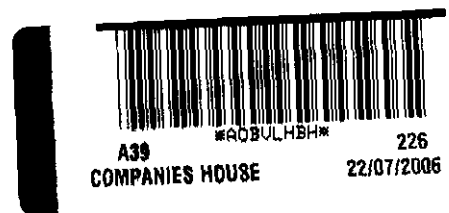


COMPANY REGISTRATION NUMBER 2454226

**Idexx Laboratories Limited**  
**Financial Statements**  
**31 December 2005**



**Idexx Laboratories Limited**  
**Financial Statements**  
**Year Ended 31 December 2005**

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**Ilexx Laboratories Limited**  
**Officers and Professional Advisers**

**The board of directors**

P Tye  
J W Ayers  
S R McPartlan

**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 2005**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2005.

### **Principal Activities and Business Review**

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

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 £1,689,465. Particulars of dividends paid and proposed are detailed in note 8 to the financial statements.

### **Directors**

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

P Tye  
J W Ayers  
S R McPartlan

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 2005, the average payment period for trade creditors was 30 days (2004 : 30 days).

### **Directors' Responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to:

# **Idexx Laboratories Limited**

## **The Directors' Report** *(continued)*

### **Year Ended 31 December 2005**

select suitable accounting policies, as described on pages 8 to 9, and then apply them consistently;

- make judgements and 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; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

#### **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

  
P Tye

Director

Approved by the directors on 9 May 2006

# **Idexx Laboratories Limited**

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

**Year Ended 31 December 2005**

We have audited the financial statements of Idexx Laboratories Limited for the year ended 31 December 2005 on pages 6 to 16 which have been prepared on the basis of the accounting policies set out on pages 8 to 9.

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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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.

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.

# **Ilexx Laboratories Limited**

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

**Year Ended 31 December 2005**

### **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 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



**FISH PARTNERSHIP LLP**  
Chartered Certified Accountants  
& Registered Auditors

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

9 May 2006

# **Idexx Laboratories Limited**

## **Profit and Loss Account**

**Year Ended 31 December 2005**

	Note	2005 £	2004 £
<b>Turnover</b>	<b>2</b>	23,163,115	21,238,756
Cost of sales		16,551,257	15,221,942
<b>Gross Profit</b>		<u>6,611,858</u>	<u>6,016,814</u>
Administrative expenses		4,261,456	3,633,421
<b>Operating Profit</b>	<b>3</b>	<u>2,350,402</u>	<u>2,383,393</u>
Interest receivable		51,489	54,927
Interest payable and similar charges	<b>6</b>	4,161	4,333
<b>Profit on Ordinary Activities Before Taxation</b>		<u>2,406,052</u>	<u>2,442,653</u>
Tax on profit on ordinary activities	<b>7</b>	716,587	740,100
<b>Profit for the Financial Year</b>		<u><u>1,689,465</u></u>	<u><u>1,702,553</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 8 to 16 form part of these financial statements.

# Idexx Laboratories Limited

## Balance Sheet

31 December 2005

	Note	2005 £	£	2004 £	£
<b>Fixed Assets</b>					
Intangible assets	9	1,564,479		183,073	
Tangible assets	10	4,006,400		2,924,887	
Investments	11	1		—	
		<u>5,570,880</u>		<u>3,107,960</u>	
<b>Current Assets</b>					
Debtors	12	4,241,285		3,746,667	
Cash at bank and in hand		<u>1,196,915</u>		<u>1,817,779</u>	
		5,438,200		5,564,446	
<b>Creditors: Amounts Falling due Within One Year</b>	14	<u>4,919,172</u>		<u>3,071,963</u>	
<b>Net Current Assets</b>			519,028		2,492,483
<b>Total Assets Less Current Liabilities</b>			<u>6,089,908</u>		<u>5,600,443</u>
<b>Capital and Reserves</b>					
Called-up equity share capital	17		2		2
Profit and loss account	18	6,089,906		5,600,441	
<b>Shareholders' Funds</b>	19	<u>6,089,908</u>		<u>5,600,443</u>	

These financial statements were approved by the directors on the 9 May 2006 and are signed on their behalf by:

  
P Tye  
Director

The notes on pages 8 to 16 form part of these financial statements.



