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# Consolidated Statement of Income

in million euros	Note	2006	%	2007	%	Change
<b>Sales</b>	1	<b>12,740</b>	<b>100.0</b>	<b>13,074</b>	<b>100.0</b>	<b>2.6 %</b>
Cost of sales	2	-6,963	-54.7	-7,013	-53.6	0.7 %
<b>Gross profit</b>		<b>5,777</b>	<b>45.3</b>	<b>6,061</b>	<b>46.4</b>	<b>4.9 %</b>
Marketing, selling and distribution expenses	3	-3,650	-28.5	-3,748	-28.6	2.7 %
Research and development expenses	4	-340	-2.7	-350	-2.7	2.9 %
Administrative expenses	5	-697	-5.5	-664	-5.1	-4.7 %
Other operating income <sup>1)</sup>	6	266	2.1	109	0.8	-59.0 %
Other operating charges <sup>1)</sup>	7	-58	-0.5	-64	-0.5	10.3 %
<b>Operating profit (EBIT)</b>		<b>1,298</b>	<b>10.2</b>	<b>1,344</b>	<b>10.3</b>	<b>3.5 %</b>
Share of net profits of associates		83	0.6	88	0.7	6.0 %
Net result from other investments		-29	-0.2	-4	-0.1	-86.2 %
<b>Investment result</b>		<b>54</b>	<b>0.4</b>	<b>84</b>	<b>0.6</b>	<b>55.6 %</b>
Interest income		71	0.5	91	0.7	28.2 %
Interest expense		-247	-1.9	-269	-2.1	8.9 %
<b>Net interest</b>		<b>-176</b>	<b>-1.4</b>	<b>-178</b>	<b>-1.4</b>	<b>1.1 %</b>
<b>Financial result</b>	8	<b>-122</b>	<b>-1.0</b>	<b>-94</b>	<b>-0.7</b>	<b>-23.0 %</b>
<b>Earnings before tax</b>		<b>1,176</b>	<b>9.2</b>	<b>1,250</b>	<b>9.6</b>	<b>6.3 %</b>
<b>Taxes on income</b>	9	<b>-305</b>	<b>-2.4</b>	<b>-309</b>	<b>-2.4</b>	<b>1.3 %</b>
<b>Net earnings</b>		<b>871</b>	<b>6.8</b>	<b>941</b>	<b>7.2</b>	<b>8.0 %</b>
Minority interests	10	-16	-0.1	-20	-0.2	25.0 %
<b>Earnings after minority interests</b>		<b>855</b>	<b>6.7</b>	<b>921</b>	<b>7.0</b>	<b>7.7 %</b>

<sup>1)</sup> prior-year figure adjusted

## EARNINGS PER SHARE (BASIC)<sup>2)</sup>

in euros	Note	2006	2007	Change
Ordinary shares	48	1.97	2.12	7.6 %
Non-voting preferred shares	48	1.99	2.14	7.5 %

<sup>2)</sup> basis: share split (1:3) of June 18, 2007

## EARNINGS PER SHARE (DILUTED)<sup>2)</sup>

in euros	Note	2006	2007	Change
Ordinary shares	48	1.97	2.12	7.6 %
Non-voting preferred shares	48	1.98	2.13	7.6 %

