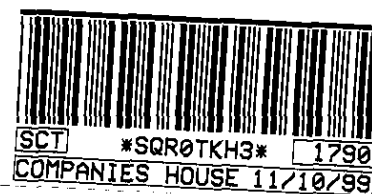


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WRIGHT HEALTH GROUP LIMITED
REPORT AND ACCOUNTS
Year to 31 December 1998



WRIGHT HEALTH GROUP LIMITED

DIRECTORS

I L Matheson	Managing Director
H L Findlay	Finance Director
D J Millner	Managing Director, South Africa
B B Dick	Non Executive
J McGrane	Non Executive (Appointed 28 October 1998)

SECRETARY

H L Findlay

BANKERS

Clydesdale Bank Plc

AUDITORS

KPMG

REGISTERED OFFICE

Dunsinane Avenue
Kingsway West, Dundee

FINANCIAL CALENDAR

Interim Dividend	1st January
Final Dividend	1st July

Contents

2	Directors' Report
4	Statement of Directors' Responsibilities
5	Auditors' Report
6	Group Profit and Loss Account
7	Group Balance Sheet
8	Balance Sheet
9	Group Cash Flow Statement
10	Notes to the Financial Statements

WRIGHT HEALTH GROUP LIMITED
DIRECTORS' REPORT

The Directors submit their report and financial statements for the year ended 31 December 1998.

David F Anderson

It is with great sadness that we record the death of David F Anderson on 24 May 1998. David Anderson joined Wright Health Group Ltd in 1973. He was appointed a director in 1978, appointed Managing Director in 1983 and became Chairman in 1995.

During his career with the Group he always acted with integrity and with the best interests of the company at heart, helping to implement decisions and strategies which are now bearing fruit. The Group owes a great debt to David Anderson for his wise stewardship during a distinguished career.

ACTIVITIES

The Group operates in the UK and South Africa and its principal activity continues to be the manufacture, import and purchase from other manufacturers of dental equipment and materials of all kinds and the distribution of these products both wholesale and retail in the UK, South Africa and other overseas markets.

REVIEW OF THE BUSINESS

The Group's results are as shown in the Profit and Loss Account and Balance Sheet.

RESULTS AND DIVIDENDS

	£000	<u>1998</u> £000	£000	<u>1997</u> £000
Turnover:				
Continuing Operations		21,186		21,338
		<hr/>		<hr/>
Group Profit before Taxation		1,051		1,431
Taxation		394		455
		<hr/>		<hr/>
Group Profit after Taxation		657		976
Minority Interest		23		64
		<hr/>		<hr/>
		634		912
Interim Dividend Paid 63p (1997 - 63p)	209		209	
Final Dividend Recommended				
134.2p (1997 - Second Interim 134.2p)	446	655	446	655
	<hr/>	<hr/>	<hr/>	<hr/>
Retained (Loss) / Profit for year		(21)		257
		<hr/>		<hr/>

POST BALANCE SHEET EVENT

On 2 February 1999 the Group acquired the business, goodwill, stock and certain other assets of Cottrell & Co Limited for a consideration of £1,904,000 payable in cash. The consideration has been met from bank borrowing facilities.

WRIGHT HEALTH GROUP LIMITED
DIRECTORS' REPORT (cont'd)

DIRECTORS AND THEIR INTERESTS

The Directors listed on page 1 served throughout the year, with the exception of Mr J McGrane, who was appointed on 28 October 1998. Mr S S Clarke resigned on 28 October 1998.

Mr H L Findlay and Mr D J Millner retire by rotation and, being eligible, offer themselves for re-election.

Mr H L Findlay has a service contract with the company terminable on 12 month's notice by either party. Mr D J Millner has no service contract with the company.

No director has an interest in the share capital of the company. Mr B B Dick is a director of Noble Grossart Investments Limited which owns 132,269 Ordinary Shares of £1 representing 39.84% of the issued ordinary share capital. Mr J McGrane represents the interests of Royal Bank Development Limited which owns 130,245 ordinary shares of £1 representing 39.23% of the issued ordinary share capital.

