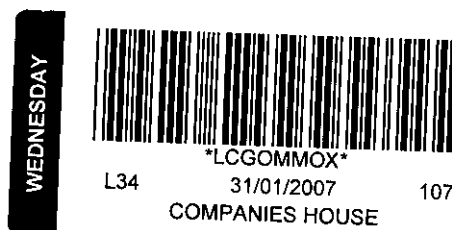


Toshiba Medical Systems Limited
(Registered Number: 983579)

Directors' Report and Financial Statements

Year ended 31 March 2006



Toshiba Medical Systems Limited

Company Information

Directors

K P Weinand (resigned 30 September 2006)

Y Sakai

K Damgaard-Iversen (resigned 30 June 2006 and re-appointed 30 September 2006)

M Stork (appointed 30 June 2006)

Registered office

Boundary Court

Gatwick Road

Crawley

West Sussex

RH10 9AX

Auditors

PricewaterhouseCoopers LLP

First Point

Buckingham Gate

Gatwick

RH6 0PP

Bankers

Barclays Bank Plc

54 Lombard Street

London

EC3V 9EX

Solicitors

BP Collins

Collins House

32-38 Station Road

Gerrards Cross

Bucks

SL9 8EL

Toshiba Medical Systems Limited

Director's Report for the Year Ended 31 March 2006

The directors present their report and the audited financial statements for the year ended 31 March 2006.

Principal activity

The Company supplies and maintains electrical, electronic and mechanical products and services in the medical field.

Review of results and future prospects

The results for the year are set out in the profit and loss account on page 7. This shows a 9.8% increase in turnover to £32,010,000 (2005: £29,153,000). The net profit before tax amounted to £10,000 compared to a loss of £884,000 in the previous year.

The Company aims to continue the development of the products in its market sector in order to build the strength of the Toshiba brand and achieve sustainable gains in market share.

The Directors consider that the state of affairs of the Company to be satisfactory and that the level of activity will be maintained.

Dividends and reserves

The directors do not recommend the payment of a dividend (2005: £nil). The retained profit for the year of £21,000 (2005 restated loss: £940,000) has been transferred to/(from) the profit and loss account reserve. The position of the Company at the year-end is set out in the Balance Sheet on page 8. The results and financial position of the Company shown in these financial statements are in line with the expectations of the Board.

Principal risks and uncertainties

The medical imaging market continues to be competitive, with significant pressure on the sales price. In addition, there is an expectation from customers of a value added selling proposition and a reduction in whole life costs.

These factors put increasing pressure on margin and turnover growth.

Key financial performance measures

The Company measures its financial performance by reference to profitability and market share based on the strategies set out above. Operating profit is set out in the Profit and Loss Account on page 7.

Toshiba Medical Systems Limited

Foreign Currency risk

The Company purchases substantially all of its products from Toshiba Medical Systems Europe BV in Sterling, and is not subject to fluctuation in foreign currency exchange rates. However, a small number of purchases may take place in the year in Euros which would be subject to an exchange rate fluctuation; although this is minimal.

Interest rate risk

The Company finances its operations through a mixture of bank overdrafts and loans from group Companies. The Company borrows in sterling at floating rates of interest to meet short term funding requirements.

Liquidity risk

The Company requires borrowing throughout the year from Group Companies and from external sources in the form of group lending and overdrafts only at certain times of the year to meet short term liquidity needs.

Credit risk

The Company is exposed to a degree of credit risk through its normal business activity with its customers.

Directors and their interests

The directors who held office during the year are given on page 1.

No directors had any interest in the shares of the company during the year, nor of any other group company.

Statement of directors' responsibilities

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 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Toshiba Medical Systems Limited

Provision of information to auditors

So far as the directors are aware, there is no relevant information of which the Company's auditors are unaware. The directors have taken all the steps, (such as making enquiries of other directors and the auditors and any other exercise in due care, skill and diligence), that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

On Behalf Of the Board

A handwritten signature in black ink, appearing to read 'M Stork', followed by a long horizontal line.

