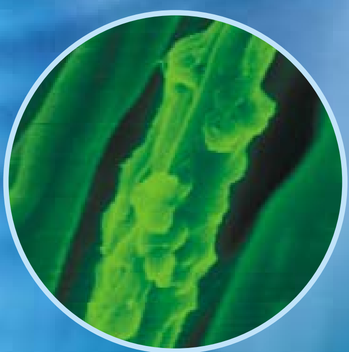
Advanced Medical Solutions Group plc



Annual Report and Accounts **1999**

Contents

Advanced Medical Solutions Group plc

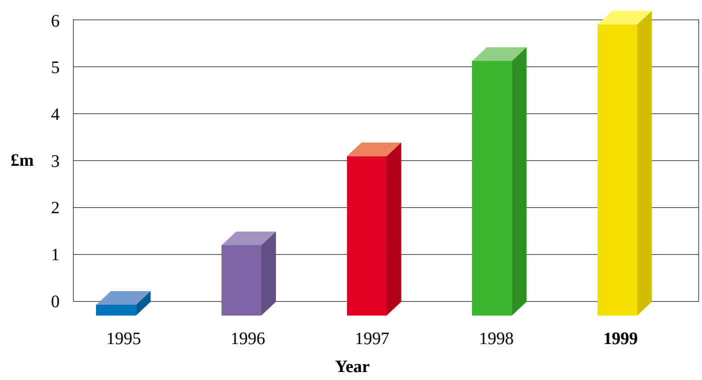
- **Consumer Skincare shows strong growth**
- **Further agreements signed with major healthcare companies**
- **Manufacturing consolidated in U.K.**
- **Separate Research and Technology Group formed and funded**
- **Rights Issue secures additional funding**

building

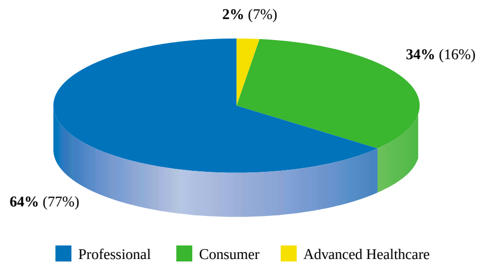
Turnover Analysis

for the year ended 31 December 1999

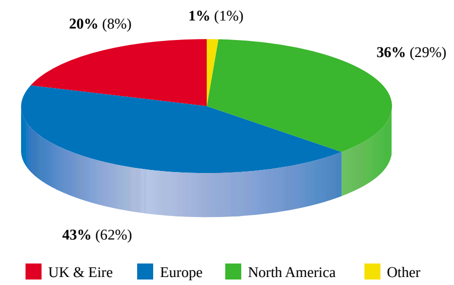
5 Year Sales Growth



Turnover by Division



Turnover by Geographical Destination



the business

Chairman's Statement

> "AMS is in a position to take advantage of the improvements to manufacturing and the shift to Consumer products."

1999 proved to be another year of tremendous change for AMS, as the company continues to progress towards a self-sustaining advanced healthcare business. Turnover increased from £5.4 million to £6.2 million, an increase of nearly 15 percent, but the losses before and after tax also rose from £4.9 million to £5.2 million.

These figures do not reflect fully the progress being made towards repositioning the company. Up until 1999, AMS concentrated almost exclusively on the Professional business-to-business woundcare market. Following a detailed review of this market, the Board decided at the end of 1998 to put extra resources into the Consumer market and into Research and Technology. While this would increase the cash outflow and losses in the short term, it would provide a far more attractive business opportunity in the future. The 1999 figures bear out this strategy, since business-to-business Professional sales actually fell in 1999 by 4 per cent, while Consumer sales increased by 142 per cent. The Board expects the Consumer business to increase in importance in years to come.

The success of this strategy can be seen in other ways, as well. Our largest single customer in 1999 was Spenco, which is responsible for our Consumer brands in the USA. In the UK, Boots continues to increase sales of our Advanced Healing range. In September 1999, Novartis signed a distribution agreement for ActivHeal™, under which it is marketing the range as Savlon® ActivHeal™ in the UK and the Republic of Ireland. I am delighted to say that, since the year-end, Novartis has signed a further agreement covering Germany.

Research and Technology has also made good progress in 1999. It is now established in its own separate facilities at Tarvin Sands and is working on a number of projects, which the Board expects to lead to significant new product opportunities in the future.

Other Developments

AMS concentrated heavily in 1999 on improving manufacturing operations. The membrane manufacturing facility has now successfully all been transferred to Winsford, following the closure of the Denver facility. In addition, the facility is being progressively automated, leading to much greater efficiency. In 1999, AMS manufactured over twelve million dressings, compared with eight million in 1998, while the number of manufacturing staff remained constant.

The balance sheet benefited in 1999 from the redemption of $4.5 million of Convertible Notes at a cost of $80,000 in February. This was reflected in the opening balance sheet for 1999. This was the final tranche of the consideration for the acquisition of Polymedica in 1997.

refocused

“Partnerships are being secured to promote effectively the Consumer brands and the management team is in place to deliver success.”

The Board

I am delighted that the Board was strengthened by the appointment of a permanent Finance Director, Mary Tavener, in June 1999.

As part of the review of the business leading up to the rights issue in December 1999, it was also decided to slim down the Board on the non-executive side. Accordingly, Walter Christie, who is 70, is retiring from the Board and John Berry has resigned.

I would like to take the opportunity to express both my personal and the Board’s gratitude for all the help they have given me and AMS over the years. Both of them have contributed far more in terms of time and effort than would normally be expected from non-executives in what have been, at times, very difficult circumstances. I wish Walter a long and happy retirement and John success with his many business ventures.

Following the year-end, the Chief Executive, Roy Smith decided to leave AMS to pursue another opportunity. Roy has worked diligently over the last three years to stabilise the business and he leaves the Company in an immeasurably stronger state than when he joined it. I wish him well in his new career. I am delighted that, in Don Evans (who was previously in charge of the Professional Woundcare and Consumer Skincare operations), we had an obvious internal successor to Roy and Don was appointed Chief Executive in January 2000.

Prospects

AMS is in a position to take advantage of the improvements to manufacturing and the shift to Consumer products referred to above. The balance sheet is strong, with £9.2 million of cash at the year-end on a pro-forma basis to include the rights issue proceeds (which were received in early January 2000). Partnerships are being secured to promote effectively the Consumer brands and the management team is in place to deliver success. Professional Woundcare is being stabilised, as far as possible, in a very competitive environment. The Board is focusing entirely on delivery of sustainable business for shareholders. I am pleased to report that sales for the first quarter are in line with budget and are 20 per cent. up on the corresponding period for last year.

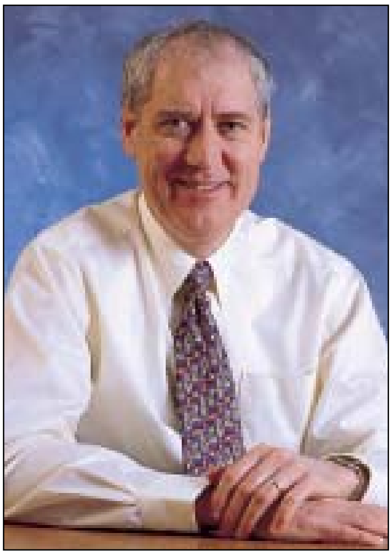
Lastly, I would like to thank all of the staff at AMS, who have really made great efforts on behalf of your Company.

James Noble
Chairman

11 April 2000

for growth

Chief Executive's Review



Dr Don Evans
Chief Executive Officer

1999 ACHIEVEMENTS

1999 saw steady progress with Group sales up 15%, driven by Consumer Skincare where sales in excess of £2 million (142% ahead of previous year) offset a small decline in Professional Woundcare.

Major investments were made in Sales & Marketing and Manufacturing in Consumer Skincare as 15 new products were launched. Technology previously developed for the Professional Woundcare market was successfully transferred to position AMS at the forefront of the introduction of the concepts of moist wound healing to the Consumer marketplace. An agreement was signed with Novartis Healthcare for the UK distribution of our ActivHeal™ range under their Savlon® brand name. Following the acquisition of the Spyroflex™ brand, a new product range was launched into the food, drug and mass outdoor retail trade in the U.S.

Manufacturing was consolidated in the UK as the membrane process, re-located from Denver, was fully commissioned at Winsford. This project took longer than planned, with routine production only being resumed during October. Manufacturing processes were further re-organised at Winsford to improve product flows, and reduce lead times and WIP inventories.

A separate Research and Technology Business Unit was established and located at our Tarvin Sands facility in Cheshire, which has been upgraded with new laboratories and pilot plant. By focussing this Unit initially on cell-fibre interactions, AMS will be well positioned to exploit its materials and fabrication technology in the Tissue Engineering field.

The Group secured additional financing via a Rights Issue of £6.5 million cash net, which was duly completed during January 2000.