Mr B B Dick is a director of Noble Grossart Ltd who received fees of £10,000 for merchant banking advice during the year.

During the year no other director had an interest in any contract with the company or any of its subsidiaries.

The company maintains liability insurance covering the directors and officers of the company.

MILLENNIUM COMPLIANCE

Much publicity has been given to the fact that the changeover to the Year 2000 may affect many computers resulting in the breakdown or malfunction of systems essential to business.

The company has addressed the impact of the Year 2000 by reviewing the major issues which affect its business and operations. Plans have been put in place to seek to ensure that any impact on the company is not significant and the necessary resources are being made available where necessary.

The board believe it is not possible to guarantee that no Year 2000 problems will remain but that with careful planning and cooperation from other business partners the effects of the Year 2000 problem will not adversely affect the company.

CHARITABLE CONTRIBUTIONS

During the year the Group made various charitable contributions totalling £3,000 (1997 - £2,000).

AUDITORS

Bird Simpson & Co resigned as Auditors on 30 September 1998 and KPMG were appointed to fill the casual vacancy created. KPMG have intimated their willingness to continue in office and a resolution to reappoint them will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



H L Findlay
Secretary
Kingsway West
Dundee
DD2 3QD

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
Year Ended 31 December 1998

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 group and of the profit or loss 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS, KPMG, TO THE MEMBERS OF WRIGHT HEALTH GROUP LIMITED & SUBSIDIARIES

We have audited the financial statements on pages 6 to 20.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group'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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors

Edinburgh, 7 April 1999

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
GROUP PROFIT AND LOSS ACCOUNT
For the Year ended 31 December 1998

	Notes	£000	1998 £000	£000	1997 £000
TURNOVER	3		21,186		21,338
Cost of Sales			12,910		12,783
			<hr/>		<hr/>
Gross Profit			8,276		8,555
Distribution Costs		4,844		4,642	
Administrative Expenses		2,223		2,419	
		<hr/>	7,067	<hr/>	7,061
			<hr/>		<hr/>
OPERATING PROFIT	4		1,209		1,494
Interest Receivable	5	141		176	
Interest Payable	6	(299)		(239)	
		<hr/>	(158)	<hr/>	(63)
			<hr/>		<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			1,051		1,431
Taxation on Profit on Ordinary Activities	8		394		455
			<hr/>		<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			657		976
Minority Interests - Equity			23		64
			<hr/>		<hr/>
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	9		634		912
DIVIDENDS PAID AND PROPOSED	10		655		655
			<hr/>		<hr/>
RETAINED (LOSS) / PROFIT FOR YEAR			(21)		257
			<hr/>		<hr/>

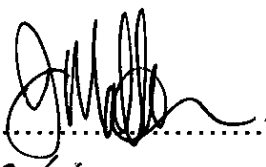
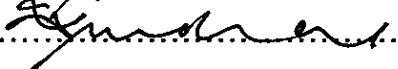
The turnover and reported results are in respect of continuing operations.

A statement of total recognised gains and losses is given in Note 22 on Page 17.

The notes on pages 10 to 20 form part of these financial statements.

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
GROUP BALANCE SHEET
At 31 December 1998

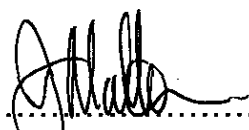

	Notes	£000	1998 £000	£000	1997 £000
FIXED ASSETS					
Tangible Assets	11		1,196		1,305
CURRENT ASSETS					
Stocks	13	6,049		5,755	
Debtors	14	4,283		4,672	
Cash at Bank and in Hand		245		360	
Deferred Asset	15	52		193	
		10,629		10,980	
CREDITORS :					
Amounts falling due within one year	16	6,593		6,321	
NET CURRENT ASSETS					
			4,036		4,659
TOTAL ASSETS LESS CURRENT LIABILITIES					
			5,232		5,964
CREDITORS :					
Amounts falling due after more than one year	17		38		71
			5,194		5,893
MINORITY INTEREST					
			30		395
			5,164		5,498
CAPITAL AND RESERVES					
Equity Shareholders' Funds:					
Called Up Share Capital	20		332		332
Reserves	21		303		303
Profit & Loss Account	21		4,529		4,863
			5,164		5,498


