

Company Registration No. 2609976

Lodestone Patient Care Limited

Report and Financial Statements

30 June 2005



Lodestone Patient Care Limited

Report and financial statements 2005

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Lodestone Patient Care Limited

Report and financial statements 2005

Officers and professional advisers

Directors

V P Byrne
D Vaux
G Barnier
C Hollis
C John

Secretary

S Castle (appointed: 30 September 2004)
Abogado Nominees Limited (resigned: 13 October 2004)

Registered Office

100 New Bridge Street
London
EC4V 6JA

Bankers

National Westminster Bank plc
Piccadilly and New Bond St Branch
63 Piccadilly
London
W1A 2AG

Solicitors

Baker & McKenzie
100 New Bridge Street
London
EC4V 6JA

Auditors

Deloitte & Touche LLP
Chartered Accountants
Reading

Lodestone Patient Care Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2005.

Principal activity and review of the business

The company's principal activity during the year was that of the leasing of magnetic resonance imaging facilities.

On 30 June 2004, the UK group reorganised its operations into two principal operating subsidiaries (Lodestone Patient Care Limited and Lodestone MRI Limited). Lodestone Radiology Limited ceased trading and transferred its trade and assets into Lodestone Patient Care Limited at book value and Lodestone Imaging Limited ceased trading and transferred its trade and assets into Lodestone MRI Limited at book value.

On 30 June 2005, the UK group further reorganised its operations into one principal operating subsidiary, Lodestone Patient Care Limited. On this date, Lodestone MRI Limited ceased trading and transferred its trade and assets into Lodestone Patient Care Limited at book value.

During the year, 10,200,000 ordinary shares of £1 each were issued at par.

Results and dividends

The loss for the year, after taxation, amounted to £2,373,427 (2004: profit - £46,967). The directors do not recommend the payment of a dividend (2004: £nil).

Directors and their interests

The directors who held office during the year and those appointed subsequently were as follows:

V P Byrne	
P Baker	(appointed 3 July 2003, resigned 23 September 2004)
P Mirabelle	(appointed 15 December 2003, resigned 15 October 2004)
G Thompson	(appointed 15 December 2003, resigned 30 September 2004)
D Vaux	(appointed 30 September 2004)
G Barnier	(appointed 30 September 2004)
C Hollis	(appointed 12 October 2004)
C John	(appointed 1 December 2004)

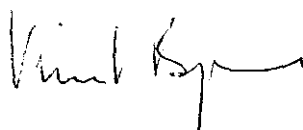
None of the directors had any interest in the share capital of the company or other group companies.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

V P Byrne
Director



28/4/2006

Lodestone Patient Care 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 Lodestone Patient Care Limited

We have audited the financial statements of Lodestone Patient Care Limited for the year ended 30 June 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 21. 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 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 the company's affairs as at 30 June 2005 and of its loss 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

Reading

28 April

2006

Lodestone Patient Care Limited

Profit and loss account Year ended 30 June 2005

	Note	2005 £	2004 £
Turnover	2	12,558,654	2,670,620
Cost of sales		(3,073,020)	(1,082,955)
Gross profit		<u>9,485,634</u>	<u>1,587,665</u>
Administrative expenses		(11,142,401)	(4,954,207)
Operating loss	3, 4	<u>(1,656,767)</u>	<u>(3,366,542)</u>
Income from shares in group undertakings		327,658	5,268,030
Bank interest receivable		56,924	14,652
Interest payable and similar charges	5	(854,761)	(1,627,836)
(Loss)/profit on ordinary activities before taxation		<u>(2,126,946)</u>	<u>288,304</u>
Taxation	6	(246,481)	(241,337)
Retained (loss)/profit for the financial year	17	<u>(2,373,427)</u>	<u>46,967</u>

All amounts derive from continuing operations.

There are no recognised gains or losses for the current or previous financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been presented.

