

## 6. Scope of consolidation; subsidiaries and affiliates

### 6.1 Changes in the scope of consolidation

Changes in the scope of consolidation in 2010 were as follows:

Change in Number of Consolidated Companies

[Table 4.17]

|  | Germany | Other Countries | Total |
|--|---------|-----------------|-------|
| <b>Bayer AG and consolidated companies</b> |         |                 |       |
| December 31, 2009                          | 59      | 243             | 302   |
| Changes in scope of consolidation          | 0       | 1               | 1     |
| Additions                                  | 1       | 6               | 7     |
| Retirements                                | 0       | (19)            | (19)  |
| December 31, 2010                          | 60      | 231             | 291   |

The decrease in the number of fully consolidated companies in 2010 is primarily due to mergers between Group companies.

The figure for December 31, 2010 in the above table includes three joint ventures (2009: four joint ventures) that were included by proportionate consolidation in compliance with IAS 31 (Interests in Joint Ventures). In 2010 Bayer acquired the whole of the remaining interest in a company that was included by proportionate consolidation in 2009. The joint ventures affected the Group statement of financial position and income statement as follows:

Assets, Liabilities and Results of Operations of Joint Ventures

[Table 4.18]

|                        | 2010      |                           | 2010      |
|------------------------|-----------|---------------------------|-----------|
|                        | € million |                           | € million |
| Current assets         | 28        | Income                    | 54        |
| Noncurrent assets      | 77        | Expenses                  | (52)      |
| Current liabilities    | (22)      |                           |           |
| Noncurrent liabilities | (14)      |                           |           |
| <b>Net assets</b>      | <b>69</b> | <b>Income after taxes</b> | <b>2</b>  |

Also included in the consolidated financial statements are five associates – the same number as in 2009 – which are accounted for by the equity method. Details of their impact on the income statement and the statement of financial position are shown in Note [19].

A total of 78 subsidiaries and 18 associates or joint ventures that in aggregate are immaterial to the Bayer Group's financial position and results of operations are not consolidated but recognized at amortized cost. The immaterial subsidiaries account for less than 0.2% of Group sales, less than 0.4% of equity and less than 0.3% of total assets.

The following details of subsidiary and affiliated companies are provided pursuant to Section 313 of the German Commercial Code.

The companies fully consolidated in the financial statements of the Bayer Group are listed in the following table:

## Fully Consolidated Subsidiaries

[Table 4.19]

| Company Name   | Place of Business          | Bayer's interest |
|--|----------------------------|------------------|
|  |                            | %                |
| <b>Europe</b>  |                            |                  |
| Alcafleu Management GmbH & Co. KG                              | Schönefeld, Germany        | 99.9             |
| Bayer (Schweiz) AG   | Zurich, Switzerland        | 100              |
| Bayer 04 Immobilien GmbH                                       | Leverkusen, Germany        | 100              |
| Bayer 04 Leverkusen Fußball GmbH                               | Leverkusen, Germany        | 100              |
| Bayer A/S  | Lyngby, Denmark            | 100              |
| Bayer AB   | Stockholm, Sweden          | 100              |
| Bayer AEH Limited  | Cambridge, U.K.            | 100              |
| Bayer AGCO Limited   | Cambridge, U.K.            | 100              |
| Bayer Agriculture Limited                                      | Cambridge, U.K.            | 100              |
| Bayer Altersversorgung GmbH                                    | Leverkusen, Germany        | 100              |
| Bayer Animal Health GmbH                                       | Leverkusen, Germany        | 100              |
| Bayer Antwerpen N. V.  | Antwerp, Belgium           | 100              |
| Bayer AS   | Oslo, Norway               | 100              |
| Bayer Austria Gesellschaft m.b.H.                              | Vienna, Austria            | 100              |
| Bayer B.V.   | Mijdrecht, Netherlands     | 100              |
| Bayer Beteiligungsverwaltung Goslar GmbH                       | Leverkusen, Germany        | 100              |
| Bayer Beteiligungsverwaltungsgesellschaft mbH                  | Leverkusen, Germany        | 100              |
| Bayer BioScience N.V.  | Ghent, Belgium             | 100              |
| Bayer Bitterfeld GmbH  | Bitterfeld-Wolfen, Germany | 100              |
| Bayer Bulgaria EOOD  | Sofia, Bulgaria            | 100              |
| Bayer Business Services GmbH                                   | Leverkusen, Germany        | 100              |
| Bayer Capital Corporation B.V.                                 | Mijdrecht, Netherlands     | 100              |
| Bayer Chemicals AG   | Leverkusen, Germany        | 100              |
| Bayer Consumer Care AG   | Basel, Switzerland         | 100              |
| Bayer CropScience (Portugal)-Produtos para a Agricultura, Lda. | Carnaxide, Portugal        | 100              |
| Bayer CropScience 1272   | Lyon, France               | 100              |
| Bayer CropScience AG   | Monheim, Germany           | 100              |
| Bayer CropScience B.V.   | Mijdrecht, Netherlands     | 100              |
| Bayer CropScience Beteiligungsgesellschaft mbH                 | Frankfurt am Main, Germany | 100              |
| Bayer CropScience Deutschland GmbH                             | Langenfeld, Germany        | 100              |
| Bayer CropScience Holding SA                                   | Lyon, France               | 100              |
| Bayer CropScience Holdings Limited                             | Cambridge, U.K.            | 100              |
| Bayer CropScience Investments B.V.                             | Mijdrecht, Netherlands     | 100              |
| Bayer CropScience Limited                                      | Cambridge, U.K.            | 100              |
| Bayer CropScience Norwich Limited                              | Cambridge, U.K.            | 100              |
| Bayer CropScience S.r.l.                                       | Milan, Italy               | 100              |
| Bayer CropScience SA-NV  | Diegem, Belgium            | 100              |
| Bayer CropScience, S.L.  | Valencia, Spain            | 100              |
| Bayer CropScience Vermögensverwaltungs-gesellschaft mbH        | Leverkusen, Germany        | 100              |
| Bayer d.o.o.   | Belgrade, Serbia           | 100              |
| Bayer d.o.o.   | Ljubljana, Slovenia        | 100              |
| Bayer d.o.o.   | Zagreb, Croatia            | 100              |
| Bayer Direct Services GmbH                                     | Leverkusen, Germany        | 100              |
| Bayer Foreign Investments B.V.                                 | Mijdrecht, Netherlands     | 100              |
| Bayer Gastronomie GmbH   | Leverkusen, Germany        | 100              |
| Bayer Gesellschaft für Beteiligungen mbH                       | Leverkusen, Germany        | 100              |
| Bayer Global Investments B.V.                                  | Mijdrecht, Netherlands     | 100              |

