

MDS ANALYTICAL TECHNOLOGIES

STATEMENT OF INCOME

2007 CDN GAAP vs US GAAP Bridge

Year ended October 31 (million of US dollars)	<u>Joint Ventures</u>			<u>Research & Dev't.</u>		<u>Reclassification</u>				US GAAP 2007
	CDN GAAP 2007	JV Deconsol	Gross Up Charge- backs	Expense Def. Dev Costs	Reversal of Amort of Def. Dev Costs	Investment Tax Credits	Hedges & Derivatives	Service Revenues/ COS	Fx	
Revenues										
Product revenues	\$396	(\$103)					\$1	(\$14)		\$280
Service revenues	0		58					14		72
Reimbursement revenues	0									0
Total revenues	396	(103)	58	0	0	0	1	0	0	352
Costs and expenses										
Direct cost of products	(218)	3						3		(213)
Direct cost of services	0							(3)		(3)
Reimbursed expenses	0									0
Selling, general and administration	(64)	17	(14)						3	(57)
Research and development	(27)	14	(44)	(4)		(3)				(64)
Depreciation and amortization	(41)	9			3					(29)
Restructuring charges - net	0									0
Other income (expense) - net	(3)								(3)	(6)
Total costs and expenses	(353)	43	(58)	(4)	3	(3)	0	0	0	(372)
Op. income (loss) from cont. ops.	43	(60)	0	(4)	3	(3)	1	0	0	(20)
Equity earnings	0	60		(10)	3					53
Segment earnings (loss)	\$43	\$0	\$0	(\$14)	\$6	(\$3)	\$1	\$0	\$0	\$33
Other adjustments										
Acquisition integration	19									19
Depreciation and amortization	41	(9)			(3)					29
Impact on adjusted EBITDA	\$103	(\$9)	\$0	(\$14)	\$3	(\$3)	\$1	\$0	\$0	\$81

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STATEMENT OF INCOME
2007 CDN GAAP vs US GAAP Bridge

Year ended October 31 (million of US dollars)	CDN GAAP 2007	Investment Tax Credits	Hedges & Derivatives			Reclassification		US GAAP 2007
			Reversal of Forward Hedges	Embedded Derivatives	Pension & Others	Service Revenue	Fx	
Revenues								
Product revenues	\$289		\$1			(\$6)		\$284
Service revenues	0					6		6
Reimbursement revenues	0							0
Total revenues	289	0	1	0	0	0	0	290
Costs and expenses								
Direct cost of products	(150)					3		(147)
Direct cost of services	0					(3)		(3)
Reimbursed expenses	0							0
Selling, general and administration	(51)				(4)		1	(54)
Research and development	(2)	(2)						(4)
Depreciation and amortization	(13)							(13)
Restructuring charges - net	0							0
Other income (expense) - net	7	(6)		4	(1)		(1)	3
Total costs and expenses	(209)	(8)	0	4	(5)	0	0	(218)
Op. income (loss) from cont. ops.	80	(8)	1	4	(5)	0	0	72
Equity earnings	0							0
Segment earnings (loss)	\$80	(\$8)	\$1	\$4	(\$5)	\$0	\$0	\$72
Other adjustments								
MAPLE settlement	(6)	6						0
Gain on sale of business	(1)							(1)
Depreciation and amortization	13							13
Impact on adjusted EBITDA	\$86	(\$2)	\$1	\$4	(\$5)	\$0	\$0	\$84

MDS PHARMA SERVICES
STATEMENT OF INCOME
2007 CDN GAAP vs US GAAP Bridge

Year ended October 31 (million of US dollars)	CDN GAAP 2007	Investment Tax Credits	Pension & Others	Reclassification		US GAAP 2007
				Service Revenue	Fx	
Revenues						
Product revenues	\$477			(\$477)		\$0
Service revenues	0			477		477
Reimbursement revenues	91					91
Total revenues	568	0	0	0	0	568
Costs and expenses						
Direct cost of products	(326)			326		0
Direct cost of services	0	(6)		(326)		(332)
Reimbursed expenses	(91)					(91)
Selling, general and administration	(138)		(1)		9	(130)
Research and development	0					0
Depreciation and amortization	(35)					(35)
Restructuring charges - net	(31)		3			(28)
Other income (expense) - net	(65)				(9)	(74)
Total costs and expenses	(686)	(6)	2	0	0	(690)
Op. income (loss) from cont. ops.	(118)	(6)	2	0	0	(122)
Equity earnings	0					0
Segment earnings (loss)	(\$118)	(\$6)	\$2	\$0	\$0	(\$122)
Other Adjustments						
Restructuring charges	31		(3)			28
Loss (gain) on sale of business	4					4
FDA Provision	61					61
Depreciation and amortization	35					35
Impact on adjusted EBITDA	\$13	(\$6)	(\$1)	\$0	\$0	\$6

