RESPONSIBILITY STATEMENT

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

Darmstadt, February 8, 2011

Karl-Ludwig Kley Michael Becker

Bernd Reckmann Stefan Oschmann

Elmar Schnee

CONSOLIDATED FINANCIAL STATEMENTS OF THE MERCK GROUP FOR 2010

INCOME STATEMENT OF THE MERCK GROUP

Notes to the Income Statement: see page 156

EUR million	Note	2010	2009
Sales	[1]	**8,928.9**	**7,377.7**
Royalty, license and commission income	[2]	361.7	369.3
Total revenues		**9,290.6**	**7,747.0**
Cost of sales	[3]	–2,385.4	–2,029.3
Gross margin		**6,905.2**	**5,717.7**
Marketing and selling expenses*	[4]	–2,234.5	–1,859.3
Royalty, license and commission expenses*	[5]	–477.0	–413.0
Administration expenses	[6]	–478.2	–424.9
Other operating expenses and income	[7]	–390.4	–372.7
Research and development	[8]	–1,397.1	–1,344.6
Amortization of intangible assets	[9]	–818.6	–657.8
Investment result	[10]	4.1	3.5
Operating result		**1,113.5**	**648.9**
Exceptional items	[11]	–0.8	–28.0
Earnings before interest and tax (EBIT)		**1,112.7**	**620.9**
Financial result	[12]	–251.6	–134.5
Profit before tax		**861.1**	**486.4**
Income tax	[13]	–219.6	–109.7
Profit after tax		**641.5**	**376.7**
Non-controlling interest	[14]	–9.4	–10.4
Net profit after non-controlling interest		**632.1**	**366.3**
Earnings per share (in EUR)	[15]		
basic		2.91	1.68
diluted		2.91	1.68

*The figures for 2009 have been adjusted for the disclosure of royalty, license and commission expenses.

BALANCE SHEET OF THE MERCK GROUP

Notes to the Balance Sheet: see page 163

EUR million	Note	Dec. 31, 2010	Dec. 31, 2009
Current assets			
Cash and cash equivalents	[16]	943.7	541.4
Marketable securities and financial assets	[17]	55.6	1,503.2
Trade accounts receivable	[18]	2,296.3	1,788.7
Inventories	[19]	1,673.5	1,367.9
Other current assets	[20]	564.7	275.6
Tax receivables	[21]	93.7	55.3
Assets held for sale	[22]	36.7	–
		5,664.2	**5,532.1**
Non-current assets			
Intangible assets	[23]	12,484.1	7,598.4
Property, plant and equipment	[24]	3,241.5	2,607.6
Investments at equity	[25]	5.0	1.6
Non-current financial assets	[26]	130.3	118.4
Financial assets covering pensions	[27]	216.9	209.6
Other non-current assets	[20]	52.9	99.5
Deferred tax assets	[13]	593.1	545.4
		16,723.8	**11,180.5**
Total assets		**22,388.0**	**16,712.6**
Current liabilities			
Current financial liabilities	[28]	356.1	705.2
Trade accounts payable	[29]	1,200.1	935.7
Other current liabilities	[30]	1,054.6	638.2
Tax liabilities	[31]	368.4	274.5
Current provisions	[32]	374.5	266.4
Liabilities directly related to assets held for sale	[22]	5.9	–
		3,359.6	**2,820.0**
Non-current liabilities			
Non-current financial liabilities	[28]	5,127.4	1,602.1
Other non-current liabilities	[30]	42.9	16.9
Non-current provisions	[32]	524.2	685.0
Provisions for pensions and other post-employment benefits	[33]	1,581.6	1,311.5
Deferred tax liabilities	[13]	1,380.5	763.5
		8,656.6	**4,379.0**
Net equity	[34]		
Equity capital		565.2	565.2
Reserves		8,484.2	8,318.7
Gains/losses recognized immediately in equity		1,280.4	576.2
Equity attributable to shareholders of the parent company		**10,329.8**	**9,460.1**
Non-controlling interest		42.0	53.5
		10,371.8	**9,513.6**
Total liabilities and stockholders' equity		**22,388.0**	**16,712.6**

