

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2013
for
IDEXX Laboratories Limited**

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for the Year Ended 31 December 2013**

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IDEXX Laboratories Limited

**Company Information
for the Year Ended 31 December 2013**

DIRECTORS:

P Tye
M Koeleman
J Morton

SECRETARIES:

J Studer
Reed Smith Corporate Services Limited

REGISTERED OFFICE:

Grange House
Sandbeck Way
Wetherby
West Yorkshire
LS22 7DN

REGISTERED NUMBER:

02454226

AUDITORS:

The Fish Partnership
Chartered Accountants
& Statutory Auditor
The Mill House
Boundary Road
Loudwater
High Wycombe
Bucks.
HP10 9QN

**Strategic Report
for the Year Ended 31 December 2013**

The directors present their strategic report for the year ended 31 December 2013.

IDEXX Laboratories UK Ltd. ("the Company") is a fully owned subsidiary of IDEXX Laboratories Inc. The Company's main activities include sales & marketing of veterinary diagnostic products, veterinary laboratory services and water diagnostic products.

REVIEW OF BUSINESS

Net sales for 2013 were £44,950,798, an increase of 19% over 2012. This increase is a bit higher than expected as the quality of instrument placements in 2012 and 2013 yielded more revenues from consumable sales. Also, the additional contribution from Genera Technologies with regards to water diagnostics was quite significant. We expect net sales to grow 12-15% in 2014.

Net profit (after tax) went up from £125,384 in 2012 to £156,710 in 2013, which represents 0.35% of turnover.

One of the 2014 goals is to continue managing operating expenses with the aim for these costs to grow by a smaller percentage than the anticipated increase in sales.

In 2013 we made a few structural changes to the sales team, changing the go to market strategy for new veterinary laboratory service sales. Rather than having a team of 8 field sales (Diagnostic Consultants) selling laboratory services, we reduced the team to two reference laboratory specialists. Alongside this strategy, we decided to invest a lot more in direct marketing (mailers etc.) followed up by phone calls made by the inside sales team to attract more new laboratory sales. This initiative allowed us to dramatically increase the number of touch-points with our customers and represents a yearly net cost saving of £100,000 combined with a favourable impact on revenues.

During the year there was one change to the board of directors of the company as M Raines retired and was replaced by J Morton.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have assessed the Company's price, credit and liquidity risks all of which are considered to be low.

FUTURE DEVELOPMENTS

The Company has maintained the same number of personnel in 2013, a total of 214. For coming years we expect to add personnel in selected areas while continuing to seek efficiency improvements to maintain expectations of continued business growth and leverage.

ON BEHALF OF THE BOARD:

P Tye - Director

24 September 2014

**Report of the Directors
for the Year Ended 31 December 2013**

The directors present their report with the financial statements of the company for the year ended 31 December 2013.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2013.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report.

P Tye
M Koeleman

Other changes in directors holding office are as follows:

M Raines - resigned 8 March 2013
J Morton - appointed 8 March 2013

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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). 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 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. 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.

**Report of the Directors
for the Year Ended 31 December 2013**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

P Tye - Director

24 September 2014

Report of the Independent Auditors to the Members of IDEXX Laboratories Limited

We have audited the financial statements of IDEXX Laboratories Limited for the year ended 31 December 2013 on pages seven to fifteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
IDEXX Laboratories Limited**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Paul Laird (Senior Statutory Auditor)
for and on behalf of The Fish Partnership
Chartered Accountants
& Statutory Auditor
The Mill House
Boundary Road
Loudwater
High Wycombe
Bucks.
HP10 9QN

24 September 2014

Profit and Loss Account
for the Year Ended 31 December 2013

	Notes	2013 £	2012 £
TURNOVER	2	44,950,798	37,800,989
Cost of sales		<u>33,819,117</u>	<u>27,450,954</u>
GROSS PROFIT		11,131,681	10,350,035
Administrative expenses		<u>10,729,072</u>	<u>9,825,195</u>
OPERATING PROFIT	5	402,609	524,840
Interest receivable and similar income		<u>5,310</u>	<u>8,605</u>
		407,919	533,445
Interest payable and similar charges	6	<u>195,301</u>	<u>275,182</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		212,618	258,263
Tax on profit on ordinary activities	7	<u>55,908</u>	<u>132,879</u>
PROFIT FOR THE FINANCIAL YEAR		<u>156,710</u>	<u>125,384</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.

