→ Notes to the Interim Consolidated Financial Statements

Notes to the Interim Consolidated Financial Statements as of September 30, 2012

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 interim financial statements of the Merck Group as of September 30, 2012 comply with IAS 34. They have been prepared in accordance with the International 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, 2011 was selected. With the exception of the changes described in the following, the accounting policies have remained unchanged in comparison with the previous year.

As of fiscal 2012, "Exceptional items" are no longer disclosed in the income statement. The disclosures made under this item in the previous year have been allocated to "Other operating expenses and income" in accordance with their nature. Due to the allocation of exceptional items, the operating result and earnings before interest and tax (EBIT) are now identical.

Moreover, the method used to charge expenses for Group functions to functional expenses has been modified as of fiscal 2012. Whereas in the past, these expenses were also recorded under functional expenses in the income statement, they are now included under administration expenses. The Group functions affected in particular are those that perform legal, financial and organizational tasks to administer the Group. The income statement for 2011 has been adapted for comparability reasons.

In connection with the amended allocation of expenses for Group functions to functional expenses, their allocation to the operating divisions has also been modified within the scope of segment reporting. These expenses are now fully disclosed outside of the operating segments. For comparability reasons, the previous year's figures in the segment report have been adjusted.

In June 2011, the IASB issued amendments to IAS 19 "Employee Benefits," which were adopted by the EU in June 2012. The revised standard is applicable to annual periods beginning on or after January 1, 2013. Merck made use of the possibility to adopt the standard earlier, and has been applying the rules contained in IAS 19 (2011) since January 1, 2012. At Merck, the changes that the amended standard involve relate in particular to expected returns on plan assets, the treatment of past service cost as well as top-up amounts within the context of partial retirement agreements. The new rules are to be applied retroactively. Consequently, the balances brought forward to January 1, 2011, the figures reported in the previous year as well as the balances brought forward to January 1, 2012 have been adjusted and stated on a comparable basis. Owing to the retroactive adjustments made, the opening balances as of January 1, 2011 have changed in the balance sheet as follows: Net defined benefit assets (other current assets) increased by € 1.8 million, provisions for employee benefits (long-term provisions) declined by € 7.3 million, and provisions for pensions and other post-employment benefits increased by € 3.4 million. Taking deferred taxes into consideration, this led overall to an increase of € 4.8 million in stockholders' equity as of January 1, 2011. The adjustment of the income statement reported in the period from January 1 to September 30, 2011 led to an increase of € 3.6 million in expenses and adversely affected the financial result by € 5.7 million. Taking deferred taxes into consideration, this reduced profit after tax by € 8.1 million and earnings per share by € 0.04. Stockholders' equity as of December 31, 2011 increased by a total of € 0.9 million as a result of the adjustments.

The explanations on accounting policies given in the notes to the consolidated financial statements of the Merck Group for 2011 otherwise apply unchanged.

Income tax includes the taxes on taxable profit paid in the individual countries plus changes in deferred taxes that are recognized in income. 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 rule is effective as of fiscal 2012:

- Amendment to IFRS 7 "Financial Instruments: Disclosures"

The new rule does not have any material effects on the interim financial statements.

Scope of consolidation

As of September 30, 2012, 215 (December 31, 2011: 228) companies were fully consolidated. No companies were consolidated either on a pro rata basis or at equity as of the balance sheet date. The following changes have taken place since the beginning of 2012: Merck Financial Trading GmbH, Darmstadt, which was established in 2011, was consolidated for the first time. A total of 14 companies are no longer consolidated due to ten liquidations and four mergers.

Other operating expenses and income

The item "Other operating expenses and income" in the income statement for the period from January 1 to September 30, 2012 shows an expense balance of € 878.4 million (year-earlier period: € 301.5 million expense balance). The sharp increase over the previous year was due mainly to one-time items. Whereas in the first nine months of 2011 one-time items totaling € –60.8 million were reported, the period from January 1 to September 30, 2012 included one-time items of € –527.9 million. More information on the presentation of one-time items can be found on pages 36 and 37.

Amortization of intangible assets

The decline in amortization of intangible assets in the period from January 1 to September 30, 2012 to € 651.8 million (year-earlier period: € 780.1 million) is due to the fact that in 2011, impairment losses of € 157.9 million classified as one-time items were disclosed under this item. In the first nine months of 2012, "Amortization of intangible assets" does not include any impairment losses. More information on the presentation of one-time items can be found on pages 36 and 37.

