Q1 | 2010

Quarterly Financial Report

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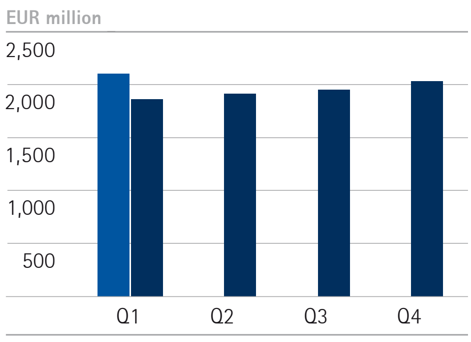
Cover photo: Good television means dynamic viewing. Today, demands are high on liquid crystal displays in terms of picture frame rate, contrast, color intensity and definition. Innovative materials from Merck, the world market leader for liquid crystals, now make it possible to produce high-performance LCD televisions.

1st QUARTER AT A GLANCE

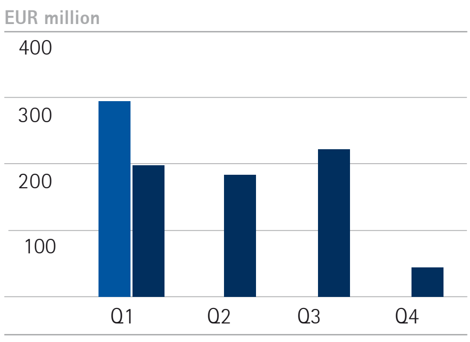
Key figures – 1st quarter 2010

EUR million	Pharma-ceuticals	Chemicals	Corporate and Other	Total	Change in %
Total revenues	1,514.4	584.5	–	2,098.9	12.9
Gross margin	1,259.4	352.9	–	1,612.2	15.0
Research and development	–309.3	–38.1	0.1	–347.2	11.0
Operating result	179.5	166.7	–51.5	294.8	48.8
Exceptional items	–	–	–	–	–
Earnings before interest and tax (EBIT)	179.5	166.7	–51.5	294.8	127.9
EBIT before depreciation and amortization (EBITDA)	381.3	210.7	–50.9	541.1	53.4
Return on sales in % (ROS: operating result/total revenues)	11.9	28.5	–	14.0	
Free cash flow	188.9	126.3	–120.4	194.8	18.8
Underlying free cash flow	188.9	126.3	–108.6	206.6	26.0
Underlying free cash flow on revenues (FCR) in %	12.5	21.6	–	9.8	

Total revenues by quarter



Operating result by quarter



■ 2010 ■ 2009

HIGHLIGHTS – 1st QUARTER 2010

- Total revenues increase 13% to EUR 2.1 billion
- Profit after tax more than triples to EUR 195 million
- Free cash flow improves to EUR 195 million from EUR 164 million
- Rebif® sales +17% to EUR 429 million, Erbitux® sales +19% to EUR 192 million
- Liquid Crystals revenues up 82%, guidance improved
- Group Guidance raised for 2010, operating result seen improving by +30% to +40%
- Millipore planned acquisition announced

MERCK GROUP

All four divisions of the Merck Group recorded increases in first-quarter 2010 revenues – most notably the Chemicals divisions – indicating that the company weathered the economic crisis of 2009 and is now back on track.

Merck Group total revenues rose 13% in the first quarter to EUR 2,099 million from EUR 1,859 million in the year-ago quarter as the Chemicals divisions returned to their pre-crisis levels and the Merck Serono prescription drugs division continued on its growth path.

Royalty and commission income declined 25% to EUR 76 million in the first quarter as patents began expiring in some markets on out-licensed products. As revenues increased at a faster rate than production costs, the gross margin rose 15% to EUR 1,612 million from EUR 1,402 million.

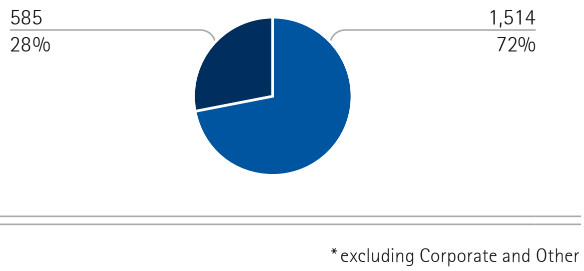
Marketing and selling expenses rose slightly by 3.0% to EUR 468 million. Royalty and commission expenses rose by 26% to EUR 122 million mainly due to increased sales of the multiple sclerosis drug Rebif® in the United States and the cancer treatment Erbitux® in Japan. In 2010, Merck began reporting royalty and commission expenses separately in the income statement. In the past, these expenses were reported under marketing and selling expenses.

Administration expenses decreased by 2,4% to EUR 104 million compared to the first quarter 2009.

Other operating expenses and income rose by EUR 50 million to EUR –135 million. These mainly include EUR 24 million of transaction costs related to the planned acquisition of Millipore Corporation, Billerica, Massachusetts, United States. Also included are impairments on intangible assets due to termination of research alliances.

Total revenues by business sector* – Q1

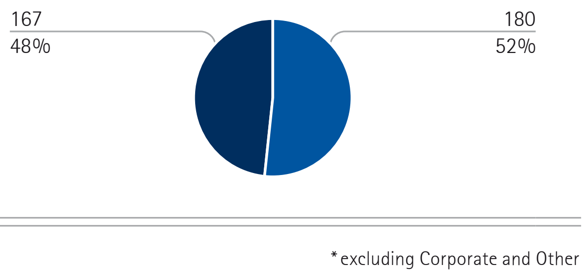
EUR million



*excluding Corporate and Other

Operating result by business sector* – Q1

EUR million



*excluding Corporate and Other

Components of growth by division – Q1

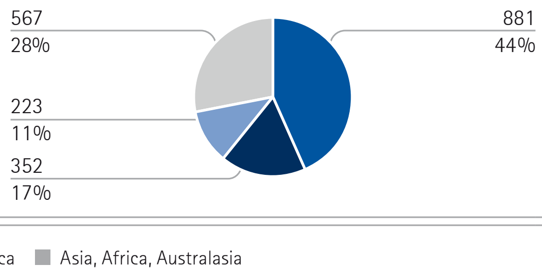
Change in total revenues compared to last year in %	Merck Serono	Consumer Health Care	Liquid Crystals	Performance & Life Science Chemicals	Merck Group
Organic growth	7.7	–0.5	84.7	11.3	13.2
Currency effects	–0.7	0.5	–2.6	0.9	–0.5
Acquisitions / divestitures	–	–	–	1.1	0.2
Total	**7.0**	**–**	**82.1**	**13.3**	**12.9**

Research and development costs rose by 11% to EUR 347 million in the first quarter. A major element of the Merck business model is a focus on new, high-value products and solutions, which naturally require a greater investment in R&D. The Merck Serono division currently has a large number of expensive late-stage clinical trials underway. These are necessary to prove to regulatory authorities that a medicine is safe and effective.

Amortization of intangible assets, mainly stemming from the purchase of Serono in 2007, decreased by 4.7% to EUR 141 million mainly due to the impairment made in the fourth quarter of 2009 for licensing rights and the expiration of the amortization period for an intangible asset.

Merck Group | Sales by region – Q1

EUR million



Thus, with improved revenues and an improved gross margin, the operating result rose substantially by 49% in the first quarter to EUR 295 million from EUR 198 million in the year-ago quarter.

The Group's first-quarter core operating result (operating result excluding amortization of intangible assets from the Serono purchase) was EUR 432 milllion, an increase of 26% compared to EUR 343 million in the year-ago-quarter.

The Group return on sales (ROS: operating result/total revenues) increased to 14.0% in the first quarter of 2010 compared to 10.7% in the year-ago quarter. Group core ROS (operating result excluding Serono-related amortization of intangible assets/total revenues) in the first quarter of 2010 was 20.6% compared to 18.5% in the year-ago quarter.

