

MERCK SERONO S.A.
Form 6-K
March 21, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR
15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of March 2007

Commission File Number 1-15096

Merck Serono S.A.

(Translation of registrant's name into English)

15 bis, Chemin des Mines
Case Postale 54
CH-1211 Geneva 20
Switzerland
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.
Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T
Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T
Rule 101(b)(7): ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also
thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities
Exchange Act of 1934. Yes ☐ No ☒

If ☒ Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-
2(b): 82- .

News Release

March 21, 2007

Merck Serono Confirms Previously Announced 2006 Figures

Geneva, Switzerland, March 21, 2007 Merck Serono S.A. (virt-x: SEO and NYSE: SRA) announced today that the preliminary fourth quarter and full-year consolidated results for the period ended December 31, 2006, which were published on March 1, 2007, are confirmed.

The audited detailed consolidated financial statements are appended. They have been prepared on the basis of International Financial Reporting Standards. The accompanying notes to these 2006 full-year consolidated financial statements will be available upon the release of Merck Serono's 2006 Annual Report by end April 2007.

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News Release

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Forward-looking statements

Some of the statements in this press release are forward looking. Such statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Merck Serono S.A. and affiliates to be materially different from those expected or anticipated in the forward-looking statements. Forward-looking statements are based on Merck Serono's current expectations and assumptions, which may be affected by a number of factors, including those discussed in this press release and more fully described in Serono's Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on February 28, 2006. These factors include any failure or delay in Merck Serono's ability to develop new products, any failure to receive anticipated regulatory approvals, any problems in commercializing current products as a result of competition or other factors, our ability to obtain reimbursement coverage for our products, the outcome of any government investigations and litigation. Merck Serono is providing this information as of the date of this press release, and has no responsibility to update the forward-looking statements contained in this press release to reflect events or circumstances occurring after the date of this press release.

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About Merck Serono S.A.

Merck Serono S.A. is a global biotechnology leader, with sales in over 90 countries. The Company is the world leader in reproductive health, with Gonal-f®, Luveris® and Ovidrel®/Ovitrelle®. It has strong market positions in neurology, with Rebif®, as well as in metabolism and growth, with Saizen®, Serostim® and Zorbtive®. The Company has recently entered the psoriasis area with Raptiva®. Merck Serono's research programs are focused on growing these businesses and on establishing new therapeutic areas, including oncology and autoimmune diseases.

Bearer shares of Merck Serono S.A., the holding company, are traded on the virt-x (SEO) and its American Depositary Shares are traded on the New York Stock Exchange (SRA).

About Merck

Merck is a global pharmaceutical and chemical company with sales of EUR 6.3 billion in 2006, a history that began in 1668, and a future shaped by about 35,000 employees (including Merck Serono) in 56 countries. Its success is characterized by innovations from entrepreneurial employees. Merck's operating activities come under the umbrella of Merck KGaA, in which the Merck family holds a 70% interest and free shareholders own the remaining 30%. In 1917 the U.S. subsidiary Merck & Co. was expropriated and has been an independent company ever since.

Sales by therapeutic area

| | Three Months Ended December 31, 2006 | | | Three Months Ended December 31, 2005 | | |
|----------------------------|---|------------|-------------|---|------------|---|
| | \$ million | % of sales | % change \$ | \$ million | % of sales | |
| Neurology | 388.9 | 59.3 | % 13.9 | % 341.4 | 56.5 | % |
| Reproductive Health | 167.5 | 25.6 | % 2.2 | % 163.9 | 27.1 | % |
| Growth & Metabolism | 74.1 | 11.3 | % 3.7 | % 71.5 | 11.8 | % |
| Dermatology | 21.2 | 3.2 | % 83.8 | % 11.6 | 1.9 | % |
| Others | 3.8 | 0.6 | % (76.4 | %) 16.2 | 2.7 | % |
| Total sales (US\$ million) | \$ 655.6 | 100 | % 8.5 | % \$ 604.5 | 100 | % |