Trade accounts receivable

In the period from January 1 to September 30, 2012, trade receivables in Italy and Spain with a nominal value of € 226.2 million were sold for € 216.7 million. In this connection, allowances of € 9.1 million were reversed and disclosed under other operating income. The sold receivables do not involve any further rights of recovery vis-à-vis Merck.

New variable, long-term compensation plan

As of fiscal 2012, the previous long-term variable compensation plan (Merck Long-Term Incentive Plan) was replaced by a new long-term variable compensation plan linked to the Merck KGaA share price.

Under the new Merck Long-Term Incentive Plan, eligible executives and employees could be entitled to a certain number of Merck Share Units (MSUs) at the end of a three-year performance period. Following the expiration of the three-year performance period, the eligible individuals will be granted between 0% and 150% of the MSU entitlement depending on the development of two key performance indicators (KPIs):

a) the relative performance of the Merck share price compared to the performance of the DAX® with a weighting of 70%, and
b) the development of the EBITDA margin, adjusted for one-time items, during the performance period as a proportion of a defined target value with a weighting of 30%.

The eligible individuals receive a cash payment based on the number of MSUs granted. The value of an MSU corresponds to the average closing price of Merck shares in Xetra trading during the last 60 trading days prior to January 1 after the performance period.

The fair value of the liability for the new long-term, variable compensation plan has been disclosed under provisions for employee benefits on a pro rata basis for the vesting period already completed. The resulting expense for the period from January 1 to September 30, 2012 amounting to € 11.2 million has been recognized in the income statement.

→ Notes to the Interim Consolidated Financial Statements

Segment Reporting

Information by division

€ million	Merck Serono Q3 2012	Q3 2011*	Jan.–Sept. 2012	Jan.–Sept. 2011*
Sales	1,510.6	1,374.9	4,474.3	4,115.3
Royalty, license and commission income	112.4	93.9	292.7	260.6
Total revenues	**1,623.0**	**1,468.8**	**4,767.0**	**4,375.9**
Gross profit	1,335.1	1,226.0	3,890.6	3,636.1
Marketing and selling expenses	–339.0	–343.2	–1,030.0	–1,060.5
Royalty, license and commission expenses	–156.6	–128.2	–419.9	–347.4
Administration expenses	–67.0	–64.1	–191.3	–189.8
Other operating expenses and income	–177.6	–52.1	–540.7	–317.1
Research and development	–287.3	–296.9	–916.0	–903.4
Operating result (EBIT)	**142.7**	**177.6**	**298.4**	**192.3**
Depreciation and amortization	219.8	213.6	663.6	624.5
Impairment losses	10.5	3.5	42.8	320.1
Other	–	–1.9	–	–2.2
EBITDA	**373.1**	**392.8**	**1,004.8**	**1,134.7**
One-time items	83.1	–	284.3	25.9
EBITDA pre one-time items (Segment result)	**456.1**	**392.8**	**1,289.1**	**1,160.7**
EBITDA margin pre one-time items (in % of sales)	30.2	28.6	28.8	28.2
Net operating assets**	–	–	8,201.1	9,207.3
Segment liabilities**	–	–	–1,395.5	–1,163.5
Capital spending on property, plant and equipment	27.0	44.3	84.1	140.3
Investments in intangible assets	24.7	5.7	64.0	17.3
Net cash flows from operating activities	664.4	423.8	1,754.2	911.7
Net cash flows from investing activities	–48.6	–38.8	–112.5	172.7
Free cash flow	615.8	384.9	1,641.7	1,084.4
Free cash flow margin (in % of sales)	40.8	28.0	36.7	26.4

*Previous year's figures have been adjusted, see explanations on page 27.
**Reporting period ending on September 30, 2012, previous year's figures as of December 31, 2011.

