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## **Merck Life Science A/S (former Millipore A/S)**

**CVR no. 73 13 15 10**

### **Annual report for 2014**

The annual report was presented and  
approved at the annual general meeting  
of the Company on 29 May 2015

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Susanne Krogh  
Chairman

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## Management's statement on the annual report

The Executive and the Board of Directors have today discussed and approved the annual report of Merck Life Science A/S (former Millipore A/S) for the financial year 1 January - 31 December 2014.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2014 and of the result of the Company's operations for the year 1 January - 31 December 2014.

In our opinion, the Management's review includes a fair review of the development in the Company's operations and financial conditions, the result for the year and the financial position.

We recommend that the annual report will be approved at the annual general meeting.


Copenhagen, 29 May 2015


### Executive Board

  
Hans Christopher Elers Koch

### Board of Directors

  
Sven Håkan Englund

  
Hans Christopher Elers Koch

  
Jeanette Sandholmen

## **Independent auditor's report**

**To the Shareholder of Merck Life Science A/S (former Millipore A/S)**

### **Report on the financial statements**

We have audited the financial statements of Merck Life Science A/S (former Millipore A/S) for the financial year 1 January - 31 December 2014. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2014 and of the results of the Company's operations for the financial year 1 January - 31 December 2014 in accordance with the Danish Financial Statements Act.

## **Independent auditor's report**

### **Report on other legal and regulatory requirements**

#### **Emphasis of matter regarding other matters**

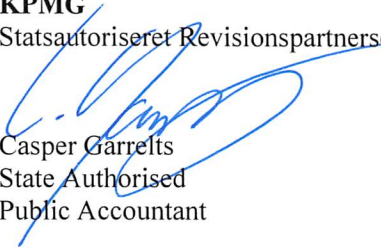
Without modifying our opinion, we draw attention to the fact that the Company does not comply with the requirements of the Danish Bookkeeping Act on preservation of accounting records.

#### **Statement on the Management's review**

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 29 May 2015

**KPMG**  
Statsautoriseret Revisionspartnerselskab



Casper Garrelts  
State Authorised  
Public Accountant

## Management's review

### Company details

#### The Company

Merck Life Science A/S (former Millipore A/S)  
Strandvejen 102 E  
DK-2900 Hellerup

Telephone: +45 70 10 56 45

Website: [www.millipore.com](http://www.millipore.com)

CVR no.: 73 13 15 10

Financial period: 1 January - 31 December

Established: 31 December 1982

Registered. office: Copenhagen

#### Board of Directors

Sven Håkan Englund  
Hans Christopher Elers Koch  
Jeanette Sandholmen

#### Executive Board

Hans Christopher Elers Koch

#### Auditors

KPMG  
Statsautoriseret Revisionspartnerselskab  
Amerika Plads 38  
2100 Copenhagen

#### General meeting

The annual general meeting is held on 29 May 2015 at the Company's address.

## Management's review

### Principal activities of the Company

Merck Life Science is divided into the following business units:

- The products and services portfolio of the Bioscience business units consists of protein research assays and reagents, cell culture solutions and drug discovery services for biopharmaceutical companies.
- The Lab Solutions business unit offers a comprehensive range of products (including chemicals, water purification products and bio-monitoring tools) used in research, quality, analytical and clinical laboratories.
- The Process Solutions business unit offers a variety of products and services used in biotech, pharmaceutical and food and beverage production.

The Company is part of the Merck group. The ultimate parent is E. Merck KG., a German partnership company. E. Merck KG holds approximately 70% of the entire capital of Merck KGaA ("Merck "). whose principal place of business is in Darmstadt (Germany) and has a shareholders' equity at 31 December 2014 of EUR 11,801 million and a share capital of EUR 565 million. The remaining approximately 30% of the capital of Merck is split into publicly-traded shares.

Merck Life Science A/S is part of the Merck group being a wholly-owned subsidiary of Merck Chemicals B.V., based in Amsterdam (Netherlands).

### Profit/loss for the year

The Company's results and financial development are considered satisfactory.

### Outlook

The Company expects revenue and results in 2015 at the 2014 level.

### Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

## **Financial statements 1 January - 31 December**

### **Accounting policies**

The annual report of Merck Life Science A/S (former Millipore A/S) for 2014 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

### **Income statement**

#### **Gross profit**

The Company uses the regulations in the Danish Financial Statements Act section 32, after which the company's revenue is not stated.

Gross profit comprise revenue, cost of sales and other external costs.

#### **Revenue**

Income from the sale of goods for resale is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place and that the income may be reliably measured and is expected to be received. Revenue is measured excluding VAT and taxes charged on behalf of third parties.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

#### **Cost of sales**

Cost of sales comprises costs of goods sold associated to the invoiced revenue.