SEGMENT REPORTING OF THE MERCK GROUP

Part of the Notes, for details see page 183

Information by business sector and division	Merck Serono		Consumer Health Care		Pharmaceuticals	
EUR million	2010	2009	2010	2009	2010	2009
Sales	5,409.0	4,993.8	469.7	464.9	**5,878.7**	5,458.7
Royalty, license and commission income	344.5	351.1	2.3	2.1	**346.8**	353.2
Total revenues	5,753.5	5,344.9	472.0	467.0	**6,225.5**	5,811.9
Gross margin	4,792.8	4,485.5	316.9	319.5	**5,109.7**	4,805.0
Marketing and selling expenses**	–1,451.4	–1,316.1	–235.9	–211.9	**–1,687.3**	–1,528.0
Royalty, license and commission expenses**	–456.2	–403.0	–1.2	–1.5	**–457.4**	–404.5
Administration expenses	–269.9	–263.6	–24.7	–24.3	**–294.6**	–287.9
Other operating expenses and income	–169.6	–317.4	–12.1	–9.9	**–181.7**	–327.3
Research and development	–1,167.1	–1,183.6	–24.9	–19.5	**–1,192.0**	–1,203.1
Operating result	565.1	354.7	13.9	48.3	**579.0**	403.0
Exceptional items	68.6	–39.8	–	–	**68.6**	–39.8
Earnings before interest and tax (EBIT)	633.7	314.9	13.9	48.3	**647.6**	363.2
Net operating assets	10,359.7	10,015.9	310.8	336.0	**10,670.5**	10,351.9
Segment liabilities	–1,268.9	–1,078.2	–86.4	–76.9	**–1,355.3**	–1,155.1
Capital spending on property, plant and equipment	247.7	317.2	6.9	10.0	**254.6**	327.2
Investments in intangible assets	85.1	74.8	1.3	1.4	**86.4**	76.2
Depreciation and amortization	–766.5	–749.6	–11.6	–9.5	**–778.1**	–759.1
Impairment losses	–171.0	–99.1	–7.1	–	**–178.1**	–99.1
Net cash flows from operating activities	1,590.1	1,250.7	46.6	58.0	**1,636.7**	1,308.7
Net cash flows from investing activities	–292.0	–386.3	–1.1	–9.1	**–293.1**	–395.4
Free cash flow	1,298.1	864.4	45.5	48.9	**1,343.6**	913.3
Underlying free cash flow	1,307.8	866.8	45.5	48.9	**1,353.3**	915.7
FCR in %	22.7	16.2	9.6	10.5	**21.7**	15.8
ROS in %	9.8	6.6	2.9	10.3	**9.3**	6.9

* As a result of the acquisition of Millipore, the Chemicals business sector was reorganized. The figures for 2009 have been adjusted.
** The figures for 2009 have been adjusted for the disclosure of royalty, license and commission expenses.

Information by country and region	Germany		France		Switzerland		Rest of Europe	
EUR million	2010	2009	2010	2009	2010	2009	2010	2009
Sales by customer location	779.4	708.1	714.2	684.6	111.4	84.9	2,141.8	1,896.1
Sales by company location	1,315.0	1,113.4	810.4	796.1	149.9	167.0	1,819.4	1,601.8
Total revenues	1,333.2	1,137.5	821.6	806.0	364.6	388.8	1,836.3	1,619.1
Intangible assets	184.0	180.0	343.9	217.7	6,701.0	6,648.2	2,452.1	209.8
Property, plant and equipment	1,088.5	1,113.5	140.0	82.4	987.3	815.7	399.5	238.6
Research and development	–649.7	–636.4	–49.4	–46.3	–566.4	–553.4	–32.8	–37.1
Number of employees	10,340	9,904	2,916	1,985	2,407	2,275	6,016	4,412

