CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

Notes to the Income Statement: see page 116

€ million	Note	2009	2008
Sales	[1]	**7,377.7**	**7,201.6**
Royalty and commission income*	[2]	369.3	388.0
Total revenues		**7,747.0**	**7,589.6**
Cost of sales	[3]	–2,029.3	–1,906.0
Gross margin		**5,717.7**	**5,683.6**
Marketing and selling expenses*	[4]	–2,272.3	–2,128.2
Administration expenses	[5]	–424.9	–446.2
Other operating expenses and income	[6]	–372.7	–170.1
Research and development	[7]	–1,344.6	–1,234.4
Amortization of intangible assets	[8]	–657.8	–573.4
Investment result	[9]	3.5	0.1
Operating result		**648.9**	**1,131.4**
Exceptional items	[10]	–28.0	–400.0
Earnings before interest and tax (EBIT)		**620.9**	**731.4**
Financial result	[11]	–134.5	–156.5
Profit before tax		**486.4**	**574.9**
Income tax	[12]	–109.7	–195.8
Profit after tax		**376.7**	**379.1**
Minority interest	[13]	–10.4	–12.0
Net profit after minority interest		**366.3**	**367.1**
Earnings per share (in €)	[14]		
basic		1.68	1.69
diluted		1.68	1.69

*Figures for 2008 have been adjusted for the disclosure of commission income.

BALANCE SHEET

Notes to the Balance Sheet: see page 123

€ million	Note	Dec. 31, 2009	Dec. 31, 2008
Current assets			
Cash and cash equivalents	[15]	541.4	692.7
Marketable securities and financial assets	[16]	1,503.2	176.8
Trade accounts receivable	[17]	1,788.7	1,659.4
Inventories	[18]	1,367.9	1,407.4
Other current assets	[19]	275.6	283.3
Tax receivables	[20]	55.3	139.1
		5,532.1	**4,358.7**
Non-current assets			
Intangible assets	[21]	7,598.4	8,203.4
Property, plant and equipment	[22]	2,607.6	2,440.1
Investments at equity	[23]	1.6	1.3
Non-current financial assets	[24]	118.4	97.4
Financial assets covering pensions	[24]	209.6	–
Other non-current financial assets	[19]	99.5	63.7
Deferred tax assets	[12]	545.4	480.1
		11,180.5	**11,286.0**
Total assets		**16,712.6**	**15,644.7**
Current liabilities			
Current financial liabilities	[25]	705.2	266.2
Trade accounts payable	[26]	935.7	843.7
Other current liabilities	[27]	638.2	694.2
Tax liabilities	[28]	274.5	347.2
Current provisions	[29]	266.4	227.1
		2,820.0	**2,378.4**
Non-current liabilities			
Non-current financial liabilities	[25]	1,602.1	1,080.1
Other non-current liabilities	[27]	16.9	19.6
Non-current provisions	[29]	685.0	563.4
Provisions for pensions and other post-employment benefits	[30]	1,311.5	1,144.0
Deferred tax liabilities	[12]	763.5	896.2
		4,379.0	**3,703.3**
Net equity	[31]		
Equity capital		565.2	565.2
Reserves		8,894.9	8,940.2
Minority interest		53.5	57.6
		9,513.6	**9,563.0**
Total liabilities and stockholders' equity		**16,712.6**	**15,644.7**