The notes form part of these financial statements

Balance Sheet
31 December 2013

		2013	2012
	Notes	£	£
FIXED ASSETS			
Intangible assets	8	953,050	1,099,202
Tangible assets	9	7,531,746	7,407,091
Investments	10	1	1
		<u>8,484,797</u>	<u>8,506,294</u>
CURRENT ASSETS			
Debtors	11	8,738,799	6,471,279
Cash at bank and in hand		<u>201,723</u>	<u>308,733</u>
		8,940,522	6,780,012
CREDITORS			
Amounts falling due within one year	12	<u>6,055,479</u>	<u>4,087,602</u>
NET CURRENT ASSETS		<u>2,885,043</u>	<u>2,692,410</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,369,840	11,198,704
CREDITORS			
Amounts falling due after more than one year	13	(4,500,000)	(4,500,000)
PROVISIONS FOR LIABILITIES	15	<u>(120,742)</u>	<u>(106,316)</u>
NET ASSETS		<u>6,749,098</u>	<u>6,592,388</u>
CAPITAL AND RESERVES			
Called up share capital	16	2	2
Profit and loss account	17	<u>6,749,096</u>	<u>6,592,386</u>
SHAREHOLDERS' FUNDS	20	<u>6,749,098</u>	<u>6,592,388</u>

The financial statements were approved by the Board of Directors on 24 September 2014 and were signed on its behalf by:

P Tye - Director

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2013**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Preparation of consolidated financial statements

The financial statements contain information about IDEXX Laboratories Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

Financial Reporting Standard number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

Goodwill

Amortisation is calculated so as to write off the cost of the goodwill, less its estimated residual value, over the useful economic life of the goodwill.

The useful economic life is considered to be 2 to 20 years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- Straight line over 7 - 40 years
Short leasehold	- Over the period of the lease
Fixtures and fittings	- Straight line over 2 - 7 years
Computer equipment	- Straight line over 3 - 7 years

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2013	2012
	£	£
Veterinary diagnostic products	27,670,758	23,853,904
Veterinary laboratory	14,651,358	13,859,960
Licenses	104,550	87,125
Water diagnostic products	2,524,132	-
	<u>44,950,798</u>	<u>37,800,989</u>

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

3. STAFF COSTS

	2013	2012
	£	£
Wages and salaries	7,769,109	7,118,361
Social security costs	795,814	730,977
Other pension costs	339,746	304,609
	<u>8,904,669</u>	<u>8,153,947</u>

The average monthly number of employees during the year was as follows:

	2013	2012
Directors	1	1
Supply and marketing diagnostic products	51	51
Veterinary laboratory	162	162
	<u>214</u>	<u>214</u>

4. DIRECTORS' EMOLUMENTS

	2013	2012
	£	£
Directors' remuneration	<u>146,606</u>	<u>139,072</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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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 2013 or 31 December 2012.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2013	2012
	£	£
Other operating leases	470,950	449,823
Depreciation - owned assets	1,184,638	1,016,177
(Profit)/loss on disposal of fixed assets	(500)	4,886
Goodwill amortisation	146,152	146,152
Auditor's remuneration	18,900	18,500
Taxation compliance services	6,439	5,727
Foreign exchange differences	(52,710)	22,868
Vehicle leasing	275,056	272,722
Equipment leasing	<u>17,967</u>	<u>5,499</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
Tax surcharges	-	20,682
Loan	<u>195,301</u>	<u>254,500</u>
	<u>195,301</u>	<u>275,182</u>

7. TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2013	2012
	£	£
Current tax:		
UK corporation tax	41,482	158,145
Deferred tax	<u>14,426</u>	<u>(25,266)</u>
Tax on profit on ordinary activities	<u>55,908</u>	<u>132,879</u>

UK corporation tax has been charged at 23.25% (2012 - 24.50%).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

