



Science advancing health

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April 11, 2008

Canadian Securities Administrators c/o

Ms. Carla-Marie Hait
Chief Accountant, Corporate Finance
British Columbia Securities Commission
chait@bcsc.bc.ca

and

Ms. Sylvie Anctil-Bavas
Chef comptable
Autorite des marches financiers
sylvie.anctil-bavas@lautorite.qc.ca

Dear Ms. Hait and Ms. Anctil-Bavas,

Thank you for the opportunity to comment on CSA Concept Paper 52-402 regarding the changeover in Canada to International Financial Reporting Standards (IFRS) which are issued by the International Accounting Standards Boards (IASB). The three points the CSA addresses in Concept Paper 52-402 are:

- 1) *Use of IFRS by domestic issuers before January 1, 2011*
- 2) *Use of US GAAP by domestic issuers, and*
- 3) *Reference to "IFRS as issued by the International Accounting Standards Board" (IFRS-IASB) instead of "Canadian GAAP."*

We are responding to the following question regarding the use of US GAAP by domestic issuers:

"Do you agree we should not allow a SEC issuer to use US GAAP for financial years beginning on or after January 1, 2009, with the exception that a SEC issuer filing US GAAP financial statements in Canada for its most recent financial year ending on or before December 31, 2008, could continue doing so until 2013? If not, why do you disagree, and how, if at all, would you modify existing rules?"

MDS Inc. is a premier global life sciences company based in Canada with \$1.2 billion in revenue and 5,500 employees. We operate in 29 countries to serve our global customers around the world. MDS is dual listed on the Toronto and New York stock exchanges. The majority of our shareholders are based in the US. Our key competitors are US based multinationals and US GAAP filers. We are a domestic issuer in Canada who files US GAAP financial statements with reconciliation to Canadian GAAP.

In the interest of comparability, consistency and global competitiveness, we believe Canadian domestic issuers that currently file US GAAP financial statements should be allowed the option to continue to use US GAAP. It is important for Canadian companies like MDS, whose peers are primarily US multinationals with largely US based shareholders, to have the option to continue to use US GAAP. We believe that our shareholders desire financial reporting that is readily comparable to our primary competitors.

In terms of size, industry sector and market dynamics, there are no comparable companies to MDS in Canada. Even at our business unit level, there is no other Canadian company that we consider a competitor. MDS alone represents Canada as a global leader in the life sciences markets that we serve. MDS converted to US GAAP in 2007, to improve the comparability of our financial information with that of our competitors - US based multinationals who file in US GAAP. As a result, we consider US GAAP as the principal accounting standard for the industries in which we compete.



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Although we are encouraged with the trend to global financial reporting standards, we believe that Canadian domestic issuers already using US GAAP should not be required to convert to IFRS within an imposed timeframe. We believe our comparability with US based competitors and our competitiveness in the capital markets will be enhanced if we are given the option to continue to use US GAAP.

MDS trusts the CSA will continue to support all Canadian companies, including Canadian multinationals, in their drive to remain competitive on the global stage. We ask that the CSA permit the market to decide between US GAAP and IFRS by continuing to leave the US GAAP option available under Canadian securities regulations.

Yours truly,

A handwritten signature in blue ink, appearing to read "Douglas S. Prince". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Douglas S. Prince
Executive Vice-President
and Chief Financial Officer