Going forward, we will continue to focus on our manufacturing processes. In the case of our Professional Woundcare products our key processes, such as alginate spinning and carding, are well established and proven, and increased volumes are able to leverage the fixed cost base. However, the processes installed during 1999 for our new Consumer products are still relatively new and require additional focus to improve outputs and yields. Substantial engineering input will continue in this area to improve gross profitability.

The Company will continue to pursue a business-to-business distribution strategy with key partners who have the marketing muscle to make a difference within their respective product and geographical area.

The Group remains committed to high levels of customer service and to the provision of quality products to our global customer base.

The Board is confident that with the progress made during 1999 we will move towards profitability whilst maximising the exploitation of our core technology in new business areas.

Opposite:
Membrane line, Winsford

investing in technology

Right:
Savlon®ActivHeal™ range

BUSINESS REVIEW

The vast majority of sales continued to be in Advanced Woundcare, either into the Professional sector through partners selling into Hospitals or Nursing Homes, or to Consumers through partners selling into pharmacies or retail outlets. Sales revenue was also obtained by exploiting our core technology in healthcare areas other than woundcare.

ADVANCED WOUNDCARE

1999 witnessed considerable progress within Advanced Woundcare with sales growth of 22% being achieved.

Consumer Skincare

During 1999 the Group launched 15 new consumer products which resulted in a year end sales position of £2.1 million (142% ahead of previous year sales), the majority of these products being supplied on an own-label basis.

The Group also acquired the licence for the Spyroflex™ trademark, a well-recognised consumer woundcare brand, across the retail outlets in the USA. During December the Group shipped Spyroflex™ inventory to our USA distribution partner, and we are now well positioned to exploit the Spring launch within the retail trade.

The Group is also well placed to exploit the increasing public awareness that traditional "plasters" do not provide an optimum healing environment, whereas the range of consumer dressings from AMS creates a more rapid, pain free healing process with fewer incidences of scarring.

During 1999, two of our partners (Spenco in the USA and Cederroth in Scandinavia) commenced an active TV campaign promoting the benefits of moist wound-healing technology. This increasing awareness is now translating into excellent demand and this augurs well for the future.

During the summer months, within the UK, we launched the ActivHeal™ skincare range. This was very well received by the independent pharmacy trade and additional interest was also being shown from the grocery and retail multiples. However, it became evident that we would not have the resources to promote our own brands within the UK market as substantial sales and marketing investment would be required to maximise the growth opportunity.

Towards the close of the summer months we were approached by Novartis Consumer Health UK to license the ActivHeal™ trademark and allow its powerful sales and marketing infrastructure to drive the benefits of advanced healing alongside their already successful Savlon® skincare range. Agreement was reached and during December 1999 the range of Savlon® ActivHeal™ was created. This brand will spearhead our product range within the UK market alongside the Boots Advanced Healing range which was launched during 1998.

Going forward, we will continue to create new partnerships to broaden the geography of the current consumer skincare range, maximise the growth opportunity of our Spyroflex™ skincare range within the North American market and improve gross profit via improved yields, increased labour productivity and reduced materials usage.

Opposite:
Automated packing line, Winsford

creating partnerships

Professional Woundcare

Sales within Professional Woundcare were disappointing during 1999, with a small year on year decline of 4%. The major cause of this decline was a reduction in demand for membrane products from two USA companies, and two of our major European partners holding excessive inventory whilst undergoing major internal restructuring. It is of some encouragement to note that, excluding membrane sales, the Professional Woundcare business experienced 12% growth.

During 1999, the Group developed a unique alginate foam product that is based upon our proprietary in-house technology. Agreement has been reached to market this product range within Europe and the Group is in advanced negotiations with a leading global partner for the North American market.

The Group has further development projects that will be undertaken during 2000 in the foam market segment, which is the fastest growth area within advanced woundcare, currently estimated at 16% on a global basis. AMS is in a strong position to exploit this growth opportunity. We are also continuing to make progress in our development programme for the inclusion of active ingredients in our wound dressings. These projects will allow us to add value and prolong the life cycle of the current generation of passive woundcare products.

The Board continues to believe that the professional woundcare market is a valid opportunity going forward. The increasing global demand for advanced healing products continues apace and we expect to witness an improvement in this business during 2000. We will focus our efforts on ensuring our top customers receive the service levels and quality products to help grow their businesses.

ADVANCED HEALTHCARE

During 1999, a thorough assessment was undertaken of the commercial opportunities available for AMS materials and technologies in healthcare areas other than woundcare. This review revealed that there are real opportunities to exploit further the AMS core technologies and capabilities.

Materials

The existing materials that are currently available from the woundcare product range are already being exploited in areas outside woundcare. Revenue is being generated via sales of roll stock hydrocolloid to partner companies that incorporate this material into medical devices such as ostomy bags and from sales of film for incorporation into products such as catheter fixation devices. Focus will continue to be given to expanding this business and to seeking new product areas with new partners.

Opposite:
Dressings conversion line,
Winsford

advanced healing

Polymers for Coating and Dipping

The current portfolio of AMS polymers can be utilised to provide coatings that will either protect or enhance the performance of a product. It is also possible to fabricate products from polymers via a dipping process.

In this area, a new and interesting potential use for our core polymer technology was developed in 1999 whereby our polyurethane polymer is used to coat knitted gloves. The polymer adds value to the product via its material properties (eg breathability, static dissipation and thermal insulation). Work will continue in 2000 to deliver a viable business based upon this application of our core technology and to open up new opportunities in the coatings area.

Throughout 1999, much work has been done to validate the opportunities for AMS for dipped products and it has been possible to generate significant interest amongst major companies currently involved in the manufacture of dipped products from natural rubber latex, such as gloves, condoms and male incontinence sheaths. This work will continue in 2000. The key drivers away from natural rubber latex remain latex sensitivity and the desire to have powder free products that do not block (i.e. stick to themselves). Other issues such as the less than optimal performance of the currently available synthetic materials (e.g. PVC or nitrile) are also important.

Importantly, these potential markets for products dipped from polyurethane continue to see strong growth, particularly in the non-latex, powder free products and there remains significant potential for a good polyurethane product to take market share.

The initial focus going forward is to exploit the opportunities that exist for the currently available polymers to produce good quality polyurethane products. In the longer term, AMS will build upon the existing platform of polymer technology by developing a new family of aqueous based dipping solutions that will further widen the areas of opportunity within the dipped products field.

Right:
Polymer Synthesis, Tarvin

Graeme Brookes
Executive Director

RESEARCH & TECHNOLOGY

During 1999, the Group undertook a thorough review of the Research & Technology opportunity available to AMS. In the final quarter of 1999, the Board approved the investment necessary to deliver the long term vision and our team of scientists has been strengthened to ensure that we possess the key competencies to deliver. In addition to this, the R & T Business Unit relocated to our Tarvin Sands facility in Cheshire to allow the necessary resources and equipment to be drawn together on one dedicated, technology site. The focus area for our R & T Group will be cell - fibre interactions. This programme is based upon our unique polymer and material fabrication know-how in order to produce fibres that have an optimised interaction with cells. The initial focus in this area is to produce a fibre based, cell culture product that would provide a platform from which to develop fibre-based devices such as a topical, skin regeneration product.

Key activities during 1999 have included the building of relationships and collaborations with key academic centres of excellence and with potential commercial partners. It is from these discussions that we were able to confirm the potential of our unique capabilities in this area.

Throughout 1999, we also undertook a thorough review of our intellectual property base and defined the milestones required to ensure that we continue to build a strong intellectual property platform going forward.

Dr. Don Evans
Chief Executive Officer

11 April 2000

Right:
Scanning Electron Microscopy, Tarvin

Financial Review

Mary Tavener
Finance Director

Background

The launch of 15 new products in the Consumer Skincare range was significant in increasing turnover by 15% to £6.2 million (1998: £5.4 million). However, the set up and manufacture of the smaller, more complicated composite dressings for the Consumer market proved costly, due to yields being poorer than anticipated. This, together with problems incurred in re-establishing the membrane line moved from Denver, USA, resulted in a gross loss of £0.8 million. (1998: £0.6 million).

Marketing spend was also incurred to support the new brands, contributing to the increased operating loss before exceptional items of £5.3 million, (1998: £4.9 million). The success of the launch was such, however, that a licensing agreement was signed in November 1999 with Novartis, UK. In addition to the licence fees and royalty stream, Novartis provide the marketing might which the Group would find costly to fund.

