

2011

ANNUAL REPORT

BENTELER 

BENTELER GROUP IN FIGURES

FISCAL YEAR (JANUARY 1 – DECEMBER 31)

		under IFRSs			under German GAAP	
		2011	2010	2009	2008	2007
External Sales	[€ million]	7,105.6	6,104.9	4,558.3	6,327.4	6,319.4
Employees including trainees ¹⁾ (average for year); FTE starting 2009		25,848	23,748	22,654	24,281	22,938
Personnel expense	[€ million]	1,269.5	1,160.0	911.5	1,031.3	986.3
Personnel expense per employee, FTE starting 2009	[T €]	49.3	48.9	40.2	42.5	43.0
Investments	[€ million]	385.8	246.5	171.5	208.5	317.9
Depreciation and amortization	[€ million]	203.1	198.0	190.1	164.9	156.0
Cash flow	[€ million]	375.4	334.7	182.7	296.3	309.7
Equity ²⁾	[€ million]	1,063.1	1,015.6	892.4	802.3	773.9
Total assets	[€ million]	3,641.9	3,116.7	2,667.6	2,551.2	2,502.6
Equity ratio	[%]	29.2	32.6	33.5	31.4	30.9
Profit/loss before tax	[€ million]	132.8	112.6	-10.5	175.1	249.2
Consolidated profit	[€ million]	97.0	79.9	-8.3	113.6	140.2

1) Until 2008: Number of employees

2) Adjusted equity: Equity + participation certificates

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Salzburg, March 2012

LADIES AND GENTLEMEN,

Following the vigorous growth of 2010 and a strong first quarter in 2011, business momentum began tapering off during the further course of the year. The Benteler Stahl/Rohr and Benteler Distribution divisions saw new orders decrease in the second half, although Benteler Automotive remained at a very high level throughout the year.

The entire 2011 year was overshadowed by a fire at our hot-rolling mill in Dinslaken, Germany, at the end of February, resulting in an eight-month shutdown. We were then gradually able to restart production in October.

A further important event during the year was that our new Benteler Global Procurement GmbH, headquartered in Paderborn, Germany, opened for operations. It pools the Benteler Group's principal purchasing activities.

Our Company generated revenue of €7.1 billion in 2011, €1 billion more than in 2010. The profit before taxes was €133 million, slightly above the previous year's level. There were problems at several startups in the Benteler Automotive division, in markets outside Europe. In 2012, we expect revenue to keep rising, with a substantially better profit. Thanks to its product portfolio and its global presence, the Benteler Group is well positioned. Concentrating on our strengths and pursuing our strategic initiatives is a good foundation for further positive performance. For that reason, we foresee good growth opportunities in almost every one of our markets.

During 2011, the Benteler Group had a workforce of 25,848 employees (FTE) at 170 locations in 38 countries. We expect the workforce to grow once again this year – primarily under the impetus of setting up new sites and expanding existing ones in the Benteler Automotive division.

On behalf of the Executive Board of Benteler International AG and the Management Board of Benteler Deutschland GmbH, as well as the Management Boards of Benteler Automotive, Benteler Stahl/Rohr and Benteler Distribution, I would like to thank our employees for the exceptional achievements with which they supported our Company, with dedication and flexibility, during a demanding period. We also want to thank all our business partners for showing so much confidence in us, and our shareholders for their constructive cooperation and support.

A handwritten signature in blue ink, which appears to read "H. Benteler".

Hubertus Benteler
Chairman of the Executive Board

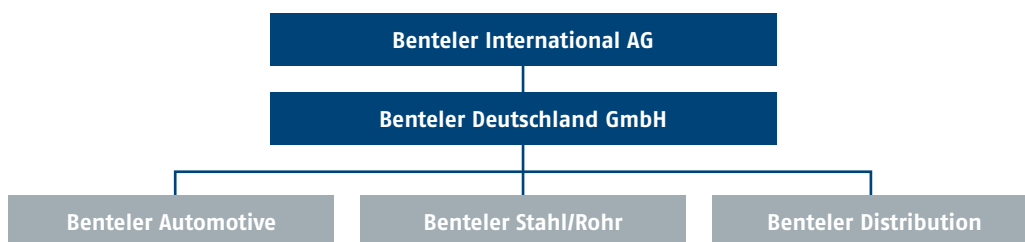
THE BENTELER GROUP AT A GLANCE

CONTINUITY AND PROGRESS – FOR MORE THAN 130 YEARS

The Benteler Group does business internationally. Under the strategic management holding company Benteler International AG, business operations are organized in three legally independent divisions – Benteler Automotive, Benteler Stahl/Rohr and Benteler Distribution – within Benteler Deutschland GmbH. The Company can look back on more than 130 years of success, and is now owned by the fourth generation of its founding family. Profitable growth and progress drawing on a long tradition are essential so that Benteler can safeguard its entrepreneurial autonomy in the future.

BENTELER EMPLOYS A TOTAL WORKFORCE OF 25,850 (FTE) EMPLOYEES AT 170 LOCATIONS IN 38 COUNTRIES.

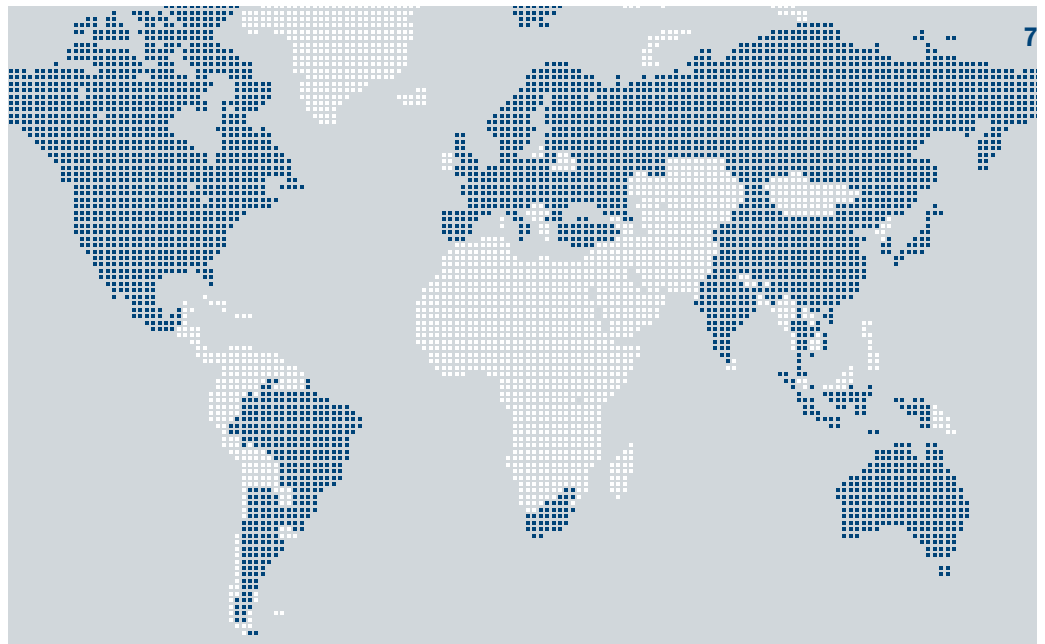
OVERVIEW OF MANAGEMENT STRUCTURE



BENTELER AUTOMOTIVE

Benteler Automotive develops and produces innovative products – always with a focus on safety, the environment and efficiency. As a full-service supplier, it serves virtually every major automotive manufacturer in the world, with customer-oriented solutions from within a broad range of products and services.

- **Chassis Product Group**
Optimized lightweight chassis components made of a wide variety of metal and non-metal materials and combinations
- **Modules Product Group**
Everything from a single source: from assembly only, to full responsibility for systems integration of highly complex modules for vehicle exteriors and interiors
- **Structures Product Group**
Ultra-high-strength lightweight components for safe vehicles, and ultra-lightweight aluminum components for clean cars
- **Engine and Exhaust Systems Product Group**
Solutions for all aspects of engines, as well as components and modules with extensive downsizing potential
- **Benteler Engineering Services Product Group**
Development of individual components up to the module level – from concept to the testing phase to support for series production



- **Benteler Mechanical Engineering Product Group**
Development and marketing of innovative concepts for machines and plants in architectural, automotive and solar glass, and for optical 3-D measuring systems
- **Benteler Defense Business Unit**
Development and production of appropriate protection solutions for a wide variety of customers and market segments
- **Benteler-SGL Automotive Composite Joint Venture**
Concepts for innovative composite materials help optimize custom lightweight construction solutions

BENTELER STAHL/ROHR

Benteler Stahl/Rohr develops and produces customized tubes for selected customer groups and applications. Its particular strengths lie in lightweight construction, high-strength products, and surface protection.

- **Benteler Steel/Tube Business Unit**
Development, production and sale of seamless hot-rolled and seamless cold-drawn steel tubes
- **Benteler Rothrist Business Unit**
Development, production and sale of welded and welded drawn precision steel tubes
- **Benteler Tube Management Business Unit**
Development of new product and business ideas based on tube solutions and tube products

BENTELER DISTRIBUTION

Benteler Distribution is one of the world's leading warehouseers and processors of steel and stainless steel tubes. It offers a full range of tube products and extensive services for all aspects of tube applications. Benteler Distribution supports its customers with customized concepts, based on

- an international sales and logistics network,
- technical consulting,
- extensive know-how in steel
- diverse, up-to-date processing solutions,
- expertise in procurement processes in machine construction, hydraulic cylinders, automotive, construction, health and consumer goods, and energy

PERSONNEL MATTERS

BENTELER
INTERNATIONAL AG

from left:
Hubertus Benteler,
Siegmond Wenk



THE EXECUTIVE BOARD OF BENTELER INTERNATIONAL AG

Hubertus Benteler, Chairman

Siegmond Wenk

THE SUPERVISORY BOARD OF BENTELER INTERNATIONAL AG

Robert J. Koehler, Wiesbaden, Germany, Chairman

Chairman of the Executive Board of SGL Carbon SE, Wiesbaden, Germany

Dr. Ralf Bethke, Deidesheim, Germany, Vice Chairman

Chairman of the Supervisory Board of K+S AG, Kassel, Germany

Rolf Eckrodt, Berlin, Germany

Chairman of the Board of Directors of Leclanché SA, Yverdon-les-Bains, Switzerland

Dr. Markus Flik, Gerlingen, Germany

Axel Prym, Roetgen, Germany

Shareholder in William Prym GmbH & Co. KG, Stolberg, Germany

Dr. Gert Vaubel, Warburg, Germany

Former Member of the Executive Board of Benteler Aktiengesellschaft, Paderborn, Germany

BENTELER
DEUTSCHLAND GMBH

from left:
Hein Van Gerwen,
Norbert Bergs,
Dr. Thomas Späth,
Dr. Meike Schäffler,
Anders Ivarsson



THE MANAGEMENT BOARD OF BENTELER DEUTSCHLAND GMBH

(formerly Benteler Aktiengesellschaft)

Hein Van Gerwen, Chairman (until October 10, 2011)

Norbert Bergs

Anders Ivarsson (since June 1, 2011)

Dr. Meike Schäffler (until September 30, 2011)

Dr. Thomas Späth (since October 1, 2011)

**BENTELER
AUTOMOTIVE**

from left:
Hein Van Gerwen,
Eric Alstrom,
Ralf Göttel

**BENTELER
STAHL/ROHR**

from left:
Norbert Bergs,
Matthias Jäger,
Dr. Meike Schäffler

**BENTELER
DISTRIBUTION**

from left:
Anders Ivarsson,
Dr. Marcus Schubbe

**THE MANAGEMENT BOARDS OF THE DIVISIONS****BENTELER AUTOMOTIVE**

Hein Van Gerwen, Chairman (until October 10, 2011)

Eric Alstrom

Ralf Göttel

BENTELER STAHL/ROHR

BENTELER STEEL/TUBE GMBH / BENTELER ROTHRIST GMBH / BENTELER TUBE MANAGEMENT GMBH

Norbert Bergs, Chairman

Matthias Jäger

Dr. Meike Schäffler (since October 1, 2011)

BENTELER DISTRIBUTION

Anders Ivarsson, Chairman

Dr. Marcus Schubbe

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BUSINESS AND GENERAL CONDITIONS

GLOBAL ECONOMY LESS DYNAMIC

The recovery of the global economy lost considerable momentum in 2011 compared to 2010. Following the very vigorous increase in global gross domestic product (GDP) in 2010, the Institute for the World Economy (IfW) in Kiel, Germany, projected an increase of only 3.8 % for 2011. Doubts about the viability of government debt in the industrialized countries, uncertainty about the health of the financial sector, and the resulting crises in confidence gave rise to restrictive tendencies. In the first half of 2011, the substantial increase in commodity prices and the consequences of the earthquake in Japan had a temporary slowing effect. The disaster in Japan in fact caused that country's GDP to decrease 0.7 %. In all, GDP growth in industrialized nations gained only 1.6 % in the year under report, while growth of 1.5 % was expected for the euro area. Although emerging economies still had relatively high growth rates – China, for example, with 9.5 % and India with 6.7 % – the global rate of expansion has slowed appreciably in past months. According to the IfW, global trade will initially expand only weakly in 2012, but will gradually revive over the rest of the year and in 2013. Emerging economies in particular, such as India, still have a substantial need to catch up economically, and will therefore make a positive contribution to worldwide industrial growth.

WORLDWIDE AUTOMOTIVE PRODUCTION REMAINS ON A GROWTH TRACK

The world built 77.2 million cars in 2011 – a 3.2 % gain from 2010. However, the earthquake in Japan adversely affected automotive producers' sales volumes, and thus also their production volumes, in the first half of the year; in the second half, the debt crisis in Europe had a similar negative impact. In the aftermath of the 2009 crisis, economic programs still ensured vigorous growth in 2010. That effect will not recur in the coming years.

Growth in automotive production especially slowed in Asia in 2011. Though a total of 37.3 million vehicles were produced there, this represented an increase of only 0.5 % from 2010. The region's performance was negatively impacted by the end of government subsidy programs in China and by the repercussions of the earthquake and subsequent tsunami in Japan in March. However, in absolute figures, this region still accounted for 48.4 % of total world production. The figure for 2010 was 49.6 %.



India was Asia's growth driver, with production volume rising 12.2 % to 3.6 million vehicles.

China alone produced 17.2 million vehicles during the year, an increase of 2.3 % from the year before. China's share of worldwide automotive production is now 22.3 %. Japan, Asia's second-largest production location, saw a 12.2 % decrease in production from 2010, to 8.1 million vehicles, because of the disaster in the spring. India, by contrast, was Asia's growth driver, with production volume rising 12.2 % to 3.6 million vehicles. Korea too, with relative growth of 8.1 % to 4.6 million vehicles, had a positive impact on the Asian market's performance. To profit from ongoing demand in the world's most populous region, many large OEMs and suppliers are further expanding their local capacity and building new plants. In China and India especially, this is often being done in partnerships with Asian OEMs.

Growth in Europe was adversely impacted primarily by the euro crisis in the second half. The crisis is still expected to hamper production in 2012. With relative growth of 4.3 % from 2010, automotive production in Europe rose to 20.3 million vehicles in 2011. Western Europe, with 13.9 million vehicles, accounted for 68.6 % of this result. Growth was 3.0 % from the year before. Production volume in Eastern Europe grew 7.2 %, to 6.4 million vehicles. In all, Europe accounted for 26.3 % of global automotive production, the second-largest volume after Asia. Here a noteworthy expansion of capacity can be expected in Eastern Europe at most.



Germany logged solid growth of 4.5 %, and remains Europe's largest automotive producer, with 6 million cars.

Germany logged solid growth of 4.5 %, and remains Europe's largest automotive producer, with 6 million cars. The fastest relative growth from the previous year was in Russia, with an increase of 23.1 %, or 300,000 cars. Russia produced a total of 1.7 million vehicles. Sales were assisted by government programs to protect local production.

The NAFTA countries again saw a strong increase. Production volume grew 8.2 %, to 12.9 million vehicles. The biggest gain in terms of percentage, 9.1 %, came from the United States, which produced a total of 8.3 million vehicles. Growth in Mexico, at 9 %, was similarly vigorous, but here production volume was only 2.5 million vehicles. In all, the NAFTA countries held a 16.7 % share of worldwide vehicle production.

South America, which has been able to grow steadily over the past few years and even during the crisis, increased its vehicle production 7.5 % in 2011. Carmakers there put out a total of 4.4 million vehicles, contributing 5.8 % of world production for the year. Brazil remained the region's most important production site by far.

More than 72.9 % of the world's cars came from the plants of the ten largest OEMs. Toyota, Volkswagen and General Motors accounted for 31.6 % all by themselves. Manufacturers continued to address the challenge of steadily reducing CO₂ emissions, and again made strategic choices to develop more sustainable vehicle fleets and new technologies. A systematic search for lighter-weight, alternative drives and new vehicle designs contributed here.

STEEL TUBING MARKET STABILIZES

Production of steel tubes in Germany increased again in 2011 from the year before. The increase in seam-less precision steel tubes, the relevant segment for Benteler Stahl/Rohr, was 17%. Oil prices remained stable at a high level, causing oil and gas exploration activities worldwide to retrench to pre-crisis levels. Lower inventory stocks of OCTG products resulted in lively demand. Rising demand for energy in Asia encouraged new power plant projects. The focus in Europe and the Americas was on major repairs to existing power plants.

Buoyed by strong export business, German machine construction made substantial additional gains from 2010. The tube business also benefited from the positive performance of the automotive industry in Germany. Major impelling factors included growth in China and the recovering American market. The continuing revival in utility vehicles was a further encouraging development.

The financial and debt crisis caused consumers, and especially warehousing distributors, to order more cautiously at year's end. Procurement costs for basic raw materials like ore, coal and scrap, as well as alloys, remained stable over the course of the year. Prices did not ease somewhat until the end of the year.



The growth drivers in the world market remained the markets in China and India, where steel tube consumption increased once again.

STEEL TUBE DISTRIBUTION GROWS MODERATELY

Demand in steel tube distribution picked up slightly in 2011. Worldwide steel tube consumption grew from the year before especially in the markets for machine construction, the hydraulic cylinder industry and the automotive supply industry. Construction and energy, particularly in plant construction in the latter case, still had to contend with cautious investment in Europe. The growth drivers in the world market remained the markets in China and India, where steel tube consumption increased once again.

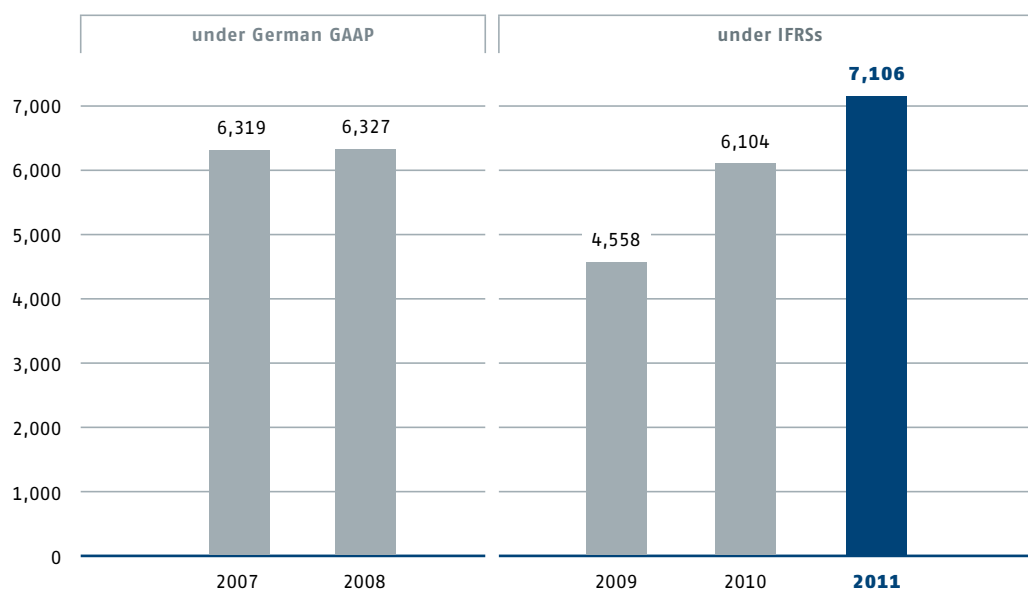
In the second half of 2011, business conditions were weakened by prospects for the economy, especially in European markets. The change in demand for semifinished materials and fluctuating costs for shipping and energy made prices more volatile.

EARNINGS SITUATION

BENTELER GROUP REVENUE RISES 16 %

The Benteler Group generated revenue of €7,106 million in 2011 – a 16 % increase from the year before. All divisions contributed to the growth.

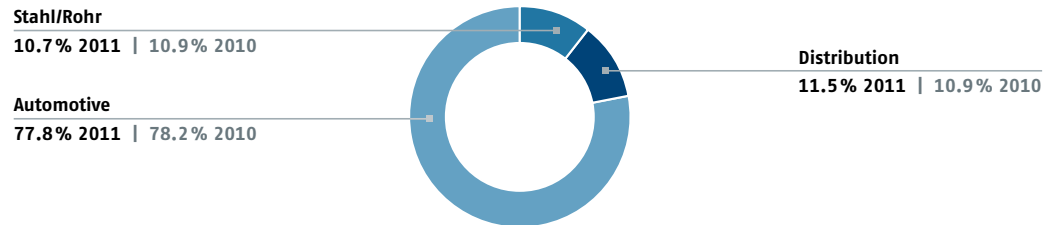
REVENUE PERFORMANCE SINCE 2007 – EXTERNAL REVENUE [€ MILLION] (UNDER GERMAN GAAP UNTIL 2008)



EXTERNAL REVENUE BY DIVISION

	2011 [€ million]	2010 [€ million]	Change [€ million]	Change [%]
Automotive	5,529	4,793	736	15
Stahl/Rohr	944	826	118	14
Distribution	816	671	145	22
	7,289	6,290	999	16
Less internal revenue	183	186	-3	0
External revenue	7,106	6,104	1,002	16

DIVISIONS' SHARES OF CONSOLIDATED EXTERNAL REVENUE



The Automotive division's revenue grew 15 % from the prior year. Its share of Group revenue came to 76 %. Benteler Stahl/Rohr saw a revenue gain of 14 %, and its share of Group revenue was 13 %. The Distribution division's revenue grew 22 %. Its share of Group revenue was 11 %.

Inter-divisional revenue (internal sales) for the year came to €183 million, and was mostly for deliveries by the Stahl/Rohr division to the Distribution and Automotive divisions.

BENTELER **AUTOMOTIVE** ENJOYS REVENUE GROWTH ABOVE MARKET AVERAGE

The **AUTOMOTIVE DIVISION** generated revenue of €5,529 million in 2011. This represents an increase of €736 million, or 15 %, from the year before. By comparison, global automotive production grew 3.2 %. In addition to rising series calls from customers and the startup of new plants and projects, passing on higher steel purchase prices to customers also contributed to the higher revenue.

Benteler Automotive develops and produces ready-to-install modules, components and parts for bodies, chassis and engines at 20 engineering and sales offices and 74 plants in 29 countries.

The former Chassis Systems Product Group was split into separately managed "Modules" and "Chassis" product groups in 2011, to better meet the different challenges faced by the two different units.

The **MODULES** Product Group focuses on the competitive, flexible assembly of complete front and rear suspensions. Business in modules represented 44 % of Benteler Automotive's total revenue, a 17 % increase from 2010.

The **CHASSIS** Product Group develops and manufactures chassis cross-members, subframes, control arms and knuckles, and generated 4 % more revenue than the year before. Revenue increases in Asia from the new plants in Chongqing, China, and Pune, India, were countered by the expiration of projects in the Mercosur region and at North American sites.

The **STRUCTURES** Product Group increased its revenue 14 % from 2010. This unit produces safety components, such as bumpers, roof frames, A- and B-pillars, door beams and instrument panel supports, as well as press parts. This product group also includes the Benteler Aluminium Systems unit, which makes aluminum components for the automotive industry. Its revenue grew 9 % from 2010.

The **ENGINE AND EXHAUST SYSTEMS** Product Group saw the largest percentage of growth in revenue, with a 29 % increase. This product group develops and produces components and systems to optimize fuel consumption and reduce exhaust gas emissions. These include exhaust gas recirculation systems with coolers to reduce nitrogen oxide emissions in diesel engines. The unit also produces exhaust manifolds and housings for catalytic converters and diesel particulate filters.

