

REGISTERED NUMBER: 03364828 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2016
for
IDEXX Technologies Limited**

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for the Year Ended 31 December
2016**

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IDEXX Technologies Limited
Company
Information
for the Year Ended 31 December
2016

DIRECTORS:

J Morton
J Studer
B P McKeon

SECRETARIES:

J Studer
Reed Smith Corporate Services Limited

REGISTERED OFFICE:

Units 1B and 1C
Newmarket Business Park
Studlands Park Avenue
Newmarket
Suffolk
CB8 7ER

REGISTERED NUMBER:

03364828 (England and Wales)

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
2016**

The directors present their strategic report for the year ended 31 December 2016.

IDEXX Technologies Ltd. ("the Company") is a fully owned subsidiary of IDEXX UK Acquisition Limited. The ultimate parent company is IDEXX Laboratories Inc. The Company's activities include manufacture, distribution, sales & marketing of water diagnostic products.

REVIEW OF BUSINESS

Net sales for 2016 were £3,418,000, an increase of 6% over 2015.

Net profit (after tax) went down from £280,000 in 2015 to a net loss of £68,000 in 2016, which represents a

2% decrease of turnover. This evolution can be explained by:

- the increase of the standard costs due to freight on foam that was expedited due to quality issue
- the negative influence of the foams used (higher price due to smaller scale purchases) and the
- depreciation of the GBP in the purchase in USD (Dynabeads).

The marketing and the sales expenses contributed to this trend:

- with an increased effort in value creation and entering in the hospital water market and; shifted from using a central customer support to an inside sales/customer support model for sales that
- partner with outside sales.

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 increased the number of personnel from 20 to 21. 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:

J Morton - Director

29 September 2017

**Report of the Directors
for the Year Ended 31 December
2016**

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

DIVIDENDS

Final dividends totalling £150,000 were distributed in the year ended 31 December 2016.

The loss for the year, after taxation, amounted to £67,931 (2015: profit £280,320).

RESEARCH AND DEVELOPMENT

The company is committed to a continuing programme of research and development.

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 2016 to the date of this report.

J Morton
J Studer

Other changes in directors holding office are as follows:

M Williams - resigned 2 November 2016

B P McKeon was appointed as a director after 31 December 2016 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.

FINANCIAL INSTRUMENTS

Basic financial instruments, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

**Report of the Directors
for the Year Ended 31 December
2016**

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:

J Morton - Director

29 September 2017

**Statement of Directors' Responsibilities
for the Year Ended 31 December
2016**

The directors are responsible for preparing the Strategic Report, 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 Independent Auditors to the Members of IDEXX Technologies Limited

We have audited the financial statements of IDEXX Technologies Limited for the year ended 31 December 2016 on pages eight to seventeen. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 five, 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 2016 and of its loss 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, based on the work undertaken in the course of our audit, 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, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have

not identified any material misstatements in the Strategic Report or the Report of the Directors.

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

29 September 2017

**Statement of Comprehensive Income
for the Year Ended 31 December
2016**

	Notes	2016 £	2015 £
TURNOVER	4	3,418,922	3,234,266
Cost of sales		<u>2,015,110</u>	<u>1,554,399</u>
GROSS PROFIT		1,403,812	1,679,867
Administrative expenses		<u>1,511,388</u> (107,576)	<u>1,332,973</u> 346,894
Other operating income		<u>(8,472)</u>	<u>(48,756)</u>
OPERATING (LOSS)/PROFIT		(116,048)	298,138
Interest receivable and similar income		<u>8,169</u> (107,879)	<u>8,834</u> 306,972
Interest payable and similar expenses	6	<u>-</u>	<u>1,483</u>
(LOSS)/PROFIT BEFORE TAXATION	7	(107,879)	305,489
Tax on (loss)/profit	8	<u>(39,948)</u>	<u>25,169</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(67,931)	280,320
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(67,931)</u>	<u>280,320</u>

