

Consolidated financial statements subindex

80 Consolidated statement of income	84 Group segment report by business sector
81 Consolidated balance sheet	85 Group segment report by region
82 Consolidated cash flow statement	86 Consolidated changes in intangible assets, property, plant and equipment and financial assets
83 Statement of comprehensive income	87 Accounting principles and methods applied in preparation of the consolidated financial statements
83 Statement of changes in equity	91 Notes to the consolidated statement of income
	95 Notes to the consolidated balance sheet
	119 Supplementary information on the consolidated statement of income/balance sheet
	130 Recommendation for the approval of the annual financial statements and the appropriation of the profit of Henkel AG & Co. KGaA
	131 Annual financial statements of Henkel AG & Co. KGaA (summarized)
	132 Auditor's report
	133 Responsibility statement
	134 Corporate management of Henkel AG & Co. KGaA

Consolidated statement of income

in million euros	Note	2008	%	2009	%	Change
Sales	1	14,131	100.0	13,573	100.0	-3.9 %
Cost of sales ¹⁾	2	-8,190	-58.0	-7,411	-54.6	-9.5 %
Gross profit		5,941	42.0	6,162	45.4	3.7 %
Marketing, selling and distribution expenses ¹⁾	3	-3,993	-28.3	-3,926	-28.9	-1.7 %
Research and development expenses ¹⁾	4	-429	-3.0	-396	-2.9	-7.7 %
Administrative expenses ¹⁾	5	-825	-5.8	-735	-5.4	-10.9 %
Other operating income	6	160	1.1	140	1.0	-12.5 %
Other operating charges	7	-75	-0.5	-165	-1.2	>100.0 %
Operating profit (EBIT)		779	5.5	1,080	8.0	38.6 %
Investment result		1,123	7.9	-4	0.0	>100.0 %
Net interest		-275	-1.9	-191	-1.4	-30.5 %
Financial result	8	848	6.0	-195	-1.4	>100.0 %
Earnings before tax		1,627	11.5	885	6.6	-45.6 %
Taxes on income	9	-394	-2.8	-257	-1.9	-34.8 %
Net earnings		1,233	8.7	628	4.7	-49.1 %
– Attributable to minority shareholders	10	12	0.1	26	0.2	>100.0 %
– Attributable to shareholders of Henkel AG & Co. KGaA		1,221	8.6	602	4.5	-50.7 %

¹⁾ Restructuring charges in 2009: 159 million euros (2008: 663 million euros), of which 70 million euros (2008: 373 million euros) cost of sales, 52 million euros (2008: 111 million euros) marketing, selling and distribution expenses, 13 million euros (2008: 52 million euros) research and development expenses, 24 million euros (2008: 127 million euros) administrative expenses

Earnings per share (basic)

in euros	Note	2008	2009	Change
Ordinary shares	46	2.81	1.38	-50.9 %
Non-voting preferred shares	46	2.83	1.40	-50.5 %

Earnings per share (diluted)

in euros	Note	2008	2009	Change
Ordinary shares	46	2.79	1.38	-50.5 %
Non-voting preferred shares	46	2.81	1.40	-50.1 %

Additional voluntary information

in million euros	2008	2009	
EBIT (as reported)	779	1,080	
One-time gains	-30	-9	
One-time charges ¹⁾	48	134	
Restructuring charges ²⁾	663	159	
Adjusted EBIT	1,460³⁾	1,364	
Adjusted return on sales	in %	10.3	10.0
Gain from sale of investment in Ecolab Inc.	1,042	-	
Adjusted financial result	-194	-195	
Adjusted net earnings after minority interests	945	822	
Adjusted earnings per preferred share	in euros	2.19³⁾	1.91

¹⁾ 2009 figure includes 8 million euros (2008: 36 million euros) in charges from the integration of the National Starch businesses

