

7906.

WRIGHT HEALTH GROUP LIMITED
REPORT AND ACCOUNTS
Year to 31 December 1997



DIRECTORS

D F Anderson,	Chairman
I L Matheson,	Managing Director
H L Findlay,	Finance Director
D J Millner,	Managing Director, South Africa
S S Clarke,	Non Executive
B B Dick,	Non Executive

SECRETARY

H L Findlay

BANKERS

Clydesdale Bank Plc

AUDITORS

Bird Simpson & Co, CA

REGISTERED OFFICE

Dunsinane Avenue
Kingsway West, Dundee

FINANCIAL CALENDAR

Interim Dividend	1st January
Final Dividend	1st July

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WRIGHT HEALTH GROUP LIMITED
DIRECTORS' REPORT

The Directors submit their report and financial statements for the year ended 31 December 1997.

REVIEW OF THE BUSINESS

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

RESULTS AND DIVIDENDS

	£000	<u>1997</u> £000	£000	<u>1996</u> £000
Turnover:				
Continuing Operations		<u>21,338</u>		<u>19,679</u>
Group Profit before Taxation		<u>1,431</u>		<u>792</u>
Taxation		455		214
Group Profit after Taxation		<u>976</u>		<u>578</u>
Minority Interest		64		75
		<u>912</u>		<u>503</u>
Interim Dividend Paid 63p (1997 - 63p)	209		209	
Final Dividend Recommended				
134.2p (1997 - Second Interim 134.2p)	<u>446</u>	<u>655</u>	<u>446</u>	<u>655</u>
Retained Profit / (Loss) for year		<u>257</u>		<u>(152)</u>

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.

FIXED ASSETS

Changes in fixed assets during the year are summarised in note 11 of the Notes to the Financial Statements.

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

DIRECTORS AND THEIR INTERESTS

The Directors listed on page 1 served throughout the year.

Dr I L Matheson and Mr B B Dick retire by rotation and, being eligible, offer themselves for re-election.

No director has a 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 S.S. Clarke 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.

During the year no 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.

CHARITABLE CONTRIBUTIONS

During the year the Group made various charitable contributions totalling £2,000 (1996 - £25,000). Political contributions amounted to Nil (1996 - Nil).

AUDITORS

Bird Simpson & Co, Chartered Accountants, have intimated their willingness to continue in office.

BY ORDER OF THE BOARD



H L Findlay, Secretary
6 May 1998

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
Year Ended 31 December 1997

STATEMENT OF DIRECTORS RESPONSIBILITIES

For the preparation of the Financial Statements

The Directors are obliged under Company Law to prepare financial statements for each financial year and to present them annually to the Group's members in Annual General Meeting.

The financial statements, the form and content of which are prescribed by the Companies Act 1985, must give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the result for that period, and they must comply with applicable accounting standards.

The Directors are also responsible for the adoption of suitable accounting policies and their consistent use in the financial statements and supported where necessary by reasonable and prudent judgements.

The Directors confirm that the above requirements have been complied with in the financial statements.

In addition, the Directors are responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Group and to prevent and detect fraud or any other irregularities.

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

We have audited the financial statements on pages 6 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

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 both the Company's and 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 the Company and the Group's affairs as at 31 December 1997 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BIRD SIMPSON & CO
Chartered Accountants
and Registered Auditor

Dundee, 6 May 1998

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
GROUP PROFIT AND LOSS ACCOUNT
For the Year ended 31 December 1997

	<u>Notes</u>	<u>1997</u> £000	<u>1996</u> £000
TURNOVER	3	21,338	19,679
Cost of Sales		12,783	11,703
		<hr/>	<hr/>
Gross Profit		8,555	7,976
Distribution Costs		4,642	4,516
Administrative Expenses		2,419	2,594
		<hr/>	<hr/>
		7,061	7,110
		<hr/>	<hr/>
OPERATING PROFIT	4	1,494	866
Interest Receivable	5	176	152
Interest Payable	6	(239)	(226)
		<hr/>	<hr/>
		(63)	(74)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,431	792
Taxation on Profit on Ordinary Activities	8	455	214
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		976	578
Minority Interests - Equity		64	75
		<hr/>	<hr/>
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	9	912	503
DIVIDENDS PAID AND PROPOSED	10	655	655
		<hr/>	<hr/>
RETAINED PROFIT / (LOSS) FOR YEAR		257	(152)
		<hr/>	<hr/>

