

Company Registration No. 3892078 (England and Wales)

MOLECULAR IMAGING SOLUTIONS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

TUESDAY



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MOLECULAR IMAGING SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	L Ballinger-Finch S Brcknell A Gibson P Whitecross
Secretary	B R Ally
Company number	3892078
Registered office	Beechwood Hall Kingsmead Road High Wycombe Buckinghamshire HP11 1JL
Auditors	KPMG LLP 8 Salisbury Square London EC4Y 8BB United Kingdom
Bankers	Bank of Scotland Corporate Banking 110 Queen Street Glasgow G1 3BY

MOLECULAR IMAGING SOLUTIONS LIMITED

CONTENTS

	Page
Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and financial statements	2
Independent auditors' report to the members of Molecular Imaging Solutions Limited	3
Profit and loss account	5
Balance sheet	6
Reconciliation of Movements in Shareholders' Deficit	7
Notes to the financial statements	8

MOLECULAR IMAGING SOLUTIONS LIMITED

DIRECTORS' REPORT YEAR ENDED 30 SEPTEMBER 2007

The directors present their directors' report and the financial statements for the year ended 30 September 2007

Principal activities and review of the business

The principal activity of the company is that of the provision of scanning services utilising P E T scanner technologies

Results and dividends

The results of the company's activities can be found on page 5 of the financial statements

The directors do not recommend the payment of a dividend

Directors

The directors who held office during the year were as follows

L Ballinger-Finch (appointed 6 September 2007)

S Brcknell (appointed 6 September 2007)

A Gibson

S Joyce (appointed 3 January 2007, resigned 7 September 2007)

J Midgley (resigned 15 August 2007)

P Whitecross

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors-

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

On behalf of the board



P Whitecross
Director

Beechwood Hall
Kingsmead Road
High Wycombe
Buckinghamshire
HP11 1JL

28 April 2008

MOLECULAR IMAGING SOLUTIONS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2007

The directors are responsible for preparing the Directors' Report 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and loss for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that 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 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.



KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOLECULAR IMAGING SOLUTIONS LIMITED

We have audited the financial statements of Molecular Imaging Solutions Limited for the year ended 30 September 2007 which comprise of the Profit and Loss Account, Balance Sheet, the Reconciliation of Movements in Shareholders' Deficit and the related notes. These financial statements have been prepared under 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 auditor's 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOLECULAR IMAGING SOLUTIONS LIMITED (CONTINUED)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of the loss 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

KPMG LLP

KPMG LLP

*Chartered Accountants
Registered Auditor*

28 April,

2008

MOLECULAR IMAGING SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2007

		2007	2006
	Notes	£	£
Turnover	2	599,661	625,368
Cost of sales		(539,851)	(332,393)
Gross profit		59,810	292,975
Administrative expenses		(473,927)	(426,753)
Operating loss		(414,107)	(133,778)
Interest payable and similar charges	5	(131,376)	(94,813)
Loss on ordinary activities before taxation	3	(545,483)	(228,591)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	12	(545,483)	(228,591)

The company has made no recognised gains or losses in the year other than those stated in the profit and loss account above and accordingly a separate statement of total recognised gains and losses has not been prepared

A note on historical cost gains and losses has not been included as part of these financial statements as the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis

The turnover and operating results for the current and preceding period derive from continuing operations

MOLECULAR IMAGING SOLUTIONS LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	7		374,584		409,377
Current assets					
Stock	8	4,446		-	
Debtors	9	242,196		1,819,163	
Cash at bank and in hand		250		250	
		<u>246,892</u>		<u>1,819,413</u>	
Creditor amounts falling due within one year	10	<u>(1,952,837)</u>		<u>(3,014,668)</u>	
Net current liabilities			<u>(1,705,945)</u>		<u>(1,195,255)</u>
Net liabilities			<u>(1,331,361)</u>		<u>(785,878)</u>
Capital and reserves					
Called up share capital	11		1,000		1,000
Profit and loss account	12		<u>(1,332,361)</u>		<u>(786,878)</u>
Shareholders' deficit			<u>(1,331,361)</u>		<u>(785,878)</u>