## Notes

## 6. Scope of consolidation; subsidiaries and affiliates

## Fully Consolidated Subsidiaries

[Table 4.19 (continued)]

| Company Name  | Place of Business      | Bayer's interest |
|---|------------------------|------------------|
|   |                        | %                |
| Bayer HealthCare AG                                     | Leverkusen, Germany    | 100              |
| Bayer HealthCare Manufacturing S.r.l.                   | Milan, Italy           | 100              |
| Bayer Hellas AG   | Athens, Greece         | 100              |
| Bayer Hispania, S.L.                                    | Sant Joan Despi, Spain | 100              |
| Bayer Hungaria Kft.                                     | Budapest, Hungary      | 100              |
| Bayer Innovation GmbH                                   | Düsseldorf, Germany    | 100              |
| Bayer International Investments B.V.                    | Mijdrecht, Netherlands | 100              |
| Bayer International S.A.                                | Fribourg, Switzerland  | 100              |
| Bayer Limited   | Dublin, Ireland        | 100              |
| Bayer Ltd.  | Kiev, Ukraine          | 100              |
| Bayer MaterialScience AG                                | Leverkusen, Germany    | 100              |
| Bayer MaterialScience Customer Services GmbH            | Leverkusen, Germany    | 100              |
| Bayer MaterialScience S.r.l.                            | Milan, Italy           | 100              |
| Bayer MaterialScience, S.L.                             | Sant Joan Despi, Spain | 100              |
| Bayer Oy  | Turku, Finland         | 100              |
| Bayer Pharma Investments B.V.                           | Mijdrecht, Netherlands | 100              |
| Bayer Polyols S.N.C.                                    | Puteaux, France        | 100              |
| Bayer Polyurethanes B.V.                                | Mijdrecht, Netherlands | 100              |
| Bayer Portugal S.A.                                     | Lisbon, Portugal       | 100              |
| Bayer Public Limited Company                            | Newbury, U.K.          | 100              |
| Bayer Real Estate GmbH                                  | Leverkusen, Germany    | 100              |
| Bayer S.A.S.  | Puteaux, France        | 100              |
| Bayer S.p.A.  | Milan, Italy           | 100              |
| Bayer s.r.o.  | Prague, Czech Republic | 100              |
| Bayer Santé Familiale SAS                               | Gaillard, France       | 100              |
| Bayer Santé SAS   | Loos, France           | 100              |
| Bayer SA-NV   | Diegem, Belgium        | 100              |
| Bayer Schering Pharma AG                                | Berlin, Germany        | 100              |
| Bayer Sheet Europe GmbH                                 | Darmstadt, Germany     | 100              |
| Bayer Sheet Europe N.V.                                 | Tielt, Belgium         | 100              |
| Bayer Sheet Europe S.p.A.                               | Milan, Italy           | 90               |
| Bayer Sp. z o.o.  | Warsaw, Poland         | 100              |
| Bayer, spol. s.r.o.                                     | Bratislava, Slovakia   | 100              |
| Bayer Technology Services GmbH                          | Leverkusen, Germany    | 100              |
| Bayer Verwaltungsgesellschaft für Anlagevermögen m.b.H. | Leverkusen, Germany    | 100              |
| Bayer Vital GmbH  | Leverkusen, Germany    | 100              |
| Bayer-Handelsgesellschaft mit beschränkter Haftung      | Leverkusen, Germany    | 100              |
| Bayfin GmbH   | Leverkusen, Germany    | 100              |
| BaySystems B.V.   | Foxhol, Netherlands    | 100              |
| BaySystems GmbH & Co. KG                                | Oldenburg, Germany     | 100              |
| Berlimed, S.A.  | Madrid, Spain          | 100              |
| Berlis AG   | Zurich, Switzerland    | 100              |
| Biogenetic Technologies B.V.                            | Rotterdam, Netherlands | 100              |
| Chemie-Beteiligungsaktiengesellschaft                   | Glarus, Switzerland    | 100              |
| Chemion Logistik GmbH                                   | Leverkusen, Germany    | 100              |
| Currenta GmbH & Co. OHG                                 | Leverkusen, Germany    | 60               |
| Drugofa GmbH  | Cologne, Germany       | 100              |
| Dyvevo GmbH   | Leverkusen, Germany    | 100              |
| Epurex Films GmbH & Co. KG                              | Bomlitz, Germany       | 100              |
| Erste K-W-A Beteiligungsgesellschaft mbH                | Leverkusen, Germany    | 100              |
| Euroservices Bayer GmbH                                 | Leverkusen, Germany    | 100              |
| Euroservices Bayer S.L.                                 | Sant Joan Despi, Spain | 100              |

## Fully Consolidated Subsidiaries

[Table 4.19 (continued)]

| Company Name  | Place of Business          | Bayer's interest |
|---|----------------------------|------------------|
|   |                            | %                |
| Generics Holding GmbH   | Leverkusen, Germany        | 100              |
| GP Grenzach Produktions GmbH                                    | Grenzach-Wyhlen, Germany   | 100              |
| Hild Samen GmbH   | Marbach am Neckar, Germany | 100              |
| Icon Genetics GmbH  | Munich, Germany            | 100              |
| Intendis Austria Handels GesmbH                                 | Vienna, Austria            | 100              |
| Intendis GmbH   | Berlin, Germany            | 100              |
| Intendis Manufacturing S.p.A.                                   | Milan, Italy               | 100              |
| Intendis S.p.A.   | Milan, Italy               | 100              |
| Intraserv GmbH & Co. KG   | Schönefeld, Germany        | 100              |
| Jenapharm GmbH & Co. KG   | Jena, Germany              | 100              |
| KOSINUS Grundstücks-Verwaltungsgesellschaft mbH & Co. Gamma OHG | Berlin, Germany            | 100              |
| KVP Pharma+Veterinär Produkte GmbH                              | Kiel, Germany              | 100              |
| Marotrast GmbH  | Jena, Germany              | 100              |
| Mediwest Norway AS  | Oslo, Norway               | 100              |
| Medrad Belgium BVBA   | Antwerp, Belgium           | 100              |
| Medrad Denmark ApS  | Glostrup, Denmark          | 100              |
| Medrad Europe B.V.  | Maastricht, Netherlands    | 100              |
| Medrad France S.A.R.L.  | Rungis Cedex, France       | 100              |
| Medrad Italia S.r.l.  | Cava Manara, Italy         | 100              |
| Medrad Medizinische Systeme GmbH                                | Volkach, Germany           | 100              |
| Medrad Sweden AB  | Mölndal, Sweden            | 100              |
| Medrad UK Limited   | Ely, U.K.                  | 100              |
| MENADIER Heilmittel GmbH  | Berlin, Germany            | 100              |
| Nunhems B.V.  | Nunhem, Netherlands        | 100              |
| Nunhems France S.A.R.L.   | Soucelles, France          | 100              |
| Nunhems Hungary Kft.  | Szolnok, Hungary           | 100              |
| Nunhems Italy S.r.l.  | St. Agata Bolognes, Italy  | 100              |
| Nunhems Netherlands B.V.  | Nunhem, Netherlands        | 100              |
| Nunhems Poland Sp. z o.o.                                       | Poznan, Poland             | 100              |
| Nunhems Spain, S.A.   | Valencia, Spain            | 100              |
| Pallas Versicherung AG  | Leverkusen, Germany        | 100              |
| pbi Home&Garden Limited   | Cambridge, U.K.            | 100              |
| PGS International N.V.  | The Hague, Netherlands     | 100              |
| Pharma-Verlagsbuchhandlung GmbH                                 | Berlin, Germany            | 100              |
| SC Bayer SRL  | Bucharest, Romania         | 100              |
| Schering AG   | Berlin, Germany            | 100              |
| Schering Agrochemicals Holdings                                 | Burgess Hill, U.K.         | 100              |
| Schering GmbH und Co. Produktions KG                            | Weimar, Germany            | 100              |
| Schering Health Care Limited                                    | Burgess Hill, U.K.         | 100              |
| Schering Holdings Ltd.  | Burgess Hill, U.K.         | 100              |
| Schering Industrial Products                                    | Burgess Hill, U.K.         | 100              |
| Schering International Holding GmbH                             | Berlin, Germany            | 100              |
| Schering-Kahlbaum Gesellschaft mit beschränkter Haftung         | Berlin, Germany            | 100              |
| TECTRION GmbH   | Leverkusen, Germany        | 100              |
| TOO Bayer KAZ   | Astana, Kazakhstan         | 100              |
| TravelBoard GmbH  | Leverkusen, Germany        | 100              |
| UAB Bayer   | Vilnius, Lithuania         | 100              |
| Viverso GmbH  | Bitterfeld-Wolfen, Germany | 100              |
| ZAO Bayer   | Moscow, Russia             | 100              |
| Zweite K-W-A Beteiligungsgesellschaft mbH                       | Leverkusen, Germany        | 100              |