**Idexx Laboratories Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 December 2005**

**1. Accounting Policies** *(continued)*

**1.8 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.

**1.9 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**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Supply and marketing diagnostic products	15,136,800	14,312,531
Veterinary laboratory	8,026,315	6,926,225
	<u>23,163,115</u>	<u>21,238,756</u>

**Idexx Laboratories Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 December 2005**

**3. Operating Profit**

Operating profit is stated after charging/(crediting):

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Amortisation	66,797	16,280
Depreciation of owned fixed assets	354,405	199,562
Profit on disposal of fixed assets	(106,185)	(104)
Auditors' remuneration		
- as auditors	13,000	13,500
- for other services	10,557	2,410
Operating lease costs:		
Land and buildings	173,024	102,950
Plant and equipment	2,429	7,855
Vehicles	154,790	97,093
Net loss/(profit) on foreign currency translation	<u>1,542</u>	<u>(1,930)</u>

**4. Particulars of Employees**

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

	<b>2005</b>	<b>2004</b>
	<b>No</b>	<b>No</b>
Directors	1	1
Supply and marketing diagnostic products	32	25
Veterinary laboratory	130	96
	<u>163</u>	<u>122</u>

The aggregate payroll costs of the above were:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,686,425	3,001,026
Social security costs	397,956	340,108
Other pension costs	141,011	116,131
	<u>4,225,392</u>	<u>3,457,265</u>

**5. Directors' Emoluments**

The directors' aggregate emoluments in respect of qualifying services were:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Emoluments receivable	104,434	105,318
Value of company pension contributions to money purchase schemes	3,918	3,785
	<u>108,352</u>	<u>109,103</u>

**Idexx Laboratories Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 December 2005**

**5. Directors' Emoluments** *(continued)*

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

	<b>2005</b>	<b>2004</b>
	<b>No</b>	<b>No</b>
Money purchase schemes	<u>1</u>	<u>1</u>

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

	<b>2005</b>	<b>2004</b>
	<b>No</b>	<b>No</b>
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 2005 or 31 December 2004.

**6. Interest Payable and Similar Charges**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Other similar charges payable	<u>(4,161)</u>	<u>(4,333)</u>

**7. Taxation on Ordinary Activities**

**(a) Analysis of charge in the year**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	729,239	760,063
Over/under provision in prior year	<u>-</u>	<u>10,853</u>
Total current tax	729,239	770,916
Deferred tax:		
Origination and reversal of timing differences	<u>(12,652)</u>	<u>(30,816)</u>
Tax on profit on ordinary activities	<u>716,587</u>	<u>740,100</u>

**Idexx Laboratories Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 December 2005**

**7. Taxation on Ordinary Activities** *(continued)*

**(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% (2004 - 30%).

	<b>2005</b> £	<b>2004</b> £
Profit on ordinary activities before taxation	<u>2,406,052</u>	<u>2,442,653</u>
Profit on ordinary activities multiplied by standard rate of tax	721,816	732,796
Expenses not deductible for tax purposes	18,033	17,974
Capital allowances for period in excess of depreciation	(10,610)	10,688
Adjustments to tax charge in respect of previous periods	-	10,853
Other timing differences	-	(1,395)
Total current tax (note 7(a))	<u>729,239</u>	<u>770,916</u>

**8. Dividends**

**Dividends on equity shares**

	<b>2005</b> £	<b>2004</b> £
Paid during the year:		
Equity dividends on ordinary shares	<u>1,200,000</u>	<u>-</u>
	<u>1,200,000</u>	<u>-</u>

**9. Intangible Fixed Assets**

	<b>Goodwill</b> £
<b>Cost</b>	
At 1 January 2005	324,324
Additions	1,448,203
<b>At 31 December 2005</b>	<u>1,772,527</u>
<b>Amortisation</b>	
At 1 January 2005	141,251
Charge for the year	66,797
<b>At 31 December 2005</b>	<u>208,048</u>
<b>Net Book Value</b>	
<b>At 31 December 2005</b>	<u>1,564,479</u>
At 31 December 2004	<u>183,073</u>

**Idexx Laboratories Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 December 2005**

**10. Tangible Fixed Assets**

	Freehold Land & Buildings £	Short Leasehold Property £	Fixtures, Fittings & Equipment £	Computer Equipment £	Total £
<b>Cost</b>					
At 1 January 2005	2,415,019	223,568	1,459,526	92,172	4,190,285
Additions	937,900	152,400	646,959	58,139	1,795,398
Disposals	(354,412)	(178,146)	(399,849)	(52,435)	(984,842)
<b>At</b>					
<b>31 December 2005</b>	<u>2,998,507</u>	<u>197,822</u>	<u>1,706,636</u>	<u>97,876</u>	<u>5,000,841</u>
<b>Depreciation</b>					
At 1 January 2005	53,483	124,504	996,546	90,865	1,265,398
Charge for the year	44,458	25,651	280,399	3,897	354,405
On disposals	(60,181)	(120,871)	(392,768)	(51,542)	(625,362)
<b>At</b>					
<b>31 December 2005</b>	<u>37,760</u>	<u>29,284</u>	<u>884,177</u>	<u>43,220</u>	<u>994,441</u>
<b>Net Book Value</b>					
<b>At</b>					
<b>31 December 2005</b>	<u>2,960,747</u>	<u>168,538</u>	<u>822,459</u>	<u>54,656</u>	<u>4,006,400</u>
At 31 December 2004	<u>2,361,536</u>	<u>99,064</u>	<u>462,980</u>	<u>1,307</u>	<u>2,924,887</u>