.....Director

.....Director

The notes on pages 10 to 20 form part of these financial statements

WRIGHT HEALTH GROUP LIMITED
BALANCE SHEET
At 31 December 1998

	Notes	£000	1998 £000	£000	1997 £000
FIXED ASSETS					
Tangible Assets	11		1,053		1,118
INVESTMENTS					
Investments in Subsidiaries	12		1,519		1,214
			<hr/>		<hr/>
			2,572		2,332
CURRENT ASSETS					
Stocks	13	3,753		3,537	
Debtors	14	2,629		2,824	
Cash at Bank and in Hand		181		329	
Deferred Asset	15	52		193	
		<hr/>		<hr/>	
		6,615		6,883	
CREDITORS					
Amounts falling due within one Year	16	4,204		4,056	
		<hr/>		<hr/>	
NET CURRENT ASSETS			2,411		2,827
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>		<hr/>
			4,983		5,159
CAPITAL AND RESERVES					
Equity Shareholders' Funds:					
Called up Share Capital	20		332		332
Other Reserves	21		18		18
Profit and Loss Account	21		4,633		4,809
			<hr/>		<hr/>
			4,983		5,159
			<hr/>		<hr/>


 Director

 Director

The notes on pages 10 to 20 form part of these financial statements.

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
GROUP CASH FLOW STATEMENT
For the Year ended 31 December 1998

	<u>Notes</u>	<u>1998</u> £000	<u>1997</u> £000
Cash flow from operating activities	27a	1,190	1,066
Returns on investments and servicing of finance	27b	(156)	(63)
Taxation		(475)	(357)
Capital expenditure and financial investment	27b	(81)	(143)
Acquisitions and disposals	27b	(305)	(104)
Equity dividends paid		(655)	(446)
		<hr/>	<hr/>
Cash outflow before financing		(482)	(47)
Financing	27b	(61)	(53)
		<hr/>	<hr/>
Decrease in cash in the period		(543)	(100)
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt	28		
Decrease in cash in the period		(543)	(100)
Cash outflow from decrease in hire purchase contracts		61	53
		<hr/>	<hr/>
Change in net debt resulting from cash flows		(482)	(47)
Translation differences		184	-
		<hr/>	<hr/>
Movement in net debt in the period		(298)	(47)
Net debt at the start of the period		(2,133)	(2,086)
		<hr/>	<hr/>
Net debt at the end of the period		(2,431)	(2,133)
		<hr/>	<hr/>

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1998

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of Preparation

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

Basis of Consolidation

The group financial statements include the financial statements of Wright Health Group Limited and its subsidiaries made up to 31 December each year. Under section 230 (4) of the Companies Act 1985 Wright Health Group Limited is exempt from the requirement to present its own profit and loss account.

Depreciation

Depreciation is provided on all tangible fixed assets at the following rates which are calculated to write off the cost of the assets over their expected useful lives:-

Freehold properties	-	straight line over 50 years
Short Leasehold properties	-	straight line over the period of the lease
Plant, Equipment and Motor Vehicles	-	at varying rates between 2 and 10 years straight line or between 15% and 50% reducing balance

Stocks

Stock is valued at group cost or net realisable value where this is lower after making due allowance for obsolete and slow moving stock. Finished goods of the group's own manufacture and work in progress include an appropriate proportion of manufacturing overhead expenditure at cost.

Government Grants

Grants are released to revenue over the life of the project or asset to which they relate.

Deferred Taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that tax will be payable.

Leasing

The group's policy regarding leases is in accordance with the recommendation of SSAP No. 21.

