

Company Registration No. 3558087 (England and Wales)

INHEALTH (ACAD) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2005



INHEALTH (ACAD) LIMITED

COMPANY INFORMATION

Directors

A Gibson
P Whitecross

Secretary

Mrs B R Ally

Company number

3558087

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

INHEALTH (ACAD) LIMITED

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INHEALTH (ACAD) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2005

The directors present their report and financial statements for the 6 month period ended 30 September 2005 (15 month period ended 30 March 2005).

Principal activities and review of the business

The principal activity of the company is the provision, servicing and maintenance of medical equipment.

Results and dividends

The results for the period are set out on page 4.

Directors

The following directors have held office since 1 April 2005:

J I Bartlett	(Resigned 2 June 2005)
A Gibson	
P Whitecross	
S Joyce	(Appointed 3 January 2006)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 September 2005	1 April 2005
A Gibson	-	-
P Whitecross	-	-

Mr S Joyce was appointed and his appointment occurred before the date of signing the financial statements.

None of the directors in office during the period held any beneficial interests in the company's issued share capital of that of any other UK group company.

According to the register of directors' interest, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Disclosure of information to auditors

The directors who held office at the date of the approval of this director's 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 he ought to have taken as a director to make himself 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 proposing that KPMG LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

INHEALTH (ACAD) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2005

Directors' responsibilities

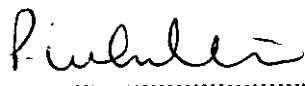
The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 United Kingdom accounting standards. 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 those 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 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 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.



P Whitecross
Director

Beechwood Hall
Kingsmead Road
High Wycombe
Buckinghamshire
HP11 1JL

2 February 2007

INHEALTH (ACAD) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INHEALTH (ACAD) LIMITED

We have audited the financial statements of InHealth (ACAD) Limited for the period ended 30 September 2005 which comprises the profit and loss account, balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and 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 the directors and auditors

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the directors' report is not consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records or 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2005 and of its loss for the period then ended,
- have been properly prepared in accordance with the Companies Act 1985,
- the information given in the Directors' report is consistent with the financial statements.

KPMG LLP

Chartered Accountants
Registered Auditor

KPMG LLP

2 February 2007

8 Salisbury Square
London
EC4Y 8BB

INHEALTH (ACAD) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 SEPTEMBER 2005

	Notes	6 month period ended 30 September 2005 £	15 month period ended 31 March 2005 £
Turnover	2	613,258	1,348,557
Cost of sales		(268,609)	(664,610)
Gross profit		344,649	683,947
Administrative expenses		(357,145)	(175,467)
Operating (loss)/profit	3	(12,496)	208,480
Interest receivable and similar income	4	1,314	18,505
Interest payable and similar charges	5	(1,826)	(57,793)
(Loss)/Profit on ordinary activities before taxation		(13,008)	469,192
Tax on (loss)/profit on ordinary activities	6	(16,867)	(220,681)
(Loss)/Profit for the financial period	12, 13	(29,875)	248,511

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

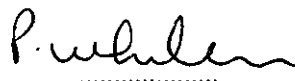
A note on historical cost gains and losses has not been included as part of these financial statements as the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis

INHEALTH (ACAD) LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2005

		30 September 2005		31 March 2005
	Notes	£	£	£
Fixed assets				
Tangible assets	7		704,813	854,657
Current assets				
Debtors	8	449,064		218,802
Cash at bank and in hand		221,610		12,238
		<u>670,674</u>		<u>231,040</u>
Creditors: amounts falling due within one year	9	(683,440)		(332,277)
		<u></u>		<u></u>
Net current liabilities			(12,766)	(101,237)
Total assets less current liabilities			692,047	753,420
Creditors: amounts falling due after more than one year	10		(52,498)	(83,996)
			<u>639,549</u>	<u>669,424</u>
Capital and reserves				
Called up share capital	11		2	2
Profit and loss account	12		639,547	669,422
			<u>639,549</u>	<u>669,422</u>
Shareholders' funds	13		<u>639,549</u>	<u>669,422</u>

The financial statements were approved by the board of directors on 2 February 2007 and were signed on its behalf by:



P Whitecross
Director

INHEALTH (ACAD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2005

1 Accounting policies

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

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheets date';
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The financial statements are prepared under the historical cost convention.

FRS 21 and FRS 25 have had no material impact on these financial statements. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

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.

As at the period end 100% of the company's voting rights were controlled within the group headed by InHealth Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed 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 Limited, within which the balance sheet of this company is included, can be obtained from Beechwood Hall, Kingsmead Road, High Wycombe, Buckinghamshire, HP11 1JL.

1.2 Going Concern

The financial statements have been prepared on a going concern basis.

1.3 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:

Plant and machinery	-	7 years
Computer equipment	-	3 years

1.4 Taxation

The charge for taxation is based on the profit for the period 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 as otherwise required by FRS 19.

INHEALTH (ACAD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2005

1 Accounting policies (continued)

1.5 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.6 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period.

2 Turnover

Turnover represents servicing and maintenance of medical equipment (excluding value added tax). Turnover is recognised on the provision of these services.

3 Notes to the profit and loss account

	6 month period ended 30 March 2005	15 month period ended 30 September 2005
Profit on ordinary activities before taxation is stated after charging:	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	<u>149,844</u>	<u>366,263</u>

The audit fee is borne by another group company.

