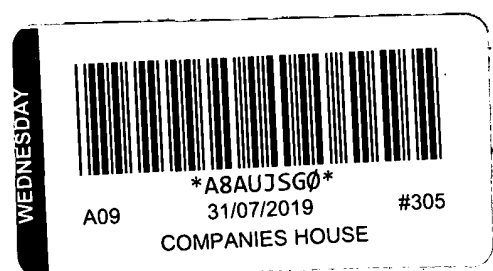


S-P RIL Limited

Annual report
Registered Number 00698405

31 December 2018



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Officers and professional advisors

Directors

L Houson
S Nicholson
E Can Temucin

Registered Office

West Hill
Hertford Road
Hoddesdon
Hertfordshire
England
EN11 9BU

Bankers

Citibank
CGC Centre
Canary Wharf
E14 5LB

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
10 Bricket Road
St Albans
Herts
AL1 3JX

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2018 (the 'Annual Report').

BUSINESS REVIEW

The company continued to act as a holding company and received interest income on its cash balance. The company generated a profit for the financial year of £194,000 (2017: £2,631,000) during the year.

The directors do not recommend payment of a dividend for the year (2017: nil).

The company is expected to continue to act as a holding company for the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties relate to the recoverability of cash and the amounts due from group undertakings. Credit risk, liquidity risk and cash flow risk are all related to other group undertakings being able to settle the intercompany receivable position when requested. Periodic reviews are undertaken of the carrying values of its intercompany receivables to ensure these assets are stated at their respective recoverable amounts. Periodic reviews are undertaken of the credit worthiness of the financial institution which holds the cash balance for any changes to its credit rating. Given the straightforward nature of the company's operations, key performance indicators are not used by the directors to understand the company's operations.

DIRECTORS

The present directors are shown on page 1. The directors, who served during the year and up to the date of signing the financial statements, are shown below:

L Houson
S Nicholson
E Can Temucin

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

FINANCIAL INSTRUMENTS

The company's assets comprise cash and amounts due from group undertakings. The directors seek to ensure that the company maintains sufficient resources to enable it to settle its obligations when required to do so. The directors also consider that the risk to changes in foreign currency is low on the investment and dividend incomes.

STATEMENT OF DISCLOSURE TO THE AUDITORS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report (continued)**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

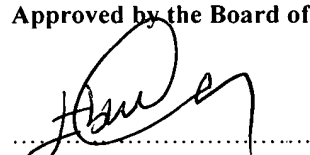
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

STRATEGIC REPORT

The company has taken advantage of section 414B of the Companies Act 2006 not to include a strategic report in these financial statements.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board



E Can Temucin

Director

24 July 2019

Registered Number: 00698405

Independent auditors' report to the members of S-P RIL Limited

Report on the audit of the financial statements

Opinion

In our opinion, S-P RIL Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of S-P RIL Limited (continued)

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern; disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Robert Girdlestone (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
25 July 2019

**Statement of Comprehensive Income
for the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
Other operating income		<u>6</u>	<u>1</u>
Operating profit	6	6	1
Gain on sale of investments		-	3,254
Other interest receivable and similar income	7	<u>37</u>	<u>3</u>
Profit before taxation		43	3,258
Tax on profit	8	<u>151</u>	<u>(627)</u>
Profit for the financial year		<u>194</u>	<u>2,631</u>

The Statement of comprehensive income has been prepared on the basis that all amounts relate to continuing operations.

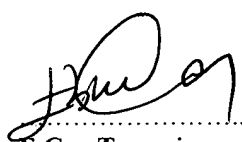
There are no material differences between the profits before taxation and the profits for the financial years and their historical cost equivalents.

The notes on pages 9 to 13 form part of these financial statements.

**Balance Sheet
as at 31 December 2018**

	Note	2018 £'000	2017 £'000
Current Assets			
Debtors	9	47,654	47,652
Cash at bank and in hand		5,363	5,156
		<u>53,017</u>	<u>52,808</u>
Creditors: amounts falling due within one year	10	<u>(644)</u>	<u>(629)</u>
Net Current Assets		<u>52,373</u>	<u>52,179</u>
Total Assets less Current Liabilities		<u>52,373</u>	<u>52,179</u>
Capital and Reserves			
Called up share capital	11	-	-
Share premium account		2,939	2,939
Profit and loss account		<u>49,434</u>	<u>49,240</u>
Total Shareholders' Funds		<u>52,373</u>	<u>52,179</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 24 July 2019 and were signed on its behalf by:



E Can Temucin
Director
24 July 2019

Registered Number: 00698405

Statement of Changes in Equity
For the year ended 31 December 2018

	Share Capital	Share Premium account	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000
Balance as at 1 January 2017	-	2,939	46,609	49,548
Profit for the year	-	-	2,631	2,631
Total comprehensive income for the year	-	-	2,631	2,631
Balance as at 31 December 2017	-	2,939	49,240	52,179
Balance as at 1 January 2018	-	2,939	49,240	52,179
Profit for the year	-	-	194	194
Total comprehensive income for the year	-	-	194	194
Balance as at 31 December 2018	-	2,939	49,434	52,373

Notes to the financial statements

1. GENERAL INFORMATION

The company continued to act as a holding company and received interest income on its cash balance.