Foreign Currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

Group

The assets and liabilities of the overseas subsidiary are translated at the rate of exchange ruling at the balance sheet date. Gains and losses arising on these transactions are taken to reserves. The profit and loss account of the overseas subsidiary is translated at the average rate for the year. The rates of exchange adopted are :-

	1998		1997	
	Closing Rate	Average Rate	Closing Rate	Average Rate
Rate to the £				
Rand South Africa	9.7875	9.0924	8.0071	7.6090

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1998

2. ACCOUNTS

These accounts were approved by the board of directors on 7 April 1999

3. TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax.

Turnover is analysed into the following destinations

	1998 £000	1997 £000
UK	11,785	11,128
Africa	8,338	8,962
USA	589	655
All other countries	474	592
	<hr/> 21,186	<hr/> 21,337

4. OPERATING PROFIT

	1998 £000	1997 £000
This is stated after charging/(crediting):		
Auditors Remuneration		
Group		
- audit	32	29
- non audit services	6	3
Company		
- audit	16	13
- non audit services	5	2
Depreciation	208	253
Operating Lease Rentals		
- Land and Buildings	216	199
- Plant, Equipment and Vehicles	258	289
Regional Development Grants	-	(5)
Gain on disposal of tangible fixed assets	(53)	(7)

5. INTEREST RECEIVABLE

	1998 £000	1997 £000
Interest Received on Debtors Balances due to Overseas Subsidiaries	131	167
Interest on Corporation Tax	-	1
Bank and Other Interest	10	8
	<hr/> 141	<hr/> 176

6. INTEREST PAYABLE

	1998 £000	1997 £000
Bank loans and overdrafts	264	196
Other loans	13	3
Finance Charges	<hr/> 22	<hr/> 40
	<hr/> 299	<hr/> 239

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1998

7. EMPLOYEES AND DIRECTORS

Employment costs during the year were :	<u>1998</u>	<u>1997</u>
	£000	£000
Wages and salaries	3,753	3,903
Social Security Costs	221	208
Other pension and medical insurance costs	274	275
	<hr/>	<hr/>
	4,248	4,386
	<hr/>	<hr/>

	<u>1998</u>	<u>1997</u>
The average weekly number of employees employed during the year was	385	376
	<hr/>	<hr/>

	<u>1998</u>	<u>1997</u>
	£000	£000
Directors remuneration		
Directors' fees	30	25
Salaries	187	235
Other emoluments and pension costs	32	35
	<hr/>	<hr/>
	249	295
	<hr/>	<hr/>

	<u>1998</u>	<u>1997</u>
	£000	£000
Highest paid director		
Emoluments	98	98
	<hr/>	<hr/>
Accrued pension benefit	9	24
Accrued lump sum benefit	27	73
	<hr/>	<hr/>

Three directors have pension benefits accruing as members of a defined benefit scheme. Two directors are members of such a scheme in the UK and one director is a member of a scheme in South Africa.

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>1998</u>	<u>1997</u>
	£000	£000
The taxation charge is made up as follows :-		
Based on the results for the year:		
UK Corporation Tax at 31% (1997 - 31.5%)	223	211
Advance Corporation Tax not recoverable in 1999	29	-
Under/(Over)provided in previous years	30	(4)
	<hr/>	<hr/>
	282	207
	<hr/>	<hr/>
Overseas Taxation on the results for the year:		
Subsidiary Companies	112	248
	<hr/>	<hr/>
	394	455
	<hr/>	<hr/>

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1998

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the Parent Company was £478,000 (1997 - £755,000).

10. DIVIDENDS	1998 £000	1997 £000
Equity Dividends on Ordinary Shares:		
Interim dividend paid 5 January 1999 63p (1997 - 63p)	209	209
Proposed final dividend 134.2p (1997 - second interim 134.2p)	446	446
	<hr/>	<hr/>
	655	655
	<hr/>	<hr/>

