

Idexx Laboratories Limited
Financial Statements
31 December 2006



Idexx Laboratories Limited
Financial Statements
Year Ended 31 December 2006

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Idexx Laboratories Limited
Officers and Professional Advisers

The board of directors

P Tye
M Koeleman
M Raines

Company secretary

C R Deady / Reed Smith Corporate Services Ltd

Registered office

Ground Floor, Milton Court
Churchfield Road
Chalfont St Peter
Nr Gerrards Cross
Bucks
SL9 9EW

Auditor

Fish Partnership LLP
Chartered Certified Accountants
& Registered Auditors
The Mill House
Boundary Road
Loudwater
High Wycombe
Bucks
HP10 9QN

Idexx Laboratories Limited

The Directors' Report

Year Ended 31 December 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2006

Principal Activities and Business Review

The principal activity of the company continued to be that of the supply and marketing of diagnostic products

A detailed review of the business is contained within the 'Review of Operations' attached to the Annual Report of the ultimate parent company

The directors consider the results for the year to be satisfactory, and anticipate this satisfactory performance to continue

Results and Dividends

The profit for the year, after taxation, amounted to £1,466,343. The directors have not recommended a dividend

Directors

The directors who served the company during the year were as follows

P Tye	
M Koeleman	(Appointed 14 April 2006)
M Raines	(Appointed 14 April 2006)
S R McPartlan	(Resigned 14 April 2006)
J W Ayers	(Resigned 14 April 2006)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the ultimate parent company

Policy on the Payment of Creditors

It is company policy, in respect of all of its suppliers, to settle the terms of payment when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment, and to abide by the terms of payment

For the year ended 31 December 2006, the average payment period for trade creditors was 30 days (2005 30 days)

Idexx Laboratories Limited

The Directors' Report *(continued)*

Year Ended 31 December 2006

Directors' Responsibilities

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

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 proper accounting records that 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 1985. They 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Idexx Laboratories Limited

The Directors' Report *(continued)*

Year Ended 31 December 2006

Auditor

The company has by elective resolution under Section 386(1) of the Companies Act 1985 dispensed with the annual reappointment of the auditors

Signed on behalf of the directors

A handwritten signature in black ink, appearing to be 'P Tye', with a large loop at the start and a small flourish at the end.

P Tye

Director

Approved by the directors on 11 October 2007

Idexx Laboratories Limited

Independent Auditor's Report to the Shareholders of Idexx Laboratories Limited

Year Ended 31 December 2006

We have audited the financial statements of Idexx Laboratories Limited for the year ended 31 December 2006 on pages 7 to 18, which have been prepared on the basis of the accounting policies set out on pages 9 to 10

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Idexx Laboratories Limited

Independent Auditor's Report to the Shareholders of Idexx Laboratories Limited *(continued)*

Year Ended 31 December 2006

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements

The Mill House
Boundary Road
Loudwater
High Wycombe
Bucks
HP10 9QN

11 October 2007


FISH PARTNERSHIP LLP
Chartered Certified Accountants
& Registered Auditors

Idexx Laboratories Limited

Profit and Loss Account

Year Ended 31 December 2006

	Note	2006 £	2005 £
Turnover	2	26,603,370	23,163,115
Cost of sales		19,136,370	16,551,257
Gross Profit		<u>7,467,000</u>	<u>6,611,858</u>
Administrative expenses		5,296,272	4,261,456
Other operating income	3	(15,983)	–
Operating Profit	4	<u>2,186,711</u>	<u>2,350,402</u>
Interest receivable		94,044	51,489
Interest payable and similar charges	7	(110,914)	4,161
Profit on Ordinary Activities Before Taxation		<u>2,169,841</u>	<u>2,406,052</u>
Tax on profit on ordinary activities	8	703,498	716,587
Profit for the Financial Year		<u><u>1,466,343</u></u>	<u><u>1,689,465</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the
year as set out above

The notes on pages 9 to 18 form part of these financial statements

Idexx Laboratories Limited

Balance Sheet

31 December 2006

	Note	2006		2005	
		£	£	£	£
Fixed Assets					
Intangible assets	10		1,426,957		1,564,479
Tangible assets	11		3,904,584		4,006,400
Investments	12		1		1
			<u>5,331,542</u>		<u>5,570,880</u>
Current Assets					
Debtors	13	4,221,064		4,241,285	
Cash at bank and in hand		<u>2,925,176</u>		<u>1,196,915</u>	
		7,146,240		5,438,200	
Creditors: Amounts Falling due Within One Year	15	<u>3,421,531</u>		<u>3,419,172</u>	
Net Current Assets			3,724,709		2,019,028
Total Assets Less Current Liabilities			<u>9,056,251</u>		<u>7,589,908</u>
Creditors: Amounts Falling due after More than One Year	16		<u>1,500,000</u>		<u>1,500,000</u>
			<u>7,556,251</u>		<u>6,089,908</u>
Capital and Reserves					
Called-up equity share capital	19		2		2
Profit and loss account	20		7,556,249		6,089,906
Shareholders' Funds	21		<u>7,556,251</u>		<u>6,089,908</u>

