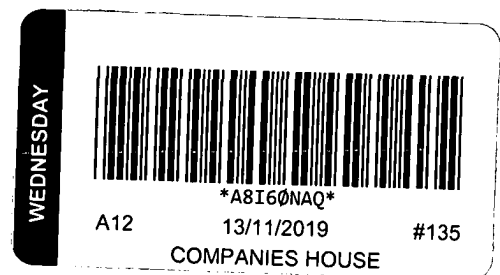


# **Intervet UK Limited**

**Annual report and financial statements**

**Registered number 946942**

**31 December 2018**



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## **Strategic report**

### **For the year ended 31 December 2018**

The directors present their strategic report on Intervet UK Limited ("the company") together with the directors' report and audited financial statements for the year ended 31 December 2018.

#### **General information**

The company trades as 'MSD Animal Health', selling veterinary products primarily into the UK market with a small amount of product sold into the Irish market, and carries out research and development activities into innovative products and formulations.

It is a private limited company by shares, incorporated and domiciled in England. The address of its registered office is Walton Manor, Walton, Milton Keynes, Buckinghamshire, MK7 7AJ.

#### **Business review**

The results for the year ended 31 December 2018 and financial position are reported on pages 8 to 10 of the financial statements.

#### **Principal risks and uncertainties**

The company operates in the animal healthcare industry which is characterised by long lead times in developing and obtaining approval for new products.

The research and development pipeline and intellectual property rights are managed by the Intervet /Schering-Plough Animal Health unit, a part of Merck & Co. Inc., the company's ultimate parent company.

The company's activities expose it to a number of financial risks including foreign currency exchange rates, credit risks and liquidity risks. The foreign currency exchange rate risks are managed by the Intervet /Schering-Plough Animal Health unit, a sub group of Merck & Co. Inc.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts. The company has some concentration of credit risk with significant exposure to a small number of customers. The risk is mitigated by tight credit control and by regular monitoring.

In order to maintain liquidity to ensure sufficient funds are available for on-going operations and future developments the company has access to a cash pooling facility operated by Merck & Co. Inc.

#### **Research and development**

The company ceased research and development activity at Milton Keynes during 2018 but continued at the Graveley site. However, this activity will be transferred to the US and The Netherlands during 2019. All such work is carried out on behalf of Intervet International BV, a group company incorporated in The Netherlands, and the majority of these costs are consequently recharged to that company.

#### **Key performance indicators**

The directors manage the company's operation on a divisional basis. The development, performance and position of the company are assessed and managed using the following indicators:

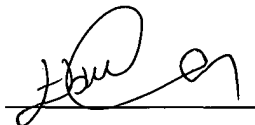
- Market position of MSD Animal Health in the UK. This consists of reviewing sales demand for proprietary products relative to the wider veterinary market to track market share and position of the company in the UK and its promoted products.
- Agreeing targets and benchmarks tracking performance against those targets across a number of key performance indicators across the statement of comprehensive income.

## **Strategic report (continued)**

### **Future Outlook**

The company continues to assess its position within the overall UK veterinary market and continues to ensure it is organised to deliver value to customers through its offering of innovative products, flexible customer services offering and Key Account management. The company will continue to drive the market through customer engagement, providing products and tools valued by our customers.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'E Can Temucin', is written over a horizontal line.

E Can Temucin

Director

5 November 2019

## **Annual report**

### **For the year ended 31 December 2018**

#### **Results and dividend payable**

The company's profit for the financial year is £3,562,000 (2017: £4,560,000).

Profit includes pension receipts of £nil (2017: £7,151,000) from other group companies for employers' contributions.

The Directors did not propose nor pay any dividends for the current year (2017: £25,000,000).

#### **Directors and their interests**

The directors who held office throughout the year and to the date of signing this report were:

A Costa (resigned 5 July 2018)  
A Harberg (resigned 3 June 2019)  
B L McCoy Jr (appointed 3 June 2019)  
J Moehlenbrock  
E Can Temucin (appointed 5 July 2018)

#### **Post balance sheet events**

There are no matters to report as post balance sheet events.