In addition to the four product groups, there are separately managed business units with different focuses. These include the **BENTELER ENGINEERING SERVICES** unit, which provides engineering services for both external and internal customers. **BENTELER MECHANICAL ENGINEERING** makes machines and tools for the Benteler Automotive division and for the glass industry. The **BENTELER DEFENSE** unit is in the startup phase, and plans to enter the market in passive vehicle protection. **BENTELER-SGL**, a joint venture of Benteler Automotive and the SGL Group, develops and makes fiber composite components, thus expanding Benteler's existing capabilities in steel and aluminum materials by adding carbon fiber solutions.



FURTHER GROWTH IN THE **STEEL/TUBE** MARKET

In 2011 the **STAHL/ROHR** division generated revenue of €944 million, up 14 % from the year before.

The business unit **BENTELER STEEL/TUBE** supplies products worldwide for market segments in the automotive industry, oil and gas exploration, power plants, building construction and machine construction. Despite the fire damage to the Dinslaken hot-rolling mill on February 25, 2011, which shut down the plant for eight months, Benteler Steel/Tube's revenue remained on a par with the year before. The economic recovery in Europe, the unit's main sales market, and especially in the building construction and machine construction segments, as well as good business conditions in the automotive industry, provided a significant contribution toward making up for the revenue lost on seamless tubes from Dinslaken, Germany.

The business unit **BENTELER ROTHRIST** produces welded and welded drawn tubes for numerous applications in the automotive industry, but also for other industries such as machine and plant construction. The general market recovery and strong demand in the automotive industry pushed Benteler Rothrist's revenue up 22 % from the year before.



DISTRIBUTION DIVISION SALES VOLUMES AND REVENUE BOTH HIGHER

BENTELER DISTRIBUTION delivers steel and stainless steel tubing to customers through an international logistics network, and offers a variety of different tube processing solutions, as well as technical consulting. Its business focuses on the machine construction and hydraulic cylinder segments, the automotive, construction and energy sectors, and on industrial goods and trading.

In 2011 Benteler Distribution generated revenue of €816 million, 22 % more than the year before. This increase resulted in part from higher sales volumes, and in part from higher prices, especially in the first half of 2011.

All European markets generated higher revenue than the year before. Northern, Western and Central Europe especially benefited from improving demand in machine and automotive construction.



CONSOLIDATED PROFIT GROWS

The consolidated profit for the period, before tax, rose to €132.8 million in 2011, 17.9 % above the year before.

Cost of materials, as a percentage of the total performance (inventory turnover and operating revenue) of €7,143 million, rose from 67.8 % to 71.7 %, largely as a consequence of numerous new startups, the adverse effects of the fire at the Dinslaken plant, and higher steel prices. The share of personnel expenses decreased from 18.9 % to 17.8 %. As revenue grew, available capacity could be utilized more fully. Depreciation and amortization decreased from 3.2 % to 2.8 %. Other operating expenses as a percentage of total performance rose slightly, from 9.2 % to 9.5 %. The net interest expense improved by €7.7 million, to €47.4 million. Net interest as a percentage of total performance decreased from 0.9 % to 0.7 %, because of the higher total performance.

Despite the welcome rise in revenue at the Automotive division, 2011 proved to be a great challenge. Earnings before taxes fell well short of expectations, and also short of the prior-year level. One reason was startup problems for new orders, particularly at the existing plants in Puebla, Mexico, and Goshen, Indiana, USA, but also at the new plants in Port Elizabeth, South Africa, Pune, India, and Kaluga, Russia. Specific plans were developed at Benteler Automotive for measures to counter these impediments to profits. Another factor was that the division was unable to pass on all of the increases in steel prices to its customers, although some retroactive reimbursements are expected in 2012 after being negotiated in 2011. Benteler Stahl/Rohr generated a substantial before-tax profit in 2011. The greatest contributor here was higher employment. The profits lost because of the fire damage to the Dinslaken plant were compensated by insurance payments.

In the Distribution division, the persistent increase in demand, especially in the first half of the year, helped increase sales volumes once again from the year before. Moreover, positive price developments combined with moderate increases in costs contributed toward a substantial rise in profits from 2010.

The tax expense came to €35.8 million (tax rate: 27.0 %). The Benteler Group's after-tax profit for fiscal 2011 came to €97.0 million, following a profit of €79.9 million the year before. Allowing for €4.4 million attributable to minority shareholders, the Group's net profit was €92.6 million, compared to €74.7 million in 2010.

ASSETS AND FINANCIAL POSITION

CAPITAL EXPENDITURES ABOVE PRIOR YEAR

The Benteler Group invested €386 million during the year. Consequently investments for 2011 were considerably more than depreciation and amortization, which came to €203 million. Out of the total, €352 million was paid for property, plant and equipment, and €34 million for intangible assets.



2011, the Benteler Group invested €386 million, 56 % more than the year before.

INVESTMENTS

	2011 [€ million]	2010 [€ million]	Change [€ million]	Change [%]
Automotive	286	209	77	37
Stahl/Rohr	74	25	49	196
Distribution	11	11	0	0
Holding companies	15	2	13	650
Total investments	386	247	139	56

Out of the total investments, €286 million, or 74 %, went for project-specific investments and for production facilities and equipment in the Automotive division. The largest investment projects were at two Chinese plants, Chongqing for €13 million, and Changchun for €10 million. But the Group also continued to invest in its existing European sites.

The Stahl/Rohr division's investments in expansion and rationalization for 2011, at €74 million, were well above the prior year's level. The Distribution division invested €11 million during the year. The largest single investment was the acquisition of machines to implement processing projects in the Automotive division in Switzerland. The division also invested in replacing processing equipment and in renovating or expanding warehouse locations.

LIQUIDITY REMAINS UNCHANGED AND HIGH AT END OF 2011

The cash flow reflects not only the results of operating activities net of non-recurring effects, but depreciation and amortization, changes in noncurrent assets and provisions, and noncash transactions. The cash flow from operating activities also includes changes in working capital and income taxes paid. On these bases, cash flow from operating activities was €207 million, 43.5 % less than in the previous year. Working capital changed by €120 million, while taxes paid came to €48 million for the year.

The Benteler Group endeavors to finance all investments (apart from corporate acquisitions) out of cash flow. Investments in property, plant, and equipment and in intangible assets, together with capitalized development costs, came to €386 million, and were financed out of the cash flow from profit of €375 million. Consequently the Group achieved its goal.

CASH FLOW STATEMENT

	2011 [€ million]	2010 [€ million]
Cash flows from operating activities	207.1	366.5
<i>(of which: Cash flow from profit)</i>	375.4	334.7
Cash flows from investing activities (including €120 million in investments in German federal bonds with maturities of not more than 6 months)	-474.7	-232.7
Cash flows from financing activities	270.5	-69.3
Effect of exchange rate changes on cash and cash equivalents	2.6	14.9
Cash and cash equivalents at beginning of period	302.0	222.7
Cash and cash equivalents at end of period	307.5	302.0

The cash flow from financing activities came to €270.5 million in 2011, particularly as a result of taking out borrower's notes for €275 million.

Cash included in cash funds remained almost unchanged from 2010, at €307.5 million. This is equivalent to an increase of €5.5 million. Liquidity represented 8.4 % of total assets, compared to 9.7 % in 2010.

TOTAL ASSETS INCREASE AGAIN

Total assets in 2011 were €3,642 million, 17% more than in 2010. Noncurrent assets increased €139 million, to €1,493 million. Property, plant and equipment and intangible assets increased by €136 million. Additionally, deferred tax assets decreased by €5 million. Additions of €386 million to intangible assets and to property, plant and equipment (not including companies newly included in the consolidated financial statements) were countered by disposals of €41 million at the residual carrying amount, and depreciation and amortization of €203 million.

Other current assets (not including cash) grew by €381 million, to €1,842 million. Changes during fiscal 2011 resulted from increases of €121 million in inventories, €95 million in trade receivables, and €143 million in other current receivables and assets. The figure as of the reporting date includes €120 million in German federal government bonds. As in 2010, neither factoring nor an asset-backed security program was carried out in 2011.

The Group's cash funds increased only slightly by €6 million, to €308 million. As a result of central cash pool liquidity management, these funds are currently deposited with Benteler International AG (since September 2011; with Benteler Deutschland GmbH until then) and are available on a daily basis.



Equity (not including capital represented by participation certificates, but including minority interests) increased by €47 million, to €964 million.

SOUND FINANCING STRUCTURE

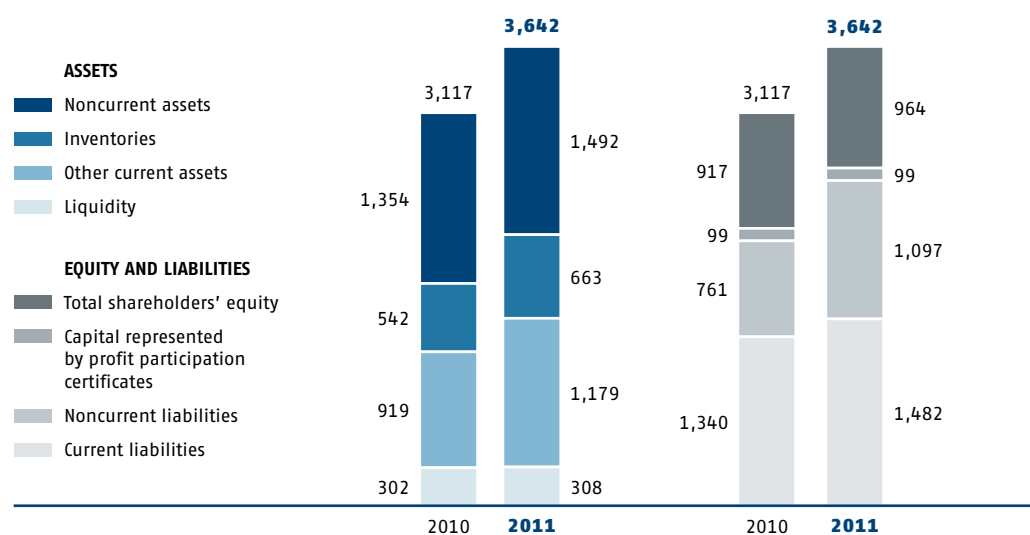
Equity (not including capital represented by participation certificates, but including minority interests) increased by €47 million, to €964 million. The consolidated profit for the year contributed an increase of €97 million, while equity was reduced by changes of €22 million in the cash flow hedge reserve and dividend outpayments of €22 million, as well as changes of €12 million in other components of equity.

Noncurrent liabilities came to €1,097 million at the end of 2011, an increase of €335 million from the year before. An increase of €320 million in noncurrent financial liabilities (€275 million of which for the borrower's note) and an increase of €25 million in other noncurrent liabilities was countered by a slight decrease in pension provisions and in other noncurrent provisions.

Trade payables, at €884 million, were up €113 million from the prior-year figures. Other current liabilities increased €29 million; current financial liabilities increased €26 million and other current liabilities increased €12 million. These primarily comprised liabilities for outstanding invoices, vacation and over-time, employee profit sharing, and other liabilities. Current provisions decreased by €10 million.

Working capital (current assets less current liabilities) increased by €130 million, to €646 million, and came to 9.1% of revenue, compared to 8.4% a year earlier.

GROUP BALANCE SHEET RATIOS [€ MILLION]



Noncurrent capital (equity, capital represented by participation certificates and noncurrent liabilities) came to €2,160 million, or 59 % of total assets. It covered 145 % of noncurrent assets.

KEY FINANCIAL RATIOS

		2011	2010
Equity ratio ¹⁾	[%]	29.2	32.6
Internal financing ratio ²⁾		0.97	1.36
Debt-equity ratio ³⁾		0.38	0.18
Dynamic debt-equity ratio ⁴⁾		1.08	0.55
Return on equity ⁶⁾	[%]	17.2	17.4
ROCE ⁷⁾	[%]	9.5	10.0
Working capital ⁸⁾		646.3	515.9
EBIT ⁹⁾	[€ million]	180.3	167.8
Degree of interest coverage I ¹⁰⁾		3.8	3.0
EBITDA ¹¹⁾	[€ million]	383.4	365.7
Degree of interest coverage II ¹²⁾		8.1	6.6

1) Adjusted equity (equity capital + participation certificates) : Total assets

2) Cash flow from profit : Investments

3) Net financial debt ⁵⁾ : Adjusted shareholders' equity (as of year's end)

4) Net financial debt ⁵⁾ : Cash flow from profit

5) Net financial debt = Liabilities to banks, finance lease liabilities, financial liabilities to affiliates and other financial liabilities less financial receivables from affiliates, other financial receivables, and cash on hand and bank balances (not including profit participation certificates and pension provisions)

6) Gross operating income after gains from business combinations :
Adjusted equity (averaged between beginning and end of the year)

7) (Operating profit/loss + net interest income/expense) :
(Intangible assets + property, plant and equipment + working capital ⁸⁾) (averaged between beginning and end of the year)

8) Working capital = (Inventories + trade receivables from third parties, related and associated companies) ./.
(Liabilities to third parties, related and associated companies + notes payable)

9) Gross operating income after gains from business combinations + net interest income/expense = EBIT

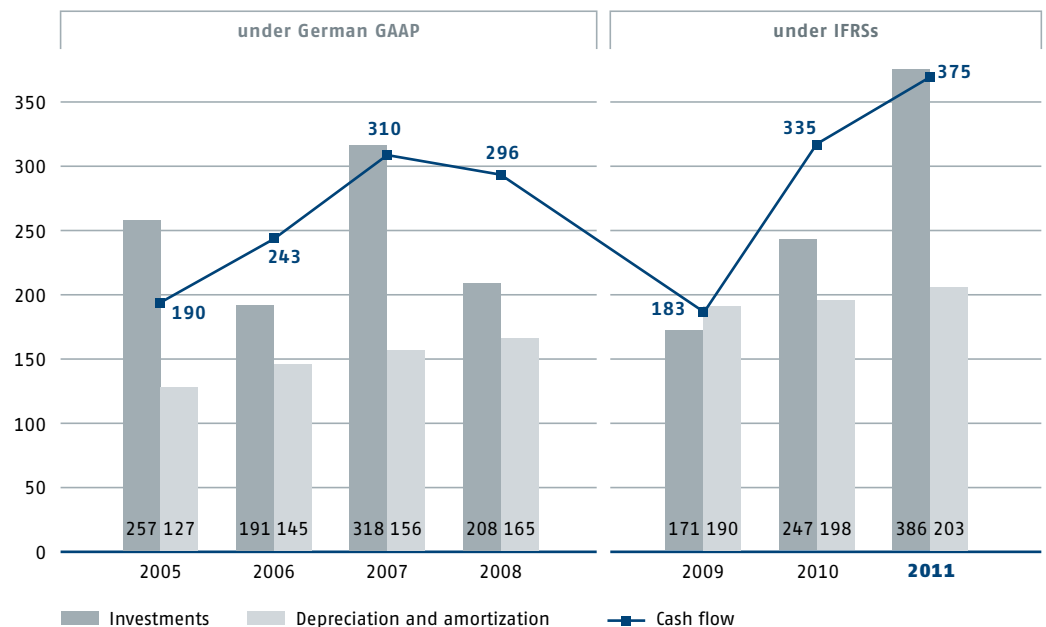
10) EBIT : Interest expense

11) Gross operating income after gains from business combinations + net interest income/expense + depreciation and amortization

12) EBITDA : Interest expense

The equity ratio in 2011, at 29.2 %, was lower than the previous year's 32.6 %. Net financial debt increased by €223 million, to €407 million. The gearing ratio increased from 18 % to 38 %.

TOTAL CAPITAL INVESTMENTS, DEPRECIATION, AND CASH FLOW [€ MILLION]
(UNDER GERMAN GAAP UNTIL 2008)



CENTRAL CASH AND FOREIGN EXCHANGE MANAGEMENT

In general, the Benteler Group's capital expenditures financing is centralized. Liquidity surpluses or shortages are pooled – within Benteler Deutschland GmbH until September 2011 and through Benteler International AG since September 2011 – by way of intra-Group investment and borrowing capabilities. This allows surpluses from individual Group companies to be transferred and used by other Group companies as needed.

As a rule, capital expenditures are financed by long-term funding and working capital is financed by short-term funding. Noncurrent assets are continuously financed out of cash flow and by taking out appropriate long-term loans with matching maturities.

To finance working capital, the Company had cash resources of €307.5 million available at December 31, 2011, as well as credit facilities promised in writing, including an undrawn loan, for a total of €391 million, which are treated as a strategic liquidity reserve. The credit had not been drawn upon as of the reporting date. In addition, the Company can draw in the short term on an amount of €120 million that has been invested in German federal government bonds with maturities of not more than 6 months. All credit approvals are free from collateral and from financial covenants.

Since September 2011, a large portion of internal payables and receivables have been netted between Group companies by way of Benteler International AG (previously through Benteler Deutschland GmbH), so that payment transactions can be settled cost-effectively. Because of the revenue growth, the netting volume increased by €92 million in 2011, from €585 million to €677 million.

RISK REPORT

COMPREHENSIVE RISK MANAGEMENT

The Benteler Group, with its individual companies and divisions, is exposed to a variety of strategic and operational risks that may have a considerable impact on the Group's assets, financial position and results of operations. The Benteler risk management system becomes especially important in periods of high market volatility, when demand is sometimes additionally affected by government programs and other non-recurring factors. It governs the identification, assessment and management of defined risks, and is fully integrated into the Group's processes for strategy, planning and information. The risk management system regularly undergoes a thorough review and its controlling effects within the Group are refined. The efficiency and efficacy of the Group's risk management systems were examined and confirmed once again in 2011 by outside consultants.

Benteler International AG, as a strategic holding company, and Benteler Deutschland GmbH, as the operating management company, guide the divisions by setting goals. A detailed management information system monitors goal achievement; it tracks all relevant key performance indicators in terms of actual, planned and projected figures. If there is a deviation for the worse from plans, the management companies initiate appropriate countermeasures.

Each month, all divisions report on their economic performance, and point out opportunities and risks that may affect planned results and future developments. An aggregate risk status report is also submitted to the management bodies every six months, on the basis of an inventory of risks that might pose a threat to the Company's continued existence. In a cascading reporting system based on defined indicators about probability and (financial) importance, this report describes the status of risks and pertinent measures. Officers are appointed to take specific responsibility for each risk and the associated measures.

The Group also has a Company-wide internal control system that arranges organizational safeguards, procedural rules, and system audits. Internal Auditing regularly reviews every unit of the Company. The matters it examines include compliance with guidelines, the regularity and efficiency of business processes and reporting, and the proper functioning of risk management.

Certain especially important risks are transferred to insurers by the Group's central service provider BLV. In particular, claims resulting from any recalls or cases of liability are covered, as are property damage and losses caused by interrupted operations.

The risks described below are not the only ones to which the Benteler Group is exposed at present. Unforeseen risks or risks considered negligible today may also have adverse effects on future business activities.

In the current economy, particular attention must be paid to risks resulting from changes in demand due to business cycles and from the financial sector, specific customer and supplier risks, and risks resulting from changes in the supply markets. Management also carefully watches project risks, quality risks, foreign currency risks, IT risks and liquidity risks.



The Group furthermore aims to safeguard its good liquidity position for the long term, through efficient investment and working capital management, and to build up reserves for growth projects.

RISKS DUE TO THE IMPACT OF CHANGES IN DEMAND DUE TO BUSINESS CYCLES

The Company's business plans point out opportunities in new products, customers and markets. But these opportunities also entail risks to sales volumes, revenue, profits, liquidity and investments, resulting from unplanned overruns – and even more importantly, underruns – of production volumes in the vehicle models for which Benteler supplies its products. Cyclical fluctuations may also significantly influence business in steel tubes, in both sales and production.

In past years Benteler has initiated numerous projects and established the associated processes to adapt cost structures to demand at the various divisions, and to keep potential cash flow risks within narrow bounds. These particularly included the Profit Improvement Programs, expanded risk management and early warning systems to analyze customer and supplier creditworthiness, and monitoring of short-term and medium-term liquidity as a part of cash management. The Group furthermore aims to safeguard its good liquidity position for the long term, through efficient investment and working capital management, and to build up reserves for growth projects.

SPECIFIC CUSTOMER AND SUPPLIER RISKS

Adverse economic performance among individual contracting partners could have consequences for the Benteler Group's revenue and earnings. As has already been mentioned, the Company limits these risks by diversifying its customer and supplier base as much as possible, and by constantly watching important market indicators and other early warning indicators.

The Benteler Group could incur losses if the creditworthiness of individual customers deteriorates so that delays or defaults occur in payments, or planned sales volumes cannot be achieved. The company maintains intensive debtor management to hedge this risk. The divisions' sales and financing officers regularly track customers' economic condition, their payment performance, and the possibility of hedging risks, for example by insuring a portion of receivables.

To meet its obligations as a supplier, the Benteler Group must rely on materials and services provided by numerous other companies. In the current highly volatile economy, with sharply rising commodity prices and an increasingly strong demand for technological quality in emerging markets, business might particularly be hindered if existing suppliers encounter supply difficulties, or if suitable new suppliers must be found on short notice. The Automotive division has an especially large number of specialized suppliers. Here the purchasing department applies an extensive range of successful tools for monitoring and mitigating risk. For example, suppliers' credit ratings are continually monitored with the assistance of external and internal sources of information. Specialized purchasing teams make sure that if a crisis arises, the division's supplies – and thus its ability to serve its end customers – are safe.

CHANGES IN THE SUPPLY MARKETS

Fluctuations in the price of steel, scrap metal and alloys pose a considerable risk for the Benteler Group. If prices for raw materials rise, for example, it is not always immediately possible to pass on the necessary amount of the increase to customers by raising selling prices. The result may be an adverse effect on operating profits. Conversely, delays in passing on lower procurement prices may also have a positive influence on earnings.

The Automotive division buys considerable quantities of hot-rolled and cold-rolled steel. It passes on most changes in procurement prices to the customer. To compensate for increases in the price of raw materials, the Stahl/Rohr division has reached agreements with customers on cost-of-materials increases. At Benteler Distribution, declining procurement prices may reduce revenues on the sale of stock on hand. For that reason, the division actively manages its inventory levels, especially when market volatility is high.

PROJECT RISKS

The Automotive division is involved in complex development and production projects. The inherent risks of these projects include unexpected technical difficulties at Benteler or its suppliers. Those, in turn, may sometimes lead to higher costs for the start of series production and/or higher investments than were planned. To avert or reduce these risks, the division applies extensive standards for project execution. These also call for regular project reviews to permit early countermeasures when needed. Suppliers are included in this process, and are audited periodically.

QUALITY RISKS

Shortcomings in development, production or logistics at Benteler plants or suppliers may cause parts to be delivered to customers late or in faulty condition. Such problems may expose Benteler to claims for damages. For that reason, the Benteler Group has introduced extensive operating procedures governing process reliability, quality management and process audits, at its own plants and for its suppliers. To mitigate such risks in their own production operations, the divisions constantly refine their production methods and apply preventive maintenance on their equipment. In parallel, they continue expanding their systems for seamless documentation of the production steps for each part. These measures are intended to minimize recall risks if suppliers deliver defective parts, or if Benteler itself produces or delivers defective products. The Benteler Group has taken out insurance policies to limit residual risks to the Company as a result of liability or damage claims. Damage claims may also result from purchases of defective materials. Through a cooperative arrangement with an insurance broker, the Benteler Group also offers advantageous ways for its external suppliers to take out product liability and recall insurance.

RISKS FROM PROPERTY DAMAGE AND INTERRUPTED OPERATIONS

Benteler further developed its system for operational risk prevention during the year. For this purpose, it set up an inter-divisional task force on operating safety and risk prevention, which also draws on the Company's experience from the fire at the Dinslaken plant. The inter-divisional body's principal tasks are to systematically review and classify operational risks at the Group's plants, derive measures for damage prevention on that basis, prepare emergency plans for business processes, and introduce an annual operational safety report.

FOREIGN EXCHANGE RISKS AND INTEREST RATE RISKS

The scope of its international business operations, especially in purchasing and sales, exposes the Benteler Group to foreign exchange risks as a result of fluctuations in exchange rates. The finance and foreign exchange management functions, which are managed centrally, largely rule out foreign exchange risks by applying an information system and associated hedging transactions. The Group generally hedges customer orders and additional purchasing volumes denominated in foreign currencies, using well-established procedures. The Benteler Group controls risks from changing interest rates by largely matching maturities when it borrows refinancing funds, and by using derivatives. (See the Notes to the consolidated financial statements for more information about financing instruments.)

