231
	FUCHS LUBRICANTS (YINGKOU) LTD., Yingkou-City	2,423	100	52,101
Croatia	FUCHS MAZIVA D.O.O., Samobor	774	100	5,156
Czech Republic	FUCHS OIL CORPORATION (CZ) SPOL. S R.O., Prague	54	100	9,626
France	FUCHS LUBRIFIANT FRANCE S.A., Nanterre	10,386	99.68	107,196
	FUCHS LUBRITECH S.A.S., Ensisheim/France	91	100	6,377
Great Britain	FUCHS LUBRITECH (UK) LTD., London	86	100	6,721
	FUCHS LUBRICANTS (UK) PLC., Stoke-on-Trent, Staffordshire (sub-group)	2,966	100	156,440
India	FUCHS LUBRICANTS (INDIA) PRIVATE LTD., Mumbai	503	100	8,070
Indonesia	PT FUCHS INDONESIA, Jakarta	2,109	100	7,209
Italy	FUCHS LUBRIFICANTI S.P.A., Buttigliera d'Asti	4,160	100	54,790
Japan	FUCHS JAPAN LTD., Nara-ken	2,258	99.67	10,905
Korea	FUCHS LUBRICANTS (KOREA) LTD., Seoul	3,467	100	10,000
Poland	FUCHS OIL CORPORATION (PL) SP. Z O.O., Gliwice	1,108	100[4]	40,163
Portugal	FUCHS LUBRIFICANTES UNIPESSOAL LDA., Maia	2,370	100	7,854
Russia	OOO FUCHS OIL, Jaroslavl	84	100[5]	15,859
Saudi-Arabia	ALHAMRANI-FUCHS PETROLEUM SAUDI ARABIA LTD., Jeddah	5,895	32	172,360
Switzerland	MOTOREX AG, Langenthal	155	50	17,431
Singapore	FUCHS LUBRICANTS PTE LTD., Singapore	2,229	100	6,109
Slovakia	FUCHS OIL CORP. (SK) SPOL. S.R.O., Dubova-Nemecka	147	100	6,090
Spain	FUCHS LUBRICANTES S.A., Castellbisbal	3,967	100	54,588
South Africa	FUCHS LUBRICANTS (SOUTH AFRICA) (PTY.) LTD., Johannesburg	11	100	27,372
USA/Canada	FUCHS CORPORATION, Dover, Delaware (sub-group)	1	100	164,124
	I FUCHS LUBRICANTS CANADA LTD., Cambridge, Ontario/Canada	2,567	100	17,447
	I FUCHS LUBRICANTS CO., Harvey, Illinois/USA	2	100	143,905

1 Capital and sales revenues are each shown at 100 %.

2 Related to the controlling parent company.

3 Of which 15 % is held by FUCHS FINANZSERVICE GMBH, Mannheim/Germany.

4 Of which 10,04 % is held by FUCHS FINANZSERVICE GMBH, Mannheim/Germany.

5 Of which 1 % is held by FUCHS FINANZSERVICE GMBH, Mannheim/Germany.

GLOSSARY

Capital employed
Average capital employed consists of shareholders' equity capital, participation-right capital, interest-bearing liabilities, pension provisions and accumulated goodwill amortization, after the deduction of cash and cash equivalents.

Cash flow
The difference between income and expenditure in a reporting period. The gross cash flow presented by the FUCHS PETROLUB Group in the Annual Report is calculated on the basis of

  Profit after tax
+ Depreciation and amortization of long-term assets
± Change in long-term provisions
± Change in deferred taxes
± Non-cash income from investments accounted for using the equity method.

The gross cash flow is an indication of a company's internal financial resources available for investment, financing net current assets, debt repayment, dividend payments and maintaining liquidity.

Corporate governance
Internationally used term for responsible management and supervision with a view to long-term value creation. Corporate governance comprises the entire system of managing and supervising a company and includes its organization, business-policy principles and guidelines, as well as all internal and external controlling and monitoring mechanisms.