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Sales by geographic region

| | Three Months Ended December 31, 2006 | | | Three Months Ended December 31, 2005 | | |
|----------------------------|---|------------|-------------|---|------------|---|
| | \$ million | % of sales | % change \$ | \$ million | % of sales | |
| Western Europe | 297.2 | 45.3 | % 16.6 | % 254.8 | 42.2 | % |
| North America | 232.7 | 35.5 | % 0.8 | % 230.8 | 38.2 | % |
| Latin America | 36.1 | 5.5 | % 6.1 | % 34.0 | 5.6 | % |
| Others | 89.6 | 13.7 | % 5.7 | % 84.8 | 14.0 | % |
| Total sales (US\$ million) | \$ 655.6 | 100 | % 8.5 | % \$ 604.5 | 100 | % |

Sales by therapeutic area

| | Twelve Months Ended December 31, 2006 | | | Twelve Months Ended December 31, 2005 | | |
|----------------------------|--|------------|-------------|--|------------|---|
| | \$ million | % of sales | % change \$ | \$ million | % of sales | |
| Neurology | 1,460.8 | 58.5 | % 13.0 | % 1,292.6 | 55.3 | % |
| Reproductive Health | 655.7 | 26.2 | % (1.0 | %) 662.0 | 28.3 | % |
| Growth & Metabolism | 281.7 | 11.3 | % 1.4 | % 278.0 | 11.9 | % |
| Dermatology | 69.9 | 2.8 | % 109.4 | % 33.4 | 1.4 | % |
| Others | 30.3 | 1.2 | % (58.5 | %) 72.9 | 3.1 | % |
| Total sales (US\$ million) | \$ 2,498.4 | 100 | % 6.8 | % \$ 2,338.9 | 100 | % |

Sales by geographic region

| | Twelve Months Ended December 31, 2006 | | | Twelve Months Ended December 31, 2005 | | |
|----------------------------|--|------------|-------------|--|------------|---|
| | \$ million | % of sales | % change \$ | \$ million | % of sales | |
| Western Europe | 1118.0 | 44.8 | % 7.7 | % 1038.3 | 44.4 | % |
| North America | 899.7 | 36.0 | % 6.1 | % 848.2 | 36.3 | % |
| Latin America | 137.2 | 5.5 | % 7.9 | % 127.1 | 5.4 | % |
| Others | 343.4 | 13.7 | % 5.6 | % 325.2 | 13.9 | % |
| Total sales (US\$ million) | \$ 2,498.4 | 100 | % 6.8 | % \$ 2,338.9 | 100 | % |

TOP TEN PRODUCTS

| | * TA | Three Months Ended December 31, 2006 | | | Three Months Ended December 31, 2005 | | |
|--------------|-------------|---|------------|-------------|---|------------|---|
| | | \$ million | % of sales | % change \$ | \$ million | % of sales | |
| Rebif® | MS | 388.4 | 59.2 | % 15.8 | % 335.3 | 55.5 | % |
| Gonal-f® | RH | 131.9 | 20.1 | % (1.2 | %) 133.5 | 22.1 | % |
| Saizen® | Growth | 54.7 | 8.3 | % 0.8 | % 54.3 | 9.0 | % |
| Raptiva® | Dermatology | 21.2 | 3.2 | % 83.8 | % 11.6 | 1.9 | % |
| Serostim® | Wasting | 19.2 | 2.9 | % 12.5 | % 17.0 | 2.8 | % |
| Ovidrel® | RH | 8.1 | 1.2 | % 25.1 | % 6.5 | 1.1 | % |
| Crinone® | RH | 7.5 | 1.1 | % 11.7 | % 6.7 | 1.1 | % |
| Cetrotide® | RH | 6.6 | 1.0 | % (0.2 | %) 6.6 | 1.1 | % |
| Metrodin-HP® | RH | 6.1 | 0.9 | % 45.0 | % 4.2 | 0.7 | % |
| Novantrone® | MS/Oncology | 1.4 | 0.2 | % (91.9 | %) 17.6 | 2.9 | % |

