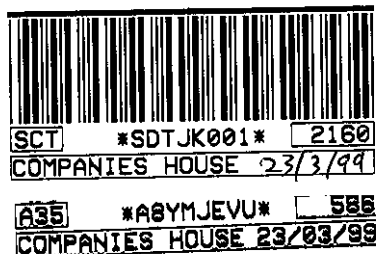


Dunbar Imaging Limited

Directors' report and financial statements

31 May 1998

Registered number 67589



2A07

Dunbar Imaging Limited

Directors' report and financial statements

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Dunbar Imaging Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 May 1998.

Principal activities

The principal activity of the company during the year under review was the provision of diagnostic imaging services at its practices in Wimpole Street and Harley Street, London.

Business review

The results for the year are set out on page 5 and are in accordance with the directors' expectations. Since the year end, the trade, assets and liabilities of the company have been transferred to Westminster Health Care (Diagnostics) Limited, subsequently renamed WHC Diagnostics Limited, at market value. The transfer has been made in order to simplify the diagnostic group structure and rationalise the administration and accounting procedures of the diagnostic imaging businesses.

Dividend

The directors propose a dividend of £360,000 (1997 - nil) for the year.

Directors and their interests

The directors who held office during the year were as follows:

Dr I G Wylie
P H Easterman (resigned 13 May 1998)
A S Wilson

In accordance with the articles of association, no directors retire by rotation.

	31 May 1998 No of shares held	31 May 1997 No of shares held
A S Wilson	25,000	15,000
Dr I G Wylie	27,590	27,590

A S Wilson has acquired an interest in 75,000 share options of Westminster Health Care Holdings PLC, granted at 275p and exercisable between 13 August 2000 and 12 August 2007. He is also a participant in the 1993 Employee Share Ownership Plan of Westminster Health Care Holdings PLC, under which up to 25,000 shares may be released to him over a period of up to five years.

The closing market price of Westminster Health Care Holdings PLC ordinary shares on 31 May 1998 was 303.5p and the range during the year to that date was 238.5p to 411.5p.

According to the register of directors' interests, no rights to subscribe for shares in, or debentures of, group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Employees

Policies

The directors recognise that the continued position of the company in the health care industry depends on the quality and motivation of its employees and as such the company is committed to pursue employment policies which will continue to attract, retain and motivate its employees.

Dunbar Imaging Limited

Directors' report (continued)

Communication

Good and effective employee communications are particularly important, and throughout the business it is the directors' policy to promote the understanding by all employees of the company's business aims and performance.

Equal opportunities

The directors believe that it is important to recruit and retain capable and caring staff regardless of their sex, marital status, race or religion. It is the company's policy to give full and fair consideration to applications for employment from people who are disabled, to continue wherever possible the employment of, and to arrange appropriate training for, employees who become disabled and to provide equal opportunities for the career development, training and promotion of disabled employees.

Statement on payment of suppliers

Legislation introduced requires companies to state their policies on payments to suppliers including any code or standard which is followed in respect thereof. Whilst the company does not follow any specified code or standard on payment practice it does endeavour to ensure all payments are made within mutually agreed credit terms. In cases where disputes arise the company seeks to resolve these promptly and amicably to minimise delays in payment.

Year 2000

Dunbar Imaging Limited is committed to resolving the year 2000 issue at an early stage. Work is in hand on internal systems and all Group companies are currently being reviewed for their compliance.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

48 Leicester Square
London
WC2H 7WH

1 March 1999



By order of the board
K D O'Connell
Secretary

Dunbar Imaging Limited

Directors' responsibilities in respect of the preparation of the financial statements

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 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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Dunbar Imaging Limited

Report of the auditors, KPMG Audit Plc, to the members of Dunbar Imaging Limited

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 3, 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 company's state of affairs as at 31 May 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

/ March 1999

Dunbar Imaging Limited

Profit and loss account Year ended 31 May 1998

	Notes	1998 £'000	1997 £'000
Turnover	2	2,762	1,547
Cost of sales		(1,350)	(914)
Gross profit		1,412	633
Administrative expenses		(835)	(913)
Operating profit/(loss)		577	(280)
Interest receivable and similar income	6	4	5
Interest payable and similar charges	7	(9)	(25)
Profit/(loss) on ordinary activities before taxation	3	572	(300)
Tax on profit/(loss) on ordinary activities	8	(145)	(1)
Profit/(loss) for the financial year		427	(301)
Dividends	9	(360)	-
Retained profit/(loss) for the financial year	19	67	(301)

The company has no recognised gains or losses other than the profit/(loss) for the year.

The historical cost profit/(loss) and reported profit/(loss) are the same.

Movements in shareholders' funds are shown in note 19 to the financial statements.

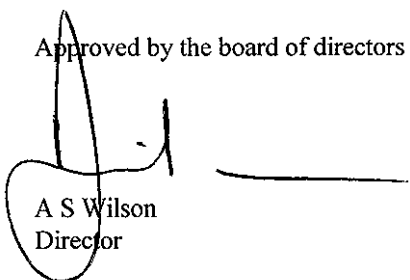
The notes on pages 7 to 13 form part of these financial statements.