#### **Exemption from filing consolidated financial statements**

The company is a wholly owned subsidiary of Intervet Holdings BV and of its ultimate parent, Merck & Co. Inc. It is included in the consolidated financial statements of Merck & Co., Inc. which are publicly available. Therefore, the company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

#### **Supplier payment policy**

The company does not follow any code of practice or standard regarding the payment of suppliers but seeks to agree the terms of payment with suppliers prior to the placing of purchase orders and it is the company's policy to settle those liabilities by the due date.

#### **Employee consultation**

The company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through the group newsletter, annual face to face meeting between the directors and employees and other internal communications.

#### **Disabled employees**

Applications by disabled persons for employment are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

## Annual 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 regulations.

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 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.

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.

### Disclosure of Information 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.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General meeting.

On behalf of the Board of Directors

  
Can Temucin

Director

5 November 2019

## **Independent auditors' report to the members of Intervet UK Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Intervet UK 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 and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the profit and loss account, 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 Strategic Report and 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.

### ***Strategic Report and Annual Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Annual 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 Strategic Report and 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 4, 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](http://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.



Robert Girdlestone (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford  
6 November 2019

**Profit and loss account**  
**For the year ended 31 December 2018**

	<i>Note</i>	2018 £000	2017 £000
<b>Turnover</b>	4	140,880	149,572
Cost of sales		(106,652)	(122,345)
		<hr/>	<hr/>
<b>Gross profit</b>		34,228	27,227
Distribution costs		(6,992)	(7,154)
Administrative expenses		(25,018)	(23,046)
Other operating income		381	8,102
		<hr/>	<hr/>
<b>Operating profit</b>		2,599	5,129
Income from shares in group undertakings		1,040	-
		<hr/>	<hr/>
<b>Profit before interest and tax</b>		3,639	5,129
Interest receivable and similar income	8	44	2
Interest payable and similar expenses	9	(281)	(70)
Other finance income	10	1,431	765
		<hr/>	<hr/>
<b>Profit before taxation</b>	5	4,833	5,826
Tax on profit	11	(1,271)	(1,266)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		3,562	4,560
		<hr/> <hr/>	<hr/> <hr/>

**Statement of comprehensive income**  
**For the year ended 31 December 2018**

	<i>Note</i>	<b>2018</b> <b>£000</b>	2017 £000
<b>Profit for the financial year</b>		<b>3,562</b>	4,560
<b>Other comprehensive (expense)/income:</b>			
Actuarial (losses)/gains	24	<b>(1,095)</b>	23,361
Movement on deferred tax relating to pension surplus	20	<b>186</b>	(3,971)
		<hr/>	<hr/>
<b>Total other comprehensive (expense)/income</b>		<b>(909)</b>	19,390
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>2,653</b>	23,950
		<hr/> <hr/>	<hr/> <hr/>

**Balance sheet**  
**As at 31 December 2018**

	Note	2018 £000	2018 £000	2017 £000	2017 £000
<b>Fixed assets</b>					
Intangible assets	13		(490)		(735)
Tangible assets	14		14,546		14,291
Investments	15		<u>56,034</u>		<u>47,074</u>
			<b>70,090</b>		<b>60,630</b>
<b>Non-current post retirement benefit surplus</b>	24		<b>56,138</b>		<b>57,524</b>
<b>Current assets</b>					
Inventories	16	47,909		28,715	
Debtors	17	40,614		43,212	
Cash at bank and in hand		97		358	
		<u>88,620</u>		<u>72,285</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(90,978)</u>		<u>(78,587)</u>	
<b>Net current (liabilities)</b>			<b>(2,358)</b>		<b>(6,302)</b>
<b>Total assets less current liabilities</b>			<b>123,870</b>		<b>111,852</b>
Provision for liabilities	19		<u>( 8,473)</u>		<u>(9,108)</u>
<b>Net assets</b>			<b>115,397</b>		<b>102,744</b>
<b>Capital and reserves</b>					
Called up share capital	21		44,520		34,520
Share premium account			18,047		18,047
Profit and loss account			<u>52,830</u>		<u>50,177</u>
<b>Total Equity</b>			<b>115,397</b>		<b>102,744</b>

The notes on pages 12 to 33 are an integral part of these financial statements.