LIQUIDITY RISKS

The Benteler Group requires a sufficient supply of liquidity to safeguard its continuing existence and achieve its growth objectives. The financing that must be covered is computed on the basis of plans, and is generally obtained by way of medium- and long-term borrowings, primarily from the Company's house banks. Additional financing needs may develop if economic risks arise. Borrowed funds may also be needed in order to take advantage of opportunities. Ensuring a sufficient prospective supply of liquidity is one of the most important tasks of the Company's financial management.

Thanks to its long-term, conservative financing policy, the Benteler Group is well prepared to handle its planned growth. The inventory credit lines maintained to finance working capital will still be available for a number of years. A solid financing structure ensures that the Group will remain solvent even under the burden of adverse economic conditions. Additionally, the Benteler Group has taken extensive steps to enable it to assess future liquidity needs even more accurately, and to free up liquidity within the Company. The particular focus here is on working capital management and capital expenditures. As a consequence of its active working capital management and efficient investment approach, the Group currently enjoys substantial cash resources.

IT RISKS

The failure of IT systems and/or the manipulation of data could interfere with important processes at the Benteler Group, and might for example result in delivery problems or missed deliveries. The Company counters this risk with a redundant configuration of IT systems and with appropriate authorization rules, emergency plans, and IT security guidelines, all of which are regularly reviewed and monitored.



On the basis of an examination of the current risk situation, there is no identifiable risk at present that could pose a threat to the continuing existence of the Benteler Group.

OVERALL ASSESSMENT OF RISK MANAGEMENT

During the year, in addition to auditing the Consolidated Financial Statements, the auditors once again examined material risk management processes. They concluded that the Benteler Group complies with the requirements of law, and that the Group's early warning system is capable of identifying and managing in a timely way any developments that might pose a threat to its continuing existence.

On the basis of an examination of the current risk situation, there is no identifiable risk at present that could pose a threat to the continuing existence of the Benteler Group.

RESEARCH AND DEVELOPMENT REPORT



The Benteler Group has more than 1,200 employees in research and development, at 32 locations in 18 countries.

PROGRESS THROUGH INNOVATIVE TECHNOLOGIES, PRODUCTS AND PROCESSES

The Benteler Group is continually at work on new products, materials and technologies so as to offer added value to its customers. Its aim is to combine the latest technologies, excellent quality, outstanding product characteristics, optimum cost-effectiveness, and resource conservation. This commitment is intended to strengthen the Group's own competitive position and expand its product portfolio. Future trends always play a crucial role. The Benteler Group has more than 1,200 employees in research and development, at 32 locations in 18 countries. Research and development expenditures in 2011 totaled €106.8 million (prior year: €109.5 million).

The examples below are representative of the Benteler Group's diverse activities in research and development:

PRODUCT DEVELOPMENTS IN WELDED TUBES

An important innovation was specially designed camshaft tubes for motorcycles. In addition to special processing characteristics, they can provide substantial weight savings and improved performance, combined with lower pollution. In chassis development, a microalloy, normally annealable, highly formable steel was adapted to permit complex forming operations. Tubes made from this steel are formed into finished parts by special bending and hydroforming operations, and are ultimately processed into front and rear suspensions. This material makes it possible to reduce wall thickness compared to predecessor models, and saves weight. In media ducts, a concept was developed for coating small tubes for automotive ducts, to be used in fuel lines and steering systems. The coating reduces costs and offers very good corrosion resistance even in formed parts.

PRODUCT DEVELOPMENTS IN SEAMLESS TUBES

Airbag makers use Benteler high-strength steel tubes to make hybrid and cold gas generators, but also pyrotechnic generators. To achieve wall thicknesses of less than two millimeters, a new material was developed that makes airbags lighter. It is currently undergoing validation, and is expected to be used in the first prototypes soon. A seamless tube made of Benteler's ultra-high-strength material BNX 205 was also developed for use as a drive shaft in racing. In this high-performance drive shaft, the spline connection that was formerly used between the hollow shaft and the drive shaft joint is replaced with an electron-beam welded connection, thus saving substantial weight. It is also suitable for use in electric vehicles.



Fiber composites and high-strength steels or aluminum alloys are the key research topics in materials development at Benteler.

FOCUSING ON SAFETY, EFFICIENCY AND THE ENVIRONMENT

Key research topics in materials development included new materials for lightweight construction, such as fiber composites, and high-strength steels or aluminum alloys. The portfolio is rounded out with new forming technologies for improved component performance, joining techniques for hybrid structures, and new coating processes to protect ultra-high-strength steels against corrosion.

SYSTEMS AND BASIC PRINCIPLES

Product development focused on such research areas as thermal management, active crash systems and mechatronics. The mechatronics projects concentrated on safety and efficiency. Improved actuators in anti-roll systems for convertibles ensure that the safety bars extend quickly, and thus protect occupants in serious accidents. New crash sensors also make it possible to determine the severity of an accident quickly and reliably. They make it possible to activate protective systems like airbags and seatbelt tensioners earlier, thus mitigating the accident's consequences. Mechatronic systems in the stabilizer improve comfort without compromising driving characteristics. The semi-active system developed by Benteler is characterized by high levels of cost-effectiveness and energy efficiency. In thermal management, basic research projects are in progress on recovering energy from exhaust gas heat. The aim is to transport the heat to various users, or convert it into electrical energy, so as to reduce fuel consumption, and thus CO₂ emissions. For example, when the engine is started, motor oil or transmission oil can warm up faster, reducing friction losses, especially on short trips. Plans also call for the waste heat to be used to heat the passenger compartment.

MATERIALS TECHNOLOGY

There were further activities during the year relating to a wider use of fiber-reinforced components in automotive construction. The focus for manufacturers here is on reducing weight and fuel consumption, but technologically, it is primarily the automation of manufacturing processes that makes it possible to apply these components in large series production. This particularly involves the handling of fabric – i.e., gripping it with robots, carrying it between working stations, and stacking it in a defined, reproducible way in the tool. New gripper designs were developed for this purpose in cooperation with the Benteler-SGL joint venture, combining high flexibility and reliability.

STRUCTURAL COMPONENTS

The conflicting goals of lightweight construction, crash safety performance, and ensuring rigidity call for alternative approaches to vehicle structure solutions. The resulting new component geometries require adjusted production concepts that are currently undergoing trial runs. For a large-scale series project, the first hot-formed body structural component with eight different plate thicknesses was developed and implemented in series production. The rolled blank used for the purpose is shaped and hardened in a direct hot-forming process. The resulting component has a 20 % weight advantage. An innovation for ultra-high-strength hot-formed parts is partial multi-zone heat treatment, a further development of the well-established two-zone heat treatment technique. This makes it possible to implement characteristics appropriate for requirements by way of the component geometry, and both to improve crash performance and to reduce cost in the subsequent trimming operations.

Benteler also operates in electromobility, for example in developing subsystems for two large space frame structure projects and in designing and implementing the overall vehicle concept. One challenge is developing support systems for lithium batteries and implementing them for the production line. Complex requirement profiles have led to joining techniques that are otherwise used in aviation. Series production is currently in preparation.

In hybrid structures, expertise is applied from the fields of steel, aluminum and fiber reinforced polymers (FRP) to create lightweight construction solutions with characteristics appropriate to requirements. FRPs are used in hybrid structures, and are being worked on in close cooperation with the Benteler-SGL joint venture. Development began during the year on fiber-reinforced structural components, such as B-pillars, and for fiber-reinforced steel and aluminum components, being developed as a basis for using FRP reinforcement in large-scale series production.



New axle systems by "Benteler Vehicle Dynamics" improve driving dynamics and tire mileage – and reduce the braking distance for passenger cars.

DEVELOPMENTS IN DRIVING DYNAMICS

The aim of the "Benteler Vehicle Dynamics" project is to improve driving safety, driving comfort and driving dynamics in passenger cars. On the basis of the new "power loss" method, an axle was developed that represents a fundamental contradiction of the automotive industry's conventional design strategies for driving dynamics. To assess the axle's performance, a car was retrofitted and compared against a series-produced vehicle. The tests fully measured up to expectations. For example, the test vehicle achieved almost 40 % better tire mileage, and both lap times and braking paths on a wet track improved significantly.

ENVIRONMENTAL MANAGEMENT REPORT

INTEGRATED ENVIRONMENTAL PROTECTION

Conserving resources and protecting the environment are routine corporate practice at the Benteler Group. The Company intends to make a positive contribution toward a sustainable future by having every segment improve its environmental performance and raise awareness among its employees, suppliers and customers. Measures for environmentally appropriate organization cover the Group's entire product range and all production procedures – and here Benteler includes a product's entire life cycle, from the use of raw materials to product development, production, and product use, all the way to disposal and recycling. In other words, integrated environmental protection stands on an equal footing as a corporate goal in all the Benteler Group's activities, on a par with maximum quality and maximum customer satisfaction, combined with maximum levels of safety for employees. These principles are laid down in the corporate guidelines. The Benteler Group has installed an environmental management system that is regularly certified to DIN EN ISO 14001. All plants met the requirements of that standard during the year, and in many cases exceeded them.

ECONOMICS AND ECOLOGY IN BALANCE

It goes without saying that all organizational and technical precautions for environmental protection are continually revised to comply with the latest regulations, and both production procedures and products are designed to be environmentally friendly with an eye to their entire life cycle. Closed coolant loops, chromium-free passivation and low-solvent, water-based paint systems are just as routine at Benteler today as modern energy management using waste heat from production, thus achieving both ecological and economic goals.

But the concept of doing business sustainably is also applied to finding areas of potential improvement in business processes. These include not only heat recovery, but recycling production residues and by-products. Other examples include further developing noise protection, reducing organic solvents in corrosion protectants so as to minimize ozone-damaging emissions, replacing solvent-based corrosion-protective paints with UV-hardened product protection media, and introducing and refining modern furnace control systems in various heat treatment units.

The focus of activities in environmental management at Benteler is on preventive measures, support for project management, and assessment of the environmental aspects of business and management processes. The aim of an interdivisional project under DIN EN 16001 is to reduce the cost of energy in all three divisions. This will help better manage such measures as a continual reduction of environmental impact in terms of energy, water, oil, gas and waste.



The specially trained team at Benteler's IMDS office (International Material Data System) could improve data quality from 65 % to 95 % during 2011.

Benteler is also hard at work assessing the ecological impact of its products and resources. For example, it has further optimized its database-supported module for hazardous materials management. The module is used for such purposes as filing all relevant documents, including hazard assessments, operating instructions and safety data sheets, and supports employees in handling products safely.

Leading automotive manufacturers have developed an IMDS (International Material Data System) to meet all the requirements of the End of Life Vehicle Directive, which was introduced in Germany in 1998 and amended in 2002. By 2015, automotive manufacturers must now additionally show that 95 % of a car is recyclable. Based on the IMDS, a material data sheet is therefore being developed listing all the materials used and the percentages of materials in each component of a vehicle – an important prerequisite for the subsequent recycling of those vehicle parts. The specially trained team at Benteler's IMDS office provides centralized attention as early as the developmental phase for the appropriate execution of projects worldwide. During 2011, data quality was improved from 65 % to 95 %.

PERSONNEL REPORT

AN INVESTMENT IN THE FUTURE

The Benteler Group's success is closely tied to our employees' performance, their creativity, and their personal and professional expertise. Their dedication and their ideas are the foundation for change, and are indispensable to the Company's further growth.

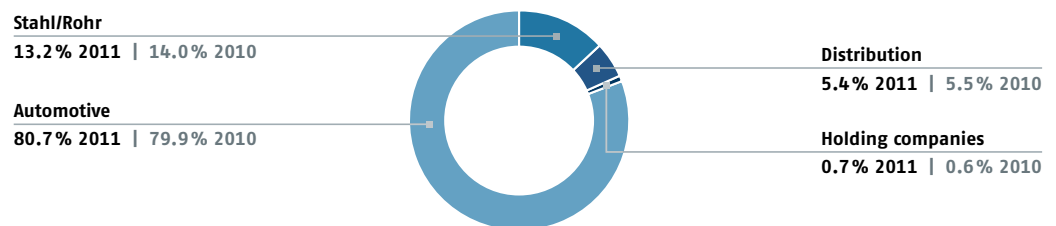
As an average for 2011, the Benteler Group had 25,848 full-time equivalent (FTE) employees worldwide – 2,100, or 9 %, more than in 2010. The Company is well aware of its social responsibility, and trains young people in a variety of occupations. In 2011 Benteler provided training for 714 young people worldwide (previous year: 660).

BREAKDOWN OF EMPLOYEES (IN FTE) BY DIVISION (AVERAGE FOR YEAR)

	2011	2010	Change	[%]
Automotive	20,851	18,984	1,867	10
Stahl/Rohr	3,408	3,314	94	3
Distribution	1,406	1,308	98	8
Holding companies	183	142	41	29
Employees	25,848	23,748	2,100	9
thereof trainees *	714	660	54	8

* Number of persons (average for year)

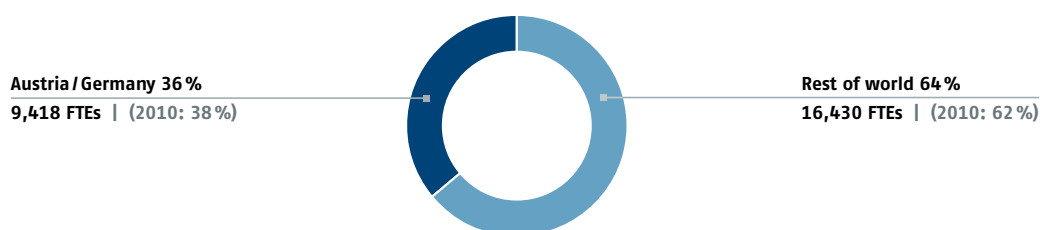
PERCENTAGE BREAKDOWN (IN FTE) OF WORKFORCE BY DIVISION



In the Automotive division, the average workforce increased by 1,867, or 10 %, to 20,851 FTEs. Most of the increase was in the Northern Europe (+705 FTEs), North America (+485 FTEs) and Asia/Pacific (+409 FTEs) regions. The percentage of German employees in the total workforce in 2011 was 36 %. About 81 % of all Benteler Group FTEs worked in the Automotive division in 2011.

The average workforce size at the Stahl/Rohr division increased by 94 FTEs, or 3 %, from the year before, to 3,408. The average number of employees in the Distribution division increased 8 %, to 1,406 FTEs. The average number of employees at the holding companies (including the newly founded central purchasing company Benteler Global Procurement GmbH) was 183 FTEs, compared to 142 FTEs in 2010.

PERCENTAGE BREAKDOWN OF BENTELER GROUP EMPLOYEES (IN FTE) IN AUSTRIA, GERMANY AND OTHER COUNTRIES



On average, the Group had 9,418 FTEs in Austria and Germany, and 16,430 in other countries.

PEOPLE MAKE FOR SUCCESS

Human resources work focused during the year on the Group's ambitious growth targets, its increasing internationalization, competitive pressure after the crisis, increased competition for talent, and dealing with the impact of demographic change.

MANAGEMENT AUDIT INITIATED

During the year, Benteler initiated a management audit of the top two levels of management, to assess management potential. The goal was to determine and then further develop today's executives' skills to address the strategic focuses of tomorrow. Intensive feedback interviews and individualized plans encourage and challenge executives, thus ensuring their own ongoing personal development and the Company's growth as well. At the same time, early executive development ensures there is a long-term arrangement for succession. Human resource development that looks ahead to the future with international succession planning made it possible to staff management positions at all levels from within the company once again in 2011.

Additionally, a Group-wide review of the current job evaluations began in 2011, to establish worldwide, interdivisional transparency and a harmonization of all positions. This approach is consistent with Benteler's values, and represents the foundation for attractive career planning throughout the Company.



Training is a high priority in the Benteler Group, especially at its location in Germany, and the quantity and quality has been enhanced in the past few years.

ATTRACTING EMPLOYEES

The Benteler Group is an attractive employer and intends to remain that way. The Company aims to attract the right employees and keep for the long term, so that it can continue to think and act innovatively.

Training is a high priority in the Benteler Group, especially at its locations in Germany. The quantity and quality of training has been enhanced in the past few years. Numerous additional qualifications acquired during their apprenticeships provide graduates with specific preparation for their job life. One indicator is the very good results of their occupational exams. Once again in 2011, a Benteler trainee ranked among the highest scorers in Germany.

The aging of the population, with significantly declining numbers of school children, will have an increasing effect on the quantity and quality of applicants. This is particularly so in the MINT professions – mathematics, IT, natural science and technology. That is why Benteler makes an appeal to young people with numerous activities intended to awaken their interest in technology. These include an annual Open House at the Benteler Training Center in Paderborn, Germany, cooperative activities with schools, practical experience programs for school-age students, and the Girls' Day. These efforts are already showing early successes. Benteler also now has women trainees in technical occupations at every level of the training program.

For people with a migrant background, and school children with learning and performance deficits, Benteler conducts the SchuBS project (School and Business on Saturday) in Paderborn, Germany. At these weekend events, students are given a focused preparation for vocational training. SchuBS has proved to be a hit project, with above-average placement rates in training positions.

By offering courses of higher study with an emphasis in engineering, Benteler has been able to attract well-trained graduates and win their loyalty. The number of women in technical occupations has risen encouragingly. In 2011, nearly one-third of students in engineering courses of study were women.

The aim of programs in industrial promotion is to combine employee loyalty with research closely related to industry. In this program, graduates from the Benteler combined program of study are assisted in earning their doctorates. But the program is also open to other very good graduates.

RAISING EMPLOYEE QUALIFICATIONS AND BUILDING LOYALTY

Worldwide growth and increasing international, inter-divisional cooperation make jobs more complex. To ensure that employees at all levels will still be able to meet the resulting requirements in the future, they have access to an all-inclusive range of advanced training courses that enable them to earn further professional and personal qualifications. The programs establish a shared understanding of procedures and processes within the Company, and facilitate efficient cooperation.

The Benteler Group offers a 360° feedback questionnaire to support its management culture. The form was custom-developed for the Company, and includes questions about the implementation of management culture, the competence model, teamwork, and customer awareness. Along with the employee's own self-assessment, the form also includes feedback from all the employee's professional interfaces with others.



Benteler's
"Rohrspatzen"
childcare center
actively supports
compatibility
between job and fa-
mily.

THE "ROHRSPATZEN" CHILDCARE CENTER

To support employee satisfaction, Benteler invests in a family-oriented personnel policy. The "Rohrspatzen" childcare center in Paderborn, Germany, which opened in 2008, enables working parents to combine job and family. Care in mixed-age groups is provided for children from four months to six years of age. The facility is certified as a "Little Researchers' House." The initiative's goal is to study nature and the environment with the children, for example in scientific experiments.

HEALTH MANAGEMENT

A company must be able to rely on its employees' ability and willingness to perform. That is why, as part of its company health management system, the Benteler Group sustainably works to protect every employee's health at its divisions and international companies. It takes a holistic approach that includes offering sports and prevention activities, as well as many different programs concerning health, stress relief and nutrition.

As society undergoes demographic change and retirement ages rise, it will become more and more important to keep a company's employees healthy and able to work into advanced age. Mental and physical stresses on the job have steadily increased over the past few years. For that reason, during 2011 the Company developed a new concept for integrated health management, taking demographic change into account. The plan has been introduced successfully at the first plants. To deal appropriately with future changes, sensitize executives and give them readily available options for action, seminars on healthy work and management have been added to the range of advanced training options.

ENCOURAGING GOOD IDEAS

The Benteler Group's employees actively contribute their ideas to help further optimize the work environment and job life at the Company. In 2011 they submitted more than 7,500 suggestions for improvements (prior year: 6,600) by way of the Company Suggestion Program. The potential for savings, improving communication, and optimizing processes, with the associated leveraging of competitive advantages, are important reasons to keep actively soliciting employees' ideas and making the most of the Suggestion Program as a management tool.

FORECAST

FOCUS IS STILL ON LONG-TERM, PROFITABLE GROWTH

Although market conditions are volatile, the Benteler Group's paramount corporate goals remain unchanged – a long-term, continual increase in corporate value and the preservation of financial independence. Benteler systematically concentrates on its strengths and strategic initiatives as a basis for positive future development. The Group's product portfolio and geographical range have positioned it well to take advantage of market opportunities and face up to new challenges.

UNCERTAIN BUSINESS ENVIRONMENT

According to the Institute for the World Economy (IfW) in Kiel, Germany, the outlook for global business conditions has deteriorated across a broad front. The government debt crisis in Europe has made conditions in industrialized countries extremely unstable. For that reason, the future evolution of the European Monetary Union will be crucial to future growth. The current situation in the euro area is most notably characterized by a great crisis of confidence. By now, political decisions are increasingly coming into play, and here it may be assumed that the euro countries intend to preserve their common currency. To achieve that goal through economic policy, massive savings programs are being discussed in countries that have high levels of national debt. It is uncertain how those programs will be carried out, or how they will affect the real economy. Low interest rates are being joined by further measures for easing monetary policy, such as the ongoing purchase of government and private securities by the European Central Bank (ECB).

Momentum in the emerging economies is slackening in comparison to last year. Despite evident weakening trends, these countries are still expected to maintain expansive economic policies because of their need to catch up, so that solid growth can still be foreseen.



Thanks to its extremely sound financing structure, the Benteler Group will still be able to take advantage of market opportunities in the future.

Because of this uncertain environment, the Five Year Plans at all of the Benteler Group's divisions focus equally on expanding their market position and enhancing profitability. Revenue is to exceed €10 billion by 2016, and all divisions are expected to contribute to that growth. Under the guidance of the strategic holding company in Salzburg, Austria, detailed divisional strategies have been developed and adopted for this purpose. Growth options have been reviewed, new lines of business have been sought out, and areas of investment have been defined. Thanks to its extremely sound financing structure, the Benteler Group will still be able to take advantage of market opportunities in the future.

Nevertheless, the Company will hold firm to the same conservative financing principles as in the past. Capital expenditures will still be financed from cash flow, the equity ratio is to reach 30 %, and as a rule, gearing is not to exceed 50 %. In addition, noncurrent assets will be financed with long-term funding.

STRATEGIC ORIENTATION OF AUTOMOTIVE DIVISION RECONFIRMED

Independent market researchers expect worldwide automotive production to grow 6.3 % in 2012, to 82.0 million vehicles.

Because of the uncertainty caused by the debt crisis in some European countries, automotive production in Europe is expected to decrease 1.8 % in 2012, to 19.9 million units. In Southern Europe, the impact on Spain will be especially severe. In North America, growth is expected to continue, at 6.9 %, with a production volume of 13.8 million vehicles. The same trend will continue in South America; production will increase 4.9 %, to 4.7 million units. Asia is expected to see a 10.7 % increase, to a production volume of 41.3 million vehicles. India and Japan especially, at 16.1 % and 14.9 %, respectively, are expected to support volume growth. China has developed into an established automotive market over the past two years, so that momentum will let up slightly there. Nevertheless, the increase is expected to be 8.5 %.

Technologically, the trend is still toward modular-design solutions that can apply to multiple series. Carmakers need solutions to reduce CO₂ in their work with chassis, structures and power trains. For that reason, Benteler Automotive will continue to focus on its lightweight construction strategies for environmentally friendly vehicles.

Among the vehicle segments, the worldwide trend toward smaller, more economical vehicles continues. However, the upper midsize, sports car and smaller SUV segments are still experiencing growth. The market is characterized primarily by diversity and sharp regional differences. Over the long term, smaller models of vehicles, with large volumes and many variants, will presumably gain in importance.



A detailed benchmark comparison of Benteler Automotive's product portfolio showed that the division is properly positioned to meet the requirements of the future.

Market trends that had become evident to date were re-analyzed and reconfirmed in 2011 as part of the division's strategy process. Fuel-saving technologies, growth in Asia, and a range of development sites around the world are still the critical factors for success in the Automotive division. Innovations in lightweight construction are likely to help OEMs pursue their goals of reducing CO₂ emissions while at the same time taking due account of more rigorous safety requirements. A detailed benchmark comparison of Benteler Automotive's product portfolio showed that the division is properly positioned to meet the requirements of the future.

Benteler Automotive focuses on the world's largest OEMs, and therefore will orient its global presence to those makers' activities. Existing capacities in Europe and North America will be utilized to the fullest, and new capacities will be created in growth regions, especially in Asia.

Benteler Automotive's growth strategy will be supported by entering markets in lines of business with above-average profitability. In that connection, a portfolio management project was launched in 2011 to evaluate the sustainability of various options for potential growth.