→ Notes to the Interim Consolidated Financial Statements

Segment Reporting

Information by division

€ million	Consumer Health Q3 2012	Q3 2011*	Jan.–Sept. 2012	Jan.–Sept. 2011*
Sales	122.4	132.5	351.1	366.4
Royalty, license and commission income	0.8	0.3	1.6	1.3
Total revenues	**123.2**	**132.8**	**352.7**	**367.7**
Gross profit	82.4	90.8	237.1	252.6
Marketing and selling expenses	–52.6	–56.8	–159.4	–174.2
Royalty, license and commission expenses	–0.2	–1.4	–0.4	–2.1
Administration expenses	–5.9	–5.6	–17.5	–17.4
Other operating expenses and income	–10.6	–3.2	–20.7	–5.1
Research and development	–4.5	–5.8	–13.9	–16.4
Operating result (EBIT)	**7.4**	**16.9**	**21.9**	**34.3**
Depreciation and amortization	2.9	2.7	8.8	8.0
Impairment losses	–	–0.1	–	0.8
Other	–	–0.8	–	–0.7
EBITDA	**10.3**	**18.8**	**30.7**	**42.4**
One-time items	8.1	–	14.0	–
EBITDA pre one-time items (Segment result)	**18.4**	**18.8**	**44.7**	**42.4**
EBITDA margin pre one-time items (in % of sales)	15.0	14.2	12.7	11.6
Net operating assets**	–	–	319.9	321.1
Segment liabilities**	–	–	–71.2	–80.7
Capital spending on property, plant and equipment	0.7	1.1	1.7	3.0
Investments in intangible assets	0.1	0.2	0.2	5.9
Net cash flows from operating activities	20.4	5.6	35.9	22.8
Net cash flows from investing activities	–0.5	–1.3	–0.3	–8.4
Free cash flow	20.0	4.2	35.6	14.4
Free cash flow margin (in % of sales)	16.3	3.2	10.1	3.9

*Previous year's figures have been adjusted, see explanations on page 27.
**Reporting period ending on September 30, 2012, previous year's figures as of December 31, 2011.

→ *Notes to the Interim Consolidated Financial Statements*

Segment Reporting

Information by division

	Performance Materials			
€ million	Q3 2012	Q3 2011*	Jan.–Sept. 2012	Jan.–Sept. 2011*
Sales	446.0	340.1	1,258.6	1,121.5
Royalty, license and commission income	0.6	1.5	0.9	2.3
Total revenues	**446.7**	**341.7**	**1,259.5**	**1,123.8**
Gross profit	257.5	196.1	715.3	659.7
Marketing and selling expenses	–38.1	–33.0	–106.4	–99.0
Royalty, license and commission expenses	–1.0	–0.6	–1.8	–3.5
Administration expenses	–9.4	–8.2	–27.0	–24.7
Other operating expenses and income	–12.5	–4.8	–8.6	127.6
Research and development	–35.0	–33.9	–102.3	–99.7
Operating result (EBIT)	**161.2**	**115.0**	**467.9**	**549.8**
Depreciation and amortization	26.6	25.2	83.9	77.1
Impairment losses	4.2	–	4.2	9.4
Other	–	0.1	–	–
EBITDA	**191.9**	**140.3**	**556.0**	**636.3**
One-time items	2.9	0.1	–11.2	–118.6
EBITDA pre one-time items (Segment result)	**194.8**	**140.4**	**544.8**	**517.7**
EBITDA margin pre one-time items (in % of sales)	43.7	41.3	43.3	46.2
Net operating assets**	–	–	1,227.2	1,331.0
Segment liabilities**	–	–	–138.5	–131.7
Capital spending on property, plant and equipment	12.8	18.0	33.0	43.8
Investments in intangible assets	26.6	–	27.2	1.3
Net cash flows from operating activities	293.3	173.6	631.7	461.8
Net cash flows from investing activities	–21.8	–17.8	–28.3	150.7
Free cash flow	271.5	155.7	603.4	612.4
Free cash flow margin (in % of sales)	60.9	45.8	47.9	54.6

*Previous year's figures have been adjusted, see explanations on page 27.
**Reporting period ending on September 30, 2012, previous year's figures as of December 31, 2011.