²⁾ 2009 figure includes 0 million euros from "Global Excellence" (2008: 504 million euros), 44 million euros from the integration of the National Starch businesses (2008: 142 million euros), 59 million euros from the reorganization of the Adhesive Technologies businesses in Europe (2008: 0 million euros) and 56 million euros from ordinary activities (2008: 17 million euros)

³⁾ Adjusted EBIT 1,495 million euros and adjusted earnings per preferred share 2.26 euros, both before amortization of intangible assets from the acquisition of the National Starch businesses

Consolidated balance sheet

Assets

in million euros	Note	2008 ¹⁾	%	2009	%
Intangible assets	11	8,491	52.5	8,218	52.0
Property, plant and equipment	12	2,361	14.6	2,248	14.2
Financial assets	13	24	0.1	20	0.1
Other financial assets	14	172	1.1	340	2.2
Income tax refund claims		3	–	2	–
Other non-current assets	15	4	–	12	0.1
Deferred taxes	16	305	1.9	322	2.0
Non-current assets		11,360	70.2	11,162	70.6
Inventories	17	1,482	9.2	1,218	7.7
Trade accounts receivable	18	1,847	11.4	1,721	10.9
Other financial assets	19	575	3.6	214	1.3
Other current assets	20	256	1.6	224	1.4
Income tax refund claims		202	1.2	139	0.9
Liquid funds/Marketable securities	21	338	2.1	1,110	7.0
Assets held for sale	22	113	0.7	30	0.2
Current assets		4,813	29.8	4,656	29.4
Total assets		16,173	100.0	15,818	100.0

¹⁾ Adjusted following finalization of purchase price allocation relating to the acquisition of the National Starch businesses, see [AR](#) page 87 et seq.

Shareholders' equity and liabilities

in million euros	Note	2008 ¹⁾	%	2009	%
Subscribed capital	23	438	2.7	438	2.8
Capital reserve	24	652	4.0	652	4.1
Retained earnings	25	6,805	42.0	6,908	43.7
Gains and losses recognized in equity	26	–1,411	–8.7	–1,524	–9.6
Equity excluding minority interests		6,484	40.0	6,474	41.0
Minority interests	27	51	0.3	70	0.4
Equity including minority interests		6,535	40.3	6,544	41.4
Pensions and similar obligations	28	833	5.2	867	5.5
Long-term income tax provisions	29	177	1.1	152	1.0
Other long-term provisions	29	336	2.1	241	1.5
Long-term borrowings	30	2,402	14.9	3,426	21.7
Non-current financial liabilities	31	77	0.5	88	0.5
Other non-current liabilities	32	9	0.1	20	0.1
Deferred taxes	33	413	2.5	367	2.3
Non-current liabilities		4,247	26.4	5,161	32.6
Current income tax provisions	34	343	2.1	224	1.4
Other short-term provisions	34	964	5.9	938	5.9
Short-term borrowings	35	1,817	11.2	660	4.2
Trade accounts payable	36	1,678	10.4	1,885	11.9
Current financial liabilities	37	272	1.7	145	0.9
Other current liabilities	38	306	1.9	251	1.6
Income tax liabilities		11	0.1	10	0.1
Current liabilities		5,391	33.3	4,113	26.0
Total equity and liabilities		16,173	100.0	15,818	100.0

¹⁾ Adjusted following finalization of purchase price allocation relating to the acquisition of the National Starch businesses, see [AR](#) page 87 et seq.