M Stork
Director

30 January 2007

Toshiba Medical Systems Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOSHIBA MEDICAL SYSTEMS LIMITED

We have audited the financial statements of Toshiba Medical Systems Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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.

Toshiba Medical Systems Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Gatwick

31 January 2007

Toshiba Medical Systems Limited

Profit and Loss Account for the Year Ended 31 March 2006

		2006	2005 (restated)
	Note	£'000	£'000
Turnover	2	32,010	29,153
Cost of sales		(23,197)	(21,871)
Gross profit		8,813	7,282
Distribution costs		(6,044)	(5,618)
Administrative expenses		(2,498)	(2,436)
Operating profit/(loss)	3	271	(772)
Net interest payable	6	(222)	(73)
Finance expense	18	(39)	(39)
Profit/(loss) on ordinary activities before taxation	2	10	(884)
Taxation on ordinary activities	7	11	(56)
Retained profit/(loss) for the financial year transferred from reserves	15	21	(940)

The loss for the year is wholly attributable to the continuing operations of the company.

Statement of Total Recognised Gains and Losses

for the Year Ended 31 March 2006

		2006	2005 (restated)
	Note	£'000	£'000
Profit/(Loss) on ordinary activities after taxation		21	(940)
Actuarial loss recognised in Pension fund	18	(1,327)	(212)
Total recognised losses for year		(1,306)	(1,152)
Prior year adjustment	15	(1,835)	
Total losses recognised since last financial year		(3,141)	

The notes on pages 9 to 20 form an integral part of these financial statements.

Toshiba Medical Systems Limited

Balance Sheet as at 31 March 2006

	Note	2006 £'000	2005 (restated) £'000
Fixed assets			
Tangible assets	8	2,267	1,425
Current assets			
Stocks	9	2,721	3,580
Debtors	10	12,748	9,717
Cash at bank and in hand		1,173	475
		16,642	13,772
Creditors: amounts falling due within one year	11	(14,990)	(13,346)
Net current assets		1,652	426
Total assets less current liabilities		3,919	1,851
Creditors: amounts falling due after more than one year	12	(419)	(171)
Provision for liabilities and charges	13	(280)	(262)
Net assets excluding pension deficit		3,220	1,418
Pension deficit	18	(3,307)	(1,835)
Net assets including pension deficit		(87)	(417)
Capital and reserves			
Called up share capital	14	2,130	2,130
Other reserves	15	1,636	-
Profit and loss account	15	(3,853)	(2,547)
Total shareholders' funds	16	(87)	(417)

Approved by the board on



M Stork
Director

30 January 2007

The notes on pages 9 to 20 form an integral part of these financial statements.

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

1 Accounting policies

(1) Basis of preparation of financial statements

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

(2) New accounting standards and changes in accounting policies

During the year the company has completed the final stage of the implementation of FRS 17 "Retirement Benefits". The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly. Details of the prior year adjustment are given on Note 15.

(3) Turnover

Turnover represents the invoiced value of sales of goods accepted by the customer and excludes VAT.

(4) Stocks

All stocks are stated at the lower of cost and net realisable value..

(5) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets in equal annual instalments over their estimated useful lives as follows:

Motor vehicles	3 years
Plant	5 years
Furniture, fixtures, fittings and office machines	5 years
Computer equipment	3-5 years

(6) Equipment leased to customers

Equipment leased to customers under operating leases is capitalised in accordance with (5) above. Operating lease income is accounted for on a straight line basis with any rental increases recognised during the period to which they relate.

(7) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies have been expressed in sterling at rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

Accounting policies (Continued)

have been translated into sterling at the average rate ruling during the year. All exchange gains and losses are dealt with in the profit and loss account.

(8) Operating leases

The rentals payable under operating lease agreements are charged to the profit and loss account on a straight-line basis over the lease term.

(9) Pension contributions

The company operates a defined benefit pension scheme with assets held in a trustee-administered fund. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. An independent actuary normally conducts a valuation of the defined benefits pension scheme every three years. The company has completed the final stage of the implementation of FRS 17 "Retirement Benefits" during the year.