Effects of exceptional items

EUR million	1st quarter 2010	1st quarter 2009	Change in %
Operating result	294.8	198.1	48.8
Exceptional items	–	–68.8	–
Profit before tax before exceptional items	256.1	163.2	57.0
Income tax before exceptional items	–61.5	–40.4	52.4
Profit after tax before exceptional items	194.6	122.8	58.5
Tax rate before exceptional items in %	24.0	24.7	

There were no exceptional items during the first quarter of 2010 but Merck booked a total of EUR – 69 million in exceptional items during the first quarter of 2009.

Therefore, earnings before interest and tax (EBIT) more than doubled to EUR 295 million in the first quarter of 2010 compared to EUR 129 million in the year-ago quarter.

Merck announced on February 28 that it plans to acquire the Millipore Corporation, a leading U.S.-based life science company, for a total transaction value, including net debt, of approximately EUR 5.3 billion (USD 7.2 billion). Merck has already arranged for the necessary financing, leading to a first-quarter decline of 11% in the financial results to EUR –39 million from EUR –35 million. More details on the proposed Millipore acquisition can be found on page 26 of this report.

The Merck Group's first-quarter profit before tax also more than doubled to EUR 256 million from EUR 94 million in the year-ago quarter. Merck's underlying tax rate was 24.0% for the first quarter of 2010 compared to 24.7% in the year-ago quarter.

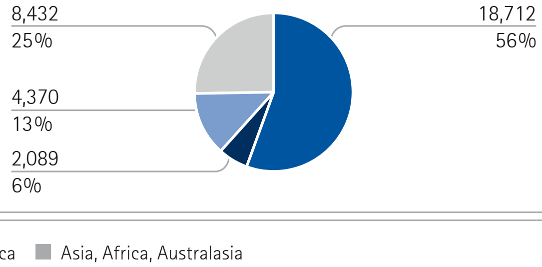
Profit after tax in the first quarter of 2010 more than tripled to EUR 195 million from EUR 60 million in the first quarter of 2009.

Total assets of the Merck Group as of March 31, 2010, amounted to EUR 20,584 million. This corresponds to a shift of EUR 3,871 million or 23% over the year-earlier period. This increase mainly relates to cash inflows from bonds issued in the first quarter with a total volume of EUR 3.2 billion. The cash inflow from these bonds will be used for the acquisition of Millipore. The equity ratio declined from 56.9% at the beginning of the year to 48.6% as of March 31, 2010. Because of short-term investing of the funds from the bond issue, there are no effects on net debt. As a result, net debt could be reduced further, so that at the end of the quarter under review, it amounted to EUR 82 million compared to EUR 263 million as of December 31, 2009.

The Merck Group's free cash flow increased in the first quarter of 2010 to EUR 195 million compared to EUR 164 million in the year-ago quarter despite an increase in trade account receivables.

Merck had 33,603 employees worldwide on March 31, 2010, an increase of 541 compared to 33,062 on December 31, 2009. More than half of this increase was due to expansion in China.

Number of employees as of March 31, 2010: 33,603



MERCK SHARES

www.investors.merck.de

The Merck share price declined 7.9% during the first quarter to EUR 60.00 on March 31, 2010, from EUR 65.16 on December 30, 2009. The share price high during the first quarter was EUR 67.67, recorded on January 20. The low price for the quarter was EUR 57.62 on February 25. Germany's DAX Index, of which Merck is a member, rose 3.3% during the first quarter and the Bloomberg Europe Pharmaceuticals Index fell 2.2%.

Share data[1]

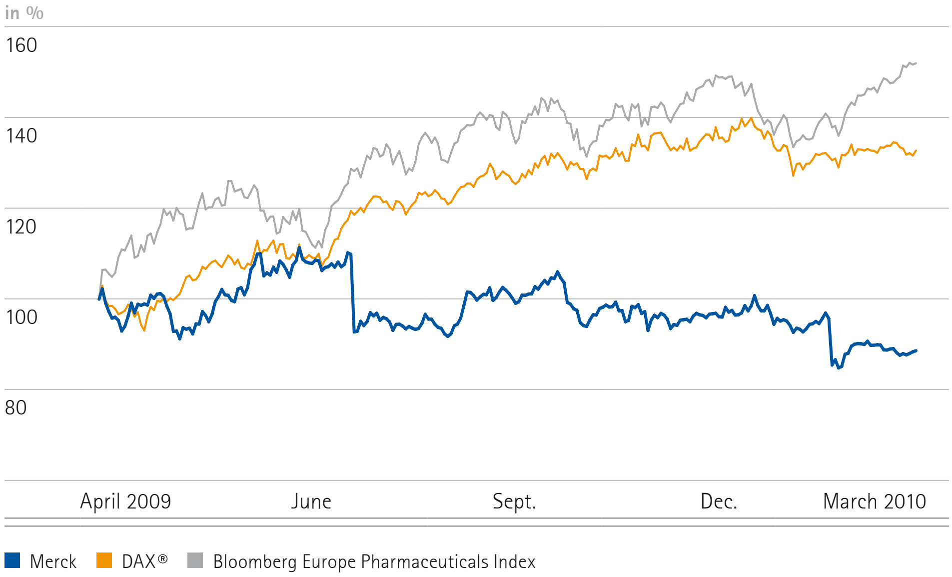
	1st quarter 2010	Year 2009
Earnings per share after tax and non-controlling interest in EUR	0.88	1.68
Share price high in EUR	(Jan. 20) 67.67	(July 1) 74.37
Share price low in EUR	(Feb. 25) 57.62	(March 6) 57.24
Closing share price in EUR	(March 31) 60.00	(Dec. 30) 65.16
Actual number of shares in millions	64.6	64.6
Theoretical number[2] of shares in millions	217.4	217.4
Market capitalization[3] in EUR million	13,034	14,165

[1] Share-price relevant figures relate to the closing price in XETRA trading on the Frankfurt Stock Exchange.

[2] The calculation of the theoretical number of shares is based on the fact that the general partner's equity capital is not represented by shares. As the share capital of EUR 168.0 million was divided into 64.6 million shares, the corresponding calculation resulted in 152.8 million theoretical shares for the general partner's capital of EUR 397.2 million on the balance sheet date March 31, 2010.

[3] Based on the theoretical number of shares as of March 31, 2010.

The performance of Merck shares vs. the DAX®/Bloomberg Europe Pharmaceuticals Index



BUSINESS SECTORS

The Merck Group operates in two major business sectors – Pharmaceuticals and Chemicals – each of which consists of two divisions.

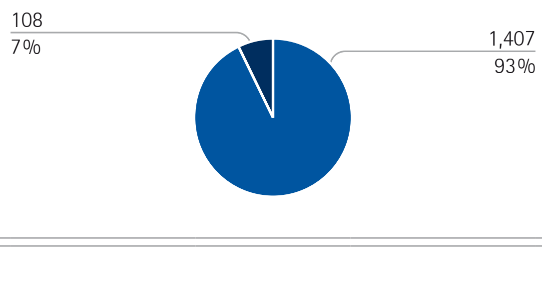
The Pharmaceuticals business sector's divisions are Merck Serono for innovative prescription drugs and Consumer Health Care for over-the-counter self-medication products. The Pharmaceuticals business sector generated 72% of the company's total revenues and 52% of the Group operating result (without Corporate and Other) during the first quarter. Total revenues for the Pharmaceuticals sector increased by 6.5% to EUR 1,514 million during the first quarter.

The higher revenues recorded by Merck's Pharmaceuticals business sector in the first quarter are due to increased sales of the top products in the Merck Serono division, especially the biotech medicines Rebif® and Erbitux®. However, higher royalty and commission expenses on sales of these products plus other operating expenses and higher research and development costs led to a 2.2% decline in the business sector's operating result to EUR 180 million.