SEGMENT REPORTING

Notes to the Segment Reporting: see page 144

	Merck Serono		Consumer Health Care		Pharmaceuticals	
€ million	2009	2008	2009	2008	2009	2008
Sales	4,993.8	4,649.6	464.9	439.9	**5,458.7**	5,089.5
Royalty and commission income*	351.1	363.9	2.1	2.1	**353.2**	366.0
Total revenues	5,344.9	5,013.5	467.0	442.0	**5,811.9**	5,455.5
Gross margin	4,485.5	4,218.0	319.5	294.0	**4,805.0**	4,512.0
Marketing and selling expenses*	–1,719.1	–1,598.9	–213.4	–194.1	**–1,932.5**	–1,793.0
Administration expenses	–263.6	–278.9	–24.3	–24.7	**–287.9**	–303.6
Other operating expenses and income	–317.4	–107.8	–9.9	5.1	**–327.3**	–102.7
Research and development	–1,183.6	–1,074.4	–19.5	–16.8	**–1,203.1**	–1,091.2
Operating result	354.7	593.7	48.3	61.3	**403.0**	655.0
Exceptional items	–39.8	–354.0	–	–	**–39.8**	–354.0
Earnings before interest and tax (EBIT)	314.9	239.7	48.3	61.3	**363.2**	301.0
Net operating assets	10,015.9	10,355.9	336.0	325.9	**10,351.9**	10,681.8
Segment liabilities	–1,078.2	–972.1	–76.9	–62.6	**–1,155.1**	–1,034.7
Capital spending on property, plant and equipment	317.2	235.4	10.0	14.1	**327.2**	249.5
Investments in intangible assets	74.8	123.2	1.4	2.4	**76.2**	125.6
Depreciation	–749.6	–734.3	–9.5	–7.0	**–759.1**	–741.3
Impairment losses	–99.1	–338.8	–	–	**–99.1**	–338.8
Net cash flows from operating activities	1,250.7	926.8	58.0	45.6	**1,308.7**	972.4
Net cash flows from investing activities	–386.3	–373.1	–9.1	–40.0	**–395.4**	–413.1
Free cash flow	864.4	553.8	48.9	5.6	**913.3**	559.4
Underlying free cash flow	866.8	559.5	48.9	38.1	**915.7**	597.6
FCR in %	16.2	11.2	10.5	8.6	**15.8**	11.0
ROS in %	6.6	11.8	10.3	13.9	**6.9**	12.0

	Germany		France		Switzerland		Rest of Europe	
€ million	2009	2008	2009	2008	2009	2008	2009	2008
Sales by customer location	708.1	722.2	684.6	779.0	84.9	77.9	1,896.1	1,944.4
Sales by company	1,113.4	1,093.1	796.1	885.5	167.0	197.9	1,601.8	1,643.8
Total revenues	1,137.5	1,111.5	806.0	895.1	388.8	441.4	1,619.1	1,670.0
Net operating assets	1,860.0	1,870.1	406.8	458.5	7,561.9	8,049.5	1,091.7	984.0
Capital spending on property, plant and equipment	153.2	160.4	9.5	12.4	198.2	118.5	34.6	40.1
Investments in intangible assets	41.6	73.2	1.6	2.1	29.7	34.0	6.2	3.2
Research and development	–636.4	–571.1	–46.3	–55.0	–553.4	–558.7	–37.1	–31.6
Number of employees	9,904	10,301	1,985	2,364	2,275	2,090	4,412	4,351