In accordance with FRS17, the pension deficit has been recognised on the balance sheet. Service costs are systematically spread over the service lives of the employees. The difference between actual and expected returns on assets and liabilities during the year, including changes in actuarial assumptions, are recognised in the statement of total recognised gains and losses.

(10) Deferred taxation

Deferred taxation is provided in full in respect of timing differences arising between the treatment of certain items for taxation and accounting purposes. Deferred tax assets in respect of trading tax losses are only recognised where it is considered probable that the tax losses are to be recovered. Deferred taxation provisions have not been discounted.

2 Turnover and profit before taxation

The turnover and profit/(loss) before taxation is wholly attributable to the one principal activity of the company: the sale of electrical, electronic and mechanical products and services in the medical field. Turnover and the profit before taxation arose wholly in the United Kingdom.

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

3 Operating profit /(loss)

	2006 £'000	2005 £'000
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation	479	341
Auditors' remuneration		
– Audit fees	43	33
– Non-audit fees	16	10
Operating lease rentals		
– Plant and machinery	1,914	1,912
– Other	304	306
Rental receivable under operating leases	39	39
Foreign exchange profit	(2)	(3)

4 Staff costs

	2006 £'000	2005 £'000
Wages and salaries	4,112	3,765
Social security costs	598	457
Other pension costs	360	329
	5,070	4,551

The average number of employees during the year was as follows:

	Number	Number
Sales, distribution and service	73	67
Administration	18	18
	91	85

5 Directors and emoluments

	2006 £'000	2005 £'000
Directors' emoluments	195	195

Retirement benefits are accruing to one Director (2005: one) under a defined benefit pension scheme.

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

6 Net interest payable

	2006 £'000	2005 £'000
Interest Income		
From group undertakings	-	17
Bank deposits	10	15
Interest Expense		
To group undertakings	(229)	(105)
Bank overdraft	(3)	-
	(222)	(73)

7 Taxation on ordinary activities

The taxation charge based on the profit for the year is made up as follows:

	2006 £'000	2005 £'000
Corporation tax at 30% (2005: 30%)	-	20
Deferred taxation	(11)	36
	(11)	56

The tax assessed for the period is higher than the United Kingdom standard rate of corporation tax of 30% (2005: 30%). The differences are explained below:

	2006 £'000	2005 (restated) £'000
Profit/(Loss) on ordinary activities before taxation	10	(884)
Tax charge based on UK tax rate	3	(265)
Tax effect of the following items:		
Expenses not deductible for tax purposes	77	19
Capital allowances for period in excess of depreciation	(51)	(36)
Adjustment in respect of prior periods	-	20
Losses (utilised)/carried forward	(29)	282
Corporation tax charge for the period	-	20

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

8 Tangible fixed assets

Cost	Plant and motor vehicles £'000	Fixtures and fittings £'000	Computer Equipment £'000	Leased Assets £'000	Total £'000
At 1 April 2005	332	201	822	1,426	2,781
Additions	40	381	772	128	1,321
Transfers	(2)	(33)	35	-	-
Disposals	(211)	(171)	(555)	-	(937)
At 31 March 2006	159	378	1,074	1,554	3,165
Depreciation					
At 1 April 2005	258	181	674	243	1,356
Charge for the year	29	35	174	241	479
Transfers	(2)	(2)	4	-	-
Disposals	(211)	(171)	(555)	-	(937)
At 31 March 2006	74	43	297	484	898
Net book amount					
At 31 March 2006	85	335	777	1,070	2,267
At 31 March 2005	74	20	148	1,183	1,425

In November 2005, the Company implemented a European based Enterprise Resource Planning application. The cost of this implementation, including the design and software cost, has been capitalised and is depreciated on a straight line basis over five years.

Leased assets are assets owned by the Company and leased to customers under operating lease arrangements.

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

9 Stocks

Stocks represent finished goods held for resale and items used for demonstration purposes.