| | * TA | Twelve Months Ended December 31, 2006 | | | Twelve Months Ended December 31, 2005 | | |
|--------------|-------------|--|------------|-------------|--|------------|---|
| | | \$ million | % of sales | % change \$ | \$ million | % of sales | |
| Rebif® | MS | 1,451.7 | 58.1 | % 14.3 | % 1,269.8 | 54.3 | % |
| Gonal-f® | RH | 533.2 | 21.3 | % (2.5 | %) 547.0 | 23.4 | % |
| Saizen® | Growth | 208.9 | 8.4 | % 1.2 | % 206.5 | 8.8 | % |
| Serostim® | Wasting | 71.8 | 2.9 | % 2.0 | % 70.4 | 3.0 | % |
| Raptiva® | Dermatology | 69.9 | 2.8 | % 109.4 | % 33.4 | 1.4 | % |
| Ovidrel® | RH | 28.7 | 1.1 | % 20.6 | % 23.8 | 1.0 | % |
| Novantrone® | MS/Oncology | 27.1 | 1.1 | % (61.3 | %) 70.0 | 3.0 | % |
| Crinone® | RH | 27.0 | 1.1 | % 10.3 | % 24.5 | 1.0 | % |
| Cetrotide® | RH | 26.3 | 1.1 | % 3.8 | % 25.4 | 1.1 | % |
| Metrodin-HP® | RH | 15.0 | 0.6 | % 0.0 | % 15.0 | 0.6 | % |

* Therapeutic Areas

| | | | |
|----------|-----------------------|-------------|----------------------|
| RH | = Reproductive Health | Wasting | = AIDS Wasting |
| MS | = Multiple Sclerosis | Growth | = Growth Retardation |
| Oncology | = Oncology | Dermatology | = Dermatology |

Fourth Quarter Consolidated Income Statements (unaudited)

| Three months December 31 | 2006 US\$ 000 | % of Revenues | % change | 2005 US\$ 000 | % of Revenues |
|--|-------------------|------------------|----------|------------------|------------------|
| Revenues | | | | | |
| Product sales | 655,631 | | 8.5 | % 604,479 | |
| Royalty and license income | 83,603 | | 27.8 | % 65,412 | |
| Total Revenues | 739,234 | 100.0 | % 10.4 | % 669,891 | 100.0 |
| Operating Expenses | | | | | |
| Cost of product sales | (84,938) | | | (67,017) | |
| % of Sales | 13.0 | % | | 11.1 | % |
| Selling, general and administrative | (282,982) | 38.3 | % 26.4 | % (223,853) | 33.4 |
| Research and development | (165,898) | 22.4 | % 14.7 | % (144,645) | 21.6 |
| Other operating expense, net | (71,436) | 9.7 | % 1.8 | % (70,164) | 10.5 |
| Total Operating Expenses | (605,254) | 81.9 | % 19.7 | % (505,679) | 75.5 |
| Operating Income | 133,980 | 18.1 | % (18.4 | %) 164,212 | 24.5 |
| Financial income | 28,365 | | | 18,673 | |
| Financial expense | (25,328) | | | (15,462) | |
| Foreign currency gain/ (loss), net | 1,043 | | | (2) | |
| Share of (loss) / profit of associates | (710) | | | (631) | |
| Income Before Taxes | 137,350 | 18.6 | % (17.7 | %) 166,790 | 24.9 |
| Taxes | 58,319 | | | (22,603) | |
| Net Income | 195,669 | 26.5 | % 35.7 | % 144,187 | 21.5 |
| Attributable to: | | | | | |
| Minority interest | (20) | | | 44 | |
| Equity holders of Serono S.A. | 195,689 | 26.5 | % 35.8 | % 144,143 | 21.5 |

| Three months December 31 | | % change |
|-----------------------------------|-------|-------------|
| Basic Earnings per Share | | |
| Bearer shares | 13.15 | 33.1 % 9.88 |
| Registered shares | 5.26 | 33.1 % 3.95 |
| American depositary shares | 0.33 | 33.6 % 0.25 |
| Diluted Earnings per Share | | |
| Bearer shares | 12.95 | 32.2 % 9.80 |
| Registered shares | 5.18 | 32.2 % 3.92 |
| American depositary shares | 0.32 | 30.7 % 0.24 |