4 Interest receivable and similar income

	6 month period ended 30 March 2005	15 month period ended 30 September 2005
	£	£
Bank interest	<u>1,314</u>	<u>18,505</u>

5 Interest payable and similar charges

	6 month period ended 30 March 2005	15 month period ended 30 September 2005
	£	£
On bank loans and overdrafts	1,826	832
Hire purchase interest	-	56,961
	<u>1,826</u>	<u>57,793</u>

INHEALTH (ACAD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2005

6 Taxation

	6 month period ended 30 September 2005 £	15 month period ended 31 March 2005 £
Domestic current year tax		
U.K. corporation tax	16,867	225,131
Adjustment for prior years	-	(4,450)
Current tax charge	<u>16,867</u>	<u>220,681</u>
Factors affecting the tax charge for the period		
(Loss)/Profit on ordinary activities before taxation	<u>(13,008)</u>	<u>469,192</u>
(Loss)/Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	<u>(3,902)</u>	<u>140,757</u>
Effects of:		
Net (income not taxable).expenditure not deductible for tax purposes	20,278	86,685
Depreciation in excess of capital allowances	491	689
Adjustments for prior years	-	(4,450)
	<u>20,769</u>	<u>79,924</u>
Current tax charge	<u>16,867</u>	<u>220,681</u>

There are only deferred tax assets arising and details of the deferred tax assets not provided in the financial statements are as follows;

	6 month period ended 30 September 2005 £	15 month period ended 31 March 2005 £
Differences between accumulated depreciation and capital allowances	3,459	5,099
Other timing differences	(5,251)	(83,996)
	<u>(1,792)</u>	<u>(78,897)</u>

Deferred tax assets are only recognised to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. The company did not recognise a deferred tax asset in the period due to uncertainty as to the timing of the realisation of the amount. There are no unprovided deferred tax liabilities.

INHEALTH (ACAD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2005

7 Tangible fixed assets

	Plant and machinery £	Computer equipment £	Total £
Cost			
At 1 April 2005	2,544,838	3,733	2,548,571
Additions	-	-	-
	<u>2,544,838</u>	<u>3,733</u>	<u>2,548,571</u>
At 30 September 2005			
Depreciation			
At 1 April 2005	1,690,259	3,655	1,693,914
Charge for the period	149,821	23	149,844
	<u>1,840,080</u>	<u>3,678</u>	<u>1,843,758</u>
At 30 September 2005			
Net book value			
At 30 September 2005	<u>704,758</u>	<u>55</u>	<u>704,813</u>
At 31 March 2005	<u>854,579</u>	<u>78</u>	<u>854,657</u>

8 Debtors

	30 September 2005 £	31 March 2005 £
Trade debtors	408,133	98,283
Amounts owed by group undertakings	-	265
Other debtors	-	1,556
Prepayments and accrued income	40,931	118,698
	<u>449,064</u>	<u>218,802</u>

INHEALTH (ACAD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2005

9 Creditors: amounts falling due within one year

	30 September 2005 £	31 March 2005 £
Trade creditors	57,138	23,309
Amounts due to group undertakings	319,632	-
Corporation tax	241,998	225,131
Other taxes and social security costs	53,166	33,821
Other creditors	265	23,005
Accruals and deferred income	11,241	27,011
	<u>683,440</u>	<u>332,277</u>

10 Creditors: amounts falling due in more than one year

	30 September 2005 £	31 March 2005 £
Deferred income	52,498	83,996
	<u>52,498</u>	<u>83,996</u>

11 Share capital

	30 September 2005 £	31 March 2005 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

12 Statement of movements on the profit and loss account

	Profit and loss account £
Balance at 1 January 2004	669,422
(Loss)/profit for the period	<u>(29,875)</u>
Balance at 31 March 2005	<u>639,547</u>

INHEALTH (ACAD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2005

13 Reconciliation of movements in shareholders' funds

	30 September 2005 £	31 March 2005 £
(Loss)/Profit for the financial period	(29,875)	248,511
Opening shareholders' funds	669,424	420,913
Closing shareholders' funds	639,549	669,424

14 Staff numbers and costs

	6 month period ended 30 September 2005 Number	15 month period ended 31 March 2005 Number
The average monthly number of persons employed (including directors) during the period was:	3	3

Staff costs, including directors' remuneration, were as follows:

	6 month period ended 30 September 2005 £	15 month period ended 31 March 2005 £
Wages and salaries	18,597	39,813
Social security costs	2,097	4,642
Other pension costs	1,500	1,913
	22,194	46,368

None of the directors received any remuneration throughout this period.

15 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £1,500 (2005: £1,913).

At the year end, contributions amounting to £ nil (2005: £ nil) were accrued but not paid at the period end.

16 Ultimate Parent Undertaking and Controlling Party

The company is a subsidiary of and controlled by the immediate parent company, InHealth Group Limited, a company registered in England and Wales. The ultimate parent undertaking is Pegasus Management (Holdings) SCA, a société en commandite par actions, incorporated in Luxembourg.

The consolidated financial statements of InHealth Group Limited are available to the public and may be obtained from Beechwood Hall, Kingmead Road, High Wycombe, Buckinghamshire, HP11 1JL.

17 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.