05 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 20, 2013

Karl-Ludwig Kley **Kai Beckmann** **Stefan Oschmann**

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#04 Merck Consolidated Financial Statements for 2012

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Merck
Consolidated Income Statement

€ million	Note	2012	2011
Sales	→ 22	10,740.8	9,905.9
Royalty, license and commission income	→ 23	432.1	370.5
Total revenues		**11,172.9**	**10,276.4**
Cost of sales	→ 24	–3,157.7	–2,785.6[1]
Gross margin		**8,015.2**	**7,490.8**[1]
Marketing and selling expenses	→ 25	–2,410.8	–2,385.7[1]
Royalty, license and commission expenses	→ 26	–579.8	–500.5
Administration expenses	→ 27	–552.2	–535.6[1]
Other operating expenses and income	→ 28	–1,126.5	–417.2[1]
Research and development	→ 30	–1,511.3	–1,514.0[1]
Amortization of intangible assets	→ 31	–871.6	–1,004.7
Investment result	→ 32	0.6	–1.0
Operating result		**963.6**	**1,132.1**[1]
Financial result	→ 33	–254.6	–293.3[1]
Profit before income tax		**709.0**	**838.8**[1]
Income tax	→ 34	–130.0	–220.8[1]
Profit after tax		**579.0**	**618.0**[1]
of which attributable to Merck KGaA shareholders (net income)		566.7	606.5[1]
of which attributable to non-controlling interest	→ 35	12.3	11.5
Earnings per share (in €)	→ 36		
basic		2.61	2.79[1]
diluted		2.61	2.79[1]

[1] Previous year's figures have been adjusted, see Note [5]

Merck
Consolidated Statement of Comprehensive Income

€ million	Note	2012	2011
Profit after tax		**579.0**	**618.0**[1]
Available-for-sale financial assets			
Fair value adjustments		0.4	26.5
Reclassification to income statement		–	–24.2
Deferred taxes	→ 34	–	1.6
Changes recognized in equity		**0.4**	**3.9**
Derivative financial instruments			
Fair value adjustments		3.6	–50.1
Reclassification to income statement		78.4	12.3
Reclassification to assets		–	–
Deferred taxes	→ 34	–16.9	4.3
Changes recognized in equity		**65.1**	**–33.5**
Remeasurement of the net defined benefit liability			
Changes in remeasurement	→ 51	–304.3	–20.2[1]
Deferred taxes	→ 34	37.2	7.0[1]
Changes recognized in equity		**–267.1**	**–13.2**[1]
Exchange differences on translating foreign operations			
Changes taken directly to equity		–34.6	–47.9
Reclassification to income statement		–	3.5
Changes recognized in equity		**–34.6**	**–44.4**
Gains/losses recognized immediately in equity		**–236.2**	**–87.2**[1]
Comprehensive income		**342.8**	**530.8**[1]
of which attributable to Merck KGaA shareholders		333.7	523.2[1]
of which attributable to non-controlling interest		9.1	7.6

[1] Previous year's figures have been adjusted, see Note [5]

Merck
Consolidated Balance Sheet

€ million	Note	Dec. 31, 2012	Dec. 31, 2011	Jan. 1, 2011
Current assets				
Cash and cash equivalents	→ 37	729.7	937.8	943.7
Current financial assets	→ 38	1,797.9	1,117.1	55.6
Trade accounts receivable	→ 39	2,114.6	2,328.3	2,296.3
Inventories	→ 40	1,533.9	1,691.1	1,673.5
Other current assets	→ 41	271.5	252.0[1]	566.5[1]
Tax receivables	→ 42	178.5	72.7	93.7
Assets held for sale		–	–	36.7
		6,626.1	**6,399.0[1]**	**5,666.0[1]**
Non-current assets				
Intangible assets	→ 43	10,944.5	11,764.3	12,484.1
Property, plant and equipment	→ 44	2,953.6	3,113.4	3,241.5
Investments at equity		–	–	5.0
Non-current financial assets	→ 45	97.1	60.3	130.3
Financial assets covering pensions		–	–	216.9
Other non-current assets	→ 41	75.4	54.9	52.9
Deferred tax assets	→ 34	946.6	730.0	592.2[1]
		15,017.2	**15,722.9**	**16,722.9[1]**
Total assets		**21,643.3**	**22,121.9[1]**	**22,388.9[1]**
Current liabilities				
Current financial liabilities	→ 46	1,091.4	1,394.4	356.1
Trade accounts payable	→ 47	1,288.3	1,100.8	1,200.1
Other current liabilities	→ 48	1,096.2	1,102.1	1,054.6
Tax liabilities	→ 49	401.4	399.4	368.4
Current provisions	→ 50	684.3	365.5	374.5
Liabilities directly related to assets held for sale		–	–	5.9
		4,561.6	**4,362.2**	**3,359.6**
Non-current liabilities				
Non-current financial liabilities	→ 46	3,362.1	4,144.9	5,127.4
Other non-current liabilities	→ 48	9.4	43.6	42.9
Non-current provisions	→ 50	891.7	617.0[1]	516.9[1]
Provisions for pensions and other post-employment benefits	→ 51	1,211.7	1,140.3[1]	1,585.0[1]
Deferred tax liabilities	→ 34	1,192.0	1,319.6	1,380.5
		6,666.9	**7,265.4[1]**	**8,652.7[1]**
Equity	→ 52			
Equity capital		565.2	565.2	565.2
Reserves		8,552.3	8,672.6[1]	8,489.0[1]
Gains/losses recognized immediately in equity		1,243.9	1,210.2	1,280.4
Equity attributable to Merck KGaA shareholders		**10,361.4**	**10,448.0[1]**	**10,334.6[1]**
Non-controlling interest		53.4	46.3	42.0
		10,414.8	**10,494.3[1]**	**10,376.6[1]**
Total liabilities and equity		**21,643.3**	**22,121.9[1]**	**22,388.9[1]**