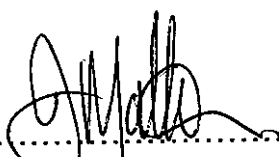

The turnover and reported results are in respect of continuing operations.

A statement of total recognised gains and losses is given in Note 23 on Page 18.

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 1997

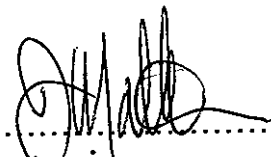
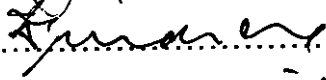
	<u>Notes</u>	£000	<u>1997</u> £000	£000	<u>1996</u> £000
FIXED ASSETS					
Tangible Assets	11		1,305		1,408
CURRENT ASSETS					
Stocks	13	5,755		5,530	
Debtors	14	4,672		4,397	
Cash at Bank and in Hand		360		111	
Deferred Asset	15	193		164	
		<hr/>		<hr/>	
		10,980		10,202	
CREDITORS :					
Amounts falling due within one year	16	6,321		5,727	
		<hr/>		<hr/>	
NET CURRENT ASSETS			4,659		4,475
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,964		5,883
CREDITORS :					
Amounts falling due after more than one year	17		71		133
			<hr/>		<hr/>
			5,893		5,750
MINORITY INTEREST			395		374
			<hr/>		<hr/>
			5,498		5,376
			<hr/>		<hr/>
CAPITAL AND RESERVES					
Equity Shareholders' Funds:					
Called Up Share Capital	21		332		332
Reserves	22		303		308
Profit & Loss Account	22		4,863		4,736
			<hr/>		<hr/>
			5,498		5,376
			<hr/>		<hr/>


.....Director

.....Director

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

WRIGHT HEALTH GROUP LIMITED
BALANCE SHEET
At 31 December 1997

	<u>Notes</u>	<u>£000</u>	<u>1997</u> <u>£000</u>	<u>£000</u>	<u>1996</u> <u>£000</u>
FIXED ASSETS					
Tangible Assets	11		1,118		1,179
INVESTMENTS					
Investments in Subsidiaries	12		1,214		1,214
			<u>2,332</u>		<u>2,393</u>
CURRENT ASSETS					
Stocks	13	3,537		3,374	
Debtors	14	2,824		2,508	
Cash at Bank and in Hand		329		107	
Deferred Asset	15	193		164	
		<u>6,883</u>		<u>6,153</u>	
CREDITORS					
Amounts falling due within one Year	16	4,056		3,378	
		<u>4,056</u>		<u>3,378</u>	
NET CURRENT ASSETS			2,827		2,775
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,159</u>		<u>5,168</u>
CAPITAL AND RESERVES					
Equity Shareholders' Funds:					
Called up Share Capital	21		332		332
Other Reserves	22		18		23
Profit and Loss Account	22		4,809		4,813
			<u>5,159</u>		<u>5,168</u>

 Director
 Director

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

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
GROUP STATEMENT OF CASH FLOWS
For the Year ended 31 December 1997

	<u>Notes</u>	<u>1997</u> £000	<u>1996</u> £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	1	1,092	964
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest Received		176	152
Interest Paid		(239)	(226)
Dividends Paid		(446)	(655)
		—	—
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(509)	(729)
		—	—
TAXATION			
Corporation Tax		(171)	(206)
Overseas Tax Paid		(186)	(306)
		—	—
TAX PAID		(357)	(512)
		—	—
INVESTING ACTIVITIES			
Payments to Acquire Tangible Fixed Assets		(221)	(390)
Receipts from Sales of Tangible Fixed Assets		78	404
Goodwill on Acquisition		(104)	—
		—	—
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES		(247)	14
		—	—
NET CASH INFLOW / (OUTFLOW) BEFORE FINANCING		(21)	(263)
		—	—
FINANCING			
Repayment of Loans		—	250
Obligations under Hire Purchase Contracts		53	71
		—	—
NET CASH (INFLOW) / OUTFLOW FROM FINANCING	2	53	321
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3	(74)	(584)
		—	—
		(21)	(263)
		—	—

The notes to the Cash Flow Statement are on page 20

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1997

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain assets.