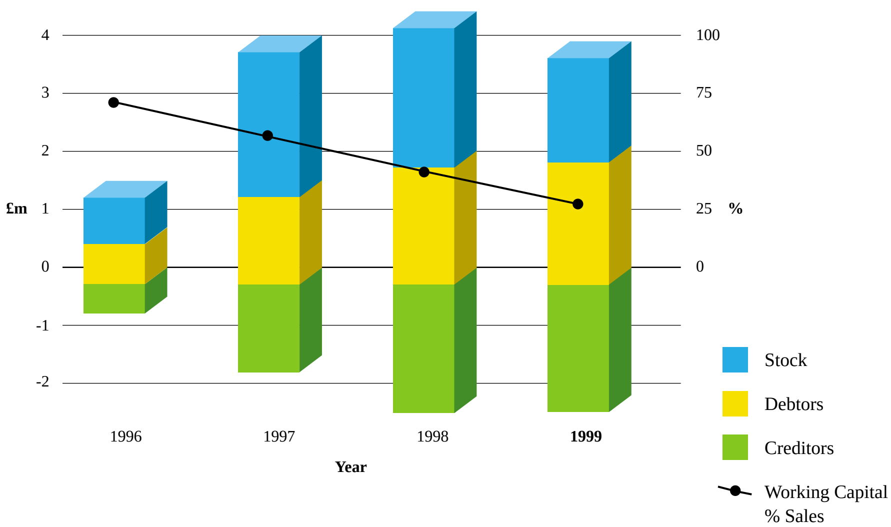
The opening balance sheet was also strengthened by the redemption of $4.5 million of Convertible Notes at a cost of $80,000 in February 1999. This cost was provided for in 1998 and was the final tranche of the consideration for the acquisition of PolyMedica in 1997.

A Rights Issue was announced in November to raise £6.5 million cash net of expenses. Assuming the proceeds had been received at the end of the year, the Group cash position would have been £9.2 million at the year-end, leaving the Group in a strong position going forward into 2000.

Analysis of Results

Sales increased by 15% to £6.2 million. The launch of the Consumer range has resulted in an increase of sales within the UK and US markets and leaves the Group less dependent on the European market. Gross margins were disappointing at -13% (1998: -10%) reflecting the difficulties in manufacturing these smaller dressings, but improvements in yields have been significant and the gross losses that were made in the first six months have been improved by 18% from –23% to –5% in the second half of the year. Due to cost reductions made in the second half of the year, the salary and wage costs reduced to £4.0 million (1998: £ 4.8 million) and the Group ended the year with 163 employees, (1998: 170).

Working Capital



Administrative expense at £4.8 million excluding exceptional items (1998: £4.4 million) includes all the costs of Research & Technology and Sales & Marketing. This increase reflects the significant cost of launching the 15 new products into the market. The spend in the second half of the year was reduced by £0.6 million, from £2.7 million to £2.1 million.

Other operating income increased to £0.6 million (1998: £0.2 million) from licence fee income and royalties received. Net interest received at £0.1 million (1998: £1.1 million) was better than forecast due to improved working capital control.

Cashflow and Funding

Capital expenditure of £0.7 million (1998: £1.1 million) was invested primarily in plant & machinery to improve automation.

Working capital as a percentage of sales improved by 14% to 27% (1998: 41%). Stock levels fell by 25% to £1.8 million (1998: £2.4 million). Trade debtors ended the year at £1.6 million, (1998: £1.4 million), with debtors days averaging 71. Working capital remains high despite these significant improvements but is consistent with a growing Group.

At the year-end, the Group had cash of £2.7 million (1998: £7.4 million). A Rights Issue to raise £6.5 million cash after expenses was announced on 17 November, the proceeds of which were received in early January 2000. On a proforma basis the cash balance would have been £9.2 million.

Millennium Compliance

The Group is pleased to report that there were no failures to systems resulting from the change of date. The costs associated with reviewing hardware and software were immaterial.

Treasury

The Group's treasury activities are operated within parameters approved and monitored by the Board. The major financial risks faced by the company relate to funding and to deposits which involve third parties, counter-party credit risk. This is controlled by limiting the Group's exposure to institutions by reference to credit ratings defined by IBCA and by specific credit limits with individual institutions.

Currency exposures arise on exports when invoiced in currencies other than sterling, primarily the dollar. The Group's policy is to hedge any significant exposures by using forward contracts. The group is also able to limit this currency exposure by sourcing materials from the US. The introduction of the Euro at the beginning of the year has had minimal impact on the Group, and the Group has been able to handle transactions in the Euro since its launch. The nature of the Group's business is such that the 'price transparency' of the Euro has had no significant effect.

Mary Tavener
Finance Director

11 April 2000

Directors and Advisers

Directors

J. J. Noble *Non-Executive Chairman*
W. E. Christie *Non-Executive Deputy Chairman & Senior Independent Director (resigned)*
J. D. Berry *Non-Executive Director (resigned)*
G. Vernon *Non-Executive Director*
R. Smith *Executive Director*
G. N. Brookes *Executive Director*
D. W. Evans *Chief Executive Officer*
M. G. Tavener *Executive Director*

Corporate Governance Standing Committees

Risk Management Committee
W. E. Christie *chairman (resigned)*
J. D. Berry *(resigned)*
G. N. Vernon
D. W. Evans

Audit Committee
J. J. Noble *chairman*
J. D. Berry *(resigned)*
W. E. Christie *(resigned)*
G. N. Vernon

Remuneration Committee
W. E. Christie *chairman (resigned)*
J. D. Berry *(resigned)*
J. J. Noble
G.N. Vernon

Secretary

M. G. Tavener

Registered office

Road Three
Winsford Industrial Estate
Winsford
Cheshire CW7 3PD

Registered number

2867684

Financial Adviser

Greig Middleton & Co Limited
30 Lombard Street
London EC3V 9EN

Stockbrokers

Greig Middleton & Co Limited
30 Lombard Street
London EC3V 9EN

Auditors

PricewaterhouseCoopers
101 Barbirolli Square
Lower Mosley Street
Manchester M2 3PW

Solicitors

Wragge & Co
55 Colmore Row
Birmingham B3 2AS

Registrars and Transfer Office

I.R.G PLC
Balfour House
390/398 High Road
Ilford
Essex IG1 INQ

Bankers

National Westminster Bank Plc
P O Box No 28
7 Winwick Street
Warrington WA1 1XU

Left to right: Dr. Geoffrey Vernon, Graeme Brookes, James Noble, Mary Tavener, Dr. Don Evans

The directors present their report and the audited financial statements for the year ended 31 December 1999

Dividends
The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments
The principal activity of the Group comprises the design, development and production of novel high performance polymers (both natural and synthetic) for the healthcare and specialised non-medical markets. A review of the operations for the year and future developments is contained within the Chief Executive's review on pages 4 to 11 and the financial review on pages 12 and 13.

Research and development
The Group spent £468,301 (1998: £439,935) in the year ended 31 December 1999 on research and development, all of which has been written off to the profit and loss account.

Creditors payment policy
The Group's policy for the year to 31 December 1999 for all suppliers, is to fix terms of payment when agreeing the terms of each business transaction to ensure the supplier is aware of those terms and to abide by the agreed terms of payment provided that the supplier performs its obligations. Where terms have not been specifically agreed, it is the Company's practice to settle invoices in line with local and industry requirements. The Group's trade creditors at 31 December 1999 represented approximately 71 days of purchases (1998: 58 days). This was higher than normal due to the timing of cash receipts from the Rights Issue and the related costs and capital expenditure incurred at the end of the year.

Charitable and political contributions
The Group did not make any charitable or political contributions during the year.

Post balance sheet events
On 17 November 1999, the Company announced a 16 for 31 Rights Issue. The Group issued 31,847,615 ordinary 10p shares at a price of 22p. These shares rank *pari passu* with existing shares and £7,006,475 was raised before expenses. The funds were received in January 2000.

Roy Smith resigned as Chief Executive Officer on 18 January 2000 and resigned from the Company on 29 February 2000. He will resign from the Board at the Annual General Meeting. Dr Don Evans replaced Roy Smith as Chief Executive Officer on 18 January 2000.

John Berry, non-executive director, resigned from the Board on 31 December 1999. Walter Christie, non-executive director, retired on 31 March 2000 and will be leaving the Board at the same date.

Directors
The directors of the company at 31 December 1999 and their interests, all of which are beneficially held, in the share capital of the company were:

	Ordinary shares of 10p each			
	31 December 1999		31 December 1998	
	Options	Shares	Options	Shares
J. J. Noble	–	47,040	–	47,040
W. E. Christie	–	–	–	–
R. Smith	1,619,118	46,440	1,619,118	46,440
G. N. Vernon	–	30,000	–	–
J. D. Berry	–	56,000	–	56,000
G. N. Brookes	696,850	–	521,850	–
D. W. Evans	1,103,093	47,840	1,103,093	47,840
M. G. Tavener (appointed 28 June 1999)	500,000	–	–	–

J. J. Noble, R Smith, D. W. Evans, J. D. Berry and G. N. Vernon having entitlements under the Rights Issue announced on 17 November 1999 in respect of their existing holdings of Ordinary Shares took up their rights in full. Other than this, there have been no changes in directors' interests between the end of the financial year and 11 April 2000, being less than one month prior to the date of notice of the Annual General Meeting.