Dunbar Imaging Limited

Balance sheet At 31 May 1998

		1998		1997	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10		833		1,123
Investments	11				-
			<u>833</u>		<u>1,123</u>
Current assets					
Stocks	12	9		6	
Debtors	13	1,143		253	
Cash at bank and in hand		49		25	
		<u>1,201</u>		<u>284</u>	
Creditors: amounts falling due within one year	14	<u>(1,712)</u>		<u>(1,126)</u>	
Net current (liabilities)			<u>(511)</u>		<u>(842)</u>
Total assets less current liabilities			<u>322</u>		<u>281</u>
Creditors: amounts falling due after more than one year	15		<u>(35)</u>		<u>(35)</u>
Provision for liabilities and charges					
Other provision	16		<u>(15)</u>		<u>(41)</u>
Net assets			<u><u>272</u></u>		<u><u>205</u></u>
Capital and reserves					
Called up share capital	18		132		132
Share premium account			139		139
Profit and loss account	19		1		(66)
Equity Shareholders' funds	19		<u><u>272</u></u>		<u><u>205</u></u>

Approved by the board of directors on 1 March 1999 and signed on its behalf by:


A S Wilson
Director

The notes on pages 7 to 13 form part of these financial statements.

Dunbar Imaging Limited

Notes forming part of the financial statements

1. Accounting policies

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

The company is exempt from the requirement to prepare consolidated financial statements, by virtue of Section 228 of the Companies Act 1985. These financial statements present information about the company as an individual undertaking and not its group.

The company is exempt from the requirement of Financial Reporting Standard No.1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Westminster Health Care Holdings PLC and its cash flows are included within the consolidated cash flow statement of that company.

The related party transactions note included in the consolidated financial statements of the ultimate parent undertaking complies with the conditions of Financial Reporting Standard No.8 (FRS8) 'Related Party Transactions'. The company is therefore exempt under FRS8 from the requirement to prepare a separate note.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Fixed assets and depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Improvements to premises	13% on cost
Equipment under hire purchase	20% on cost
Other equipment	20% on cost

Fixed asset investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

Hire purchase and finance leases

Assets purchased through hire purchase and finance leases are capitalised on the balance sheet and depreciated over their estimated useful economic lives. Interest is charged to the profit and loss account over the period of the agreements on the "sum of the digits method".

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise

Dunbar Imaging Limited

Notes (continued)

2. Segmental information

The turnover, profit before taxation and net assets are attributable to the one principal activity of the company; the provision of diagnostic imaging and management services. Turnover arises solely from activities within the United Kingdom.

3. Profit/(loss) on ordinary activities before taxation

	1998 £'000	1997 £'000
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Depreciation on tangible fixed assets: Owned	269	92
Leased	-	74
Auditors' remuneration: Audit services	9	7
	<u> </u>	<u> </u>

All auditors' remuneration is stated exclusive of Value Added Tax.

4. Remuneration of directors

	1998 £'000	1997 £'000
Directors' emoluments	-	67
	<u> </u>	<u> </u>

There were no pension contributions made by the company on behalf of the directors (1997: £nil).

The directors' emoluments as directors were £nil during the year under review (1997: £nil). During the year a total of £84,265 (1997: £39,959) was charged to the company by Dr I. Wylie, who was a director of the company, in respect of medical consultancy work.

5. Staff numbers and costs

	1998 Number of employees	1997 Number of employees
The average number of persons (including directors) employed by the company during the period, was as follows:	25	21
	<u> </u>	<u> </u>
	1998 £'000	1997 £'000
Employee costs were as follows:		
Wages and salaries	322	244
Social security costs	30	24
	<u>352</u>	<u>268</u>
	<u> </u>	<u> </u>

Dunbar Imaging Limited

Notes (continued)

6. Interest receivable and similar income

	1998 £'000	1997 £'000
Bank interest receivable	4	5
	<u> </u>	<u> </u>

7. Interest payable and similar charges

	1998 £'000	1997 £'000
Interest payable on 17% unsecured loan stock	7	6
Interest payable on other bank loans	-	6
Finance charges payable in respect of hire purchase contracts	2	13
	<u>9</u>	<u>25</u>
	<u> </u>	<u> </u>

8. Taxation

	1998 £'000	1997 £'000
U.K. corporation tax @ 31% (1997: 33%)	146	-
Overprovision in prior years	(1)	1
	<u>145</u>	<u>1</u>
	<u> </u>	<u> </u>

9. Dividends

	1998 £'000	1997 £'000
Final dividend proposed	360	-
	<u> </u>	<u> </u>

Dunbar Imaging Limited

Notes (continued)