11. TANGIBLE FIXED ASSETS

Group	<u>Land & Buildings</u>		<u>Plant Equipment & Vehicles</u>	<u>Total</u>
	<u>Freehold Property</u>	<u>Short Leasehold Property</u>		
Cost	£000	£000	£000	£000
At 1 January 1998	979	123	3,616	4,718
Additions	2	2	154	158
Disposals	(6)	-	(51)	(57)
Exchange Adjustments	-	(3)	(90)	(93)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	975	122	3,629	4,726
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 1998	252	71	3,090	3,413
Charge for year	22	10	176	208
Disposals	(2)	-	(31)	(33)
Exchange Adjustments	-	(2)	(56)	(58)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	272	79	3,179	3,530
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
31 December 1998	703	43	450	1,196
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 1997	727	52	526	1,305
	<hr/>	<hr/>	<hr/>	<hr/>

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1998

11. TANGIBLE FIXED ASSETS (cont'd)

Company Cost	<u>Land & Buildings</u>		<u>Plant Equipment & Vehicles</u> £000	<u>Total</u> £000
	<u>Freehold Property</u> £000	<u>Short Leasehold Property</u> £000		
At 1 January 1998	979	106	3,152	4,237
Additions	2	-	99	101
Disposals	(6)	-	(31)	(37)
At 31 December 1998	975	106	3,220	4,301
Depreciation				
At 1 January 1998	252	63	2,804	3,119
Charge for year	22	7	116	145
Disposals	(2)	-	(14)	(16)
At 31 December 1998	272	70	2,906	3,248
Net Book Value				
31 December 1998	703	36	314	1,053
31 December 1997	727	43	348	1,118
			1998 £000	1997 £000

12. INVESTMENTS

Investments in subsidiary undertakings

Cost

At 1 January 1998

Additions

At 31 December 1998

Amounts written off

At 1 January 1998 and 31 December 1998

Net Book Value

1,386

1,386

305

-

1,691

1,386

172

172

1,519

1,214

During the year the company acquired the minority interest of 18.97% in the issued shares of Millners Dental Suppliers (Cape) (Proprietary) Ltd for £305,000 and now owns 100% of the issued shares. Millners Dental Suppliers (Cape) (Proprietary) Ltd is incorporated in South Africa and carries on the business of selling and maintaining dental equipment and requisites.

13. STOCKS

	<u>Group</u>		<u>Company</u>	
	<u>1998</u> £000	<u>1997</u> £000	<u>1998</u> £000	<u>1997</u> £000
Raw Materials	237	212	189	212
Work in Progress	274	260	271	256
Finished Goods and Goods for Resale	5,538	5,283	3,293	3,069
	6,049	5,755	3,753	3,537

WRIGHT HEALTH GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1998

14. DEBTORS

	1998	Group 1997	1998	Company 1997
	£000	£000	£000	£000
Trade Debtors	4,018	4,438	2,363	2,384
Corporation Tax	15	15	15	15
Other Taxation	66	29	7	-
Amount owed by Subsidiaries	-	-	148	316
Other Debtors	77	58	21	4
Prepayments	107	132	75	105
	<hr/>	<hr/>	<hr/>	<hr/>
	4,283	4,672	2,629	2,824
	<hr/>	<hr/>	<hr/>	<hr/>

15. DEFERRED ASSET

	1998	Group 1997	1998	Company 1997
	£000	£000	£000	£000
Advance Corporation Tax recoverable against future Taxation	52	193	52	193
	<hr/>	<hr/>	<hr/>	<hr/>

16. CREDITORS

	1998	Group 1997	1998	Company 1997
	£000	£000	£000	£000
Amounts falling due within one year				
Trade Creditors	2,343	2,083	1,027	1,220
Corporation Tax	220	442	155	255
Proposed Dividend	655	655	655	655
Other Taxation and Social Security Costs	250	183	239	183
Accruals and Other Creditors	487	536	235	264
Bank Overdraft (Note 18)	2,609	2,336	1,861	1,450
Amounts due to Subsidiaries	-	-	32	29
Hire Purchase Instalments (Note 19)	29	86	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	6,593	6,321	4,204	4,056
	<hr/>	<hr/>	<hr/>	<hr/>

17. CREDITORS

	1998	1997
	£000	£000
Amounts falling due after more than one year :-		
Obligations under Hire Purchase Contracts (Note 19)	38	71
	<hr/>	<hr/>

18. BANK

Clydesdale Bank Plc have a Bond of Cash Credit and Floating Charge over the assets of the company.