IMS Health, the world's leading provider of market intelligence for the pharmaceutical and healthcare industries, said on April 20 that it expects the global pharmaceutical market to grow by 4% to 6% in 2010. IMS said the global market grew by 7.0% in 2009.

Pharmaceuticals | Total revenues by division – Q1

EUR million



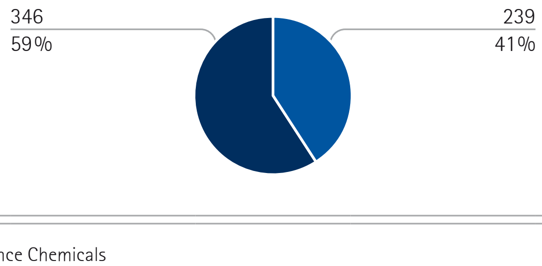
The Chemicals business sector's two divisions are Liquid Crystals and Performance & Life Science Chemicals. This sector generated 28% of the Group's total revenues and 48% of the operating result (without Corporate and Other). Both the Liquid Crystals division and the Pigments business within the Performance & Life Science Chemicals division have completely recovered from the downturns they experienced in last year's financial crisis.

Consequently, the Chemicals business sector's first-quarter total revenues jumped 34% to EUR 585 million. The gross margin improved by 75% to EUR 353 million as the business sector returned to full utilization of production capacity and inventories were reduced. The operating result was EUR 167 million in the first quarter of 2010 compared to an extremely low EUR 37 million in the year-ago quarter.

The German Chemical Industry Association (VCI) said in March that for 2010 it expected German chemical production to increase by 5.0% and sales of German chemicals to rise by 6.0%.

Chemicals | Total revenues by division – Q1

EUR million



MERCK SERONO

Merck Serono, the division for innovative prescription pharmaceuticals, is the largest division of the Merck Group, accounting for 67% of total group total revenues and 93% of revenues within the Pharmaceuticals business sector.

Merck Sereono | Key figures – Q1

EUR million	1st quarter 2010	1st quarter 2009	Change in %
Total revenues	1,406.8	1,314.7	7.0
Gross margin	1,186.5	1,126.2	5.4
Research and development	–304.4	–271.9	12.0
Operating result	178.0	175.7	1.3
Exceptional items	–	–70.0	–
Free cash flow	191.4	227.4	–15.8
Underlying free cash flow	191.4	227.4	–15.8
ROS in %	12.7	13.4	

Merck Serono's total revenues increased 7.0% to EUR 1,407 million in the first quarter of 2010 compared to EUR 1,315 million in the year-ago quarter, boosted by strong sales of Merck Serono's two leading products – the biologic therapies Rebif®and Erbitux®. Royalty and commission income declined 27% to EUR 71 million as out-licensed products began losing patent protection in some countries.

Due to the continued risk of potential currency losses in Venezuela, Merck has decided to post transactions from that country at the free market exchange rate.

Global sales of Rebif® for the treatment of relapsing forms of multiple sclerosis jumped 17% to EUR 429 million in the first quarter. Demand continued to improve but this quarter's very large sales growth was mainly due to the fact that U.S. wholesalers received an extra 20 days supply of Rebif® and other products during March. This was because Merck's EMD Serono subsidiary in the United States was converting to a new computer system during April and shipments would not be possible. Conversely, second-quarter sales will be lower in the United States.

Sales of the targeted cancer treatment Erbitux® continued to climb, increasing strongly by 19% in the first quarter to EUR 192 million due to higher sales in Japan and a double-digit increase in Europe. Erbitux® is now approved in 79 countries to treat colorectal cancer and in 76 countries to treat head and neck cancer. During March, Japanese regulators allowed the expanded use of Erbitux® for the treatment of first-line advanced or recurrent colorectal cancer in patients with KRAS wild-type tumors.

First-quarter sales of Gonal-f®, a recombinant hormone used in the treatment of infertility, increased by 3.8% to EUR 139 million.

Sales of the recombinant growth hormone Saizen® rose by 18% to EUR 54 million in the first quarter. Sales of Merck's other growth hormone, Serostim®, increased by 19% in the first quarter.

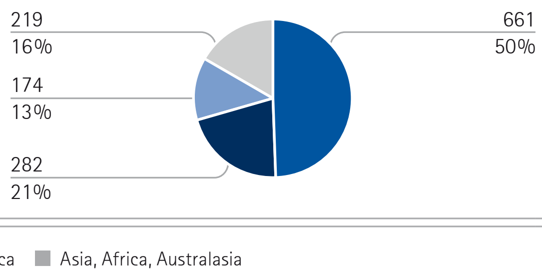
Merck Serono's classic pharmaceuticals continue to be significant contributors to the division's overall sales.

Total sales of bisoprolol, including the branded Concor® products such as Lodoz® and Concor®COR decreased 2.1% to EUR 97 million in the first quarter. Total sales of the Glucophage® (metformin) franchise of oral antidiabetic products increased 9.7% to EUR 81 million in the first quarter due to strong performances in Latin America and Asia. This established product and its newer versions such as the recently launched Glucophage® Powder, remain the worldwide "gold standard" for first-line treatment of type 2 diabetes.

Sales of thyroid medicines such as Euthyrox® increased by 8.3% to EUR 39 million in the first quarter, due to strong demand in Europe and Latin America. Merck's products are the most prescribed medicines worldwide for thyroid disorders.

Merck Serono | Sales by Region – Q1

EUR million



The division's gross margin rose by 5.4% to EUR 1,187 million in the quarter under review. This was a lower rate than the revenue increase due to higher production costs that included start-up expenses for the new large-scale biotech production center in Corsier-sur-Vevey, Switzerland.

Merck Serono research and development costs rose to EUR 304 million, a 12% increase compared to the first quarter of 2009 but in line with subsequent quarters of 2009. The division's R&D costs have risen due to the large number of expensive, late-stage clinical trials that are necessary to demonstrate the safety and efficacy of medicines before they can be approved by health authorities.

Ground was broken in Darmstadt in February for a EUR 39 million building to house Merck Serono's non-clinical pharmaceutical development activities, including space for a pilot production plant and laboratories.

Merck's application for marketing authorization of its new multiple sclerosis treatment Cladribine Tablets is currently under review by to the European Medicines Agency (EMA) and Merck continues to expect the Committee for Medicinal Products for Human Use (CHMP) opinion by the third quarter. The company continues to work with the U.S. Food and Drug Administration (FDA) to address issues that led the FDA to issue a refuse to file letter for the Cladribine Tablets application in November. In the meantime, results from the CLARITY Phase III trial, which showed that Cladribine Tablets met the two-year primary endpoint of reducing the relapse rate in patients with relapsing-remitting multiple sclerosis, was published in January in *The New England Journal of Medicine*. Also, new data from CLARITY was presented in April 2010 at the 62nd Annual Meeting of the American Academy of Neurology.

Merck has temporarily suspended the clinical program for its therapeutic cancer vaccine Stimuvax® (BLP25 liposome vaccine) in all recruiting studies worldwide as a result of a suspected unexpected serious adverse reaction (SUSAR). This decision was taken in alignment with the FDA clinical hold placed on the Investigational New Drug (IND) application for Stimuvax®. A patient participating in a Phase II exploratory clinical trial with Stimuvax® in patients with multiple myeloma developed encephalitis and subsequently died.

Merck Serono's other operating expenses increased partially due to EUR 23 million in costs associated with the R763 aurora kinase inhibitor program for cancer, which Serono had licensed from Rigel Pharmaceuticals in 2005. Merck returned the program to Rigel in February of this year.

The quarterly charge for amortization of intangible assets from the 2007 acquisition of Serono declined to EUR 138 million in the quarter under review from EUR 145 million in the year-ago quarter due to the impairment made in the fourth quarter of 2009.