Lodestone Patient Care Limited

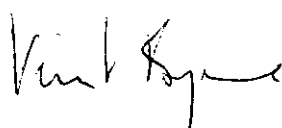
Balance sheet 30 June 2005

	Note	2005 £	2004 £
Fixed assets			
Intangible assets	7	3,584,650	3,792,923
Tangible assets	8	15,393,978	13,076,071
Investments	9	21,120,956	21,120,956
		<u>40,099,584</u>	<u>37,989,950</u>
Current assets			
Stocks	10	62,714	51,138
Debtors – due after more than one year	11	3,520,612	10,771,778
– due within one year	11	4,942,726	2,185,182
Cash at bank and in hand		1,843,432	832,966
		<u>10,369,484</u>	<u>13,841,064</u>
Creditors: amounts falling due within one year	12	<u>(40,618,542)</u>	<u>(49,445,772)</u>
Net current liabilities		<u>(30,249,058)</u>	<u>(35,604,708)</u>
Total assets less current liabilities		<u>9,850,526</u>	<u>2,385,242</u>
Creditors: amounts falling due after more than one year	13	(771,319)	(1,442,710)
Provisions for liabilities and charges	15	<u>(1,101,795)</u>	<u>(791,693)</u>
		<u>7,977,412</u>	<u>150,839</u>
Capital and reserves			
Called up share capital	16	10,460,000	260,000
Profit and loss account	17	<u>(2,482,588)</u>	<u>(109,161)</u>
Total equity shareholders' funds	17	<u>7,977,412</u>	<u>150,839</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

28/4/ 2006.

V P Byrne
Director



Lodestone Patient Care Limited

Notes to the financial statements Year ended 30 June 2005

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention. Under the provisions of the Companies Act 1985, section 228, the company has not prepared consolidated financial statements because its immediate parent undertaking, Lodestone Holdings plc (formerly MIA Lodestone plc), has prepared consolidated financial statements for the period which include the results of the company.

Cash flow statement

The company is a wholly owned subsidiary undertaking of a parent undertaking producing publicly available group financial statements, and as such has taken advantage of the exemption allowed under FRS 1 (Revised) not to produce a cash flow statement.

Turnover

Turnover, which is stated net of value added tax, represents amounts receivable for services provided in the normal course of business.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life, which is considered by its directors to be 20 years. It is reviewed for impairment at the end of the first full financial period following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, or, if held under a finance lease, over the lease term, or whichever is shorter, as follows:

Leasehold property	- over the term of the lease
Plant and machinery	- 10% - 25% per annum
Fixtures and fittings	- 10% - 25% per annum
Motor vehicles	- 25% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed asset investments

The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated on a first-in, first-out basis at the lower of cost and net realisable value.

Lodestone Patient Care Limited

Notes to the financial statements Year ended 30 June 2005

1. Accounting policies (continued)

Taxation

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

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts earned from the provision of fixed site magnetic resonance imaging equipment and services, and arises wholly from activities in the United Kingdom.

Notes to the financial statements

Year ended 30 June 2005

This is stated after charging:

	2005	2004
	£	£
Auditors' remuneration -- audit services	50,000	-
-- non audit services	16,500	-
Auditors' remuneration (previous auditors) – audit services	-	78,000
- non audit services	40,715	115,385
Depreciation -- owned assets	1,246,563	982,110
Depreciation – assets held under finance leases and hire purchase contracts	520,213	558,336
Amortisation of goodwill	208,274	208,114
Impairment of fixed assets	402,185	-
Operating lease rentals – other	507,379	509,917
Loss on disposal of fixed assets	45,858	-

	2005	2004
	£	£
Emoluments	204,653	-
Company contributions to money purchase pension schemes	-	-
Highest paid director		
Emoluments	112,500	-
Contributions to money purchase pension schemes	-	-

	No.	No.
Average number of persons employed (including directors);		
Administration	95	-
Technical	94	-
	<u>189</u>	<u>-</u>
	£	£
Staff costs during the year (including directors):		
Wages and salaries	4,390,994	-
Social security costs	431,577	-
Pension costs	108,463	-
	<u>4,931,034</u>	<u>-</u>

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Lodestone Patient Care Limited

Notes to the financial statements Year ended 30 June 2005

5. Interest payable and similar charges

	2005 £	2004 £
Bank loans and overdrafts	56,813	21,299
Loans from group undertakings	652,382	1,384,086
Finance charges payable under finance leases and hire purchase contracts	145,566	222,451
	<u>854,761</u>	<u>1,627,836</u>