* Figures for 2008 have been adjusted for the disclosure of commission income

Liquid Crystals		Performance & Life Science Chemicals		Chemicals		Corporate and Other		Group	
2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
725.0	864.6	1,194.0	1,240.9	**1,919.0**	2,105.5	–	6.6	**7,377.7**	7,201.6
7.6	13.4	8.5	8.6	**16.1**	22.0	–	–	**369.3**	388.0
732.6	878.0	1,202.5	1,249.5	**1,935.1**	2,127.5	–	6.6	**7,747.0**	7,589.6
356.5	541.7	556.2	632.6	**912.7**	1,174.3	–	−2.7	**5,717.7**	5,683.6
−27.6	−26.4	−311.9	−306.5	**−339.5**	−332.9	−0.3	−2.3	**−2,272.3**	−2,128.2
−17.6	−17.6	−61.3	−69.9	**−78.9**	−87.5	−58.1	−55.1	**−424.9**	−446.2
7.4	−18.5	−29.5	−28.5	**−22.1**	−47.0	−23.3	−20.4	**−372.7**	−170.1
−87.5	−84.8	−54.0	−58.4	**−141.5**	−143.2	–	–	**−1,344.6**	−1,234.4
227.5	391.2	96.8	166.5	**324.3**	557.7	−78.4	−81.3	**648.9**	1,131.4
–	–	11.8	−46.0	**11.8**	−46.0	–	–	**−28.0**	−400.0
227.5	391.2	108.6	120.5	**336.1**	511.7	−78.4	−81.3	**620.9**	731.4
837.4	944.3	1,120.0	1,127.7	**1,957.4**	2,072.0	37.4	14.4	**12,346.7**	12,768.2
−78.6	−98.2	−151.6	−173.6	**−230.2**	−271.8	−15.7	−10.2	**−1,401.0**	−1,316.7
64.2	64.5	75.5	78.9	**139.7**	143.4	0.4	1.8	**467.3**	394.7
3.9	2.0	8.5	3.4	**12.4**	5.4	8.0	9.9	**96.6**	140.9
−62.0	−56.6	−71.6	−70.1	**−133.6**	−126.7	−1.9	−1.7	**−894.6**	−869.7
−7.8	−0.6	−1.7	−6.1	**−9.5**	−6.7	−0.8	−0.1	**−109.4**	−345.6
359.7	472.7	207.9	146.5	**567.6**	619.2	−505.0	−567.6	**1,371.3**	1,024.0
−67.8	−70.6	−89.3	−88.8	**−157.1**	−159.4	−1,608.2	490.8	**−2,160.7**	−81.7
291.9	402.1	118.6	57.7	**410.5**	459.8	−511.4	−580.8	**812.4**	438.4
291.9	406.7	139.8	66.9	**431.7**	473.6	−495.8	−469.9	**851.6**	601.3
39.8	46.3	11.6	5.4	**22.3**	22.3	–	–	**11.0**	7.9
31.0	44.6	8.0	13.3	**16.8**	26.2	–	–	**8.4**	14.9

North America		Latin America		Asia		Africa, Australasia		Group	
2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
1,171.3	1,015.1	941.8	806.2	1,685.6	1,663.4	205.3	193.4	**7,377.7**	7,201.6
1,146.0	978.0	923.2	791.1	1,520.8	1,511.6	109.4	100.6	**7,377.7**	7,201.6
1,147.3	979.1	926.7	791.2	1,612.2	1,600.7	109.4	100.6	**7,747.0**	7,589.6
184.1	224.7	379.3	321.4	831.4	833.5	31.5	26.5	**12,346.7**	12,768.2
32.2	18.4	15.5	19.5	23.0	24.1	1.1	1.3	**467.3**	394.7
12.6	18.5	2.1	6.4	2.7	3.5	0.1	–	**96.6**	140.9
−32.9	4.7	−7.3	−6.1	−28.1	−13.7	−3.1	−2.9	**−1,344.6**	−1,234.4
2,051	2,157	4,272	4,370	7,462	6,504	701	663	**33,062**	32,800

CASH FLOW STATEMENT

Notes to the Cash Flow Statement: see page 145

€ million	Note	2009	2008
Profit after tax		**376.7**	**379.1**
Depreciation/amortization and impairment losses (non-current assets)		1,003.8	1,215.3
Changes in inventories		51.7	–225.5
Changes in trade accounts receivable		–118.7	–268.1
Changes in trade accounts payable		92.7	189.3
Changes in provisions		156.9	–71.0
Changes in other assets and liabilities		–179.6	–187.3
Neutralization of gain/loss on disposals of assets		–15.8	–4.0
Other non-cash income and expenses		3.6	–3.8
Net cash flows from operating activities	[32]	**1,371.3**	**1,024.0**
Purchase of intangible assets		–96.6	–140.9
Purchase of property, plant and equipment		–467.3	–394.7
Acquisitions and investments of non-current financial assets		–40.0	–78.2
Disposal of non-current assets		45.4	35.7
Purchase/sale of marketable securities		–0.4	–7.5
Changes in financial assets covering pensions		–201.3	–
Changes in other financial assets		–1,400.5	503.9
Net cash flows from investing activities	[33]	**–2,160.7**	**–81.7**
Dividend payments		–104.8	–212.5
Capital increase including amounts due to stock option plans		–	0.2
Profit transfers to E. Merck KG and changes in reserves		–177.8	–239.9
Changes in liabilities to E. Merck KG		–32.6	–291.0
Bonds issued		976.1	–
Changes in current and non-current financial liabilities		–23.7	76.5
Net cash flows from financing activities	[34]	**637.2**	**–666.7**
Changes in cash and cash equivalents		**–152.2**	**275.6**
Changes in cash and cash equivalents due to currency translation		0.9	–9.5
Cash and cash equivalents as of January 1		692.7	426.6
Cash and cash equivalents as of December 31	[35]	**541.4**	**692.7**