D. R. Chellingsworth resigned as a director on 29 June 1999.

The directors who retire by rotation are J. J. Noble and D. W. Evans who, both being eligible, offer themselves for re-election. On 20 May 1997, the Company appointed J. J. Noble for a fixed term of one year. Now the fixed term has expired, his appointment is terminable by 12 months notice in writing. On 26 August 1997, the Company appointed D. W. Evans for a fixed term of two years. With his appointment to Chief Executive Officer, a Service Agreement has been agreed, the details of this are included in the Remuneration report on pages 20 and 21.

M. G. Tavener was appointed during the year and offers herself for appointment at the Annual General Meeting. Prior to joining the Group she held positions with BTP plc as group financial controller and at Churchill Tableware Ltd as finance director. Her appointment was for a fixed term of one year and is terminable thereafter by either party giving to the other not less than 12 months' prior notice in writing which notice shall not commence until after the expiry of the fixed term.

Profiles of the non-executive directors

J. J. Noble
James Noble was appointed as a non-executive director of AMS on 20 May 1997 and became chairman on 1 April 1998. Previously he was finance director of British Biotech plc, and a director of Kleinwort Benson Limited. Currently he serves as a director of Oxford GlycoSciences plc and is chairman and director of a number of other high technology companies.

W. E. Christie (resigned 31 March 2000)
Walter Christie was appointed Deputy Chairman of AMS in October 1994. Prior to this, he had over 30 years management experience within the SGS Group (Societe General de Surveillance S.A. Geneva) and was managing director of SGS Redwood Limited, the largest subsidiary of SGS UK Limited, from 1966 to 1990. In 1990 Walter retired but remained as non-executive chairman of SGS Redwood Limited until 1994. During his service with SGS, Walter was also director of many of their other companies. Walter is currently Chairman of Porpoise Viscometers Limited, and a director of Celtek Manufacturing Limited and a director of ROM.ICT. Walter Christie is the senior independent director.

J. D. Berry (resigned 31 December 1999)
John Berry was appointed as a non-executive director of AMS in December 1994. From 1979 to 1989, whilst at ICI, John Berry gained management experience in sales and marketing both in the UK and Australia and was responsible for marketing established products and the pre-launch development of several new compounds. In 1990 he formed Complete Medical Communications Limited to provide communications, training, market research and public relations services to international pharmaceutical companies. In 1998 the business was sold and John now runs his own consultancy.

G. N. Vernon
Dr. Geoffrey Vernon is a former executive director of Rothschild Asset Management and partner of the venture capital group Advent Limited. He joined AMS as a non-executive director in July 1998. He has over 20 years' experience in healthcare and life sciences. He is a non-executive chairman and director of a number of quoted and privately owned companies. He is a Fellow of the Institute of Directors.

Substantial shareholdings

The Company's major shareholders at 5 April 2000 are:

	Number of Shares	Per cent
Newton Investment Management Limited	11,025,097	11.78
Prudential	7,200,028	7.70
Invesco	7,114,613	7.60
Axa Sun Life	7,069,720	7.56
Royal London Mutual Insurance Soc. Ltd.	4,636,983	4.96
Thornton UK & General Fund	3,946,870	4.21
BG Group Pension Scheme	3,787,054	4.05
Nomura	3,771,204	4.03
Credit Suisse First Boston UK	3,498,340	3.74
British Telecom Staff Pension PF	3,422,215	3.66

Employees

The Group's policy is to consult and discuss with employees, through meetings, those matters likely to affect employees' interests.

It is the Group's policy to give full and fair consideration to all applications for employment from disabled persons having regard to their particular aptitudes and abilities and to encourage the training and career development of all personnel employed by the Group, including disabled persons. Should an employee become disabled, the Group would, where practicable, seek to continue the employment and arrange appropriate training.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

Special business at the Annual General Meeting

The effect of Resolution No. 6 to be proposed at the Meeting would be to disapply the statutory pre-emption rights conferred by Section 89 of the Companies Act 1985 to a limited extent, that is to say:

– in connection with generally pre-emptive issues; or

– in respect of shares having an aggregate nominal value of £467,767 representing approximately 5% of the nominal value of the Company's current issued ordinary share capital.

The resolution will cease to have effect on 17 August 2001 or at the conclusion of the Company's Annual General Meeting to be held in 2001, whichever is the sooner.

By order of the Board

Mary Tavener
Secretary

11 April 2000

Compliance

The Group has adopted the transitional approach to the Combined Code set out in the letter from the London Stock Exchange to listed companies at the end of September 1999 and reports as follows:

The Board supports the highest standards of corporate governance. An assessment has been carried out to review compliance with the recommendations on the code of best practice on corporate governance set out in the Combined Code. The Group believes it has complied throughout the period with the principles set out in Section 1 of the Combined Code on Corporate Governance in so far as it is appropriate for the Group of this size. Where the Group does not comply with guidelines in the Combined Code an explanation is provided.

The Turnbull Committee published its final guidance on internal control on September 27 1999. This guidance is broader than the previous Cadbury guidance in that the review procedures cover business, operational as well as financial control. The Board fully endorses these guidelines and already adopts a risk-based approach in implementing controls in many key areas.

The Group has identified its key business risks and where the management of these risks needs enhancing it is setting in place the appropriate controls. This will also include a review of the role of the Risk Management Committee. Procedures are currently being put in place to ensure that the guidance, as appropriate for a Group of this size, will be implemented across the Group by December 2000.

The Board of Directors

In 1999, the Board consisted of four executives and four non-executives. The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls. The Board has a schedule of matters specifically reserved to it for decisions. It meets ten times a year and Board papers are issued in advance of each meeting to enable it to make considered decisions. Appropriate training is available for Directors on their appointment to the Board.

The number of non-executives has now reduced to two. This will not be in strict compliance of the Combined Code, but it is consistent with the size of the Group.

Board Committees

The Board has delegated specific authority to the Remuneration Committee, the Audit Committee, and Risk Management Committee. The non-executives are the only members of the Remuneration Committee and the Audit Committee. The Risk Management Committee membership is Walter Christie, Geoffrey Vernon, John Berry and Don Evans.

The Remuneration Committee, which is chaired by Walter Christie is responsible for determining the Executive Directors' remuneration and benefits. The Committee also approves grants of options under the executive share option schemes. The Report of the Remuneration Committee is set out on pages 20 and 21.

The Audit Committee is chaired by James Noble meets at least twice a year. The Committee considers the appointment and fees of the auditors and discusses the scope of the audit and its findings. The Committee is also responsible for monitoring the Group's accounting policies, and assessing the Group's internal controls. The Committee reviews the annual and interim statements prior to their submission for approval by the Board. The Audit Committee will comprise of the two non-executives in the forthcoming year. This is not in strict compliance of the Combined Code, but is consistent with a Group of this size.

The Risk Management Committee considers major risk areas at regular intervals and evaluates the impact on the Group. Policies and procedures have been put in place for all areas where the Committee believes there to be significant exposure.

The Group does not operate a separate Nomination Committee, however, the role of recommending new appointments to the Board has been delegated to the Remuneration Committee. This is not in compliance with the Combined Code but is appropriate for a Group of this size.

The membership of the committees will reduce following the resignation of two non-executives, Walter Christie and John Berry.

Internal Financial Control

The Board of Directors has overall responsibility for the Group's system of internal financial control. The Group has an established control framework which aims to safeguard Group assets and ensure proper accounting records are maintained and that the financial information used within the business, and for publication, is reliable. This framework operates through clearly defined lines of management responsibility through which the Board have delegated implementation of financial controls to executive management throughout the Group. The Group's system of internal financial control can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The key elements of the system are as follows:

- detailed budgets and plans which are approved by the Board;
- preparation of Group business plans which includes the identification of, and the assessment of business and financial risks;
- monitoring of actual results compared with budgets and updated forecasts;
- maintenance of financial controls and procedures appropriate to the Company's and its trading subsidiaries' own business environments, conforming to overall standards and guidelines;
- defined procedures for the appraisal, review and authorisation of capital expenditure.

The Board has reviewed and continues to review the effectiveness of internal financial controls in the Group.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' responsibilities

Company law requires that the directors prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period.

In preparing the financial statements for the year ended 31 December 1999, the directors confirm that:

- Suitable accounting policies have been used and applied consistently;
- Judgements and estimates that are reasonable and prudent have been made; and that
- Applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Notice of the Annual General Meeting

Details of the notice of the Annual General Meeting are given on pages 41 and 42. The Annual General Meeting provides an opportunity for private shareholders to question your Board and to meet informally with the Executive Management after the meeting.

By order of the Board

Mary Tavener
Company Secretary

11 April 2000

The members of the Remuneration Committee are all non-executive directors of the Company and have no personal financial interest arising from cross-directorship and no day to day involvement in running the business.

The Board has accepted the Remuneration Committee's recommendations in full.

The Remuneration Committee, on behalf of the Board and in consultation with the Chief Executive, determines the Company's policy on executive remuneration, employment conditions and the individual remuneration packages of executive directors and management earning in excess of £50,000 per annum and administers the Share Option Schemes.