Declaration of compliance
Declaration by the Supervisory Board and Executive Board pursuant to 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. The calculation of tax expenses for a period based on pertinent tax laws on the one hand and the calculation of tax expenses for the period based on items accounted for using IFRS might result in a difference. If this concerns a temporary difference, in addition to the actual tax expense for the period, a deferred tax item is to be recognized in the income statement and a corresponding liability or asset is to be recorded. In the case of changes to these temporary differences, the respective liability or asset items are adjusted accordingly affecting net income.

Derivative financial instruments
Financial products whose own value is primarily derived from the price, price fluctuations and price expectations of an underlying transaction, without this underlying transaction actually having to be performed. Derivatives are used by the FUCHS PETROLUB Group solely to limit exchange rate and interest-rate risks from the operating business.

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. EBIT before depreciation and goodwill impairment.

EBIT margin
Earnings before interest and tax (EBIT) in relation to sales revenue.

EBT
Abbreviation for earnings before tax. Profit before tax, and including shares of minority shareholders.

Effective tax rate	Corporate income-tax expense in relation to earnings before tax.
Equity method	Method of consolidation for including associated companies in the consolidated financial statements. The Group's ownership interest is entered as its share of these companies' equity capital. Changes in such companies' equity capital have an effect on the valuation of the Group's ownership interest, their annual profit is included at equity in the Group's profit.
Equity ratio	Proportion of capital resources (= subscribed capital, reserves and accumulated other capital) to the balance-sheet total.
IAS	Abbreviation for International Accounting Standards. Accounting principles intended to guarantee international harmonization and the comparability of financial statements and disclosure. They are prepared by an international committee, the "International Accounting Standards Board" (IASB).
IFRS	Acronym for "International Financial Reporting Standards": They have replaced the "International Accounting Standards" (IAS) since 2001. FUCHS PETROLUB AG has compiled its consolidated financial statements in line with IAS/IFRS since 2002.
Investment income	The Group's share in the profits distributed by non-consolidated subsidiaries and its share in the profits earned by associated companies.
Joint ventures	Enterprises managed jointly with other companies, where each company has equal share.
MDAX	Share index of German companies with a medium market capitalization. The MDAX is thus the second value segment after the DAX (30 companies with a high market capitalization). The FUCHS PETROLUB preference shares have been approved for the Prime Standard section of the German Stock Exchange since January 1, 2003, and are included in the MDAX segment, which comprises 50 companies in total, since June 2008.
Participation interest	Company, upon which no significant influence is exercised (shareholding less than 20 %).
Proportionate consolidation	Joint ventures are included in the consolidated financial statements proportionately (pro rata), i. e. joint ventures are entered in the balance sheet and income statement only to the amount of the proportion belonging to the FUCHS PETROLUB Group.
Return on equity	Profit after tax, in relation to shareholders' equity.
Return on sales	Profit after tax in relation to sales revenue.
ROCE	Abbreviation for return on capital employed. Return on capital employed (earnings before scheduled goodwill amortization, financial result, taxes, and minority interests in relation to capital employed).
Subsidiary	Company controlled by another company.
Volatility	Intensity of fluctuations in share prices and exchange rates.

IMPRINT AND CONTACT ADDRESS

Published by

FUCHS PETROLUB AG
Mannheim
Investor Relations

Conception/design/typesetting

Hübner & Sturk Werbeagentur GWA
Bensheim

Lithography

Litho Art GmbH
Mannheim

Print

WDW Druck GmbH
Leimen-St. Ilgen

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FINANCIAL CALENDAR
DATES 2009

February 27	Provisional figures for the annual financial statements 2008
March 27	Annual report 2008 Balance sheet press conference, Mannheim Analysts' conference, Frankfurt am Main
May 5	Interim report for the first quarter 2009
May 6	Annual General Meeting, Mannheim
May 7	Information event, Zurich
August 6	Interim report for the first 6 months and second quarter 2009 First-half press conference, Mannheim
September 17	Tenth financial markets conference, Rottenburg
September 22	Fifth Mannheim Capital Market Forum
November 6	Interim report for the first 9 months and third quarter 2009