Quarterly Basic Earnings per Share is calculated in accordance with IAS 33 - Earnings per Share by dividing the net income attributable to bearer equity holders of Merck Serono S.A., \$137.8 million for the three months ended December 31, 2006 (December 31, 2005: \$100.6 million), by the weighted average number of shares outstanding during the period presented. This is 10,479,549 bearer shares (2005: 10,180,929) and 11,013,040 registered shares (2005: 11,013,040). The total weighted average number of bearer shares is 14,884,765 (December 31, 2005: 14,586,145) for the three months ended December 31, 2006. As each American depositary share represents ownership interest in one fortieth of bearer share, Basic and Diluted Earnings per American depositary share is calculated as one fortieth of the Basic and Diluted Earnings per bearer share.

For quarterly Diluted Earnings per Share, the weighted average number of bearer shares outstanding is adjusted to assume conversion of all potential dilutive shares arising from outstanding stock options and the convertible bond. The number of bearer shares used to calculate the Diluted Earnings per Share for the three months ended December 31, 2006 was 10,994,697 (December 31, 2005: 10,656,766).

Consolidated Income Statements

| Twelve months ended December 31 | 2006 US\$ 000 | % of Revenues | % change | 2005 US\$ 000 | % of Revenues | |
|--|---------------------|------------------|----------|------------------|------------------|----|
| Revenues | | | | | | |
| Product sales | 2,498,368 | | 6.8 | % 2,338,850 | | |
| Royalty and license income | 306,563 | | 23.9 | % 247,501 | | |
| Total Revenues | 2,804,931 | 100.0 | % 8.5 | % 2,586,351 | 100.0 | % |
| Operating Expenses | | | | | | |
| Cost of product sales | (297,955) | | | (265,879) | | |
| % of Sales | 11.9 | % | | 11.4 | % | |
| Selling, general and administrative | (954,290) | 34.0 | % 10.7 | % (862,276) | 33.3 | % |
| Research and development | (560,492) | 20.0 | % (5.6 | %) (593,567) | 22.9 | % |
| Other operating expense, net | (255,629) | 9.1 | % (74.2 | %) (990,799) | 38.3 | % |
| Total Operating Expenses | (2,068,366) | 73.7 | % (23.7 | %) (2,712,521) | 104.9 | % |
| Operating Income / (Loss) | 736,565 | 26.3 | % 683.8 | % (126,170) | (4.9 | %) |
| Financial income | 93,952 | | | 91,739 | | |
| Financial expense | (57,473) | | | (41,919) | | |
| Foreign currency (loss) / gain, net | (5,104) | | | 4,529 | | |
| Share of (loss) / profit of associates | (1,327) | | | (579) | | |
| Income / (Loss) Before Taxes | 766,613 | 27.3 | % 1158.9 | % (72,400) | (2.8 | %) |
| Taxes | (31,036) | | | (32,892) | | |
| Net Income / (Loss) | 735,577 | 26.2 | % 798.6 | % (105,292) | (4.1 | %) |
| Attributable to: | | | | | | |
| Minority interest | 156 | | | 822 | | |
| Equity holders of Serono S.A. | 735,421 | 26.2 | % 793.0 | % (106,114) | (4.1 | %) |

| Twelve months ended December 31 | 2006 US\$ | % change | 2005 US\$ |
|--|--------------|----------|--------------|
| Basic Earnings / (Loss) per Share | | | |
| Bearer shares | 50.01 | 786.7 | % (7.28) |
| Registered shares | 20.00 | 786.6 | % (2.91) |
| American depositary shares | 1.25 | 786.6 | % (0.18) |
| Diluted Earnings / (Loss) per Share | | | |
| Bearer shares | 49.86 | 784.7 | % (7.28) |
| Registered shares | 19.94 | 784.5 | % (2.91) |
| American depositary shares | 1.25 | 786.6 | % (0.18) |

Basic Earnings / (Loss) per Share is calculated in accordance with IAS 33 - Earnings per Share by dividing the Net Income / (Loss) attributable to bearer equity holders of Merck Serono S.A., \$515.1 million for the twelve months ended December 31, 2006 (December 31, 2005: net loss of (\$74.0) million), by the weighted average number of shares outstanding during the period presented, being 10,300,847 bearer shares (2005: 10,166,057) and 11,013,040 registered shares (2005: 11,013,040). The total weighted average number of bearer shares is 14,706,063 (December 31, 2005: 14,571,273) for the twelve months ended December 31, 2006. As each American depositary share represents ownership interest in one fortieth of bearer share, Basic and Diluted Earnings / (Loss) per American depositary share is calculated as one fortieth of the Basic and Diluted Earnings / (Loss) per bearer share.