#### **Other external expenses**

Other external expenses comprise expenses incurred for travelling, administration and other external expenses.

#### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

#### **Financial income and expenses**

Interest income and interest expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme. etc.

## **Financial statements 1 January - 31 December**

### **Accounting policies**

#### **Tax on profit for the year**

The corporation tax charge represents tax relating to the profit for the year. This comprises current tax on the taxable income for the year and adjustments in respect of deferred tax.

Current tax is computed at the tax rate for the year of the taxable income for the year. The Company is taxed under the on-account tax scheme.

### **Balance sheet**

#### **Inventories**

Inventories are measured at cost in accordance with the FIFO method. Inventories are written down to the lower of net realisable value and cost.

Goods for resale and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

#### **Receivables**

Receivables are measured at amortised cost. Provision is made for anticipated losses at net realisable value.

#### **Liabilities other than provisions**

Financial liabilities are measured at amortised cost. Other liabilities are measured at net realisable value.

#### **Equity - dividends**

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

#### **Corporation tax and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

## **Financial statements 1 January - 31 December**

### **Accounting policies**

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement and in equity, respectively.

### **Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

## Financial statements 1 January - 31 December

### Income statement

	Note	2014 DKK'000	2013 DKK'000
<b>Gross profit</b>		<b>10,213</b>	<b>12,295</b>
Staff costs	1	-6,902	-5,675
<b>Profit before financial income and expenses</b>		<b>3,311</b>	<b>6,620</b>
Financial expenses	2	-21	-126
<b>Profit before tax</b>		<b>3,290</b>	<b>6,494</b>
Tax on profit for the year	3	-1,179	-1,619
<b>Profit</b>		<b><u>2,111</u></b>	<b><u>4,875</u></b>
Retained earnings		2,111	4,875
		<b><u>2,111</u></b>	<b><u>4,875</u></b>

## Financial statements 1 January - 31 December

### Balance sheet

	Note	2014 DKK'000	2013 DKK'000
<b>Assets</b>			
Finished goods		1,702	1,698
<b>Inventories</b>		<b>1,702</b>	<b>1,698</b>
Trade receivables		25,693	16,176
Receivables from subsidiaries		10	3,674
Deferred tax asset	5	19	12
Prepayments		21	32
<b>Receivables</b>		<b>25,743</b>	<b>19,894</b>
<b>Total current assets</b>		<b>27,445</b>	<b>21,592</b>
<b>Total assets</b>		<b>27,445</b>	<b>21,592</b>

## Financial statements 1 January - 31 December

### Balance sheet

	Note	2014 DKK'000	2013 DKK'000
<b>Equity and liabilities</b>			
Share capital		2,000	2,000
Retained earnings		14,458	12,347
<b>Total equity</b>	4	<b>16,458</b>	<b>14,347</b>
Prepayments received from customers		515	1,499
Trade payables		0	335
Payables to subsidiaries		3,843	0
Corporation tax		564	1,111
Other payables		6,065	4,300
<b>Current liabilities other than provisions</b>		<b>10,987</b>	<b>7,245</b>
<b>Total liabilities other than provisions</b>		<b>10,987</b>	<b>7,245</b>
<b>Total equity and liabilities</b>		<b>27,445</b>	<b>21,592</b>
Contingent liabilities and other financial obligations	6		
Related parties and ownership	7		



## Financial statements 1 January - 31 December

### Notes

#### 4 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2014	2,000	12,347	14,347
Net profit for the year	0	2,111	2,111
<b>Equity at 31 December 2014</b>	<b><u>2,000</u></b>	<b><u>14,458</u></b>	<b><u>16,458</u></b>

The share capital consists of two shares of a nominal value of DKK 1,000,000. No shares carry any special rights.

There have been no changes in the share capital during the last five years.

## Financial statements 1 January - 31 December

### Notes

#### 5 Deferred tax asset

Deferred tax 1 January	12	25
Adjustment of deferred tax	7	-13
<b>Deferred tax 31 December</b>	<b>19</b>	<b>12</b>

#### 6 Contingent liabilities and other financial obligations

##### Operating leases

The Company has entered into leases on cars. The remaining term of the leases is 11-31 months with total remaining lease payment amounting to DKK 991 thousand (2013: DKK 1,452 thousand).

#### 7 Related parties and ownership

Merck Life Science A/S' related parties comprise the following:

##### Controlling interest

The Company is a part of the Merck group. The ultimate parent is E. Merck KG., a German partnership company. E. Merck KG holds approximately 70% of the entire capital of Merck KGaA ("Merck"), whose principal place of business is in Darmstadt (Germany). The remaining approximately 30% of the capital of Merck is split into publicly-traded shares.

##### Ownership

The following shareholders are recorded in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum 5% of the share capital:

Merck Chemicals B.V., Netherlands