Millner's Dental Suppliers (Cape) (Proprietary) Limited has provided the First National Bank of South Africa with an unlimited suretyship for bank overdraft facilities over itself and its subsidiaries M Millners Pharmaceuticals (Proprietary) Limited, P Grant Smith (Proprietary) Limited and Premierdent Manufacturing (Proprietary) Limited.

The trade debtors of Millner's Dental Suppliers (Cape) (Proprietary) Limited, M Millners Pharmaceuticals (Proprietary) Limited, P Grant Smith (Proprietary) Limited and Premierdent Manufacturing (Proprietary) Limited, have been ceded to the First National Bank of South Africa to secure bank overdraft facilities.

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1998

19. HIRE PURCHASE AND LEASE OBLIGATIONS

Hire Purchase Contracts

	1998 £000	Group 1997 £000
Amounts payable		
Within one year	29	86
In the second to fifth year inclusive	38	71
	<hr/> 67	<hr/> 157

The amounts payable within one year are included in Creditors falling due within one year.

Operating Leases

	1998 £000	Group 1997 £000	1998 £000	Company 1997 £000
Operating leases : land and buildings				
Lease payments due within one year in respect of leases:				
Expiring within one year	6	96	2	-
Expiring within two to five years	115	101	26	47
Expiring after five years	81	32	32	32
Operating leases : plant and equipment				
Lease payments due within one year in respect of leases :				
Expiring within one year	45	30	41	29
Expiring within two to five years	184	199	164	182
	<hr/> 431	<hr/> 458	<hr/> 265	<hr/> 290

20. SHARE CAPITAL

	1998 No.	Authorised 1997 No.	Allotted Called-up and Fully Paid 1998 £000	1997 £000
Equity :				
Ordinary Shares of £1 each	332,000	332,000	332	332
	<hr/>	<hr/>	<hr/>	<hr/>

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1998

21 RESERVES

	<u>Group</u> £000	<u>Company</u> £000
Capital Reserves		
Balance as at 1 January 1998	303	18
Movements during year	-	-
	<hr/>	<hr/>
Balance as at 31 December 1998	303	18
	<hr/>	<hr/>
Currency Reserves		
	<u>Group</u> £000	
Balance at 1 January 1998	-	
Exchange Loss on Retranslation of Net Assets of Subsidiary	(388)	
Exchange Gain on Acquisition of Minority Interest	75	
Transferred from Profit & Loss Account	313	
	<hr/>	
Balance at 31 December 1998	-	
	<hr/>	
Total Undistributable Reserves at 31 December 1998	303	18
	<hr/>	<hr/>
Profit and Loss Account		
	<u>Group</u> £000	<u>Company</u> £000
Balance at 1 January 1998	4,863	4,809
Retained Loss for Year	(21)	(176)
Transfer to Currency Reserve	(313)	-
	<hr/>	<hr/>
Balance at 31 December 1998	4,529	4,633
	<hr/>	<hr/>
Distributable Reserves as at 31 December 1998	4,529	4,633
	<hr/>	<hr/>

22. STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>Notes</u>	<u>1998</u> £000	<u>1997</u> £000
Profit Attributable to Members of the Parent Company		634	912
Goodwill written off on acquisition		-	(104)
Exchange Loss on Retranslation of Net Assets of Subsidiary	21	(388)	(26)
Exchange Gain on Acquisition of Minority Interest		75	-
Total Recognised Gains and (Losses)		<hr/> 321 <hr/>	<hr/> 782 <hr/>

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
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23 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

		<u>1998</u> £000	<u>1997</u> £000
Total Recognised Gains and (Losses)	22	321	782
Dividends	10	(655)	(655)
Regional Development Grants Reserve transferred		-	(5)
		<hr/>	<hr/>
Total Movements During Year		(334)	122
Shareholders' Funds at 1 January 1998		5,498	5,376
		<hr/>	<hr/>
Shareholders' Funds at 31 December 1998		5,164	5,498
		<hr/>	<hr/>

24 CONTINGENT LIABILITIES

The Company and the Group have the following contingent liabilities :-

- (a) Documentary Credits outstanding £ Nil (1997- £61,000).
- (b) The Clydesdale Bank Plc, on behalf of Wright Health Group Ltd has guaranteed payments to the Customs & Excise in respect of Deferred Import Duties to a limit of £100,000 in any calendar month (1997- £100,000).