The Committee has considered the combined Code in framing its remuneration policy and confirms that this report has been drawn up in line with the Combined Code provisions except as detailed below. These require further explanation.

- The Chairman of the Group is a member of the Remuneration Committee. He will remain a member of the Remuneration Committee as the number of non-executive directors is reduced to two.
- With the appointment of Dr Don Evans as Chief Executive Officer, his service agreement will be for a fixed term of two years and terminable thereafter by either party giving not less than 12 months' notice in writing which notice shall not commence until after the expiry of the fixed term. The Remuneration Committee considers that this period is both appropriate and necessary.

Remuneration Policy
The remuneration policy is based on the need to offer competitive packages in order to attract and retain senior executives of the highest calibre. Regular reviews of the policy are carried out supported by independent advice to ensure that the range and level of emoluments and incentive schemes continue to match current market practice.

Salary
Salaries are measured against performance and market mediums.

Annual Performance Bonus
The service agreements provide that each director shall be entitled to receive an annual bonus to be determined by the Remuneration Committee based on the Group's financial and operating performance and the achievement of individual objectives. Each participant may receive up to 30 per cent. of his or her salary dependent upon performance measured against targets resulting from the completion of the Group's business plan.

Long Term Incentives
All staff including executive directors are entitled to join the Savings Related Share Option Scheme. The Board believes that giving employees an interest in the Company's shares, in this way is likely to increase their identification with, and commitment to the Group and its business.

All executive directors, together with senior members of staff are eligible to join either the Executive Share Option Scheme and/or the Unapproved Scheme. The exercising of options under these schemes is conditional on certain performance conditions which are pre-determined by the Remuneration Committee and which accord with the Joint Statement from the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

Shareholders are invited to approve all new long term incentive schemes which potentially commit Shareholders' funds over more than one year or dilute their equity.

Pension
Executive directors are entitled to become a member of the Group Pension and Life Assurance Scheme, which was set up with effect from 1 February 1999. This covers all employees and requires a contribution of 3% by the employee 6% by the Company. Executive Directors may contribute up to 10%, which is matched by the Company. The Pension Plan is a money purchase scheme.

Service Agreements.
The service agreements for D. W. Evans, G. N. Brookes and R. Smith are for a fixed term of two years and terminable thereafter by either party giving not less than 12 months notice in writing which notice shall not commence until after the expiry of the fixed term.

The service agreement for M. G.Tavener is for a fixed term of one year and is terminable thereafter by either party giving not less than 12 months notice in writing which notice shall not commence until after the expiry of the fixed term.

Private Healthcare
Executive directors are entitled to private healthcare and permanent health insurance

Car
The value and type of vehicle, which may, from time to time, be provided to executive directors is kept in line with market practice and forms part of the overall review of benefits.

Non executive Directors
The remuneration of non-executive directors is determined by the Chief Executive together with the executive directors. Non–executive directors are not invited to participate in the Company's Bonus, Savings Related Share Option Scheme or the Executive Share Option Scheme.

Directors' detailed emoluments

	1999						1998
Executive	**Salary & fees £000**	**Benefits £000**	**Annual Bonus £000**	**Pension £000**	**Compensation for loss of office £000**	**Total £000**	Total £000
Roy Smith	**123**	**8**	**10**	**14**	**–**	**155**	182
Don Evans	**93**	**10**	**18**	**9**	**–**	**130**	131
Graeme Brookes	**76**	**8**	**5**	**8**	**–**	**97**	76
David Chellingsworth	**37**	**3**	**–**	**7**	**38**	**85**	80
Mary Tavener	**41**	**4**	**5**	**4**	**–**	**54**	–
Non Executive							
James Noble	**41**	**–**	**–**	**–**	**–**	**41**	40
Walter E. Christie	**31**	**–**	**–**	**–**	**–**	**31**	30
Geoffrey Vernon	**20**	**–**	**–**	**–**	**–**	**20**	10
John Berry	**20**	**–**	**–**	**–**	**10**	**30**	15
Ronald D. N. Somerville	**–**	**–**	**–**	**–**	**–**	**–**	55
	482	**33**	**38**	**42**	**48**	**643**	619

Interests in Share Options

Details of Grant	**Option Price**	**R. Smith**	**D. W. Evans**	**M. G. Tavener**	**G. N. Brookes**
Executive Share Option Scheme					
July 19, 1999	44p	12,498	–	–	–
Unapproved Executive Share Option Scheme					
October 26, 1998	47.5p	880,000	680,000	–	260,000
December 1, 1998	42p	220,000	170,000	–	65,000
June 1, 1999	29.5p	–	–	–	175,000
July 15 1999	31p	–	–	500,000	–
July 19, 1999	44p	506,620	253,093	–	196,850
At December 31, 1999		1,619,118	1,103,093	500,000	696,850

The opening share price for the year was 38.5p and the closing price on the last trading day of 1999 (30 December) was 24.5p. The range during the year was 38.5p (high) and 24.5p (low) (source daily official list of the London Stock Exchange).

Following the resignation of Roy Smith, his options will lapse.

W. E. Christie
Chairman Remuneration Committee

Auditors Report

to the Members of Advanced Medical Solutions Group plc

We have audited the financial statements on pages 23 to 40 together with the information disclosed in respect of the Directors remuneration, long term incentives and share options set out on pages 20 and 21, and information relating to treasury policy set out on page 13, which have been prepared under the historical cost convention and the accounting policies set out on page 27 and 28.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Report, including as described on page 19, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on pages 18 and 19 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the London Stock Exchange, and we report if it does not. We are not required to consider the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

Basis of audit 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 polices 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 affairs of the company and the group at 31 December 1999 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants & Registered Auditors
Manchester

11 April 2000

Consolidated Profit and Loss Account

for the year ended 31 December 1999

	Note	**Year ended 31 December 1999 Total £**	Year ended 31 December 1998 Before exceptional items £	Year ended 31 December 1998 Exceptional items £	Year ended 31 December 1998 Total £
Turnover	2	**6,221,006**	5,387,430	–	5,387,430
Cost of sales		**(7,028,549)**	(5,947,584)	–	(5,947,584)
Gross loss		**(807,543)**	(560,154)	–	(560,154)
Distribution costs		**(273,931)**	(85,520)	–	(85,520)
Administration costs		**(4,782,179)**	(4,411,403)	(1,164,370)	(5,575,773)
Other operating income	3	**564,357**	155,150	–	155,150
Operating loss	4	**(5,299,296)**	(4,901,927)	(1,164,370)	(6,066,297)
Interest receivable and similar income	7	**220,650**	145,160	1,142,714	1,287,874
Interest payable and similar charges	8	**(76,956)**	(144,916)	–	(144,916)
Loss on ordinary activities before taxation		**(5,155,602)**	(4,901,683)	(21,656)	(4,923,339)
Taxation	9	**–**	–	–	–
Retained loss for the year	10	**(5,155,602)**	(4,901,683)	(21,656)	(4,923,339)
Loss per share					
Basic and fully diluted	11	**(8.4)p**	(12.2)p	–	(12.2)p

The above results relate to continuing operations.

There is no difference between the results reported above and results on an historic cost basis.

The notes on pages 27 to 40 form part of these financial statements.

Statement of Total Recognised Gains and Losses

	Group	
	Year ended 31 December 1999	Year ended 31 December 1998
	£	£
Loss for the financial year	**(5,155,602)**	(4,923,339)
Currency translation differences on foreign currency net investments	**13,324**	–
Total losses recognised since last annual report	**(5,142,278)**	(4,923,339)

Reconciliation of Movements in Shareholders' Funds

	Group		Company	
	Year ended 31 December 1999	Year ended 31 December 1998	**Year ended 31 December 1999**	Year ended 31 December 1998
	£	£	**£**	£
Opening shareholders' funds	**14,732,610**	9,095,288	**39,582,470**	30,467,812
(Loss)/profit for the financial year	**(5,155,602)**	(4,923,339)	**(26,231,563)**	1,197,074
Other recognised gains and losses relating to the year (net)	**13,324**	–	**–**	–
New share capital subscribed	**–**	2,479,178	**–**	2,479,178
Premium on issue of shares during the year	**–**	9,073,236	**–**	9,073,236
Costs of share issue	**–**	(943,121)	**–**	(943,121)
Convertible notes repaid	**–**	(2,691,709)	**–**	(2,691,709)
Goodwill written back	**–**	2,643,077	**–**	–
Closing shareholders' funds	**9,590,332**	14,732,610	**13,350,907**	39,582,470

