

MDS TECHNOLOGIES LTD
REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008

Bowen May LLP
Chartered Accountants
Griffon House
Seagry Heath
Great Somerford
Wiltshire
SN15 5EN

MDS TECHNOLOGIES LTD

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FOR THE YEAR ENDED 30 APRIL 2008**

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MDS TECHNOLOGIES LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 APRIL 2008**

DIRECTORS:

J R Ancell	(Chairman)
P M Dawson	(Managing Director)
RN Tredwin	(Finance Director)
A R Brown	(Director)
M K Sprules	(Director)

SECRETARY: RN Tredwin

REGISTERED OFFICE:

St. Andrews House
St. Andrews Road
Avonmouth
Bristol
BS11 9DQ

REGISTERED NUMBER: 4545442 (England and Wales)

ACCOUNTANTS:

Bowen May LLP
Chartered Accountants
Griffon House
Seagry Heath
Great Somerford
Wiltshire
SN15 5EN

MDS TECHNOLOGIES LTD

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 APRIL 2008**

The directors present their report with the financial statements of the company for the year ended 30 April 2008.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of a highly resilient hosting and co-location facility for computer applications. In particular, the company provides business continuity for major enterprises, especially where there are demanding requirements for mobile connectivity and technical security.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company has continued to provide a highly resilient, business continuity environment for customers with demanding requirements for mobile connectivity and security (technical and physical) for their IT equipment, whilst developing an increasing range of managed services, thereby enabling customers to concentrate on their own capabilities. Through existing partnerships, the company is able to provide a secure, direct, mobile connectivity gateway to more than 50 networks worldwide.

During the year, the new investors (who acquired a controlling equity stake in October 2006) concluded the purchase of the remaining third party equity held by Mr. P Zander-Hicks, Ms C Stone and Mr. I Dodd. As part of this transaction Mr. I Dodd resigned from the Board. As at 30th April 2008 the management team and new investors now own 100% of the equity.

FUTURE DEVELOPMENTS

The directors consider that the year end position was satisfactory and expect to retain future profits in the business to strengthen the balance sheet and provide a platform for growth.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 May 2007 to the date of this report.

- J R Ancell (Chairman)
- RN Tredwin (Finance Director)
- A R Brown (Director)
- M K Sprules (Director)

Other changes in directors holding office are as follows:

- S Gupta - resigned 13 July 2007
- P M Dawson - appointed 1 August 2007 (Managing Director)
- I Dodd - resigned 8 February 2008

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:

.....
RN Tredwin - Secretary

Date:

MDS TECHNOLOGIES LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2008**

	Notes	2008 £	2007 £
TURNOVER		1,094,120	939,573
Cost of sales		<u>532,477</u>	<u>164,391</u>
GROSS PROFIT		561,643	775,182
Administrative expenses		<u>418,815</u>	<u>738,803</u>
OPERATING PROFIT	2	142,828	36,379
Interest receivable and similar income		<u>3,550</u>	<u>2,388</u>
		146,378	38,767
Interest payable and similar charges		<u>8,089</u>	<u>13,418</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		138,289	25,349
Tax on profit on ordinary activities	3	<u>123,379</u>	<u>4,848</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>14,910</u>	<u>20,501</u>

The notes form part of these financial statements

MDS TECHNOLOGIES LTD**BALANCE SHEET
30 APRIL 2008**

	Notes	2008 £	£	2007 £	£
FIXED ASSETS					
Intangible assets	4		-		-
Tangible assets	5		<u>129,767</u>		<u>153,011</u>
			129,767		153,011
CURRENT ASSETS					
Debtors	6	452,321		360,269	
Cash at bank and in hand		<u>90,492</u>		<u>64,882</u>	
		542,813		425,151	
CREDITORS					
Amounts falling due within one year	7	<u>409,316</u>		<u>286,456</u>	
NET CURRENT ASSETS			<u>133,497</u>		<u>138,695</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			263,264		291,706
CREDITORS					
Amounts falling due after more than one year	8		(235,000)		(275,534)
PROVISIONS FOR LIABILITIES	9		<u>(9,695)</u>		<u>(12,513)</u>
NET ASSETS			<u>18,569</u>		<u>3,659</u>
CAPITAL AND RESERVES					
Called up share capital	10		104		104
Profit and loss account	11		<u>18,465</u>		<u>3,555</u>
SHAREHOLDERS' FUNDS			<u>18,569</u>		<u>3,659</u>

