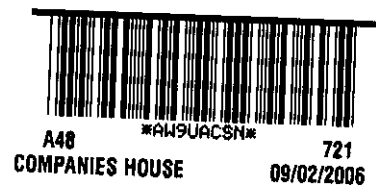


MEDICAL SOLUTIONS (LEEDS) LIMITED

Report and Financial Statements

31 December 2004



MEDICAL SOLUTIONS (LEEDS) LIMITED

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MEDICAL SOLUTIONS (LEEDS) LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C A Green
AD Longstaffe (resigned 19 January 2005)
GG Roberts

SECRETARY

AD Longstaffe (resigned 19 January 2005)
Pathlore Ltd (appointed 19 January 2005)

REGISTERED OFFICE

1 Orchard Place
Nottingham Business Park
Nottingham
NG8 6PX

AUDITORS

Deloitte & Touche LLP
Nottingham

MEDICAL SOLUTIONS (LEEDS) LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company and the audited financial statements for the year ended 31 December 2004.

ACTIVITIES

The company has not traded in the year.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 December 2004 are set out on pages 5 to 10. The profit for the year after taxation was £Nil (2003: loss of £91,000).

The directors do not recommend the payment of a dividend in the current year (2003: £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

CA Green
AD Longstaffe (resigned 19 January 2005)
GG Roberts

The directors do not have any interests in the share capital of the company.

AD Longstaffe, CA Green and GG Roberts were also the directors of the parent company, their share interests and options are disclosed in the accounts of that company.

Approved by the Board of Directors on 4 January 2006
and signed on behalf of the Board

Patt Lill

Secretary

MEDICAL SOLUTIONS (LEEDS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company for that period. 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;
- 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 are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDICAL SOLUTIONS (LEEDS) LIMITED

We have audited the financial statements of Medical Solutions (Leeds) Limited for the year ended 31 December 2004, which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

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 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 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

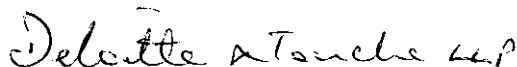
Basis of audit opinion

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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and
Registered Auditors

Nottingham

26 January 2006

MEDICAL SOLUTIONS (LEEDS) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Interest payable and similar charges	3	-	(91)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	(91)
Tax on loss on ordinary activities	4	-	-
LOSS FOR THE FINANCIAL YEAR	10	-	(91)

All activity arose from discontinued operations in the year.

The accompanying notes are an integral part of this profit and loss account.

There were no recognised gains or losses in either period other than the loss for that period. Accordingly no statement of total recognised gains and losses has been prepared.

MEDICAL SOLUTIONS (LEEDS) LIMITED

BALANCE SHEET 31 December 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS			
Investments	5	<u>3,500</u>	<u>3,500</u>
CURRENT ASSETS			
Debtors	6	<u>16,725</u>	<u>16,725</u>
		16,725	16,725
CREDITORS: Amounts falling due within one year	7	<u>(6,994)</u>	<u>(6,994)</u>
NET CURRENT ASSETS		<u>9,731</u>	<u>9,731</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,231</u>	<u>13,231</u>
NET ASSETS		<u>13,231</u>	<u>13,231</u>
CAPITAL AND RESERVES			
Equity share capital	8	5,779	5,779
Share premium account	9	2,640	2,640
Profit and loss account	9	<u>4,812</u>	<u>4,812</u>
EQUITY SHAREHOLDERS' FUNDS	10	<u>13,231</u>	<u>13,231</u>

These financial statements were approved by the Board of Directors on 4 January 2006

Signed on behalf of the Board of Directors

Director



MEDICAL SOLUTIONS (LEEDS) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is a wholly owned subsidiary of Medical Solutions plc which prepares consolidated financial statements which are publicly available. The company's exempt from the requirements of FRS 1 "Cash Flow Statements (Revised)" to prepare a cash flow statement.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration was £Nil (2003: £Nil).

The directors did not receive any emoluments in respect of their directorship of this company (2003: £Nil). There were no other employees of the company (2003: none).

MEDICAL SOLUTIONS (LEEDS) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

3. INTEREST PAYBLE AND SIMILAR CHARGES

	2004 £'000	2003 £'000
Bank loans and overdrafts	-	91

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	2004 £'000	2003 £'000
Current tax		
UK corporation tax	-	-
Adjustments in respect of prior periods	-	-
Total current tax	-	-
Deferred taxation		
Origination and reversal of timing differences	-	-
Adjustment in estimate of recoverable deferred tax asset	-	-
Adjustment in respect of prior years	-	-
Total tax on profit on ordinary activities	-	-

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2004 £'000	2003 £'000
Loss on ordinary activities before taxation	-	(91)
Tax on loss on ordinary activities at standard UK corporation tax rate of 30% (2003: 30%)	-	27
Effects of:		
Expenses not deductible for tax purposes	-	42
Utilisation of losses arising in the year	-	(69)

MEDICAL SOLUTIONS (LEEDS) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

5. FIXED ASSET INVESTMENTS

	2004 £'000	2003 £'000
At 1 January and 31 December	<u>3,500</u>	<u>3,500</u>

The subsidiary undertaking of Medical Solutions (Leeds) Limited and their respective activities were as follows at 31 December 2004:

	Country of incorporation or principal business address	Principal activity	% held
Quinoderm Limited	England	Dormant	100

6. DEBTORS

	2004 £'000	2003 £'000
Amounts owed by group undertaking	<u>16,725</u>	<u>16,725</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £'000	2003 £'000
Amounts owed to group undertakings	<u>6,994</u>	<u>6,994</u>

8. CALLED UP SHARE CAPITAL

	2004 £'000	2003 £'000
Authorised		
5,787,715 ordinary share of £1 each	<u>5,788</u>	<u>5,788</u>
Called up, allotted and fully paid		
5,778,675 ordinary shares of £1 each	<u>5,779</u>	<u>5,779</u>

9. RESERVES

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January and 31 December 2004	<u>2,640</u>	<u>4,812</u>	<u>7,452</u>

MEDICAL SOLUTIONS (LEEDS) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

10. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Loss for the year	-	(91)
Net reduction in shareholders' funds	-	(91)
Opening shareholders' funds as previously stated	13,231	13,322
Closing shareholders' funds	13,231	13,231

12. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Medical Solutions plc, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Medical Solutions plc.

13. ULTIMATE CONTROLLING PARTY

The directors regard Medical Solutions plc, a company incorporated in England and Wales, as the ultimate parent company and the ultimate controlling party.

Medical Solutions plc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Medical Solutions plc, 1 Orchard Place, Nottingham Business Park, Nottingham, NG8 6PX.