<sup>2)</sup> basis: share split (1:3) of June 18, 2007

# Consolidated Balance Sheet

## ASSETS

in million euros	Note	2006	%	2007	%
Intangible assets	11	5,487	41.2	4,940	37.9
Property, plant and equipment	12	2,078	15.6	2,077	15.9
<i>Investments in associates</i>		496	3.7	495	3.8
<i>Other investments</i>		66	0.5	33	0.3
Financial assets <sup>1)</sup>	13	562	4.2	528	4.1
Other financial assets <sup>2)</sup>	14	70	0.5	66	0.5
Income tax refund claims <sup>3)</sup>		5	–	4	–
Other non-current assets <sup>1)</sup>	15	99	0.7	67	0.5
Deferred taxes	16	363	2.7	249	1.9
<b>Non-current assets</b>		<b>8,664</b>	<b>64.9</b>	<b>7,931</b>	<b>60.8</b>
Inventories	17	1,325	9.9	1,283	9.8
Trade accounts receivable	18	1,868	14.0	1,694	13.0
Other financial assets <sup>2)</sup>	19	124	0.9	170	1.3
Other current assets <sup>1)</sup>	20	312	2.4	315	2.4
Income tax refund claims <sup>3)</sup>		110	0.8	90	0.7
Liquid funds/Marketable securities	21	929	7.0	1,440	11.0
Assets held for sale	22	14	0.1	125	1.0
<b>Current assets</b>		<b>4,682</b>	<b>35.1</b>	<b>5,117</b>	<b>39.2</b>
<b>Total assets</b>		<b>13,346</b>	<b>100.0</b>	<b>13,048</b>	<b>100.0</b>

## SHAREHOLDERS' EQUITY AND LIABILITIES

in million euros	Note	2006	%	2007	%
Subscribed capital	23	374	2.9	438	3.3
Capital reserve	24	652	4.9	652	5.0
Retained earnings	25	5,362	40.2	5,963	45.7
Gains and losses recognized in equity	26	–901	–6.8	–1,410	–10.8
<b>Equity excluding minority interests</b>		<b>5,487</b>	<b>41.2</b>	<b>5,643</b>	<b>43.2</b>
Minority interests	27	60	0.4	63	0.5
<b>Equity including minority interests</b>		<b>5,547</b>	<b>41.6</b>	<b>5,706</b>	<b>43.7</b>
Pensions and similar obligations	28	788	5.9	657	5.0
Long-term income tax provisions <sup>3)</sup>	29	168	1.3	100	0.8
Other long-term provisions	29	126	0.9	119	0.9
Long-term borrowings	30	2,322	17.4	2,304	17.7
Non-current financial liabilities <sup>2)</sup>	31	118	0.9	147	1.1
Other non-current liabilities <sup>1)</sup>	32	8	0.1	10	0.1
Deferred taxes	33	427	3.2	314	2.4
<b>Non-current liabilities</b>		<b>3,957</b>	<b>29.7</b>	<b>3,651</b>	<b>28.0</b>
Current income tax provisions <sup>3)</sup>	34	108	0.8	152	1.2
Other current provisions	34	884	6.6	763	5.9
Short-term borrowings	35	1,012	7.6	838	6.4
Trade accounts payable	36	1,494	11.2	1,477	11.3
Current financial liabilities <sup>2)</sup>	37	93	0.7	246	1.9
Other current liabilities <sup>1)</sup>	38	224	1.6	200	1.5
Income tax liabilities <sup>3)</sup>		27	0.2	15	0.1
<b>Current liabilities</b>		<b>3,842</b>	<b>28.7</b>	<b>3,691</b>	<b>28.3</b>
<b>Total equity and liabilities</b>		<b>13,346</b>	<b>100.0</b>	<b>13,048</b>	<b>100.0</b>