Due to higher R&D costs and other operating expenses, increased commission payments on sales of Rebif® in the United States and profit-sharing payments on Erbitux® in Japan, the division's operating result rose 1.3% to EUR 178 million in the first quarter.

For Merck Serono, ROS was 12.7% for the first quarter compared to 13.4% in the year-ago quarter. Core ROS, which Merck defines as excluding Serono-related amortization of intangible assets, was 22.4% in the first quarter of 2010 compared to 24.5% in the year-ago quarter. Free cash flow was EUR 191 million in the first quarter of 2010 compared to EUR 227 million in the year-ago quarter.

CONSUMER HEALTH CARE

The Consumer Health Care division generated total revenues of EUR 108 million, only slightly more than the year-ago quarter. Sales were mainly impacted by Venezuela, one of the division's largest markets in Latin America. Beside Merck's decision to calculate transactions at the free-market exchange rate, the subsidiary in Venezuela posted very low sales during January to avoid the risk of government backlash post devaluation. In addition, most European markets declined due to the severe winter.

Consumer Health Care | Key figures – Q1

EUR million	1st quarter 2010	1st quarter 2009	Change in %
Total revenues	107.6	107.5	–
Gross margin	72.8	73.5	–0.9
Research and development	–4.8	–4.3	11.7
Operating result	1.5	7.9	–80.9
Exceptional items	–	–	–
Free cash flow	–2.5	3.2	–
Underlying free cash flow	–2.5	3.2	–
ROS in %	1.4	7.3	

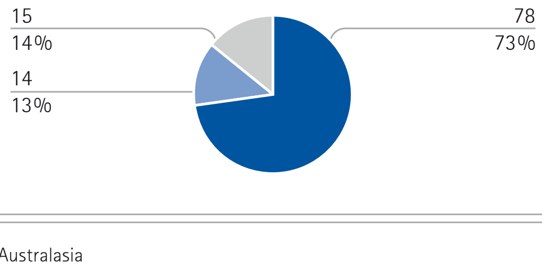
Global sales of Femibion®, the vitamins and minerals supplement for pregnant women and nursing mothers, were up 22% compared to the year-ago quarter due to increased demand in Europe.

Sales of Bion®3, the multivitamins with probiotics, rose 14% due to new television and point-of-sale advertising campaigns in France. Sales of Diabion®, multivitamins for people with diabetes, increased 16%, boosted by demand in Mexico and China. The vitamin C products marketed under the Cebion® brand recorded a 28% drop in sales, mostly due to the issues in Venezuela as mentioned above.

Sales of Nasivin® nasal spray declined 4.6% in the first quarter and are still influenced by the weakness of the Russian market.

Consumer Health Care | Sales by Region – Q1

EUR million



First-quarter sales of Kytta®, which is also branded as Flexagil®, was on a par with the year-ago quarter.

The division's gross margin declined slightly to EUR 73 million in the first quarter from EUR 74 million in the year-ago quarter. This was partially due to the fact that the division had to cover risks associated with the currency valuation in Venezuela. Marketing and selling costs rose as the division continued to implement its strategy of driving growth via strategic brands. These brands, excluding mail-order business, grew 3% and now account for 55% of the division's sales.

Research and development costs rose 12% to EUR 4.8 million.

Due to a lower gross margin and higher costs, the operating result declined 81% to EUR 1.5 million compared to the year-ago quarter. ROS dropped to 1.4% compared to 7.3% in the first quarter of 2009. Free cash flow was EUR –2.5 million compared to EUR 3.2 million in the year-ago quarter.

LIQUID CRYSTALS

Total revenues for the Liquid Crystals division jumped 82% in the first quarter of 2010 to EUR 239 million from EUR 131 million in the year-ago quarter. With production costs remaining stable, the gross margin increased nearly three fold to EUR 163 million from EUR 56 million in the first quarter of 2009.

Liquid Crystals | Key figures – Q1

EUR million	1st quarter 2010	1st quarter 2009	Change in %
Total revenues	238.9	131.2	82.1
Gross margin	162.7	55.7	192.3
Research and development	–23.8	–22.2	6.9
Operating result	111.8	12.7	–
Exceptional items	–	–	–
Free cash flow	103.6	25.3	308.8
Underlying free cash flow	103.6	25.3	308.8
ROS in %	46.8	9.7	

These improvements are mainly due to the growing demand for Merck's patented Polymer Stabilized Vertical Alignment (PS-VA) liquid crystal technology. Flat-panel televisions made with PS-VA liquid crystals have improved moving picture quality, faster switching times, higher contrast and brightness, and lower energy consumption.

PS-VA is quickly becoming the preferred technology for high-end displays, gradually replacing the Vertical Alignment (VA) technology, which Merck developed some years ago and which is now facing competition leading to price and market-share pressures.

Global shipments of liquid crystal display (LCD) televisions are expected to increase 24% to more than 180 million units in 2010, the market research organization DisplaySearch said in March. The organization stated that it had raised its earlier prediction by more than 10 million units due to the strong demand for LCD-TVs in 2009 – despite the financial crisis – and because of new technology introductions such as 3D displays and LED backlighting.

Merck's Liquid Crystals division is already supplying LC materials for 3D vision glasses for 3D televisions. The division also makes phosphorus materials for LEDs (light-emitting diodes) under the brand name isiphor®.

Such technological advances are due to the division's investment in research and development, which rose 6.9% to EUR 24 million in the first quarter of 2010.

The Liquid Crystals division's first-quarter operating result rebounded to EUR 112 million compared to just EUR 13 million in the year-ago quarter. Likewise, the ROS soared to 46.8% from 9.7%.

The division's free cash flow jumped to EUR 104 million in the first quarter from EUR 25 million in the year-ago quarter.

PERFORMANCE & LIFE SCIENCE CHEMICALS

Total revenues of the Performance & Life Science Chemicals division increased 13% to a record EUR 346 million with all three subdivisions and all regions showing improvement, indicating that the division has made a full recovery from last year's financial crisis. Sales by the Pigments subdivision were especially high compared to last year as demand in both the automotive and cosmetics industries improved.

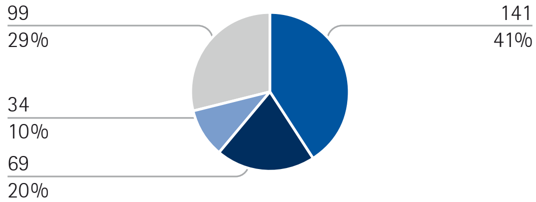
Performance & Life Science Chemicals | Key figures – Q1

EUR million	1st quarter 2010	1st quarter 2009	Change in %
Total revenues	345.6	305.0	13.3
Gross margin	190.2	146.4	29.9
Research and development	–14.3	–14.0	1.9
Operating result	54.9	24.5	124.2
Exceptional items	–	1.2	–
Free cash flow	22.7	–7.2	–
Underlying free cash flow	22.7	–7.2	–
ROS in %	15.9	8.0	

Production capacity is again being fully utilized and inventory adjustments have declined, leading to a gross margin of EUR 190 million, which is a 30% increase over the year-ago quarter. The division's investment in research and development was similar to the year-ago quarter at EUR 14 million. Like Merck's other divisions, Performance & Life Science Chemicals is a leader in its specialty areas as it continuously produces innovative products with the customer in mind.

Performance & Life Science Chemicals | Sales by Region – Q1

EUR million



Europe · North America · Latin America · Asia, Africa, Australasia

For example, Merck's new foodproof® test kits can quickly detect pathogens, genetically modified organisms (GMOs) and spoilage bacteria. The new Merckoquant® test strips provide quick and reliable results of food, water and environmental analysis. These tests, along with many others such as the Singlepath® and Duopath® kits that are designed like easy-to-use pregnancy tests, represent the world's largest collection of test kits for the food and beverage industry.

Also of interest from this division is Merck's new anti-aging cosmetic ingredient RonaCare® Cyclopeptide, which mimics the natural regeneration processes of the skin.