## Notes

## 6. Scope of consolidation; subsidiaries and affiliates

## Fully Consolidated Subsidiaries

[Table 4.19 (continued)]

| Company Name                                 | Place of Business              | Bayer's interest<br>% |
|--|--------------------------------|-----------------------|
| <b>North America</b>                         |                                |                       |
| Athenix Corp.                                | Research Triangle Park, U.S.A. | 100                   |
| Bayer Business and Technology Services LLC   | Pittsburgh, U.S.A.             | 100                   |
| Bayer Canadian Holdings Inc.                 | Toronto, Canada                | 100                   |
| Bayer Corporation                            | Pittsburgh, U.S.A.             | 100                   |
| Bayer Cotton Seed International Inc.         | Research Triangle Park, U.S.A. | 51                    |
| Bayer CropScience Holding Inc.               | Research Triangle Park, U.S.A. | 100                   |
| Bayer CropScience Holdings Inc.              | Calgary, Canada                | 100                   |
| Bayer CropScience Inc.                       | Calgary, Canada                | 100                   |
| Bayer CropScience Inc.                       | Research Triangle Park, U.S.A. | 100                   |
| Bayer CropScience LLC                        | Research Triangle Park, U.S.A. | 100                   |
| Bayer CropScience LP                         | Research Triangle Park, U.S.A. | 100                   |
| Bayer HealthCare LLC                         | Tarrytown, U.S.A.              | 100                   |
| Bayer HealthCare Pharmaceuticals Inc.        | Pine Brook, U.S.A.             | 100                   |
| Bayer HealthCare Pharmaceuticals LLC         | Seattle, U.S.A.                | 100                   |
| Bayer Inc.                                   | Toronto, Canada                | 100                   |
| Bayer MaterialScience LLC                    | Pittsburgh, U.S.A.             | 100                   |
| Bayer Pharma Chemicals Inc.                  | Pine Brook, U.S.A.             | 100                   |
| Bayer Puerto Rico Inc.                       | San Juan, Puerto Rico          | 100                   |
| BayOne Urethane Systems LLC                  | St. Louis, U.S.A.              | 100                   |
| Baypo I LLC                                  | New Martinsville, U.S.A.       | 100                   |
| Baypo II LLC                                 | New Martinsville, U.S.A.       | 100                   |
| BAYPO Limited Partnership                    | New Martinsville, U.S.A.       | 100                   |
| BIPPO Corporation                            | New Martinsville, U.S.A.       | 100                   |
| Collateral Therapeutics Inc.                 | San Diego, U.S.A.              | 100                   |
| Cooper Land Company of New Jersey Inc.       | Tarrytown, U.S.A.              | 100                   |
| Guidance Interactive Healthcare Inc.         | Tarrytown, U.S.A.              | 100                   |
| Intendis Inc.                                | Morristown, U.S.A.             | 100                   |
| iSense Corporation                           | Wilsonville, U.S.A.            | 100                   |
| iSense Development Corporation               | Wilsonville, U.S.A.            | 100                   |
| Medrad, Inc.                                 | Indianola, U.S.A.              | 100                   |
| MTFP Inc.                                    | Wilmington, U.S.A.             | 100                   |
| NippoNex Inc.                                | Springfield, U.S.A.            | 100                   |
| NOR-AM Agro LLC                              | Pine Brook, U.S.A.             | 100                   |
| NOR-AM Land Company                          | Pine Brook, U.S.A.             | 100                   |
| Nunhems USA, Inc.                            | Morgan Hill, U.S.A.            | 100                   |
| Pallas North America Insurance Company, Inc. | Burlington, U.S.A.             | 100                   |
| SB Capital Corporation                       | Pine Brook, U.S.A.             | 100                   |
| Schering Berlin Inc.                         | Pine Brook, U.S.A.             | 100                   |
| Schering Berlin Venture Corporation          | Pine Brook, U.S.A.             | 100                   |
| Stoneville Pedigreed Seed Company            | St. Louis, U.S.A.              | 100                   |
| STWB Inc.                                    | Pittsburgh, U.S.A.             | 100                   |
| Texas Brine Company LLC                      | Houston, U.S.A.                | 0*                    |
| <b>Asia/Pacific</b>                          |                                |                       |
| Bayer (Beijing) Sheet Company Limited        | Beijing, China                 | 100                   |
| Bayer (China) Limited                        | Beijing, China                 | 100                   |
| Bayer (Malaysia) Sdn. Bhd.                   | Petaling Jaya, Malaysia        | 100                   |
| Bayer (Sichuan) Animal Health Co., Ltd.      | Chengdu, China                 | 100                   |
| Bayer (South East Asia) Pte Ltd.             | Singapore                      | 100                   |
| Bayer Australia Limited                      | Pymble, Australia              | 100                   |
| Bayer BioScience Pvt. Ltd.                   | Hyderabad, India               | 100                   |
| Bayer Co. (Malaysia) Sdn Bhd.                | Petaling Jaya, Malaysia        | 100                   |

\* fully consolidated special-purpose entity according to IAS 27 in conjunction with SIC 12