Annual General Meeting 2009

The Annual General Meeting and the separate meeting of preference shareholders will take place in the Mozart Room of the m:con – mannheim:congress GmbH (Rosengarten), Rosengartenplatz 2 in Mannheim on Wednesday, May 6, at 10 a.m. and at 12 a.m. respectively. Shareholders will also receive an invitation and the agenda via their depository banks. The payment of dividends to be approved by the Annual General Meeting will be made from May 7, 2009 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.

Please turn over!

TEN-YEAR OVERVIEW

FUCHS PETROLUB Group

[amounts in € million]	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 IFRS	2002 IFRS	2001 IFRS	2000 HGB	1999 HGB
Earnings										
Sales revenues	1,393.7	1,365.3	1,323.3	1,192.2	1,096.3	1,040.9	1,064.7	940.0	902.0	834.0
I Germany	343.7	324.7	300.8	268.2	262.2	249.8	264.9	183.8	170.1	201.3
I International	1,050.0	1,040.6	1,022.5	924.0	834.1	791.1	799.8	756.2	731.9	632.7
Cost of materials	820.7	776.7	777.4	682.0	605.6	569.5	579.6	521.2	494.0	449.0
Gross profit	488.1	509.2	466.9	424.8	407.7	387.2	399.7	339.2	329.1	311.6
I In % of sales revenues	35.0	37.3	35.3	35.6	37.2	37.2	37.5	36.1	36.5	37.4
Earnings before interest and tax (EBIT)	171.7	195.2	161.2	128.8	86.2	75.1	70.0	50.5	56.9	55.1
I In % of sales revenues	12.3	14.3	12.2	10.8	7.9	7.2	6.6	5.4	6.3	6.6
Financial result	–8.9	–8.5	–11.8	–15.7	–18.8	–23.1	–26.0	–25.6	–16.5	–16.2
Profit after tax	110.3	120.3	97.2	74.2	40.1	30.9	24.1	8.8	18.5	17.1
I In % of sales revenues	7.9	8.8	7.3	6.2	3.7	3.0	2.3	0.9	2.1	2.1
Assets/equity and liabilities										
Long-term assets	292.7	265.8	266.8	279.6	254.0	272.0	316.8	354.9	315.5	310.5
Short-term assets	411.1	449.1	419.6	411.7	374.6	363.9	361.6	364.7	365.7	336.7
Balance sheet total	703.8	714.9	686.4	691.3	628.6	635.9	678.4	719.6	681.2	647.2
Shareholders' equity[6]	315.3	325.9	303.2	232.6	159.8	137.7	110.1	120.6	165.8	163.9
I In % of balance total assets	44.8	45.6	44.2	33.6	25.4	21.7	16.2	16.8	24.3	25.3
Provisions[6]	111.0	111.1	97.0	94.7	97.5	112.0	107.4	77.8	75.3	85.4
Financial liabilities	124.1	71.9	98.5	157.3	194.2	239.3	318.4	375.6	313.0	273.4
I In % of total assets	17.6	10.1	14.4	22.8	30.9	37.6	46.9	52.2	45.9	42.2
I Net gearing[1]	0.56	0.23	0.38	0.80	1.39	1.94	3.28	3.21	1.95	1.74
Other liabilities	22.1	25.9	21.2	26.8	31.2	45.6	46.7	42.2	127.1	124.5
Return on equity in %[2]	33.3	37.1	36.9	38.1	32.5	34.7	29.9	7.3	13.4	12.7
Financing										
Gross cash flow	126.8	147.8	116.8	100.8	81.7	79.6	76.2	50.3	49.3	48.7
Cash inflow from operating activities	59.6	152.2	90.7	77.8	84.7	89.1	78.5	60.1	11.5	49.0
Cash outflow from investing activities	–52.1	–23.8	–4.3	–26.1	–28.6	–11.5	–30.5	–39.4	–35.5	–40.1
Cash flow from financing activities	–50.6	–103.2	–71.2	–54.7	–57.4	–60.3	–60.0	–11.9	25.5	–9.7
Free cash flow	7.5	128.4	86.4	51.7	56.1	77.6	48.0	20.7	–24.0	8.9
Investments in property, plant and equipment	42.9	21.6	16.5	24.6	21.2	18.4	27.0	26.4	30.5	28.2
I Germany	21.9	3.8	5.5	8.2	9.1	7.3	12.1	8.4	9.0	7.9
I International	21.0	17.8	11.0	16.4	12.1	11.1	14.9	18.0	21.5	20.3
Depreciation of property, plant and equipment	16.2	16.8	18.0	22.5	22.5	25.5	28.3	25.1	24.4	24.3
I In % of investments in P, P&E	37.8	77.8	109.1	91.5	106.1	138.6	104.8	95.1	80.0	86.2

