

MOLECULAR IMAGING SOLUTIONS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2008

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MOLECULAR IMAGING SOLUTIONS LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | L Ballinger-Finch S Bricknell H Lodge 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 |
| 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 2008

The directors present their directors' report and the financial statements for the year ended 30 September 2008.

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.

On 30 September 2008, the company hived up its trade, assets and liabilities (except for the bank overdraft and intercompany balances), to its immediate parent company InHealth Limited (formerly InHealth Diagnostics and Imaging Limited). From this date the company has ceased trading.

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 (2007: £nil).

Directors

The directors who held office during the year were as follows:

L Ballinger-Finch

S Bricknell

A Gibson (resigned 12 May 2008)

H Lodge (appointed 9 September 2008)

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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



H Lodge
Director

Beechwood Hall
Kingsmead Road
High Wycombe
Buckinghamshire
HP11 1JL

27 may 2009

MOLECULAR IMAGING SOLUTIONS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2008

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 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 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 2008 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 2008 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 May 2009

MOLECULAR IMAGING SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2008

| | | 2008 | 2007 |
|--|-------|------------------|------------------|
| | Notes | £ | £ |
| Turnover | 2 | 510,663 | 599,661 |
| Cost of sales | | (455,803) | (539,851) |
| Gross profit | | 54,860 | 59,810 |
| Administrative expenses | | (804,970) | (473,917) |
| Operating loss | | (750,110) | (414,107) |
| Interest payable and similar charges | 5 | (65,168) | (131,376) |
| Loss on ordinary activities before taxation | 3 | (815,278) | (545,483) |
| Tax on loss on ordinary activities | 6 | - | - |
| Loss for the financial year | 12 | (815,278) | (545,483) |

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.

The results as stated in the above profit and loss account are derived wholly from discontinuing activities.

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.

MOLECULAR IMAGING SOLUTIONS LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2008

| | Notes | 2008 £ | £ | 2007 £ | £ |
|--|-------|--------------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | | - | | 374,584 |
| Current assets | | | | | |
| Stocks | 8 | - | | 4,446 | |
| Debtors | 9 | 216,873 | | 242,196 | |
| Cash at bank and in hand | | - | | 250 | |
| | | <u>216,873</u> | | <u>246,892</u> | |
| Creditor: amounts falling due within one year | 10 | <u>(2,363,512)</u> | | <u>(1,952,837)</u> | |
| Net current liabilities | | | <u>(2,146,639)</u> | | <u>(1,705,945)</u> |
| Net liabilities | | | <u>(2,146,639)</u> | | <u>(1,331,361)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 11 | | 1,000 | | 1,000 |
| Profit and loss account | 12 | | <u>(2,147,639)</u> | | <u>(1,332,361)</u> |
| Shareholders' deficit | | | <u>(2,146,639)</u> | | <u>(1,331,361)</u> |

These financial statements were approved by the board of directors on 27 May 2009 and were signed on its behalf by:



H Lodge
Director

MOLECULAR IMAGING SOLUTIONS LIMITED

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT FOR THE YEAR ENDED 30 SEPTEMBER 2008

| | 2008 | 2007 |
|---------------------------------------|-------------|-------------|
| Loss for the financial year | (815,278) | (545,483) |
| | <hr/> | <hr/> |
| Net addition to shareholders' deficit | (815,278) | (545,483) |
| | | |
| Opening shareholders' deficit | (1,331,361) | (785,878) |
| | <hr/> | <hr/> |
| Closing shareholders' deficit | (2,146,639) | (1,331,361) |
| | <hr/> | <hr/> |

MOLECULAR IMAGING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2008

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 £2,146,639 (2007: £1,331,361) 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.

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 |
| 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 Stocks

Included within the stock balance at the year end are consumable items which are not held for re-sale.

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.

