

**Report of the Directors and
Financial Statements for the Year Ended 31 December 2012
for
IDEXX Laboratories Limited**



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for the Year Ended 31 December 2012**

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IDEXX Laboratories Limited
Company Information
for the Year Ended 31 December 2012

DIRECTORS

P Tye
M Koeleman
J Morton

SECRETARY:

Reed Smith Corporate Services Limited

REGISTERED OFFICE:

Grange House
Sandbeck Way
Wetherby
West Yorkshire
LS22 7DN

REGISTERED NUMBER:

02454226

AUDITORS.

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

**Report of the Directors
for the Year Ended 31 December 2012**

The directors present their report with the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2012

FUTURE DEVELOPMENTS

The directors anticipate no significant change in the company's activities in the foreseeable future. There have been no events since the end of the year requiring comment by the directors

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report

P Tye
M Koeleman

Other changes in directors holding office are as follows

J Morton was appointed as a director after 31 December 2012 but prior to the date of this report

M Raines ceased to be a director after 31 December 2012 but prior to the date of this report

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

COMPANY'S POLICY ON 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 2012, the average payment period for trade creditors was 30 days (2011 30 days)

**Report of the Directors
for the Year Ended 31 December 2012**

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.

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.

AUDITORS

The company has by elective resolution under section 386(1) of the companies act 1985 dispensed with the annual reappointment of the auditors.

ON BEHALF OF THE BOARD:



P Tye - Director

16 September 2013

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 2012 on pages six to fourteen. 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 Report of the Directors to identify material inconsistencies with the audited financial statements. 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 2012 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 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 Fish Partnership LLP
Chartered Accountants
& Statutory Auditor
The Mill House
Boundary Road
Loudwater
High Wycombe
Bucks
HP10 9QN

16 September 2013

IDEXX Laboratories Limited (Registered number: 02454226)

**Profit and Loss Account
for the Year Ended 31 December 2012**

	Notes	2012 £	2011 £
TURNOVER	2	37,800,989	34,590,729
Cost of sales		<u>27,450,954</u>	<u>24,221,406</u>
GROSS PROFIT		10,350,035	10,369,323
Administrative expenses		<u>9,825,195</u>	<u>8,866,498</u>
OPERATING PROFIT	5	524,840	1,502,825
Interest receivable and similar income		<u>8,605</u>	<u>9,758</u>
		533,445	1,512,583
Interest payable and similar charges	6	<u>275,182</u>	<u>142,500</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		258,263	1,370,083
Tax on profit on ordinary activities	7	<u>132,879</u>	<u>410,517</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>125,384</u></u>	<u><u>959,566</u></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

IDEXX Laboratories Limited (Registered number. 02454226)

**Balance Sheet
31 December 2012**

	Notes	2012		2011	
		£	£	£	£
FIXED ASSETS					
Intangible assets	9		1,099,202		1,245,354
Tangible assets	10		7,407,091		6,814,994
Investments	11		<u>1</u>		<u>1</u>
			8,506,294		8,060,349
CURRENT ASSETS					
Debtors	12	6,471,279		5,551,041	
Cash at bank and in hand		<u>308,733</u>		<u>65,125</u>	
		6,780,012		5,616,166	
CREDITORS					
Amounts falling due within one year	13	<u>4,087,602</u>		<u>4,577,929</u>	
NET CURRENT ASSETS			<u>2,692,410</u>		<u>1,038,237</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			11,198,704		9,098,586
CREDITORS					
Amounts falling due after more than one year	14		(4,500,000)		(2,500,000)
PROVISIONS FOR LIABILITIES	16		<u>(106,316)</u>		<u>(131,582)</u>
NET ASSETS			<u><u>6,592,388</u></u>		<u><u>6,467,004</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		2		2
Profit and loss account	18		<u>6,592,386</u>		<u>6,467,002</u>
SHAREHOLDERS' FUNDS	21		<u><u>6,592,388</u></u>		<u><u>6,467,004</u></u>

The financial statements were approved by the Board of Directors on 16 September 2013 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 2012

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 2012**

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

	2012 £	2011 £
Diagnostic products	23,853,904	21,540,659
Veterinary laboratory	13,859,960	13,050,070
Licenses	87,125	-
	<u>37,800,989</u>	<u>34,590,729</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

	2012 £	2011 £
Wages and salaries	7,118,361	6,498,092
Social security costs	730,977	710,799
Other pension costs	304,609	262,578
	<u>8,153,947</u>	<u>7,471,469</u>

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

	2012	2011
Directors	1	1
Supply and marketing diagnostic products	51	45
Veterinary laboratory	162	161
	<u>214</u>	<u>207</u>

4 DIRECTORS' EMOLUMENTS

	2012 £	2011 £
Directors' remuneration	139,072	126,651
Directors' excess retirement benefits	4,830	4,532
	<u>143,902</u>	<u>131,183</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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One director exercised share options during the year (2011 - one director)

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 2012 or 31 December 2011.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