The financial statements on pages 8 to 33 were approved by the board of directors on 5 November 2019 and were signed on its behalf by:



E. Can Temucin

Director

**Registered number 946942**

**Statement of changes in equity**  
**For the year ended 31 December 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
<b>Balance as at 1 January 2017</b>	<b>34,520</b>	<b>18,047</b>	<b>51,227</b>	<b>103,794</b>
Profit for the financial year	-	-	4,560	4,560
Other comprehensive income for the year	-	-	19,390	19,390
Total comprehensive income for the year	-	-	23,950	23,950
Dividends paid	-	-	(25,000)	(25,000)
<b>Balance as at 31 December 2017</b>	<b>34,520</b>	<b>18,047</b>	<b>50,177</b>	<b>102,744</b>
<b>Balance as at 1 January 2018</b>	<b>34,520</b>	<b>18,047</b>	<b>50,177</b>	<b>102,744</b>
Profit for the financial year	-	-	3,562	3,562
Other comprehensive income for the year	-	-	(909)	(909)
Total comprehensive income for the year	-	-	2,653	2,653
Proceeds from shares issued	10,000	-	-	10,000
Total transactions with owners recognised directly in equity	10,000	-	-	10,000
<b>Balance as at 31 December 2018</b>	<b>44,520</b>	<b>18,047</b>	<b>52,830</b>	<b>115,397</b>

## Notes to the financial statements

### 1 Statement of compliance

The individual financial statements of Intervet UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

#### *a) Basis of preparation*

These financial statements are prepared on a going concern basis, under the historical cost convention and certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires 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 3.

#### *b) Consolidated financial statements*

The company is a wholly owned subsidiary of Intervet Holdings BV and of its ultimate parent, Merck & Co., Inc. It is included in the consolidated financial statements of Merck & Co., Inc. which are publicly available. Therefore the company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

Details of the company's immediate and ultimate parent company are included in note 25.

#### *c) Reduced disclosures*

The company is a qualifying entity and has taken advantage of the exemptions permitted by FRS 102, paragraph 1.12. It is exempted from disclosing the following information.

- A reconciliation of the number of shares outstanding at the beginning and end of the period.[FRS 102 para 4.12 (a)(iv)].
- A statement of cash flows. [Section 7 of FRS 102 and para 3.17 (d)].
- Certain financial instrument disclosure providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. [FRS 102 paras 11.39 – 11.48A, 12.26 – 12.29].

## Notes to the financial statements *(continued)*

### 2 Summary of significant accounting policies *(continued)*

#### *c) Reduced disclosures (continued)*

- Certain disclosure requirements of Section 26 in respect of share-based payments provided that instruments of another group entity and its own equity instruments; and in both cases the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. [FRS 102 paras 12.18(b), 26.19 – 26.21, 26.23]
- 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

The company has notified its immediate parent company and it does not object the use of the disclosure exemptions.

#### *d) Foreign currency*

The company's functional and presentation currency is pound sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical costs are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measure using the exchange rate when value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the transaction at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

#### *e) Revenue recognition*

Turnover represents the fair value of consideration received or receivable from the sale of veterinary products to customers during the year, net of returns, discounts and rebates allowed by the company and value of added tax.

The company recognised revenue when:

- the significant risks and rewards of ownership have been transferred to the buyer;
- the company retains no continuing involvement or control over the goods;
- the amount of revenue can be measured reliably;
- it is probable that future economic benefits will flow to the entity, and;
- when the specific criteria relating to each of company's sales channels have been met.

#### *Sale of goods – wholesale*

The company sells veterinary products predominately to wholesalers.

Sales of goods are recognised on delivery of the product to the customer. At this point, the wholesaler has full discretion over the channel and price to sell and bears the risks of obsolescence or loss. The wholesaler has accepted the products in accordance with the sales contract and acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied.

