

Merck

Consolidated Income Statement

€ million	Note	2011	2010
Sales	→ 01	9,905.9	8,928.9
Royalty, license and commission income	→ 02	370.5	361.7
Total revenues		10,276.4	9,290.6
Cost of sales	→ 03	-2,788.3	-2,385.4
Gross margin		7,488.1	6,905.2
Marketing and selling expenses	→ 04	-2,393.0	-2,234.5
Royalty, license and commission expenses	→ 05	-500.5	-477.0
Administration expenses	→ 06	-504.8	-478.2
Other operating expenses and income	→ 07	-581.9	-390.4
Research and development	→ 08	-1,517.1	-1,397.1
Amortization of intangible assets	→ 09	-1,004.7	-818.6
Investment result	→ 10	-1.0	4.1
Operating result		985.1	1,113.5
Exceptional items	→ 11	151.8	-0.8
Earnings before interest and tax (EBIT)		1,136.9	1,112.7
Financial result	→ 12	-285.8	-251.6
Profit before income tax		851.1	861.1
Income tax	→ 13	-222.1	-219.6
Profit after tax		629.0	641.5
of which attributable to Merck KGaA shareholders		617.5	632.1
of which non-controlling interest	→ 14	11.5	9.4
Earnings per share (in €)	→ 15		
basic		2.84	2.91
diluted		2.84	2.91

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Consolidated Statement of Comprehensive Income

€ million	2011	2010
Profit after tax	629.0	641.5
Available-for-sale financial assets		
Fair value adjustments	26.5	-6.5
Reclassification to income statement	-24.2	-17.1
Deferred taxes	1.6	1.8
Changes recognized in equity	3.9	-21.8
Derivative financial instruments		
Fair value adjustments	-50.1	-125.3
Reclassification to income statement	12.3	17.2
Reclassification to assets	-	-24.4
Deferred taxes	4.3	23.9
Changes recognized in equity	-33.5	-108.6
Actuarial gains and losses from defined benefit obligations and similar obligations		
Changes in actuarial gains and losses	-27.7	-170.7
Deferred taxes	7.4	28.5
Changes recognized in equity	-20.3	-142.2
Exchange differences on translating foreign operations		
Change recognized in equity	-47.9	840.5
Reclassification to income statement	3.5	-
Changes recognized in equity	-44.4	840.5
Gains/losses recognized immediately in equity	-94.3	567.9
Comprehensive income	534.7	1,209.4
of which attributable to Merck KGaA shareholders	527.1	1,194.4
of which attributable to non-controlling interest	7.6	15.0

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Consolidated Balance Sheet

€ million	Note	Dec. 31, 2011	Dec. 31, 2010
Current assets			
Cash and cash equivalents	→ 16	937.8	943.7
Marketable securities and financial assets	→ 17	1,117.1	55.6
Trade accounts receivable	→ 18	2,328.3	2,296.3
Inventories	→ 19	1,691.1	1,673.5
Other current assets	→ 20	250.2	564.7
Tax receivables	→ 21	72.7	93.7
Assets held for sale	→ 22	-	36.7
		6,397.2	5,664.2
Non-current assets			
Intangible assets	→ 23	11,764.3	12,484.1
Property, plant and equipment	→ 24	3,113.4	3,241.5
Investments at equity	→ 25	-	5.0
Non-current financial assets	→ 26	60.3	130.3
Financial assets covering pensions	→ 27	-	216.9
Other non-current assets	→ 20	54.9	52.9
Deferred tax assets	→ 13	730.0	593.1
		15,722.9	16,723.8
Total assets		22,120.1	22,388.0
Current liabilities			
Current financial liabilities	→ 28	1,394.4	356.1
Trade accounts payable	→ 29	1,100.8	1,200.1
Other current liabilities	→ 30	1,102.1	1,054.6
Tax liabilities	→ 31	399.4	368.4
Current provisions	→ 32	365.5	374.5
Liabilities directly related to assets held for sale	→ 22	-	5.9
		4,362.2	3,359.6
Non-current liabilities			
Non-current financial liabilities	→ 28	4,144.9	5,127.4
Other non-current liabilities	→ 30	43.6	42.9
Non-current provisions	→ 32	619.5	524.2
Provisions for pensions and other post-employment benefits	→ 33	1,136.9	1,581.6
Deferred tax liabilities	→ 13	1,319.6	1,380.5
		7,264.5	8,656.6
Net equity	→ 34		
Equity capital		565.2	565.2
Reserves		8,671.7	8,484.2
Gains/losses recognized immediately in equity		1,210.2	1,280.4
Equity attributable to Merck KGaA shareholders		10,447.1	10,329.8
Non-controlling interest		46.3	42.0
		10,493.4	10,371.8
Total liabilities and stockholders' equity		22,120.1	22,388.0

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Consolidated Cash Flow Statement