Basis of Consolidation

The group financial statements consolidate the financial statements of Wright Health Group Limited and its subsidiaries made up to 31 December each year. No profit and loss account is presented for Wright Health Group Limited as provided by s. 228(7) of the Companies Act 1985.

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.

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1997

1. ACCOUNTING POLICIES (Cont'd)

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. The profit and loss account of the overseas subsidiary was translated at the average rate for the year. The rates of exchange adopted are :-

	<u>1997</u>		<u>1996</u>	
	<u>Closing</u>	<u>Average</u>	<u>Closing</u>	<u>Average</u>
	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
Rate to the £				
Rand South Africa	8.0071	7.6090	8.0046	6.8852

2. Accounts

These accounts were approved by the board of directors on 6 May 1998.

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.

4. OPERATING PROFIT	<u>1997</u>	<u>1996</u>
	<u>£000</u>	<u>£000</u>
This is stated after charging/(crediting):		
Auditors Remuneration - audit services	29	27
- non-audit services	3	5
Depreciation	253	287
Operating Lease Rentals		
- Land and Buildings	199	161
- Plant, Equipment and Vehicles	289	311
Directors Remuneration	295	547
Regional Development Grants	(5)	(6)
Gain on disposal of tangible fixed assets	(7)	(45)
5. INTEREST RECEIVABLE	<u>1997</u>	<u>1996</u>
	<u>£000</u>	<u>£000</u>
Interest Received on Debtors Balances due to Overseas Subsidiaries	167	144
Interest on Corporation Tax	1	-
Bank and Other Interest	8	8
	<hr/>	<hr/>
	176	152
6. INTEREST PAYABLE	<u>1997</u>	<u>1996</u>
	<u>£000</u>	<u>£000</u>
Hire Purchase, Bank Overdraft, Loan & Other Interest	239	226
	<hr/>	<hr/>

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1997

7. EMPLOYEES AND DIRECTORS		
Employment costs during the year were :	<u>1997</u>	<u>1996</u>
		£000
Wages and salaries	3,903	4,036
Social Security Costs	208	204
Other pension and medical insurance costs	275	290
	<hr/>	<hr/>
	4,386	4,530
	<hr/>	<hr/>
	<u>1997</u>	<u>1996</u>
The average weekly number of employees employed during the year was	376	380
	<hr/>	<hr/>
	<u>1997</u>	<u>1996</u>
	£000	£000
Directors remuneration		
Directors' fees	25	21
Salaries	235	315
Other emoluments and pension costs	35	61
Compensation for loss of office	-	150
	<hr/>	<hr/>
	295	547
	<hr/>	<hr/>
	<u>1997</u>	<u>1996</u>
	£000	£000
Highest paid director		
Emoluments	98	86
	<hr/>	<hr/>
Accrued pension benefit	24	
Accrued lump sum benefit	73	
	<hr/>	
Four directors have pension benefits accruing as members of a defined benefit scheme. Three 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>1997</u>	<u>1996</u>
	£000	£000
The taxation charge is made up as follows :-		
Based on the results for the year:		
Corporation Tax at 31.50% (1996 - 33%)	211	-
Under/(Over)provided in previous years	(4)	19
	<hr/>	<hr/>
	207	19
	<hr/>	<hr/>
Overseas Taxation on results for year:		
Subsidiary Companies	248	195
	<hr/>	<hr/>
	455	214
	<hr/>	<hr/>

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1997

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the Parent Company was £755,000 (1996 - £301,000).