In addition to profitable growth, a systematic expansion of Benteler Automotive's efficiency programs is another fundamental requirement for enhancing the Company's value. The division will concentrate on investment management, enhancing profitability, optimizing its organization and processes, and pursuing selected strategic initiatives. One of the long-term plans, for example, is to further develop project management, with the aim of optimizing planning for new projects. Smoother new startups are to be ensured by using resources efficiently and by including input from the plants at an early stage.



The Benteler Stahl/Rohr division expects volumes and revenue to grow in 2012 in both of its units – Benteler Rothrist and Benteler Steel/Tube.

STAHL/ROHR DIVISION TO EXPAND INTERNATIONALLY

The Benteler Stahl/Rohr division expects volumes and revenue to grow in 2012 in both of its units – Benteler Rothrist and Benteler Steel/Tube.

Benteler Rothrist's business depends to an important degree on developments in the automotive industry, and the unit will continue to participate in that sector's growth. The recovery of the utility vehicle sector over the past few months is apparently proving sustainable and is expected to continue over the coming year. In the non-automotive sector, moreover, machine and plant construction is important for Benteler Rothrist. The EU27 region is especially expected to see increases from 2011.

Benteler Steel/Tube products are used worldwide in oil and gas exploration, in power plants, in the construction and machine construction sectors, and in the automotive industry. Because of the expansion of the economy, growth is expected at Benteler Steel/Tube in 2012. In the OCTG (oil country tubular goods) segment, development in the North American market is especially relevant. Oil and gas are still likely to represent a significant share of the energy supply for the long term. Energy prices will rise further, creating attractive conditions for further exploration.

In the heat transfer segment, project implementation for fossil-fueled power plants in Europe and North America must be expected to remain rather slow, in part because of the CO₂ problem. In Asia, by contrast, power plant construction activity will remain high. The solar business, which has already been positive in Europe, will be supplemented with growing demand from the United States. Meantime demand for U-bends in Asia will remain stable at a high level.

Machine construction, with an emphasis on construction and agricultural machinery, is important to the hydraulics/precision technology business. Following a recovery in 2011, further growth is expected in 2012. This growth is being driven by the increase in the fleet of machinery in emerging economies. German manufacturers with a strong export orientation will especially profit from this trend.

In the construction business, the drivers for success are worldwide machine and crane construction and the construction industry, including in connection with the expansion of infrastructures. The projected growth in machine construction and in the construction industry will also have a positive impact on the business unit Benteler Steel/Tube.

The Benteler Stahl/Rohr division will continue to pursue its "tube solutions" strategy. The associated top-priority goals – profitable growth, expanding the division's lead as a maker of precision steel tubing, and localization of production – will be pursued further by allocating resources, processes and projects.

As part of its growth strategy, the division explored which markets would be relevant for the Company and its products in the future. The results give reason to expect increasing volumes and market potential in products for the exploration industry in the United States. For that reason, the Company has decided to establish another site in the USA, so that it can continue to supply customers flexibly and with custom-tailored service. Current plans include building a steel mill and a tube plant, with several finishing lines, for the manufacture of seamless tube solutions.



With regard to the logistical challenges in the distribution business, such as short delivery times combined with ever-smaller lot sizes, a flexible, internationally oriented supply chain is becoming a fundamental factor for success.

DISTRIBUTION DIVISION: SUPPLY CHAIN A FACTOR FOR SUCCESS

The Distribution division expects further globalization among both suppliers and customers. This will increase pressure on tube distributors' procurement and selling prices. Customers' rigorous expectations for a continuous availability of supply will also necessitate active working capital management.

With regard to the logistical challenges in the distribution business, such as short delivery times combined with ever-smaller lot sizes, a flexible, internationally oriented supply chain is becoming a fundamental factor for success. Thanks to its size, its logistics capabilities, and its focus on business in machine construction, hydraulic cylinder production, the construction, automotive and energy sector, and industrial goods and distribution, Benteler Distribution is extremely well equipped to achieve its goals in this market environment. It will also continue expanding its geographical presence. For example, business operations in Spain are scheduled to start in 2012. Additionally, the division is giving a preparatory analysis to a stronger market presence in North Africa and the Middle East.

SUPPLEMENTARY REPORT

There were no major changes in the business situation for the current year after the preparation of the annual financial statements.

DISCLAIMER

This Management Report contains forward-looking statements about expected developments. These statements are based on current estimations and inherently involve risks and uncertainties. Actual events may differ from the statements presented here.

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CONSOLIDATED INCOME STATEMENT (IFRSs)

FOR THE FISCAL YEAR FROM JANUARY 1, 2011 TO DECEMBER 31, 2011

	Note	2011 [T €]	2010 [T €]
Revenue	6	7,105,560	6,103,882
Changes in inventories and other own work capitalized		37,563	31,981
Total operating revenue		7,143,123	6,135,863
Other operating income	7	310,691	106,969
Cost of materials	6	-5,121,794	-4,161,389
Personnel expense	8	-1,269,479	-1,159,995
Depreciation and amortization expense	10	-203,075	-197,958
Other operating expenses	9	-680,517	-565,708
Gross operating income before gains from business combinations		178,948	157,782
Gains from business combinations	11	0	8,536
Gross operating income after gains from business combinations		178,948	166,318
Net finance expense	12	-47,448	-55,124
Income from associates		1,330	1,440
Profit/loss before tax		132,831	112,634
Income taxes	13	-35,820	-32,756
Profit/loss for the period		97,011	79,878
Of which:			
Attributable to owners of parent		92,628	74,684
Non-controlling interests		4,383	5,194

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRSs) FOR THE FISCAL YEAR FROM JANUARY 1, 2011 TO DECEMBER 31, 2011

	Note	2011 [T €]	2010 [T €]
Profit/loss for the period		97,011	79,878
Other comprehensive income (after tax)	22		
Gains on exchange differences on translation for foreign operations		-44	54,203
Gains (losses) on the measurement of cash flow hedges		-22,027	4,128
Actuarial gains (losses) on defined-benefit plans (net)		3,132	-18,404
		-18,939	39,927
Total comprehensive income		78,072	119,805
Of which:			
Attributable to owners of parent		72,832	110,933
Non-controlling interests		5,240	8,872

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED DECEMBER 31, 2011 (IFRSs)

	Note	12/31/2011 [T €]	12/31/2010 [T €]
Intangible assets other than goodwill	14	102,855	103,106
Goodwill	14	6,477	7,219
Property, plant and equipment	15	1,267,288	1,131,478
Investments in associates	16	9,924	9,025
Deferred tax assets	17	63,416	68,518
Non-current income tax receivables		6,648	5,752
Other non-current receivables and assets	18	35,938	28,576
Non-current assets		1,492,546	1,353,674
Inventories	19	662,992	541,700
Trade receivables	20.1	851,281	756,065
Percentage-of-completion receivables	20.2	30,234	13,160
Receivables from contract production	20.3	17,837	15,789
Current tax receivables	20.3	277,801	134,314
Other current receivables and assets	21	307,510	302,037
Available-for-sale assets		1,742	0
Current assets		2,149,397	1,763,065
Total assets		3,641,943	3,116,739
Issued capital		200	200
Retained earnings		175,275	175,275
Other reserves		742,013	695,227
Equity attributable to owners of parent		917,488	870,702
Non-controlling interests		46,202	45,803
Total shareholders' equity	22	963,690	916,505
Capital represented by profit participation certificates	23	99,422	99,075
Non-current financial liabilities	26	704,336	384,235
Deferred tax liabilities	17	30,986	29,848
Non-current income tax liabilities	27	21	8,294
Other non-current liabilities		97,618	72,257
Pension provisions	25	202,603	203,674
Other non-current provisions	24	61,347	63,079
Non-current liabilities		1,096,911	761,387
Current financial liabilities	26	152,271	126,360
Trade payables	26	883,936	771,230
Current income tax liabilities	27	10,755	8,599
Other current liabilities	28	322,796	311,300
Other current provisions	24	112,162	122,283
Current liabilities		1,481,920	1,339,772
Liabilities		2,578,831	2,200,234
Total shareholders' equity and liabilities		3,641,943	3,116,739

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRSs)

FOR THE FISCAL YEAR FROM JANUARY 1, 2011 TO DECEMBER 31, 2011

See also Note 31	2011 [T €]	2010 [T €]
CASH FLOWS FROM OPERATING ACTIVITIES		
Gross operating income after gains from business combinations	178,948	166,319
Depreciation, amortization and impairment of intangible assets and of property, plant and equipment	203,075	197,958
Gains on the disposal of non-current assets	2,303	2,556
Changes in non-current provisions	-9,927	-6,055
Other non-cash transactions	1,033	-26,066
Cash flow from profit	375,432	334,712
Changes in inventories	-121,292	-103,080
Changes in receivables	-138,361	-89,525
Changes in liabilities	149,566	273,523
Changes in other provisions	-10,121	1,102
Changes in working capital	-120,208	82,020
Income taxes paid	-48,124	-50,243
Cash flows from operating activities	207,100	366,489
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for investments in intangible assets and property, plant and equipment	-354,866	-218,811
Cash payments for capitalized development costs	-30,886	-27,728
Cash payments for investments in financial assets	-124,779	-11,296
Cash payments/cash receipts for acquisitions of subsidiaries	0	-2,993
Cash receipts from the disposal of intangible assets and property, plant and equipment	24,427	17,227
Cash receipts from the disposal of financial assets	0	0
Cash receipts from the disposal of subsidiaries	0	0
Interest received	11,019	9,435
Dividends received	433	1,440
Cash flows from investing activities	-474,652	-232,726
CASH FLOWS FROM FINANCING ACTIVITIES		
Assumption/repayment of borrower's note loans	243,876	0
Changes in liabilities to banks	117,893	-4,377
Changes in other financial liabilities	-15,411	-7,809
Corporate actions	0	0
Cash receipts from non-controlling interests	2,950	0
Cash payments for the acquisition of non-controlling interests	-8,225	0
Interest paid	-48,944	-53,111
Dividends paid	-21,693	-4,034
Cash flows from financing activities	270,446	-69,331
Cash flow	2,894	64,432
Effect of exchange rate changes on cash and cash equivalents	2,578	14,894
Cash and cash equivalents at January 1	302,037	222,711
Cash and cash equivalents at December 31	307,509	302,037

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRSs) FOR THE FISCAL YEAR FROM JANUARY 1, 2011 TO DECEMBER 31, 2011

See also Note 22

	Issued capital	Retained earnings	Other reserves		
			Foreign currency translation reserve	Cash flow hedge reserve	
	[T €]	[T €]	[T €]	[T €]	
Balance at January 1, 2010	120,000	55,475	-65,292	-4,615	
Profit/loss for the period					
Other income (after tax)			50,525	4,127	
Other changes	-119,800	119,800			
Dividends paid					
Balance at December 31, 2010 = January 1, 2011	200	175,275	-14,767	-488	
Profit/loss for the period					
Other income (after tax)			-901	-22,027	
Capital increases					
Other changes					
Dividends paid					
Balance at December 31, 2011	200	175,275	-15,668	-22,515	

Other reserves				Equity attributable to owners of parent	Non-controlling interests	Total shareholders' equity
	Reserve for actuarial gains/ losses [T €]	Other [T €]	Total [T €]			
	-18,205	673,507	585,395	760,870	32,653	793,523
		74,684	74,684	74,684	5,194	79,878
	-18,403		36,249	36,249	3,678	39,927
		-1,101	-1,101	-1,101	8,312	7,211
		0	0	0	-4,034	-4,034
	-36,608	747,090	695,227	870,702	45,803	916,505
		92,628	92,628	92,628	4,383	97,011
	3,132		-19,796	-19,796	857	-18,939
			0	0	2,950	2,950
		-6,046	-6,046	-6,046	-6,098	-12,144
		-20,000	-20,000	-20,000	-1,693	-21,693
	-33,476	813,672	742,013	917,488	46,202	963,690

GENERAL INFORMATION

1 INFORMATION ABOUT THE COMPANY

Benteler International AG ("BIAG" or the "Company"; registered in the Austrian Companies Register of Salzburg Regional Court under FN 319670d, and having its registered office and principal place of business at Schillerstrasse 25–27, 5020 Salzburg, Austria) is the ultimate parent holding company of the Benteler Group, an international corporation with a history of more than 130 years. The Group does business in the following sectors:

- Automotive (94 locations, more than 20,900 (FTE) employees)
- Stahl/Rohr (12 locations, about 3,400 (FTE) employees)
- Distribution (60 locations, about 1,400 (FTE) employees).

The Benteler Group's various divisions primarily engage in the following activities:

- Developing, producing and selling ready-to-install modules, components and systems made of metals and a wide range of other materials, together with producing and selling the associated tools;
- Developing, producing and selling machines, machine installations, tools, design engineering and similar products;
- Producing steel and developing, producing, machining and selling steel products, especially steel tubes;
- Trading in tubes, tube accessories, profiles, sheet metal and similar products.

The common stock (200,000 shares) of Benteler International AG is not listed on a regulated market or in over-the-counter trading, and is closely held by the family, half through Hubertus Benteler Ges.m.b.H., of Salzburg, Austria, and half through Dr. Ing. E.h. Helmut Benteler GmbH, of Paderborn, Germany.

2 BASIS OF PREPARATION

In accordance with Section 245a (2) of the Austrian Corporations Code, the consolidated financial statements of Benteler International AG and its subsidiaries were prepared under International Financial Reporting Standards (IFRSs), taking due account of publications by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed in the European Union under Regulation No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards, and also in compliance with the additional requirements of Section 245a of the Austrian Corporations Code. Figures for prior years were calculated using the same principles.

The separate financial statements of the included entities were prepared as of the same reporting date as the consolidated financial statements.

The consolidated financial statements were prepared on the basis of historical cost, with the exception of derivative financial instruments and available-for-sale financial instruments, which are measured at fair value, and defined-benefit plan assets, which are measured as the net total of plan assets plus unrecognized past service costs and unrealized actuarial losses, less unrealized actuarial gains and the present value of the defined-benefit obligation.

The consolidated income statement was prepared using the nature of expense method.

The consolidated financial statements were prepared in euros. Unless indicated otherwise, all amounts are in thousands of euros (EUR thousand). System effects may cause amounts to differ from the unrounded amounts.

The Executive Board approved the consolidated financial statements and Group management report for the period ended December 31, 2011, on March 19, 2012, and released them for presentation to the Supervisory Board. The Supervisory Board is expected to approve the consolidated financial statements and Group management report at its regular meeting on May 4, 2012.

3**NEW ACCOUNTING STANDARDS**

This section lists all standards and interpretations released by the IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) that were applied for the first time in the fiscal year under report here, or that must be applied in future periods.

Application of the following new standards and changes in existing standards was obligatory for the first time in fiscal 2011:

Standard	Interpretation	Application obligatory for fiscal years beginning on or after:	Endorsed by the EU as of December 31, 2011	Effects on Benteler Group
IFRS 1	Limited exemption of first-time adopters from comparative disclosures under IFRS 7	7/1/2010	Yes	None
IAS 24	Related Party Disclosures	1/1/2011	Yes	None
IAS 32	Classification of rights issues	2/1/2010	Yes	None
IFRIC 14	Advance payments to meet minimum funding requirements	1/1/2011	Yes	None
IFRIC 19	Extinguishing financial liabilities with equity instruments	7/1/2010	Yes	None
Miscellaneous	Improvements to IFRSs 2010 – various standards*	7/1/2010 1/1/2011	Yes	Minor

* Unless specifically indicated otherwise, changes are to be applied for fiscal years beginning on or after January 1, 2011.

The following standards, interpretations and changes in existing standards have already been released by the IASB, but application was not yet obligatory for the present financial statements. The Company has decided not to apply them early.

Standard	Interpretation	Issued by IASB	Application obligatory for fiscal years beginning on or after:	Endorsed by the EU as of December 31, 2011	Effects on Benteler Group
IFRS 7	Disclosures – Transfers of financial assets	10/7/2010	7/1/2011	11/22/2011	Minor
IFRS 7	Disclosures – Offsetting of financial assets and financial liabilities	12/16/2011	1/1/2013	No	Minor
IFRS 9	Financial instruments	11/12/2009	1/1/2015	No	Under review
IFRS 10	Consolidated Financial Statements	5/12/2011	1/1/2013	No	Under review
IFRS 11	Joint Arrangements	5/12/2011	1/1/2013	No	Under review
IFRS 12	Disclosure of Interests in Other Entities	5/12/2011	1/1/2013	No	Under review
IFRS 13	Fair Value Measurement	5/12/2011	1/1/2013	No	Under review
IAS 1	Presentation of certain items of other comprehensive income	6/16/2011	7/1/2012	No	Change in presentation
IAS 12	Deferred tax: Recovery of underlying assets	12/20/2010	1/1/2012	No	Minor
IAS 19	Employee Benefits	6/16/2011	1/1/2013	No	Actuarial gains are already recognized in OCI, but there will be further changes
IAS 27	Separate Financial Statements	5/12/2011	1/1/2013	No	None
IAS 28	Investments in Associates	5/12/2011	1/1/2013	No	Minor
IAS 32	Offsetting of financial assets and financial liabilities	12/16/2011	1/1/2014	No	Minor

Three new standards were published in May 2011 that are connected with the presentation of the consolidated financial statements under IFRSs. IFRS 10 introduces a new standardized definition of control. The impact on the composition of the subsidiaries included in the consolidated financial statements is currently under review. IFRS 11 eliminated proportionate consolidation and replaced it with the equity method. Since the Benteler Group already applies the equity method, no major changes will result. IFRS 12 combines disclosures in the notes to the financial statements regarding consolidated and non-consolidated entities into a separate standard. The new standard will significantly expand the scope of necessary disclosures.

The new IFRS 9 introduces extensive changes in the classification and measurement of financial assets, impairment of financial assets, and rules for hedge accounting. Because the standard is still under revision, the impact on the Benteler Group cannot be reliably assessed at present. However, according to the current status of the project, application of IFRS 9 will not become obligatory until fiscal years beginning on or after January 1, 2015.

In addition, there are a number of further standards, amendments and interpretations that either are not relevant to the Group or have no influence whatsoever on the Group's profit or loss, assets or liabilities. These standards and interpretations will be applied once their application is obligatory in the EU (following endorsement).

4 CONSOLIDATION

4.1 Basis of consolidation

The consolidated financial statements include Benteler International AG and all significant **subsidiaries** in which Benteler International AG has the power to exercise a controlling influence, directly or indirectly (control relationship). As defined in IAS 27, control exists where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is generally presumed when the Group holds a majority of the voting rights (more than 50 %). Subsidiaries are fully consolidated in the consolidated financial statements as of the date when the power of control is obtained. Entities are deconsolidated as of the date on which the Group no longer holds this power.

Business combinations are recognized using the **acquisition method** under IFRS 3. In the initial consolidation, identifiable assets and liabilities are measured at fair value. A positive difference between the consideration transferred and the Group's share of the net fair value of the acquired assets and liabilities is recognized as goodwill. Any negative difference is recognized in profit or loss as of the acquisition date, if a review indicates that all assets acquired and liabilities assumed have been correctly identified and valued.

Non-controlling interests represent the share of earnings and net assets that is not attributable to the Group. Any profit or loss attributable to these interests is presented separately in the statement of comprehensive income from the share of profit or loss attributable to the owners of the parent company. In the balance sheet, non-controlling interests are recognized as a part of equity, separately from the equity attributable to the owners of the parent company. In cases where non-controlling interests hold put options, (synthetic) forwards or similar return privileges, the non-controlling interests' share of the company's net assets is recognized as a liability. Transactions (acquisitions and sales) entered into with non-controlling interests that do not result in a loss of control are recognized only in equity.

All intra-Group netted amounts (receivables, liabilities, provisions), transactions, income and expenses, as well as intercompany profits between consolidated companies, are eliminated in the preparation of the consolidated financial statements. Both unrealized losses and unrealized gains are eliminated, unless there are indications that an asset is impaired.

Associated entities – in other words, ownership interests in entities in which the Company can exercise a significant influence over financial and operating policy decisions, but cannot control them – are recognized and measured using the equity method. A significant influence is presumed when the Group directly or indirectly holds 20% or more of voting rights.

For **joint ventures** – in other words, entities that are managed jointly on the basis of a contractual agreement among multiple parties regarding an economic activity – the Group exercises its option to report using the equity method.

In regard to interests held in a **joint operation** (in which there is no separate jointly managed entity, and no joint assets), only the assets under the Group's power of disposition and the debts incurred, expenditures made, and proportional income from the sale of goods and services from the joint operation are recognized.

Investments in entities whose impact on the Group's assets and liabilities, financial position and profit or loss is of minor significance, as well as **other investments** in which the Benteler Group does not exercise a significant influence, are recognized as a financial instrument in accordance with IAS 39.

Goodwill resulting from corporate acquisitions represents the amount by which the acquisition cost exceeds the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or joint venture at the acquisition date. It therefore represents the strategic added value of the corporate acquisition.

Goodwill that results from the acquisition of a subsidiary is recognized separately in the statement of financial position. Goodwill resulting from the acquisition of an associate or joint venture is included in the amortized carrying amount of the investment in the associate or joint venture. In the event of the sale of a subsidiary, associate or joint venture, the attributable portion of goodwill is taken into account in measuring the net gain or loss on disposal.

Goodwill is tested annually for impairment ("impairment test") unless indications of an impairment are found or events that indicate a possible impairment occur at some other date. For purposes of the impairment test, goodwill is attributed to the goodwill-holding cash-generating units that are expected to derive benefits from the synergies resulting from the business combination (see Note 5.6, Impairment).

4.2 Companies included in the consolidated financial statements

Overview

The number of subsidiaries included in the consolidated financial statements changed as follows in fiscal 2011:

	Germany	Other countries	Total
Companies fully consolidated at Dec. 31, 2010	3	127	130
First included in 2011	4	9	13
Removed in 2011	0	6	6
Companies fully consolidated at Dec. 31, 2011	7	130	137

The fully consolidated entities include special purpose entities (solely real estate companies), which are consolidated in accordance with IAS 27 and SIC 12, if these entities are controlled by Benteler Group companies, allowing for the economic content of the relationship to Benteler International AG.

Twenty-two companies (prior year: 15) were not included in the consolidated financial statements, because of their minor importance for the Benteler Group's assets and liabilities, financial position, and profit or loss.

A complete list of the Group's shareholdings is included as an appendix to these notes (list of shareholdings).

Changes in companies included for fiscal 2011

During fiscal 2011, 10 new fully consolidated companies were founded, and one company was liquidated. Five companies ceased to exist because of intra-Group mergers.

The non-controlling interests in Benteler Estamparia Automotiva Ltda., Brazil, which formerly came to 35 %, were acquired during 2011. The company was then merged into Benteler Componentes Automotivos Ltda., Brazil.

The non-controlling interests in Benteler Steel & Tube Corporation, USA, which formerly came to 10 %, were also acquired during the year under discussion.

No corporate acquisitions were undertaken during the year under review, and no interests in corporations were sold that would have resulted in a loss of control.

5 ACCOUNTING POLICIES

The significant accounting policies used in preparing these consolidated financial statements are described below. The following accounting policies were applied uniformly throughout the Group for all presented reporting periods.

5.1 Foreign currency translation

Translation to the functional currency (transaction difference)

In the separate financial statements of a consolidated company that are prepared in local currency, receivables and cash in foreign currencies and liabilities owed in foreign currencies are translated at the rate as of the end of the reporting period. The resulting foreign currency translation gains and losses are recognized in the income statement as a part of the other net finance income or expense.

Translation to the reporting currency (translation difference)

The annual financial statements of foreign Group companies whose functional currency is not the euro are translated to the Group's reporting currency, the euro, applying the concept of a functional currency. In general, the functional currency of foreign Group countries is their local national currency. One exception is Benteler Distribution Hungary Kft., Hungary, which reports in the euro as its functional currency.

Assets and liabilities of the foreign Group company are translated at the exchange rate prevailing at the end of the reporting period. Equity is recognized at historical rates. Expenses and income are translated to euros at the weighted average exchange rate for the period concerned. Foreign currency translation differences are recognized in equity, as net gains or losses outside profit or loss. A foreign currency translation difference recognized in equity is not recognized in profit or loss until the associated corporate unit is deconsolidated.