Consolidated cash flow statement

See Note 47

in million euros	2008	2009
Operating profit (EBIT)	779	1,080
Income taxes paid	-412	-305
Amortization/depreciation/write-ups of non-current assets (excluding financial assets)	546	588
Net gains/losses on disposal of non-current assets (excluding financial assets)	3	12
Change in inventories	-78	276
Change in trade accounts receivable	108	136
Change in other receivables and miscellaneous assets	60	-15
Change in trade accounts payable	-36	208
Change in other liabilities and provisions	195	-61
Cash flow from operating activities	1,165	1,919
Purchase of intangible assets	-20	-28
Purchase of property, plant and equipment	-473	-344
Purchase of financial assets/acquisitions	-3,708	-8 ¹⁾
Proceeds on disposal of subsidiaries and business units	57	90
Proceeds on disposal of other non-current assets	1,752	51
Realization of net investment hedge	119	-
Cash flow from investing activities/acquisitions	-2,273	-239
Henkel AG & Co. KGaA dividends	-224	-224
Subsidiary company dividends (to other shareholders)	-8	-12
Interest received	90	70
Dividends received	22	-
Interest paid	-345	-206
<i>Dividends and interest paid and received</i>	<i>-465</i>	<i>-372</i>
Change in borrowings	757	-152
Allocation to pension funds	-262	-389
Other financing transactions	-10	8
Cash flow from financing activities	20	-905
Change in cash and cash equivalents due to movements in funds	-1,088	775
Change in cash and cash equivalents due to exchange rate movements	-14	-3
Change in liquid funds and marketable securities	-1,102	772
Liquid funds and marketable securities at January 1	1,440	338
Liquid funds and marketable securities at December 31	338	1,110

¹⁾ Of which: 103 million euros proceeds from the cash pool settlement from acquisition of the National Starch businesses

Additional voluntary information

Computation of free cash flow

in million euros	2008	2009
Cash flow from operating activities	1,165	1,919
Purchase of intangible assets	-20	-28
Purchase of property, plant and equipment	-473	-344
Proceeds on disposals of other non-current assets (excluding proceeds from sale of investment in Ecolab Inc.)	40	51
Net interest paid	-255	-136
Free cash flow	457	1,462

Statement of comprehensive income

in million euros	2008	2009
Net earnings	1,233	628
Foreign exchange effects	103	-104
Financial instruments	-100	-11
Actuarial gains/losses	-186	-285
Share of net profits of associates		
Effects arising from the current financial year	33	-
Elimination of cumulative foreign exchange effects since initial inclusion	-16	-
Other comprehensive income	-166	-400
Total comprehensive income for the period	1,067	228
– Attributable to minority shareholders	16	24
– Attributable to shareholders of Henkel AG & Co. KGaA	1,051	204

Statement of changes in equity

See Notes 23 to 27

in million euros

	Ordinary shares	Preferred shares	Treasury stock	Capital reserve	Retained earnings	Gains and losses recognized in equity		Minority interests	Total
						Translation differences	Financial instruments		
At January 1, 2008	260	178	-119	652	6,082	-1,298	-112	63	5,706
Net earnings	-	-	-	-	1,221	-	-	12	1,233
Foreign exchange effects	-	-	-	-	-	99	-	4	103
Financial instruments	-	-	-	-	-	-	-100	-	-100
Actuarial gains (+) and losses (-)	-	-	-	-	-186	-	-	-	-186
Investments in associates	-	-	-	-	17	-	-	-	17
Total comprehensive income for the period	-	-	-	-	1,052	99	-100	16	1,067
Distributions	-	-	-	-	-224	-	-	-8	-232
Sale of treasury stock	-	-	4	-	1	-	-	-	5
Other changes in equity	-	-	-	-	9	-	-	-20	-11
At December 31, 2008/ January 1, 2009	260	178	-115	652	6,920	-1,199	-212	51	6,535
Net earnings	-	-	-	-	602	-	-	26	628
Foreign exchange effects	-	-	-	-	-	-102	-	-2	-104
Financial instruments	-	-	-	-	-	-	-11	-	-11
Actuarial gains (+) and losses (-)	-	-	-	-	-285	-	-	-	-285
Total comprehensive income for the period	-	-	-	-	317	-102	-11	24	228
Distributions	-	-	-	-	-224	-	-	-12	-236
Sale of treasury stock	-	-	6	-	4	-	-	-	10
Other changes in equity	-	-	-	-	-	-	-	7	7
At December 31, 2009	260	178	-109	652	7,017	-1,301	-223	70	6,544