## Fully Consolidated Subsidiaries

[Table 4.19 (continued)]

| Company Name  | Place of Business                | Bayer's interest |
|---|----------------------------------|------------------|
|   |                                  | %                |
| Bayer CropScience (China) Company Ltd.                      | Hangzhou, China                  | 100              |
| Bayer CropScience (Private) Limited                         | Karachi, Pakistan                | 100              |
| Bayer CropScience Holdings Pty Ltd.                         | East Hawthorn, Australia         | 100              |
| Bayer CropScience K.K.                                      | Tokyo, Japan                     | 100              |
| Bayer CropScience Limited                                   | Mumbai, India                    | 71.1             |
| Bayer CropScience Ltd.                                      | Seoul, South Korea               | 100              |
| Bayer CropScience Pty Limited                               | East Hawthorn, Australia         | 100              |
| Bayer CropScience, Inc.                                     | Laguna, Philippines              | 100              |
| Bayer Far East Service Co. Ltd.                             | Hong Kong, China                 | 100              |
| Bayer Healthcare Co. Ltd.                                   | Beijing, China                   | 100              |
| Bayer HealthCare Limited                                    | Hong Kong, China                 | 100              |
| Bayer Holding Ltd.  | Tokyo, Japan                     | 100              |
| Bayer Jinling Polyurethane Co., Ltd.                        | Nanjing, China                   | 55               |
| Bayer Korea Ltd.  | Seoul, South Korea               | 100              |
| Bayer MaterialScience (China) Company Limited               | Shanghai, China                  | 100              |
| Bayer MaterialScience Limited                               | Hong Kong, China                 | 100              |
| Bayer MaterialScience Ltd.                                  | Tokyo, Japan                     | 100              |
| Bayer MaterialScience Private Limited                       | Mumbai, India                    | 100              |
| Bayer MaterialScience Pty Ltd.                              | Pymble, Australia                | 100              |
| Bayer New Zealand Limited                                   | Auckland, New Zealand            | 100              |
| Bayer Pakistan (Private) Limited                            | Karachi, Pakistan                | 100              |
| Bayer Pharmaceuticals Private Limited                       | Mumbai, India                    | 100              |
| Bayer Philippines, Inc.                                     | Makati City, Philippines         | 100              |
| Bayer Polyurethanes Taiwan Ltd.                             | Taipeh, Taiwan                   | 94.9             |
| Bayer Sheet Korea Ltd.                                      | Kimhae City, South Korea         | 100              |
| Bayer Taiwan Company Ltd.                                   | Taipei, Taiwan                   | 100              |
| Bayer Technology and Engineering (Shanghai) Company Limited | Shanghai, China                  | 100              |
| Bayer Thai Co., Ltd.  | Bangkok, Thailand                | 100              |
| Bayer TPU (Shenzhen) Co. Ltd.                               | Shenzhen, China                  | 100              |
| Bayer Uretech Ltd.  | Yu Pu Village, Taiwan            | 100              |
| Bayer Vietnam Ltd.  | Bien Hoa City (Amata), Vietnam   | 100              |
| Bayer Yakuhin Ltd.  | Osaka, Japan                     | 100              |
| Bilag Industries Private Ltd.                               | Vapi, India                      | 100              |
| Guangzhou Bayer MaterialScience Company Limited             | Guangzhou, China                 | 100              |
| Imaxeon Pty. Ltd.   | Rydalmere, Australia             | 100              |
| Medipharm (Pvt) Ltd.  | Lahore, Pakistan                 | 100              |
| Medrad Asia Pte. Ltd.                                       | Singapore                        | 100              |
| Medrad Medical Equipment Trading Company                    | Beijing, China                   | 100              |
| Nihon Medrad K.K.   | Osaka, Japan                     | 100              |
| Nunhems Beijing Seeds Co. Ltd.                              | Beijing, China                   | 95               |
| Nunhems India Private Limited                               | Haryana, India                   | 100              |
| PT. Bayer Indonesia   | Jakarta, Indonesia               | 99.8             |
| PT. Bayer MaterialScience Indonesia                         | Jakarta, Indonesia               | 99.9             |
| Sumika Bayer Urethane Co., Ltd.                             | Osaka, Japan                     | 60               |
| UIM Agrochemicals (Aust) Pty Ltd.                           | East Hawthorn, Australia         | 100              |
| <b>Latin America/Africa/Middle East</b>                     |                                  |                  |
| AgrEvo South Africa (Pty) Ltd.                              | Isando, South Africa             | 100              |
| Alimtec S.A.  | Santiago, Chile                  | 40*              |
| Bayer (Proprietary) Limited                                 | Isando, South Africa             | 100              |
| Bayer Boliviana Ltda.                                       | Santa Cruz De La Sierra, Bolivia | 100              |
| Bayer Central America Sociedad Anonima                      | San Jose, Costa Rica             | 100              |
| Bayer Cropscience S.A.                                      | Bogota, Colombia                 | 100              |

\* fully consolidated special-purpose entity according to IAS 27 in conjunction with SIC 12

## Notes

## 6. Scope of consolidation; subsidiaries and affiliates

## Fully Consolidated Subsidiaries

[Table 4.19 (continued)]

| Company Name  | Place of Business                 | Bayer's interest |
|---|-----------------------------------|------------------|
|   |                                   | %                |
| Bayer de Mexico, S.A. de C.V.                       | Mexico City, Mexico               | 100              |
| Bayer East Africa Ltd.                              | Nairobi, Kenya                    | 55               |
| Bayer Israel Ltd.                                   | Hod Hasharon, Israel              | 100              |
| Bayer Middle East FZE                               | Dubai, United Arab Emirates       | 100              |
| Bayer S.A.  | Asuncion, Paraguay                | 100              |
| Bayer S.A.  | Bogota, Colombia                  | 100              |
| Bayer S.A.  | Buenos Aires, Argentina           | 100              |
| Bayer S.A.  | Caracas, Venezuela                | 100              |
| Bayer S.A.  | Casablanca, Morocco               | 100              |
| Bayer S.A.  | Colón, Panama                     | 100              |
| Bayer S.A.  | Guatemala City, Guatemala         | 100              |
| Bayer S.A.  | Lima, Peru                        | 89.3             |
| Bayer S.A.  | Managua, Nicaragua                | 100              |
| Bayer S.A.  | Quito, Ecuador                    | 100              |
| Bayer S.A.  | San Jose, Costa Rica              | 100              |
| Bayer S.A.  | Santiago, Chile                   | 100              |
| Bayer S.A.  | Santo Domingo, Dominican Republic | 100              |
| Bayer S.A.  | Sao Paulo, Brazil                 | 100              |
| Bayer S.A. de C.V.                                  | Tegucigalpa, Honduras             | 100              |
| Bayer S.A.  | Montevideo, Uruguay               | 100              |
| Bayer, S.A.   | San Salvador, El Salvador         | 100              |
| Bayer Türk Kimya Sanayi Limited Sirketi             | Istanbul, Turkey                  | 100              |
| BaySystems Pearl FZCO                               | Dubai, United Arab Emirates       | 51               |
| BaySystems Pearl Limited Liability Company          | Dubai, United Arab Emirates       | 49*              |
| Corporación Bonima S.A. de C.V.                     | Ilopango, El Salvador             | 99.8             |
| CROPSA S.A.C.                                       | Lima, Peru                        | 100              |
| Intendis Ilac Ticaret Limited Sirketi               | Istanbul, Turkey                  | 100              |
| Mediterranean Seeds Ltd.                            | Einat, Israel                     | 100              |
| Medrad do Brasil Ltda.                              | Sao Paulo, Brazil                 | 100              |
| Medrad Mexicana S. de R.L. de CV                    | Mexico City, Mexico               | 100              |
| Nunhems Chile S.A.                                  | Santiago, Chile                   | 100              |
| Nunhems do Brasil Comercio de Sementes Ltda.        | Campinas, Brazil                  | 100              |
| Nunhems Mexico S.A. de C.V.                         | Queretaro, Mexico                 | 100              |
| Nunhems Tohumculuk Limited Sirketi                  | Antalya, Turkey                   | 100              |
| PROQUINA Productos Quimicos Naturales, S.A. de C.V. | Orizaba, Mexico                   | 100              |
| Schering (Pty) Ltd.                                 | Midrand, South Africa             | 100              |
| Schering do Brasil Quimica e Farmaceutica Ltda.     | Sao Paulo, Brazil                 | 100              |