6. Taxation

	2005 £	2004 £
a) Analysis of charge/(credit) in year:		
Current tax		
(Over)/Under provision in prior years	(25,685)	771
Total current tax (note 6b)	<u>(25,685)</u>	<u>771</u>
Deferred tax		
Origination and reversal of timing differences	272,166	240,566
Total deferred tax (note 15)	<u>272,166</u>	<u>240,566</u>
Total tax charge for year	<u>246,481</u>	<u>241,337</u>

Lodestone Patient Care Limited

Notes to the financial statements Year ended 30 June 2005

6. Taxation (continued)

b) Factors affecting current tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £	2004 £
(Loss)/Profit on ordinary activities before tax	(2,126,946)	288,304
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	(638,084)	86,491
Effects of:		
Disallowed expenses	(22,514)	67,268
Capital allowances in advance of depreciation	(112,591)	(233,331)
Other timing differences	5,203	(7,643)
Group relief not paid	754,261	1,667,624
Adjustments to tax charge in respect of previous years	(25,685)	771
Accounting loss on chargeable assets	13,725	-
Non-taxable income from shares in group undertakings	-	(1,580,409)
Current tax for the year (note 6a)	(25,685)	771

7. Intangible fixed assets

	Development costs £	Goodwill £	Total £
Cost			
At 1 July 2004	-	4,165,464	4,165,464
Transferred from subsidiary undertaking	18,531	-	18,531
Write-off	(18,531)	-	(18,531)
At 30 June 2005	-	4,165,464	4,165,464
Amortisation			
At 1 July 2004	-	372,540	372,540
Charge for the year	-	208,274	208,274
At 30 June 2005	-	580,814	580,814
Net book value			
At 30 June 2005	-	3,584,650	3,584,650
At 30 June 2004	-	3,792,923	3,792,923

Lodestone Patient Care Limited

Notes to the financial statements Year ended 30 June 2005

8. Tangible fixed assets

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 July 2004	6,699,373	10,535,796	495,150	86,989	17,817,308
Transfer from fellow subsidiary	861,939	668,331	56,112	-	1,586,382
Additions	425,039	2,546,392	33,891	-	3,005,322
Disposals	(47,460)	(69,557)	-	(39,997)	(157,014)
At 30 June 2005	7,938,891	13,680,962	585,153	46,992	22,251,998
Depreciation					
At 1 July 2004	1,056,628	3,326,418	317,495	40,696	4,741,237
Impairment	-	402,185	-	-	402,185
Charge for the year	411,980	1,291,236	48,826	14,734	1,766,776
Disposals	(1,710)	(38,336)	-	(12,132)	(52,178)
At 30 June 2005	1,466,898	4,981,503	366,321	43,298	6,858,020
Net book value					
At 30 June 2005	6,471,993	8,699,459	218,832	3,694	15,393,978
At 30 June 2004	5,642,745	7,209,378	177,655	46,293	13,076,071

The net book value of plant and machinery above includes an amount of £1,988,669 (2004: £2,849,817) in respect of assets held under finance leases.

9. Fixed asset investments

	Trade investments £	Subsidiary undertakings £	Total £
Cost and net book value:			
At 1 July 2004 and at 30 June 2005	15,000	21,105,956	21,120,956

Lodestone Patient Care Limited

Notes to the financial statements Year ended 30 June 2005

9. Fixed asset investments (continued)

Details of the investment in subsidiary undertakings at the year end are listed below. In order to avoid a statement of excessive length, details of investments in dormant subsidiary undertakings have been omitted.

Company Name	Holding	Proportion of voting rights and shares held	Nature of business
Lodestone Radiology Limited	Ordinary shares	100%	Magnetic resonance imaging facility
Lodestone Imaging Limited	Ordinary shares	100%	Magnetic resonance imaging facility
Lodestone MRI Limited	Ordinary shares	100%	Magnetic resonance imaging facility

In the opinion of the directors, the aggregate value of the investments in subsidiary undertakings is not less than the amount at which it is stated in the balance sheet.

10. Stocks

	2005 £	2004 £
Consumables	62,714	51,138

11. Debtors

	2005 £	2004 £ As restated*
Amounts falling due within one year		
Trade debtors	2,266,805	513,297
Other debtors	-	101,221
Prepayments and accrued income	1,253,807	1,570,664
	3,520,612	2,185,182
Amounts falling due after more than one year:		
Amounts due from group undertakings	4,942,726	10,771,778
	8,463,338	12,956,960

* The prior year debtor note has been restated to reclassify £844,614 of accrued income from trade debtors to prepayments and accrued income. This classification correctly discloses the unbilled debtors.