MOLECULAR IMAGING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2008

1. Accounting policies (*continued*)

1.9 Taxation

The charge for taxation is based on the result 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'

1.10 Financial commitment

On the date of the hive up of the trade, assets and liabilities of Molecular Imaging Solutions Limited to InHealth Limited (formerly Diagnostics and Imaging Limited), the leased assets both operating and financial, were transferred into trust. This trust indemnifies Molecular Imaging Solutions Limited in respect of all liabilities (including any antecedent breach) arising between the hive up transaction and the date on which the assignment of the lease is complete. However, as at the balance sheet date, as the assignment of the leased assets had not been completed, the company remains financially committed to the leases.

Within these financial statements, the transfer of assignment on all leased assets has been treated as complete as at the balance sheet date.

At the date of approval of these financial statements, completion of the assignment of the leased assets was in progress and no impediments have been identified.

2. Turnover

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

3. Notes to the profit and loss account

| | 2008 | 2007 |
|---|-------------------|-------------------|
| | £ | £ |
| <i>Loss on ordinary activities before taxation is stated after charging:</i> | | |
| Depreciation of tangible assets | | |
| Owned | 45,000 | 39,847 |
| Impairment of assets | 343,483 | - |
| Hire of land and buildings | 86,500 | 52,552 |
| Hire of other assets – operating leases | 287,268 | 287,268 |
| | <u> </u> | <u> </u> |
| | 2008 | 2007 |
| | £ | £ |
| Auditors' remuneration | | |
| Audit of these financial statements | 4,561 | 3,000 |
| | <u> </u> | <u> </u> |

Amounts receivable by the company's auditors 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 consolidated 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 2008

4. Staff numbers and costs

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

| | 2008 | 2007 |
|----------------|---------------------|------|
| | Number of employees | |
| Administration | 3 | 3 |

Staff costs were as follows:

| | 2008 | 2007 |
|-----------------------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 104,391 | 105,236 |
| Social security costs | 12,036 | 11,122 |
| Other pension costs (see note 15) | 2,915 | 2,591 |
| | <u>119,342</u> | <u>118,949</u> |

The directors received no remuneration for their services to the company during the year (2007: *£nil*).

5. Interest payable and similar charges

| | 2008 | 2007 |
|----------------|---------------|----------------|
| | £ | £ |
| Bank overdraft | <u>65,168</u> | <u>131,376</u> |

MOLECULAR IMAGING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2008

6. Taxation

Analysis of charge in year

| | 2008 £ | 2007 £ |
|------------------------------------|-----------|-----------|
| <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 loss on ordinary activities | - | - |
| | <hr/> | <hr/> |

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (2007: *lower*) than the standard rate of corporation tax in the U.K., 29% (2007: 30%). The differences are explained below.

| | 2008 £ | 2007 £ |
|--|-----------|-----------|
| Current tax reconciliation | | |
| Loss on ordinary activities before taxation | (815,278) | (545,483) |
| | <hr/> | <hr/> |
| Current tax at 29% (2007: 30%) | (236,431) | (163,645) |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | 110,649 | (575) |
| Depreciation in excess of capital allowances | 1,915 | 11,954 |
| Losses surrendered as group relief | 122,661 | 152,230 |
| Other short term timing differences | 1,206 | 36 |
| | <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 2008

6 Taxation (continued)

The company has an unrecognised deferred tax asset of £170,619 (2007: £268,121). The deferred tax asset has not been recognized as a result of uncertainty over the timing of future profitability and has arisen as follows:

| | 2008 | 2007 |
|---|----------------|------------------|
| | £ | £ |
| Unutilised trading losses carried forward | 170,619 | (219,524) |
| Decelerated capital allowances | - | (48,561) |
| Other timing differences | - | (36) |
| | <u>170,619</u> | <u>(268,121)</u> |

