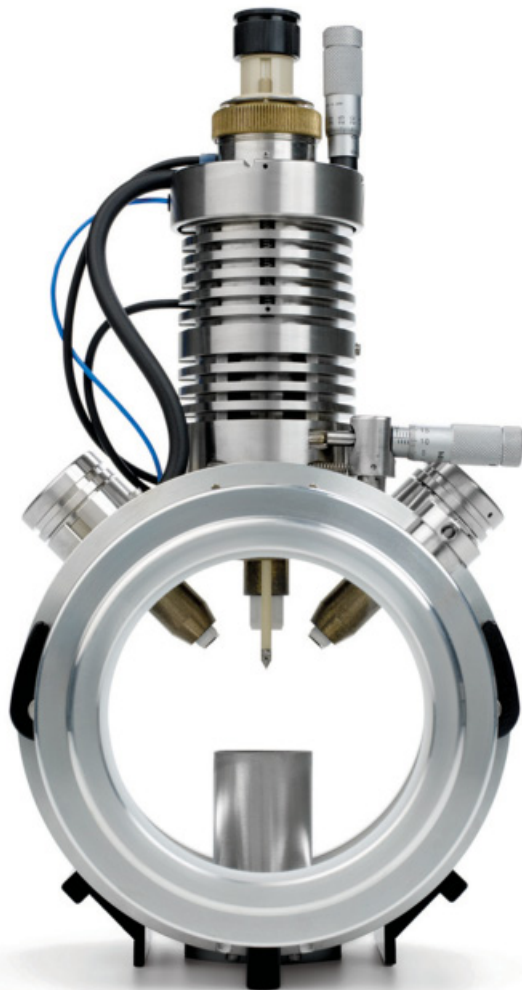




MOVING FORWARD

INNOVATION

THE KEY TO PROGRESS FOR LIFE SCIENCES COMPANIES SUCH AS MDS IS INNOVATION. IT IS THE SOURCE OF NEW OPPORTUNITIES.



Whether we are launching a new product or service, or creating innovative technology platforms through collaborations and partnerships, MDS has a track record of being at the forefront of innovation. We continue to make significant R&D investments to fuel our innovation engine. More importantly, we recognize that innovation is about people – talented, knowledgeable, bright, creative individuals and teams. To innovate, we must attract and retain the right people, and provide them with the technology, resources and environment in which to excel. At MDS, our global human-resources programs are designed to attract innovative thinkers, and recognize and reward stellar performance.

Analyst® 1.5 software, which runs our mass-spectrometry systems, allows researchers to screen more analytes with greater accuracy and precision. This will serve the food and environmental industries as they will now be able to screen for more than 600 contaminants in a single run.



“We created the new position of Senior Vice-President, Innovation to lead our effort to advance global innovation programs by identifying opportunities, setting up collaborations and driving ideas to commercialization.”

– Steve West, President, MDS Nordion

Progress	Opportunity	Moving forward
<ul style="list-style-type: none"> > MDS Analytical Technologies invested \$76 million in research and development, and brought 10 new products to market – including two of the most advanced mass-spectrometry systems ever built. In addition, we launched new software solutions that make our sophisticated instruments easier to use and more accessible to the food, water and environmental testing markets. > MDS Nordion supported the growth of TheraSphere®, its innovative liver cancer treatment, with the establishment of 18 new treatment centres across North America, bringing the total to 65, while expanding its treatment centres in Belgium and Germany. > MDS Pharma Services invested in new technologies to better serve customers. These include the industry-leading Apollo sample-management system for its Central Labs, and the next-generation ClinQuick® study-management system in early clinical research. 	<ul style="list-style-type: none"> > Innovative new products – such as MDS Analytical Technologies’ Analyst® 1.5 software for our mass-spec systems, iMethod™ for Cliquid® software for food-and-beverage testing, and LightSight™ automated metabolite identification method creation software – provided us with enormous opportunity to capture share of the growing applied markets. > Innovative partnerships – such as those forged by MDS Nordion and its Centres of Excellence – bring together great minds from different disciplines, to leverage research and create new scientific breakthroughs. > Innovative processes – such as the two electrochemiluminescent assay (ECLA) instruments installed at the MDS Pharma Services bioanalysis laboratory in Montreal – offer important advantages in research involving biologics, such as monoclonal antibodies. > Understanding our customers’ needs for enabling technology, expedited high-quality research services and cost-effective solutions helps MDS identify opportunities to drive innovation. 	<ul style="list-style-type: none"> > MDS Analytical Technologies plans continued investment in a more focused product-development pipeline, with an emphasis on software and innovative enhancements that offer cost-effective, quality solutions to clients. This targets moving products faster from concept to market. We also have the agility to reorganize our R&D and customer-facing teams, as required, to meet emerging customer needs. > MDS Nordion plans to develop and implement molecular-imaging capabilities for cardiac research, in partnership with the University of Ottawa Heart Institute. It will also strive to establish additional research partnerships to develop new tracers and radiotherapeutics for the advancement of molecular medicine. > MDS Pharma Services plans continued development of robust electronic study-management tools with the launch of E-Lab Notebook for bioanalysis, and IMPACT clinical-trial management system to improve productivity and efficiencies in the phase II-IV business.



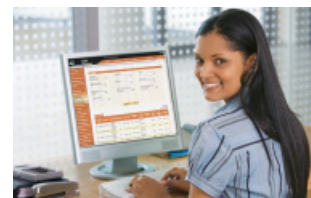
ECLA testing

MDS Pharma Services now offers its bioanalysis clients the benefits of electrochemiluminescent assay (ECLA) testing at its laboratory in Montreal.



Vital research

MDS Nordion has established a Molecular Imaging Centre of Excellence to advance cardiology research at the University of Ottawa Heart Institute.



Study software

Apollo is a unified, Web-based study-management software tool for secure and transparent real-time tracking of study samples and results.