These financial statements were approved by the directors on the ^{11 October 2007} and are signed on their behalf by


P Tye
Director

The notes on pages 9 to 18 form part of these financial statements

1 Accounting Policies

The company has consistently applied all relevant accounting standards

Idexx Laboratories Limited
Notes to the Financial Statements
Year Ended 31 December 2006

1. Accounting Policies *(continued)*

1.9 Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1 10 Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK and Southern Ireland

Class of business

	2005	2004
	£	£
Supply and marketing diagnostic products	16,972,495	15,136,800
Veterinary laboratory	9,630,875	8,026,315
	<u>26,603,370</u>	<u>23,163,115</u>

3. Other Operating Income

	2006	2005
	£	£
Other operating income	<u>15,983</u>	<u>—</u>

Idexx Laboratories Limited
Notes to the Financial Statements
Year Ended 31 December 2006

4. Operating Profit

Operating profit is stated after charging/(crediting)

	2006	2005
	£	£
Amortisation	137,522	66,797
Depreciation of owned fixed assets	459,176	354,405
Profit on disposal of fixed assets	—	(106,185)
Operating lease costs		
Plant and equipment	2,671	2,429
Other	381,098	327,814
Net loss on foreign currency translation	30,332	1,542
Auditor's remuneration - audit of the financial statements	8,800	13,000
Auditor's remuneration - other fees	<u>1,005</u>	<u>5,469</u>
	2006	2005
	£	£
Auditor's remuneration - audit of the financial statements	<u>8,800</u>	<u>13,000</u>
Auditor's remuneration - other fees		
- Taxation services	<u>1,005</u>	<u>5,469</u>

5 Particulars of Employees

The average number of staff employed by the company during the financial year amounted to

	2006	2005
	No	No
Directors	1	1
Supply and marketing diagnostic products	28	32
Veterinary laboratory	<u>144</u>	<u>130</u>
	<u>173</u>	<u>163</u>

The aggregate payroll costs of the above were

	2006	2005
	£	£
Wages and salaries	4,576,561	3,686,425
Social security costs	516,694	397,956
Other pension costs	<u>180,988</u>	<u>141,011</u>
	<u>5,274,243</u>	<u>4,225,392</u>

Idexx Laboratories Limited
Notes to the Financial Statements
Year Ended 31 December 2006

6. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2006	2005
	£	£
Emoluments receivable	124,041	113,609
Value of company pension contributions to money purchase schemes	4,016	3,918
	<u>128,057</u>	<u>117,527</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2006	2005
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

The number of directors who exercised share options during the year were as follows

	2006	2005
	No	No
Directors who exercised share options	<u>1</u>	<u>1</u>

Certain directors are remunerated by other fellow group companies as they are also directors and officers of other companies within the group. These directors' services to the company do not occupy a significant amount of their time. As such these directors do not consider that they have received any remuneration for the incidental services to the company for the year ended 31 December 2006 or 31 December 2005.

7. Interest Payable and Similar Charges

	2006	2005
	£	£
Other similar charges payable	<u>110,914</u>	<u>(4,161)</u>

Idexx Laboratories Limited
Notes to the Financial Statements
Year Ended 31 December 2006

8 Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	715,813	729,239
Total current tax	715,813	729,239
Deferred tax		
Origination and reversal of timing differences	(12,315)	(12,652)
Tax on profit on ordinary activities	<u>703,498</u>	<u>716,587</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>2,169,841</u>	<u>2,406,052</u>
Profit on ordinary activities multiplied by standard rate of tax	650,952	721,816
Expenses not deductible for tax purposes	24,378	18,033
Capital allowances for period in excess of depreciation	40,483	(10,610)
Total current tax (note 8(a))	<u>715,813</u>	<u>729,239</u>

9. Dividends

Equity dividends

	2006 £	2005 £
Paid during the year		
Equity dividends on ordinary shares	<u>—</u>	<u>1,200,000</u>

Idexx Laboratories Limited
Notes to the Financial Statements
Year Ended 31 December 2006

10. Intangible Fixed Assets

	Goodwill £
Cost	
At 1 January 2006 and 31 December 2006	<u>1,772,527</u>
Amortisation	
At 1 January 2006	208,048
Charge for the year	<u>137,522</u>
At 31 December 2006	<u>345,570</u>
Net Book Value	
At 31 December 2006	<u>1,426,957</u>
At 31 December 2005	<u>1,564,479</u>

11. Tangible Fixed Assets

	Freehold Land & Buildings £	Short Leasehold Property £	Fixtures, Fittings & Equipment £	Computer Equipment £	Total £
Cost					
At 1 January 2006	2,998,507	197,822	1,706,636	97,876	5,000,841
Additions	20,000	–	334,233	25,809	380,042
Disposals	<u>–</u>	<u>–</u>	<u>–</u>	<u>(40,164)</u>	<u>(40,164)</u>
At					
31 December 2006	<u>3,018,507</u>	<u>197,822</u>	<u>2,040,869</u>	<u>83,521</u>	<u>5,340,719</u>
Depreciation					
At 1 January 2006	37,760	29,284	884,177	43,220	994,441
Charge for the year	65,212	23,028	345,698	10,631	444,569
On disposals	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2,875)</u>	<u>(2,875)</u>
At					
31 December 2006	<u>102,972</u>	<u>52,312</u>	<u>1,229,875</u>	<u>50,976</u>	<u>1,436,135</u>
Net Book Value					
At					
31 December 2006	<u>2,915,535</u>	<u>145,510</u>	<u>810,994</u>	<u>32,545</u>	<u>3,904,584</u>
At 31 December 2005	<u>2,960,747</u>	<u>168,538</u>	<u>822,459</u>	<u>54,656</u>	<u>4,006,400</u>