Balance Sheets

at 31 December 1999

	Note	Group 1999 £	Group 1998 £	Company 1999 £	Company 1998 £
Fixed assets					
Intangible assets	12	**–**	–	**–**	–
Tangible assets	13	**5,606,055**	5,969,435	**–**	–
Investments	14	**–**	–	**10,741,436**	32,478,975
		5,606,055	5,969,435	**10,741,436**	32,478,975
Current assets					
Stocks	15	**1,803,095**	2,419,723	**–**	–
Debtors – due within one year	16	**2,090,900**	1,905,247	**254,262**	9,734
– due after more than one year	16	**–**	132,255	**–**	132,255
Cash at bank and in hand	28	**2,722,876**	7,372,235	**2,387,289**	7,044,473
		6,616,871	11,829,460	**2,641,551**	7,186,462
Creditors: amounts falling due within one year	17	**(2,306,077)**	(2,644,825)	**(32,080)**	(82,967)
Net current assets		**4,310,794**	9,184,635	**2,609,471**	7,103,495
Total assets less current liabilities		**9,916,849**	15,154,070	**13,350,907**	39,582,470
Creditors: amounts falling due after more than one year	18	**(326,517)**	(421,460)	**–**	–
Provisions for liabilities and charges	22	**–**	–	**–**	–
		9,590,332	14,732,610	**13,350,907**	39,582,470
Capital and reserves					
Called up share capital	23	**6,170,578**	6,170,578	**6,170,578**	6,170,578
Share premium account	24	**33,568,341**	33,568,341	**33,568,341**	33,568,341
Other reserve	24	**1,531,045**	1,531,045	**–**	–
Profit and loss account	24	**(31,679,632)**	(26,537,354)	**(26,388,012)**	(156,449)
Equity shareholders' funds		**9,590,332**	14,732,610	**13,350,907**	39,582,470

These financial statements were approved by the Board on 11 April 2000

Dr Don Evans
Executive Director

The notes on pages 27 to 40 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 1999

	Note	**Year ended 31 December 1999 £**	Year ended 31 December 1998 £
Net cash outflow from operating activities	26	**(3,600,405)**	(4,867,105)
Returns on investments and servicing of finance			
Interest paid		**(1,082)**	(8,467)
Interest received		**170,046**	145,160
Interest element of finance lease rental and hire purchase payments		**(75,874)**	(136,449)
Net cash inflow from returns on investments and servicing of finance		**93,090**	244
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(704,119)**	(740,994)
Sale of tangible fixed assets		**6,549**	–
Cash outflow before use of liquid resources and financing		**(4,204,885)**	(5,607,855)
Management of liquid resources			
Sales of term deposits		**4,222,571**	–
Purchase of term deposits		**–**	(6,500,000)
Financing			
Share issues by parent company	23/24	**–**	11,552,414
Share issue expenses	24	**–**	(943,121)
Repayment of promissory note		**(48,632)**	(1,288,897)
Net movement in capital element of finance lease rental and hire purchase payments	28	**(409,166)**	(545,611)
Net cash (outflow)/inflow from financing		**(457,798)**	8,774,785
Decrease in cash	27	**(440,112)**	(3,333,070)

The notes on pages 27 to 40 form part of these financial statements.

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The Company has taken advantage of the exemption from presenting its own profit and loss account. A summary of the more important Group accounting policies, which have been applied consistently, are set out below.

Basis of consolidation

The consolidated accounts include the financial statements of Advanced Medical Solutions Group plc and all of its subsidiary undertakings made up to 31 December 1999. The Group uses both the acquisition and the merger method of accounting to consolidate the results of subsidiary undertakings. Intra-group sales and profits are eliminated fully on consolidation.

Merger accounting

Where merger accounting is used, the investment is recorded in the Company's balance sheet at the nominal value of the shares issued together with the fair value of any additional consideration paid.

In the Group accounts, merged subsidiary undertakings are treated as if they had always been a member of the Group. The results of such a subsidiary in the year it joins the Group are included for the whole period. Any difference between the nominal value of the shares acquired by the Group and those issued by the Group to acquire them is taken to reserves. Share premium attributable to the subsidiary is included as Other Reserve.

Acquisition accounting

The results of the subsidiary undertakings are included from the date control passes. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities, that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses that arise after the group has gained control are charged to the post acquisition profit and loss account. Goodwill arising on the acquisition of subsidiaries in previous years has been written off immediately against reserves and has not been reinstated on the introduction of Financial Reporting Standard (FRS) 10.

Investments

Investments in subsidiary undertakings are stated at cost less provision for losses in subsidiary undertakings.

Purchased goodwill

Purchased goodwill arising in previous years has been written off immediately against reserves and has not been reinstated on the introduction of FRS 10.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Other operating income

Operating income represents non-refundable up-front licence payments received for the grant of rights for the development and marketing of products, royalty income received under licence agreements, contributions received to research and development, Government grants of a revenue nature and other sundry income.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, over their expected useful lives from the date that the asset is brought into use. It is calculated at the following rates:

Leasehold improvements	–	over the length of the lease
Motor vehicles	–	25% per annum on cost
Plant and machinery	–	10 to 20% per annum on cost
Fixtures and fittings	–	15 to 20% per annum on cost
Computers	–	33.3% per annum on cost

Amortisation

Licence fees capitalised are amortised on a straight line basis over the term of the licence.

1. Accounting policies – continued

Stock

Stocks are valued at the lower of cost or net realisable value. Cost is calculated as follows:

Raw materials	–	cost of purchase on first in, first out basis
Work in progress and finished goods	–	cost of raw materials and labour and attributable overheads.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the period in which it is incurred.

Development costs are also charged to the profit and loss account in the period of expenditure.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

Government grants

Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grants relate. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

Leases and hire purchase contracts

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Hire purchase contracts are treated identically to finance leases.

Pensions

The group operates a money purchase pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Foreign currency

Assets, liabilities and transactions of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Differences on exchange arising from the translation of the opening net investment in subsidiary companies are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

2. Segmental information

Turnover by geographical region:	Turnover 1999 £	1998 £
United States of America	**2,249,024**	1,566,836
Australia	**63,731**	56,155
United Kingdom	**1,220,232**	434,012
Rest of Europe	**2,688,019**	3,330,427
	6,221,006	5,387,430

Turnover by business unit:	Turnover 1999 £	1998 £
Consumer	**2,131,915**	880,370
Professional	**3,957,416**	4,131,157
Advanced Healthcare	**131,675**	375,903
	6,221,006	5,387,430

It is not possible to identify loss before taxation and net assets by business unit because of the use of common services.

Turnover, Loss before tax and Net Assets by origin

	1999 Turnover £	**1999 Loss £**	**1999 Net Assets £**	1998 Turnover £	1998 Loss £	1998 Net Assets £
United Kingdom	**6,193,780**	**(4,662,265)**	**9,511,986**	4,193,925	(4,618,187)	14,160,927
United States	**27,226**	**(493,337)**	**78,346**	1,193,505	(305,152)	571,683
Group	**6,221,006**	**(5,155,602)**	**9,590,332**	5,387,430	(4,923,339)	14,732,610

The turnover and loss before taxation is wholly attributable to the principal activity of the Group.

3. Other Operating Income

	1999	1998
	£	£
Licence and royalties	**502,777**	129,379
Grants received	**61,580**	25,771
	564,357	155,150

4. Operating loss

	1999	1998
	£	£
Operating loss arrived at after crediting/(charging):		
Government grants	**61,580**	25,771
Depreciation	**(904,394)**	(782,946)
Loss on disposal of fixed assets	**(180,871)**	(121,399)
Amortisation of licence fee	**–**	(42,000)
Operating lease rentals – plant and machinery	**(26,844)**	(25,151)
– land and buildings	**(302,691)**	(343,915)
Auditors' remuneration – audit services	**(30,000)**	(35,000)
– non audit services	**(4,000)**	(371,037)
Research and development	**(468,301)**	(439,935)
Non-recurring exceptional items		
– Abortive acquisition costs	**–**	(746,996)
– Reorganisation costs – Denver	**–**	(417,374)

Depreciation includes £102,629 (1998: £223,832) charged on assets held under finance leases and hire purchase contracts.

5. Employees

The average monthly number of employees of the Group during the year, including executive directors, was as follows:

	1999	1998
	Number	Number
Full time	**167**	168

Full time staff includes 1 person (1998: 16) employed in the United States.

Staff costs for all employees, including executive directors consists of:	**£**	£
Wages and salaries	**3,551,724**	4,367,897
Social Security costs	**311,534**	390,581
Pension costs	**161,354**	–
	4,024,612	4,758,478

6. Directors emoluments

	1999	1998
	£	£
Emoluments		
Fees as directors	**31,000**	45,000
Remuneration for management services	**519,915**	468,842
Amounts paid to third parties	**91,204**	104,862
	642,119	618,704

The disclosures required a relation to the highest paid Director are contained within the Remuneration Report on page 21.

7. Interest receivable

	1999	1998
	£	£
Bank interest	**219,046**	136,360
Rent deposit	**1,604**	8,800
Promissory note gain on prepayment	**–**	1,142,714
	220,650	1,287,874

8. Interest payable and similar charges

	1999	1998
	£	£
Bank interest	**1,082**	8,467
Finance leases and hire purchase contracts	**75,874**	136,449
	76,956	144,916

9. Taxation on loss on ordinary activities

No provision for taxation is required due to the availability of losses.