MDS TECHNOLOGIES LTD

BALANCE SHEET - continued
30 APRIL 2008

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 30 April 2008.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 April 2008 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

.....
Director

MDS TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2008

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Amortisation of goodwill in previous years had been provided on a straight line basis over a period of 8 years, starting from 2003, however the directors decided in 2005 that the original purchased goodwill no longer had any value and the remaining cost was fully amortised in that year.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- at varying rates on cost
Office equipment	- Straight line over 4 years and Straight line over 7 years
Motor vehicles	- 25% on reducing balance
Computer equipment	- Straight line over 3 years

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate. There were not amounts due for payment at the year end.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2008	2007
	£	£
Depreciation - owned assets	61,547	53,819
Pension costs	<u>3,240</u>	<u>-</u>
Directors' emoluments and other benefits etc	<u>81,544</u>	<u>8,333</u>

MDS TECHNOLOGIES LTD**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2008****3. TAXATION****Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2008 £	2007 £
Current tax:		
UK corporation tax	32,065	7,195
Corporation tax understated in previous years	<u>94,132</u>	<u>-</u>
Total current tax	126,197	7,195
Deferred tax	<u>(2,818)</u>	<u>(2,347)</u>
Tax on profit on ordinary activities	<u>123,379</u>	<u>4,848</u>

Following consultation with HM Revenue and Customs in respect of accounting periods occurring prior to the appointment of the present board of directors and shareholders, the company acknowledges that the corporation tax liabilities for those accounting periods were understated as a consequence of misclassification of certain assets and expenses in the financial statements of earlier years. The directors have agreed an interest free repayment plan with HM Revenue and Customs over three years with the final instalment due by 30th September 2010.

4. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 May 2007 and 30 April 2008	<u>5,000</u>
AMORTISATION	
At 1 May 2007 and 30 April 2008	<u>5,000</u>
NET BOOK VALUE	
At 30 April 2008	<u>-</u>
At 30 April 2007	<u>-</u>

MDS TECHNOLOGIES LTD

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2008**

5. TANGIBLE FIXED ASSETS

	Short leasehold £	Office equipment £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 May 2007	30,876	15,968	22,632	293,484	362,960
Additions	-	3,678	-	34,625	38,303
Disposals	-	(6,670)	-	(154,005)	(160,675)
At 30 April 2008	<u>30,876</u>	<u>12,976</u>	<u>22,632</u>	<u>174,104</u>	<u>240,588</u>
DEPRECIATION					
At 1 May 2007	6,600	9,367	13,085	180,897	209,949
Charge for year	8,092	3,762	2,388	47,305	61,547
Eliminated on disposal	-	(6,670)	-	(154,005)	(160,675)
At 30 April 2008	<u>14,692</u>	<u>6,459</u>	<u>15,473</u>	<u>74,197</u>	<u>110,821</u>
NET BOOK VALUE					
At 30 April 2008	<u>16,184</u>	<u>6,517</u>	<u>7,159</u>	<u>99,907</u>	<u>129,767</u>
At 30 April 2007	<u>24,276</u>	<u>6,601</u>	<u>9,547</u>	<u>112,587</u>	<u>153,011</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade debtors	262,839	96,621
Other debtors	145,773	-
Employee loans	-	43,197
Director's current account	-	182,573
Tax	-	1,327
Prepayments	<u>43,709</u>	<u>36,551</u>
	<u>452,321</u>	<u>360,269</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Bank loans and overdrafts	11,996	17,401
Trade creditors	133,060	124,365
Tax	57,065	7,195
Social security and other taxes	36,209	11,748
Accruals	38,413	50,991
Deferred income	<u>132,573</u>	<u>74,756</u>
	<u>409,316</u>	<u>286,456</u>