**11. Investments**

	Subsidiary Undertakings Shares	Joint Ventures Shares	Total £
<b>Cost</b>			
Additions			1
At 31 December 2005			<u>1</u>
<b>Net Book Value</b>			
<b>At 31 December 2005</b>			<u>1</u>

**Idexx Laboratories Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 December 2005**

**11. Investments** *(continued)*

	Country of incorporation	Class of shares	Proportion of shares held	Nature of business
<b>Subsidiary undertakings</b>				
Vet Med Lab (UK)Ltd	England	Ordinary shares	100%	Dormant
		<b>2005</b>		<b>2004</b>
		£		£
<b>Capital and reserves</b>				
<b>Subsidiary undertakings</b>				
Vet Med Lab (UK) Ltd		(19,736)		—
<b>Profit for the year</b>				
<b>Subsidiary undertakings</b>				
Vet Med Lab (UK) Ltd		—		—

**12. Debtors**

	<b>2005</b>	<b>2004</b>
	£	£
Trade debtors	3,722,133	3,178,872
Amounts owed by group undertakings	14,344	56,132
Other debtors	322,588	338,420
Prepayments and accrued income	138,752	142,427
Deferred taxation (note 13)	43,468	30,816
	<u>4,241,285</u>	<u>3,746,667</u>

**13. Deferred Taxation**

The deferred tax included in the Balance sheet is as follows:

	<b>2005</b>	<b>2004</b>
	£	£
Included in debtors (note 12)	<u>43,468</u>	<u>30,816</u>

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

	<b>2005</b>	<b>2004</b>
	£	£
Balance brought forward	30,816	—
Profit and loss account movement arising during the year	<u>12,652</u>	<u>30,816</u>
Balance carried forward	<u>43,468</u>	<u>30,816</u>

**Idexx Laboratories Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 December 2005**

**13. Deferred Taxation** *(continued)*

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

	<b>2005</b> £	<b>2004</b> £
Excess of taxation allowances over depreciation on fixed assets	43,468	30,816
	<u>43,468</u>	<u>30,816</u>

**14. Creditors: Amounts Falling due Within One Year**

	<b>2005</b> £	<b>2004</b> £
Trade creditors	5,688	205,228
Amounts owed to group undertakings	2,394,259	492,350
Other creditors including taxation and social security:		
Corporation tax	128,150	260,063
Other taxation and social security	828,277	629,734
Other creditors	749,689	945,149
	4,106,063	2,532,524
Accruals and deferred income	813,109	539,439
	<u>4,919,172</u>	<u>3,071,963</u>

**15. Commitments under Operating Leases**

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>2005</b>		<b>2004</b>	
	<b>Land &amp; Buildings £</b>	<b>Other Items £</b>	<b>Land &amp; Buildings £</b>	<b>Other Items £</b>
Operating leases which expire:				
Within 1 year	-	3,012	-	20,307
Within 2 to 5 years	118,700	112,131	102,950	39,857
	<u>118,700</u>	<u>115,143</u>	<u>102,950</u>	<u>60,164</u>

**16. 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.

**Idexx Laboratories Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 December 2005**

**17. Share Capital**

**Authorised share capital:**

	2005	2004
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**Allotted, called up and fully paid:**

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<b>Equity shares</b>				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

**18. Profit and Loss Account**

	2005	2004
	£	£
Balance brought forward	5,600,441	3,897,888
Profit for the financial year	1,689,465	1,702,553
Equity dividends paid (FRS 25)	(1,200,000)	—
Balance carried forward	<u>6,089,906</u>	<u>5,600,441</u>

**19. Reconciliation of Movements in Shareholders' Funds**

	2005	2004
	£	£
Profit for the financial year	1,689,465	1,702,553
Equity dividends paid (FRS 25)	(1,200,000)	—
Net addition to shareholders' funds	489,465	1,702,553
Opening shareholders' funds	5,600,443	3,897,890
Closing shareholders' funds	<u>6,089,908</u>	<u>5,600,443</u>

**20. 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.