For Diluted Earnings / (Loss) per Share, the weighted average number of bearer shares outstanding is adjusted to assume conversion of all potential dilutive shares arising from outstanding stock options and the convertible bond. The number of bearer shares used to calculate the Diluted Earnings per Share for the twelve months ended December 31 2006 was 10,344,731. The effect of the convertible bond was excluded from the calculation of Diluted Earnings / (Loss) per Share for the twelve months ended December 31, 2006 and 2005 as they were anti-dilutive. The effect of outstanding stock options was excluded from the calculation of Diluted Loss per Share for the twelve months ended December 31, 2005 as they were anti-dilutive.

The consolidated income statements have been extracted from the audited consolidated financial statements

Consolidated Balance Sheets

| As of | December 31, 2006 US\$ 000 | December 31, 2005 US\$ 000 |
|--|-------------------------------|-------------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | 1,734,947 | 358,853 |
| Short-term available-for-sale financial assets | 351,150 | 565,545 |
| Trade accounts receivable | 439,538 | 402,358 |
| Inventories | 254,907 | 248,476 |
| Prepaid expenses and other current assets | 788,328 | 199,189 |
| Total Current Assets | 3,568,870 | 1,774,421 |
| Non-Current Assets | | |
| Tangible fixed assets | 873,533 | 746,430 |
| Intangible assets | 317,315 | 341,382 |
| Deferred tax assets | 298,186 | 224,779 |
| Investments in associates | 4,546 | 5,446 |
| Long-term available-for-sale financial assets | 470,341 | 736,543 |
| Other long-term assets | 68,589 | 92,234 |
| Total Non-Current Assets | 2,032,510 | 2,146,814 |
| Total Assets | 5,601,380 | 3,921,235 |
| Liabilities | | |
| Current Liabilities | | |
| Trade and other payables | 421,872 | 343,525 |
| Short-term financial debts | 776,705 | 28,604 |
| Income taxes | 109,554 | 97,797 |
| Deferred income - current | 18,861 | 34,111 |
| Provisions - current | 38,257 | 29,291 |
| Other current liabilities | 131,642 | 183,396 |
| Total Current Liabilities | 1,496,891 | 716,724 |
| Non-Current Liabilities | | |
| Long-term financial debts | 27,951 | 635,039 |
| Deferred tax liabilities | 5,638 | 18,316 |
| Deferred income - non-current | 120,272 | 123,142 |
| Provisions - non-current | 152,955 | 108,607 |
| Other long-term liabilities | 113,840 | 148,465 |
| Total Non-Current Liabilities | 420,656 | 1,033,569 |
| Total Liabilities | 1,917,547 | 1,750,293 |
| Shareholders' Equity | | |
| Share capital | 237,059 | 235,555 |
| Share premium | 817,747 | 500,605 |
| Treasury shares | 0 | (372,724) |
| Retained earnings | 2,422,264 | 1,803,929 |
| Fair value and other reserves | 149,483 | 14,654 |
| Cumulative foreign currency translation adjustments | 56,336 | (11,988) |
| Total Shareholders' Equity attributable to equity holders of Serono S.A. | 3,682,889 | 2,170,031 |
| Minority Interests | 944 | 911 |
| Total Shareholders' Equity | 3,683,833 | 2,170,942 |
| Total Liabilities and Shareholders' Equity | 5,601,380 | 3,921,235 |

The consolidated balance sheets have been extracted from the audited consolidated financial statements