7. Tangible fixed assets

| | Medical equipment | Furniture and fittings | Total |
|-----------------------|----------------------|---------------------------|----------------|
| Cost | £ | £ | £ |
| At beginning of year | 426,243 | 7,836 | 434,079 |
| Additions | 19,359 | - | 19,359 |
| Intra group transfer | (445,602) | (7,836) | (453,438) |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| At end of year | - | - | - |
| Depreciation | | | |
| At beginning of year | 58,048 | 1,447 | 59,495 |
| Charge for the year | 43,721 | 1,279 | 45,000 |
| Impairment | 343,483 | - | 343,483 |
| Intra group transfer | (445,252) | (2,726) | (447,978) |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| At end of year | - | - | - |
| Net book value | | | |
| At 30 September 2008 | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| At 30 September 2007 | 368,195 | 6,389 | 374,584 |
| | <u>368,195</u> | <u>6,389</u> | <u>374,584</u> |

During the year the directors carried out an impairment review of the company's fixed assets. This resulted in an impairment of £343,000 in the current year where the directors believe that the carrying value of the assets exceeded the fair value.

At 30 September 2008 all the tangible fixed assets of the company were hived up at net book value.

MOLECULAR IMAGING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2008

8. Stocks

| | 2008 £ | 2007 £ |
|-------------|-----------|-----------|
| Consumables | - | 4,446 |

9. Debtors

| | 2008 £ | 2007 £ |
|------------------------------------|----------------|----------------|
| Trade debtors | - | 92,617 |
| Amounts owed by group undertakings | 216,873 | 73,352 |
| Other debtors | - | 755 |
| Prepayments and accrued income | - | 75,472 |
| | <u>216,873</u> | <u>242,196</u> |

10. Creditors: amounts falling due within one year

| | 2008 £ | 2007 £ |
|------------------------------------|------------------|------------------|
| Bank overdrafts (secured) | 1,187,062 | 700,612 |
| Trade creditors | - | 19,363 |
| Amounts owed to group undertakings | 1,176,450 | 1,160,916 |
| Taxation and social security | - | 2,356 |
| Other creditors | - | 69,590 |
| | <u>2,363,512</u> | <u>1,952,837</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

| | 2008 £ | 2007 £ |
|---|--------------|--------------|
| 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 2008

12. Reserves

| | Profit and loss account £ |
|----------------------|---------------------------------|
| At beginning of year | (1,332,361) |
| Loss for the year | (815,278) |
| At end of year | <u>(2,147,639)</u> |

13. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

| | 2008 | | 2007 | |
|--|----------------------------|------------|----------------------------|----------------|
| | Land and buildings £ | Other £ | Land and buildings £ | Other £ |
| Operating leases which expire: | | | | |
| In the second to fifth years inclusive | - | - | - | 287,268 |
| Over five years | - | - | 86,500 | - |
| | <u>-</u> | <u>-</u> | <u>86,500</u> | <u>287,268</u> |

On 30 September 2008 the following leased asset commitments were hived up into InHealth Limited as explained in note 1.10.

Annual commitments under non-cancellable operating leases are as follows:

| | Land and buildings £ | Other £ |
|--|----------------------------|----------------|
| Operating leases which expire: | | |
| In the second to fifth years inclusive | - | 287,268 |
| Over five years | 86,500 | - |
| | <u>86,500</u> | <u>287,268</u> |

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 2008 amounted to £nil (30 September 2007: £nil).

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 £2,915 (2007: £2,591).

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

MOLECULAR IMAGING SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2008

16. Ultimate Parent Undertaking and Controlling Party

The ultimate parent undertaking and controlling party is Pegasus Management (Holdings) SCA, ("Pegasus") a societe en commandite par actions, incorporated in Luxembourg.

The largest group in which the company is consolidated is InHealth Group Holdings PLC. The smallest group in which the company is consolidated is InHealth Group Limited. Both companies are incorporated in England and Wales. The consolidated financial statements of these groups are available to the public and may be obtained from Beechwood Hall, Kingsmead Road, High Wycombe, Buckinghamshire, HP11 1JL.