10. Loss for the financial year

	1999	1998
	£	£
Profit dealt with in the accounts of the parent company	**80,292**	1,197,075
Loss retained by subsidiary undertakings	**(5,235,894)**	(6,120,414)
	(5,155,602)	(4,923,339)

11. Loss per share

The basic loss per share has been calculated on the weighted average number of shares in issue during the year, namely 61,705,779 (1998: 40,333,542) and losses of £5,155,602 (1998: £4,923,339).

In 1998, loss per share on a fully diluted basis was not materially different from that shown above. In 1999, there was no dilution.

12. Intangible assets

	Licence Fee £
Cost	
At beginning and end of year	60,000
Amortisation	
At beginning of year	60,000
Charge to profit and loss account for year	–
At 31 December 1999	–
Net book value	
At 31 December 1999	–
At 31 December 1998	–

13. Tangible assets

Group	Short leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At beginning of year	1,232,968	6,749,729	453,537	47,780	8,484,014
Additions	5,230	692,913	30,291	–	728,434
Disposals	(10,232)	(169,016)	(41,538)	(47,780)	(268,566)
At end of year	**1,227,966**	**7,273,626**	**442,290**	**–**	**8,943,882**
Depreciation					
At beginning of year	542,889	1,607,671	316,241	47,778	2,514,579
Provided for the year	64,205	813,973	26,216	–	904,394
Disposals	(3,953)	(11,958)	(17,457)	(47,778)	(81,146)
At end of year	**603,141**	**2,409,686**	**325,000**	**–**	**3,337,827**
Net book value					
At 31 December 1999	**624,825**	**4,863,940**	**117,290**	**–**	**5,606,055**
At 31 December 1998	690,079	5,142,058	137,296	2	5,969,435

The net book value of tangible fixed assets includes an amount of £764,435 (1998: £1,857,372) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge for the year was £102,629 (1998: £223,832).

13. Tangible assets – continued

	Group		Company	
	1999	1998	**1999**	1998
	£	£	**£**	£
Commitments for capital expenditure				
Contracts placed for future capital expenditure and not provided in the financial statements	**216,457**	84,722	**–**	–

14. Fixed asset investments

	1999	1998
Company	**£**	£
Shares in group undertakings	**1,670,002**	1,670,002
Loans to group undertaking	**9,071,434**	30,808,973
	10,741,436	32,478,975

Loans to group undertakings have been written down to recognise losses in subsidiary companies. (See note 24)

The following were subsidiary undertakings at the end of the year and have all been included in the consolidated accounts.

Name	**Country of operation**	**Proportion of voting rights and ordinary share capital held**	**Nature of business**
Advanced Medical Solutions Limited	England	100 per cent	Development and manufacture of medical products
Advanced Medical Solutions (UK) Limited	England	100 per cent	Holding Company
Advanced Healthcare Systems Limited	England	**100 per cent	Dormant
Innovative Technologies Limited	England	**100 per cent	Dormant
Flowers Park Limited	England	**100 per cent	Dormant
Advanced Medical Solutions Group Inc.	U.S.A.	*100 per cent	Holding Company
Advanced Medical Solutions (US) Inc.	U.S.A.	**100 per cent	Development and manufacture of medical products

*Held indirectly through Advanced Medical Solutions (UK) Limited.
** Held indirectly through Advanced Medical Solutions Group Inc.

15. Stocks

	Group		Company	
	1999	1990	**1999**	1998
	£	£	**£**	£
Raw materials	**853,751**	1,028,638	**–**	–
Work in progress	**651,575**	1,027,530	**–**	–
Finished goods	**297,769**	363,555	**–**	–
	1,803,095	2,419,723	**–**	–

There is no material difference between the replacement cost of stock and the amount at which it is stated in the financial statements.

16. Debtors

	Group		Company	
	1999	1998	**1999**	1998
	£	£	**£**	£
Due within one year				
Trade debtors	**1,604,043**	1,410,850	**–**	–
Other debtors	**342,065**	317,403	**198,020**	1,070
Prepayments and accrued income	**144,792**	176,994	**56,242**	8,664
	2,090,900	1,905,247	**254,262**	9,734
Due after more than one year				
Other debtors				
– Leasehold rental deposit	**–**	132,255	**–**	132,255
	–	132,255	**–**	132,255

17. Creditors: amounts falling due within one year

	Group		Company	
	1999	1998	**1999**	1998
	£	£	**£**	£
Trade creditors	**1,292,544**	1,279,298	**–**	–
Taxation and Social Security	**104,053**	90,886	**–**	16,873
Obligations under finance leases and hire purchase contracts	**290,911**	400,819	**–**	–
Accruals and deferred income	**618,569**	825,190	**32,080**	17,462
Convertible redemption	**–**	48,632	**–**	48,632
	2,306,077	2,644,825	**32,080**	82,967

The Company's overdraft facility, not used at 31 December 1999, is secured by a fixed and floating charge over the Company's assets.

18. Creditors: amounts falling due after more than one year

	Group		Company	
	1999	1998	**1999**	1998
	£	£	**£**	£
Obligations under finance leases and hire purchase contracts	**146,517**	421,460	**–**	–
Deferred Income	**180,000**	–	**–**	–
	326,517	421,460	**–**	–

The maturity profile of the Group's financial liabilities, all of which are less than 5 years are described in note 20(a).

19. Analysis of borrowings

The maturity by currency of total borrowings comprised;

	Less than 1 year	**1 – 2 years**	**2 – 5 years**	**1999**	1998
	£	**£**	**£**	**£**	£
Sterling	290,911	140,890	5,627	437,428	822,279
US Dollar	–	–	–	–	–
	290,911	140,890	5,627	437,428	822,279

1999 borrowings is comprised of obligations under finance leases and hire purchase contracts.
The Company has entered a cross guarantee with its subsidiary undertakings in relation to bank overdraft facilities.
No liability existed at 31 December 1999.

20. Derivatives and other financial instruments

Page 13 of the Financial Review provides an explanation of the financial risks faced by the Group and the objectives and policies for managing those risks. The information below deals with the financial assets and liabilities. Short-term debtors and creditors have been excluded from the analysis as permitted by FRS13. The carrying value of the Group's financial assets and liabilities equals its fair value.

(a) Maturity of financial liabilities

The maturity profile of the Group's financial liabilities, all of which are at fixed rates and denominated in sterling, is as follows:

	On demand or within one year £	Between one and two years £	Between two and five years £	Total medium long-term £	Total financial liabilities £	Interest Rate % £
Group						
Deferred income	60,000	75,000	105,000	180,000	240,000	–
Finance lease creditors and hire purchase contracts	290,911	140,890	5,627	146,517	437,428	6.4%
At 31 December 1999	**350,911**	**215,890**	**110,627**	**326,517**	**677,428**	**–**
Deferred income	–	–	–	–	–	–
Finance lease creditors and hire purchase contracts	400,819	416,869	4,591	421,460	822,279	7.7%
At 31 December 1998	**400,819**	**416,869**	**4,591**	**421,460**	**822,279**	**–**

(b) Borrowing facilities

The Group has committed, revolving credit facilities with a UK Clearance bank which are available for use at any time. The undrawn balances are:

	31 December 1999 £	31 December 1998 £
Expiring in less than one year	**500,000**	500,000

(c) Interest rate and currency of financial assets

The currency and interest rate profile of the financial assets of the Group is as follows:

	Total £	Floating £	Fixed £	Non interest bearing £	Fixed rate weighted average interest rate
Currency					
31 December 1999					
Sterling	2,505,297	127,768	2,277,429	100,100	4.9%
US Dollar	217,579	217,579	–	–	–
Total	**2,722,876**	**345,347**	**2,277,429**	**100,100**	**4.9%**

The floating rates on the majority of interest bearing assets are based on LIBOR.

The financial assets all mature within one year.

(d) Currency exposures

At 31 December 1999 the Group had unhedged dollar currency exposures of £217,579.

21. Foreign exchange rates

	Average rate		Closing rate		Percentage change	
	1999	**1998**	**1999**	**1998**	**Average**	**Closing**
	£	**£**	**£**	**£**	**%**	**%**
Currency						
US Dollar	1.60	1.65	1.65	1.65	3%	–

22. Deferred taxation

The amount of unprovided deferred taxation and the amount provided are as follows:

	1999		1998	
Group	**Unprovided £**	**Provided in accounts £**	Unprovided £	Provided in accounts £
Capital allowances	–	**1,076,406**	–	988,165
Sundry timing differences	–	–	–	–
Unutilised tax losses	–	**(1,076,406)**	–	(988,165)
	–	–	–	–

At 31 December 1999 the group had tax losses, in excess of the amount disclosed above, worth approximately £6.7 million (1998: £5.1 million), at future rates of taxation, without replacement.