The following exchange rates were used in translating the currencies that are of primary significance for the Benteler Group:

	Average exchange rate		Exchange rate at end of period	
	2011	2010	12/31/2011	12/31/2010
CHF	1.23	1.37	1.22	1.25
CNY	9.02	8.93	8.14	8.82
CZK	24.61	25.28	25.82	25.10
GBP	0.87	0.86	0.84	0.86
MXN	17.43	16.70	18.07	16.59
NOK	7.79	8.01	7.78	7.81
SEK	9.02	9.49	8.92	8.98
USD	1.40	1.32	1.29	1.34

5.2 Recognition of income and expenses

The proceeds from the sale of products, goods and services are recognized when the owed goods or services have been provided, the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably, and it is probable that the amount will be paid. Moreover, the Benteler Group can retain no residual right of disposal such as is commonly associated with ownership, nor an effective right of disposal over the sold assets. Revenue is recognized less such reductions as discounts, customer loyalty bonuses and rebates.

Revenue from contracts that cover multiple elements (such as sales of goods in combination with services) are recognized when the pertinent element of the contract has been delivered or performed. Revenue is recognized on the basis of objectively demonstrable, relative fair values for the individual contractual elements.

Operating expenses are recognized in profit or loss when the service is utilized or risk for the goods is transferred.

For long-term contracts, revenue is recognized using the percentage of completion method. The percentage of completion is determined from the ratio of the contract costs incurred up to the end of the reporting period relative to the total estimated contract costs as of the end of the reporting period. If a period of more than one year is needed to complete a production order, the contract costs also include directly attributable borrowing costs. Production contracts are measured according to the contract costs incurred up to the end of the reporting period, plus the proportion of profit resulting from the achieved percentage of completion. These revenues, less advance payments received, are recognized in the statement of financial position as part of receivables from contract production. Changes in orders, additions, or performance bonuses are taken into account if they will probably result in revenue in an amount that can be estimated reliably. If the net result from a production order cannot be estimated reliably, the probable achievable revenue is recognized up to the amount of the incurred costs. Contract costs are recognized as expenses for the period in which they are incurred. If it is foreseeable that the total contract costs will exceed the contract revenue, the expected loss is recognized immediately as an expense.

Interest is recognized as an expense or income on an accrual basis, using the effective interest method. Dividend income from capital investments is recognized when the legal entitlement to payment arises.

5.3 Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Grants for capital expenditures are recognized as a reduction in the cost of the associated assets, and result in a corresponding reduction of depreciation or amortization in subsequent periods. Grants not related to capital expenditures are recognized in profit or loss, and are offset in the periods in which the expenses that are to be compensated by the grants are incurred.

5.4 Intangible assets

Intangible assets acquired separately are recognized at cost. Borrowing costs directly attributable to the acquisition or production of an asset have been capitalized as part of the cost, if a period of more than one year is needed for the acquisition or production of the asset in order to bring the asset into condition for its intended use or sale. Intangible assets are amortized over their useful life.

Internally generated intangible assets are recognized in the amount of their capitalizable development costs if an unambiguous allocation of expenses is possible and after both technical and commercial feasibility have been established. Here the Benteler Group particularly distinguishes between development for customers and development not performed for customers. Development activity must furthermore have a sufficient probability of future economic benefits, which are derived from the applicable business plan. The capitalized costs include direct personnel expenses, as well as directly attributable overheads and cost of materials, if these serve to prepare for the use of the asset.

Research and development expenses are recognized in profit or loss when incurred, unless they are to be capitalized under IAS 38.

Amortization of intangible assets is based on the following useful lives (figures refer to the useful lives used in both periods), and is applied on a straight-line basis:

	Useful life in years
Concessions, intellectual property rights	3–15
Capitalized development costs	3–7
Software	3–5
Other intangible assets	3–5

Except for goodwill, intangible assets are regularly derecognized from assets at their gross value when they are fully amortized.

5.5 Property, plant and equipment

Property, plant and equipment is measured at cost, less cumulative depreciation – where the item is subject to wear and tear – and cumulative impairment charges.

The acquisition cost of an item of property, plant and equipment includes the purchase price and all directly attributable costs necessary to bring the asset to working condition for its intended use. Rebates, bonuses and discounts are deducted from the purchase price. The cost of internally generated equipment includes all costs that are directly attributable to the production process, together with a reasonable share of production-related overheads and depreciation. Repair and maintenance costs that do not generate additional economic benefits are not included in production costs.

If an asset is made up of multiple components with different useful lives, each part of the asset having a significant acquisition value is depreciated separately in proportion to the total value of the item.

Depreciation of property, plant and equipment is recognized on a straight-line basis over the economic useful life, using the useful lives below as a basis. Land is not depreciated.

	Useful life in years
Business and production buildings	13–50
Outdoor installations	5–50
Technical equipment and machinery	4–21
Office and other equipment	3–15

5.6 Impairment

Intangible assets and property, plant and equipment with an identifiable useful life are reviewed at the end of each reporting period, in accordance with IAS 36, to determine whether there are indications of possible impairment – for example, if exceptional events or market developments indicate a possible loss of value. If such indications are present, the recoverable amount of the asset is determined. The recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use.

If the fair value less costs to sell cannot be determined, or if it is lower than the carrying amount, the value in use is calculated. In calculating the value in use by discounting the future expected cash flows at a risk-adequate pre-tax interest rate, the current and future cash flows are taken into account, together with technological, economic and general development trends, on the basis of approved and adjusted financial plans.

If the carrying amount exceeds the recoverable amount of the asset, an impairment loss is recognized in profit or loss, for the amount by which the carrying amount exceeds the recoverable amount. For the impairment test, assets are combined at the lowest level for which separate cash flows can be identified. If the cash flows for an asset cannot be identified separately, the impairment test is performed on the basis of the cash-generating unit to which the asset belongs.

Assets are written up to the new recoverable amount if the reasons for impairment in previous years no longer apply. The upper limit for reversals of impairment losses is the amortized cost that would have resulted if no impairment had been recognized in previous years.

Irrespective of whether there are indications of potential impairment, intangible assets with an indefinite life, as well as goodwill, are tested annually for impairment. Indications of potential impairment exist if the carrying amount is greater than the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Goodwill is attributable primarily to the Stahl/Rohr division. The recoverable amount is calculated using the discounted cash flow method. Cash flows for the next five years are determined on the basis of company planning. The discount factor (WACC) is 7.0 %; the perpetual annuity applies a long-term growth rate of 1.5 %.

If the recoverable amount is less than the carrying amount of an asset, an impairment is recognized in profit or loss in accordance with IAS 36. A need for impairment greater than the value of the goodwill is recognized against the other assets of the cash-generating unit. The amount is distributed on the basis of carrying amounts.

5.7 Investments in associates

At the acquisition date, the difference between the cost of acquisition and the Group's share of equity is recognized as goodwill and included in the carrying amount of financial investments accounted for using the equity method. If the cost of acquisition is less than the fair value of the Group's share of the associate's net assets as of the acquisition date, the negative difference is recognized in profit or loss.

Investments in associates are recognized proportionately to the share of equity held, unless there is impairment. For this purpose, the shares of net profit or loss and components of other comprehensive income are included.

If the recoverable amount is less than the carrying amount of investments in an associate, the carrying amount of the investment is written down to the recoverable amount. The recoverable amount is defined as the higher of the value in use and the fair value less costs to sell. The impairment is recognized in the consolidated income statement as part of the line item for income from associates.

5.8 **Borrowing costs**

If qualifying intangible assets or items of property, plant or equipment take a rather extended period to produce, the borrowing costs directly attributable to the assets until their completion are capitalized as part of the production cost, in accordance with IAS 23. Borrowing costs are capitalized until the time when the assets are ready for their intended use, and are amortized over the economic useful life. All other and recurring borrowing costs are recognized in profit or loss as part of the financial expense in the period in which they are incurred.

5.9 **Inventories**

Inventories are normally stated at the lower of cost or net realizable value. The net realizable value represents the estimated selling price of the end product on normal market terms, less all estimated costs of completion and the estimated costs necessary to make the sale. Recognizable inventory risks, which particularly arise because of above-average periods of storage and reduced salability, are accounted for with appropriate write-downs.

The cost of inventories is determined using the average method, and includes the cost of acquisition and the costs incurred to bring the inventories to their current location and current status. Production costs include cost of materials, individual production costs, other individual costs, and attributable production-related overheads. Overheads are distributed on the basis of a normal utilization of capacity.

5.10 **Deferred tax**

Deferred tax assets and liabilities are recognized, using the asset and liability method, on all temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and those in the balance sheet that provides the tax base, and also on consolidation measures that affect profit or loss at the Group level. In addition, deferred tax assets for tax loss carry-forwards are recognized if it is probable that taxable profits will be available against which the assets can be utilized, and it appears sufficiently certain that the loss carry-forwards can in fact be used.

Deferred income tax assets and liabilities are measured at the tax rates and using the tax rules that are expected to apply in the period in which the liability is settled or the asset realized, based on the current status of the law.

5.11 Financial instruments

In accordance with IAS 39, and depending on their classification, financial assets are recognized either at (amortized) cost or at fair value.

Interests in unconsolidated entities, as well as securities, belong to the category "financial assets available for sale." They are measured at fair value at their initial recognition. If the fair values can be determined reliably, they are applied. Fluctuations in the value of financial assets in the "available for sale" category are recognized outside profit or loss in other comprehensive income, taking deferred taxes into account. Amounts recognized outside profit or loss are not included in the profit or loss for the period until the time of their disposal, or in the event of an impairment of the financial assets concerned.

Trade receivables, loans granted, and other receivables and assets are categorized as "loans and receivables" and are recognized at amortized cost, using the effective interest method where applicable. If collection is in doubt, the receivables are recognized at their lower realizable amount.

The Benteler Group makes no use of the "financial investments held to maturity" category at present.

Liabilities to banks, other loan liabilities and trade payables, as well as other liabilities, are recognized in the "financial liabilities at amortized cost" category, at their amortized cost, using the effective interest method where applicable.

All financial assets and liabilities are measured at their settlement date. Financial assets and liabilities are derecognized when the rights to payment under the investment are extinguished or transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

The Benteler Group normally uses derivative financial instruments only for risk reduction, especially for reducing interest rate risks, foreign currency risks and commodity price risks. Derivatives are recognized as of the trade date. All derivative financial instruments are recognized at fair value, in accordance with IAS 39.

The Benteler Group applies the rules for hedging relationships under IAS 39 (Hedge Accounting) to hedge future cash flows if significant fluctuations in value are expected from the derivatives. Gains or losses on derivative financial instruments for which cash flow hedges were possible are recognized outside profit or loss, in other comprehensive income, as of the date of realization of the underlying transaction. Any changes in profits resulting from the inefficacy of these derivative financial instruments are recognized in profit or loss in the income statement.

For further information, see Notes 30 and 31 on financial instruments.

5.12 Cash and cash equivalents

Cash and cash equivalents include cash, sight deposits and other short-term, highly liquid financial assets that are exposed only insignificantly to the risk of fluctuations in value, and have an original maturity of not more than three months.

5.13 Employee Benefits

The Benteler Group makes pension commitments in various forms to employees in Germany. In all other countries, the Benteler Group pays into social security pension funds as required by law (government plans) for some of its employees. Alternatively, company retirement benefits are ensured by way of a group foundation funded by the employees of member companies.

Post-employment benefit plans are classified as either defined-benefit plans or defined-contribution plans, depending on their economic content, which derives from the underlying terms and requirements for the plan's benefits.

For defined-benefit retirement plans, the pension expense is calculated using the actuarial projected unit credit method provided under IAS 19. For this purpose, the pension payments to be made at the time when benefits become payable, taking dynamic parameters into account, are distributed over the employees' service time, also allowing for future adjustments in income and pensions. The pension obligations are calculated as the present value of the benefit obligation to employees, minus the fair value of plan assets, plus any unrecognized past service costs.

Actuarial gains and losses are recognized in full outside profit or loss, in other comprehensive income, and are shown in the consolidated statement of comprehensive income. Payments for defined-contribution plans, on the other hand, are recognized as expenses as they become payable.

If a fund asset set up to refinance pension obligations and similar liabilities exceeds those liabilities, the surplus is capitalized only to a limited degree. If payment obligations in connection with fund assets exist under minimum endowment rules for benefits already earned, an additional provision may be recognized if the economic benefit to the Company from a funding surplus, after allowing for minimum endowments still to be paid in, is limited. The limitation is determined by any still unrecognized service costs from retroactive plan changes, together with the present value of future refunds from the plan, or of reductions in future contributions.

The service cost for pensions and similar obligations is recognized as a personnel expense. The interest expense included in the net pension expense and the expected investment income from the fund assets are included within the net finance expense in the consolidated income statement.

Severance is paid if an employee is dismissed before regular retirement age, or voluntarily leaves employment in return for a severance payment. Severance payments are recognized when the Group has entered into a legally binding obligation. Benefits payable more than 12 months after the end of the reporting period are discounted to their present value.

5.14 Provisions

Other provisions are recognized when a past event results in a present legal or constructive obligation to third parties that will probably result in a future cash outflow whose amount can be estimated reliably. These are measured as a best estimate of the amount of the obligation at the end of the reporting period.

Provisions with a remaining term of more than one year are measured at their discounted settlement amount. Increases in provisions as a result of accruing interest are recognized as part of the net finance result. Expected future cash flows are discounted using a pretax interest rate that reflects current market expectations regarding the effect of interest rates. The employed interest rates are determined specifically for each country and maturity. For the year under report they ranged from 3.98 % to 5.45 % (prior year: 3.7 %–5.8 %).

Provisions for impending losses from onerous contracts are recognized if the expected benefit of the underlying contract is less than the unavoidable costs of meeting the obligations.

Warranty and guarantee obligations may arise by virtue of law or contract, or as a gesture of goodwill. Performance on these obligations may in particular be expected if the warranty period has not expired, if warranty expenses have been incurred in the past, or if a specific case is currently emerging. The provision is recognized at the time when the underlying products are sold or the service is provided. Initial recognition is based on individual estimates and values from past experience.

5.15 Leasing

Leases that transfer substantially all the risks and rewards of ownership of the leased property to the Benteler Group, as the lessee, are classified as finance leases. In this case the leased property is capitalized at the present value of the minimum lease payments, or its lower fair value, at the commencement of the lease, and a financial debt is recognized at the same time.

If a transfer of ownership after the expiration of the lease is not sufficiently certain, the asset is depreciated on a straight-line basis over the lease term, if that term is shorter than the expected useful life. Otherwise the asset is depreciated on a straight-line basis over its expected useful life.

Assets leased under operating leases are not recognized in the consolidated statement of financial position. The payments made in this regard are recognized as an expense on a straight-line basis over the term of the lease.

5.16 Assumptions and estimates

In preparing the consolidated financial statements, certain assumptions and estimates must be made that affect the amount and recognition of assets and liabilities, income and expenses, and contingent liabilities.

The assumptions and estimates refer primarily to the uniform determination within the Group of the economic useful lives of intangible assets and property, plant and equipment, estimates of percentages of completion for long-term production, the circumstances under which development expenses can be capitalized, the criteria for recognizing finance leases, the realization of receivables, measurement of inventory, the recognition and measurement of pension provisions and other provisions, and the possibility of using tax loss carry-forwards. The assumptions and estimates are based on the knowledge available as of the preparation date of the separate and consolidated financial statements.

Unforeseeable developments outside management's control may cause actual amounts to differ from the original estimates. In that case the underlying assumptions, and if necessary the carrying amounts of the pertinent assets and liabilities, will be adjusted accordingly. Changes are recognized in the period in which they occur, and also in later periods if the changes affect both the reporting period and subsequent ones.

The following entries in these Notes provide further explanations about those balance sheet items for which estimates and/or discretionary decisions have a significant effect on measurements in the consolidated financial statements:

- Determination of useful lives and impairment
(Note 5.4, Intangible assets, Note 5.5, Property, plant and equipment, and Note 5.6, Impairment)
- Recognition and measurement of deferred taxes (Note 17, Deferred tax assets and liabilities)
- Measurement of inventories (Note 5.9, Inventories)
- Doubtful debt allowances on receivables (Note 20, Receivables)
- Measurement of defined-benefit obligations
(Note 25, Provisions for pension plans and similar commitments)
- Recognition and measurement of provisions (Note 24, Provisions)

NOTES TO THE CONSOLIDATED INCOME STATEMENT

6 REVENUE AND COST OF MATERIALS

The Benteler Group's revenue breaks down as follows:

	2011 [T €]	2010 [T €]
Sale of goods	7,039,636	6,058,767
Rendering of services	19,297	35,494
Production orders	36,753	8,887
Other	9,874	734
Total	7,105,560	6,103,882

Business operations result in the following expenses for cost of materials and purchased services:

	2011 [T €]	2010 [T €]
Cost of raw materials, supplies, and purchased goods	4,938,987	4,015,831
Cost of purchased services	182,806	145,558
Total	5,121,794	4,161,389

7 OTHER OPERATING INCOME

	2011 [T €]	2010 [T €]
Insurance claims	178,061	2,905
Foreign exchange gains	50,804	31,304
Income from the reversal of provisions	13,921	8,214
Income from the disposal of property, plant and equipment	2,828	2,535
Income from the reversal of impairment charges	2,507	1,633
Government grants	1,341	910
Rental income	846	847
Other	60,384	58,621
Total	310,691	106,969

Among the insurance claims, €172 million was for the Dinslaken plant fire (Benteler Stahl/Rohr). That figure includes compensation for interrupted operations and reimbursements of €22 million for rebuilding the Dinslaken hot-rolling mill (additions to non-current assets). The 2011 net figure also includes insurance compensation of €48 million to repair fire damage, which is countered by expenses in the same amount.

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PERSONNEL EXPENSE

	2011 [T €]	2010 [T €]
Wages and salaries	1,010,403	922,425
Social security expenses	259,076	237,570
Total	1,269,479	1,159,995

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OTHER OPERATING EXPENSES

	2011 [T €]	2010 [T €]
Repairs and maintenance (not including IT)	152,265	127,350
Shipping charges	104,243	83,017
Other operating costs	68,978	59,824
Leases of real estate/movable goods	55,992	48,261
Foreign exchange losses	45,384	32,887
Selling costs and travel expenses	40,721	32,810
IT costs/communications/monetary transactions	38,433	33,090
Legal, auditing and consulting expenses	30,416	26,899
Insurance expenses	17,389	17,059
Operating taxes	14,580	10,406
Impairments of receivables	8,073	4,665
Losses on disposal of assets	5,131	2,556
Non-recurring operating expenses	5,161	3,305
Other expenses	93,751	83,579
Total	680,517	565,708

Lease expenses primarily pertain to the vehicles, utility vehicles and IT equipment leased for business operations, together with business land or buildings that are not owned by the Benteler Group.

The other operating expense includes such charges as donations and dues, portions of research expenses, depreciation and amortization of current assets, and expenses paid to associated, unconsolidated entities.

10 DEPRECIATION AND AMORTIZATION EXPENSE

	2011 [T €]	2010 [T €]
Amortization of intangible assets	31,476	26,819
Depreciation of property, plant and equipment	169,808	168,117
Impairment	3,098	3,022
Recoveries	-1,306	0
Total	203,075	197,958

11 GAINS FROM BUSINESS COMBINATIONS

This item reflects the measurement effects of business combinations separately in accordance with IFRSs. Because of their large amount and the unique nature of the transactions, they have been reported separately for greater transparency.

12 NET FINANCE EXPENSE

	2011 [T €]	2010 [T €]
Interest income from bank accounts	9,189	8,315
Income from derivative financial instruments	5,389	1,111
Interest income from loans and other financial investments	823	11
Accrued interest on provisions	98	286
Finance income	15,500	9,723

	2011 [T €]	2010 [T €]
Interest expense for financial liabilities	42,564	36,533
Interest expense (net) for pension obligations	8,593	9,924
Profit participation certificate expenses	7,125	7,356
Expenses from derivative financial instruments	3,597	9,029
Accrued interest on provisions and liabilities	1,028	1,810
Other finance expenses	40	195
Finance expenses	62,947	64,847

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INCOME TAXES

	2011 [T €]	2010 [T €]
Current tax expense	38,484	41,311
of which: pertaining to the current year	36,455	43,279
of which: for previous periods	2,029	-1,968
Deferred tax expense/income	-2,664	-8,555
Total tax expense/income	35,820	32,756

The following table shows a reconciliation between the expected and actual recognized tax expense. To calculate the expected tax expense, the profit before tax is multiplied by a weighted average tax rate of 30 % (prior year: 30 %).

	2011 [T €]	2010 [T €]
Profit for the period before tax under IFRSs	132,831	112,634
Group income tax rate (%)	30 %	30 %
Expected tax expense/income for year	39,850	33,791
Effect of changes in tax rates	-2,109	1,010
Effect of differences in tax rates	-3,728	-3,877
Effect of income that is exempt from taxation and other deductions	-2,381	-303
Effect of non-tax-deductible operating expenses and other additions	3,706	6,117
Effect of taxes from previous years recognized during the year	263	-1,968
Effect of income taxes not creditable toward income tax (withholding tax and foreign taxes)	514	412
Effect of impairments/adjustments	-2,086	-3,225
Other effects	1,791	799
Total tax expense (+)/tax income (-)	35,820	32,756

The effect of changes in tax rates pertains primarily to China.

NOTES TO THE CONSOLIDATED BALANCE SHEET

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INTANGIBLE ASSETS

Research expenses, amortization of capitalized development costs, and non-capitalized development costs are recognized as expenses.

	2011 [T €]	2010 [T €]
Research and development costs (total)	106,817	109,500
Capitalized development costs	-30,886	-27,728
Amortization and impairment of capitalized development costs	28,792	23,735
Research and development costs recognized in the consolidated income statement	104,723	105,507
Capitalization level (in %)*	28.9 %	25.3 %

* Capitalized development costs as a percentage of total research and development costs (before capitalization)

Research and development costs consists primarily of personnel expenses and cost of materials. The Benteler Group has about 1,200 employees in research and development, at 32 locations in 18 countries. Research and development activities concentrate particularly on lightweight construction, through the development, design and production of composite structural parts and aluminum components. At the Stahl/Rohr division, the emphasis is on developing the properties and behavior of materials. In the Automotive division, the research and development emphasis is on safety, efficiency and the environment, in a context of product and process development.

Concessions, industrial property rights, similar rights and assets and licenses to such rights and assets pertain primarily to expenses payable to third parties in connection with the purchase of user software.

The existing goodwill pertains primarily to Rohstoffhandelsgesellschaft Günther Voth GmbH, of Paderborn, Germany, a commodities trading company that was formerly recognized as an associate but was fully consolidated for the first time in fiscal 2010.

Intangible assets include intangible assets with restricted ownership rights, for a carrying amount of €597 thousand. In all, no intangible assets are pledged as collateral.

As in previous years, capitalized development costs include no borrowing costs. At the reporting date, there were contractual obligations to acquire intangible assets in the amount of €604 thousand (prior year: €0).