Consolidated Statements of Changes in Equity

| | Share capital US\$ 000 | Share premium US\$ 000 | Treasury shares US\$ 000 | Retained earnings US\$ 000 | Fair value and other reserves US\$ 000 | Cumulative foreign currency translation adjustments US\$ 000 | Total Share- holders Equity attributable to equity holders of Serono S.A. US\$ 000 | Minority interests US\$ 000 | Total Share- holders Equity US\$ 000 |
|--|------------------------------|------------------------------|--------------------------------|----------------------------------|---|---|---|-----------------------------------|--|
| Balance as of January 1, 2005 as restated | 254,420 | 1,039,000 | (987,489) | 2,020,425 | 56,829 | 67,248 | 2,450,433 | 3,343 | 2,453,776 |
| Fair value adjustments on available-for-sale investments taken to equity | | | | | (22,380) | | (22,380) | | (22,380) |
| Gain on sale of available-for-sale investments transferred to income statement | | | | | (32,060) | | (32,060) | | (32,060) |
| Impairment of available-for-sale investments transferred to income statement | | | | | 17,973 | | 17,973 | | 17,973 |
| Fair value adjustments on cash flow hedge taken to equity | | | | | (5,708) | | (5,708) | | (5,708) |
| Foreign currency translation effect | | | | | | (79,236) | (79,236) | (87) | (79,323) |
| Net (loss) / income recognized directly in equity | | | | | (42,175) | (79,236) | (121,411) | (87) | (121,498) |
| Net (loss) / income | | | | (106,114) | | | (106,114) | 822 | (105,292) |
| Total recognized income and expense | | | | (106,114) | (42,175) | (79,236) | (227,525) | 735 | (226,790) |
| Issue of share capital | 1,136 | 31,316 | 3,426 | | | | 35,878 | | 35,878 |
| Issue of call options on Serono shares | | 262 | | | | | 262 | | 262 |
| Share-based compensation | | 21,365 | | | | | 21,365 | | 21,365 |
| Cancellation of treasury shares | (20,001) | (591,338) | 611,339 | | | | | | |
| Dividend - bearer shares | | | | (76,992) | | | (76,992) | | (76,992) |
| Dividend - registered shares | | | | (33,390) | | | (33,390) | | (33,390) |
| Purchase of minorities | | | | | | | | (3,167) | (3,167) |
| Balance as of December 31, 2005 | 235,555 | 500,605 | (372,724) | 1,803,929 | 14,654 | (11,988) | 2,170,031 | 911 | 2,170,942 |

Consolidated Statements of Changes in Equity

| | Share capital US\$ 000 | Share premium US\$ 000 | Treasury shares US\$ 000 | Retained earnings US\$ 000 | Fair value and other reserves US\$ 000 | Cumulative foreign currency translation adjustments US\$ 000 | Total Share- holders Equity attributable to equity holders of Serono S.A. US\$ 000 | Minority interests US\$ 000 | Total Share- holders Equity US\$ 000 |
|--|------------------------------|------------------------------|--------------------------------|----------------------------------|---|---|---|-----------------------------------|--|
| Balance as of January 1, 2006 | 235,555 | 500,605 | (372,724) | 1,803,929 | 14,654 | (11,988) | 2,170,031 | 911 | 2,170,942 |
| Fair value adjustments on available-for-sale investments taken to equity | | | | | 122,927 | | 122,927 | | 122,927 |
| Gain on sale of available-for-sale investments transferred to income statement | | | | | (8,582) | | (8,582) | | (8,582)1,057 |
| Impairment of available-for-sale investments transferred to income statement | | | | | 1,057 | | 1,057 | | |
| Fair value adjustments on cash flow hedge taken to equity | | | | | 1,259 | | 1,259 | | 1,259 |
| Fair value loss on interest rate swaps transferred to income statement | | | | | 18,166 | | 18,166 | | 18,166 |
| Serono share of equity recognized by associated companies | | | | | 2 | | 2 | | 2 |
| Foreign currency translation effect | | | | | | 68,324 | 68,324 | | 68,324 |
| Net income recognized directly in equity | | | | | 134,829 | 68,324 | 203,153 | | 203,153 |
| Net income | | | | 735,421 | | | 735,421 | 156 | 735,577 |
| Total recognized income and expense | | | | 735,421 | 134,829 | 68,324 | 938,574 | 156 | 938,730 |
| Issue of share capital | 1,504 | 43,133 | 2,803 | | | | 47,440 | | 47,440 |
| Share-based compensation | | 76,362 | | | | | 76,362 | | 76,362 |
| Sale of treasury shares | | 197,647 | 369,921 | | | | 567,568 | | 567,568 |
| Dividend - bearer shares | | | | (35,224) | | | (35,224) | | (35,224) |
| Dividend - registered shares | | | | (81,862) | | | (81,862) | | (81,862) |
| Purchase of minorities | | | | | | | | (123) | (123) |
| Balance as of December 31, 2006 | 237,059 | 817,747 | | 2,422,264 | 149,483 | 56,336 | 3,682,889 | 944 | 3,683,833 |