The division broke ground at Merck's headquarters in Darmstadt for a EUR 30 million production plant for pharmaceutical raw materials. Its new materials research center, also in Darmstadt, is scheduled to open later this year.

With revenues and the gross margin increasing more than expenses, the division's operating result more than doubled to EUR 55 million in the first quarter of 2010 compared to EUR 25 million in the year-ago quarter. The division's free cash flow improved considerably in the first quarter, rising to EUR 23 million from EUR –7.2 million in the year-ago quarter. The ROS rose to 15.9% from 8.0%.

CORPORATE AND OTHER

The segment Corporate and Other includes corporate overhead costs incurred by Group holding companies, financial result, taxes and certain exceptional items that are not allocated to specific divisions. In addition, some costs associated with the planned acquisition of Millipore are included in this segment.

Corporate and Other | Key figures – Q1

EUR million	1st quarter 2010	1st quarter 2009	Change in %
Total revenues	–	–	–
Gross margin	–	–	–
Research and development	0.1	–0.4	–
Operating result	–51.5	–22.6	127.7
Exceptional items	–	–	–
Free cash flow	–120.4	–84.7	42.2
Underlying free cash flow	–108.6	–84.7	28.2

RISK REPORT

All issues concerning business-related risks, financial risks, legal risks, human resources risks, information technology risks and environmental and safety risks – as previously stated in the 2009 Annual Report – remain valid in the current reporting period.

Therefore, no issues have been identified that pose a risk to the continued existence of the Merck Group.

REPORT ON EXPECTED DEVELOPMENTS

Having completed the first quarter of 2010, Merck is able to refine the guidance for 2010 that it gave in February. The main changes are an improvement in the expectations for the Group operating result and for the total revenues and operating result of the Liquid Crystals division.

The guidance for 2010 is now as follows:

- **Merck Group:** total revenues for the year 2010 should increase in a range of +3% to +7% from EUR 7,747 million in 2009. The Group operating result of EUR 649 million in 2009 will increase by between +30% and +40% (from between +20% and +30% in February). Core operating result (operating result excluding amortization of intangible assets from Serono) is expected to increase by +5% to +15% (from +3% to +13% in February) from the 2009 level of EUR 1,296 million.
- **Total revenues by division:** Merck Serono +2% to +5%, Consumer Health Care +5% to +10%, Liquid Crystals +15 to +20% (from +5% to +10% in February) and Performance & Life Science Chemicals +3% to +8%.
- **Operating result by division:** Merck Serono +30% to +40% (Core operating result: 0 to +10%), Consumer Health Care –10% to 0, Liquid Crystals +60% to +70% (from +15% to +25% in February) and Performance & Life Science Chemicals +15% to +20%.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2010

INCOME STATEMENT

EUR million	1st Quarter 2010	1st Quarter 2009	Change in %
Sales	**2,022.8**	**1,756.9**	**15.1**
Royalty and commission income*	76.1	101.5	–25.1
Total revenues	**2,098.9**	**1,858.5**	**12.9**
Cost of sales	–486.6	–456.7	6.5
Gross margin	**1,612.2**	**1,401.7**	**15.0**
Marketing and selling expenses*	–468.2	–453.9	3.2
Royalty and commission expenses*	–122.2	–97.3	25.6
Administration expenses	–104.4	–106.9	–2.4
Other operating expenses and income	–134.9	–85.2	58.4
Research and development	–347.2	–312.9	11.0
Amortization of intangible assets	–140.5	–147.5	–4.7
Investment result	–	–	–
Operating result	**294.8**	**198.1**	**48.8**
Exceptional items	–	–68.8	–
Earnings before interest and tax (EBIT)	**294.8**	**129.3**	**127.9**
Financial result	–38.6	–35.0	10.5
Profit before tax	**256.1**	**94.4**	**171.4**
Income tax	–61.5	–34.1	80.3
Profit after tax	**194.6**	**60.2**	**223.1**
Non-controlling interest	–3.1	–3.6	–12.0
Net profit after non-controlling interest	**191.4**	**56.7**	**237.9**
Earnings per share (in EUR)			
basic	0.88	0.26	238.5
diluted	0.88	0.26	238.5

* Figures for 2009 have been adjusted for the disclosure of commission income as well as royalty and commission expenses

BALANCE SHEET

EUR million	March 31, 2010	December 31, 2009	Change in %
Current assets			
Cash and cash equivalents	5,232.7	541.4	–
Marketable securities and financial assets	183.5	1,503.2	–87.8
Trade accounts receivable	2,025.7	1,788.7	13.3
Inventories	1,426.3	1,367.9	4.3
Other current assets	294.6	275.6	6.9
Tax receivables	44.2	55.3	–20.1
	9,207.0	**5,532.1**	**66.4**
Non-current assets			
Intangible assets	7,712.2	7,598.4	1.5
Property, plant and equipment	2,655.8	2,607.6	1.9
Investments at equity	1.7	1.6	2.1
Non-current financial assets	138.6	118.4	17.0
Financial assets covering pensions	212.7	209.6	1.5
Other non-current assets	87.6	99.5	–12.0
Deferred tax assets	568.2	545.4	4.2
	11,376.7	**11,180.5**	**1.8**
Total assets	**20,583.7**	**16,712.6**	**23.2**
Current liabilities			
Current financial liabilities	718.4	705.2	1.9
Trade accounts payable	927.7	935.7	–0.9
Other current liabilities	804.1	638.2	26.0
Tax liabilities	299.5	274.5	9.1
Current provisions	225.1	266.4	–15.5
	2,974.9	**2,820.0**	**5.5**
Non-current liabilities			
Non-current financial liabilities	4,779.5	1,602.1	198.3
Other non-current liabilities	18.4	16.9	9.1
Non-current provisions	700.7	685.0	2.3
Provisions for pensions and other post-employment benefits	1,327.6	1,311.5	1.2
Deferred tax liabilities	774.8	763.5	1.5
	7,601.1	**4,379.0**	**73.6**
Net equity			
Equity capital	565.2	565.2	-
Reserves	9,383.8	8,894.9	5.5
Non-controlling interest	58.7	53.5	9.8
	10,007.7	**9,513.6**	**5.2**
Total liabilities and stockholders' equity	**20,583.7**	**16,712.6**	**23.2**

SEGMENT REPORTING

EUR million	Merck Serono Q1 2010	Merck Serono Q1 2009	Merck Serono Change in %	Consumer Health Care Q1 2010	Consumer Health Care Q1 2009	Consumer Health Care Change in %
Sales	1,336.3	1,218.5	9.7	106.9	107.4	–0.5
Royalty and commission income*	70.5	96.1	–26.7	0.7	0.1	–
Total revenues	1,406.8	1,314.7	7.0	107.6	107.5	0.0
Gross margin	1,186.5	1,126.2	5.4	72.8	73.5	–0.9
Marketing and selling expenses*	–322.2	–318.0	1.3	–56.8	–53.2	6.7
Royalty and commission expenses*	–116.9	–94.3	24.0	–0.2	–0.4	–59.2
Administration expenses	–62.3	–66.5	–6.2	–5.9	–5.9	0.9
Other operating expenses and income	–65.1	–54.8	18.8	–2.6	–1.0	159.4
Research and development	–304.4	–271.9	12.0	–4.8	–4.3	11.7
Operating result	178.0	175.7	1.3	1.5	7.9	–80.9
Exceptional items	–	–70.0	–	–	–	–
Earnings before interest and tax (EBIT)	178.0	105.7	68.4	1.5	7.9	–80.9
Net operating assets**	10,336.2	10,015.9	3.2	338.3	336.0	0.7
Segment liabilities**	–1,148.9	–1,078.2	6.6	–75.0	–76.9	–2.4
Capital spending on property, plant and equipment	46.0	51.2	–10.1	1.4	3.3	–59.1
Investments in intangible assets	11.5	19.7	–41.8	0.3	0.3	–23.2
Depreciation	–181.8	–188.6	–3.6	–2.8	–2.2	24.1
Impairment losses	–17.2	–	–	–	–	–
Net cash flows from operating activities	246.1	301.1	–18.3	–1.2	6.8	–
Net cash flows from investing activities	–54.7	–73.7	–25.8	–1.3	–3.6	–64.6
Free cash flow	191.4	227.4	–15.8	–2.5	3.2	–
Underlying free cash flow	191.4	227.4	–15.8	–2.5	3.2	–
FCR in %	13.6	17.3		–2.3	2.9	
ROS in %	12.7	13.4		1.4	7.3	