→ Notes to the Interim Consolidated Financial Statements

Segment Reporting

Information by division

€ million	Merck Millipore Q3 2012	Q3 2011*	Jan.–Sept. 2012	Jan.–Sept. 2011*
Sales	642.7	586.7	1,944.7	1,778.2
Royalty, license and commission income	5.5	1.6	14.2	5.1
Total revenues	**648.2**	**588.3**	**1,958.9**	**1,783.2**
Gross profit	379.2	340.8	1,154.0	1,027.9
Marketing and selling expenses	–166.2	–150.3	–502.1	–442.6
Royalty, license and commission expenses	–3.7	–3.7	–11.2	–10.7
Administration expenses	–28.7	–26.2	–86.9	–78.7
Other operating expenses and income	–22.1	–24.0	–71.2	–80.2
Research and development	–42.8	–33.4	–122.2	–97.5
Operating result (EBIT)	**63.8**	**55.5**	**207.4**	**178.1**
Depreciation and amortization	76.5	70.1	228.0	210.7
Impairment losses	–	–	–	2.0
Other	–	0.9	–	1.0
EBITDA	**140.3**	**126.5**	**435.4**	**391.8**
One-time items	7.5	5.9	21.7	27.7
EBITDA pre one-time items (Segment result)	**147.7**	**132.4**	**457.1**	**419.4**
EBITDA margin pre one-time items (in % of sales)	23.0	22.6	23.5	23.6
Net operating assets**	–	–	6,475.3	6,608.6
Segment liabilities**	–	–	–372.7	–335.4
Capital spending on property, plant and equipment	22.7	22.2	58.4	64.4
Investments in intangible assets	1.3	5.4	6.8	8.1
Net cash flows from operating activities	179.9	129.3	437.9	289.8
Net cash flows from investing activities	–21.7	–100.4	–64.1	–146.0
Free cash flow	158.2	28.9	373.8	143.9
Free cash flow margin (in % of sales)	24.6	4.9	19.2	8.1

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Segment Reporting

Information by division

	Corporate and Other			
€ million	Q3 2012	Q3 2011*	Jan.–Sept. 2012	Jan.–Sept. 2011*
Sales	–	–	–	–
Royalty, license and commission income	–	–	–	–
Total revenues	**–**	**–**	**–**	**–**
Gross profit	–0.7	–1.2	–3.1	–3.6
Marketing and selling expenses	–2.1	–1.3	–4.0	–2.1
Royalty, license and commission expenses	–	–	0.1	–
Administration expenses	–30.7	–28.5	–98.0	–86.4
Other operating expenses and income	–22.4	–2.1	–237.1	–26.8
Research and development	–1.1	–0.1	–2.1	–0.4
Operating result (EBIT)	**–56.9**	**–33.2**	**–343.7**	**–118.1**
Depreciation and amortization	2.0	1.2	5.7	3.8
Impairment losses	0.4	–	0.4	0.4
Other	–	–0.1	–	–0.5
EBITDA	**–54.6**	**–32.1**	**–337.6**	**–114.4**
One-time items	–8.3	0.2	177.0	17.5
EBITDA pre one-time items (Segment result)	**–62.9**	**–31.9**	**–160.6**	**–96.9**
EBITDA margin pre one-time items (in % of sales)	–	–	–	–
Net operating assets**	–	–	21.6	–1.3
Segment liabilities**	–	–	–37.9	–22.8
Capital spending on property, plant and equipment	1.1	–0.3	3.9	0.2
Investments in intangible assets	2.8	–0.3	6.8	3.3
Net cash flows from operating activities	–249.9	–92.6	–785.9	–469.5
Net cash flows from investing activities	–303.9	–650.1	–379.2	–917.6
Free cash flow	–250.7	–92.3	–794.3	–475.1
Free cash flow margin (in % of sales)	–	–	–	–

*Previous year's figures have been adjusted, see explanations on page 27.

**Reporting period ending on September 30, 2012, previous year's figures as of December 31, 2011.

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Segment Reporting

Information by division

€ million	Group			
	Q3 2012	Q3 2011*	Jan.–Sept. 2012	Jan.–Sept. 2011*
Sales	2,721.7	2,434.3	8,028.7	7,381.4
Royalty, license and commission income	119.4	97.3	309.4	269.3
Total revenues	**2,841.0**	**2,531.6**	**8,338.1**	**7,650.7**
Gross profit	2,053.4	1,852.5	5,994.0	5,572.8
Marketing and selling expenses	–598.0	–584.6	–1,801.8	–1,778.5
Royalty, license and commission expenses	–161.6	–133.9	–433.4	–363.7
Administration expenses	–141.6	–132.6	–420.6	–397.1
Other operating expenses and income	–245.1	–86.3	–878.4	–301.5
Research and development	–370.8	–370.2	–1,156.5	–1,117.3
Operating result (EBIT)	**318.1**	**331.8**	**651.9**	**836.4**
Depreciation and amortization	327.8	312.7	990.1	924.1
Impairment losses	15.1	3.5	47.4	332.8
Other	–	–1.7	–	–2.5
EBITDA	**661.0**	**646.3**	**1,689.4**	**2,090.8**
One-time items	93.2	6.2	485.7	–47.6
EBITDA pre one-time items (Segment result)	**754.2**	**652.5**	**2,175.1**	**2,043.2**
EBITDA margin pre one-time items (in % of sales)	27.7	26.8	27.1	27.7
Net operating assets**	–	–	16,245.2	17,466.6
Segment liabilities**	–	–	–2,015.9	–1,734.3
Capital spending on property, plant and equipment	64.3	85.2	181.1	251.7
Investments in intangible assets	55.5	10.9	105.0	35.8
Net cash flows from operating activities	908.2	639.6	2,073.9	1,216.7
Net cash flows from investing activities	–396.5	–808.4	–584.4	–748.6
Free cash flow	814.8	481.5	1,860.2	1,380.1
Free cash flow margin (in % of sales)	29.9	19.8	23.2	18.7

