

COMPANY REGISTRATION NUMBER 2454226

Idexx Laboratories Limited
Financial Statements
31 December 2004



A47
COMPANIES HOUSE
A7WJ46JP
0477
20/06/05

Idexx Laboratories Limited

Financial Statements

Year Ended 31 December 2004

Contents	Page
Officers and Professional Advisers	1
The Directors' Report	2
Independent Auditors' Report to the Shareholders	4
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8

Idexx 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

Auditors

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 2004

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2004.

Principal Activities and Review of the Business

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 trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

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.

The directors have no direct beneficial interests in the issued ordinary share capital of the company which is wholly held by Idexx Europe BV, incorporated in the Netherlands.

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 2004, the average payment period for trade creditors was 30 days (2003 : 30 days).

Directors' Responsibilities

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

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

Idexx Laboratories Limited

The Directors' Report *(continued)*

Year Ended 31 December 2004

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 which 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.

Auditors

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 22 June 2005

Idexx Laboratories Limited

Independent Auditors' Report to the Shareholders of Idexx Laboratories Limited

Year Ended 31 December 2004

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company 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 United Kingdom Auditing Standards 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.

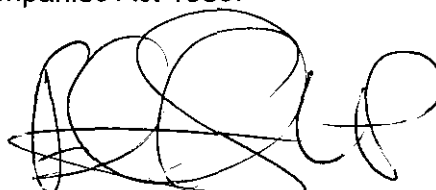
Idexx Laboratories Limited

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

Year Ended 31 December 2004

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 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

22 June 2005

Idexx Laboratories Limited

Profit and Loss Account

Year Ended 31 December 2004

	Note	2004 £	2003 £
Turnover	2	21,238,756	20,744,937
Cost of sales		15,221,942	15,045,028
Gross Profit		<u>6,016,814</u>	<u>5,699,909</u>
Administrative expenses		3,633,421	3,082,514
Operating Profit	3	<u>2,383,393</u>	<u>2,617,395</u>
Interest receivable		54,927	219,446
Interest payable and similar charges	6	4,333	(35,556)
Profit on Ordinary Activities Before Taxation		<u>2,442,653</u>	<u>2,801,285</u>
Tax on profit on ordinary activities	7	740,100	905,530
Profit on Ordinary Activities after Taxation		<u>1,702,553</u>	<u>1,895,755</u>
Dividends	8	—	5,000,000
Retained Profit/(Loss) for the Financial Year		<u>1,702,553</u>	<u>(3,104,245)</u>
Balance brought forward		3,897,888	7,002,133
Balance carried forward		<u>5,600,441</u>	<u>3,897,888</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 2004

	Note	2004 £	£	2003 £	£
Fixed Assets					
Intangible assets	9		183,073		199,353
Tangible assets	10		2,924,887		817,139
			<u>3,107,960</u>		<u>1,016,492</u>
Current Assets					
Debtors	11	3,746,667		3,952,292	
Cash at bank and in hand		<u>1,817,779</u>		<u>2,762,801</u>	
		5,564,446		6,715,093	
Creditors: Amounts Falling due Within One Year	12	<u>3,071,963</u>		<u>3,833,695</u>	
Net Current Assets			2,492,483		2,881,398
Total Assets Less Current Liabilities			<u>5,600,443</u>		<u>3,897,890</u>
Capital and Reserves					
Called-up equity share capital	16		2		2
Profit and loss account			5,600,441		3,897,888
Shareholders' Funds	17		<u>5,600,443</u>		<u>3,897,890</u>

These financial statements were approved by the directors on the 22 June 2005 and are signed on their behalf by:


P Tye

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

Year Ended 31 December 2004

Idexx Laboratories Limited

Notes to the Financial Statements

Year Ended 31 December 2004

1. Accounting Policies *(continued)*

1.7 Pension Costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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

	2004	2003
	£	£
Supply and marketing diagnostic products	14,312,531	14,225,878
Veterinary laboratory	6,926,225	6,519,059
	<u>21,238,756</u>	<u>20,744,937</u>

Idexx Laboratories Limited

Notes to the Financial Statements

Year Ended 31 December 2004

3. Operating Profit

Operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Amortisation	16,280	16,279
Depreciation of owned fixed assets	199,562	194,194
Profit on disposal of fixed assets	(104)	-
Auditors' remuneration		
- as auditors	13,500	12,782
- for other services	2,410	-
Operating lease costs:		
Land and buildings	102,950	102,950
Plant and equipment	7,855	6,721
Vehicles	97,093	91,072
Net profit on foreign currency translation	<u>(1,930)</u>	<u>(562)</u>

4. Particulars of Employees

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

	2004	2003
	No	No
Directors	1	1
Supply and marketing diagnostic products	25	20
Veterinary laboratory	96	93
	<u>122</u>	<u>114</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	3,001,026	2,843,198
Social security costs	340,108	260,487
Other pension costs	116,131	114,006
	<u>3,457,265</u>	<u>3,217,691</u>

Idexx Laboratories Limited

Notes to the Financial Statements

Year Ended 31 December 2004

5. Directors' Emoluments

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

	2004	2003
	£	£
Emoluments receivable	105,318	122,007
Value of company pension contributions to money purchase schemes	<u>3,785</u>	<u>3,675</u>
	<u>109,103</u>	<u>125,682</u>

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

	2004	2003
	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:

	2004	2003
	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 2004 or 31 December 2003.