\* fully consolidated subsidiary according to IAS 27.4 in conjunction with IAS 27.13

The following three joint ventures were included in the financial statements of the Bayer Group by proportionate consolidation:

**Joint Ventures** [Table 4.20]

| Company Name                 | Place of Business        | Bayer's interest |
|------------------------------|--------------------------|------------------|
|                              |                          | %                |
| Baulé S.A.S.                 | Romans-sur-Isere, France | 50               |
| Bayer IMSA, S.A. de C.V.     | Nuevo Leon, Mexico       | 50               |
| Indurisk Rückversicherung AG | Luxembourg, Luxembourg   | 50               |

The following associates were accounted for in the consolidated financial statements using the equity method:

**Associated Companies** [Table 4.21]

| Company Name                                | Place of Business              | Bayer's interest |
|---|--------------------------------|------------------|
|   |                                | %                |
| DIC Bayer Polymer Ltd.                      | Tokyo, Japan                   | 50               |
| Lyondell Bayer Manufacturing Maasvlakte VOF | Rotterdam, Netherlands         | 50               |
| Paltough Industries (1998) Ltd.             | Kibbutz Ramat Yochanan, Israel | 25               |
| PO JV, LP                                   | Wilmington, U.S.A.             | 41.3             |
| Polygal Plastics Industries Ltd.            | Kibbutz Ramat Yochanan, Israel | 25.8             |

The following subsidiaries were reflected in the consolidated financial statements at amortized cost due to their immateriality:

**Immaterial Subsidiaries** [Table 4.22]

| Company Name  | Place of Business              | Bayer's interest |
|---|--------------------------------|------------------|
|   |                                | %                |
| <b>Europe</b>   |                                |                  |
| 1. BCrsV GmbH   | Leverkusen, Germany            | 100              |
| Agreva GmbH   | Frankfurt am Main, Germany     | 100              |
| AgrEvo Verwaltungsgesellschaft mbH                                  | Frankfurt am Main, Germany     | 100              |
| Ausbildungsinitiative Rheinland GmbH                                | Leverkusen, Germany            | 100              |
| Bayer 04 Leverkusen Sportförderung gGmbH                            | Leverkusen, Germany            | 100              |
| Bayer 04 Marketing GmbH   | Leverkusen, Germany            | 100              |
| Bayer Animal Health Studies GmbH                                    | Leverkusen, Germany            | 100              |
| Bayer BioScience GmbH   | Monheim, Germany               | 100              |
| Bayer d.o.o. Sarajevo   | Sarajevo, Bosnia & Herzegovina | 100              |
| Bayer Healthcare S.r.l.   | Milan, Italy                   | 100              |
| Bayer Immobilier SAS  | Puteaux, France                | 100              |
| Bayer Innovation Ventures GmbH                                      | Düsseldorf, Germany            | 100              |
| Bayer OÜ  | Tallinn, Estonia               | 100              |
| Bayer UK Limited  | Newbury, U.K.                  | 100              |
| Bayer-Unterstützungskasse GmbH                                      | Leverkusen, Germany            | 100              |
| Bayhealth Comercializacao de Produtos Farmaceuticos Unipessoal Lda. | Lisbon, Portugal               | 100              |
| Bayhealth, S.L.   | Sant Joan Despi, Spain         | 100              |
| BayInvest GmbH  | Leverkusen, Germany            | 100              |
| BaySystems a.s.   | Prague, Czech Republic         | 100              |
| BaySystems Northern Europe A/S                                      | Otterup, Denmark               | 100              |



## Notes

## 6. Scope of consolidation; subsidiaries and affiliates

## Immaterial Subsidiaries

[Table 4.22 (continued)]

| Company Name  | Place of Business          | Bayer's interest |
|---|----------------------------|------------------|
|   |                            | %                |
| BaySystems Verwaltungs-GmbH                                   | Oldenburg, Germany         | 100              |
| Berlex Especialidades Farmaceuticas Lda.                      | Carnaxide, Portugal        | 100*             |
| Berlifarma Lda.   | Carnaxide, Portugal        | 100*             |
| Berlimed-Especialidades Farmaceuticas Lda.                    | Carnaxide, Portugal        | 100*             |
| Berlipharm B.V.   | Weesp, Netherlands         | 100              |
| CENTROFARMA-Industria e Comercio de Prod. Farmaceuticos, Lda. | Coimbra, Portugal          | 100              |
| CIS (U.K.) Limited  | Burgess Hill, U.K.         | 100              |
| Currenta Geschäftsführungs-GmbH                               | Leverkusen, Germany        | 100              |
| Ehrfeld Mikrotechnik BTS GmbH                                 | Wendelsheim, Germany       | 100              |
| Epurex Films Geschäftsführungs-GmbH                           | Bomlitz, Germany           | 100              |
| GENUS Grundstücks-Vermietungsgesellschaft mbH & Co. KG        | Düsseldorf, Germany        | 100              |
| HTV Gesellschaft für Hochtemperaturverbrennung mbH            | Bergkamen, Germany         | 100              |
| Intendis Derma, S.L.  | Sant Joan Despi, Spain     | 100              |
| Intraserv Verwaltungs-GmbH                                    | Schönefeld, Germany        | 100              |
| KOSINUS Grundstücks-Verwaltungsgesellschaft mbH               | Berlin, Germany            | 100              |
| Lilienthalstraße Nr. 4 GmbH                                   | Schönefeld, Germany        | 100              |
| Lusal Producao Quimico Farmaceutica Luso-Alema, Lda.          | Carnaxide, Portugal        | 100              |
| Lusalfarma-Especialidades Farmaceuticas, Lda.                 | Carnaxide, Portugal        | 100*             |
| Schering Industrial Products Holdings                         | Burgess Hill, U.K.         | 100              |
| Schering Verwaltungsgesellschaft mbH                          | Weimar, Germany            | 100              |
| Sechste Bayer VV GmbH   | Leverkusen, Germany        | 100              |
| SIA Bayer   | Riga, Latvia               | 100              |
| Siebte Bayer VV GmbH  | Leverkusen, Germany        | 100              |
| Sportrechte Vermarktungs- und Verwertungs-GmbH & Co. oHG      | Leverkusen, Germany        | 100              |
| TecArena+ GmbH  | Leverkusen, Germany        | 100              |
| ZAO Rhone-Poulenc AO  | Moscow, Russia             | 100              |
| <b>North America</b>  |                            |                  |
| Artificial Muscle, Inc.                                       | Sunnyvale, U.S.A.          | 100              |
| Bayer International Trade Services Corporation                | Weirton, U.S.A.            | 100              |
| BayOne Canada, Inc.   | Niagara Falls, Canada      | 100              |
| Berlex Canada, Inc.   | Pointe-Claire, Canada      | 100              |
| BHCP Holdings LLC   | Wilmington, U.S.A.         | 100              |
| Delinting and Seed Treating Company                           | Maricopa, U.S.A.           | 100              |
| ICON Genetics, Inc.   | Montmouth Junction, U.S.A. | 100              |
| NippoNex Holdings LLC   | Pittsburgh, U.S.A.         | 100              |
| The SDI Divestiture Corporation                               | Cincinnati, U.S.A.         | 100              |
| Viterion TeleHealthcare LLC                                   | Tarrytown, U.S.A.          | 100              |
| <b>Asia/Pacific</b>   |                            |                  |
| Bayer Business Services Private Limited                       | Powai, India               | 100              |
| Bayer CropScience (OHQ) (Malaysia) Sdn Bhd.                   | Kuala Lumpur, Malaysia     | 100              |
| Bayer CropScience (Thailand) Company Limited                  | Bangkok, Thailand          | 100              |
| Bayer CropScience Ltd.  | Dhaka, Bangladesh          | 60               |
| Bayer Malibu Polymers Private Limited                         | Mumbai, India              | 51               |
| Bayer MaterialScience (Qingdao) Co. Ltd.                      | Qingdao, China             | 100              |
| Chemdyes Pakistan (Private) Limited                           | Karachi, Pakistan          | 100              |
| Myanmar Aventis CropScience Ltd.                              | Yangon, Myanmar            | 100              |
| Schering Pty. Limited   | Alexandria, Australia      | 100              |