FUCHS PETROLUB Group

[amounts in € million]	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 IFRS	2002 IFRS	2001 IFRS	2000 HGB	1999 HGB
Employees										
Number of employees (average)	3,864	3,807	3,909	4,149	4,221	4,188	4,100	3,925	3,896	3,908
Germany	1,073	1,044	1,077	1,101	1,094	1,124	1,151	935	939	950
International	2,791	2,763	2,832	3,048	3,127	3,064	2,949	2,990	2,957	2,958
Personnel expenses	191.0	182.0	181.5	174.4	173.5	171.9	179.8	161.4	160.5	148.4
In % of sales revenues	13.7	13.3	13.7	14.6	15.8	16.5	16.9	17.2	17.8	17.8
Sales revenues per employee [in € thousand]	360.7	358.6	338.5	287.3	259.7	248.5	259.7	239.5	231.5	213.4
Research and development										
Research and development expenses	22.7	23.7	22.1	20.6	21.4	22.6	23.6	18.7	18.8	17.4
In % of sales revenues	1.6	1.7	1.7	1.7	2.0	2.2	2.2	2.0	2.1	2.1

FUCHS shares

[amounts in €]	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 IFRS	2002 IFRS	2001 IFRS	2000 HGB	1999 HGB
Earnings per share[3,4] Ordinary	4.43	4.63	3.70	2.79	1.81	1.61	1.40	0.73	0.68	0.64
Earnings per share[3,4] Preference	4.49	4.69	3.76	2.85	1.87	1.67	1.46	0.79	0.74	0.70
Dividend distribution [in € million][5]	37.1	37.0	25.2	17.4	13.7	12.9	11.0	9.8	9.8	9.1
Dividend per ordinary share[4,5]	1.54	1.44	0.94	0.64	0.50	0.47	0.43	0.39	0.39	0.36
Dividend per preference share[4,5]	1.60	1.50	1.00	0.70	0.56	0.53	0.49	0.45	0.45	0.42
Stock exchange prices on December 31										
Ordinary share[4]	39.1	62.9	52.0	31.8	25.9	14.5	7.1	6.7	6.0	6.2
Preference share[4]	34.0	60.6	58.0	32.9	24.0	13.3	7.1	6.5	5.8	5.8
Participation certificate 1998–2008 (in %)	–	103.5	109.8	113.9	115.3	110.0	105.9	104.3	100.5	99.7

1 The ratio of financial liabilities plus pension provisions and minus dach and cash equivalents to sahreholders' 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 avarage values, before that it was based on year-end values.

3 Before scheduled goodwill amortization.

4 For better comperabilitiy, the prior-year figureshave been adjusted for changes in the equity structure (bonus shares, share split, capital increases).

5 Dividend proposal for 2008. based on the stock of shares after conclusion of the buyback.

6 2008 und 2007 direct allocation of actuarial gains and looses against equity.

FUCHS PETROLUB AG