10. DIVIDENDS	1997 £000	1996 £000
Equity Dividends on Ordinary Shares:		
Interim dividend paid 5 January 1998 63p (1996 - 63p)	209	209
Proposed final dividend 134.2p (1996 - second interim 134.2p)	446	446
	<hr/> 655	<hr/> 655

11. TANGIBLE FIXED ASSETS

Group	<u>Land & Buildings</u>		<u>Plant & Equipment</u> £000	<u>Total</u> £000
	<u>Freehold Property</u> £000	<u>Short Leasehold Property</u> £000		
Cost				
At 1 January 1997	970	110	3,654	4,734
Transfer	-	10	(10)	-
Additions	9	3	209	221
Disposals	-	-	(236)	(236)
Exchange Adjustments	-	-	(1)	(1)
	<hr/> 979	<hr/> 123	<hr/> 3,616	<hr/> 4,718
Depreciation				
At 1 January 1997	230	60	3,036	3,326
Transfer	-	1	(1)	-
Charge for year	22	10	221	253
Disposals	-	-	(165)	(165)
Exchange Adjustments	-	-	(1)	(1)
	<hr/> 252	<hr/> 71	<hr/> 3,090	<hr/> 3,413
Net Book Value				
31 December 1997	<hr/> 727	<hr/> 52	<hr/> 526	<hr/> 1,305
31 December 1996	<hr/> 740	<hr/> 50	<hr/> 618	<hr/> 1,408

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1997

11. TANGIBLE FIXED ASSETS (cont d)

Company	<u>Land & Buildings</u>		<u>Plant</u> <u>Equipment</u> £000	<u>Total</u> £000
	<u>Freehold</u> <u>Property</u> £000	<u>Short</u> <u>Leasehold</u> <u>Property</u> £000		
Cost				
At 1 January 1997	970	106	3,143	4,219
Additions	9	-	94	103
Disposals	-	-	(85)	(85)
At 31 December 1997	979	106	3,152	4,237
Depreciation				
At 1 January 1997	230	56	2,754	3,040
Charge for year	22	7	135	164
Disposals	-	-	(85)	(85)
At 31 December 1997	252	63	2,804	3,119
Net Book Value				
31 December 1997	727	43	348	1,118
31 December 1996	740	50	389	1,179
			<u>1997</u> £000	<u>1996</u> £000

12. INVESTMENTS

Investments in subsidiary undertakings
at cost
Less : Amounts written off

1,386	1,386
<u>172</u>	<u>172</u>
1,214	1,214

The company owns 81.03% of the issued shares of Millners Dental Suppliers (Cape) (Proprietary) Ltd, incorporated in South Africa which carries on the business of selling and maintaining dental equipment and requisites. There are a small number of wholly owned subsidiary undertakings all of which are non trading.

13. STOCKS

	<u>1997</u> £000	<u>Group</u> <u>1996</u> £000	<u>1997</u> £000	<u>Company</u> <u>1996</u> £000
Raw Materials	212	210	212	210
Work in Progress	260	251	256	243
Finished Goods and Goods for Resale	5,283	5,069	3,069	2,921
	<u>5,755</u>	<u>5,530</u>	<u>3,537</u>	<u>3,374</u>

WRIGHT HEALTH GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1997

14. DEBTORS

		<u>Group</u>		<u>Company</u>
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£000	£000	£000	£000
Trade Debtors	4,438	4,058	2,384	2,148
Corporation Tax	15	17	15	17
Other Taxation	29	58	-	17
Amount owed by Subsidiaries	-	-	316	214
Other Debtors	58	142	4	36
Prepayments	132	122	105	76
	<u>4,672</u>	<u>4,397</u>	<u>2,824</u>	<u>2,508</u>

15. DEFERRED ASSET

		<u>Group</u>		<u>Company</u>
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£000	£000	£000	£000
Advance Corporation Tax recoverable against future Taxation	193	164	193	164