MDS INC. CORPORATE AND OTHER

STATEMENT OF INCOME

2007 CDN GAAP vs US GAAP Bridge

Year ended October 31 (million of US dollars)	CDN GAAP 2007	Stock based Comp.	Hedges & Derivatives	Fx	US GAAP 2007
Revenues					
Product revenues	\$0				\$0
Service revenues	0				0
Reimbursement revenues	0				0
Total revenues	0	0	0	0	0
Costs and expenses					
Direct cost of products	0				0
Direct cost of services	0				0
Reimbursed expenses	0				0
Selling, general and administration	(33)	6		3	(24)
Research and development	0				0
Depreciation and amortization	(2)				(2)
Restructuring charges - net	(9)				(9)
Other income (expense) - net	0		(1)	(3)	(3)
Total costs and expenses	(44)	6	(1)	0	(38)
Op. income (loss) from cont. ops.	(44)	6	(1)	0	(38)
Equity earnings	0				0
Segment earnings (loss)	(\$44)	\$6	(\$1)	\$0	(\$38)
Other adjustments					
Restructuring charges	9				9
Mark-to-market adjustments	(1)		1		0
Loss (gain) on sale of business	(7)				(7)
Valuations provisions	8				8
Depreciation and amortization	2				2
Impact on adjusted EBITDA	(\$33)	\$6	\$0	\$0	(\$26)

MDS INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

2007 CDN GAAP vs US GAAP Bridge

As at October 31 (million of US dollars)	CDN GAAP 2007	Joint Ventures	Research & Dev't	Stock based Comp.	Hedges	Embedded Derivatives	Pension	Acquired IPR&D	Investment Fair Value	Stock Options	Short-term Investment Reclass	Consol Tax	Prior Year Acquisition & Divestiture	Other Prior Year Entries	US GAAP 2007
ASSETS															
Current Assets															
Cash and cash equivalents	\$259	(\$14)									(\$11)				\$235
Short-term investments, net	91										11				102
Accounts receivable, net	284	(1)			1	4								(1)	287
Unbilled revenue	99														99
Inventories, net	134	(6)													128
Income taxes recoverable	54														54
Current portion of future tax assets	45														45
Prepaid expenses and other	21						2								22
Current assets of Disc Ops	1														1
Total Current Assets	\$988	(\$21)	\$0	\$0	\$1	\$4	\$2	\$0	\$0	\$0	\$0	\$0	\$0	(\$1)	\$973
Property, plant and equipment, net	390	(4)	1												386
Deferred tax assets	4														4
Long-term investments	284	39	(12)				11	1	(5)				(3)	(25)	290
Goodwill	797												(22)	8	782
Intangible assets, net	601	(18)													583
Total Assets	\$3,064	(\$4)	(\$11)	\$0	\$1	\$4	\$13	\$1	(\$5)	\$0	\$0	\$0	(\$25)	(\$18)	\$3,018
LIABILITIES & SHAREHOLDERS' EQUITY															
Current Liabilities															
Accounts payable and accrued liabilities	\$391	0		(6)											\$384
Deferred revenue	71														71
Income taxes payable	57														57
Current portion of long-term debt	94														94
Deferred tax liability, current	10														10
Total Current Liabilities	\$623	\$0	\$0	(\$6)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$616
Long-term debt	290														290
Deferred revenue	16														17
Other long-term obligations	29														30
Deferred tax liabilities	182			2					(2)			(15)		2	168
Minority interest	1														0
Total Liabilities	\$1,141	\$0	\$0	(\$4)	\$0	\$0	\$0	\$0	(\$2)	\$0	\$0	(\$15)	\$0	\$2	\$1,121
Shareholders' equity															
Common shares, at par – Authorized shares	502									(4)				(6)	493
Additional paid-in capital	0									4			63	6	72
Retained earnings	945		(7)	4	1	4	(3)	1				12	(84)	(31)	842
Accumulated other comprehensive income	476	(4)	(4)				16		(3)			3	(4)	11	490
Total Shareholders' equity	\$1,923	(\$4)	(\$11)	\$4	\$1	\$4	\$13	\$1	(\$3)	\$0	\$0	\$15	(\$25)	(\$20)	\$1,897
Total Liabilities & Shareholders' equity	\$3,064	(\$4)	(\$11)	\$0	\$1	\$4	\$13	\$1	(\$5)	\$0	\$0	\$0	(\$25)	(\$18)	\$3,018