



ASTRA TECH LIMITED

Report and Financial Statements

31 December 1996

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR



REPORT AND FINANCIAL STATEMENTS 1996

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REPORT AND FINANCIAL STATEMENTS 1996

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Wennerstroem (Chairman)
R J Seaden

SECRETARY

S J Harwood

REGISTERED OFFICE

Stroudwater Business Park
Brunel Way
Stonehouse
Gloucestershire GL10 3SW

BANKERS

National Westminster Bank PLC
George Street
Stroud
Gloucestershire GL5 3DT

SOLICITORS

Reynolds Porter Chamberlain
Chichester House
278/282 High Holborn
London WC1V 7HA

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was the sale and distribution of hospital disposable surgical and dental products.

REVIEW OF BUSINESS AND FUTURE PROSPECTS

The year provided a significant increase in sales of existing products whilst overhead costs were contained where possible. It is anticipated that the business will expand further in 1997.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £958,841 (1995 - £967,249). An interim dividend of £10 per share (1995 - £5 per share) has been paid. The directors do not recommend the payment of a final dividend.

DIRECTORS

The following directors have held office during 1996:

G Wennerstroem
R J Seaden

DIRECTORS' INTERESTS IN SHARES

Neither of the directors has any beneficial interests in the shares of the company.

The directors' interests, if any, in the shares of the ultimate parent company are not required to be disclosed as the company is a wholly owned subsidiary of a company incorporated outside Great Britain.

EMPLOYEES

The company actively encourages the involvement of employees and a stated policy of the company is to provide all members of staff with an individual training programme. The methods of involvement include regular staff meetings and a company journal. The company operates a profit sharing scheme.

The employment policy does not discriminate between employees or potential employees on the grounds of sex, colour, race, ethnic or national origin, marital status or religious beliefs. In the case of the disabled, the company gives full consideration to applications for employment from disabled persons who can demonstrate that they have the necessary abilities. If an employee becomes disabled whilst in employment and, as a result, was unable to perform his/her normal duties, every effort would be made to offer suitable alternative employment and assist with retraining.

RESEARCH AND DEVELOPMENT

No research and development activity was undertaken during the year.

DIRECTORS' REPORT

AUDITORS

Baker Tilly resigned as auditors during the year. Deloitte and Touche were appointed by the directors to fill the casual vacancy.

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board on 11 March 1997.



S J Harwood
Secretary

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 as at the end of the financial year and of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

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AUDITORS' REPORT TO THE MEMBERS OF ASTRA TECH LIMITED

We have audited the financial statements on pages 6 to 14 which have been prepared under the accounting policies set out on page 8.

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 company'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's affairs at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

DELOITTE & TOUCHE

Chartered Accountants and
Registered Auditors

11 March 1997

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1996

	Note	1996 £	1995 £
TURNOVER	2	8,577,615	7,304,714
Cost of sales		(5,173,327)	(4,247,048)
Gross profit		3,404,288	3,057,666
Other operating expenses	3	(1,962,996)	(1,681,281)
OPERATING PROFIT		1,441,292	1,376,385
Interest receivable and similar income	4	83,570	64,397
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,524,862	1,440,782
Taxation	7	(566,021)	(473,533)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		958,841	967,249
Dividends paid	8	(1,000,000)	(500,000)
RETAINED (LOSS)/PROFIT FOR THE YEAR	15	(41,159)	467,249

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

The results of the company relate exclusively to continuing operations.

BALANCE SHEET
31 December 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible fixed assets	9	132,989	122,274
CURRENT ASSETS			
Stocks	10	362,207	547,293
Debtors	11	1,732,060	1,864,580
Cash at bank and in hand		957,747	1,183,681
		<u>3,052,014</u>	<u>3,595,554</u>
CREDITORS: amounts falling due within one year	12	(1,662,571)	(2,175,237)
NET CURRENT ASSETS		<u>1,389,443</u>	<u>1,420,317</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,522,432	1,542,591
PROVISIONS FOR LIABILITIES AND CHARGES	13	(23,100)	(2,100)
		<u>1,499,332</u>	<u>1,540,491</u>
CAPITAL AND RESERVES			
Called up share capital	14	100,000	100,000
Profit and loss account	15	1,399,332	1,440,491
EQUITY SHAREHOLDERS' FUNDS		<u>1,499,332</u>	<u>1,540,491</u>

These financial statements were approved by the Board of Directors on 11 March 1997.