\*including a 10% interest held by a non-consolidated subsidiary

## Immaterial Subsidiaries

[Table 4.22 (continued)]

| Company Name   | Place of Business         | Bayer's interest |
|--|---------------------------|------------------|
|  |                           | %                |
| <b>Latin America/Africa/Middle East</b>                        |                           |                  |
| Bayer Algeria S.P.A.   | Algiers, Algeria          | 100              |
| Bayer Distribuidora de Produtos Quimicos e Farmaceuticos Ltda. | Sao Paulo, Brazil         | 100              |
| Bayer Parsian AG   | Tehran, Iran              | 100              |
| Bayer Schering Pharma Mocambique, Lda.                         | Maputo, Mozambique        | 100*             |
| Bayer Zimbabwe (Private) Limited                               | Harare, Zimbabwe          | 100              |
| Centro Estrategico Canada Latinoamerica S.A. de C.V.           | Mexico City, Mexico       | 100              |
| Comercial Interamericana, S.A.                                 | Guatemala City, Guatemala | 100              |
| Farmaco Ltda.  | Sao Paulo, Brazil         | 100              |
| Industrias Gustafson, S.A. de C.V.                             | Mexico City, Mexico       | 100              |
| Laboratorio Berlimed S.A.                                      | Santiago, Chile           | 100              |
| Miles, S.A. Guatemala Branch                                   | Guatemala City, Guatemala | 100              |
| Quimicas Unidas S.A.   | Havana, Cuba              | 100              |
| Schering Peruana S.A.  | Lima, Peru                | 100              |

\* including a 10% interest held by a non-consolidated subsidiary

The following associates and joint ventures were accounted for at amortized cost due to their immateriality:

## Immaterial Associates and Joint Ventures

[Table 4.23]

| Company Name   | Place of Business            | Bayer's interest |
|--|------------------------------|------------------|
|  |                              | %                |
| <b>Europe</b>  |                              |                  |
| Axxam S.p.A.   | Milan, Italy                 | 24.5             |
| BaySecur GmbH  | Leverkusen, Germany          | 49               |
| BaySports-Travel GmbH                                  | Leverkusen, Germany          | 50               |
| BBB Management GmbH Campus Berlin-Buch                 | Berlin, Germany              | 20               |
| Disalfarm, S.A.  | Barcelona, Spain             | 33.3             |
| EMP-Estrusione Materiali Plastici S.A.                 | Stabio, Switzerland          | 42.1             |
| Faserwerke Hüls GmbH                                   | Marl, Germany                | 50               |
| INVITE GmbH  | Leverkusen, Germany          | 50               |
| PYCO SA  | Mont de Marsan, France       | 47               |
| Sauerstoff- und Stickstoffrohrleitungsgesellschaft mbH | Krefeld, Germany             | 50               |
| <b>North America</b>                                   |                              |                  |
| Schein Pharmaceutical Canada, Inc.                     | Toronto, Canada              | 50               |
| Technology JV, L.P.                                    | Wilmington, U.S.A.           | 33.3             |
| <b>Asia/Pacific</b>                                    |                              |                  |
| Cotton Growers Services Pty. Limited                   | Wee Waa, Australia           | 50               |
| Teijin-Bayer Polytec Ltd.                              | Tokyo, Japan                 | 50               |
| <b>Latin America/Africa/Middle East</b>                |                              |                  |
| Bayer Middle East Limited Liability Company            | Dubai, United Arab Emirates  | 49               |
| Coopers Environmental Health Pty Ltd.                  | Pomona Gardens, South Africa | 26               |
| Polygal (Management) 1998 Ltd.                         | Megiddo, Israel              | 25.7             |
| Polygal (Marketing) Ltd. Limited Partnership           | Megiddo, Israel              | 25               |

## Notes

## 6. Scope of consolidation; subsidiaries and affiliates

The Bayer Group held between 5% and 20% of the voting rights of the following "large limited liability companies" as defined in Section 267 Paragraph 3 of the German Commercial Code:

**Other Interests in Large Limited Liability Companies**

[Table 4.24]

| Company Name                                      | Place of Business | Bayer's interest |
|---|-------------------|------------------|
|   |                   | %                |
| Hokusan Co. Ltd.                                  | Tokyo, Japan      | 19.8             |
| Salzgewinnungsgesellschaft Westfalen mbH & Co. KG | Ahaus, Germany    | 10               |

The following domestic subsidiaries availed themselves in 2010 of certain exemptions granted under Section 264 Paragraph 3 and Section 264b of the German Commercial Code regarding the preparation, auditing and publication of financial statements:

**German Exempt Subsidiaries**

[Table 4.25]

| Company Name  | Place of Business          | Bayer's interest |
|---|----------------------------|------------------|
|   |                            | %                |
| Bayer 04 Immobilien GmbH                                | Leverkusen, Germany        | 100              |
| Bayer 04 Leverkusen Fußball GmbH                        | Leverkusen, Germany        | 100              |
| Bayer Altersversorgung GmbH                             | Leverkusen, Germany        | 100              |
| Bayer Animal Health GmbH                                | Leverkusen, Germany        | 100              |
| Bayer Beteiligungsverwaltungsgesellschaft mbH           | Leverkusen, Germany        | 100              |
| Bayer Bitterfeld GmbH                                   | Bitterfeld-Wolfen, Germany | 100              |
| Bayer Business Services GmbH                            | Leverkusen, Germany        | 100              |
| Bayer Chemicals AG                                      | Leverkusen, Germany        | 100              |
| Bayer CropScience AG                                    | Monheim, Germany           | 100              |
| Bayer Direct Services GmbH                              | Leverkusen, Germany        | 100              |
| Bayer Gastronomie GmbH                                  | Leverkusen, Germany        | 100              |
| Bayer Gesellschaft für Beteiligungen mbH                | Leverkusen, Germany        | 100              |
| Bayer HealthCare AG                                     | Leverkusen, Germany        | 100              |
| Bayer Innovation GmbH                                   | Düsseldorf, Germany        | 100              |
| Bayer MaterialScience AG                                | Leverkusen, Germany        | 100              |
| Bayer MaterialScience Customer Services GmbH            | Leverkusen, Germany        | 100              |
| Bayer Real Estate GmbH                                  | Leverkusen, Germany        | 100              |
| Bayer Schering Pharma AG                                | Berlin, Germany            | 100              |
| Bayer Technology Services GmbH                          | Leverkusen, Germany        | 100              |
| Bayer Verwaltungsgesellschaft für Anlagevermögen m.b.H. | Leverkusen, Germany        | 100              |
| Bayer Vital GmbH  | Leverkusen, Germany        | 100              |
| Bayer-Handelsgesellschaft mit beschränkter Haftung      | Leverkusen, Germany        | 100              |
| Bayfin GmbH   | Leverkusen, Germany        | 100              |
| BaySystems GmbH & Co. KG                                | Oldenburg, Germany         | 100              |
| Chemion Logistik GmbH                                   | Leverkusen, Germany        | 100              |
| Currenta GmbH & Co. OHG                                 | Leverkusen, Germany        | 60               |
| Drugofa GmbH  | Cologne, Germany           | 100              |
| Dynevo GmbH   | Leverkusen, Germany        | 100              |
| Epurex Films GmbH & Co. KG                              | Bomlitz, Germany           | 100              |
| Erste K-W-A Beteiligungsgesellschaft mbH                | Leverkusen, Germany        | 100              |
| Euroservices Bayer GmbH                                 | Leverkusen, Germany        | 100              |
| Generics Holding GmbH                                   | Leverkusen, Germany        | 100              |
| GP Grenzach Produktions GmbH                            | Grenzach-Wyhlen, Germany   | 100              |
| Hild Samen GmbH   | Marbach am Neckar, Germany | 100              |
| Icon Genetics GmbH                                      | Munich, Germany            | 100              |
| Intendis GmbH   | Berlin, Germany            | 100              |
| Intraserv GmbH & Co. KG                                 | Schönefeld, Germany        | 100              |

## German Exempt Subsidiaries

[Table 4.25 (continued)]

| Company Name  | Place of Business          | Bayer's interest |
|---|----------------------------|------------------|
|   |                            | %                |
| Jenapharm GmbH & Co. KG   | Jena, Germany              | 100              |
| KOSINUS Grundstücks-Verwaltungsgesellschaft mbH & Co. Gamma OHG | Berlin, Germany            | 100              |
| KVP Pharma+Veterinär Produkte GmbH                              | Kiel, Germany              | 100              |
| Marotrast GmbH  | Jena, Germany              | 100              |
| MENADIER Heilmittel GmbH  | Berlin, Germany            | 100              |
| Pharma-Verlagsbuchhandlung GmbH                                 | Berlin, Germany            | 100              |
| Schering AG   | Berlin, Germany            | 100              |
| Schering GmbH und Co. Produktions KG                            | Weimar, Germany            | 100              |
| Schering International Holding GmbH                             | Berlin, Germany            | 100              |
| Schering-Kahlbaum Gesellschaft mit beschränkter Haftung         | Berlin, Germany            | 100              |
| TECTRION GmbH   | Leverkusen, Germany        | 100              |
| TravelBoard GmbH  | Leverkusen, Germany        | 100              |
| Vivero GmbH   | Bitterfeld-Wolfen, Germany | 100              |
| Zweite K-W-A Beteiligungsgesellschaft mbH                       | Leverkusen, Germany        | 100              |

## 6.2 Business combinations and other acquisitions

Acquisitions are accounted for by the purchase method, the results of the acquired businesses therefore being included in the consolidated financial statements as from the respective dates of acquisition. The purchase prices of acquired companies domiciled outside the eurozone were translated at the exchange rates in effect at the respective dates of acquisition. The revised version of IFRS 3, published in January 2008, was applied for the first time in 2010. The main changes compared to the previous version of IFRS 3 are described in Note [3].

Acquisition costs in 2010 amounted to €43 million (2009: €404 million). The purchase prices of the acquired companies or businesses were settled mainly in cash. Total goodwill of €12 million (2009: €177 million) arose on these acquisitions. It related principally to the following transactions:

Artificial Muscle, Inc. of Sunnyvale, California, United States, a technology leader in the field of electroactive polymers for the consumer electronics industry, was acquired on March 9, 2010. The purchase price of €21 million pertained mainly to patented technologies and goodwill.

The remaining 50% interest in BayOne Urethane Systems LLC was acquired on November 30, 2010. BayOne was previously a marketing joint venture between Bayer MaterialScience LLC and PolyOne Corp., headquartered in St. Louis, Missouri, United States, which specializes in customized formulations of polyurethane foams and elastomers. The purchase price of €15 million pertained mainly to customer relationships, which are reflected in other rights, and to goodwill. The remeasurement of the already held 50% equity interest to fair value resulted in a €12 million gain, which was recognized in other operating income. The effect of remeasurement was allocated among other rights (€6 million), production rights (€2 million) and goodwill (€4 million). The fair value of the already held interest at the acquisition date was €14 million. Since the purchase price allocation has not yet been completed, changes may yet be made in the allocation of the purchase price to the individual assets.

## Notes

## 6. Scope of consolidation; subsidiaries and affiliates

The acquired businesses named above contributed €1 million to Bayer Group sales in 2010. These portfolio changes had an effect of €6 million on the operating result (EBIT) for 2010. A total after-tax result of €5 million was recorded for the acquired businesses since the respective dates of their first-time consolidation. This included the financing costs incurred since the dates of acquisition and the remeasurement gain explained above.

If these acquisitions had already been made as of January 1, 2010, the Bayer Group would have had total sales of €35,108 million in 2010. Income after taxes would have amounted to €1,308 million, taking into account the effects of the remeasurement of the acquired net assets and hypothetical financing costs for the full year. Earnings per share would not have been materially affected.