*Previous year's figures have been adjusted, see explanations on page 27.
**Reporting period ending on September 30, 2012, previous year's figures as of December 31, 2011.

The segment report presents the earnings, financial and asset figures as well as other key figures by operating segment. Segmentation was performed in accordance with the internal organization and reporting structure of the Merck Group. The operating segments are described in detail in the sections about the divisions in the interim management report. "Corporate and Other" includes assets and liabilities as well as income and expenses that cannot be directly allocated to the reportable segments presented. These mainly relate to Group functions. The cash flow related to the financial result and income taxes are also presented under Corporate and Other. We determine the transfer prices of intragroup transactions in accordance with market values. There were no significant transactions between the business segments.

Apart from total revenues, the main indicator used to measure the success of a segment is EBITDA pre, i.e. EBITDA before one-time items (segment result). The reconciliation of EBITDA pre of all operating businesses to profit before income tax of the Merck Group is as follows:

€ million	Q3 2012	Q3 2011*	Jan.–Sept. 2012	Jan.–Sept. 2011*
Total EBITDA pre one-time items for the operating businesses	**817.1**	**684.4**	**2,335.7**	**2,140.1**
Corporate and Other	–62.9	–31.9	–160.6	–96.9
EBITDA pre one-time items Merck Group	**754.2**	**652.5**	**2,175.1**	**2,043.2**
Depreciation and amortization / impairment losses / other	–342.9	–314.5	–1,037.4	–1,254.4
One-time items	–93.2	–6.2	–485.7	47.6
Operating result (EBIT)	**318.1**	**331.8**	**651.9**	**836.4**
Financial result	–58.2	–72.4	–193.9	–219.0
Profit before income tax	**260.0**	**259.4**	**458.0**	**617.5**

*Previous year's figures have been adjusted, see explanations on page 27.

One-time items are as follows:

€ million	Q3 2012	Q3 2011	Jan.–Sept. 2012	Jan.–Sept. 2011
Integration/IT-related costs	–6.9	–5.9	–23.4	–26.8
Restructuring costs	–42.8	–	–408.6	–
Gains/losses from discontinued businesses	–43.5	–0.3	–53.7	146.6
Acquisition costs	–	–	–	–
Other one-time items	–	–	–	–72.2
One-time items excluding impairment losses	**–93.2**	**–6.2**	**–485.7**	**47.6**
Impairment losses	–11.1	–	–42.2	–318.5
One-time items (Total)	**–104.3**	**–6.2**	**–527.9**	**–271.0**

The restructuring costs incurred in the period from January 1 to September 30, 2012 amounting to € 408.6 million are directly related to the announced efficiency improvement and cost reduction program. The aim of the associated measures is to increase the competitiveness of Merck, especially by optimizing cost structures in all divisions and regions. The recognized restructuring charges largely relate to personnel measures, for instance the transfer and elimination of positions in order to create a leaner and more agile organization. This led to a corresponding change in provisions for restructuring, and was thus one of the main reasons for the increase in short- and long-term provisions disclosed in the balance sheet as of September 30, 2012. In addition, within the scope of the efficiency improvement and cost reduction program, asset impairments of € 23.0 million were recorded. Consequently, restructuring measures resulted in expenses totaling € 431.6 million. The reported gains and losses from discontinued businesses totaling € –53.7 million relate mainly to subsequent expenses in connection with the divestment of the Generics business in 2007. The year-earlier period mainly includes the gain on the divestment of the Crop BioScience business.

Other one-time items in the year-earlier period consist of inventory adjustments amounting to € 52.2 million as well as expenses of € 20.0 million in connection with the discontinued development of cladribine.