Intangible assets changed as follows:

	Concessions, industrial property rights, similar rights and assets, and licenses to such rights and assets [T €]	Goodwill [T €]	Advance payments made [T €]	Capitalized development costs [T €]	Total [T €]
COSTS					
Balance at January 1, 2011	95,939	11,697	173	174,664	282,473
Additions	2,392	0	121	30,886	33,399
Acquisitions of companies	0	0	0	0	0
Reclassifications	-3,036	-687	-113	3,808	-28
Disposals	-2,658	-140	-20	-2,471	-5,288
Foreign currency exchange differences	-571	18	-16	-339	-908
Balance at December 31, 2011	92,066	10,889	145	206,548	309,648
AMORTIZATION					
Balance at January 1, 2011	42,620	4,478	0	125,051	172,148
Current amortization	4,079	16	0	27,380	31,476
Impairment	0	39	0	1,465	1,504
Recoveries	-3	0	0	-53	-56
Reclassifications	271	0	0	-271	0
Disposals	-2,425	-140	0	-1,647	-4,212
Foreign currency exchange differences	-462	18	0	-101	-545
Balance at December 31, 2011	44,080	4,411	0	151,824	200,316
CARRYING AMOUNT					
Balance at January 1, 2011	53,320	7,219	173	49,613	110,325
Balance at December 31, 2011	47,986	6,477	145	54,723	109,332
of which: from finance leases	0	0	0	0	0

	Concessions, industrial property rights, similar rights and assets, and licenses to such rights and assets [T €]	Goodwill [T €]	Advance payments made [T €]	Capitalized development costs [T €]	Total [T €]
COSTS					
Balance at January 1, 2010	80,803	1,724	3,119	107,476	193,122
Additions	1,078	0	178	27,728	28,984
Acquisitions of companies	44,875	7,129	0	0	52,004
Reclassifications	-30,446	0	-2,379	32,825	0
Disposals	-1,397	-100	-849	-1,347	-3,693
Foreign currency exchange differences	1,026	2,944	104	7,982	12,056
Balance at December 31, 2010	95,939	11,697	173	174,664	282,473
AMORTIZATION					
Balance at January 1, 2010	64,563	1,578	0	58,614	124,755
Current amortization	4,327	16	0	23,735	28,078
Reclassifications	-25,962	0	0	25,962	0
Disposals	-1,506	-61	0	-550	-2,117
Foreign currency exchange differences	1,199	2,944	0	17,290	21,433
Balance at December 31, 2010	42,620	4,478	0	125,051	172,148
CARRYING AMOUNT					
Balance at January 1, 2010	16,240	145	3,119	48,863	68,367
Balance at December 31, 2010	53,320	7,219	173	49,613	110,325
of which: from finance leases	0	0	0	0	0

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PROPERTY, PLANT AND EQUIPMENT

	Land and buildings [T €]	Technical equipment and machinery [T €]	Other equipment [T €]	Advance payments and construction in progress [T €]	Total [T €]
COSTS					
Balance at January 1, 2011	643,233	2,240,412	319,513	122,857	3,326,016
Additions	19,227	151,428	32,150	149,547	352,353
Acquisitions of companies	0	0	0	0	0
Reclassifications	4,528	60,652	3,065	-68,218	28
Classification as held for sale	-2,024	0	0	0	-2,024
Disposals	-13,230	-67,950	-15,145	-14,228	-110,553
Foreign currency exchange differences	258	-5,173	-206	-949	-6,071
Balance at December 31, 2011	651,991	2,379,370	339,378	189,009	3,559,749
DEPRECIATION					
Balance at January 1, 2011	318,103	1,635,532	240,902	0	2,194,538
Current depreciation	17,751	129,561	22,496	0	169,808
Impairment	296	1,288	10	0	1,594
Recoveries	-1	-211	-1,038	0	-1,250
Reclassifications	796	-2,475	1,679	0	0
Classification as held for sale	-282	0	0	0	-283
Disposals	-5,763	-50,437	-14,471	0	-70,672
Foreign currency exchange differences	912	-1,983	-203	0	-1,274
Balance at December 31, 2011	331,813	1,711,274	249,374	0	2,292,461
CARRYING AMOUNT					
Balance at January 1, 2011	325,130	604,880	78,611	122,857	1,131,478
Balance at December 31, 2011	320,179	668,096	90,004	189,009	1,267,288
of which: from finance leases	15,569	4,806	3,821	0	24,197

	Land and buildings [T €]	Technical equipment and machinery [T €]	Other equipment [T €]	Advance payments and construction in progress [T €]	Total [T €]
COSTS					
Balance at January 1, 2010	702,564	2,038,067	295,294	55,356	3,091,280
Additions	19,361	72,579	19,740	105,874	217,554
Acquisitions of companies	1,527	2,120	499	0	4,146
Reclassifications	1,789	40,586	3,068	-45,443	0
Disposals	-4,721	-71,669	-11,439	-12,865	-100,694
Foreign currency exchange differences	-77,287	158,730	12,352	19,935	113,729
Balance at December 31, 2010	643,233	2,240,412	319,513	122,857	3,326,016
DEPRECIATION					
Balance at January 1, 2010	379,661	1,429,873	222,244	-21	2,031,757
Current depreciation	19,773	130,900	19,207	0	169,880
Reclassifications	7,672	-8,290	618	0	0
Disposals	-3,986	-65,116	-13,385	0	-82,487
Foreign currency exchange differences	-85,017	148,166	12,218	21	75,387
Balance at December 31, 2010	318,103	1,635,532	240,902	0	2,194,538
CARRYING AMOUNT					
Balance at January 1, 2010	322,903	608,194	73,049	55,377	1,059,524
Balance at December 31, 2010	325,130	604,880	78,611	122,857	1,131,478
of which: from finance leases	18,550	3,566	2,274	0	24,390

Borrowing costs of €5,035 thousand were capitalized in fiscal 2011 (prior year: €1,426 thousand). Interest rates between 4 % and 5.6 % were applied for this purpose.

Property, plant and equipment include items with restricted ownership rights, for a carrying amount of €10,990 thousand. Property, plant and equipment for a total of €988 thousand is pledged as collateral (prior year: €212 thousand).

As of the end of the period, contractual obligations to acquire property, plant and equipment came to €104,273 thousand (prior year: €15,726 thousand).

During the fiscal year under review, the Benteler Group received insurance payments of €928 thousand in compensation for property, plant and equipment destroyed in the Dinslaken plant fire.

Leases

The Benteler Group is the lessee under various leases. The leases pertain to rent for buildings and for technical equipment and machines.

Future minimum lease payments under non-terminable operating leases are as follows for the various periods:

	12/31/2011 [T €]	12/31/2010 [T €]
Future minimum lease payments due within one year	27,649	10,028
due in 1 to 5 years	85,289	24,341
due after 5 years	38,717	15,256
Total	151,654	49,625

Future minimum lease payments under non-terminable finance leases are as follows for the various periods:

	12/31/2011 [T €]	12/31/2010 [T €]
Future minimum lease payments due within one year	3,009	2,281
due in 1 to 5 years	8,987	6,479
due after 5 years	9,678	5,814
Nominal value	21,674	14,574
Interest component	-2,406	-1,100
Present value of minimum lease payments	19,268	13,474

Payments of €55,992 thousand under rental and lease agreements were recognized in expenses for 2011 (prior year: €48,261 thousand).

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INVESTMENTS IN ASSOCIATES

As of the end of the period, investments in associates accounted for using the equity method, amounting to €9,924 thousand (December 31, 2010: €9,025 thousand), pertained to the following companies:

- Polarputki Oy, Helsinki, Finland (50 %; 37.5 % after adjustment for other interests)

The following table shows summary financial information about the entities accounted for using the equity method (each 100 %):

	12/31/2011 [T €]	12/31/2010 [T €]
Assets	29,824	27,875
Liabilities	9,523	9,369
Shareholders' equity	20,301	18,506
Revenue	55,019	40,685
Profit for the period	2,660	2,880

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DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities result from temporary differences and tax loss carry-forwards as follows:

	12/31/2011		12/31/2010	
	Assets [T €]	Liabilities [T €]	Assets [T €]	Liabilities [T €]
Intangible assets	6,215	-27,714	5,466	-28,094
Property, plant and equipment	7,337	-42,615	11,510	-39,572
Current and non-current investments	5,747	-900	1,055	-3,144
Inventories	3,106	-5,942	4,975	-1,652
Current and non-current receivables and other assets	7,382	-6,115	6,817	-10,671
Pension provisions	12,994	-2,476	13,998	-1,081
Other provisions	22,477	-1,312	20,752	-9,711
Total liabilities	15,013	-5,460	24,125	-4,627
Other	0	-2,013	326	-1,491
Tax loss carry-forwards	46,706	0	49,689	0
Gross value	126,977	-94,547	138,713	-100,043
Netting	-63,561	63,561	-70,195	70,195
Total recognized	63,416	-30,986	68,518	-29,848

Deferred tax assets and liabilities are netted where there is a legal right to net them and where the Group intends to make an adjustment on a net basis.

As in the comparable 2010 period, deferred tax items are recognized in other comprehensive income for the 2011 reporting year (see Note 22, Equity).

At December 31, 2011, there were tax loss carry-forwards of €427,866 thousand (prior year: €348,504 thousand). The Company assumes that loss carry-forwards of €152,953 thousand (prior year: €140,342 thousand) can probably be utilized. No deferred tax was recognized for loss carry-forwards of €274,913 thousand (prior year: €208,162 thousand).

The unused loss carry-forwards can be carried forward again as follows:

	12/31/2011 [T €]	12/31/2010 [T €]
Lapsing in the next 10 years	47,671	45,931
Lapsing in more than 10 years	82,641	56,117
May be carried forward without limitation	144,601	106,114
Total	274,913	208,162

As of December 31, 2011, there were tax interest carry-forwards of €0 for German Group companies (prior year: €42,208 thousand). Exercising a legal option available in Germany, the interest carry-forward was applied with an effect on taxes for 2010, and has now essentially become a loss carry-forward.

As of December 31, 2011, the Group recognized deferred tax receivables for companies that had shown a loss in the previous period. These receivables exceeded the deferred tax liabilities. The basis for recognizing deferred taxes was management's belief that these companies will earn taxable income to which the unused tax losses and deductible temporary differences can be applied.

Where the requirements of IAS 12.39 were satisfied, no deferred tax liabilities were recognized for temporary differences pertaining to investments in subsidiaries.

Potential dividend distributions to shareholders of Benteler International AG have no tax implications for the Group. Deferred tax liabilities were recognized for foreseeable intra-Group dividend distributions and corporate disposals, to allow for partial ineligibility for deductions in Germany and for withholding tax.

18 OTHER NON-CURRENT RECEIVABLES AND ASSETS

	12/31/2011 [T €]	12/31/2010 [T €]
Investments in companies	9,499	1,374
Securities	578	601
Financial receivables	12,024	9,598
Other receivables	1,237	1,787
Other assets	12,600	15,216
Total	35,938	28,576

19 INVENTORIES

	12/31/2011 [T €]	12/31/2010 [T €]
Raw materials and supplies	215,136	182,650
Work in progress	150,563	120,920
Finished goods and products	297,292	238,130
Total	662,992	541,700

20 RECEIVABLES**20.1 Trade receivables**

	12/31/2011 [T €]	12/31/2010 [T €]
Trade receivables, gross	859,487	760,209
Doubtful debt allowances on trade receivables	-8,206	-4,144
Carrying amount	851,281	756,065

Trade receivables consist primarily of receivables from third parties and, to a small extent, receivables from affiliated, unconsolidated entities or associates.

Doubtful debt allowances on trade receivables changed as follows:

	12/31/2011 [T €]	12/31/2010 [T €]
Status at January 1	4,144	2,432
Additions	8,073	4,665
Reversals	-2,507	-1,633
Used	-1,380	-2,011
Effects of foreign exchange rates and other changes	-125	691
Status at December 31	8,206	4,144

Both individual and lumped specific doubtful debt allowances on the basis of a portfolio approach are recognized for trade receivables. The lumped specific doubtful debt allowances are distributed on a percentage basis over the maturity structure of the receivables, based on experience from previous years.

The maturity structure of unadjusted receivables is as follows:

	12/31/2011 [T €]	12/31/2010 [T €]
Receivables neither past due nor impaired	771,148	617,252
Receivables that are past due but not impaired	74,153	134,669
of which: less than 30 days past due	45,907	94,711
30 to 60 days past due	16,936	27,620
61 to 90 days past due	4,411	7,900
more than 90 days past due	6,900	4,438
Receivables with specific doubtful debt allowances (net)	5,981	4,144
Carrying amount at December 31	851,281	756,065

At the end of the period on December 31, 2011, as in previous years, no trade receivables had been pledged.

20.2 Receivables from contract production

Receivables for long-term production orders recognized using the percentage-of-completion method are calculated as follows:

	2011 [T €]	2010 [T €]
Incurred contract costs	52,951	48,517
Recognized gains less recognized losses	6,127	-8,887
Production orders with outstanding balances receivable from customers	59,077	39,630
Advance payments and partial invoices	-28,843	-26,470
Receivables from contract production	30,234	13,160

20.3 Other current receivables and assets

	12/31/2011 [T €]	12/31/2010 [T €]
Advance payments made on inventories	18,869	12,102
Prepaid expenses	7,986	10,114
Securities	120,489	20
Other financial assets	9,752	14,752
Other non-financial assets	120,705	97,326
Total	277,801	134,314

The other non-financial assets particularly include other tax receivables (particularly for value added tax and energy tax) and tax refund entitlements.

21 CASH AND CASH EQUIVALENTS

	12/31/2011 [T €]	12/31/2010 [T €]
Cash on hand, checks	25,673	49,120
Bank balances	280,494	251,590
Cash equivalents	1,343	1,327
Total	307,510	302,037

The cash and cash equivalents are available at all times, and are not subject to restrictions.

22

EQUITY

The evolution of consolidated equity is shown in the statement of changes in equity, which is presented as a separate part of the financial statements. In particular, it shows the allocation of profits.

Because of the reverse acquisition that took place in 2010, the issued capital of the Group's legal parent company, Benteler International AG, is still recognized as the share capital as of the present reporting date, December 31, 2011. Because of the continuation of the financial statements of the economic acquirer, the recognized issued capital and reserves are those of the legal subsidiary, Benteler Deutschland GmbH (formerly Benteler Aktiengesellschaft).

The share capital as of December 31, 2011, was €200 thousand, divided into 200,000 registered no-par shares with restricted transferability. Under the Company's articles of incorporation, two share certificates (global shares) were issued, each for one-half of the shares in the same category.

The **other components of equity** changed as follows (non-controlling interests are included in the foreign currency translation effects):

	Fiscal 2011		
	Before tax [T €]	Tax effect [T €]	After tax [T €]
Foreign currency translation effects	-44	0	-44
Effects of cash flow hedging	-27,885	5,858	-22,027
Actuarial gains and losses	4,445	-1,311	3,133
Total	-23,484	4,547	-18,938

	Fiscal 2010		
	Before tax [T €]	Tax effect [T €]	After tax [T €]
Foreign currency translation effects	54,203	0	54,203
Effects of cash flow hedging	5,972	-1,845	4,127
Actuarial gains and losses	-25,858	7,455	-18,403
Total	34,317	5,610	39,927

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CAPITAL REPRESENTED BY PROFIT PARTICIPATION CERTIFICATES

In previous years, Benteler Deutschland GmbH raised “mezzanine capital” by way of profit participation certificates without a maturity date, for a total par value of up to €100,000 thousand. At the end of the reporting period, the value of the capital represented by profit participation certificates was €99,422 thousand (December 31, 2010: €99,075 thousand).

The profit participation certificates are made out to the bearer and may be transferred at will without the Company’s consent. The Company issued 1,900 bearer profit participation certificates with a par value of €50,000.00, and a further 200 with a par value of €25,000.00. The profit participation certificates participate in any loss for a given fiscal year only up to the full amount of the par value that is recorded in the annual financial statements of Benteler Deutschland GmbH under the German Commercial Code, after being offset against certain reserves and any profit carried forward.

Amounts payable under the profit participation certificates have junior priority to the amounts payable to all other creditors of the Company, except those that represent subordinated capital. The profit participation certificates do not confer any share in the proceeds from the liquidation of the Company. The Company may call them for redemption on six months’ notice, as of the end of any calendar year, but no earlier than December 31, 2014. The holders of profit participation certificates may redeem them for cause without notice.

The Company has been entitled since July 1, 2010, to agree upon and carry out a partial or full recall of profit participation certificates with all certificate holders, or only some of them.

24

PROVISIONS

Provisions in accordance with IAS 37 and obligations for employee benefits under IAS 19 can be summarized as follows:

	Note	12/31/2011 [T €]	12/31/2010 [T €]
Pension provisions – non-current	25	202,603	203,674
Other provisions for employee benefits	24.2	32,852	33,543
Provisions for onerous contracts	24.1	322	1,613
Provisions for guarantees and warranties	24.1	10,827	9,497
Other provisions	24.1	17,346	18,426
Other non-current provisions		61,347	63,079
Pension provisions – current	25	12,154	10,775
Other provisions for employee benefits		18,142	24,279
Provisions for onerous contracts	24.1	10,174	12,219
Provisions for guarantees and warranties	24.1	28,804	26,377
Other provisions	24.1	42,888	48,633
Current provisions		112,162	122,283

24.1 Statement of changes in provisions

Current and non-current provisions changed as follows during the period:

	Guarantees and warranties [T €]	Onerous contracts [T €]	Other provisions [T €]	Total [T €]
Balance at January 1, 2011	35,873	13,832	67,060	116,765
Additions	7,601	9,320	46,978	63,899
Used	-1,946	-6,542	-47,238	-55,726
Reversals	-1,782	-5,679	-6,459	-13,920
Interest accrued/Discounts	-82	-10	0	-92
Foreign currency translation	-33	-425	-107	-565
Balance at December 31, 2011	39,631	10,496	60,234	110,361
of which: current	28,804	10,174	42,888	81,866
of which: non-current	10,827	322	17,346	28,495

The provisions for warranty risks serve primarily to cover deferred risks from customer complaints. They are determined on the basis of revenue generated from outside customers during the year, taking historical experience into account.

The other provisions relate primarily to litigation risks, other taxes, and procurement processes.

Non-current provisions are expected to be used within five years at the latest.

24.2 Other provisions for employee benefits

Other non-current employee benefits primarily comprise obligations under partial retirement arrangements and for employee jubilees. Provisions for partial retirement arrangements generally have terms of five years or less.

Collateral has been placed in a trust account to hedge credit balances under the Partial Retirement Block Model under Section 8a of the German Partial Retirement Act. The funds transferred to the trustee are to be managed for the preservation of capital, and may be used in the future solely and irrevocably to meet the associated obligations. The trust assets left after performance of the partial retirement obligations represent plan assets under IAS 19.128. The obligations are shown netted against the fair value of the plan assets.

25 PROVISIONS FOR PENSION PLANS AND SIMILAR COMMITMENTS**25.1 Pensions and other defined-benefit obligations**

Some employees within the Benteler Group are currently granted different forms of retirement benefits. Accordingly, the Benteler Group maintains different defined-benefit and defined-contribution retirement plans. Defined-benefit plans are appraised annually by independent experts.

The actuarial calculation of the amount of the obligation as of each measurement date is based on the following assumptions:

	12/31/2011 [%]	12/31/2010 [%]
Assumed rate of interest	1.70–4.99	2.75–5.09
Rate of salary increase/rate of benefit increase (pre-retirement)	0–4	0–6
Expected return on plan assets	2.5–6	2–4
Rate of pension increase	0–3	0–3

Reconciliation of obligation under defined-benefit plans with provisions for pensions and similar obligations

	2011 [T €]	2010 [T €]
Present value of unfunded obligations	211,115	214,448
Present value of funded obligations	123,657	111,612
Obligation under defined-benefit plans	334,772	326,060
Fair value of plan assets	–133,024	–123,754
Net balance	201,748	202,306
Provisions for pension plans and similar commitments at December 31	214,757	214,448
Surplus balance for defined-benefit plans	13,009	12,142

The funding status shows how much of pension obligations are covered by plan assets as of the measurement date. It changed during past periods as follows:

	12/31/2011 [T €]	12/31/2010 [T €]	12/31/2009 [T €]	12/31/2008 [T €]
Present value of defined-benefit obligation	334,772	326,060	290,551	256,774
Fair value of plan assets	-133,024	-123,754	-105,985	-105,317
Surplus/underfunding of plan	201,748	202,306	184,566	151,457

Under the guidance of IAS 19.58(b) and 59, a surplus of funding capital for direct insurance above the obligation under defined-benefit pension plans is recognized as a separate asset under other financial assets.

Changes in obligations under defined-benefit plans

	2011 [T €]	2010 [T €]
Obligation under defined-benefit plans at January 1	326,060	290,551
Total benefits paid to beneficiaries	-9,502	-9,012
Current service cost	9,196	7,685
Interest expense	13,577	9,924
Actuarial losses/gains	-6,746	22,662
Other changes	2,187	4,250
Obligation under defined-benefit plans at December 31	334,772	326,060

The other changes relate primarily to foreign currency translation and, for the previous year, changes in the companies included in the consolidated financial statements.

Changes in plan assets

	2011 [T €]	2010 [T €]
Fair value of plan assets at January 1	123,754	105,985
Paid into plan	5,783	5,195
Benefits paid out of plan	-2,132	-2,006
Expected income from plan assets	4,984	2,475
Actuarial (losses)/gains	-2,301	1,383
Other changes in companies included in consolidated financial statements	2,936	10,722
Fair value of plan assets at December 31	133,024	123,754

The other changes relate primarily to foreign currency translation and, for the previous year, changes in the companies included in the consolidated financial statements.

Actual income on plan assets came to €2,683 thousand (prior year: €3,858 thousand). For the coming 2012 fiscal year, payments of €3,961 thousand into plan assets are expected.

As of the measurement date, the plan assets comprised the following:

	12/31/2011 [T €]
Equity instruments	987
Debt instruments	13,122
Other assets	118,915
Total	133,024

Costs recognized in the consolidated income statement

	2011 [T €]	2010 [T €]
Current service cost	9,196	7,685
Interest expense	13,577	9,924
Expected income from plan assets	-4,984	-2,475
Total expenses for pensions and similar obligations	17,789	15,134

26 FINANCIAL LIABILITIES

	12/31/2011		12/31/2010	
	current [T €]	non-current [T €]	current [T €]	non-current [T €]
Borrower's note loans ("bonded" loans)	11,878	448,750	36,752	180,000
Liabilities to banks	136,979	238,122	81,706	175,501
Lease liabilities	3,040	16,228	2,107	11,368
Other	375	1,235	5,795	17,366
Total	152,271	704,336	126,360	384,235

As in previous years, liabilities to banks are not secured with either land liens or security interests.

The other financial liabilities include loans to related entities. As in the prior year, market interest rates were agreed upon for these.

27 INCOME TAX LIABILITIES

The non-current and current income tax liabilities comprise corporate income tax, including the German reunification surtax ("solidarity surcharge") and local business income tax ("trade tax"), for the Group's companies in Germany, as well as comparable income tax liabilities for companies in other countries.

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OTHER CURRENT LIABILITIES

	12/31/2011 [T €]	12/31/2010 [T €]
Other tax liabilities	51,667	43,597
Pending invoices payable	39,441	32,726
Liabilities to employees	74,118	76,607
Advance payments received	27,625	23,011
Social security liabilities	19,918	16,212
Other financial liabilities	11,878	0
Other non-financial liabilities	98,150	119,147
Total	322,796	311,300

Other non-income-tax liabilities primarily concern payroll taxes and value added taxes.

The other non-financial liabilities include general deferred expenses, sales allowances, and government grants.

ADDITIONAL INFORMATION

29

FINANCIAL RISK MANAGEMENT

The Benteler Group is exposed to various financial risks through its business operations and financing transactions. The most significant of these risks are foreign currency risks, interest rate risks, commodity price risks, default risks and liquidity risks.

The Benteler Group additionally applies well-established controlling and management instruments to monitor financial risks. The Group's reporting system makes it possible to detect, analyze, assess and manage financial risks on a regular basis, by way of the central Group Treasury unit. This system also includes all relevant companies in which the Group holds ownership interests.

29.1

Foreign exchange risk

Foreign exchange risks particularly arise where receivables, liabilities and planned transactions are denominated in a currency other than the local one. In most cases, the risk of fluctuations in future cash flows results from operating activities, but there is also some risk from financing and investing activities. However, the Benteler Group's principal foreign exchange risk derives from the volatility of the euro and U.S. dollar.

The amount of hedging needed is evaluated each month. Currency derivatives are used to hedge foreign exchange risks. These transactions hedge against changes in exchange rates for cash flows in foreign currencies. The functional currency is hedged, not the Group currency. The hedging horizon is typically between one and three years.

In addition to transaction-related foreign currency risks, the Group is also exposed to translation risks for the assets and liabilities of subsidiaries outside the euro zone. These long-term effects are calculated and analyzed continuously, but in general they are not hedged, because the line items are of a lasting nature.

For foreign exchange risk, sensitivity analyses were performed to determine the impact of hypothetical changes in exchange rates on the Group's profit (after tax) and equity. As a basis for sensitivity to foreign exchange fluctuations, the analysis used those primary financial instruments recognized as of the end of the reporting period that were not denominated in the functional currencies of the Benteler Group's individual companies, together with the derivative financial instruments held in the portfolio. It was assumed that the risk at the reporting date substantially represents the risk for the fiscal year as a whole. The effects of the translation of foreign subsidiaries' financial statements from foreign currencies into the Group's reporting currency (the euro) were not included. The Group's tax rate of 30 % was applied as the tax rate.

If the value of the euro against the foreign currencies had hypothetically been 10 % higher than the actual exchange rates at the reporting date, the profit (after tax) would have been €1,587 thousand more and equity (after tax) would have been €2,208 thousand less. The sensitivity of equity here is affected not only by the sensitivity of after-tax profits, but by the sensitivity of the cash flow hedge reserve of €3,795 thousand, which had the effect of reducing equity.

