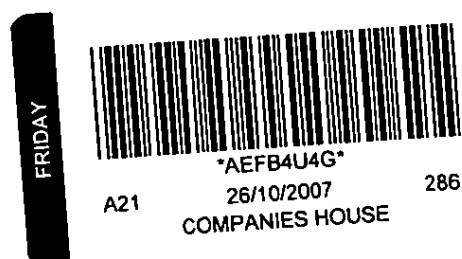


Medical Imaging (Essex) Limited

Directors' report and financial statements

Year ended 31 December 2006

Registered number 2938586



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

Principal activities

The company did not trade during the year

Dividends

Dividends of £nil were paid in the year (2005 £nil)

Directors and directors' interests

The directors who held office during the year were as follows

PJ Greensmith	(resigned 22 March 2007)
Dr CB Patel	(resigned 9 March 2007)
D Spruzen	(appointed 27 July 2006, resigned 24 April 2007)

On 16 April 2007, S Bradshaw and Professor C Thompson were appointed as directors of the company On 2 May 2007, Swagatam Mukerji was appointed as a director of the company

In accordance with the articles of association, no directors retire by rotation None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company

The interests of Dr CB Patel in the shares of Priory Investments Holdings Limited (the ultimate parent company) are disclosed in the financial statements of that company

The interests of PJ Greensmith and D Spruzen in the shares of Priory Investments Holdings Limited are set out below

	Interest at end of year				Interest at beginning of year or date of appointment if later			
	A Ordinary shares	B Ordinary shares	Non Voting B Ordinary shares	Preference shares	A Ordinary shares	B Ordinary shares	Non Voting B Ordinary shares	Preference shares
PJ Greensmith	-	200,000	300,000	1,553,153	-	200,000	300,000	1,500,000
D Spruzen *	-	100,000	100,000	53,153	-	100,000	100,000	53,153

* B Ordinary shares and Non Voting B Ordinary shares held indirectly

Auditors

In accordance with Section 386 of the Companies Act 1985 (as amended), the Company has elected to dispense with the obligation to appoint auditors annually Accordingly, PricewaterhouseCoopers LLP will continue in office as auditors

Directors' report *(continued)*

Provision of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Professor C Thompson
Director

Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TP

17 May 2007

Statement of 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 and of the profit or loss for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies 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,
- 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Medical Imaging (Essex) Limited

We have audited the financial statements of Medical Imaging (Essex) Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 judgments 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.

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 2006 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

17 May 2007

Profit and loss account
for the year ended 31 December 2006

	Note	2006 £000	2005 £000
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities	5	-	(1)
Retained profit for the financial year		<u>-</u>	<u>(1)</u>

The company has no recognised gains or losses other than the profit for the year

The historical cost retained profit and the reported retained profit are the same

The results for the year derive from discontinued activities

Balance sheet
at 31 December 2006

	Note	£000	2006 £000	£000	2005 £000
Current assets					
Debtors	6	25		25	
Creditors amounts falling due within one year	7	(1)		(1)	
Net current assets			24		24
Net assets			24		24
Capital and reserves					
Called up share capital	8		128		128
Profit and loss account	9		(104)		(104)
Shareholders' funds – equity	9		24		24

These financial statements were approved by the board of directors on 17 May 2007 and were signed on its behalf by

Professor C Thompson
 Director



Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Priory Investments Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group

Group relief

Payment is generally made for group relief at a rate of 30% at the time of first estimating the tax provision. To the extent that amendments are subsequently made to the group relief plan, there is generally no payment or receipt in respect of change

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

2 Profit on ordinary activities before taxation

The remuneration of the auditors in the current and preceding financial year was borne by another group undertaking

3 Remuneration of directors

The directors received no emoluments for services to the company during the year (2005 £nil)

4 Staff numbers and costs

The company had no employees during the year (2005 nil)

Notes (continued)

5 Taxation

	2006 £000	2005 £000
<i>UK corporation tax</i>		
Current tax on profit for the year	-	-
Adjustment relating to prior years	-	1
	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2005 30%)
 The actual tax charge for the year is above the standard rate for the reasons set out in the following reconciliation

	2006 £000	2005 £000
Profit on ordinary activities before tax	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities at standard rate	-	-
<i>Factors affecting charge for the year</i>		
Adjustment to tax charge in respect of prior years	-	1
	<u>-</u>	<u>1</u>
Total actual amount of current tax	<u>-</u>	<u>1</u>

6 Debtors

	2006 £000	2005 £000
Amounts due from group undertakings	25	25
	<u>25</u>	<u>25</u>

7 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Amounts owed to group undertakings	1	1
	<u>1</u>	<u>1</u>

Notes (continued)

8 Called up share capital

	2006 £	2005 £
Authorised		
65,821 (2005 65,821) "A" Ordinary shares of £1 each	65,821	65,821
63,279 (2005 63,279) "B" Ordinary shares of £1 each	63,279	63,279
	<u>129,100</u>	<u>129,100</u>
Allotted, called up and fully paid		
65,398 (2005 65,389) "A" Ordinary shares of £1 each	65,398	65,398
62,832 (2005 62,832) "B" Ordinary shares of £1 each	62,832	62,832
	<u>128,230</u>	<u>128,230</u>

9 Reconciliation of movement in shareholders' funds

	Share capital	Profit and loss account	2006 Total	2005 Total
	£000	£000	£000	£000
At beginning of the year	128	(104)	24	25
Retained profit/(loss) for the year	-	-	-	(1)
At end of the year	<u>128</u>	<u>(104)</u>	<u>24</u>	<u>24</u>

10 Ultimate parent company

The company is a subsidiary undertaking of Priory Group Limited, which is incorporated in England

The largest group in which the results of the company are consolidated is that headed by Priory Investments Holdings Limited. No other group accounts include the results of the company.