10. Tangible fixed assets

	Improvements to premises	Equipment under Hire Purchase	Other equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 May 1997	109	388	2,074	2,571
Additions	-	-	11	11
Transfers	-	(50)	50	-
Disposals	-	-	(60)	(60)
At 31 May 1998	109	338	2,075	2,522
Depreciation				
At 31 May 1997	109	311	1,028	1,448
Charge for the year	-	63	228	291
Transfers	-	(50)	50	-
Disposals	-	-	(50)	(50)
At 31 May 1998	109	324	1,256	1,689
Net book value				
At 31 May 1998	-	14	819	833
At 31 May 1997	-	77	1,046	1,123

11. Investments

	1998 £'000	1997 £'000
Cost of shares in subsidiary	90	90
Less amounts provided to reduce investment to a net tangible assets basis	(90)	(90)
	-	-

The subsidiary is Dunbar (DSA) Limited which is registered in Scotland. The called up share capital comprises 10,000 shares of £1 each of which Dunbar Imaging Limited held 100% at 31 May 1998 and at 31 May 1997. Dunbar (DSA) Limited has not traded since 1 April 1991.

12. Stock

	1998 £'000	1997 £'000
Consumables	9	6

Dunbar Imaging Limited

Notes (continued)

13. Debtors: amounts falling due within one year	1998	1997
	£'000	£'000
Trade debtors	439	155
Owed by parent undertaking	454	-
Owed by fellow subsidiaries	142	36
Other debtors	4	23
Prepayments	104	39
	<u>1,143</u>	<u>253</u>
	<u><u>1,143</u></u>	<u><u>253</u></u>

14. Creditors: amounts falling due within one year	1998	1997
	£'000	£'000
Hire purchase obligations (note 14)	-	64
Trade creditors	39	305
Amounts owed to parent undertaking	1,144	555
Amounts owed to fellow subsidiaries	256	117
Other creditors including taxation and social security:		
Corporation tax	146	1
Other taxes and social security	8	3
Other creditors	-	4
Accruals and deferred income	119	77
	<u>1,712</u>	<u>1,126</u>
	<u><u>1,712</u></u>	<u><u>1,126</u></u>

Bank borrowings were secured by way of a fixed and floating charge, which was registered in Scotland, over the assets of the company. This charge has been cancelled since the year end.

15. Creditors: amounts falling due after more than one year	1998	1997
	£'000	£'000
Unsecured loan stock	35	35
	<u>35</u>	<u>35</u>
	<u><u>35</u></u>	<u><u>35</u></u>

The unsecured loan stock is repayable at par by seven equal annual instalments, the timing of the first payment being at the company's option. Interest at 17% per annum is payable on the stock.

Hire purchase obligations

The maturity of obligations under hire purchase contracts is as follows:

	1998	1997
	£'000	£'000
Within one year	-	76
In the second to fifth years	-	-
	<u>-</u>	<u>76</u>
Less future finance charges	-	(12)
	<u>-</u>	<u>64</u>
	<u><u>-</u></u>	<u><u>64</u></u>

Dunbar Imaging Limited

Notes (continued)

16.	Other provision	1998 £'000	1997 £'000
	Balance at 1 June 1997	41	26
	Released during year	(41)	-
	Increase in year	15	15
	Balance at 31 May 1998	15	41

The provision relates to the costs of a replacement tube with respect to the diagnostic imaging equipment.

17. Guarantee

The company, together with certain other group undertakings, has a banking facilities set-off agreement with Lloyds Bank PLC. It has given a guarantee in respect of this facility under which an amount of £nil was drawn at 31 May 1998 (1997 - £84,416).

18. Share capital

	1998 Authorised £	1997 £	1998 Allotted, issued and fully paid £	1997 £
Ordinary shares of £1 each	968,718	968,718	100,440	100,440
Cumulative convertible participating preferred ordinary shares of £1 each	31,282	31,282	31,282	31,282
	1,000,000	1,000,000	131,722	131,722

19. Reconciliation of movements in shareholders' funds

	1998 Share capital £'000	1998 Share premium account £'000	1998 Profit and loss account £'000	1998 Total £'000	1997 Total £'000
At beginning of year	132	139	(66)	205	506
Profit/(loss) for the financial year	-	-	67	67	(301)
At end of year	132	139	1	272	205

Dunbar Imaging Limited

Notes (continued)

20. Post balance sheet event

Since the year end, the trade, assets and liabilities of the company have been transferred to Westminster Health Care (Diagnostics) Limited, subsequently renamed WHC Diagnostics Limited, at market value.

The transfer has been made in order to simplify the diagnostic group structure and rationalise the administration and accounting procedures of the diagnostic imaging businesses.

21. Control and ultimate parent company

The company is a subsidiary undertaking of, and is controlled by, Westminster Health Care Holdings PLC, which is incorporated in England and registered in England and Wales. Westminster Health Care Holdings PLC heads the largest and the smallest higher group of undertakings for which group financial statements are prepared and of which the company is a member. Copies of these financial statements are available to the public and may be obtained from its company secretary at 48 Leicester Square, London WC2H 7WH.