Merck Millipore*		Performance Materials*		Chemicals		Corporate and Other		Group	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
1,673.5	921.2	1,376.7	997.8	**3,050.2**	1,919.0	–	–	**8,928.9**	7,377.7
7.2	8.2	7.7	7.9	**14.9**	16.1	–	–	**361.7**	369.3
1,680.7	929.4	1,384.4	1,005.7	**3,065.1**	1,935.1	–	–	**9,290.6**	7,747.0
871.0	434.5	924.5	478.2	**1,795.5**	912.7	–	–	**6,905.2**	5,717.7
–427.7	–231.8	–116.6	–99.2	**–544.3**	–331.0	–2.9	–0.3	**–2,234.5**	–1,859.3
–9.9	–5.7	–9.7	–2.8	**–19.6**	–8.5	–	–	**–477.0**	–413.0
–76.4	–43.1	–38.5	–35.8	**–114.9**	–78.9	–68.7	–58.1	**–478.2**	–424.9
–140.0	–14.0	–47.5	–8.1	**–187.5**	–22.1	–21.2	–23.3	**–390.4**	–372.7
–78.0	–32.5	–127.1	–109.0	**–205.1**	–141.5	–	–	**–1,397.1**	–1,344.6
44.0	106.5	580.0	217.8	**624.0**	324.3	–89.5	–78.4	**1,113.5**	648.9
–	10.6	–1.0	1.2	**–1.0**	11.8	–68.4	–	**–0.8**	–28.0
44.0	117.1	579.0	219.0	**623.0**	336.1	–157.9	–78.4	**1,112.7**	620.9
6,486.7	781.2	1,238.6	1,176.2	**7,725.3**	1,957.4	74.7	37.4	**18,470.5**	12,346.7
–374.3	–111.5	–153.9	–118.7	**–528.2**	–230.2	–14.9	–15.7	**–1,898.4**	–1,401.0
80.3	57.6	59.1	82.1	**139.4**	139.7	2.2	0.4	**396.2**	467.3
7.2	4.9	3.6	7.5	**10.8**	12.4	7.0	8.0	**104.2**	96.6
–172.7	–46.0	–98.2	–87.6	**–270.9**	–133.6	–3.2	–1.9	**–1,052.2**	–894.6
–11.0	–1.4	–16.4	–8.1	**–27.4**	–9.5	–0.2	–0.8	**–205.7**	–109.4
252.7	174.7	610.4	392.9	**863.1**	567.6	–717.2	–505.0	**1,782.6**	1,371.3
–4,924.6	–52.1	–68.2	–105.0	**–4,992.8**	–157.1	1,403.5	–1,608.2	**–3,882.4**	–2,160.7
–4,671.9	122.6	542.2	287.9	**–4,129.7**	410.5	–736.4	–511.4	**–3,522.5**	812.4
263.4	127.7	548.8	304.0	**812.2**	431.7	–495.7	–495.8	**1,669.8**	851.6
15.7	13.7	39.6	30.2	**26.5**	22.3	–	–	**18.0**	11.0
2.6	11.5	41.9	21.7	**20.4**	16.8	–	–	**12.0**	8.4

North America		Latin America		Asia		Africa, Australasia		Group	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
1,529.6	1,171.3	1,080.6	941.8	2,305.5	1,685.6	266.4	205.3	**8,928.9**	7,377.7
1,512.6	1,146.0	1,054.0	923.2	2,114.9	1,520.8	152.7	109.4	**8,928.9**	7,377.7
1,514.8	1,147.3	1,055.9	926.7	2,211.5	1,612.2	152.7	109.4	**9,290.6**	7,747.0
2,537.9	120.2	15.4	13.6	249.2	208.7	0.6	0.2	**12,484.1**	7,598.4
358.6	116.1	79.7	79.3	181.1	156.2	6.8	5.8	**3,241.5**	2,607.6
–56.8	–32.9	–7.3	–7.3	–31.4	–28.1	–3.3	–3.1	**–1,397.1**	–1,344.6
4,909	2,051	4,546	4,272	8,681	7,462	747	701	**40,562**	33,062

CASH FLOW STATEMENT OF THE MERCK GROUP

Notes to the Cash Flow Statement: see page 185

EUR million	Note	2010	2009
Profit after tax		**641.5**	**376.7**
Depreciation/amortization/impairment losses/write-ups		1,257.9	1,003.8
Changes in inventories		38.0	51.7
Changes in trade accounts receivable		–187.0	–118.7
Changes in trade accounts payable		117.5	92.7
Changes in provisions		–73.6	156.9
Changes in other assets and liabilities		97.8	–179.6
Neutralization of gain/loss on disposals of assets		–102.4	–15.8
Other non-cash income and expenses		–7.1	3.6
Net cash flows from operating activities	[35]	**1,782.6**	**1,371.3**
Purchase of intangible assets		–104.2	–96.6
Purchase of property, plant and equipment		–396.2	–467.3
Acquisitions		–4,843.7	–23.5
Investments in financial assets		–16.0	–16.5
Disposal of non-current assets		54.8	45.4
Purchase/sale of marketable securities		0.2	–0.4
Changes in financial assets covering pensions		–8.6	–201.3
Changes in other financial assets		1,431.3	–1,400.5
Net cash flows from investing activities	[36]	**–3,882.4**	**–2,160.7**
Dividend payments		–86.1	–104.8
Profit transfers to E. Merck KG and changes in reserves		–261.1	–177.8
Changes in liabilities to E. Merck KG		150.6	–32.6
Bonds issued		3,181.7	976.1
Repayment of bonds		–500.0	–
New borrowings of other current and non-current financial liabilities		84.4	7.6
Repayments of other current and non-current financial liabilities		–32.0	–31.3
Net cash flows from financing activities	[37]	**2,537.5**	**637.2**
Changes in cash and cash equivalents		**437.7**	**–152.2**
Changes in cash and cash equivalents due to currency translation		–34.2	0.9
Cash and cash equivalents as of January 1		541.4	692.7
Cash and cash equivalents as of December 31		944.9	541.4
Less cash and cash equivalents included in assets held for sale		–1.2	–
Cash and cash equivalents as of December 31 (Group balance sheet)	[38]	**943.7**	**541.4**

