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

Merck
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

Merck
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**

Merck
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**

Merck
Consolidated Statement of Changes in Net Equity

For details see Note [34]

	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	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

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