Idexx Laboratories Limited
Notes to the Financial Statements
Year Ended 31 December 2006

12. Investments

	Subsidiary Undertakings Shares	Joint Ventures Shares	Total £
Cost			
At 1 January 2006 and 31 December 2006			1
Net Book Value			
At 31 December 2006			1
At 31 December 2005			1

	Country of incorporation	Class of shares	Proportion of shares held	Nature of business
Subsidiary undertakings				
Vet Med Lab (UK)Ltd	England	Ordinary shares	100%	Dormant
		2006 £		2005 £
Capital and reserves				
Subsidiary undertakings				
Vet Med Lab (UK) Ltd		(19,736)		(19,736)
Profit for the year				
Subsidiary undertakings				
Vet Med Lab (UK) Ltd		—		—

13. Debtors

	2006 £	2005 £
Trade debtors	3,657,290	3,722,133
Amounts owed by group undertakings	13,240	14,344
Other debtors	391,071	322,588
Prepayments and accrued income	103,680	138,752
Deferred taxation (note 14)	55,783	43,468
	<u>4,221,064</u>	<u>4,241,285</u>

Idexx Laboratories Limited
Notes to the Financial Statements
Year Ended 31 December 2006

14. Deferred Taxation

The deferred tax included in the Balance sheet is as follows

	2006	2005
	£	£
Included in debtors (note 13)	<u>55,783</u>	<u>43,468</u>

The movement in the deferred taxation account during the year was

	2006	2005
	£	£
Balance brought forward	43,468	30,816
Profit and loss account movement arising during the year	<u>12,315</u>	<u>12,652</u>
Balance carried forward	<u>55,783</u>	<u>43,468</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2006	2005
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>55,783</u>	<u>43,468</u>
	<u>55,783</u>	<u>43,468</u>

15. Creditors: Amounts Falling due Within One Year

	2006	2005
	£	£
Trade creditors	162,471	5,688
Amounts owed to group undertakings	322,976	894,259
Other creditors including taxation and social security		
Corporation tax	334,725	128,150
Other taxation and social security	858,584	828,277
Other creditors	<u>798,763</u>	<u>749,689</u>
	2,477,519	2,606,063
Accruals and deferred income	<u>944,012</u>	<u>813,109</u>
	<u>3,421,531</u>	<u>3,419,172</u>

16. Creditors: Amounts Falling due after More than One Year

	2006	2005
	£	£
Amounts owed to group undertakings	<u>1,500,000</u>	<u>1,500,000</u>

Idexx Laboratories Limited
Notes to the Financial Statements
Year Ended 31 December 2006

17. Commitments under Operating Leases

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

	2006		2005	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire				
Within 1 year	46,500	8,632	-	3,012
Within 2 to 5 years	-	107,633	169,180	112,131
After more than 5 years	50,480	-	-	-
	<u>96,980</u>	<u>116,265</u>	<u>169,180</u>	<u>115,143</u>

18. Related Party Transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 from disclosing related party transactions where the transactions are between group members on the grounds that details of the company are included in publicly available consolidated accounts

19. Share Capital

Authorised share capital.

	2006	2005
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

During the year, a Stock Incentive Plan and Employee Stock Purchase Plan were in place, whereby employees of the Company could acquire shares in the ultimate parent company, Idexx Laboratories Inc, a company incorporated in the USA

20. Profit and Loss Account

	2006	2005
	£	£
Balance brought forward	6,089,906	5,600,441
Profit for the financial year	1,466,343	1,689,465
Equity dividends paid	-	(1,200,000)
Balance carried forward	<u>7,556,249</u>	<u>6,089,906</u>

Idexx Laboratories Limited
Notes to the Financial Statements
Year Ended 31 December 2006

21. Reconciliation of Movements in Shareholders' Funds

	2006	2005
	£	£
Profit for the financial year	1,466,343	1,689,465
Equity dividends paid	—	(1,200,000)
Net addition to shareholders' funds	1,466,343	489,465
Opening shareholders' funds	6,089,908	5,600,443
Closing shareholders' funds	<u>7,556,251</u>	<u>6,089,908</u>

22. Ultimate Parent Company

The company was controlled throughout the current and previous year by its immediate parent company, Idexx Europe BV, a company incorporated in the Netherlands. The ultimate parent company is Idexx Laboratories Inc, a company incorporated in the USA. Copies of the group accounts incorporating the results of the company are available from Idexx Laboratories Inc, One Idexx Drive, Westbrook, Maine 04092, USA.