The consolidated statements of changes in Equity have been extracted from the audited consolidated financial statements

Consolidated Statements of Cash Flows

| | 2006 | 2005 |
|---|------------------|-------------------|
| Twelve months ended December 31 | US\$ 000 | US\$ 000 |
| Net Income / (Loss) | 735,577 | (105,292) |
| Reversal of non-cash items | | |
| Taxes | 31,036 | 32,892 |
| Depreciation and amortization | 126,468 | 136,859 |
| Interest income | (84,229) | (59,632) |
| Interest expense | 29,491 | 16,875 |
| Unrealized foreign currency exchange results | (3,740) | 1,136 |
| Share of loss / (profit) of associates | 1,327 | 579 |
| Share based compensation expense | 57,445 | 32,476 |
| Other non-cash items | 70,013 | (13,109) |
| Operating Cash Flows Before Working Capital Changes | 963,388 | 42,784 |
| Working capital changes | | |
| Trade and other payables, other current liabilities and deferred income | (1,704) | (86,357) |
| Trade accounts receivable and other receivables | 4,749 | 18,393 |
| Inventories | 25,439 | 13,573 |
| Prepaid expenses and other current assets | 6,606 | 6,502 |
| Taxes paid | (108,670) | (121,384) |
| Net Cash Flows From / (Used For) Operating Activities | 889,808 | (126,489) |
| Proceeds from disposal of subsidiaries, net of cash disposed of | | 5,034 |
| Purchase of tangible fixed assets | (153,928) | (139,430) |
| Proceeds from disposal of tangible fixed assets | 23,610 | 2,685 |
| Purchase of intangible assets | (45,792) | (100,130) |
| Proceeds from disposal of intangibles | 33,400 | |
| Purchase of available-for-sale financial assets | (1,026) | (490,400) |
| Proceeds from sale of available-for-sale financial assets | 594,326 | 850,257 |
| Purchase of investments in associates | | (6,006) |
| Proceeds from sale of investments in associates | | 642 |
| Interest received | 92,589 | 105,192 |
| Net Cash Flows From Investing Activities | 543,179 | 227,844 |
| Proceeds from issue of Serono shares | 11,218 | 11,055 |
| Proceeds from exercise of options on Serono shares | 30,543 | 17,846 |
| Proceeds from issue of call options on Serono shares | | 262 |
| Proceeds from issue of financial debts | 58,450 | 79,145 |
| Repayments of financial debt | (7,722) | (4,720) |
| Other non-current liabilities | (9,346) | (5,842) |
| Interest paid | (6,467) | (4,120) |
| Dividends paid | (117,086) | (110,382) |
| Settlement of delayed interest rate swap | (18,224) | |
| Net Cash Flows Used For Financing Activities | (58,634) | (16,756) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | 1,741 | (1,725) |
| Net Increase in Cash and Cash Equivalents | 1,376,094 | 82,874 |
| Cash and Cash Equivalents at the Beginning of Period | 358,853 | 275,979 |
| Cash and Cash Equivalents at the End of Period | 1,734,947 | 358,853 |

The consolidated statements of cash flows have been extracted from the audited consolidated financial statements

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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MERCK SERONO S.A.,
a Swiss corporation
(Registrant)

Date March 21, 2007

By: /s/ Francois Naef
Name: Francois Naef
Title: Chief Administrative Officer

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