Signed on behalf of the Board of Directors

R J Seaden



Director

NOTES TO THE ACCOUNTS

Year ended 31 December 1996

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Short leasehold improvements	over the term of the lease
Plant and machinery	over 10 years
Computer equipment	over 3 to 5 years
Office fixtures and fittings	over 5 to 10 years

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

Leased assets and obligations

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of the lease.

Pension contributions

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Exchange gains and losses, arising on both settled and unsettled foreign currency transactions, are included in the results on ordinary activities before taxation.

Cash flow statement

The company has taken advantage of this exemption permitted by FRS1 not to produce a cash flow statement as the cash flows of the company are included in the ultimate holding company's consolidated financial statements. The ultimate holding company is incorporated in the EEC.

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity. Sales were made in the following geographical markets:

	1996 £	1995 £
United Kingdom	8,527,770	7,277,653
Europe	42,481	26,234
Other	7,364	827
	<u>8,577,615</u>	<u>7,304,714</u>

3. OTHER OPERATING EXPENSES

	1996 £	1995 £
Selling and promotion	1,216,185	1,001,882
Distribution costs	191,939	152,494
Administration expenses	554,872	526,905
	<u>1,962,996</u>	<u>1,681,281</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	1996 £	1995 £
Bank and other interest receivable	44,090	64,397
Interest receivable from group companies	39,480	-
	<u>83,570</u>	<u>64,397</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996 £	1995 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and amounts written off tangible fixed assets - owned assets	55,253	44,349
Loss on disposal of tangible fixed assets	187	1,962
Operating lease rentals:		
Land and buildings	54,000	54,000
Other	137,090	110,119
Auditors' remuneration and expenses:		
Audit services	9,000	8,400
Other services	1,142	1,510
	<u> </u>	<u> </u>

6. EMPLOYEES

	1996 No.	1995 No.
The average monthly number of persons (including directors) employed by the company during the year was:		
Sales and distribution	23	19
Administration	8	6
	<u> </u>	<u> </u>
	31	25
	<u> </u>	<u> </u>
Staff costs for the above persons:	£	£
Wages and salaries	686,086	561,027
Social security costs	61,611	50,979
Other pension costs	80,042	79,318
	<u> </u>	<u> </u>
	827,739	702,343
	<u> </u>	<u> </u>
Directors' remuneration		
Other emoluments (including pension contributions and benefits in kind)	102,781	97,827
	<u> </u>	<u> </u>
The directors' fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:		
The chairman	-	-
	<u> </u>	<u> </u>
The highest paid director	92,617	86,092
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

7. TAXATION

	1996 £	1995 £
UK Corporation tax at 33% (1995 - 33%)	533,583	485,853
Under/(over) provision in prior years	11,438	(9,220)
Deferred taxation	21,000	(3,100)
	<u>566,021</u>	<u>473,533</u>

8. DIVIDENDS

	1996 £	1995 £
Ordinary:		
Interim paid - £10 per share (1995 - £5 per share)	<u>1,000,000</u>	<u>500,000</u>

9. TANGIBLE FIXED ASSETS

	Short leasehold improvements £	Plant and machinery £	Computer equipment £	Office fixtures and fittings £	Total £
Cost					
At 1 January 1996	17,020	17,526	111,640	108,216	254,402
Additions	4,959	2,695	38,696	20,289	66,639
Disposals	-	-	(6,926)	(775)	(7,701)
At 31 December 1996	<u>21,979</u>	<u>20,221</u>	<u>143,410</u>	<u>127,730</u>	<u>313,340</u>
Depreciation					
At 1 January 1996	3,256	6,011	73,995	48,866	132,128
Charged in the year	1,170	2,022	36,926	15,135	55,253
Disposals	-	-	(6,535)	(495)	(7,030)
	<u>4,426</u>	<u>8,033</u>	<u>104,386</u>	<u>63,506</u>	<u>180,351</u>
Net book value:					
At 31 December 1996	<u>17,553</u>	<u>12,188</u>	<u>39,024</u>	<u>64,224</u>	<u>132,989</u>
At 31 December 1995	<u>13,764</u>	<u>11,515</u>	<u>37,645</u>	<u>59,350</u>	<u>122,274</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