10 Debtors

	2006 £'000	2005 £'000
Trade debtors	11,255	9,159
Amounts owed by group undertakings	591	43
Corporation tax asset	-	30
Prepayments and accrued income	902	485
	12,748	9,717

11 Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Trade creditors	866	251
Amounts owed to group undertaking	9,741	8,315
Other creditors	126	246
Taxation and social security	1,396	1,582
Accruals and deferred income	2,861	2,952
	14,990	13,346

12 Creditors: amounts falling due after more than one year

	2006 £'000	2005 £'000
Deferred Income	419	171

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

13 Provision for liabilities and charges

	Legal provision £'000	Deferred tax £'000	Total £'000
At 1 April 2005	251	11	262
Utilised in year	-	-	-
Charge in the year	29	(11)	18
As at 31 March 2006	280	-	280

The Company expects the legal provision to be utilised within one year.

Deferred tax asset/(liability)	2006 £'000	2005 £'000
Unprovided		
Accelerated capital allowances	(62)	(11)
Trading losses	145	174
Asset in respect of pension deficit	992	551
As at 31 March 2006	1,075	714

No deferred tax asset has been recognised on the basis that the recoverability is uncertain.

14 Called up share capital

	2006 £'000	2005 £'000
Authorised:		
2,150,000 shares of £1 each	2,150	2,150
Allotted and fully paid:		
2,130,000 shares of £1 each	2,130	2,130

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

15 Reserves

	Other Reserves	Profit and loss account (restated)
	£'000	£'000
At 1 April 2005 – as previously reported	-	(712)
Prior period adjustment – FRS 17	-	(1,835)
At 1 April 2005 – restated	-	(2,547)
Retained profit for the period	-	21
Capital Contribution	1,636	-
Actuarial loss on pension	-	(1,327)
At 31 March 2006	1,636	(3,853)

The profit and loss reserve includes pension scheme liabilities of £3,307,000 (2005: £1,835,000) in respect of the Company's pension scheme liabilities on the Company's Pension fund.

Prior year adjustments arising from the implementation of new standard

The prior year adjustment relates to the implementation of FRS17: "Retirement Benefits".

The adoption of FRS17 has resulted in an increase in operating costs by £145,000 (2005: £67,000) together with the recognition of the pension deficit on the Balance sheet of £3,307,000 (2005: £1,835,000). The actuarial loss of £1,327,000 (2005: £212,000) in the pension fund has been disclosed in the Statement of Total Recognised gains and losses.

Capital Contribution

On 30 March 2006, the immediate parent company, Toshiba Medical Systems Europe BV, waived intercompany liabilities of £1,636,000 by way of a Capital Contribution.

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

16 Reconciliation of movements in shareholders' funds

	2006	2005 (restated)
	£'000	£'000
Profit /(loss) for the financial year	21	(940)
Capital Contribution	1,636	-
Actuarial loss on pension scheme	(1,327)	(212)
Opening shareholders funds	(417)	735
Closing shareholders funds	(87)	(417)

17 Operating lease commitments

At 31 March 2006 the company had the following annual commitments under non-cancellable operating leases:

	2006	2005
	£'000	£'000
Land and buildings:		
Operating leases which expire		
Within one year	-	-
Within two to five years	-	-
After five years	299	94
	299	94
Other:		
Operating leases which expire		
Within one year	135	126
Within two to five years	1,614	1,604
After five years	170	189
	1,919	1,919

18 Pension commitments

The company accounted for pension costs during the year under FRS 17. The disclosures show a net FRS17 deficit of £3,307,000 (2005: deficit £1,835,000). The deficit has arisen mainly as a result of changes in the assumptions on the discount rate from 5.5% in 2005 to 5% in 2006 and improvements in mortality which has had a negative impact.

No deferred tax asset has been provided in relation to the pension deficit on the basis that recoverability is uncertain.

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

18 Pension commitments (continued)

Pension Scheme operated

The company operates a defined benefit occupational pension scheme. The assets of the scheme are held separately from the assets of the company and are administered by the trustees and managed professionally.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The last valuation was carried out at 1 April 2005 by Barnett Waddingham LLP, independent consulting actuaries.