16. CREDITORS

		<u>Group</u>		<u>Company</u>
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£000	£000	£000	£000
Amounts falling due within one year				
Trade Creditors	2,083	2,015	1,220	977
Corporation Tax	442	317	255	192
Proposed Dividend	655	446	655	446
Other Taxation and Social Security Costs	183	175	183	174
Accruals and Other Creditors	536	710	264	432
Bank Overdraft (Note 18)	2,336	1,987	1,450	1,122
Amounts due to Subsidiary Companies	-	-	29	35
Hire Purchase Instalments (Note 19)	86	77	-	-
	<u>6,321</u>	<u>5,727</u>	<u>4,056</u>	<u>3,378</u>

17. CREDITORS

		<u>Group</u>
	<u>1997</u>	<u>1996</u>
	£000	£000
Amounts falling due after more than one year :-		
Obligations under Hire Purchase Contracts (Note 19)	71	133

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.

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1997

19. HIRE PURCHASE AND LEASE OBLIGATIONS

Hire Purchase Contracts

	<u>1997</u> £000	<u>Group</u> <u>1996</u> £000
Amounts payable		
Within one year	86	77
In the second to fifth year inclusive	71	133
	<hr/> 157	<hr/> 210

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

Operating Leases	<u>1997</u> £000	<u>Group</u> <u>1996</u> £000	<u>1997</u> £000	<u>Company</u> <u>1996</u> £000
Operating leases : land and buildings				
Lease payments due within one year in respect of leases:				
Expiring within one year	96	16	-	-
Expiring within two to five years	101	79	47	-
Expiring after five years	32	58	32	58
Operating leases : plant and equipment				
Lease payments due within one year in respect of leases :				
Expiring within one year	30	51	29	47
Expiring within two to five years	199	182	182	163
	<hr/> 458	<hr/> 386	<hr/> 290	<hr/> 268

20. ACQUISITION

On 5 April 1997 the company acquired the business of Taylor Dental Equipment Supplies, a sole trader business operating in Yorkshire. The consideration was £178,000 paid wholly in cash. The fair value of assets and liabilities acquired, which was also the book value, amounted to £74,000 and is detailed below. The goodwill arising of £104,000 has been written off to reserves (see Note 22).

	<u>Fair Value</u> £000
Tangible fixed assets	9
Stocks	49
Debtors	165
Creditors	(149)
	<hr/> 74

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1997

21. SHARE CAPITAL

	<u>1997</u>	<u>Authorised</u>	<u>Allotted Called-up</u>	
	<u>No.</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
		<u>No.</u>	<u>£000</u>	<u>£000</u>
Ordinary Shares of £1 each	332,000	332,000	332	332

22. RESERVES

	<u>Group</u>	<u>Company</u>
	<u>£000</u>	<u>£000</u>
Capital Reserves		
Balance as at 1 January 1997	303	18
Movements during year	-	-
	<u>303</u>	<u>18</u>
Balance as at 31 December 1997		
Currency Reserves	<u>Group</u>	
	<u>£000</u>	
Balance at 1 January 1997	-	
Exchange Differences on Retranslation of Net Assets of Subsidiary	(26)	
Transferred from Profit & Loss Account	26	
	<u>-</u>	
Balance at 31 December 1997		
Regional Development Grant Reserves	<u>Group</u>	<u>Company</u>
	<u>£000</u>	<u>£000</u>
Balance as at 1 January 1997	5	5
Transferred to Profit and Loss Account	(5)	(5)
	<u>-</u>	<u>-</u>
Balance as at 31 December 1997		
Total Undistributable Reserves at 31 December 1997	<u>303</u>	<u>18</u>
Profit and Loss Account	<u>Group</u>	<u>Company</u>
	<u>£000</u>	<u>£000</u>
Balance at 1 January 1997	4,736	4,813
Retained Profits for Year	257	100
Goodwill written off on acquisition (Note 20)	(104)	(104)
Transfer to Currency Reserve	(26)	-
	<u>4,863</u>	<u>4,809</u>
Balance at 31 December 1997		
Distributable Reserves as at 31 December 1997	<u>4,863</u>	<u>4,809</u>