FREE CASH FLOW OF THE MERCK GROUP

Part of the Notes, for details see page 185

EUR million	Note	2010	2009
Net cash flows from operating activities		**1,782.6**	**1,371.3**
Purchase of intangible assets		–104.2	–96.6
Purchase of property, plant and equipment		–396.2	–467.3
Acquisitions		–4,843.7	–23.5
Investments in financial assets		–16.0	–16.5
Disposal of non-current assets		54.8	45.4
Purchase/sale of marketable securities		0.2	–0.4
Free cash flow	[39]	**–3,522.5**	**812.4**
Acquisition-related payments		4,941.9	23.5
Payments related to divestments		250.4	15.7
Underlying free cash flow	[39]	**1,669.8**	**851.6**

STATEMENT OF COMPREHENSIVE INCOME OF THE MERCK GROUP

EUR million	Note	2010	2009
Profit after tax		**641.5**	**376.7**
Available-for-sale financial assets	[34]		
Fair value adjustments		–6.5	37.9
Reclassification to income statement		–17.1	–2.0
Deferred taxes		1.8	–2.1
Changes recognized in equity		**–21.8**	**33.8**
Derivative financial instruments	[34]		
Fair value adjustments		–125.3	47.5
Reclassification to income statement		17.2	–64.8
Reclassification to assets		–24.4	–
Deferred taxes		23.9	0.7
Changes recognized in equity		**–108.6**	**–16.6**
Actuarial gains and losses from defined benefit obligations and similar obligations	[33]		
Changes in actuarial gains and losses		–170.7	–178.1
Deferred taxes		28.5	40.3
Changes recognized in equity		**–142.2**	**–137.8**
Exchange differences on translating foreign operations	[34]	**840.5**	**–20.1**
Gains/losses recognized immediately in equity		**567.9**	**–140.7**
Comprehensive income		**1,209.4**	**236.0**
of which attributable to shareholders of the parent company		1,194.4	230.2
of which attributable to non-controlling interest		15.0	5.8

STATEMENT OF CHANGES IN NET EQUITY INCLUDING NON-CONTROLLING INTEREST OF THE MERCK GROUP

For details see Note [34]

	Equity capital		Reserves						
EUR million	General partner's equity Merck KGaA	Subscribed capital Merck KGaA	Capital reserves (share premium) Merck KGaA	Retained earnings/ Net retained profit	Actuarial gains and losses	Gains/losses recognized immediately in equity	Equity attributable to shareholders of the parent company	Non-controlling interest	Equity
Balance as of January 1, 2009	**397.2**	**168.0**	**3,813.7**	**4,642.3**	**–90.3**	**574.5**	**9,505.4**	**57.6**	**9,563.0**
Profit after tax	–	–	–	366.3	–	–	366.3	10.4	376.7
Gains/losses recognized immediately in equity	–	–	–	–	–137.8	1.7	–136.1	–4.6	–140.7
Comprehensive income	**–**	**–**	**–**	**366.3**	**–137.8**	**1.7**	**230.2**	**5.8**	**236.0**
Dividend payments	–	–	–	–96.9	–	–	–96.9	–7.9	–104.8
Profit transfers to/from E. Merck KG including transfers to reserves	–	–	–	–177.8	–	–	–177.8	–	–177.8
Changes in scope of consolidation/Other	–	–	–	–0.2	–0.6	–	–0.8	–2.0	–2.8
Balance as of December 31, 2009	**397.2**	**168.0**	**3,813.7**	**4,733.7**	**–228.7**	**576.2**	**9,460.1**	**53.5**	**9,513.6**
Balance as of January 1, 2010	**397.2**	**168.0**	**3,813.7**	**4,733.7**	**–228.7**	**576.2**	**9,460.1**	**53.5**	**9,513.6**
Profit after tax	–	–	–	632.1	–	–	632.1	9.4	641.5
Gains/losses recognized immediately in equity	–	–	–	–	–141.9	704.2	562.3	5.6	567.9
Comprehensive income	**–**	**–**	**–**	**632.1**	**–141.9**	**704.2**	**1,194.4**	**15.0**	**1,209.4**
Dividend payments	–	–	–	–64.6	–	–	–64.6	–21.5	–86.1
Profit transfers to/from E. Merck KG including transfers to reserves	–	–	–	–261.1	–	–	–261.1	–	–261.1
Changes in scope of consolidation/Other	–	–	–	0.8	0.2	–	1.0	–5.0	–4.0
Balance as of December 31, 2010	**397.2**	**168.0**	**3,813.7**	**5,040.9**	**–370.4**	**1,280.4**	**10,329.8**	**42.0**	**10,371.8**