The effects of these acquisitions, some minor other transactions and purchase price adjustments related to transactions effected in 2009 on the Group's assets and liabilities as of the respective acquisition dates are shown in the table. Net of acquired cash and cash equivalents, they resulted in the following cash outflow:

Acquired Assets and Assumed Liabilities

[Table 4.26]

|  | Pre-acquisition carrying amount | Fair-value adjustment | Fair value at the acquisition date |
|--|---------------------------------|-----------------------|------------------------------------|
|  | € million                       | € million             | € million                          |
| Goodwill                                 | -                               | 12                    | 12                                 |
| Patents                                  | -                               | 11                    | 11                                 |
| R&D projects                             | -                               | 1                     | 1                                  |
| Production rights                        | -                               | 2                     | 2                                  |
| Other rights                             | -                               | 5                     | 5                                  |
| Other noncurrent assets                  | -                               | 3                     | 3                                  |
| Other current assets                     | 3                               | -                     | 3                                  |
| Cash and cash equivalents                | 1                               | -                     | 1                                  |
| Other liabilities                        | (2)                             | -                     | (2)                                |
| Deferred taxes                           | -                               | 1                     | 1                                  |
| <b>Net assets</b>                        | <b>2</b>                        | <b>35</b>             | <b>37</b>                          |
| Non-controlling interest                 | -                               | -                     | 3                                  |
| Changes in non-controlling interest      | -                               | -                     | 3                                  |
| <b>Purchase prices</b>                   |                                 |                       | <b>43</b>                          |
| Acquired cash and cash equivalents       |                                 |                       | 1                                  |
| Liabilities for future payments          |                                 |                       | 2                                  |
| <b>Net cash outflow for acquisitions</b> |                                 |                       | <b>40</b>                          |

The fair-value adjustment reflected the differences between the carrying amounts of the assets and liabilities in the acquiree's statement of financial position prior to their acquisition and the fair values in the acquirer's statement of financial position at the acquisition date.

In 2009 the following acquisitions were accounted for in accordance with IFRS 3:

The remaining 10% of the shares of Bayer Polymers (Shanghai) Co. Ltd., China, was acquired on June 25, 2009, for €24 million. The difference between the carrying amount of this 10% interest and the purchase price was recognized as goodwill.

Two dermatology product lines were acquired from SkinMedica, Inc., Carlsbad, California, United States, on October 1, 2009, for €43 million. These prescription medications, Desonate® and Neo-Benz® Micro, are marketed in the United States. The main components of the difference between the carrying amount of the acquired net assets and the purchase price were €37 million pertaining to production rights and trademarks for the two product lines and €5 million of goodwill.

Athenix Corporation, a privately held biotechnology company headquartered in Research Triangle Park, North Carolina, United States, was acquired on November 2, 2009, for €286 million. The purchase price included future milestone payments of approximately €24 million that will fall due upon the achievement of certain development goals. Athenix has an extensive herbicide tolerance and insect control trait development platform, particularly for corn and soybeans. The main components of the difference between the carrying amount of the acquired net assets and the purchase price were €217 million that pertained to development technologies and were reflected in other rights, €69 million in deferred taxes and €132 million of goodwill. The goodwill relates mainly to the anticipated synergies from an increase in our ability to provide farmers worldwide with new technologies and complete agricultural solutions from seed to harvest.

The effects of these and other, smaller acquisitions made in 2009 on the Group's assets and liabilities in that year as of the respective acquisition dates are shown in the table. Net of acquired cash and cash equivalents, they resulted in the following cash outflow:

## Acquired Assets and Assumed Liabilities (Previous Year)

[Table 4.27]

|  | Pre-acquisition carrying amount | Fair value adjustment | Fair value at the acquisition date |
|--|---------------------------------|-----------------------|------------------------------------|
|  | € million                       | € million             | € million                          |
| Goodwill                                 | -                               | 177                   | 177                                |
| Patents                                  | -                               | 1                     | 1                                  |
| Trademarks                               | -                               | 3                     | 3                                  |
| R&D projects                             | -                               | 4                     | 4                                  |
| Marketing rights                         | -                               | 2                     | 2                                  |
| Production rights                        | -                               | 34                    | 34                                 |
| Other rights                             | 3                               | 226                   | 229                                |
| Property, plant and equipment            | 5                               | -                     | 5                                  |
| Inventories                              | -                               | 1                     | 1                                  |
| Cash and cash equivalents                | 12                              | -                     | 12                                 |
| Financial liabilities                    | (1)                             | -                     | (1)                                |
| Other liabilities                        | (7)                             | -                     | (7)                                |
| Deferred taxes                           | -                               | (71)                  | (71)                               |
| <b>Net assets</b>                        | <b>12</b>                       | <b>377</b>            | <b>389</b>                         |
| Non-controlling interest                 | -                               | -                     | 15                                 |
| <b>Purchase prices</b>                   |                                 |                       | <b>404</b>                         |
| of which ancillary acquisition costs     |                                 |                       | 2                                  |
| Acquired cash and cash equivalents       |                                 |                       | 12                                 |
| Liabilities for future payments          |                                 |                       | 38                                 |
| <b>Net cash outflow for acquisitions</b> |                                 |                       | <b>354</b>                         |

### ACQUISITIONS AFTER THE CLOSING DATE

The New Zealand company Bomac, which offers a wide range of animal health products for the livestock sector, was acquired on January 7, 2011. Bomac focuses particularly on the treatment of mastitis in dairy cattle and on parasiticides for sheep. The purchase price of €85 million pertained mainly to customer relationships and goodwill.

On January 28, 2011, we signed an agreement with the Indian pharmaceutical company Zydus Cadila to form a joint venture that will enhance our presence in India's fast-growing pharmaceuticals market. The new marketing and sales company will be headquartered in Mumbai, India. Closing of the transaction is currently expected by mid-2011.

## 6.3 Divestitures

There were no divestitures in 2010. The effects of the previous year's divestitures were as follows:

At the end of May 2009, we implemented the strategic alliance with Genzyme Corp., United States, announced on March 31, 2009. The products from our hematological oncology portfolio were transferred to Genzyme in accordance with the agreement. For Bayer this resulted in a net cash inflow of €93 million in 2010, comprising the balance of revenue-based payments received from Genzyme and taxes paid. After a write-down of €56 million, the receivable in the amount of the present value of the expected future revenue-based payments as of December 31, 2010, was €228 million.

In May 2009 Bayer sold its 51% share of Justesa Imagen, S.A., Spain, to Juste S.A. Química Farmacéutica for €16 million. A payment of €3 million was received in 2009 and a receivable for the remaining amount was therefore recognized in the statement of financial position. A further €8 million of this receivable was settled in 2010.

The impact of these divestitures in 2010 was as follows:

| Divestitures                                     | 2010        |
|--|-------------|
|  | € million   |
| Divested assets and liabilities                  | -           |
| Net cash inflow from divestitures                | 101         |
| Future cash payments receivable                  | (181)       |
| Utilization of tax provisions                    | 24          |
| Deferred net gain                                | 8           |
| <b>Net loss from divestitures (before taxes)</b> | <b>(48)</b> |

[Table 4.28]