If the value of the euro against the foreign currencies had hypothetically been 10 % less than the actual exchange rates at the reporting date, the profit (after tax) would have been €1,937 thousand less and equity (after tax) would have been €2,667 thousand more. The sensitivity of equity here is affected not only by the sensitivity of after-tax profits, but by the sensitivity of the cash flow hedge reserve of €4,605 thousand, which had the effect of reducing equity.

If the value of the U.S. dollar against the foreign currencies had hypothetically been 10 % more or less, respectively, than the actual exchange rates at the reporting date, equity (after tax) would have been €2,009 thousand less and €2,446 thousand more, respectively.

The sensitivity results primarily from derivatives associated with hedging future cash flows in foreign currencies, and from derivatives not associated with on-balance-sheet hedging relationships.

29.2 Interest rate risk

The Benteler Group incurs interest rate risks primarily from its liabilities from borrowings. Risks also result from loans extended, which are recognized in assets, and from bank balances.

The Benteler Group counters interest rate risk by continuously monitoring the money market and capital market, and by using derivative interest rate hedges. The emphasis here is on hedging the Group's needs for funds against increases in market interest rates. Interest rate swaps were entered into to hedge this risk (cash flow risk).

For interest rate risk, sensitivity analyses were performed to reveal the impact of hypothetical changes in market interest rates on the Group's profit (after tax) and equity. The Group's affected variable-interest-rate holdings of primary financial instruments and derivative financial instruments as of the reporting date were used as a basis. It was assumed that the risk at the reporting date substantially represents the risk for the fiscal year as a whole. The Group's tax rate of 30 % was applied as the tax rate. It was also assumed that all other variables, especially foreign exchange rates, would remain constant.

If the market interest rate hypothetically had been 100 bps (basis points; 100 basis points = 1 %) higher than the actual market interest rate, profit (after tax) would have been €2,095 thousand higher and equity (after tax) would have been €10,656 thousand higher. The sensitivity of equity here is affected not only by the sensitivity of after-tax profits, but by the sensitivity of the cash flow hedge reserve of €8,561 thousand, which had the effect of increasing equity.

If the market interest rate hypothetically had been 100 bps lower than the actual market interest rate, profit (after tax) would have been €2,010 thousand lower and equity (after tax) would have been €11,030 thousand lower. The sensitivity of equity here is affected not only by the sensitivity of after-tax profits, but by the sensitivity of the cash flow hedge reserve of €9,010 thousand, which had the effect of reducing equity.

29.3 Commodity price risk

The Benteler Group is exposed to the risk of changes in commodity prices – especially the risk of changes in the price of aluminum and steel – through its procurement of intermediate goods and services.

29.3.1 Steel price risk

Unlike the other industrial metals, the risks and opportunities that result from the volatility of the price of steel are passed on to customers under supply contracts the Company negotiates itself. In previous years, prices were negotiated annually. Effective as of the year under review, the supply contracts are adjusted semiannually.

29.3.2 Aluminum price risk

Here the hedging strategy must take account not only of physical hedging, but of the complexity of how the risk arises. This results from the diverse contract specifications with automotive manufacturers, including

- the time lapse between the purchase of commodities and semifinished products, and the sale of components to the carmakers,
- the large number of fixed prices and formula-based pricing mechanisms (1, 2, 3, or 6-month average) and price validities (quarter, six months, specified months).
- the use of different exchanges and underlyings in pricing (LME, SMI, Cash/3M, Seller/Buyer), and
- the different currencies involved (EUR, USD, NOK, CNY).

Building on the planned amounts to be purchased by customers and the reported needs of the decentralized units, the production location decides on the production schedule and on the purchases of the necessary aluminum. At a monthly management meeting, a list of the contracts entered into for which firm aluminum pricing on the selling or buying side is to begin in the coming month is prepared. On that basis, Benteler Treasury enters into commodity swaps with a bank to exchange the variable prices on the buy and sell side for firm prices. Different swaps are negotiated for each month, depending on the individual customers' pricing formulas and the planned and reported volumes.

29.3.2.1 Derivatives with an on-balance-sheet hedging relationship (commodity hedge accounting under IAS 39)

Commodity hedge accounting was used for the first time during the year under review, so as to reflect potential changes in fair value correctly in the balance sheet. Once the requirements of IAS 39 for recognition of hedging relationships in the balance sheet are met (commodity hedge accounting), Benteler designates and documents the hedging relationship as a cash flow hedge from that time forward. Any changes in fair value of the aluminum swaps are initially recognized outside profit or loss, in the other reserves (other comprehensive income), in the amount of the effective portion of the hedge. Cumulative changes in fair value are subsequently recognized in the income statement for the period in which the hedged underlying transactions affect profit or loss. Any ineffective portion of the aluminum swaps due to changes in fair value is recognized directly in profit or loss.

29.4 Default risk

Default risk is the risk that a contracting partner may be unable to meet its payment obligations. The Benteler Group's default risks result primarily from receivables from customers. Default risks also arise in connection with financial transactions, such as investing cash or acquiring securities.

The Benteler Group counters the risk of default on receivables in operating activities by way of professional debtor management. Before signing a contract, especially with key customers, it carefully reviews the customer's economic condition and business competence. All relevant data about the debtor are collected and analyzed centrally, and assessed in an individualized credit rating. In addition, the Group has credit insurance, from which selected customers with good credit ratings are excepted. In ongoing business operations, payment performance is regularly evaluated and monitored, including with an eye to dynamic leading indicators. The doubtful debt allowances recognized for this purpose take account of the default risk on receivables.

Because of its customer structure on the original equipment manufacturer (OEM) side, the Group is not exposed to any significant concentration of default risk. The maximum default risk for financial assets lies in the risk that the customer might default, and therefore amounts to the carrying amount of the receivable from that customer.

See Note 20 for more information about default risk.

29.5 Liquidity risk

Liquidity risk is the risk that the Benteler Group might not have sufficient cash to meet its payment obligations. Particularly large payment obligations exist in connection with the procurement of raw materials and goods for operating activities.

Liquidity risk is countered by systematic, day-by-day liquidity management whose absolute fundamental requirement is that solvency must be guaranteed at all times. On the assumption that events progress as planned, the liquidity supply is assured by a liquidity forecast over a defined planning horizon and the Group's access to sufficient unused credit facilities, confirmed in writing. The aim is a comfortable, cost-efficient liquidity supply that permits the Group to respond appropriately to a dynamic market environment and take advantage of opportunities. The financial planning process includes a rolling three-month plan (direct method) and a one- to five-year plan (indirect method). At the end of the period on December 31, 2011, the Group had access to credit facilities totaling about €393,410 thousand (prior year: €343,039 thousand).

The following table shows the undiscounted contracted maturities for financial liabilities (including contractual interest payments):

Item	Maturity of financial debts						
	Carrying amount 12/31/2011 [T €]	1 year		2 to 5 years		after 5 years	
		Interest expense [T €]	Principal repay- ment [T €]	Interest expense [T €]	Principal repay- ment [T €]	Interest expense [T €]	Principal repay- ment [T €]
Financial liabilities (non-current and current)	856,607	28,467	152,271	80,153	460,142	21,904	244,193
Borrower's note loans ("bonded" loans)	460,628	18,746	11,878	60,848	243,750	11,006	205,000
Liabilities to banks	375,101	6,712	136,979	10,318	206,688	1,220	31,434
Liabilities under finance leases	19,268	3,009	3,040	8,987	8,469	9,678	7,759
Other financial liabilities	1,610	0	375	0	1,235	0	0
Capital represented by profit participation certificates	99,422	7,244	0	21,672	100,000	0	0
Trade payables	883,936	0	883,936	0	0	0	0
Other liabilities (non-current and current)	122,985	7,193	52,933	13,591	25,554	2,321	27,511
Negative market values of derivatives without on-balance-sheet hedging relationship	4,999	1,563	2,914	432	508	0	0
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	26,717	5,630	10,529	13,159	1,229	2,321	-449
Other financial liabilities	91,268	0	39,491	0	23,817	0	27,960
Total	1,962,949	42,904	1,089,140	115,415	585,697	24,225	271,705

Item	Carrying amount 12/31/2010 [T €]	Maturity of financial debts					
		1 year		2 to 5 years		after 5 years	
		Interest expense [T €]	Principal repay- ment [T €]	Interest expense [T €]	Principal repay- ment [T €]	Interest expense [T €]	Principal repay- ment [T €]
Financial liabilities (non-current and current)	510,595	18,439	126,360	43,875	301,835	9,321	82,400
Borrower's note loans ("bonded" loans)	216,752	9,983	36,752	27,538	115,000	2,551	65,000
Liabilities to banks	257,207	6,176	81,706	9,858	163,486	956	12,016
Liabilities under finance leases	13,475	2,281	2,107	6,479	5,983	5,814	5,385
Other financial liabilities	23,161	0	5,795	0	17,366	0	0
Capital represented by profit participation certificates	99,075	7,244	0	28,916	0	0	100,000
Trade payables	771,230	0	771,230	0	0	0	0
Other liabilities (non-current and current)	118,815	7,882	58,046	11,183	15,670	1,217	32,335
Negative market values of derivatives without on-balance-sheet hedging relationship	10,386	3,789	5,777	2,076	0	0	0
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	8,154	4,092	0	9,107	0	1,217	0
Other financial liabilities	100,274	0	52,269	0	15,670	0	32,335
Total	1,499,715	33,565	955,636	83,974	317,506	10,537	214,735

The table above includes all instruments held on December 31 for which payments had already been agreed to by contract. Projected figures for new future liabilities are not included. Amounts in foreign currencies are translated at the spot rate on the reporting date (December 31). Variable interest payments on financial instruments were calculated on the basis of the most recently determined interest rates.

29.6 Capital management

The objective of capital management is to ensure a sound financial profile. In particular, the aim is to ensure reasonable dividend payments for shareholders, and to generate benefits for other interest groups as well. Additionally, the Benteler Group intends to keep sufficient financial leeway available so that it can maintain its growth course.

The capital management strategy ensures that Group companies have equity capitalization appropriate to local requirements. The goal is to give them the requisite latitude for action in financing and liquidity. The requirement communicated to all Group subsidiaries is to safeguard financing with matching maturities.

The financial profile is actively managed and monitored. The following key indicators in particular are used for this purpose: adjusted equity ratio and net debt. For purposes of capital management, capital represented by participation certificates is treated as part of equity.

	12/31/2011 [T €]	12/31/2010 [T €]
On-balance-sheet equity	963,690	916,505
+ capital represented by profit participation certificates	99,422	99,075
Adjusted equity	1,063,111	1,015,580
Total assets	3,641,943	3,116,739
Adjusted equity ratio	29.2%	32.6%
Financial liabilities	956,029	609,670
– capital represented by profit participation certificates	–99,422	–99,075
– cash and cash equivalents	–307,509	–302,037
– German federal bonds	– 120,489	0
Net financial debt	428,609	208,558

30 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

As of the end of the period, the Benteler Group held derivative financial instruments to hedge foreign exchange risks and interest rate risks, as well as risks from the price of aluminum.

The Benteler Group uses various derivative financial instruments to hedge the above risks – currency forwards, currency options, interest swaps, interest/currency swaps, and commodity forwards. Foreign currency derivatives are held in the principal currencies (USD, NOK, MXN, CHF, CZK and GBP); interest rate swaps are in EUR, USD, GBP and CHF. The partners in the transactions are solely German and international banks with first-quality credit ratings.

Most of the derivative financial instruments indicated here were recognized in the balance sheet as cash flow hedges, under hedge accounting. These cover both variable future cash flows from non-current liabilities with terms to 2019, and future operating cash flows in foreign currencies with terms of generally up to 12 months (and in no case more than 36 months). Consequently the effect on profit or loss from the hedge on operating cash flows in foreign currencies will occur primarily during the current fiscal year, or during next fiscal year at the latest. The employed commodity hedges hedge variable cash flows until 2014, and are entirely limited to aluminum.

The prospective effectiveness of hedging relationships is determined using the critical terms match method under IAS 39. Retrospective effectiveness is measured using the dollar offset method.

Changes in fair values of derivatives, in the amount of the effective portion, are recognized for a total of € -25,470 thousand (prior year €9,947 thousand) in the cash flow hedge reserve; € -2,415 thousand (prior year: € -3,975 thousand) was withdrawn from the cash flow hedge reserve and reallocated to the income statement. The result for the year under review includes an ineffective portion in the amount of € -13 thousand (prior year: €0 thousand).

The following table shows the types and amounts of foreign currency and interest rate hedges held, including the recognized fair values as of the end of the period:

	12/31/2011 [T €]		
	Nominal volume	Positive fair value	Negative fair value
Derivatives without on-balance-sheet hedging relationship	253,543	998	4,999
Interest rate and interest/currency hedges	47,962	0	3,142
Foreign currency hedges	205,581	998	1,857
Derivatives with on-balance-sheet hedging relationship (hedge accounting)	738,585	7,348	26,717
Interest rate and interest/currency hedges	314,778	0	14,242
Foreign currency hedges	377,507	6,434	9,389
Commodity hedges	46,300	914	3,087

	12/31/2010 [T €]		
	Nominal volume	Positive fair value	Negative fair value
Derivatives without on-balance-sheet hedging relationship	301,730	2,366	10,386
Interest rate hedges	71,058	0	9,159
Foreign currency hedges	207,479	1,227	1,227
Commodity hedges	23,193	1,139	0
Derivatives with on-balance-sheet hedging relationship (hedge accounting)	455,203	2,740	8,154
Interest rate hedges	116,782	0	8,154
Foreign currency hedges	338,421	2,740	0

The foreign currency hedges without an on-balance-sheet hedging relationship are primarily hedges used to hedge internal loans extended in foreign currency to subsidiaries.

The commodity hedges are limited solely to aluminum.

ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

The following tables show the carrying amounts of the individual financial assets and liabilities for each individual category of financial instrument, and reconcile them with the associated items on the balance sheet, for the end of the period on December 31, 2011, and the comparable date.

	Measurement category per IAS 39	Carrying amount at 12/31/2011 [T €]	
Trade receivables	1)	851,281	
Receivables from contract production	1)	30,234	
Other receivables and assets (non-current and current)		313,739	
Securities	2)	121,066	
Investments in unconsolidated, associated entities	2)	9,499	
Financial receivables	1)	13,830	
Positive market values of derivatives without on-balance-sheet hedging relationship	3)	998	
Positive market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	n/a	7,348	
Other financial receivables	1)	837	
Other non-financial receivables	n/a	160,161	
Cash and cash equivalents	1)	307,510	
Total		1,502,765	
of which: by measurement category under IAS 39:			
1) Loans and receivables		1,203,692	
2) Financial assets available for sale		130,566	
3) Financial assets held for trading		998	
Financial liabilities (non-current and current)		856,607	
Borrower's note loans ("bonded" loans)	1)	460,628	
Liabilities to banks	1)	375,101	
Liabilities under finance leases	n/a	19,268	
Other financial liabilities	1)	1,610	
Capital represented by profit participation certificates	1)	99,422	
Trade payables	1)	883,936	
Other liabilities (non-current and current)		420,414	
Negative market values of derivatives without on-balance-sheet hedging relationship	2)	4,999	
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)		26,717	
Other financial liabilities		91,268	
Other non-financial liabilities		297,429	
Total		2,260,378	
of which: by measurement category under IAS 39:			
1) Financial liabilities measured at amortized cost		1,911,964	
2) Financial liabilities held for trading		4,999	

	Measurement per IAS 39					
	(Amortized) cost [T €]	Fair value outside profit or loss [T €]	Fair value through profit or loss [T €]	Measurement per IAS 17 [T €]	Non-financial items [T €]	Fair value at 12/31/2011 [T €]
	851,281	0	0	0	0	851,281
	30,234	0	0	0	0	30,234
	24,166	128,414	998	0	160,161	153,579
	0	121,066	0	0	0	121,066
	9,499	0	0	0	0	9,499
	13,830	0	0	0	0	13,830
	0	0	998	0	0	998
	0	7,348	0	0	0	7,348
	837	0	0	0	0	837
	0	0	0	0	160,161	n/a
	307,510	0	0	0	0	307,510
	1,213,191	128,414	998	0	160,161	
	1,203,692	0	0			1,203,692
	9,499	121,066	0			130,566
	0	0	998			998
	837,339	0	0	19,268	0	868,378
	460,628	0	0	0	0	472,165
	375,101	0	0	0	0	375,887
	0	0	0	19,268	0	18,716
	1,610	0	0	0	0	1,610
	99,422	0	0	0	0	110,756
	883,936	0	0	0	0	883,936
	91,268	26,717	4,999	0	297,429	122,985
			4,999			4,999
	0	26,717	0	0	0	26,717
	91,268	0	0	0	0	91,268
	0	0	0	0	297,429	n/a
	1,911,964	26,717	4,999	19,268	297,429	
	1,911,964	0	0			1,935,623
	0	0	4,999			4,999

	Measurement category per IAS 39	Carrying amount at 12/31/2010 [T €]	
Trade receivables	1)	756,065	
Receivables from contract production	1)	13,160	
Other receivables and assets (non-current and current)		162,890	
Securities	2)	621	
Investments in unconsolidated, associated entities	2)	1,374	
Financial receivables	1)	15,659	
Positive market values of derivatives without on-balance-sheet hedging relationship	3)	2,366	
Positive market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	n/a	2,740	
Other financial receivables	1)	5,372	
Other non-financial receivables	n/a	134,758	
Cash and cash equivalents	1)	302,037	
Total		1,234,151	
of which: by measurement category under IAS 39:			
1) Loans and receivables		1,088,281	
2) Financial assets available for sale		1,995	
3) Financial assets held for trading		2,366	
Financial liabilities (non-current and current)		510,595	
Borrower's note loans ("bonded" loans)	1)	216,752	
Liabilities to banks	1)	257,207	
Liabilities under finance leases	n/a	13,475	
Other financial liabilities	1)	23,161	
Capital represented by profit participation certificates	1)	99,075	
Trade payables	1)	771,230	
Other liabilities (non-current and current)		383,557	
Negative market values of derivatives without on-balance-sheet hedging relationship	2)	10,386	
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	n/a	8,154	
Other financial liabilities	1)	100,274	
Other non-financial liabilities	n/a	264,742	
Total		1,764,457	
of which: by measurement category under IAS 39:			
1) Financial liabilities measured at amortized cost		1,467,699	
2) Financial liabilities held for trading		10,386	

No reclassifications among categories of financial instruments were performed in either the year under review or the prior year.

	Measurement per IAS 39					
	(Amortized) cost [T €]	Fair value outside profit or loss [T €]	Fair value through profit or loss [T €]	Measurement per IAS 17 [T €]	Non-financial items [T €]	Fair value at 12/31/2010 [T €]
	756,065	0	0	0	0	756,065
	13,160	0	0	0	0	13,160
	9,160	3,361	2,366	0	148,003	24,121
	0	621	0	0	0	621
	1,374	0	0	0	0	1,374
	6,424	0	0	0	9,234	15,659
	0	0	2,366	0	0	2,366
	0	2,740	0	0	0	2,740
	5,372	0	0	0	0	5,372
	0	0	0	0	134,758	n/a
	302,037	0	0	0	0	302,037
	1,080,421	3,361	2,366	0	148,003	
	1,079,047	0	0			1,088,281
	1,374	621	0			1,995
	0	0	2,366			2,366
	997,120	0	0	13,475	0	510,595
	216,752	0	0	0	0	216,752
	257,207	0	0	0	0	257,207
	0	0	0	13,475	0	13,475
	23,161	0	0	0	0	23,161
	99,075	0	0	0	0	99,075
	771,230	0	0	0	0	771,230
	100,274	8,154	10,386	0	264,742	118,815
	0	0	10,386	0	0	10,386
	0	8,154	0	0	0	8,154
	100,274	0	0	0	0	100,274
	0	0	0	0	264,742	0
	1,467,699	8,154	10,386	13,475	264,742	
	1,467,699	0	0			1,467,699
	0	0	10,386			10,386

The carrying amount for current primary financial instruments, especially trade receivables and trade payables and other current receivables and liabilities, is the same as the fair value. The fair value of fixed-interest loans extended and liabilities is the present value of expected cash flows. They are discounted on the basis of the interest rates in effect at the end of the reporting period. For variable-interest liabilities, the carrying amounts are the same as the fair values.

The fair value of currency forwards is calculated on the basis of the spot exchange rate in effect at the end of the reporting period, allowing for the forward premiums and discounts for the respective remaining term of the contract compared to the contracted forward rate. For currency options, generally accepted models are used for calculating option prices. The fair value of an option, together with the remaining term of the option, is additionally affected by other factors such as the current level and volatility of the underlying exchange rate, or the underlying base interest rate.

Interest rate swaps and interest/currency swaps are measured at fair value by discounting expected cash flows. The market interest rates in effect for the remainder of the contract are used as a basis. For interest/currency swaps, the exchange rates for the foreign currencies in which cash flows take place are also taken into account.

The fair value of aluminum commodity forwards is based on official market quotations (LME – London Metal Exchange).

Measurements are performed both internally and by external financial partners at the end of the period.

Fair value hierarchy

The fair values of financial assets and liabilities measured at fair value can result from the following base data, according to the fair value hierarchy defined in IFRS 7:

Level 1 Measured on the basis of quoted prices on active markets for similar instruments.

Level 2 Measured on the basis of directly or indirectly observable market inputs other than Level 1 quoted prices.

Level 3 Measured on the basis of models not based on observable market inputs.

The measurement hierarchy reflects the importance of the factors considered in calculating fair values.

The following table shows the carrying amounts of the financial assets and liabilities measured at fair value, broken down by measurement level. No reclassifications among levels have been made.

	12/31/2011			
	Total [T €]	Level 1 [T €]	Level 2 [T €]	Level 3 [T €]
Financial assets at fair value				
Fair value through profit or loss				
Derivatives without on-balance-sheet hedging relationship (financial assets held for trading)	998	0	998	0
Fair value outside profit or loss				
Financial assets available for sale	121,066	121,066	0	0
Derivatives with on-balance-sheet hedging relationship (hedge accounting)	7,348	0	7,348	0
Total	129,413	121,066	8,347	0
Financial liabilities at fair value				
Fair value through profit or loss				
Derivatives without on-balance-sheet hedging relationship (financial liabilities held for trading)	4,999	0	4,999	0
Fair value outside profit or loss				
Derivatives with on-balance-sheet hedging relationship (hedge accounting)	26,717	0	26,717	0
Total	31,716	0	31,716	0

	12/31/2010			
	Total [T €]	Level 1 [T €]	Level 2 [T €]	Level 3 [T €]
Financial assets at fair value				
Fair value through profit or loss				
Derivatives without on-balance-sheet hedging relationship (financial assets held for trading)	2,366	0	2,366	0
Fair value outside profit or loss				
Financial assets available for sale	621	621	0	0
Derivatives with on-balance-sheet hedging relationship (hedge accounting)	2,740	0	2,740	0
Total	5,727	621	5,106	0
Financial liabilities at fair value				
Fair value through profit or loss				
Derivatives without on-balance-sheet hedging relationship (financial liabilities held for trading)	10,386	0	10,386	0
Fair value outside profit or loss				
Derivatives with on-balance-sheet hedging relationship (hedge accounting)	8,154	0	8,154	0
Total	18,540	0	18,540	0

Net gains or losses

The following table shows the net gains (before tax) on financial instruments recognized in the consolidated income statement or in other comprehensive income, as the case may be, broken down by measurement category. The figures do not include effects of finance leases on profit or loss, or those of derivatives used for hedge accounting, since they do not belong to a measurement category under IAS 39.

	2011 [T €]	2010 [T €]
Loans and receivables	4,426	5,293
Financial assets available for sale	17	-50
Derivatives without on-balance-sheet hedging relationship (financial assets and liabilities held for trading)	2,373	-6
Financial liabilities measured at amortized cost	-48,666	-45,556
Total net gains or losses	-41,850	-40,319
of which: Net interest expense for financial assets and liabilities not measured at fair value through profit or loss	-39,112	-37,230
of which: Impairment expense for trade receivables	-5,556	-3,032
of which: Gains / losses on available-for-sale financial assets recognized outside profit or loss	28	0

The net gain from the "loans and receivables" category results primarily from interest income on financial receivables, adjustments on trade receivables, and foreign exchange gains and losses on receivables in foreign currencies.

The net figure in the "financial assets available for sale" category results from the securities and bonds held by the Benteler Group, as well as unconsolidated ownership interests in associated entities.