Sales are normally made with credit term of 60 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

## Notes to the financial statements (*continued*)

### 2 Summary of significant accounting policies (*continued*)

#### *f) Employee benefits*

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

##### *Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### *Defined contribution pension plan*

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### *Multi-employer defined benefit pension scheme.*

The company is the principal employer of a pension scheme providing benefits on a combination of career average and final salary basis. The assets of the scheme are held separately from of the company.

No contractual agreement exists for funding the plan deficit or sharing in the surplus amongst the participating employers and in previous financial statements the company accounted for the scheme as a defined contribution plan.

From 1 January 2014, being the principal employer, the company accounts for the scheme as a defined benefit plan under FRS 102.

The defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The asset recognised in the balance in respect of the defined benefit plan is the fair value of the plan assets at the reporting date less the present value of the defined benefit obligation at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. The company engages independent actuaries to calculate the obligation annually. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts are disclosed together with the return on plan assets, less amounts included in net interest.



## Notes to the financial statements *(continued)*

### 2 Summary of significant accounting policies *(continued)*

#### *f) Employee benefits (continued)*

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset comprises:

- the increase in pension benefit liability arising from employee service during the period; and,
- the cost of plan introductions, benefit charges, curtailments and settlements.

The net interest cost is calculated by apply the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is recognised in the profit or loss as 'Other finance income/ expense'.

#### *Annual bonus plan*

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

#### *g) Taxation*

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of income and retained earnings.

Current or deferred taxation assets and liabilities are not discounted.

#### *Current tax*

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 end.

#### *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and profits stated in the profit and loss account. 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.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which future reversal of underlying timing differences can be derived.

## Notes to the financial statements *(continued)*

### 2 Summary of significant accounting policies *(continued)*

#### ***h) Intangible fixed assets and amortisation***

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably. Fair values are restricted to an amount that does not create, or increase, any negative goodwill.

Negative goodwill arising on business combinations in respect of acquisitions since 1 January 1998 is included within intangible fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

#### ***i) Tangible fixed assets and depreciation***

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration cost and borrowing costs capitalised.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold land and buildings	-	5 - 25 years
Plant and machinery	-	3 - 10 years

No depreciation is provided on freehold land or assets under construction.

Assets under construction are transferred into other asset classes and depreciated when they are completed and in use.

#### ***De-recognition***

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (expenses)/income'.

#### ***j) Investments***

Investments are stated at cost less amounts written off in respect of any impairment.

#### ***k) Leased assets***

At inception the company assesses agreements that transfer the right to use assets and is based on the substance of the arrangement.

#### ***Operating lease***

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

## Notes to the financial statements *(continued)*

### 2 Summary of significant accounting policies *(continued)*

#### ***l) Inventories***

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Any stock considered to be obsolete is provided for in full.

#### ***m) Cash and cash equivalents***

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### ***n) Provisions***

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably

#### ***o) Financial instruments***

The company applies Section 11 FRS 102 in respect of basic financial instruments. It does not have complex financial instruments and is not required to apply Section 12 FRS 102.

##### ***Financial assets***

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### ***Financial liabilities***

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

## Notes to the financial statements *(continued)*

### 2 Summary of significant accounting policies *(continued)*

#### *o) Financial instruments (continued)*

##### *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### *p) Research and development expenditure*

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

### 3 Critical accounting judgements and estimation uncertainty

#### *a) Critical accounting estimates and assumptions*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *Inventory provisioning*

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods.

##### *Impairment of debtors*

The company makes an estimate of the recoverable value of trade and other debtors. In the assessment of impairment of trade and other debtors, management consider factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

##### *Rebates Estimates*

When the company sells inventory, there is an automated Revenue Recognition accrual for the eventual rebate based on historic rebate payment data. The underlying basis for this calculation is reviewed annually.

##### *Defined benefit pension scheme*

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and these present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

## Notes to the financial statements *(continued)*

### 4 Turnover

	<b>2018</b>	2017
	<b>£000</b>	£000
<i>By destination:</i>		
UK	<b>140,168</b>	148,771
Rest of Europe	<b>712</b>	801
	<hr/> <b>140,880</b> <hr/>	<hr/> 149,572 <hr/>

There is no material difference between sale of product by operating location and by destination of sale.