25. CAPITAL COMMITMENTS

At 31 December 1998 and 31 December 1997 neither the Group nor the Company had any capital commitments authorised or contracted.

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
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26. PENSION SCHEME

a) UNITED KINGDOM

The Group and the Company operate a pension scheme for selected UK employees, providing benefits based on final pensionable salary, and life assurance. The pension scheme is set up under trust and the assets of the scheme are therefore held separately from those of the Group and Company.

The pension cost charged to the profit and loss account is calculated by the actuary so as to spread the cost of pensions over the employees' working lives with the Group or Company. The most recent actuarial valuation of the scheme was at 15 September 1996.

Based on the valuation the pension cost for the Group and the Company charged to the profit and loss account for the year was £79,000 (1997 - £64,000).

The valuation follows the Projected Unit Method of funding with principal assumptions being 9% p.a. interest and 7% p.a. salary increases to pension date and reveals :

- a regular ongoing employer cost of 10.2% of pensionable salaries with a reduction in this regular cost of 4.1% as a result of spreading the surplus over the following 20 years, giving a net pension cost of 6.1% of pensionable salaries
- a percentage funding level of 124%

Based on the valuation assumptions, the value of the scheme assets at 15 September 1996 was approximately £2,285,000.

b) OVERSEAS

Millner's Dental Suppliers (Cape) (Proprietary) Limited operate a fund to provide retirement benefits for its employees. The contributions paid by the company to fund obligations for the payment of retirement benefits are charged against income in the year of payment.

The company's employees are members of the Millners Dental Suppliers Pension Fund which is a defined contribution plan subject to the Pension Fund Act 1956 of South Africa.

The fund is costed on an individual basis and any deficit identified is funded by increased future contributions.

The pension cost for the Group charged to the profit and loss account for the year was £84,000 (1997 - £96,000).

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
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At 31 December 1998

27(a). RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1998 £000	1997 £000
Operating Profit	1,209	1,494
Minority interest share of Profits	-	(64)
Depreciation charges	208	253
Gain on Sale of Fixed Assets	(53)	(7)
Movement in Minority Interest	-	21
Regional Development Grant credited to Profit & Loss Account	-	(5)
(Increase)/Decrease in Stocks	(702)	(225)
(Increase)/Decrease in Debtors	(8)	(277)
Increase/(Decrease) in Creditors	536	(98)
Exchange movement	-	(26)
	<hr/>	<hr/>
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,190	1,066

27(b). ANALYSIS OF CASH FLOWS

	1998 £000	1997 £000
Returns on investment and servicing of finance		
Interest received	141	176
Interest paid	(297)	(239)
	<hr/>	<hr/>
	(156)	(63)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(158)	(221)
Sale of tangible fixed assets	77	78
	<hr/>	<hr/>
	(81)	(143)
	<hr/>	<hr/>
Acquisitions and disposals		
Goodwill on acquisition	-	(104)
Purchase of minority interest	(305)	-
	<hr/>	<hr/>
	(305)	(104)
	<hr/>	<hr/>
Financing		
Capital element of hire purchase contracts	(61)	(53)
	<hr/>	<hr/>

28. ANALYSIS OF NET DEBT

	At beginning of year £000	Cash flow £000	Exchange Movement £000	At end of year £000
Cash at bank and in hand	360	(109)	(6)	245
Bank Overdraft	(2,336)	(434)	161	(2,609)
	<hr/>	<hr/>	<hr/>	<hr/>
	(1,976)	(543)	155	(2,364)
Hire Purchase Contracts	(157)	61	29	(67)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(2,133)	(482)	184	(2,431)
	<hr/>	<hr/>	<hr/>	<hr/>