7. TAXATION - continued**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>212,618</u>	<u>258,263</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.250% (2012 - 24.500%)	49,434	63,274
Effects of:		
Expenses not deductible for tax purposes	19,809	52,469
Income not taxable for tax purposes	(20,330)	-
Depreciation in excess of capital allowances	7,538	45,076
Utilisation of tax losses	(21,105)	-
Adjustments to tax charge in respect of previous periods	8,960	(2,674)
Marginal relief	<u>(2,824)</u>	<u>-</u>
Current tax charge	<u>41,482</u>	<u>158,145</u>

8. INTANGIBLE FIXED ASSETS

Goodwill
£

COST

At 1 January 2013
and 31 December 2013

2,248,942

AMORTISATION

At 1 January 2013
Amortisation for year
At 31 December 2013

1,149,740

146,152

1,295,892

NET BOOK VALUE

At 31 December 2013
At 31 December 2012

953,050

1,099,202

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

9. TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2013	3,288,887	381,548	3,324,723	5,571,303	12,566,461
Additions	-	33,586	339,249	936,458	1,309,293
Disposals	-	-	(202,151)	-	(202,151)
At 31 December 2013	3,288,887	415,134	3,461,821	6,507,761	13,673,603
DEPRECIATION					
At 1 January 2013	598,247	136,565	2,820,850	1,603,708	5,159,370
Charge for year	89,800	46,933	209,698	838,207	1,184,638
Eliminated on disposal	-	-	(202,151)	-	(202,151)
At 31 December 2013	688,047	183,498	2,828,397	2,441,915	6,141,857
NET BOOK VALUE					
At 31 December 2013	2,600,840	231,636	633,424	4,065,846	7,531,746
At 31 December 2012	2,690,640	244,983	503,873	3,967,595	7,407,091

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2013 and 31 December 2013	<u>1</u>
NET BOOK VALUE	
At 31 December 2013	<u>1</u>
At 31 December 2012	<u>1</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

Vet Med Lab (UK) Limited

Nature of business: Dormant

	% holding	2013 £	2012 £
Class of shares:			
Ordinary shares	100.00		
Aggregate capital and reserves		<u>1</u>	<u>1</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Trade debtors	5,466,686	4,391,699
Provision for doubtful debts	(25,692)	(113,130)
Amounts owed by group undertakings	328,767	170,665
Other debtors	2,787,004	1,868,754
Prepayments and accrued income	182,034	153,291
	<u>8,738,799</u>	<u>6,471,279</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Trade creditors	185,781	123,093
Amounts owed to group undertakings	2,836,848	1,066,029
Tax	(187,478)	(89,181)
Social security and other taxes	237,877	190,098
VAT	1,024,036	1,009,443
Other creditors	421,844	556,306
Accruals and deferred income	1,536,571	1,231,814
	<u>6,055,479</u>	<u>4,087,602</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013	2012
	£	£
Amounts owed to group undertakings	<u>4,500,000</u>	<u>4,500,000</u>

14. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2013	2012	2013	2012
	£	£	£	£
Expiring:				
Within one year	-	-	45,271	48,624
Between one and five years	9,500	9,500	14,575	114,155
In more than five years	135,993	135,993	-	-
	<u>145,493</u>	<u>145,493</u>	<u>59,846</u>	<u>162,779</u>

15. PROVISIONS FOR LIABILITIES

	2013	2012
	£	£
Deferred tax	<u>120,742</u>	<u>106,316</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

15. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2013	106,316
Movement in provision	14,426
Balance at 31 December 2013	<u>120,742</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2013	2012
Number:	Class:	Nominal value:	£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

17. RESERVES

	Profit and loss account £
At 1 January 2013	6,592,386
Profit for the year	156,710
At 31 December 2013	<u>6,749,096</u>

18. 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.

19. RELATED PARTY DISCLOSURES

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.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Profit for the financial year	156,710	125,384
Net addition to shareholders' funds	<u>156,710</u>	<u>125,384</u>
Opening shareholders' funds	6,592,388	6,467,004
Closing shareholders' funds	<u>6,749,098</u>	<u>6,592,388</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.