In the opinion of the directors, the company operates in only one business segment, being the sale of veterinary products.

### 5 Profit before taxation

	<b>2018</b>	2017
	<b>£000</b>	£000
<i>Profit before taxation is stated after charging/(crediting):</i>		
Auditors' remuneration:		
Fees payable for the audit of the company's financial statements	<b>35</b>	35
Depreciation of tangible fixed assets	<b>2,990</b>	1,863
Credit relating to amortisation of negative goodwill	<b>(245)</b>	(244)
Inventory recognised as an expense	<b>103,890</b>	110,977
Impairment of inventory (included in 'cost of sales')	<b>2,762</b>	2,367
Operating lease charges	<b>659</b>	834
Other operating income:		
Research and development income	<b>(635)</b>	(951)
Pension charge/(funding) from group companies (note 24)	<b>-</b>	(7,151)
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements *(continued)*

### 6 Remuneration of directors

	2018	2017
Number of directors remunerated by the company	2	3
	<u>2</u>	<u>3</u>
	<b>2018</b>	2017
	<b>£000</b>	£000
Directors' emoluments (excluding pension contributions)	353	994
	<u>353</u>	<u>994</u>

The emoluments of the highest paid director were £277,628 (2017: £438,284). The highest paid director received no pension fund contributions from the company.

Compensation paid for loss of office of £nil (2017: £298,741) has been included above.

### 7 Staff numbers and costs

The monthly average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	<b>Number of employees</b>	
	2018	2017
Administration	17	14
Sales and distribution	152	144
Research and development	34	44
	<u>203</u>	<u>202</u>
	<u>203</u>	<u>202</u>

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£000	£000
Wages and salaries	13,670	14,158
Social security costs	1,779	1,942
Other pension costs	2,805	3,979
	<u>18,254</u>	<u>20,079</u>
	<u>18,254</u>	<u>20,079</u>

**Notes to the financial statements *(continued)***

**8 Interest receivable and similar income**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Receivable from third parties	<b>44</b>	<b>2</b>
	<u>          </u>	<u>          </u>

**9 Interest payable and similar expenses**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Bank overdrafts	<b>269</b>	<b>70</b>
Other interest payable	<b>12</b>	<b>-</b>
	<u>          </u>	<u>          </u>
Total Interest payable and similar expenses	<b>281</b>	<b>70</b>
	<u>          </u>	<u>          </u>

**10 Other finance income**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Net interest benefit arising on pension scheme (note 24)	<b>1,431</b>	<b>765</b>
	<u>          </u>	<u>          </u>

**Notes to the financial statements (continued)**

**11 Tax on profit**

Analysis of charge in the year:

	2018 £000	2017 £000
<i>UK corporation tax</i>		
Current tax on income for the year	1,343	-
Adjustments in respect of previous years	377	(127)
	<hr/>	<hr/>
Total current tax charge/(credit)	1,720	(127)
	<hr/>	<hr/>
<i>Deferred tax (credit)/charge</i>		
Origination/reversal of timing differences – current year	(449)	1,393
	<hr/>	<hr/>
Deferred tax charge (note 20)	(449)	1,393
	<hr/>	<hr/>
Tax charge	1,271	1,266
	<hr/> <hr/>	<hr/> <hr/>

*Factors affecting tax charge for the year*

	2018 £000	2017 £000
Profit before taxation	4,833	5,826
	<hr/>	<hr/>
Current tax at 19.00% (2017: 19.25%)	918	1,121
Effects of:		
Expenses not deductible for tax purposes	376	37
Income not taxable	-	(54)
Group relief surrendered for nil consideration	-	691
Adjustment in respect of previous years	377	(102)
Re-measurement of deferred tax – change in UK tax rate	(400)	(427)
	<hr/>	<hr/>
Tax charge for the year (see above)	1,271	1,266
	<hr/> <hr/>	<hr/> <hr/>



## Notes to the financial statements (continued)

### 11 Tax on profit (continued)

#### *Factors affecting the tax charge for the current year*

Based on current capital investment plans the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