The company is a private limited company limited by shares and is incorporated, registered and domiciled in England. The address of its registered office is West Hill, Hertford Road, Hoddesdon, Hertfordshire, EN11 9BU.

2. STATEMENT OF COMPLIANCE

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"). The principal accounting policies are set out below and they have been applied consistently in both the current and prior year, unless otherwise stated.

3. ACCOUNTING POLICIES

The preparation of financial statements in conformity with FRS 102 required the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern

The company does not trade and the principal risks and uncertainties relate to the recoverability of its cash balance and the amounts due from group undertakings. Periodic reviews are undertaken of the credit worthiness of the financial institution which holds the cash balance for any changes to its credit rating. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. The Company has taken advantage of the following exemptions:

- (i) From preparing a statement of cash flows, under FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and its ultimate parent company, Merck & Co. Inc. includes the company's cash flows in its own consolidated financial statements;
- (ii) From disclosing related party transactions with other wholly owned undertakings of the Merck & Co. Inc. group under FRS 102 paragraph 33.7;
- (iii) From disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7, as the equivalent disclosure information is provided in Merck & Co. Inc.'s consolidated financial statements.

Notes to the financial statements (continued)**3. ACCOUNTING POLICIES (continued)****Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Investments

Investments are stated at cost less accumulated impairment losses. Impairment reviews are undertaken when events or circumstances are identified that may indicate that the carrying values may no longer be recoverable.

Foreign currency

The company's functional and presentational currency is the pound sterling.

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of transactions. Monetary foreign currency assets and liabilities held at the year end are translated at year end exchange rates. The resulting exchange gains or losses are dealt with in the statement of comprehensive income.

Dividend income

Final dividends from investments are recognised when there is a right to receive payment that has been established through the approval by the shareholders. Interim dividends are recognised once the cash has been received.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Currently no such judgements or estimations are deemed necessary.

Notes to the financial statements (continued)**5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES****Employees**

During the financial year the Company had no employees (2017: nil) and incurred no staff costs (2017 £nil).

Directors' remuneration

The emoluments of the directors are paid by their employing company, another group undertaking. The directors' services to this company and to a number of fellow subsidiaries are chiefly of a non-executive nature and their emoluments are deemed to be wholly attributable to their services in their employing company.

6. OPERATING PROFIT

	2018 £'000	2017 £'000
Operating profit is stated after crediting:		
Exchange gain	<u>6</u>	<u>1</u>

The audit fee of £2,525 for the year ended 31 December 2018 (2017: £2,525) has been borne by a fellow group company.

7. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
On cash balances	26	3
On withholding tax	11	-
	<u>37</u>	<u>3</u>

Notes to the financial statements (continued)**8. TAX ON PROFIT**

	2018 £'000	2017 £'000
a) Analysis of tax (credit)/charge for the year		
UK corporation tax on profit for the year	8	627
Adjustments in respect of prior years	6	-
Withholding tax	(165)	-
Total tax on profit	<u>(151)</u>	<u>627</u>

b) Factors affecting the tax (credit)/charge for the year

The current tax credit for the year is the different than (2017: the same as) the standard rate of corporation tax in the UK 19% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Profit before taxation	43	3,258
Profit before taxation multiplied by standard rate in the UK 19% (2017: 19.25%)	8	627
Effects of:		
Adjustments in respect of prior years	6	-
Withholding tax	(165)	-
Total tax (credit)/charge	<u>(151)</u>	<u>627</u>

c) Factors affecting future tax charges

The Finance (No 2) Act 2015 (the Act) was substantially enacted on 26 October 2015. The Act further reduced the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. A further change was announced in the March 2016 Budget to further reduce the Corporation Tax rate to 17% by 1 April 2020, which has now been subsequently enacted.

Notes to the financial statements for the year ended 31 December 2018 (continued)**9. DEBTORS**

	2018 £'000	2017 £'000
Amounts owed by group undertakings	47,608	47,609
Other debtors	46	43
	<u>47,654</u>	<u>47,652</u>

Amounts owed by group undertakings are unsecured, interest-free and are receivable on demand.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Amounts owed to group undertakings	635	2
Corporation tax	9	627
	<u>644</u>	<u>629</u>

Amounts owed to group undertakings are unsecured, interest-free and are payable on demand.

11. CALLED UP SHARE CAPITAL

	2018 £	2017 £
Allotted and fully paid		
200 (2017: 200) deferred shares of £1 each	200	200
200 (2017: 200) ordinary shares of £1 each	200	200
	<u>400</u>	<u>400</u>

The deferred shares entitle the holder to the right to a return of capital at either a winding up or repayment of capital providing the ordinary shareholders have first received a distribution of £10,000 per share. The deferred shares do not entitle the holder to participate in any profits of the company.

12. IMMEDIATE AND ULTIMATE PARENT COMPANY

The company's immediate parent company is Schering-Plough Holdings Limited, company incorporated in United Kingdom and the ultimate parent company and controlling party is Merck & Co., Inc. a company incorporated in the United States of America.

The largest and smallest group in which the results of the company are consolidated is that headed by Merck & Co., Inc. Copies of the group financial statements Merck & Co., Inc. may be obtained from 2000 Galloping Hill Road, Kenilworth, NJ 07033 USA.