The gains and losses on derivatives that do not meet the hedge accounting requirements under IAS 39 are included in the "derivatives without on-balance-sheet hedging relationship" category.

The "financial liabilities measured at amortized cost" category includes interest expenses for financial liabilities, income from the capitalization of borrowing costs, and foreign exchange gains and losses on liabilities in foreign currencies.

32**CASH FLOW STATEMENT**

The cash flow statement is prepared in accordance with IAS 7, and is organized into cash flows from operating, investing, and financing activities. The effects of changes in the companies included in the consolidated financial statements are recognized in the changes in the various balance sheet items; their impact on cash and cash equivalents is shown separately, as is the impact of changes in foreign exchange rates on cash and cash equivalents.

Out of the figure for investments in property, plant and equipment, €1,552 thousand (prior year: €1,059 thousand) was carried out in non-cash form, through finance leases.

The discussion and further comments in Note 21 provide additional information about the changes in cash and cash equivalents.

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CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Benteler Group furnished no additional collateral during the year for its borrowings, above and beyond the joint liability of individual Group members to other Group members and the collateral indicated in Note 26, Financial liabilities.

Land liens for €153.4 million, held by Price Waterhouse Coopers AG, of Düsseldorf, have been recorded on the Group's own property or properties owned by production company subsidiaries. Under an agreement dated May 4, 1987 (in its current version of August 28, 2001), these liens provide a collateral pool that is managed in trust by Price Waterhouse Coopers AG for the participating lenders to Benteler Deutschland GmbH. The banks' receivables from Benteler Deutschland GmbH are covered by the collateral provided by the assets held in trust, by way of accession agreements.

Benteler Deutschland GmbH's lender banks declared their written consent to the lifting of land liens for a total of €153.4 million. No loans were secured by land liens as of December 31, 2011. Thus the entire trust agreement was placed on "inactive" status under an agreement dated November 12, 2003.

As of the end of the period on December 31, 2011, the Group had granted guarantees to third parties for a total of €4,424 thousand (prior year: €570 thousand). Liabilities to third parties under warranty agreements (through contract performance bonds or supply bonds) came to €104 thousand as of the end of the period (prior year: €668 thousand).

There were other off-balance-sheet obligations – particularly to employees, tax authorities and customs authorities – of €464 thousand as of December 31, 2011 (prior year: €3,492 thousand).

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WORKFORCE

The Benteler Group worldwide has the following numbers of employees:

	12/31/2011 Average [in FTE]	12/31/2010 Average [in FTE]
Wage earners	12,911	11,940
Salaried staff	12,937	11,808
Total	25,848	23,748

Executive Board

- Hubertus Benteler, Salzburg, Austria
Chairman of the Executive Board,
In charge of: Corporate Strategy and Business Development, Corporate Communications,
Corporate Human Resources, Compliance and Board Affairs
- Siegmund Wenk, Munich, Germany
In charge of: Corporate Finance and Accounting, Corporate Taxes, Corporate Legal and Insurances

Supervisory Board

The following members were appointed to the Supervisory Board of Benteler International AG:

- Robert J. Koehler, Wiesbaden, Germany, Chairman
(Chairman of the Board of Management of SGL Carbon SE, Wiesbaden, Germany)
- Dr. Ralf Bethke, Deidesheim, Germany, Vice Chairman
(Chairman of the Supervisory Board of K+S AG, Kassel, Germany)
- Rolf Eckrodt, Berlin, Germany
(Chairman of the Board of Directors of Leclanché SA, Yverdon-les-Bains, Switzerland)
- Dr. Markus Flik, Gerlingen, Germany
- Axel Prym, Roetgen, Germany
(Shareholder in William Prym GmbH & Co. KG, Stolberg, Germany)
- Dr. Gert Vaubel, Warburg, Germany
(former member of the Executive Board of Benteler Aktiengesellschaft, Paderborn, Germany)

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RELATED PARTY TRANSACTIONS

The Group's related parties within the meaning of IAS 24 are substantially the members of the Supervisory Board and Shareholders' Committee, the members of the Benteler family, members of Group management, and, as entities, the associates of the Benteler Group and entities controlled or significantly influenced by related parties. See Note 35 for additional information.

The entities included in the consolidated financial statements of the Benteler Group have engaged and/or continue to engage in corporate transactions with related parties.

Except for compensation paid to key management (see immediately below), no significant transactions have been conducted with related parties that extend beyond their capacity as shareholders or members of governing bodies.

Disclosures of compensation paid to key members of management

During fiscal 2011, Benteler International AG paid total compensation of €16,287 thousand (prior year: €18,053 thousand) to members of management in key positions (11 persons; prior year 13 – comprising members of the Executive Board of Benteler International AG and the managing directors of the principal subsidiaries). No share-based compensation was granted above and beyond those amounts.

	2011 [T €]	2010 [T €]
Short-term payments – fixed	4,785	4,626
Short-term payments – variable	7,099	6,541
Post-employment benefits	1,426	986
Other benefits payable in the long term	0	2,093
Severance benefits	2,977	3,807
Total	16,287	18,053

The exemption under Section 266(7) of the Austrian Commercial Code has been exercised.

The members of the Supervisory Board of Benteler International AG received compensation of €225 thousand in fiscal 2011 (prior year: €225 thousand). There were no other reportable transactions with related parties of the Benteler Group.

The pension provisions at December 31, 2011, like those for the year ended December 31, 2010, include no provisions for former executives of Benteler International AG.

37 EVENTS AFTER THE REPORTING PERIOD

No events or developments occurred after the end of the period that might cause a significant change in the recognition or measurement of individual asset or liability items as of December 31, 2011, or that were otherwise reportable.

38 AUDITOR'S FEES AND SERVICES

The information required under Section 266(11) of the Austrian Commercial Code regarding the fees paid to the Group's independent auditor (KPMG Austria GmbH) is provided below by category of service.

	2011 [T €]	2010 [T €]
Audit of consolidated financial statements	190	50
Other audit services	6	0
Tax consulting	0	0
Other services	0	0
Total fees	196	50

The figures refer to the accrued expense for the period. Services provided by the independent auditor's network are not included.

39 PROPOSED ALLOCATION OF PROFIT

Under the terms of the Austrian Stock Corporations Act, the allocation of profits is to be based on the separate financial statements of Benteler International AG as of December 31, 2011, prepared under Austrian GAAP.

Those financial statements showed a distributable profit of €49,687,717.82. The Executive Board will propose to the Shareholders' Meeting that out of this distributable profit of EUR 49,687,717.82, a total of EUR 24,000,000.00 should be distributed in dividends, and the remaining EUR 25,687,717.82 should be carried forward to the new period.

Salzburg, March 19, 2012

The Executive Board

Hubertus Benteler Siegmund Wenk

INDEPENDENT AUDITORS' REPORT

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Benteler International Aktiengesellschaft, Salzburg, for the fiscal year from January 1 to December 31, 2011. These consolidated financial statements comprise the consolidated statement of financial position as of December 31, 2011, the consolidated statement of comprehensive income/statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2011, together with a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements and for the accounting system

The Company's management is responsible for the Group's accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. This responsibility includes designing, implementing and maintaining an internal controlling system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the laws and regulations applicable in Austria and the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for

the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2011, and of its financial performance and cash flows for the fiscal year from January 1 to December 31, 2011, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Report on the management report for the Group

Pursuant to the terms of law, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements, and as to whether the other disclosures are misleading with respect to the Company's position. The auditor's report must also contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements.

In our opinion, the management report for the Group is consistent with the consolidated financial statements.

Salzburg, March 19, 2012

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Cäcilia Gruber

Wirtschaftsprüfer

[Austrian Chartered Accountant]

Mag. Gabriele Lehner

Wirtschaftsprüfer

[Austrian Chartered Accountant]

REPORT OF THE SUPERVISORY BOARD OF BENTELER INTERNATIONAL AG FOR FISCAL 2011

Meetings and Committees

As is its responsibility, the Supervisory Board actively monitored and supported the strategic steps taken by Benteler International AG. In fiscal 2011 it performed the duties and exercised the authorities incumbent upon it by law and under the Articles of Incorporation at four regular meetings and at one special meeting conducted by telephone. The Executive Board reported regularly, promptly, and fully, in writing and orally, about the course of business and the situation of the Company, together with its risk situation, its risk management system, and its consolidated subsidiaries. The Executive Board also maintained regular contact with the Supervisory Board between meetings, providing information about strategy and business performance, as well as the situation of the Company and its Group subsidiaries.

Among the business conducted at its meeting on February 25, 2011, the Supervisory Board received a presentation of the Stahl/Rohr division's "Strategy 2015."

In the course of its business at the meeting of May 9, 2011, the Supervisory Board approved and adopted the consolidated financial statements for the period ended December 31, 2010, the first to be prepared under IFRSs. In addition, it received a report on the Stahl/Rohr division's planned project to build a steel and tube plant in the United States. The Supervisory Board approved the planned structure for including foreign subsidiaries in the Group, the company retirement plan, and an addition to the guidelines of the Supervisory Board. At the special meeting of the Supervisory Board held by telephone on May 30, 2011, the Supervisory Board approved the Stahl/Rohr division's project for a "USA tube plant with its own steel supply," together with the necessary financing concept for that project.

Among the business conducted at the meeting on August 12, 2011, the Supervisory Board received a presentation of the Distribution division's "Strategy 2016," and of the Group's systems for risk management, internal control, and compliance. The Supervisory Board adopted new rules of procedure for the management of Benteler Deutschland GmbH.

At its meeting on December 16, 2011, it received a presentation of corporate planning for fiscal years 2012 through 2016, and approved an increase in the borrower's note loan to finance the tube plant project in the United States, together with the transfer of Group financing from Benteler Deutschland GmbH to Benteler International AG.

Annual Financial Statements

The parent-company financial statements and management report, together with the consolidated financial statements and Group management report, of Benteler International Aktiengesellschaft for fiscal 2011 were audited by the independent auditors appointed by the Shareholders' Meeting and engaged by the Chairman of the Supervisory Board, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kudlichstrasse 41-43, 4020 Linz, Austria. According to the auditors' final findings, the audit found no cause for objection. The auditors confirmed that the accounting system, the parent-company financial statements and management report, and the consolidated financial statements and Group management report comply with legal requirements and give a true and fair view of the financial position of the Group in accordance with proper accounting standards, and that the management report and Group management report are consistent with the parent-company and consolidated financial statements. The parent-company financial statements and management report, and the consolidated financial statements and Group management report, therefore received an unqualified audit opinion. A management letter reported to the Chairman of the Supervisory Board on findings and recommendations regarding the preliminary processes for financial reporting at locations outside Austria and Germany, and on the performance of impairment tests for non-current assets.

The independent auditors had already provided clarifying information, and sufficiently explained the parent-company and consolidated financial statements. Following its own thorough discussion and audit, the Supervisory Board concurs in full with these results of the audit of the financial statements.

The final findings of the Supervisory Board's audit of the Executive Board's management report, the parent-company financial statements, the consolidated financial statements and the Group management report, together with the Supervisory Board's audit of management, revealed no cause for objections. The Supervisory Board approved the parent-company and consolidated financial statements, which are therefore adopted in accordance with Sec. 96(4) of the Stock Corporations Act. The Supervisory Board concurs in the Executive Board's proposal for the allocation of profits.

The Supervisory Board nominates Mag. Cäcilia Gruber, a certified accountant, auditor, and tax advisor at KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kudlichstrasse 41-43, 4020 Linz, as the independent auditor for the parent-company and consolidated financial statements for the fiscal year from January 1 through December 31, 2012.

Salzburg, May 4, 2012



Robert J. Koehler
Chairman of the Supervisory Board

LIST OF SHAREHOLDINGS AS OF DECEMBER 31, 2011

	Interest held %
1. Benteler International AG, Salzburg, Austria	
SUBSIDIARIES	
2. Benteler Deutschland GmbH, Paderborn, Germany	100
Automotive Division	
3. Benteler Automobiltechnik GmbH, Paderborn, Germany	100
4. Benteler Automotive International GmbH, Paderborn, Germany	100
5. Benteler Spanien International GmbH, Paderborn, Germany	100
6. Benteler Automobiltechnik Eisenach GmbH, Eisenach, Germany	100
7. Benteler Automotive Belgien GmbH, Paderborn, Germany	100
8. Benteler Automotive Südafrika GmbH, Paderborn, Germany	100
9. Benteler Defense GmbH, Paderborn, Germany	100
10. Benteler Engineering Services GmbH, Paderborn, Germany	100
11. Benteler JIT Düsseldorf Verwaltungs-GmbH, Paderborn, Germany	100
12. Benteler JIT Düsseldorf GmbH & Co. KG, Düsseldorf, Germany	100
13. Benteler CR Holding GmbH, Paderborn, Germany	100
14. Benteler Automotive USA GmbH, Paderborn, Germany	100
15. Benteler Carbon Composites Beteiligungs GmbH, Paderborn, Germany	100
16. Benteler SGL Verwaltungs-GmbH, Paderborn, Germany	50
17. Benteler SGL GmbH & Co. KG, Paderborn, Germany	50
18. Benteler Ibérica Holding SL, Barcelona, Spain	100
19. Benteler España S.A., Burgos, Spain	100
20. J.I.T. Martorell S.A., Abrera (Barcelona), Spain	100
21. Benteler JIT Valencia S.A., Almussafes (Valencia), Spain	100
22. Componentes Automotivos Aragón SL, Zaragoza, Spain	100
23. Benteler JIT Barcelona SL, Abrera (Barcelona), Spain	100
24. Benteler Automotive Vigo SL, Valladares - Vigo, Spain	100
25. Benteler Palencia S.L., Palencia, Spain	100
26. Benteler JIT Pamplona, S.L., Orcoyen Navarra, Spain	100
27. Benteler-Indústria de Componentes para Automóveis Lda., Palmela, Portugal	100
28. Benteler Participation SA, Migennes, France	100
29. Benteler Automotive SAS, Migennes, France	100
30. Benteler JIT Douai SAS, Migennes, France	100
31. Benteler Automotive UK Ltd., Corby, Great Britain	100
32. Benteler Bohemia s.r.o., Liberec, Czech Republic	100
33. Benteler CR s.r.o., Chrastava, Czech Republic	100
34. Benteler Automotive Rumburk s.r.o., Rumburk, Czech Republic	100
35. Benteler Automotive SK s.r.o., Malacky (Bratislava), Slovakia	100
36. Benteler Automotive Corporation, Auburn Hills, USA	100
37. Benteler Canada, Inc., Auburn Hills, USA	100
38. Benteler Automotive Canada Corporation, Windsor (Ontario), Canada	100
39. Benteler Automotive Alabama, Inc., Opelika, USA	100
40. Benteler de México S.A. de C.V., Puebla, Mexico	100

	Interest held %
41. Benteler Automotive S.A., Tigre (Buenos Aires), Argentina	100
42. Benteler Componentes Automotivos Ltda., Campinas (São Paulo), Brazil	100
43. Benteler Sistemas Automotivos Ltda., São José dos Pinhais, Paraná, Brazil	100
44. B.E. S.r.l., Turin, Italy	100
45. Benteler Automotive S.p.A., Turin, Italy	100
46. Benteler Netherlands Holding B.V., Helmond, Netherlands	100
47. Benteler Engineering Services B.V., Helmond, Netherlands	100
48. Fasitet PDE AB, Västra Frölunda, Sweden	100
49. Benteler Automotive Netherlands B.V., Helmond, Netherlands	100
50. Benteler Automotive K.K., Tokyo, Japan	100
51. Benteler Autótechnika Kft, Mór, Hungary	100
52. Benteler Automotive Belgium N.V., Gent, Belgium	100
53. Shanghai Benteler Huizhong Automotive Co., Ltd., Shanghai, China	60
54. Benteler CAPP Automotive System Co., Ltd., Changchun, China	60
55. Benteler Automotive (Shanghai) Co., Ltd., Shanghai, China	100
56. Benteler Automotive (Fuzhou) Co., Ltd., Fuzhou, China	100
57. Benteler Management Consulting (Shanghai) Co., Ltd., Shanghai, China	100
58. Aluminor (Pty) Ltd., Alberton (Johannesburg), South Africa	100
59. Benteler Automotive South Africa (Pty) Ltd., Alberton (Johannesburg), South Africa	100
60. 000 Benteler Automotive, Kaluga, Russia	100
61. Benteler SGL Composite Technology GmbH, Ried im Innkreis, Austria	50
62. Benteler Engineering Chennai Private Limited, Chennai, India	60
63. Benteler Maschinenbau GmbH, Bielefeld, Germany	100
64. Benteler MB VG GmbH, Henstedt-Ulzburg, Germany	100
65. Benteler Maschinenbau CZ s.r.o., Liberec, Czech Republic	100
66. Benteler Automotive India Private Limited, Pune, India	100
67. Benteler Aluminium Systems Michigan, Inc., Holland (Michigan), USA	100
68. Benteler Aluminium Systems Korea Ltd., Seoul, South Korea	100
69. Benteler Aluminium Systems Sweden AB, Skultuna, Sweden	100
70. Benteler Aluminium Systems France SNC, Louvières, France	100
71. Benteler Aluminium Systems Norway AS, Raufoss, Norway	100
72. Benteler Aluminium Systems Denmark AS, Tønder, Denmark	100
73. Swissauto Engineering S.A., Etagnières, Switzerland	51
74. EUPAL Beteiligungs GmbH & Co. Vermietungs-KG, Pullach i. Isartal, Germany	100
75. RABET GmbH & Co. KG, Pullach i. Isartal, Germany	100
76. Benteler Defense Verwaltungs GmbH, Paderborn, Germany	100
77. Benteler Defense GmbH & Co. KG, Bielefeld, Germany	100
78. Benteler Automotive (Chongqing) Co. Ltd., Chongqing, China	100
79. Benteler Automotive International Beteiligungs GmbH, Salzburg, Austria	100
80. Benteler Automotive (China) Investment Co. Ltd., Shanghai, China	100
81. Wuhu Benteler-POSCO Automotive Co. Ltd., Anhui, China	90

	Interest held %
Stahl/Rohr Division	
82. Benteler Stahl/Rohr International GmbH, Paderborn, Germany	100
83. Benteler (U.K.) Ltd., Wolverhampton, Great Britain	100
84. Benteler France SAS, Asnières-sur-Seine, France	100
85. Benteler Benelux B.V., Breda, Netherlands	100
86. Benteler Tubos y Maquinaria S.A., Barcelona, Spain	100
87. Benteler Rothrist AG, Rothrist, Switzerland	100
88. Benteler Steel & Tube Corporation, Houston (Texas), USA	100
89. Benteler Rothrist GmbH, Paderborn, Germany	100
90. Benteler Steel/Tube GmbH, Paderborn, Germany	100
91. Benteler Tube Management GmbH, Paderborn, Germany	100
92. Rohstoff-Handelsgesellschaft Günther Voth GmbH, Paderborn, Germany	62.5
93. Noordned Holding B.V., Franeker, Netherlands	62.5
94. Noord-Nederlandse Schrootverwerking B.V., Franeker, Netherlands	62.5
95. Schrootverwerkingsbedrijf Kootstertille B.V., Franeker, Netherlands	62.5
96. Benteler Steel Tube International Beteiligungs GmbH, Salzburg, Austria	100
97. Benteler North America Corporation, Wilmington (Delaware), USA	100
Distribution Division	
98. Benteler Distribution International GmbH, Düsseldorf, Germany	100
99. Benteler Trading International GmbH, Düsseldorf, Germany	100
100. Benteler Distribution Deutschland Beteiligungs GmbH, Duisburg, Germany	72
101. Benteler Distribution Deutschland GmbH & Co. KG, Duisburg, Germany	72
102. Benteler Trading GmbH, Düsseldorf, Germany	100
103. Benteler Distribution Hungary Kft., Budapest, Hungary	100
104. Benteler Distribution Poland Sp. z o.o., Dabrowa Górnicza, Poland	100
105. Benteler Trgovina d.o.o., Sentjanz, Slovenia	100
106. Benteler Distribution Czech Republic spol. s r.o., Dobříš (Prag), Czech Republic	100
107. Benteler Distribution Slovakia, s.r.o., Pusté Úľany, Slovakia	100
108. Heléns Rör A/B, Halmstad, Sweden	75
109. Heléns Rör A/S, Lilleström, Norway	75
110. Heléns Rör A/S, Middelfart, Denmark	75
111. Heléns OÜ, Saue, Estonia	75
112. UAB Heléns Distributoriai, Vilnius, Latvia	75
113. OOO Heléns, St. Petersburg, Russia	75
114. Kindlimann AG, Wil, Switzerland	100
115. Benteler Distribution Services (BDS) AG, Wil, Switzerland	100
116. Benteler Distribution France S.à.r.l., La Madeleine de Nonancourt, France	100
117. Benteler Holdings Limited, Bolton (Lancashire), Great Britain	100
118. Benteler Distribution Limited, Bolton (Lancashire), Great Britain	100
119. Benteler Distribution Singapore Pte Ltd, Singapur, Singapore	100
120. PT Benteler Distribution Indonesia, Jakarta, Indonesia	100
121. Benteler Distribution (Thailand) Co., Ltd., Bangkok, Thailand	100

	Interest held %
122. Benteler Comercial Ltda., Cotia (São Paulo), Brazil	100
123. Benteler Distribuzione Italia S.p.A., Trezzano sul Naviglio, Italy	100
124. Benteler Distribution Austria GmbH, Biedermannsdorf, Austria	100
125. Benteler Distribution (Shanghai) Co., Ltd., Shanghai, China	100
126. SC Benteler Distribution Romania S.R.L., Slatina City, Olt County, Romania	100
127. A/S Thos. Sonne Junr., Middelfart, Denmark	75
128. HORAX Beteiligungs GmbH & Co. Vermietungs-KG, Pöcking, Germany	100
129. Benteler Distribution International Beteiligungs GmbH, Salzburg, Austria	100
Others	
130. BLV Versicherungsmanagement GmbH, Dortmund, Germany	55
131. Benteler Reinsurance Company Ltd., Dublin, Ireland	100
132. Benteler Capital Corporation, Auburn Hills, USA	100
133. Benteler RV GmbH, Paderborn, Germany	100
134. NAPOL GmbH & Co. KG, Objekt Schloss Neuhaus KG, Pullach i. Isartal, Germany	100
135. Benteler Financial Services GmbH, Paderborn, Germany	100
136. Benteler International Beteiligungs GmbH, Salzburg, Austria	100
137. Benteler Global Procurement GmbH, Paderborn, Germany	100
ASSOCIATED COMPANIES	
138. Polarputki Oy, Helsinki, Finland	37.5
ASSOCIATED COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS	
139. Benteler Finance B.V., Amsterdam, Netherlands	100
140. Benteler N.V., Gent, Belgium	100
141. IFB Tools & Accessories Pvt. Ltd., India	49
142. 000 Benteler Avtotechnika Novgorod, Velikij Nowgorod, Russia	100
143. Benteler Italiana S.r.l., Italy	100
144. Benteler VG GmbH, Paderborn, Germany	100
145. Benteler SR VG GmbH, Paderborn, Germany	100
146. Benteler Trgovina d.o.o., Zlatar Bistrica, Croatia	100
147. Benteler Distribution Ukraine LLC, Lviv, Ukraine	100
148. Benteler Distribución Ibérica, S.L., Barcelona, Spain	100
149. Benteler Otomotiv Adapazari Sanayi Ticaret Limited Sirketi, Istanbul, Turkey	100
150. Benteler Defense Corp., Auburn Hills, USA	100
151. Benteler Gebze Tasit Sanayi ve Ticaret Limited Sirketi, Cayirova/Kocaeli, Turkey	100
152. Benteler Automotive Component (Shanghai) Ltd., Shanghai, China	100
153. Benteler Automotive (Thailand) Ltd., Bangkok, Thailand	100
154. Delta Steel Tube Corporation, Wilmington (Delaware), USA	100
155. Benteler Steel/Tube Manufacturing Corporation, Wilmington (Delaware), USA	100
156. Benteler Distribution EOOD, Stara Zagora, Bulgaria	100
157. Benteler Distribution Boru Sanayi ve Ticaret Limited, Cayirova/Kocaeli, Turkey	100
158. Benteler Distribution India Private Limited, Pune, India	100
159. Biltz 11-487 GmbH, Munich, Germany	100
160. Biltz 11-488 GmbH, Munich, Germany	100

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CONTACT**BENTELER INTERNATIONAL AG**

Schillerstrasse 25–27

5020 Salzburg

Austria

www.benteler.com