#### *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.

### 12 Dividends

	2018 £000	2017 £000
Equity-Ordinary		
Interim paid: £nil (2017: £0.72422 ) per £1 share	-	25,000
	<u>          </u>	<u>          </u>

### 13 Intangible assets

	Negative Goodwill £000
<b>Cost</b>	
At beginning and end of year	(4,897)
	<u>          </u>
<b>Accumulated Amortisation</b>	
At beginning of year	(4,162)
Credited to profit and loss account in year	(245)
	<u>          </u>
At end of year	(4,407)
	<u>          </u>
<b>Net book value</b>	
At 31 December 2018	(490)
	<u>          </u>
At 31 December 2017	(735)
	<u>          </u>

Negative goodwill arose on the acquisition of the trade and assets of Intervet UK Production Limited in 2000. It represents the excess of the fair value of the non-monetary assets acquired over the consideration paid. Negative goodwill is being released to the profit and loss account over a period of 20 years (commensurately with the recovery of the non-monetary assets acquired whether through depreciation or sale).

## Notes to the financial statements *(continued)*

### 14 Tangible assets

	Assets under construction £000	Freehold land and buildings £000	Plant and Machinery £000	Total £000
<b>Cost</b>				
At beginning of year	358	28,862	12,995	42,215
Additions	141	3,104	-	3,245
Transfers	(35)	-	35	-
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	464	31,966	13,030	45,460
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>				
At beginning of year	-	(18,009)	(9,915)	(27,924)
Charge for year	-	(788)	(2,202)	(2,990)
Depreciation on disposal	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	(18,797)	(12,117)	(30,914)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2018	464	13,169	913	14,546
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	358	10,853	3,080	14,291
	<hr/>	<hr/>	<hr/>	<hr/>

Included in freehold land and buildings is an amount of £9,580,386 (2017: £6,476,487) of land which is not subject to depreciation.

## Notes to the financial statements *(continued)*

### 15 Investments

Costs and net book value	2018 £000	2017 £000
At 1 January	47,074	47,074
Additions	10,000	-
Disposals	(1,040)	-
<b>At 31 December</b>	<b>56,034</b>	<b>47,074</b>

The subsidiary undertakings and investments at 31 December 2018 were:

	Country of incorporation	Principal activity	Class and percentage of shares held
Intervet UK Production Limited	Great Britain	Production and sale of veterinary products	100% ordinary shares
MSD Animal Health Limited	Great Britain	Non-trading	100% ordinary shares

Dividends of £1,040,000 were received from Mycofarm Ltd during the year (2017 - £nil).

On 29 March 2018 Mycofarm UK Limited filed a strike-off notice with the Companies Houses in England and Wales. This company was officially dissolved on 10 July 2018.

The address of the registered office for Intervet UK Production Limited and MSD Animal Health Limited is Walton, Walton Manor, Milton Keynes, Buckinghamshire, MK7 7AJ.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

### 16 Inventories

	2018 £000	2017 £000
Raw materials and consumables	16	8
Finished goods and goods for resale	47,893	28,707
	<b>47,909</b>	<b>28,715</b>

There is no material difference between the balance sheet value of stocks and their replacement costs.

Inventories are stated after provisions for impairment of £3,653,696 (2017: £2,684,020).

## Notes to the financial statements *(continued)*

### 17 Debtors

	2018 £000	2017 £000
Trade debtors	35,902	37,746
Amounts owed by group undertakings	913	1,298
Corporation tax	1,736	2,775
Other debtors	1,903	1,229
Prepayments and accrued income	160	164
	<hr/> 40,614 <hr/>	<hr/> 43,212 <hr/>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 18 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Bank loans and overdraft	44,108	19,981
Trade creditors	1,236	1,951
Amounts owed to group undertakings	24,688	30,084
Other taxation and social security	2,063	4,112
Other creditors	719	680
Accruals and deferred income	18,164	21,779
	<hr/> 90,978 <hr/>	<hr/> 78,587 <hr/>