WRIGHT HEALTH GROUP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1997

23. STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>Notes</u>	<u>1997</u> £000	<u>1996</u> £000
Profit Attributable to Members of the Parent Company		912	503
Goodwill written off on acquisition		(104)	-
Exchange Differences on Retranslation of Net Assets of Subsidiary	22	(26)	(593)
Total Recognised Gains and (Losses)		<u>782</u>	<u>(90)</u>

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

		<u>1997</u> £000	<u>1996</u> £000
Total Recognised Gains and (Losses)	23	782	(90)
Dividends	10	(655)	(655)
Regional Development Grants Reserve transferred	22	(5)	(6)
Total Movements During Year		<u>122</u>	<u>(751)</u>
Shareholders' Funds at 1 January 1997		<u>5,376</u>	<u>6,127</u>
Shareholders' Funds at 31 December 1997		<u>5,498</u>	<u>5,376</u>

25. CONTINGENT LIABILITIES

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

- (a) Documentary Credits outstanding £61,000 (1996- £109,000).
 - (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 (1996- £100,000).
 - (c) The Group has entered into agreements to purchase the remaining shares in Millners Dental Suppliers (Cape) (Proprietary) Ltd, not at present owned, at net asset value at date of death or retirement of the present minority shareholders, should other parties to the agreements not acquire the shares.
- At 31 December 1997 this represented a contingent liability of £380,000 (1996 - £350,000).

26. CAPITAL COMMITMENTS

At 31 December 1997 and 31 December 1996 neither the Group nor the Company had any capital commitments authorised or contracted.

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 1997

27. 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 company has received a draft actuarial valuation of the scheme as at 15 September 1996.

Based on the draft valuation the pension cost for the Group and the Company charged to the profit and loss account for the year was £64,000 (1996 - £99,000).

The draft 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 draft 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 £96,000 (1996 - £95,000).

NOTES TO THE CASH FLOW STATEMENT
For the year ended 31 December 1997

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1997</u> £000	<u>1996</u> £000
Operating Profit	1,494	866
Minority Interest share of Profits	(64)	(75)
Depreciation Charges	253	287
Gain on Sale of Fixed Assets	(7)	(45)
Exchange Adjustments on Fixed Assets	-	90
Movement in Minority Interest	21	(70)
Regional Development Grant credited to Profit and Loss Account	(5)	(6)
(Increase)/Decrease in Stocks	(225)	60
(Increase)/Decrease in Debtors	(277)	721
Increase/(Decrease) in Creditors	(98)	(864)
	<hr/>	<hr/>
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,092	964

2. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>1997</u> £000	<u>Share Capital</u> <u>1996</u> £000	<u>Loans, Hire Purchase</u> <u>and Finance Lease</u> <u>1997</u> £000	<u>1996</u> £000
Balance at 1 January 1997	332	332	210	531
Net Cash (Inflow) / Outflow from Financing	-	-	53	321
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 1997	332	332	157	210

3. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	<u>1997</u> £000	<u>1996</u> £000
Balance at 1 January 1997	(1,876)	(699)
Net cash (outflow)/inflow before adjustment of foreign exchange rate changes	(74)	(584)
Effect of foreign exchange rate changes	(26)	(593)
	<hr/>	<hr/>
Balance at 31 December 1996	(1,976)	(1,876)

4. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1997</u> £000	<u>1996</u> £000	<u>Change</u> <u>in year</u> £000
Cash at Bank and in Hand	360	111	249
Bank Overdrafts	(2,336)	(1,987)	(349)
	<hr/>	<hr/>	<hr/>
	(1,976)	(1,876)	(100)
	<hr/>	<hr/>	<hr/>
	<u>1996</u> £000	<u>1995</u> £000	<u>Change</u> <u>in Year</u> £000
Cash at Bank and in Hand	111	150	(39)
Bank Overdrafts	(1,987)	(849)	(1,138)
	<hr/>	<hr/>	<hr/>
	(1,876)	(699)	(1,177)