These financial statements were approved by the board of directors on 28 April 2008 and were signed on its behalf by



P Whitecross
Director

MOLECULAR IMAGING SOLUTIONS LIMITED

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Year ended 30 September 2007	Year ended 30 September 2006
Loss for the financial year	(545,483)	(228,591)
	<hr/>	<hr/>
Net addition to shareholders' deficit	(545,483)	(228,591)
	<hr/>	<hr/>
Opening shareholders' deficit	(785,878)	(557,287)
	<hr/>	<hr/>
Closing shareholders' deficit	(1,331,361)	(785,878)
	<hr/>	<hr/>

MOLECULAR IMAGING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2007

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

1.1 Basis of preparation

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

Under Financial Reporting Standard 1 'Cash Flow Statements', 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

1.2 Related party transactions

As the company is a wholly owned subsidiary of the group headed by InHealth Group Holdings PLC, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related Party Transactions' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of InHealth Group Holdings PLC, within which this company is included, can be obtained from the address given in note 16

1.3 Going Concern

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £1,331,361 (2006 £785,878) which the directors believe to be appropriate for the following reasons The company is dependent for its working capital on funds provided to it by InHealth Group Limited, an intermediate parent company InHealth Group Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements, they have no reason to believe that it will not do so

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

1.4 Turnover

Turnover represents the amounts invoiced (excluding value added tax) for the provision of scanning services to hospitals, insurance companies and the public Turnover is recognised on the supply of the service

MOLECULAR IMAGING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2007

1 Accounting policies (*continued*)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Medical equipment	6 years straight line
Leasehold improvements	over term of lease
Furniture and fittings	6 years straight line

1.6 Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

1.7 Stock

Stocks are valued at the lower of cost and are not held for resale. Stocks held at the year end are consumables

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

1.9 Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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 otherwise required by Financial Reporting Standard 19 'Deferred Taxation'

2 Turnover

The whole of the turnover is attributable to the principle activity of the company. All turnovers arose within the United Kingdom

3 Notes to the profit and loss account

	2007	2006
<i>Loss on ordinary activities before taxation is stated after charging/(crediting)</i>	£	£
Auditors' remuneration		
Audit of these financial statements	3,000	4,200
Depreciation of tangible assets		
Owned	39,847	29,009
Leased	-	41,416
Profit on disposal of fixed assets	-	(158,262)
Hire of land and buildings	52,552	115,858
Hire of other assets – operating leases	287,268	30,560
	<hr/>	<hr/>

Amounts receivable by the company's auditor in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information required instead to be disclosed on a consolidation basis in the consolidated financial statements of the company's intermediate parent, InHealth Group Holdings PLC

MOLECULAR IMAGING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2007

4 Staff numbers and costs

The average monthly number of employees (excluding directors) during the year was

	2007	2006
	Number of employees	
Administration	3	4

Staff costs were as follows

	2007	2006
	£	£
Wages and salaries	105,236	111,685
Social security costs	11,122	12,586
Other pension costs (see note 15)	2,591	2,184
	<u>118,949</u>	<u>126,455</u>

The directors received no remuneration for their services to the company during the year (2006 £nil)

5 Interest payable and similar charges

	2007	2006
	£	£
Bank overdraft	131,376	62,163
Finance charges in respect of finance leases and hire purchase contracts	-	32,650
	<u>131,376</u>	<u>94,813</u>

MOLECULAR IMAGING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2007

6 Taxation

Analysis of charge in year

	2007	2006
	£	£
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>
Deferred tax (<i>see below</i>)	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (2006 *lower*) than the standard rate of corporation tax in the U K , 30% (2006 30%) The differences are explained below