FREE CASH FLOW

€ million	Note	2009	2008
Net cash flows from operating activities		**1,371.3**	**1,024.0**
Purchase of intangible assets		–96.6	–140.9
Purchase of property, plant and equipment		–467.3	–394.7
Acquisitions and investments of non-current financial assets		–40.0	–78.2
Disposal of non-current assets		45.4	35.7
Purchase/sale of marketable securities		–0.4	–7.5
Free cash flow	[36]	**812.4**	**438.4**
Acquisitions		23.5	51.9
Payments related to divestments		15.7	111.0
Underlying free cash flow		**851.6**	**601.3**

STATEMENT OF COMPREHENSIVE INCOME

€ million	2009 Before tax amount	2009 Tax expense/ benefit	2009 Net-of-tax amount	2008 Before tax amount	2008 Tax expense/ benefit	2008 Net-of-tax amount
Profit	**486.4**	**–109.7**	**376.7**	**574.9**	**–195.8**	**379.1**
Gains/losses arising on remeasuring available-for-sale financial assets	35.9	–2.1	33.8	–15.8	–0.1	–15.9
Effective portion of gains/losses on hedging instruments in a cash flow hedge	–17.3	0.7	–16.6	74.5	–10.5	64.0
Actuarial gains and losses from defined benefit pension commitments and similar obligations	–178.1	40.3	–137.8	31.7	-7.3	24.4
Exchange differences on translating foreign operations	–20.1	–	–20.1	878.0	–	878.0
Gains/losses recognized immediately in equity	–179.6	38.9	–140.7	968.4	–17.9	950.5
Comprehensive income	**306.8**	**–70.8**	**236.0**	**1,543.3**	**–213.7**	**1,329.6**
of which attributable to shareholders of the Group			230.2			1,325.9
of which attributable to minority interest			5.8			3.7

STATEMENT OF CHANGES IN NET EQUITY INCLUDING MINORITY INTEREST

	Equity capital		Reserves				
€ million	General partner's equity Merck KGaA	Subscribed capital Merck KGaA	Capital reserves (share premium) Merck KGaA	Retained earnings/ Net retained profit	Gains/losses recognized immediately in equity	Minority interest	Total
Balance as of January 1, 2008	**397.2**	**168.0**	**3,813.5**	**4,897.5**	**–650.5**	**61.9**	**8,687.6**
Profit after tax	–	–	–	367.1	–	12.0	379.1
Dividend payments	–	–	–	–206.8	–	–5.7	–212.5
Profit transfers to/from E. Merck KG including transfers to reserves	–	–	–	–239.9	–	–	–239.9
Capital increase due to the exercise of stock options	–	–	0.2	–	–	–	0.2
Other changes in equity	–	–	–	–	958.8	–8.3	950.5
Changes in scope of consolidation/Other	–	–	–	0.3	–	–2.3	–2.0
Balance as of December 31, 2008	**397.2**	**168.0**	**3,813.7**	**4,818.2**	**308.3**	**57.6**	**9,563.0**
Balance as of January 1, 2009	**397.2**	**168.0**	**3,813.7**	**4,818.2**	**308.3**	**57.6**	**9,563.0**
Profit after tax	–	–	–	366.3	–	10.4	376.7
Dividend payments	–	–	–	–96.9	–	–7.9	–104.8
Profit transfers to/from E. Merck KG including transfers to reserves	–	–	–	–177.8	–	–	–177.8
Other changes in equity	–	–	–	–	–136.1	–4.6	–140.7
Changes in scope of consolidation/Other	–	–	–	–0.2	–0.6	–2.0	–2.8
Balance as of December 31, 2009	**397.2**	**168.0**	**3,813.7**	**4,909.6**	**171.6**	**53.5**	**9,513.6**