EUR million	Pharmaceuticals Q1 2010	Pharmaceuticals Q1 2009	Pharmaceuticals Change in %	Liquid Crystals Q1 2010	Liquid Crystals Q1 2009	Liquid Crystals Change in %
Sales	**1,443.2**	1,326.0	8.8	235.5	128.0	83.9
Royalty and commission income*	**71.2**	96.3	–26.0	3.5	3.2	7.6
Total revenues	**1,514.4**	1,422.2	6.5	238.9	131.2	82.1
Gross margin	**1,259.4**	1,199.6	5.0	162.7	55.7	192.3
Marketing and selling expenses*	**–379.0**	–371.2	2.1	–6.7	–6.4	3.7
Royalty and commission expenses*	**–117.0**	–94.7	23.6	–2.4	–0.3	–
Administration expenses	**–68.3**	–72.3	–5.7	–4.1	–4.5	–8.6
Other operating expenses and income	**–67.7**	–55.8	21.3	–13.1	–8.5	52.9
Research and development	**–309.3**	–276.2	12.0	–23.8	–22.2	6.9
Operating result	**179.5**	183.6	–2.2	111.8	12.7	–
Exceptional items	**–**	–70.0	–	–	–	–
Earnings before interest and tax (EBIT)	**179.5**	113.6	58.1	111.8	12.7	–
Net operating assets**	**10,674.5**	10,351.9	3.1	859.6	837.4	2.6
Segment liabilities**	**–1,224.0**	–1,155.1	6.0	–72.8	–78.6	–7.5
Capital spending on property, plant and equipment	**47.4**	54.5	–13.1	6.6	14.9	–56.1
Investments in intangible assets	**11.8**	20.1	–41.4	0.3	1.5	–77.4
Depreciation	**–184.5**	–190.8	–3.3	–16.0	–14.6	9.0
Impairment losses	**–17.2**	–	–	–9.0	–	–
Net cash flows from operating activities	**244.9**	307.9	–20.5	110.4	41.7	164.8
Net cash flows from investing activities	**–56.0**	–77.4	–27.7	–6.8	–16.3	–58.5
Free cash flow	**188.9**	230.5	–18.1	103.6	25.3	–
Underlying free cash flow	**188.9**	230.5	–18.1	103.6	25.3	–
FCR in %	**12.5**	16.2		43.4	19.3	
ROS in %	**11.9**	12.9		46.8	9.7	

* Figures for 2009 have been adjusted for the disclosure of commission income as well as royalty and commission expenses

** Previous year's figures refer to December 31, 2009

Segment Reporting

	Performance & Life Science Chemicals			Chemicals		
EUR million	Q1 2010	Q1 2009	Change in %	Q1 2010	Q1 2009	Change in %
Sales	344.2	302.9	13.6	**579.6**	431.0	34.5
Royalty and commission income*	1.4	2.1	–30.3	**4.9**	5.3	–7.2
Total revenues	345.6	305.0	13.3	**584.5**	436.2	34.0
Gross margin	190.2	146.4	29.9	**352.9**	202.1	74.6
Marketing and selling expenses*	–81.5	–75.8	7.6	**–88.2**	–82.2	7.3
Royalty and commission expenses*	–2.8	–2.4	17.5	**–5.2**	–2.7	93.4
Administration expenses	–15.7	–16.1	–2.7	**–19.8**	–20.6	–4.0
Other operating expenses and income	–20.0	–13.0	54.0	**–33.1**	–21.5	53.6
Research and development	–14.3	–14.0	1.9	**–38.1**	–36.3	5.0
Operating result	54.9	24.5	124.2	**166.7**	37.2	–
Exceptional items	–	1.2	–	**–**	1.2	–
Earnings before interest and tax (EBIT)	54.9	25.7	113.8	**166.7**	38.4	–
Net operating assets**	1,185.5	1,120.0	5.8	**2,045.1**	1.957.4	4.5
Segment liabilities**	–170.8	–151.6	12.7	**–243.5**	–230.2	5.8
Capital spending on property, plant and equipment	10.6	19.6	–45.9	**17.1**	34.5	–50.3
Investments in intangible assets	1.0	2.8	–65.0	**1.3**	4.3	–69.2
Depreciation	–19.0	–17.5	8.8	**–35.0**	–32.1	8.9
Impairment losses	–	–	–	**–9.0**	–	–
Net cash flows from operating activities	35.2	14.9	135.6	**145.6**	56.6	157.1
Net cash flows from investing activities	–12.5	–22.1	–43.3	**–19.3**	–38.4	–49.8
Free cash flow	22.7	–7.2	–	**126.3**	18.2	–
Underlying free cash flow	22.7	–7.2	–	**126.3**	18.2	–
FCR in %	6.6	–2.3		**21.6**	4.2	
ROS in %	15.9	8.0		**28.5**	8.5	

	Corporate and Other			Group		
EUR million	Q1 2010	Q1 2009	Change in %	Q1 2010	Q1 2009	Change in %
Sales	–	–	–	**2,022.8**	1,756.9	15.1
Royalty and commission income*	–	–	–	**76.1**	101.5	–25.1
Total revenues	–	–	–	**2,098.9**	1,858.5	12.9
Gross margin	–	–	–	**1,612.2**	1,401.7	15.0
Marketing and selling expenses*	–1.1	–0.4	142.8	**–468.2**	–453.9	3.2
Royalty and commission expenses*	–	–	–	**–122.2**	–97.3	25.6
Administration expenses	–16.3	–13.9	17.2	**–104.4**	–106.9	–2.4
Other operating expenses and income	–34.2	–7.8	335.4	**–134.9**	–85.2	58.4
Research and development	0.1	–0.4	–	**–347.2**	–312.9	11.0
Operating result	–51.5	–22.6	127.7	**294.8**	198.1	48.8
Exceptional items	–	–	–	**–**	–68.8	–
Earnings before interest and tax (EBIT)	–51.5	–22.6	127.7	**294.8**	129.3	127.9
Net operating assets**	20.5	37.4	–45.1	**12,740.1**	12,346.7	3.2
Segment liabilities**	–34.8	–15.7	122.0	**–1,502.3**	–1,401.0	7.2
Capital spending on property, plant and equipment	0.1	–	–	**64.7**	89.0	–27.4
Investments in intangible assets	0.9	2.6	–64.4	**14.0**	27.0	–48.1
Depreciation	–0.6	–1.0	–35.2	**–220.2**	–224.0	–1.7
Impairment losses	–	–	–	**–26.2**	–	–
Net cash flows from operating activities	–111.8	–81.8	36.6	**278.7**	282.7	–1.4
Net cash flows from investing activities	1,344.8	–250.6	–	**1,269.5**	–366.4	–
Free cash flow	–120.4	–84.7	42.2	**194.8**	164.0	18.8
Underlying free cash flow	–108.6	–84.7	28.2	**206.6**	164.0	26.0
FCR in %	–	–		**9.8**	8.8	
ROS in %	–	–		**14.0**	10.7	

* Figures for 2009 have been adjusted for the disclosure of commission income as well as royalty and commission expenses