<sup>1)</sup> prior-year figures restated due to application of IFRS 7

<sup>2)</sup> new heading due to application of IFRS 7

<sup>3)</sup> separate disclosure of income tax items to improve clarity

# Consolidated Cash Flow Statement

## SEE NOTE 49

in million euros	2006	2007
<b>Operating profit (EBIT)</b>	<b>1,298</b>	<b>1,344</b>
Income taxes paid	-259	-305
Amortization/depreciation/write-ups of non-current assets (excluding financial assets)	350	337
Net gains/losses on disposal of non-current assets (excluding financial assets)	-94	-5
Change in inventories	-147	-60
Change in trade accounts receivable	-142	81
Change in other receivables and miscellaneous assets	-44	-24
Change in trade accounts payable	201	56
Change in other liabilities and provisions	-32	-103
<b>Cash flow from operating activities</b>	<b>1,131</b>	<b>1,321</b>
Purchase of intangible assets	-47	-40
Purchase of property, plant and equipment	-431	-470
Purchase of financial assets/acquisitions	-400	-7
Proceeds on disposal of subsidiaries and business units	200	93
Proceeds on disposal of other non-current assets	132	63
<b>Cash flow from investing activities/acquisitions</b>	<b>-546</b>	<b>-361</b>
Henkel KGaA dividends	-190	-211
Subsidiary company dividends (to other shareholders)	-12	-12
Interest received	70	87
Dividends received	25	29
Interest paid	-294	-314
<i>Dividends and interest paid and received</i>	<i>-401</i>	<i>-421</i>
Change in borrowings	-194	13
Allocation to Contractual Trust Arrangement (CTA)	-188	-
Other financing transactions	25	13
<b>Cash flow from financing activities</b>	<b>-758</b>	<b>-395</b>
<b>Change in cash and cash equivalents due to movement in funds</b>	<b>-173</b>	<b>565</b>
Change in cash and cash equivalents due to exchange rate movements	-110	-54
<b>Change in liquid funds and marketable securities</b>	<b>-283</b>	<b>511</b>
Liquid funds and marketable securities at January 1	1,212	929
Liquid funds and marketable securities at December 31	929	1,440

## COMPUTATION OF FREE CASH FLOW

in million euros	2006	2007
Cash flow from operating activities	1,131	1,321
Purchase of intangible assets	-47	-40
Purchase of property, plant and equipment	-431	-470
Proceeds on disposal of subsidiaries and business units	200	93
Proceeds on disposal of other non-current assets	132	63
Dividends received/Net interest	-199	-198
<b>Free cash flow</b>	<b>786</b>	<b>769</b>

# Statement of Recognized Income and Expense

in million euros	2006	2007
<b>Net earnings</b>	<b>871</b>	<b>941</b>
Foreign exchange effects	-486	-425
Financial instruments	3	-92
Actuarial gains/losses	7	-7
Other gains and losses recognized in equity	-9	3
Share of net profits of associates	-83	-52
<b>Gains and losses recognized directly in equity</b>	<b>-568</b>	<b>-573</b>
<b>Total earnings for the period</b>	<b>303</b>	<b>368</b>
– Minority interests	44	15
– Shareholders of Henkel KGaA	259	353

## Notes to the Consolidated Financial Statements: Statement of Changes in Equity

### SEE NOTES 23 TO 27

in million euros	Ordinary shares	Preferred shares	Capital reserve	Retained earnings	Gains and losses recognized in equity			Total
					Translation differences	Financial instruments	Minority interests	
<b>At January 1, 2006</b>	<b>222</b>	<b>152</b>	<b>652</b>	<b>4,764</b>	<b>-396</b>	<b>-23</b>	<b>28</b>	<b>5,399</b>
Distributions	-	-	-	-190	-	-	-12	-202
Sale of treasury stock	-	-	-	47	-	-	-	47
Net earnings	-	-	-	855	-	-	16	871
Foreign exchange effects	-	-	-	-	-485	-	-1	-486
Financial instruments	-	-	-	-	-	3	-	3
Actuarial gains and losses	-	-	-	7	-	-	-	7
Other gains and losses recognized in equity	-	-	-	-121	-	-	29	-92
<b>At December 31, 2006/ January 1, 2007</b>	<b>222</b>	<b>152</b>	<b>652</b>	<b>5,362</b>	<b>-881</b>	<b>-20</b>	<b>60</b>	<b>5,547</b>
Distributions	-	-	-	-211	-	-	-12	-223
Sale of treasury stock	-	-	-	14	-	-	-	14
Net earnings	-	-	-	921	-	-	20	941
Foreign exchange effects	-	-	-	-	-417	-	-8	-425
Financial instruments	-	-	-	-	-	-92	-	-92
Increase in share capital out of corporate funds	38	26	-	-64	-	-	-	-
Actuarial gains and losses	-	-	-	-7	-	-	-	-7
Other gains and losses recognized in equity	-	-	-	-52	-	-	3	-49
<b>At December 31, 2007</b>	<b>260</b>	<b>178</b>	<b>652</b>	<b>5,963</b>	<b>-1,298</b>	<b>-112</b>	<b>63</b>	<b>5,706</b>