The notes form part of these financial statements

Statement of Financial Position
31 December
2016

	Notes	2016 £	£	2015 £	£
FIXED ASSETS					
Tangible assets	10		203,865		254,263
CURRENT ASSETS					
Stocks	11	323,261		295,116	
Debtors	12	5,456,834		5,693,295	
Cash at bank		<u>931</u>		<u>633</u>	
		5,781,026		5,989,044	
CREDITORS					
Amounts falling due within one year	13	<u>370,030</u>		<u>408,277</u>	
NET CURRENT ASSETS			<u>5,410,996</u>		<u>5,580,767</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,614,861		5,835,030
PROVISIONS FOR LIABILITIES	15		<u>4,677</u>		<u>6,915</u>
NET ASSETS			<u><u>5,610,184</u></u>		<u><u>5,828,115</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		1,680		1,680
Share premium	17		169,320		169,320
Retained earnings	17		<u>5,439,184</u>		<u>5,657,115</u>
SHAREHOLDERS' FUNDS			<u><u>5,610,184</u></u>		<u><u>5,828,115</u></u>

The financial statements were approved by the Board of Directors on 29 September 2017 and were signed on its behalf by:

J Morton - Director

**Statement of Changes in Equity
for the Year Ended 31 December
2016**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2015	1,680	5,376,795	169,320	5,547,795
Changes in equity				
Total comprehensive income	-	280,320	-	280,320
Balance at 31 December 2015	<u>1,680</u>	<u>5,657,115</u>	<u>169,320</u>	<u>5,828,115</u>
Changes in equity				
Dividends	-	(150,000)	-	(150,000)
Total comprehensive income	-	(67,931)	-	(67,931)
Balance at 31 December 2016	<u>1,680</u>	<u>5,439,184</u>	<u>169,320</u>	<u>5,610,184</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December
2016**

1. STATUTORY INFORMATION

IDEXX Technologies Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about IDEXX Technologies 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.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

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

Short leasehold	- Over the period of the lease
Plant and machinery	- Straight line over 3 - 5 years
Fixtures and fittings	- Straight line over 3 - 7 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Notes to the Financial Statements - continued
for the Year Ended 31 December
2016**

3. ACCOUNTING POLICIES - continued

Financial instruments

Basic financial instruments, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position 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 profit or loss 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 profit or loss in the period to which they relate.~~

Notes to the Financial Statements - continued
for the Year Ended 31 December
2016

4. TURNOVER

The turnover and loss (2015 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2016 £	2015 £
United Kingdom	3,078,026	2,996,009
Overseas	<u>340,896</u>	<u>238,257</u>
	<u><u>3,418,922</u></u>	<u><u>3,234,266</u></u>

5. EMPLOYEES AND DIRECTORS

	2016 £	2015 £
Wages and salaries	801,868	711,883
Social security costs	83,477	67,799
Other pension costs	<u>43,618</u>	<u>34,723</u>
	<u><u>928,963</u></u>	<u><u>814,405</u></u>

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

	2016	2015
Production staff	12	11
Administrative staff	<u>9</u>	<u>9</u>
	<u><u>21</u></u>	<u><u>20</u></u>

	2016 £	2015 £
Directors' remuneration	<u>-</u>	<u>-</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016 £	2015 £
Interest on corporation tax	<u>-</u>	<u><u>1,483</u></u>

Notes to the Financial Statements - continued
for the Year Ended 31 December
2016

7. (LOSS)/PROFIT BEFORE TAXATION

The loss (2015 - profit) is stated after charging:

	2016	2015
	£	£
Hire of plant and machinery	51,205	49,612
Other operating leases	6,406	4,392
Depreciation - owned assets	66,629	64,147
Auditors' remuneration	10,080	10,320
Taxation compliance services	2,600	1,560
Foreign exchange differences	8,472	48,756
Vehicle leasing	-	7,571
Research and development expenditure written off	<u>-</u>	<u>463,988</u>

8. TAXATION**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss for the year was as follows:

	2016	2015
	£	£
Current tax:		
UK corporation tax	(37,710)	27,964
Deferred tax	<u>(2,238)</u>	<u>(2,795)</u>
Tax on (loss)/profit	<u>(39,948)</u>	<u>25,169</u>

UK corporation tax has been charged at 20% (2015 - 20.25%).