** Previous year's figures refer to December 31, 2009

CASH FLOW STATEMENT

EUR million	1st quarter 2010	1st quarter 2009
Profit after tax	**194.6**	**60.2**
Depreciation/amortization and impairment losses (non-current assets)	246.4	223.4
Changes in inventories	–20.6	–56.3
Changes in trade accounts receivable	–197.3	–35.6
Changes in trade accounts payable	–15.3	–31.0
Changes in provisions	–28.9	92.9
Changes in other assets and liabilities	103.5	25.2
Neutralization of gain/loss on disposals of assets	–0.9	1.4
Other non-cash income and expenses	–2.7	2.5
Net cash flows from operating activities	**278.7**	**282.7**
Purchase of intangible assets	–14.0	–27.0
Purchase of property, plant and equipment	–64.7	–89.0
Acquisitions and investments of non-current financial assets	–7.8	–8.3
Disposal of non-current assets	3.9	3.9
Purchase/sale of marketable securities	–1.3	1.8
Changes in financial assets covering pensions	–1.9	–64.5
Changes in other financial assets	1,355.4	–183,3
Net cash flows from investing activities	**1,269.5**	**–366.4**
Dividends payments	–2.5	–2.1
Profit transfers to E. Merck KG and changes in reserves	–49.4	28.7
Changes in liabilities to E. Merck KG	21.1	–42.0
Bonds issued	3,181.7	746.0
Changes in current and non-current financial liabilities	–15.7	0.3
Net cash flows from financing activities	**3,135.2**	**730.8**
Changes in cash and cash equivalents	**4,683.4**	**647.0**
Changes in cash and cash equivalents due to currency translation	7.9	3.1
Cash and cash equivalents as of January 1	541.4	692.7
Cash and cash equivalents as of March 31	**5,232.7**	**1,342.8**

FREE CASH FLOW

EUR million	1st quarter 2010	1st quarter 2009
Net cash flows from operating activities	**278.7**	**282.7**
Purchase of intangible assets	–14.0	–27.0
Purchase of property, plant and equipment	–64.7	–89.0
Acquisitions and investments of non-current financial assets	–7.8	–8.3
Disposal of non-current assets	3.9	3.9
Purchase/sale of marketable securities	–1.3	1.8
Free cash flow	**194.8**	**164.0**
Acquisitions	–	–
Payments related to divestments	11.9	–
Underlying free cash flow	**206.6**	**164.0**

STATEMENT OF COMPREHENSIVE INCOME

	1st quarter 2010			1st quarter 2009		
EUR million	Before tax amount	Tax expense/ benefit	Net-of-tax amount	Before tax amount	Tax expense/ benefit	Net-of-tax amount
Profit	**256.1**	**–61.5**	**194.6**	**94.4**	**–34.1**	**60.2**
Gains/losses arising on remeasuring available-for-sale financial assets	–8.7	0.1	–8.6	–	–	–
Effective portion of gains/losses on hedging instruments in a cash flow hedge	–25.3	4.1	–21.2	–8.0	–0.7	–8.7
Actuarial gains and losses from defined benefit pension commitments and similar obligations	–	–	–	–	–	–
Exchange differences on translating foreign operations	381.6	–	381.6	–126.0	–	–126.0
Gains/losses recognized immediately in equity	347.6	4.2	351.8	–134.0	–0.7	–134.7
Comprehensive income	**603.7**	**–57.3**	**546.4**	**–39.6**	**–34.8**	**–74.5**
of which attributable to shareholders of the Group			538.3			–78.6
of which attributable to non-controlling interest			8.1			4.1

STATEMENT OF CHANGES IN NET EQUITY INCLUDING NON-CONTROLLING INTEREST

	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	Gains/losses recognized immediately in equity	Equity attributable to share-holders of Merck KGaA	Non-controlling interest	Equity
Balance as of January 1, 2009	**397.2**	**168.0**	**3,813.7**	**4,818.2**	**308.3**	**9,505.4**	**57.6**	**9,563.0**
Profit after tax	–	–	–	56.7	–	56.7	3.6	60.2
Dividend payments	–	–	–	–	–	–	–2.1	–2.1
Profit transfers to/from E. Merck KG including transfers to reserves	–	–	–	28.7	–	28.7	–	28.7
Other changes in equity	–	–	–	–	–135.2	–135.2	0.5	–134.7
Changes in scope of consolidation/Other	–	–	–	0.2	–	0.2	–	0.2
Balance as of March 31, 2009	**397.2**	**168.0**	**3,813.7**	**4,903.8**	**173.1**	**9,455.8**	**59.5**	**9,515.3**
Balance as of January 1, 2010	**397.2**	**168.0**	**3,813.7**	**4,909.6**	**171.6**	**9,460.1**	**53.5**	**9,513.6**
Profit after tax	–	–	–	191.4	–	191.4	3.1	194.6
Dividend payments	–	–	–	-	–	-	–2.5	–2.5
Profit transfers to/from E. Merck KG including transfers to reserves	–	–	–	–49.4	–	–49.4	–	–49.4
Other changes in equity	–	–	–	–	346.9	346.9	4.9	351.8
Changes in scope of consolidation/Other	–	–	–	0.2	–0.2	-	–0.3	–0.3
Balance as of March 31, 2010	**397.2**	**168.0**	**3,813.7**	**5,051.8**	**518.3**	**9,949.0**	**58.7**	**10,007.7**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2010

These consolidated financial statements have been prepared with Merck KGaA, Darmstadt, which manages the operations of the Merck Group, as parent company.

Accounting policies

The unaudited interim financial statements of the Merck Group as of March 31, 2010 comply with IAS 34. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) in force on the reporting date and adopted by the European Union. In accordance with IAS 34, a condensed scope of reporting as compared with the consolidated financial statements as of December 31, 2009 was selected. With the exception of the disclosure changes described in the following, the accounting policies have remained unchanged in comparison with the previous year. In the consolidated financial statements as of December 31, 2009, Merck started to disclose commission income as a part of total revenues. In addition in Q1 2010, a separate item "Royalty and commission expenses" was for the first time introduced in the Income Statement. In the previous quarterly reporting, royalty and commission expenses as well as commission income were reported within marketing and selling expenses. The previous year's presentation and key figures have been adjusted accordingly. The notes to the consolidated financial statements of the Merck Group for 2009, particularly the accounting policies, thus apply accordingly.

Income tax includes the taxes on taxable profit paid in the individual countries plus the change in deferred taxes. The income tax in the interim financial statements is calculated based on the income of the consolidated companies and the currently valid tax rate as a best possible estimate.

The preparation of the interim financial statements requires that assumptions and estimates be made to a certain extent. The assumptions and estimates are based on the state of knowledge and the data currently available.

The following amendments to standards and the following interpretations take effect as of fiscal 2010:

- Amendment to IAS 27 "Consolidated and Separate Financial Statements"
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement: Eligible Hedged Items"
- Revised version of IFRS 1 "First-time Adoption of International Financial Reporting Standards"
- Amendment to IFRS 2 "Share-based payment"
- Revised version of IAS 3 "Business Combinations"
- "Improvements to International Financial Reporting Standards"
- IFRIC 12 "Service Concession Arrangements"
- IFRIC 15 "Agreements for the Construction of Real Estate"
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"
- IFRIC 17 "Distributions of Non-cash Assets to Owners"
- IFRIC 18 "Transfers of Assets from Customers"

The new rules do not have any material effects on the interim financial statements.

Scope of consolidation

As of March 31, 2010, a total of 178 (December 31, 2009: 176) companies are fully consolidated. No companies are consolidated on a pro rata basis. One associate is included using the equity method. The following changes have occurred since the beginning of 2010: Five newly established companies have been consolidated for the first time. Three companies have been liquidated and deconsolidated.