Impairment losses in the previous year in the amount of € 160.7 million related to the Large-Scale-Biotech production plant (LSB) at the Merck Serono Biotech Center in Switzerland, the add-on therapy for Parkinson's disease safinamide (€ 63.4 million), the reassessment of the business potential of cladribine tablets (€ 50.4 million), the discontinued development of IMO-2055, a candidate for cancer treatment (€ 35.4 million), as well as patents in the Performance Materials division (€ 8.6 million).

One-time items are in principle disclosed under "Other operating expenses and income." In the previous year, individual items were also disclosed in other lines of the income statement: The impairment losses for safinamide (€ 63.4 million), cladribine (€ 50.4 million), IMO-2055 (€ 35.4 million) and patents in the Performance Materials division (€ 8.6 million) were disclosed under "Amortization of intangible assets". The inventory adjustments of € 52.2 million made in the previous year were allocated to cost of sales.

The reconciliation of operating assets in the segment report is as follows:

€ million	Sept. 30, 2012	Dec. 31, 2011*
Assets	22,273.1	22,121.9
Monetary assets (cash and cash equivalents, loans, securities)	–3,001.2	–2,082.7
Non-operating receivables, income tax receivables, deferred taxes and net defined benefit assets	–1,010.9	–838.3
Operating assets (gross)	**18,261.1**	**19,200.9**
Trade accounts payable	–1,297.9	–1,100.8
Other operating liabilities	–718.0	–633.5
Segment liabilities	**–2,015.9**	**–1,734.3**
Operating assets (net)	**16,245.2**	**17,466.6**

*Previous year's figures have been adjusted, see explanations on page 27.

Notes to the cash flow statement

In the nine-month period from January to September 2012, the net balance of interest paid and interest received resulted in a cash outflow of € 193.1 million (year-earlier period: € 144.7 million).

The bond repaid in the reporting period was issued by Merck Financial Services GmbH, Germany. It had a nominal volume of € 500 million and matured in March 2012.

→ Notes to the Interim Consolidated Financial Statements

Free cash flow resulted as follows:

€ million	Jan.–Sept. 2012	Jan.–Sept. 2011
Net cash flows from operating activities	**2,073.9**	**1,216.7**
Purchase of intangible assets	–88.0	–35.8
Purchase of property, plant and equipment	–181.1	–246.0
Acquisitions	–4.1	–84.3
Investments in financial assets	–14.6	–6.5
Disposal of non-current assets	63.6	557.3
Purchase/sale of marketable securities	10.5	–21.3
Free cash flow	**1,860.2**	**1,380.1**

Earnings per share

Basic earnings per share equal profit after tax attributable to Merck KGaA shareholders divided by the weighted average number of outstanding theoretical shares. 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. The share capital of € 168.0 million is divided into 64,621,126 shares. The general partner's capital amounts to € 397.2 million or 152,767,813 theoretical shares. This results in a total of € 565.2 million or 217,388,939 outstanding theoretical shares.

	Q3 2012	Q3 2011*	Jan.–Sept. 2012	Jan.–Sept. 2011*
Profit after tax attributable to Merck KGaA shareholders (net income) (€ million)	185.5	223.9	294.9	473.6
Weighted average number of theoretical shares outstanding (in millions)	217.4	217.4	217.4	217.4
Basic earnings per share (€)	**0.85**	**1.03**	**1.36**	**2.18**

*Previous year's figures have been adjusted, see explanations on page 27.

As of September 30, 2012, there were no potentially dilutive shares. Diluted earnings per share corresponded to basic earnings per share.

Related-party disclosures

As of September 30, 2012, there were liabilities by Merck Financial Services GmbH, Merck & Cie, Switzerland, and Merck KGaA to E. Merck KG in the amount of € 371.6 million. Additionally, as of September 30, 2012, Merck KGaA had receivables from E. Merck Beteiligungen KG totaling € 3.1 million. The balances resulted 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 liabilities of € 283.5 million, which were subject to standard market interest rates.

From January to September 2012, Merck KGaA performed services for E. Merck KG with a value of € 0.8 million, for E. Merck Beteiligungen KG with a value of € 0.3 million and for Emanuel-Merck-Vermögens-KG with a value of € 0.2 million. During the same period, E. Merck KG performed services for Merck KGaA with a value of € 0.5 million.

Subsequent events

Subsequent to the balance sheet date, no further events of special importance occurred that could have a material impact on the financial position and results of operations of the Merck Group.