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

## Notes to the financial statements *(continued)*

### 19 Provisions for liabilities

	Deferred Tax £000
<b>At 1 January 2018</b>	<b>9,108</b>
Credit to profit and loss account	(449)
Amounts credited to other comprehensive income	(186)
	<hr/>
<b>At 31 December 2018</b>	<b>8,473</b>
	<hr/> <hr/>

### 20 Deferred tax

The movement in deferred taxation during the year was the following:

	Depreciation in excess of capital allowances £000	Post-employment benefits £000	Total £000
At 1 January 2018	(591)	9,699	9,108
Credit to profit and loss account	-	(449)	(449)
Credit to other comprehensive income	-	(186)	(186)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2018</b>	<b>(591)</b>	<b>9,064</b>	<b>8,473</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### Deferred tax liability relating to pension surplus

	2018 £000	2017 £000
<b>At 1 January</b>	<b>9,699</b>	<b>4,192</b>
Deferred tax credit recorded in profit and loss account	(449)	1,536
Deferred tax (credit)/charge recorded in other comprehensive income	(186)	3,971
	<hr/>	<hr/>
<b>At 31 December</b>	<b>9,064</b>	<b>9,699</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements *(continued)*

### 21 Called up share capital

	2018 £000	2017 £000
<i>Ordinary shares of £1 each</i>		
<i>Allotted, called up and fully paid</i>		
As at 1 January	34,520	34,520
Issued during the year	10,000	-
	<hr/>	<hr/>
As at 31 December	<b>44,520</b>	34,520
	<hr/>	<hr/>

On 15 October 2018, 10,000,000 ordinary shares were issued for £10,000,000.

### 22 Capital and other commitments

At 31 December the company had the following capital commitments:

	2018 £000	2017 £000
Contracts for future capital expenditure not provided in the financial statements		
Property, plant and equipment	4,622	-
	<hr/>	<hr/>

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods.

Payments due	2018 £000	2017 £000
Not later than one year	562	532
Later than one year and not later than five years	464	840
Later than five years	-	-
	<hr/>	<hr/>
	<b>1,026</b>	1,372
	<hr/>	<hr/>

## Notes to the financial statements (continued)

### 23 Contingent liabilities

#### *Bank facilities*

During the year the company continued to participate in a designated cash pooling arrangement operating since 21 November 2007 with certain other group companies. This arrangement allowed the company as a subsidiary of Merck & Co. Inc, to access and manage locally its working capital efficiently by drawing upon, depositing or borrowing amounts through the cash pool facility through control as if it were its own bank account. This account is now in the name of Citibank and is denominated in local currency. Therefore, the company is not exposed to foreign exchange risk.

Bank interest is applied to the account balance based on a single daily base rate adjusted for the determined margin of 0.25% minus or in addition, to debit and credit balances respectively in the local currency by BMG's Treasury. The cash pool system compensates debit interest margins with credit interest margins for compensated balances and refunds these margins at the end of each month.

The Merck & Co. Inc Treasury, as Principal Customer retaining ultimate control, manages daily the pool within the designated facility to meet expected shortfalls and excesses.

All subsidiaries party to the arrangement are jointly and severally liable to the bank for any overdraft thereon.

### 24 Non-current post retirement benefit surplus

#### **MSD Animal Health Pension Scheme, formerly known as SP/OBS (UK) Pension Scheme ("the scheme")**

The company is the principal employer of a group multi-employer pension scheme with assets held in a separate fund. The fund is administered by an independent trustee who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations.

The scheme is a funded defined benefit scheme providing retirement benefits on a combination of final and career average salary. The scheme is closed to new entrants but remains open to future accrual.

From 1 January 2014, as principal employer, the company has accounted for the entire scheme as a defined benefit pension plan on transition to FRS 102. Prior to this, the company accounted for the scheme as a defined contribution plan.

The FRS 102 'Retirement benefits' valuation has been based on an assessment of the liabilities of the scheme as at 31 December 2016. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method.

Actuarial gains and losses have been recognised in the period in which they occur, in the statement of comprehensive income. The principle assumptions used by the independent qualified actuaries in updating the latest valuation for FRS 102 'Retirement benefits' purposes are noted in the next section.