5 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2012	2011
	£	£
Other operating leases	449,823	396,531
Depreciation - owned assets	1,016,177	927,406
Loss on disposal of fixed assets	4,886	-
Goodwill amortisation	146,152	146,151
Auditor's remuneration	18,500	17,883
Taxation compliance services	5,727	6,792
Foreign exchange differences	22,868	(8,363)
Vehicle leasing	272,722	268,599
Equipment leasing	5,499	4,795
	<u> </u>	<u> </u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Tax surcharges	20,682	-
Loan	254,500	142,500
	<u> </u>	<u> </u>
	275,182	142,500
	<u> </u>	<u> </u>

7 TAXATION**Analysis of the tax charge**

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

	2012	2011
	£	£
Current tax		
UK corporation tax	158,145	387,827
Deferred tax	(25,266)	22,690
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	132,879	410,517
	<u> </u>	<u> </u>

UK corporation tax has been charged at 24.50% (2011 - 26.50%)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

7 TAXATION - continued

Factors affecting the tax charge

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

	2012 £	2011 £
Profit on ordinary activities before tax	<u>258,263</u>	<u>1,370,083</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.500% (2011 - 26.500%)	63,274	363,072
Effects of		
Expenses not deductible for tax purposes	52,469	26,181
Capital allowances in excess of depreciation	-	(1,426)
Depreciation in excess of capital allowances	45,076	-
Adjustments to tax charge in respect of previous periods	<u>(2,674)</u>	<u>-</u>
Current tax charge	<u>158,145</u>	<u>387,827</u>

8 DIVIDENDS

	2012 £	2011 £
Ordinary shares of £1 each		
Final	<u>-</u>	<u>3,000,000</u>

9 INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2012 and 31 December 2012	<u>2,248,942</u>
AMORTISATION	
At 1 January 2012	1,003,588
Amortisation for year	<u>146,152</u>
At 31 December 2012	<u>1,149,740</u>
NET BOOK VALUE	
At 31 December 2012	<u>1,099,202</u>
At 31 December 2011	<u>1,245,354</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

10 TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2012	3,288,887	300,298	3,250,846	4,347,184	11,187,215
Additions	-	126,672	248,789	1,232,813	1,608,274
Disposals	-	(45,422)	(174,912)	(8,694)	(229,028)
At 31 December 2012	3,288,887	381,548	3,324,723	5,571,303	12,566,461
DEPRECIATION					
At 1 January 2012	508,446	146,011	2,789,740	928,024	4,372,221
Charge for year	89,801	35,976	206,022	684,378	1,016,177
Eliminated on disposal	-	(45,422)	(174,912)	(8,694)	(229,028)
At 31 December 2012	598,247	136,565	2,820,850	1,603,708	5,159,370
NET BOOK VALUE					
At 31 December 2012	2,690,640	244,983	503,873	3,967,595	7,407,091
At 31 December 2011	2,780,441	154,287	461,106	3,419,160	6,814,994

11 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2012 and 31 December 2012	1
NET BOOK VALUE	
At 31 December 2012	1
At 31 December 2011	1

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	2012 £	2011 £
Class of shares	100.00		
Ordinary shares			
Aggregate capital and reserves		1	1

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

12 DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade debtors	4,391,699	4,688,205
Provision for doubtful debts	(113,130)	(74,176)
Amounts owed by group undertakings	170,665	98,077
Other debtors	1,868,754	657,896
Prepayments and accrued income	153,291	181,039
	<u>6,471,279</u>	<u>5,551,041</u>

13 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade creditors	123,093	188,929
Amounts owed to group undertakings	1,066,029	1,353,626
Tax	(89,181)	(15,289)
Social security and other taxes	190,098	187,916
VAT	1,009,443	937,770
Other creditors	556,306	760,385
Accruals and deferred income	1,231,814	1,164,592
	<u>4,087,602</u>	<u>4,577,929</u>

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £	2011 £
Amounts owed to group undertakings	<u>4,500,000</u>	<u>2,500,000</u>

15 OPERATING LEASE COMMITMENTS

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

	Land and buildings		Other operating leases	
	2012 £	2011 £	2012 £	2011 £
Expiring				
Within one year	-	44,250	48,624	19,437
Between one and five years	9,500	9,500	114,155	173,532
In more than five years	135,993	56,220	-	-
	<u>145,493</u>	<u>109,970</u>	<u>162,779</u>	<u>192,969</u>

16 PROVISIONS FOR LIABILITIES

	2012 £	2011 £
Deferred tax	<u>106,316</u>	<u>131,582</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

16 PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2012	131,582
Movement in provision	(25,266)
Balance at 31 December 2012	<u>106,316</u>

17 CALLED UP SHARE CAPITAL

Allotted, Number	issued and fully paid Class	Nominal value £1	2012 £	2011 £
2	Ordinary		<u>2</u>	<u>2</u>

18 RESERVES

	Profit and loss account £
At 1 January 2012	6,467,002
Profit for the year	125,384
At 31 December 2012	<u>6,592,386</u>

19 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.

20 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.

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit for the financial year	125,384	959,566
Dividends	-	(3,000,000)
Net addition/(reduction) to shareholders' funds	<u>125,384</u>	<u>(2,040,434)</u>
Opening shareholders' funds	6,467,004	8,507,438
Closing shareholders' funds	<u>6,592,388</u>	<u>6,467,004</u>