€ million	Note	2011	2010
Profit after tax		629.0	641.5
Depreciation/amortization/impairment losses/write-ups		1,597.4	1,257.9
Changes in inventories		-75.3	38.0
Changes in trade accounts receivable		-3.7	-187.0
Changes in trade accounts payable		-119.3	117.5
Changes in provisions		-431.0	-73.6
Changes in other assets and liabilities		-148.7	97.8
Neutralization of gain/loss on disposals of assets		-208.8	-102.4
Other non-cash income and expenses		31.6	-7.1
Net cash flows from operating activities	→ 36	1,271.2	1,782.6
Purchase of intangible assets		-79.7	-104.2
Purchase of property, plant and equipment		-366.3	-396.2
Acquisitions		-161.0	-4,843.7
Investments in financial assets		-10.5	-16.0
Disposal of non-current assets		787.4	54.8
Purchase/sale of marketable securities		-4.7	0.2
Changes in financial assets covering pensions		-3.5	-8.6
Changes in other financial assets		-1,057.7	1,431.3
Net cash flows from investing activities	→ 37	-896.0	-3,882.4
Dividend payments		-86.8	-86.1
Profit transfers to E. Merck KG and changes in reserves		-326.5	-261.1
Changes in liabilities to E. Merck KG		77.3	150.6
Bonds issued		-	3,181.7
Repayment of bonds		-20.8	-500.0
New borrowings of other current and non-current financial liabilities		16.8	84.4
Repayments of other current and non-current financial liabilities		-44.1	-32.0
Net cash flows from financing activities	→ 38	-384.1	2,537.5
Changes in cash and cash equivalents		-8.9	437.7
Changes in cash and cash equivalents due to currency translation		1.8	-34.2
Cash and cash equivalents as of January 1		943.7	541.4
Cash and cash equivalents as of December 31		936.6	944.9
Plus/less cash and cash equivalents included in assets held for sale		1.2	-1.2
Cash and cash equivalents as of December 31 (consolidated balance sheet)	→ 39	937.8	943.7

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Consolidated Statement of Changes in Net Equity

For details see Note [34]

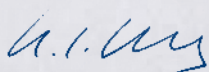
€ million	Equity capital		Reserves		
	General partner's equity Merck KGaA	Subscribed capital Merck KGaA	Capital reserves (share premium) Merck KGaA	Retained earnings/ Net retained profit	Actuarial gains and losses
Balance as of January 1, 2010	397.2	168.0	3,813.7	4,733.7	-228.7
Profit after tax	-	-	-	632.1	-
Gains/losses recognized immediately in equity	-	-	-	-	-141.9
Comprehensive income	-	-	-	632.1	-141.9
Dividend payments	-	-	-	-64.6	-
Profit transfers to/from E. Merck KG including transfers to reserves	-	-	-	-261.1	-
Changes in scope of consolidation/Other	-	-	-	0.8	0.2
Balance as of December 31, 2010	397.2	168.0	3,813.7	5,040.9	-370.4
Balance as of January 1, 2011	397.2	168.0	3,813.7	5,040.9	-370.4
Profit after tax	-	-	-	617.5	-
Gains/losses recognized immediately in equity	-	-	-	-	-20.2
Comprehensive income	-	-	-	617.5	-20.2
Dividend payments	-	-	-	-80.8	-
Profit transfers to/from E. Merck KG including transfers to reserves	-	-	-	-326.5	-
Changes in scope of consolidation/Other	-	-	-	-2.4	-0.1
Balance as of December 31, 2011	397.2	168.0	3,813.7	5,248.7	-390.7

Gains/losses recognized immediately in equity					
Available-for-sale financial assets	Derivative financial instruments	Currency translation difference	Equity attributable to Merck KGaA shareholders	Non-controlling interest	Equity
18.8	47.5	509.9	9,460.1	53.5	9,513.6
-	-	-	632.1	9.4	641.5
-21.8	-108.6	834.6	562.3	5.6	567.9
-21.8	-108.6	834.6	1,194.4	15.0	1,209.4
-	-	-	-64.6	-21.5	-86.1
-	-	-	-261.1	-	-261.1
-0.1	-	0.1	1.0	-5.0	-4.0
-3.1	-61.1	1,344.6	10,329.8	42.0	10,371.8
-3.1	-61.1	1,344.6	10,329.8	42.0	10,371.8
-	-	-	617.5	11.5	629.0
3.9	-33.5	-40.6	-90.4	-3.9	-94.3
3.9	-33.5	-40.6	527.1	7.6	534.7
-	-	-	-80.8	-6.0	-86.8
-	-	-	-326.5	-	-326.5
-	-	-	-2.5	2.7	0.2
0.8	-94.6	1,304.0	10,447.1	46.3	10,493.4

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 14, 2012



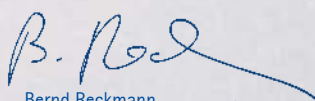
Karl-Ludwig Kley



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