	2007	2006
	£	£
Current tax reconciliation		
Loss on ordinary activities before taxation	(545,483)	(228,591)
	<hr/>	<hr/>
Current tax at 30% (2006 30%)	(163,645)	(68,577)
<i>Effects of</i>		
Expenses not deductible for tax purposes	(575)	(46,604)
Depreciation in excess of capital allowances	11,954	3,508
Losses surrendered as group relief	152,230	107,783
Other short term timing differences	36	3,890
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

MOLECULAR IMAGING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2007

6 Taxation (continued)

The company has an unrecognised deferred tax asset of £268,121 (2006 £288,647) The deferred tax asset has not been recognized as a result of uncertainty over the timing of future profitability and has arisen as follows

	Year ended 30 September 2007	Year ended 30 September 2006
	£	£
Unutilised trading losses carried forward	(219,524)	(235,205)
Decelerated capital allowances	(48,561)	(49,552)
Other timing differences	(36)	(3,890)
	<u>(268,121)</u>	<u>(288,647)</u>

7 Tangible fixed assets

	Medical equipment	Furniture and fittings	Total
	£	£	£
Cost			
At beginning of year	422,671	6,354	429,025
Additions	3,572	1,482	5,054
	<u>426,243</u>	<u>7,836</u>	<u>434,079</u>
At end of year			
Depreciation			
At beginning of year	19,351	297	19,648
Charge for the year	38,697	1,150	39,847
	<u>58,048</u>	<u>1,447</u>	<u>59,495</u>
At end of year			
Net book value			
At 30 September 2007	<u>368,195</u>	<u>6,389</u>	<u>374,584</u>
At 30 September 2006	<u>403,320</u>	<u>6,057</u>	<u>409,377</u>

MOLECULAR IMAGING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2007

8 Stocks

	2007	2006
	£000	£000
Consumables	4,446	-

9 Debtors

	2007	2006
	£	£
Trade debtors	92,617	71,423
Amounts owed by group undertakings	73,352	1,542,244
Other debtors	755	15,580
Prepayments and accrued income	75,472	189,916
	<u>242,196</u>	<u>1,819,163</u>

10 Creditors' amounts falling due within one year

	2007	2006
	£	£
Bank overdrafts (secured)	700,612	1,574,211
Trade creditors	19,363	139,512
Amounts owed to group undertakings	1,160,916	1,161,311
Taxation and social security	2,356	3,014
Other creditors	69,590	136,620
	<u>1,952,837</u>	<u>3,014,668</u>

The bank overdraft is secured by fixed and floating charges over certain group companies and their property and assets, present and future, including goodwill, book debts, uncalled capital, building, fixtures and fixed plant and machinery

11 Share capital

	2007	2006
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

MOLECULAR IMAGING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2007

12. Reserves

	Profit and loss account £
At beginning of year	(786,878)
Loss for the year	(545,483)
At end of year	<u>(1,332,361)</u>

13. Financial commitments

At 30 September 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2007

	Other		Land and buildings	
	2007	2006	2007	2006
	£	£	£	£
Operating leases which expire				
Between two and five years	287,268	287,268	-	-
Over five years	-	-	86,500	101,600

14 Contingent liabilities

The company has entered together with its group undertakings into a cross guarantee agreement in connection with the borrowings of the group undertakings in favour of its bankers. The total borrowings of group undertakings who are part of this guarantee as at 30 September 2007 amounted to £nil (30 September 2006 £5,014,168)

15 Pension scheme

The company operates a defined contribution pension scheme. The pension costs charges for the year represents contributions payable by the company to the scheme and amounted to £2,591 (30 September 2006 £2,184)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

16. Ultimate Parent Undertaking and Controlling Party

The company is controlled by the immediate parent company, InHealth Diagnostics and Imaging Limited, a company registered in England and Wales. The largest group in which the results of the company are consolidated and which are publicly available is that headed by InHealth Group Holdings PLC, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is Pegasus Management (Holdings) SCA, ("Pegasus") a société en commandite par actions, incorporated in Luxembourg. The consolidated financial statements of InHealth Group Holdings PLC are available to the public and may be obtained from Beechwood Hall, Kingsmead Road, High Wycombe, HP11 1JL