Reconciliation of total tax (credit)/charge included in profit and loss

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

The difference is explained below:

	2016	2015
	£	£
(Loss)/profit before tax	<u>(107,879)</u>	<u>305,489</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.247%)	(21,576)	61,852
Effects of:		
Expenses not deductible for tax purposes	1,294	1,341
Depreciation in excess of capital allowances	5,765	6,649
Utilisation of tax losses	14,517	(14,473)
R&D enhanced expenditure	-	(27,405)
RDEC tax credit receivable	(37,710)	-
Deferred tax	<u>(2,238)</u>	<u>(2,795)</u>
Total tax (credit)/charge	<u>(39,948)</u>	<u>25,169</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December
2016

8. TAXATION - continued

The UK Government announced as part of the Finance (No 2) Act 2015, which received Royal Assent on 18 November 2015 that the main rate of corporation tax would be reduced from 20% to 19% from 1 April 2017. In addition as part of the Finance Act 2016, it was further reduced to 17% from 1 April 2020. This will affect the rate at which future UK current tax will be payable.

9. DIVIDENDS

	2016 £	2015 £
Ordinary shares shares of £0.01 each		
Final	<u>150,000</u>	<u>-</u>

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2016	476,532	227,437	110,774	814,743
Additions	<u>-</u>	<u>1,500</u>	<u>14,731</u>	<u>16,231</u>
At 31 December 2016	<u>476,532</u>	<u>228,937</u>	<u>125,505</u>	<u>830,974</u>
DEPRECIATION				
At 1 January 2016	299,156	163,645	97,679	560,480
Charge for year	<u>31,769</u>	<u>23,529</u>	<u>11,331</u>	<u>66,629</u>
At 31 December 2016	<u>330,925</u>	<u>187,174</u>	<u>109,010</u>	<u>627,109</u>
NET BOOK VALUE				
At 31 December 2016	<u>145,607</u>	<u>41,763</u>	<u>16,495</u>	<u>203,865</u>
At 31 December 2015	<u>177,376</u>	<u>63,792</u>	<u>13,095</u>	<u>254,263</u>

11. STOCKS

	2016 £	2015 £
Finished goods	<u>323,261</u>	<u>295,116</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Amounts owed by group undertakings	442,041	417,083
Other debtors	4,974,897	5,247,990
Corporation tax	37,710	-
Prepayments and accrued income	<u>2,186</u>	<u>28,222</u>
	<u>5,456,834</u>	<u>5,693,295</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December
2016**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	86,569	125,429
Amounts owed to group undertakings	71,217	27,877
Corporation tax	-	(2,730)
VAT	69,032	109,257
Other creditors	130	-
Accruals and deferred income	<u>143,082</u>	<u>148,444</u>
	<u><u>370,030</u></u>	<u><u>408,277</u></u>

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£	£
Within one year	52,252	48,428
Between one and five years	<u>167,076</u>	<u>202,931</u>
	<u><u>219,328</u></u>	<u><u>251,359</u></u>

15. PROVISIONS FOR LIABILITIES

	2016	2015
	£	£
Deferred tax	<u>4,677</u>	<u>6,915</u>
		Deferred tax
		£
Balance at 1 January 2016		6,915
Profit and loss account movement arising during year		<u>(2,238)</u>
Balance at 31 December 2016		<u><u>4,677</u></u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2016	2015
Number:	Class:	Nominal value:	£	£
8,000	Ordinary shares	£0.01	80	80
100,000	Ordinary 1 shares	£0.01	1,000	1,000
60,000	A Ordinary shares	£0.01	<u>600</u>	<u>600</u>
			<u><u>1,680</u></u>	<u><u>1,680</u></u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December
2016**

17. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 January 2016	5,657,115	169,320	5,826,435
Deficit for the year	(67,931)		(67,931)
Dividends	(150,000)		(150,000)
At 31 December 2016	<u>5,439,184</u>	<u>169,320</u>	<u>5,608,504</u>

18. ULTIMATE PARENT COMPANY

The immediate holding company is IDEXX UK Acquisition Limited and the ultimate holding 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 Inc, One Idexx Drive, Westbrook, Maine 04092, USA.

19. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with and between wholly owned subsidiaries within the group.