Lodestone Patient Care Limited

Notes to the financial statements Year ended 30 June 2005

12. Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	640,638	-
Obligations under finance leases and hire purchase contracts (note 14)	711,611	944,480
Trade creditors	761,894	419,750
Amounts due to group undertakings	36,204,673	46,757,402
Accrued expenses	1,568,241	1,057,411
Other taxes and social security costs	151,478	129,687
Corporation tax	327,996	-
Other creditors	252,011	137,042
	<u>40,618,542</u>	<u>49,445,772</u>

13. Creditors: amounts falling due after more than one year

	2005 £	2004 £
Obligations under finance leases and hire purchase contracts (note 14)	<u>771,319</u>	<u>1,442,710</u>

There is a fixed and floating charge over the assets of the company as the company is party to a guarantee on the group borrowings amounting to AUS\$ 460m.

14. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2005 £	2004 £
Amounts payable:		
Within one year	711,611	944,480
In two to five years	<u>771,319</u>	<u>1,442,710</u>
	<u>1,482,930</u>	<u>2,387,190</u>

These amounts are secured on the related assets.

Lodestone Patient Care Limited

Notes to the financial statements Year ended 30 June 2005

15. Provisions for liabilities and charges

Deferred taxation provided in the financial statements is:

	2005 £	2004 £
Accelerated capital allowances	1,073,815	791,884
Other timing differences	27,980	(191)
Undiscounted provision for deferred tax	<u>1,101,795</u>	<u>791,693</u>

Movement in the year: £

At 1 July 2004	791,693
Deferred tax charge in profit and loss account for the year (note 6(a))	272,166
Transfer from subsidiary undertaking	37,936
At 30 June 2005	<u>1,101,795</u>

There were no unprovided deferred tax amounts.

16. Share capital

	2005 £	2004 £
Authorised:		
ordinary shares of £1 each	<u>100,000,000</u>	<u>100,000,000</u>
Called up, allotted and fully paid		
ordinary shares of £1 each	<u>10,460,000</u>	<u>260,000</u>

During the year, 10,200,000 ordinary shares of £1 each were issued at par.

17. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total shareholders' funds 2005 £	Total shareholders' funds 2004 £
At 1 July	260,000	(109,161)	150,839	103,872
Issued capital	10,200,000	-	10,200,000	-
(Loss)/profit for the year	-	(2,373,427)	(2,373,427)	46,967
At 30 June	<u>10,460,000</u>	<u>(2,482,588)</u>	<u>7,977,412</u>	<u>150,839</u>

Lodestone Patient Care Limited

Notes to the financial statements Year ended 30 June 2005

18. Other financial commitments

At 30 June 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2005	2004
	£	£
Operating leases which expire;		
In less than one year	51,000	-
In two to five years	174,746	177,122
In over five years	221,248	296,498
	<u>446,994</u>	<u>473,620</u>

19. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the Lodestone Holdings plc group or with DCA Group Limited.

20. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £Nil (2004: £1,300,000).

Lodestone Patient Care Limited

Notes to the financial statements **Year ended 30 June 2005**

21. Parent undertaking and controlling party

Lodestone Holdings plc (formerly MIA Lodestone plc) is the company's immediate parent undertaking and the parent undertaking of the smallest group of undertakings of which the company is a member and for which group financial statements are prepared. Copies of the Lodestone Holdings plc group financial statements are available from 100 New Bridge Street, London EC4V 6JA.

On 7 June 2004, MIA Group Limited (MIA) and DCA Group Limited (DCA), both companies incorporated in Australia, jointly announced a proposed transaction whereby DCA would acquire MIA for approximately AUD\$700 million by way of a scheme of arrangement and the diagnostic imaging businesses of both companies would be merged under the new ownership structure. The scheme was approved on 28 September 2004 and was implemented on 30 September 2004.

At 30 June 2005, the company's ultimate parent undertaking and controlling party was DCA Group Limited, a company listed on the Australian Stock Exchange. Copies of the DCA Group financial statements are available from Level 24, 201 Kent St, Sydney, NSW, 2000, Australia.