The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments, the rate of future pensionable salary increases and the level of pension increases.

	2006 £'000	2005 £'000	2004 £'000
Total market value of assets	5,369	3,746	3,007
Present value of the scheme's liabilities	(8,676)	(5,581)	(4,563)
Deficit in the scheme	(3,307)	(1,835)	(1,556)

The value of the scheme's liabilities has been determined by a qualified actuary based on the results of the actuarial valuation and FRS17 calculations as at 31 March 2006 using the following assumptions:

	2006	2005	2004
Rate of increase in salaries	4.50%	4.25%	4.25%
Rate of increase in pensions in payment	2.75%	2.50%	2.50%
Rate of revaluation of pensions in deferment	2.75%	2.50%	2.50%
Discount rate	5.00%	5.50%	5.60%
Rate of price inflation	2.75%	2.50%	2.50%

The assets of the scheme and the expected rates of return were:

	2006		2005		2004	
	Expected long term return	Value at 31 March	Expected long term return	Value at 31 March	Expected long term return	Value at 31 March
Cost	%	£'000	%	£'000	%	£'000
Equities	7.5%	4,467	7.50%	3,139	7.50%	2,490
Bonds	5.0%	601	5.50%	416	5.50%	415
Other (Cash)	4.5%	301	4.75%	191	4.00%	102
Total market value of assets		5,369		3,746		3,007

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

18 Pension commitments (continued)

	2006 £'000	2005 £'000
Amount Charged to Operating Profit		
Current Service	466	371
Past Service cost	-	-
Settlements and curtailments	-	-
Total Operating Charge	466	371
Amount charged to other finance income		
Expected return on assets	284	229
Interest on scheme liabilities	(323)	(268)
Net charge	(39)	(39)
Amount recognised in the Statement of Total Recognised Gains and Losses		
Actual less expected return on asserts	864	86
Experience gains/(losses) on liabilities	123	1
Effect of change in assumptions on liabilities	(2,314)	(299)
	(1,327)	(212)
Movement in deficit during year		
Deficit in scheme at 1 April 2005	(1,835)	(1,556)
Current service cost	(466)	(371)
Cash contribution	360	343
Past service costs	-	-
Other finance income	(39)	(39)
Actuarial loss	(1,327)	(212)
Deficit in scheme at 31 March 2006	(3,307)	(1,835)

	2006	2005	2004	2003
History of experience gains and losses				
Difference between expected and actual returns on scheme assets:				
Amount (£000)	864	86	298	(691)
% of assets at 31 March	16%	2%	10%	(33%)
Experience gains/(losses) on scheme liabilities				
Amount (£000)	123	1	(49)	(16)
% of liabilities at 31 March	1%	0%	(1%)	(0%)
Total actuarial gain/(loss)				
Amount (£000)	(1,327)	(212)	(90)	(688)
% of assets at 31 March	(15%)	(4%)	(2%)	20%

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

19 Contingent liabilities

The company holds a £20,000 guarantee with HM Customs and Excise in respect of VAT deferred on imports.

20 Cash flow statement and related party transactions

The company is a wholly owned subsidiary of Toshiba Medical Systems Europe BV and is included in the consolidated financial statements of Toshiba Medical Systems Europe BV, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Toshiba Medical Systems Europe BV group as these eliminate on consolidation. In addition, group lending with Toshiba International Finance eliminates on consolidation within the consolidation of the Toshiba Corporation financial statements.

21 Ultimate parent undertaking

The immediate parent undertaking is Toshiba Medical Systems Europe BV which is the smallest group to consolidate the results of the Company. Toshiba Medical Systems Europe BV financial statements can be obtained from Zilverstraat 1, 2718 RP, Zoetermeer, Netherlands.

The largest group to consolidate the results of the Company is Toshiba Corporation. Toshiba Corporation financial statements can be obtained from 1-1 Shibaura, 1 Chome, Minato-Ku, Japan.

The ultimate parent undertaking is Toshiba Corporation a company registered in Japan.