Planned acquisition of Millipore

Merck KGaA and Millipore Corporation, a leading life science company based in Billerica, Massachusetts, United States, announced on February 28, 2010 that they have entered into a definitive agreement under which Merck will acquire all outstanding shares of common stock of Millipore for USD 107 per share in cash. This corresponds to a total transaction value, including net debt, of approximately EUR 5.3 billion (USD 7.2 billion). The transaction was approved by the boards of directors of both companies. The transaction will be funded through available cash and borrowings. In addition to funds through the issuance of bonds with a nominal volume of EUR 3.2 billion, a loan amounting to EUR 1.0 billion is available, provided by Bank of America, Merrill Lynch, BNP Paribas and Commerzbank Aktiengesellschaft. The successful completion of the transaction is subject to the approval of Millipore shareholders. For this purpose, Millipore plans to hold a special shareholders' meeting on June 3. Once Millipore shareholders have approved the transaction and all other customary conditions, such as antitrust clearance, have been met, all outstanding shares of Millipore common stock will be exchanged for the right to receive the agreed cash payment. Merck and Millipore expect the transaction to close in the second half of 2010.

Segment reporting

The segment report presents the assets, income and other key figures by operating segment. Segmentation was performed in accordance with the internal reporting of the Merck Group. The operating segments are described in detail in the sections about the divisions in the interim management report. Expenses and income as well as assets and cash flows are fully allocated to the reported divisions and, to the extent they relate to corporate functions, to the segment Corporate and Other. The financial result and income taxes as well as the resulting cash flows are reported in full in the "Corporate and Other" segment. We determine the transfer prices of intragroup transactions in accordance with market values. There were no significant intercompany relations between the business segments. Operating assets have been reconciliated in the segment report as follows:

EUR million	March 31, 2010	December 31, 2009
Assets	20,583.7	16,712.6
Monetary assets (cash and cash equivalents, loans, securities)	–5,483.3	–2,119.7
Financial assets covering pensions	–212.7	–209.6
Non-operating receivables, tax receivables, deferred taxes and deferred pension payments	–645.2	–635.6
Operating assets (gross)	**14,242.5**	13,747.7
Trade accounts payable	–927.7	–935.7
Other operating liabilities	–574.7	–465.3
Operating assets (net)	**12,740.1**	**12,346.7**

Earnings per share

Basic earnings per share equal net profit after non-controlling interest divided by the weighted average number of outstanding theoretical shares. The theoretical number of shares reflects the fact that the general partner's equity capital is not represented by shares. In accordance with the division of the share capital of EUR 168.0 million into 64,621,126 shares, the general partner's capital of EUR 397.2 million results in 152,767,813 theoretical shares. This results in a total of EUR 565.2 million or 217,388,939 outstanding theoretical shares.

	1st quarter, 2010	1st quarter, 2009
Net profit after non-controlling interest (EUR million)	191.4	56.7
Weighted average number of theoretical shares outstanding (in millions)	217.4	217.4
Basic earnings per share (EUR)	**0.88**	**0.26**

As of March 31, 2010, there were no potentially dilutive shares. Diluted earnings per share corresponded to basic earnings per share.

Funding

In March 2010, Merck Financial Services GmbH issued euro bonds in three tranches, comprising a two-year issue with a volume of EUR 0.5 billion, a five-year issue with a volume of EUR 1.35 billion, and a ten-year issue with a volume of EUR 1.35 billion. The two-year tranche, which was priced at 99.775%, pays a coupon of 2.125%. The five-year tranche, which was priced at 99.769%, pays a coupon of 3.375%. The ten-year tranche, which was priced at 99.582%, pays a coupon of 4.500%. The bonds are admitted to trading on the regulated market of the Luxembourg Stock Exchange and are issued under the Euro Medium Term Note (EMTN) program. The issue proceeds will be used to fund the announced acquisition of the U.S. firm Millipore Corporation.

Furthermore, in connection with funding the planned acquisition of Millipore, Merck Financial Services GmbH has agreed a credit facility of EUR 1.0 billion with a maturity of three years at variable interest rates, which will be provided by a defined banking syndicate.

Related-party disclosures

As of March 31, 2010, there were liabilities by Merck KGaA, Merck Financial Services GmbH and Merck & Cie, Altdorf, to E. Merck KG in the amount of EUR 310 million. In addition, as of March 31, 2010, there were receivables by Merck KGaA to E. Merck KG in the amount of EUR 9.4 million and to E. Merck Beteiligungen KG in the amount of EUR 1.1 million. The balances result mainly from the profit transfers by Merck & Cie to E. Merck KG as well as the reciprocal profit transfers between Merck KGaA and E. Merck KG. They included financial payables of EUR 109 million, which are subject to standard market interest rates. From January to March 2010, Merck KGaA performed services for E. Merck KG with a value of EUR 0.3 million. From January to March 2010, the companies of the Merck Group supplied goods with a value of EUR 0.1 million to associates.

Subsequent events

Merck had no material subsequent events.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim 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 interim management report of the Group 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 for the remaining months of the financial year.

Darmstadt, April 28, 2010

Karl-Ludwig Kley Michael Becker

Bernd Reckmann Elmar Schnee

EXECUTIVE BOARD OF MERCK KGAA

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Dr. Michael Becker | Dr. Bernd Reckmann | Elmar Schnee

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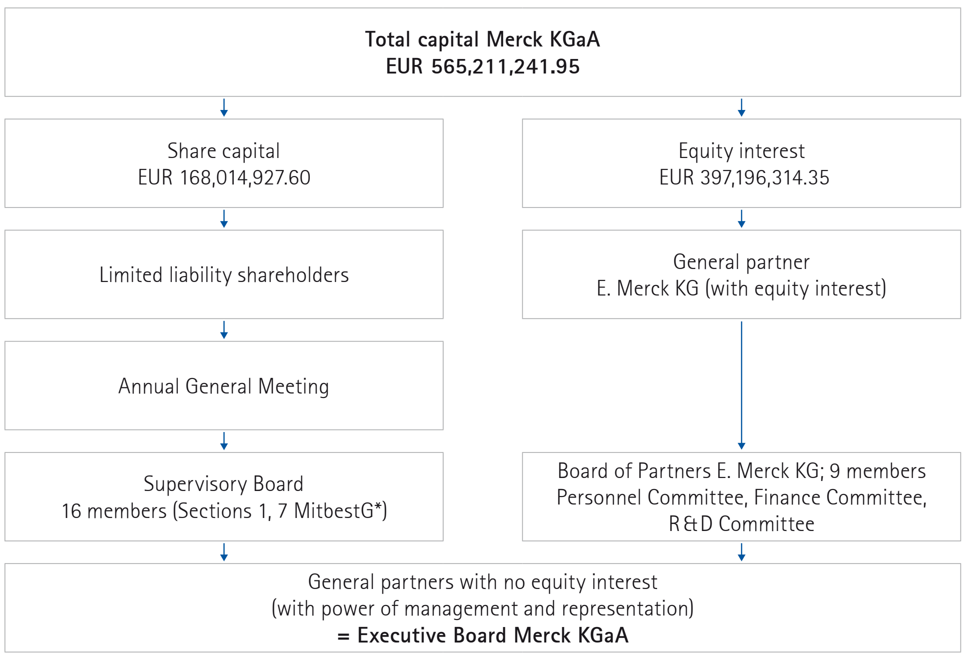
Osman Ulusoy*

* Employee representative

CAPITAL STRUCTURE OF MERCK KGAA AS OF MARCH 31, 2010

(for more information, please see the Annual Report for 2009, p. 83 et seq.)



*German Co-Determination Act

FINANCIAL CALENDAR 2010

Report on the first half:
Thursday, July 29

Autumn press conference and report on the third quarter:
Tuesday, October 26

PUBLICATION CONTRIBUTORS

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Corporate Communications, Frankfurter Str. 250, 64293 Darmstadt, Germany
Fax: +49-6151-72 55 77, e-mail: corpcom@merck.de, Web site: www.merck.de
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