

**Solution:**

(1)

STATEMENT OF INCOME CUM RETAINED EARNINGS (in millions of \$)		
Name: <b>Merck &amp; Co.</b>	As Of: <b>December 31, 2011</b>	
Particulars		Amount
<b>INCOME STATEMENT</b>		
Sale of goods		48,047
Cost of goods sold		(16,871)
<b>Gross Profit</b>		<b>31,176</b>
<b>Operating Expenses:</b>		
Marketing & Administration	13,733	
Research & Development	8,467	
Interest (net)	946	
Total operating expenses		(23,146)
<b>Net Operating Income</b>		<b>8,030</b>
Other Revenues (Expenses)		(816)
<b>Income Before Tax</b>		<b>7,214</b>
Income Tax Paid		(942)
<b>Net Earnings</b>		<b>6,272</b>
<b>RETAINED EARNINGS</b>		
Retained Earnings as of December 31, 2010		37,536
Add: Net Earnings		6,272
Less: Dividends Paid		(4,818)
<b>Retained Earnings as of December 21, 2011</b>		<b>38,990</b>

(3) *Percentage of income to stockholders' equity* =  $\frac{6,272}{56,874} = 11.02\%$

(4) *Percentage of income to total asset* =  $\frac{6,272}{105,454.5} = 5.94\%$

(5)

(a) *Gross Profit %* =  $\frac{31,176}{48,047} = 64.89\%$

(b) *Percentage of net income to sales* =  $\frac{6,272}{48,047} = 13.05\%$

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**CLASSIFIED & CONSOLIDATED BALANCE SHEET**  
(in millions of \$)

**Name: Merck & Co.**

**As Of: December 31, 2011**

<b>Particulars</b>	<b>Amount</b>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash & Cash Equivalents	13,531
Accounts Receivables	8,261
Short-term Investments	1,441
Inventories	6,254
Others	3,694
Total current assets	33,181
<b>Non-current assets:</b>	
Properties & Equipment (net)	16,297
Long-term Investments	3,458
Others	52,192
Total non-current assets	71,947
<b>Total assets</b>	<b>105,128</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	
<b>Current liabilities:</b>	
Accounts Payable (Trade Accounts)	2,462
Accrued Liabilities	9,731
Deferred Income Taxes	781
Others	3,271
Total current liabilities	16,245
<b>Non-current liabilities:</b>	
Long-term debts	15,525
Others	16,415
Total non-current liabilities	31,940
<b>Stockholders' Equity:</b>	
Paid-in Capital	17,953
Retained Earnings	38,990
Total stockholders' equity	56,943
<b>Total liabilities &amp; stockholders' equity</b>	<b>105,128</b>