MDS TECHNOLOGIES LTD**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2008****8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2008	2007
	£	£
Bank loans - 1-2 years	-	11,125
Other loans - 1-2 years	-	162,409
Tax	55,000	-
Director's loan account	<u>180,000</u>	<u>102,000</u>
	<u>235,000</u>	<u>275,534</u>

9. PROVISIONS FOR LIABILITIES

	2008	2007
	£	£
Deferred tax	<u>9,695</u>	<u>12,513</u>

	Deferred tax £
Balance at 1 May 2007	12,513
Accelerated capital allowances	<u>(2,818)</u>
Balance at 30 April 2008	<u>9,695</u>

10. CALLED UP SHARE CAPITAL

In 2008 the authorised, allotted, issued and fully paid share capital consisted of 10,400 ordinary £0.01 shares totalling £104.

In 2007 the authorised, allotted, issued and fully paid share capital consisted of 100 ordinary £1 shares and 4 A class £1 shares totalling £104.

On 14 March 2008 the 100 ordinary £1 shares and the 4 A class £1 shares were all converted to 10,400 ordinary shares of 1p nominal value each.

11. RESERVES

	Profit and loss account £
At 1 May 2007	3,555
Profit for the year	<u>14,910</u>
At 30 April 2008	<u>18,465</u>

**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS
ON THE UNAUDITED FINANCIAL STATEMENTS OF
MDS TECHNOLOGIES LTD**

In accordance with our terms of engagement and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company for the year ended 30 April 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England & Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the Balance Sheet as at 30 April 2008 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Bowen May LLP
Chartered Accountants
Griffon House
Seagry Heath
Great Somerford
Wiltshire
SN15 5EN

Date:

MDS TECHNOLOGIES LTD

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2008**

	2008		2007	
	£	£	£	£
Sales		1,094,120		939,573
Cost of sales				
Purchases	370,884		115,660	
Subcontractors and direct wages	<u>161,593</u>		<u>48,731</u>	
		<u>532,477</u>		<u>164,391</u>
GROSS PROFIT		561,643		775,182
Other income				
Interest received		<u>3,550</u>		<u>2,388</u>
		565,193		777,570
Expenditure				
Directors' salaries	81,544		8,333	
Salaries and NI	113,544		195,259	
Pension	3,240		-	
Equipment hire	-		41,629	
Rent	63,302		110,275	
Rates	13,152		17,949	
Insurance	11,566		7,709	
Light and heat	10,269		96,329	
Premises expenses	-		14,932	
Telephone	13,461		15,429	
Post & stationery	480		421	
Marketing and advertising	6,777		-	
Travel & subsistence	12,639		11,076	
Motor expenses	9,006		5,560	
Office expenses & consumables	3,305		6,030	
Sundry expenses	452		2,407	
Subscriptions	1,921		3,207	
Book keeping services	-		5,308	
Audit & accountancy	3,783		16,229	
Consultancy	-		64,634	
Legal & professional	6,939		17,610	
Bad debts	1,395		1,945	
Redundancy costs	-		33,790	
Security costs	-		6,702	
Depreciation	<u>61,547</u>		<u>53,819</u>	
		<u>418,322</u>		<u>736,582</u>
Carried forward		146,871		40,988

This page does not form part of the statutory financial statements

MDS TECHNOLOGIES LTD

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2008**

	2008		2007	
	£	£	£	£
Brought forward		146,871		40,988
Finance costs				
Bank charges	493		2,221	
Loan interest	<u>8,089</u>		<u>13,418</u>	
		<u>8,582</u>		<u>15,639</u>
NET PROFIT		<u>138,289</u>		<u>25,349</u>