An actuarial valuation of the scheme was carried out at 31 December 2016 by a qualified independent actuary. The valuation revealed a funding shortfall relating to technical provisions minus the market value of assets, amounting to £33 million. The trustees have agreed a recovery plan to eliminate the funding shortfall with the company and Merck Sharp & Dohme Limited.

## Notes to the financial statements *(continued)*

### **24 Non-current post retirement benefit surplus *(continued)***

The company has agreed a funding plan with the trustee, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary for ongoing benefit accrual and fixed amounts in relation to operating expenses and deficit recovery.

Merck Sharp & Dohme Limited and Intervet UK Limited made no deficit recovery payments in 2018 but have agreed additional variable payments of up to £5,920,000 every March from 2019 to 2021, Intervet UK Limited's share of this payment is £1,836,000.

The contribution rate is generally reviewed every three years following each full actuarial valuation of the scheme.

#### **Actuarial assumptions**

	<b>2018</b>	<b>2017</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Discount rate	<b>2.69</b>	2.45
Expected rate of salary increases	<b>3.60</b>	3.60
RPI Inflation	<b>3.20</b>	3.20
CPI Inflation	<b>2.10</b>	2.10
Expected rate of increase in pensions in payment	<b>2.79</b>	2.79

Mortality assumptions used are as follows:

	<b>2018</b>	<b>2017</b>
	<b>Years</b>	<b>Years</b>
Life expectancy at 65		
Men	<b>21.9</b>	22.5
Women	<b>23.4</b>	24.0
Life expectancy at 50		
Men	<b>22.0</b>	22.6
Women	<b>24.9</b>	25.5



## Notes to the financial statements *(continued)*

### 24 Non-current post retirement benefit surplus *(continued)*

#### Amounts recognised in the profit and loss account

	2018 £000	2017 £000
Current service cost	621	2,287
Administration expenses	1,016	985
Past service cost	1,886	-
Net financing income (note 10)	(1,431)	(765)
	<u>2,092</u>	<u>2,507</u>
Pension charges/(funding) from group companies		
Other operating charges/(income)	-	(7,151)
	<u>-</u>	<u>(7,151)</u>

The past service cost includes the impact of the court ruling in October 2018 to remove historical gender inequalities in relation to GMP.

#### Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
<b>As at 1 January 2018</b>	395,645	(338,121)	57,524
Benefits paid	(11,027)	11,027	-
Expenses paid	(1,016)	-	(1,016)
Employer contributions	1,801	-	1,801
Current service cost	-	(621)	(621)
Past service costs (curtailments)	-	(1,886)	(1,886)
Net interest cost	9,581	(8,150)	1,431
Actuarial (loss)/gain	(22,283)	21,188	(1,095)
<b>As at 31 December 2018</b>	<u>372,701</u>	<u>(316,563)</u>	<u>56,138</u>

**Notes to the financial statements (continued)**

**24 Non-current post retirement benefit surplus (continued)**

**Fair value of plan assets**

	<b>2018</b>	2017
	<b>£000</b>	£000
Equity securities	<b>199,328</b>	254,219
Government bonds	<b>166,661</b>	65,151
Corporate bonds	-	65,139
Cash/net current assets	<b>6,712</b>	11,136
	<b>372,701</b>	395,645

**MSD UK Defined Contribution Pension Plan**

The company also provides a defined contribution scheme for its employees who are not in the MSD Animal Health Pension Scheme.

The amount recognised as an expense for this scheme was:

	<b>2018</b>	2017
	<b>£000</b>	£000
Current year contributions	<b>1,168</b>	707

**Notes to the financial statements** *(continued)*

**25 Controlling parties**

The company's immediate parent company is Intervet Holding BV, a company registered in The Netherlands.

The company's ultimate parent company and controlling party is Merck & Co. Inc., which is a public company incorporated in the United States of America. Merck & Co. Inc. represents the only group of undertakings for which group financial statements are drawn up and of which the company is a member.

Copies of the group financial statements are available from the office address of Merck & Co. Inc., One Merck Drive, Whitehouse Station, New Jersey 08889-0100.