[1] Previous year's figures have been adjusted, see Note [5]

Merck
Consolidated Cash Flow Statement

€ million	Note	2012	2011
Profit after tax		**579.0**	**618.0**[1]
Depreciation / amortization / impairment losses / write-ups		1,396.6	1,597.4
Changes in inventories		140.6	–75.3
Changes in trade accounts receivable		186.2	–3.7
Changes in trade accounts payable		198.8	–119.3
Changes in provisions		378.6	–418.7[1]
Changes in other assets and liabilities		–383.5	–150.0[1]
Neutralization of gain / loss on disposals of assets		–31.6	–208.8
Other non-cash income and expenses		7.5	31.6
Net cash flows from operating activities	→ 55	**2,472.2**	**1,271.2**
Investments in intangible assets		–144.2	–79.7
Investments in property, plant and equipment		–329.1	–366.3
Acquisitions		–20.6	–161.0
Investments in non-current financial assets		–42.4	–10.5
Disposal of non-current assets		93.6	787.4
Purchase / sale of marketable securities		10.4	–4.7
Changes in other financial assets		–725.6	–1,061.2
Net cash flows from investing activities	→ 56	**–1,157.9**	**–896.0**
Dividend payments		–102.6	–86.8
Profit transfers to E. Merck KG and changes in reserves		–304.5	–326.5
Payments from transactions with no change of control		–15.0	–
Changes in liabilities to E. Merck KG		10.6	77.3
Repayment of bonds		–1,000.0	–20.8
New borrowings of other current and non-current financial liabilities		37.5	16.8
Repayments of other current and non-current financial liabilities		–145.4	–44.1
Net cash flows from financing activities	→ 57	**–1,519.4**	**–384.1**
Changes in cash and cash equivalents		**–205.1**	**–8.9**
Changes in cash and cash equivalents due to currency translation		–3.0	1.8
Cash and cash equivalents as of January 1		937.8	943.7
Cash and cash equivalents as of December 31		729.7	936.6
Plus cash and cash equivalents included in assets held for sale		–	1.2
Cash and cash equivalents as of December 31 (consolidated balance sheet)	→ 37	**729.7**	**937.8**

[1] Previous year's figures have been adjusted, see Note [5]

Merck
Consolidated Statement of Changes in Net Equity

For details see Note [52]

	Equity capital			Retained earnings	
€ million	General partner's equity Merck KGaA	Subscribed capital Merck KGaA	Capital reserves (share premium) Merck KGaA	Retained earnings/ Net retained profit	Remeasurement of defined benefit plans
Balance as of January 1, 2011	**397.2**	**168.0**	**3,813.7**	**5,040.9**	**–370.4**
Adjustments to IAS 19	–	–	–	–0.6	5.4
Balance as of January 1, 2011 adjusted	**397.2**	**168.0**	**3,813.7**	**5,040.3**	**–365.0**
Profit after tax [1]	–	–	–	606.5	–
Gains / losses recognized [1] immediately in equity	–	–	–	–	–13.1
Comprehensive income [1]	**–**	**–**	**–**	**606.5**	**–13.1**
Dividend payments	–	–	–	–80.8	–
Profit transfers to / from E. Merck KG including changes in reserves	–	–	–	–326.5	–
Changes in scope of consolidation / Other	–	–	–	–2.4	–0.1
Balance as of December 31, 2011[1]	**397.2**	**168.0**	**3,813.7**	**5,237.1**	**–378.2**
Balance as of January 1, 2012[1]	**397.2**	**168.0**	**3,813.7**	**5,237.1**	**–378.2**
Profit after tax	–	–	–	566.7	–
Gains / losses recognized immediately in equity	–	–	–	–	–266.7
Comprehensive income	**–**	**–**	**–**	**566.7**	**–266.7**
Dividend payments	–	–	–	–96.9	–
Profit transfers to / from E. Merck KG including changes in reserves	–	–	–	–304.5	–
Transactions with no change of control	–	–	–	–15.3	–
Changes in scope of consolidation / Other	–	–	–	–3.2	–0.4
Balance as of December 31, 2012	**397.2**	**168.0**	**3,813.7**	**5,383.9**	**–645.3**

[1] Previous year's figures have been adjusted, see Note [5]

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
–3.1	**–61.1**	**1,344.6**	**10,329.8**	**42.0**	**10,371.8**
–	–	–	4.8	–	4.8
–3.1	**–61.1**	**1,344.6**	**10,334.6**	**42.0**	**10,376.6**
–	–	–	606.5	11.5	618.0
3.9	–33.5	–40.6	–83.3	–3.9	–87.2
3.9	**–33.5**	**–40.6**	**523.2**	**7.6**	**530.8**
–	–	–	–80.8	–6.0	–86.8
–	–	–	–326.5	–	–326.5
–	–	–	–2.5	2.7	0.2
0.8	**–94.6**	**1,304.0**	**10,448.0**	**46.3**	**10,494.3**
0.8	**–94.6**	**1,304.0**	**10,448.0**	**46.3**	**10,494.3**
–	–	–	566.7	12.3	579.0
0.4	65.1	–31.8	–233.0	–3.2	–236.2
0.4	**65.1**	**–31.8**	**333.7**	**9.1**	**342.8**
–	–	–	–96.9	–5.7	–102.6
–	–	–	–304.5	–	–304.5
–	–	–	–15.3	0.3	–15.0
–	–	–	–3.6	3.4	–0.2
1.2	**–29.5**	**1,272.2**	**10,361.4**	**53.4**	**10,414.8**