

Net Assets Position

Total assets

As of December 31, 2011, total assets increased by €1,647.9 million year-on-year from €24,390.5 million to €26,038.4 million. This is mainly due to the growth in inventories and trade accounts receivable totaling €1,239.4 million in line with the expansion of business activities. Strong investment activity was the main reason for the €509.8 million rise in property, plant and equipment. This was offset by the decline in other intangible assets of €357.4 million, mainly due to amortization from the purchase price allocation (PPA).

Non-current assets

Non-current assets increased by €187.6 million to €15,075.5 million (PY: €14,887.9 million). This growth is mainly due to property, plant and equipment, which rose by €509.8 million to €6,608.5 million (PY: €6,098.7 million). The increase in goodwill of €48.8 million to €5,692.4 million (PY: €5,643.6 million) is due in particular to the acquisition of companies in the year under review. Other intangible assets fell by €357.4 million to €1,365.9 million (PY: €1,723.3 million). The deferred tax assets included in other non-current assets decreased by €114.9 million to €565.8 million (PY: €680.7 million) as a result of the utilization of loss carryforwards and necessary valuation allowances. Other non-current assets showed no material changes as against the previous year.

Current assets

Current assets increased by €1,460.3 million to €10,962.9 million (PY: €9,502.6 million). The €887.5 million rise in trade accounts receivable from €4,454.0 million to €5,341.5 million is primarily due to higher sales as of the end of 2011 as against the previous year. Rising business activity also led to a €351.9 million expansion in inventories to €2,989.7 million (PY: €2,637.8 million). Cash and cash equivalents rose slightly in the year under review by €69.9 million to €1,541.2 million (PY: €1,471.3 million). Other current assets rose by €151.0 million to €1,090.5 million (PY: €939.5 million), mainly as a result of the rise in prepaid expenses and high sales tax assets.

Total equity

Equity increased by €1,340.4 million to €7,543.3 million (PY: €6,202.9 million). This was essentially due to the net income attributable to shareholders of the parent amounting to €1,242.2 million. The equity ratio improved from 25.4% to 29.0%.

Non-current liabilities

At €8,136.4 million, non-current provisions and liabilities were down €1,593.8 million from €9,730.2 million in the previous year. This is mainly due to the non-current financial indebtedness included here, which declined by €1,704.4 million to €6,048.0 million (PY: €7,752.4 million) particularly on account of partial repayments and reclassifications to current liabilities.

Deferred tax liabilities rose by €61.6 million to €269.3 million (PY: €207.7 million). Other non-current liabilities showed no material changes as against the previous year.

Current liabilities

At €10,358.7 million, current provisions and liabilities were up €1,901.3 million from €8,457.4 million in the previous year, mainly due to the increase in current financial indebtedness. This climbed by €1,276.3 million to €2,514.4 million (PY: €1,238.1 million) particularly as a result of reclassification from non-current financial indebtedness. The increase in trade accounts payable by €600.9 million to €4,111.4 million (PY: €3,510.5 million) was due to the rise in production volumes as of the end of the year. The rise in other current financial liabilities of €211.8 million to €1,415.2 million (PY: €1,203.4 million) was due mainly to increased deferrals for bonuses and special payments and higher related party liabilities. This was offset by the €258.9 million decline in other current provisions to €905.1 million (PY: €1,164.0 million), particularly as a result of payments for restructuring activities and warranty provisions initiated in previous years. At €764.4 million, other current liabilities were up by €120.9 million from €643.5 million in the previous year.

Operating assets

The corporation's operating assets increased by €915.8 million year-on-year to €16,198.6 million (PY: €15,282.8 million) as of December 31, 2011.

The key factor in this development was the rise in working capital by €631.8 million to €4,219.8 million (PY: €3,588.0 million). Inventories climbed by €351.9 million to €2,989.7 million (PY: €2,637.8 million). Total operating receivables rose by €880.8 million to €5,341.5 million (PY: €4,460.7 million) as of the end of the reporting period also due to higher sales at the end

Consolidated balance sheets

Assets in € millions	Dec. 31, 2011	Dec. 31, 2010
Goodwill	5,692.4	5,643.6
Other intangible assets	1,365.9	1,723.3
Property, plant and equipment	6,608.5	6,098.7
Investments in associates	480.2	440.4
Other long-term assets	928.5	981.9
Non-current assets	15,075.5	14,887.9
Inventories	2,989.7	2,637.8
Trade accounts receivable	5,341.5	4,454.0
Other short-term assets	1,090.5	939.5
Cash and cash equivalents	1,541.2	1,471.3
Current assets	10,962.9	9,502.6
Total assets	26,038.4	24,390.5
Total equity and liabilities in € millions	Dec. 31, 2011	Dec. 31, 2010
Total equity	7,543.3	6,202.9
Non-current liabilities	8,136.4	9,730.2
Trade accounts payable	4,111.4	3,510.5
Other short-term provisions and liabilities	6,247.3	4,946.9
Current liabilities	10,358.7	8,457.4
Total equity and liabilities	26,038.4	24,390.5
Net indebtedness	6,772.1	7,317.0
Gearing ratio in %	89.8	118.0

of the year as against the previous year. Operating liabilities were up by €600.9 million to €4,111.4 million (PY: €3,510.5 million).

Non-current operating assets amounted to €14,213.6 million (PY: €13,975.6 million), a €238.0 million increase year-on-year. Goodwill rose by €48.8 million to €5,692.4 million (PY: €5,643.6 million) as a result of the acquisition of companies in particular. Property, plant and equipment climbed by €509.8 million to €6,608.5 million (PY: €6,098.7 million) due to investing activities. Other intangible assets fell by €357.4 million to €1,365.9 million (PY: €1,723.3 million). This was mainly due to the amortization of intangible assets from the purchase price allocation (PPA) in the amount of €435.5 million (PY: €454.3 million).

The acquisition of the tire and service sales group Alençon Pneus SAS, Alençon, France, by Continental Holding France SAS, Sarreguemines, France, as part

of a share deal increased the Passenger and Light Truck Tires division's operating assets by €56.5 million. The acquisition of Modi Tyres Company Limited, Modipuram, India, as part of a share deal expanded the operating assets of the Commercial Vehicle Tires division by €77.7 million. The acquisition of the companies ContiTech Tianjin Conveyor Belt Ltd., Tianjin, China, and Mining Industrial Resource Supplies Pty Ltd, Perth, Australia, increased operating assets by €6.8 million. Other changes in the scope of consolidation and asset deals did not result in any notable additions or disposals of operating assets at corporation level.

In the fiscal year, exchange rate effects increased the corporation's total operating assets by €6.0 million (PY: €522.8 million).

In line with the rise in operating assets as of the end of the reporting period, the average operating assets of

the corporation increased by €439.0 million as against fiscal 2010 to €16,019.0 million (PY: €15,580.0 million).

Employees

The number of employees in the Continental Corporation rose by 15,560 as against 2010 (148,228) to

163,788. As a result of both the volume increase and the further expansion in best-cost countries, the number of staff in the Automotive Group increased by 8,413 employees. In the Rubber Group, primarily the increased market demand also caused the number of employees to rise by 7,119.

Employees by region in %	2011	2010
Germany	30	31
Europe excluding Germany	31	32
NAFTA	15	14
Asia	18	16
Other countries	6	7