6. Interest Payable and Similar Charges

	2004	2003
	£	£
Other similar charges payable	<u>(4,333)</u>	<u>35,556</u>

Idexx Laboratories Limited

Notes to the Financial Statements

Year Ended 31 December 2004

7. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2004 £	2003 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	760,063	829,107
Over/under provision in prior year	10,853	31,655
Total current tax	770,916	860,762
Deferred tax:		
Origination and reversal of timing differences	(30,816)	44,768
Tax on profit on ordinary activities	740,100	905,530

(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% (2003 - 30%).

	2004 £	2003 £
Profit on ordinary activities before taxation	2,442,653	2,801,285
Profit on ordinary activities multiplied by standard rate of tax	732,796	840,386
Expenses not deductible for tax purposes	17,974	22,346
Capital allowances for period in excess of depreciation	10,688	(2,354)
Adjustments to tax charge in respect of previous periods	10,853	31,655
Other timing differences	(1,395)	(14,400)
Other differences	-	(16,871)
Total current tax (note 7(a))	770,916	860,762

8. Dividends

The following dividends have been paid in respect of the year:

	2004 £	2003 £
Dividend paid on ordinary shares	-	5,000,000

Idexx Laboratories Limited

Notes to the Financial Statements

Year Ended 31 December 2004

9. Intangible Fixed Assets

	Goodwill £
Cost	
At 1 January 2004 and 31 December 2004	<u>324,324</u>
Amortisation	
At 1 January 2004	124,971
Charge for the year	<u>16,280</u>
At 31 December 2004	<u>141,251</u>
Net Book Value	
At 31 December 2004	<u>183,073</u>
At 31 December 2003	<u>199,353</u>

10. Tangible Fixed Assets

	Freehold Land & Buildings £	Short Leasehold Property £	Fixtures, Fittings & Equipment £	Computer Equipment £	Total £
Cost					
At 1 January 2004	354,412	194,956	1,394,095	250,954	2,194,417
Additions	2,060,607	36,622	209,977	–	2,307,206
Disposals	<u>–</u>	<u>(8,010)</u>	<u>(144,547)</u>	<u>(158,781)</u>	<u>(311,338)</u>
At					
31 December 2004	<u>2,415,019</u>	<u>223,568</u>	<u>1,459,525</u>	<u>92,173</u>	<u>4,190,285</u>
Depreciation					
At 1 January 2004	59,429	113,779	956,129	247,941	1,377,278
Charge for the year	11,490	17,590	169,928	554	199,562
On disposals	<u>(17,436)</u>	<u>(6,865)</u>	<u>(129,512)</u>	<u>(157,629)</u>	<u>(311,442)</u>
At					
31 December 2004	<u>53,483</u>	<u>124,504</u>	<u>996,545</u>	<u>90,866</u>	<u>1,265,398</u>
Net Book Value					
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>
At 31 December 2003	<u>294,983</u>	<u>81,177</u>	<u>437,966</u>	<u>3,013</u>	<u>817,139</u>

Idexx Laboratories Limited

Notes to the Financial Statements

Year Ended 31 December 2004

11. Debtors

	2004 £	2003 £
Trade debtors	3,178,872	3,227,195
Amounts owed by group undertakings	56,132	76,624
Other debtors	338,420	549,476
Prepayments and accrued income	142,427	98,997
Deferred taxation (note 13)	30,816	—
	<u>3,746,667</u>	<u>3,952,292</u>

12. Creditors: Amounts Falling due Within One Year

	2004 £	2003 £
Trade creditors	205,228	112,849
Amounts owed to group undertakings	492,350	303,668
Other creditors including taxation and social security:		
Corporation tax	260,063	1,181,771
Other taxation and social security	629,734	649,825
Other creditors	945,149	1,092,651
	<u>2,532,524</u>	<u>3,340,764</u>
Accruals and deferred income	539,439	492,931
	<u>3,071,963</u>	<u>3,833,695</u>

13. Deferred Taxation

	2004 £	2003 £
The movement in the deferred taxation account during the year was:		
Balance brought forward	—	(44,768)
Profit and loss account movement arising during the year	(30,816)	44,768
Balance carried forward	<u>(30,816)</u>	<u>—</u>

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

	2004		2003
	Provided	Unprovided	Provided
	£	£	£
Excess of taxation allowances over depreciation on fixed assets	30,816	—	21,397
	<u>30,816</u>	<u>—</u>	<u>21,397</u>

Idexx Laboratories Limited

Notes to the Financial Statements

Year Ended 31 December 2004

14. Commitments under Operating Leases

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	2004		2003	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	—	20,307	—	1,470
Within 2 to 5 years	102,950	39,857	62,000	85,317
After more than 5 years	—	—	40,950	—
	<u>102,950</u>	<u>60,164</u>	<u>102,950</u>	<u>86,787</u>

15. 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.

16. Share Capital

Authorised share capital:

	2004 £	2003 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

17. Reconciliation of Movements in Shareholders' Funds

	2004 £	2003 £
Profit for the financial year	1,702,553	1,895,755
Dividends	—	(5,000,000)
	<u>1,702,553</u>	<u>(3,104,245)</u>
Opening shareholders' equity funds	3,897,890	7,002,135
Closing shareholders' equity funds	<u>5,600,443</u>	<u>3,897,890</u>

Idexx Laboratories Limited

Notes to the Financial Statements

Year Ended 31 December 2004

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.