10. STOCKS

	1996 £	1995 £
Finished goods and goods for resale	362,207	547,293

11. DEBTORS

	1996 £	1995 £
Due within one year:		
Trade debtors	1,614,223	1,684,471
Amounts due from fellow subsidiary undertakings	2,417	1,562
Advance corporation tax	52,000	125,620
Prepayments and accrued income	63,420	52,927
	<u>1,732,060</u>	<u>1,864,580</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Trade creditors	4,066	32,678
Amounts due to fellow subsidiary undertakings	814,457	1,774,651
Corporation tax	210,583	-
Other taxation and social security costs	578,482	346,290
Accruals and deferred income	54,983	21,618
	<u>1,662,571</u>	<u>2,175,237</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the financial statements and the unprovided potential liability are:

	Amount provided		Unprovided liability	
	1996 £	1995 £	1996 £	1995 £
Excess of tax allowances over depreciation	-	1,500	-	-
Other short timing differences	23,100	600	-	-
	<u>23,100</u>	<u>2,100</u>	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

14. SHARE CAPITAL

	1996 £	1995 £
Authorised: 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid: 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

15. PROFIT AND LOSS ACCOUNT

	1996 £	1995 £
At 1 January	1,440,491	973,242
Retained (loss)/profit for the year	<u>(41,159)</u>	<u>467,249</u>
At 31 December	<u>1,399,332</u>	<u>1,440,491</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	958,841	967,249
Dividends	<u>(1,000,000)</u>	<u>(500,000)</u>
Net (reduction in)/addition to shareholders' funds	(41,159)	467,249
Opening shareholders' funds	<u>1,540,491</u>	<u>1,073,242</u>
Closing shareholders' funds	<u>1,499,332</u>	<u>1,540,491</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

17. COMMITMENTS UNDER OPERATING LEASES

	1996 £	1995 £
At 31 December 1996 the company had annual commitments under non-cancellable operating leases as follows:		
Land and buildings:		
Expiring after 5 years	<u>54,000</u>	<u>54,000</u>
Other:		
Expiring within 1 year	35,281	26,904
Expiring between 2 and 5 years	<u>87,368</u>	<u>62,695</u>
	<u>122,649</u>	<u>89,599</u>

18. PENSION COMMITMENTS

On 1 January 1996 all existing employees were transferred to a new pension scheme known as the Astra 1995 Pension Scheme, a defined benefit pension scheme whose assets are held in independent trustee administered funds. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the company. Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation of the Astra 1995 Pension Scheme was carried out as at 1 January 1996.

The principal actuarial assumptions used were a rate of return on investments of 8.5% per annum, salary increases of 7% per annum, an allowance for pensions to increase at 4.5% per annum or 4% per annum, depending on the benefits, and for dividends to increase at the rate of 4.25% per annum.

At the valuation date the actuarial value of the assets on this basis was sufficient to cover 100.6% of the benefits that had accrued to members in the Fund. The market value of the scheme's assets was £54.2 million.

The pension expense for the pension scheme amounted to £80,042 (1995 - £79,318).

The actuarial assumptions used for funding the company's pension arrangements are the same as those adopted for the purposes of SSAP24.

19. ULTIMATE PARENT UNDERTAKING

The ultimate parent company is Astra Aktiebolaget, a company incorporated in Sweden. Group accounts for Astra Aktiebolaget may be obtained from the following address:

Home Park
 Kings Langley
 Hertfordshire
 WD4 8DH