23. Share capital

	Group and Company	
	1999	1998
	£	£
Authorised		
80,000,000 (1998: 80,000,000) ordinary shares of l0p each	**8,000,000**	8,000,000

	Group and Company	
	1999	1998
Allotted, called up and fully paid	**£**	£
61,705,779 (1998: 61,705,779) ordinary shares of l0p each	**6,170,578**	6,170,578

23. Share capital – continued

Shares to be issued

Options have been granted over the following number of ordinary shares which were outstanding at 31 December 1999

	Date of Grant	Option Price	Number of Options At 1 January 1999	Issued	Lapsed	Cancelled	At 31 December 1999
Unapproved Executive Share Option Scheme							
	*31.10.97	133.35p	645,719	–	–	645,719	–
	*19.2.98	103.57p	419,484	–	63,746	355,738	–
	*27.3.98	103.57p	33,746	–	–	33,746	–
	*27.3.98	102.68p	196,851	–	–	196,851	–
	*15.4..98	99.12p	196,850	–	–	196,850	–
	26.10.98	47.5p	1,900,000	–	30,000	–	**1,870,000**
	1.12.98	42p	455,000	–	–	–	**455,000**
	17.12.98	42p	280,098	–	60,000	–	**220,098**
	19.5.99	32.5p	–	80,000	–	–	**80,000**
	21.6.99	29.5p	–	355,000	–	–	**355,000**
	15.7.99	31p	–	500,000	–	–	**500,000**
	19.7.99	44p	–	1,309,029	–	–	**1,309,029**
Executive Share Option Scheme							
	*5.12.94	91.57p	130,866	–	–	130,866	–
	*9.12.94	91.57p	87,788	–	23,992	63,796	–
	*28.4.95	91.57p	96,515	–	–	96,515	–
	*26.11.96	137.8p	69,439	–	2,250	67,189	–
	*1.8.97	240.03p	12,498	–	–	12,498	–
	19.7.99	44p	–	291,650	151,965	–	**139,685**
Savings Related Share Option Scheme							
5 Year	30.6.95	60.45p	71,895	–	–	42,225	**29,670**
5 Year	22.11.96	110.24p	45,681	–	–	24,409	**21,272**
3 Year	22.11.96	110.24p	20,690	–	–	11,853	**8,837**
			4,663,120	2,535,679	331,953	1,878,255	**4,988,591**

In normal circumstances, the options granted under the Unapproved Executive Share Option Scheme and the Executive Share Option Scheme are exercisable subject to the satisfaction of the relevant performance criteria, not earlier than 3 and not later than 7 years after the date of the grant. Options granted under the Saving Related Share Option Scheme are exercisable in normal circumstances within 6 months after the end of the option period.

* Following the Extraordinary General Meeting that was held on 29 June 1999 these options were cancelled and subsequently reissued.

24. Share premium account and reserves

	Premium account £	Other reserve £	Profit and loss account £
Group			
As at 1 January 1999	33,568,341	1,531,045	(26,537,354)
Loss for the year	–	–	(5,155,602)
Currency translation differences on foreign currency net investments	–	–	13,324
As at 31 December 1999	**33,568,341**	**1,531,045**	**(31,679,632)**
Company			
As at 1 January 1999	33,568,341	–	(156,449)
Profit for the year	–	–	80,292
Provision for write down in value of investments	–	–	(26,311,855)
As at 31 December 1999	**33,568,341**	**–**	**(26,388,012)**

The other reserve represents Advanced Medical Solutions Limited's share premium account arising from merger accounting (see note 1).

The cumulative goodwill written off to reserves is £5,586,195 (1998: £5,586,195).

25. Commitments under operating leases

As at 31 December 1999, the Group had annual commitments under non cancellable operating leases as set out below:

	1999 Land and buildings	**1999** Other	1998 Land and buildings	1998 Other
Operating leases which expire:				
In two to five years	**282,390**	**–**	332,460	–

26. Reconciliation of operating loss to net cash outflow from operating activities

	1999 £	1998 £
Operating loss	**(5,299,296)**	(6,066,297)
Depreciation	**904,394**	782,946
Amortisation	**–**	42,000
Loss on sale of fixed assets	**180,871**	121,399
Decrease in stocks	**616,628**	119,491
Increase in debtors	**(2,794)**	(551,631)
(Decrease)/Increase in creditors	**(208)**	684,987
Net cash outflow from operating activities	**(3,600,405)**	(4,867,105)

27. Reconciliation of net cash flow to movement in net funds (note 28)

	1999	1998
	£	£
Decrease in cash in year	**(440,112)**	(3,333,070)
Cash outflow to repay finance leases	**409,166**	545,611
Cash (inflow)/outflow to (decrease)/increase liquid resources	**(4,222,571)**	6,500,000
Pre-payment of promissory note	**–**	1,288,897
Change in net funds resulting from cash flows	**(4,253,517)**	5,001,438
New finance leases	**(24,315)**	(358,609)
Profit on prepayment of promissory note	**–**	1,142,714
Translation difference	**13,324**	–
Movement in net funds in year	**(4,264,508)**	5,785,543
Net funds at 1 January 1999	**6,549,956**	764,413
Net funds at 31 December 1999	**2,285,448**	6,549,956

28. Analysis of net funds

	1 January 1999	**Cash flows**	**Other changes**	**31 December 1999**
	£	**£**	**£**	**£**
Cash	**872,235**	**(426,788)**	**–**	**445,447**
Term deposits	**6,500,000**	**(4,222,571)**	**–**	**2,277,429**
Cash at bank, and in hand	**7,372,235**	**(4,649,359)**	**–**	**2,722,876**
Finance leases	**(822,279)**	**409,166**	**(24,315)**	**(437,428)**
Total	**6,549,956**	**(4,240,193)**	**(24,315)**	**2,285,448**

29. Related party transactions

There were no related party transactions in 1999 requiring disclosure.

Advanced Medical Solutions Group plc

(Registered in England – No. 2867684)

Notice is hereby given that the sixth Annual General Meeting of the Company will be held at 12.00pm on 18 May 2000, at Rookery Hall Hotel, Worleston, Nantwich, Nr Chester CW5 6DQ.

As ordinary business:

1. To receive the Report of the Directors and the Financial Statements of the Company for the year ended 31 December 1999 (together with the report of the auditors thereon).

2. To re-appoint PricewaterhouseCoopers as auditors and to authorise the Directors to fix their remuneration.

3. To re-elect James Julian Noble (who retires by rotation in accordance with the Articles of Association) as a Director of the Company.

4. To re-elect Donald William Evans who (who retires by rotation in accordance with the Articles of Association) as a Director of the Company.

5. To appoint Mary Geraldine Tavener who (having been appointed a director with effect from 28 June) retires at the meeting as a Director of the Company.

As special business:

6. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

That the Directors be empowered pursuant to and in accordance with Section 95 of the Companies Act 1985 ("Act") to allot equity securities pursuant to the authority conferred by a special resolution of the Company dated 10 December 1999 as if Section 89(1) of the Act did not (insofar as it would otherwise do) apply to any such allotment, provided that:

i) this power shall expire on 17 August 2001 or at the conclusion of the next Annual General Meeting of the Company, whichever is the earlier, save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired and provided further that such allotments would have fallen within the limit hereinafter mentioned if made before such expiry.

ii) equity securities allotted otherwise than in connection with a Pro Rata Offer (as defined below) or a scrip dividend alternative offered in accordance with Article 151 of the Company's Articles of Association or pursuant to the terms of any Share Option Scheme for employees approved by the members in general meeting shall not exceed an aggregate nominal value of £467,767 and for this purpose an issue of securities convertible into ordinary shares shall be deemed to be an allotment of the number of shares which would be required to satisfy the conversion rights attached to those securities in full at the initial conversion price provided for in the terms and conditions of the issue.

In this resolution:

a) words and expressions shall be construed in accordance with Part IV of the Act; and

b) the expression "Pro Rata Offer" means an offer of equity securities open for acceptance for a period fixed by the Directors to holders of ordinary shares on the register on a fixed record date in proportion (or as nearly as may be) to their then holdings of such ordinary shares (but subject to such exclusions or other arrangements as the Directors may consider necessary or expedient in relation to fractional entitlements or on account either of legal problems under the laws of any territory or the requirements of any recognised regulatory body or any other stock exchange).

By order of the Board

M. G. Tavener
Secretary

11 April 2000

Registered office:
Road Three
Winsford Industrial Estate
Winsford
Cheshire CW7 3PD

Notes:

1 A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.

2 A form of proxy is enclosed for use by members. To be effective, it must be completed and deposited at the offices of the Company's Registrars, IRG plc, Balfour House, 390/398 High Road, llford, Essex IG1 1BR not less than 48 hours before the time fixed for the Meeting.

3 The register of Directors' interests in the shares of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday (public holidays excepted) until the date of the Meeting and also on that date and at the place of the Meeting from 10:00 am. until the conclusion of the Meeting.

4 The Company pursuant to Regulation 34 of the Uncertifcated Securities Regulations 1995 specifies that only those shareholders registered in the Register of Members of the Company as at 6.00 pm on 16 May 2000 shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered or their value at that time. Changes in the entries in the relevant register of Securities after 6.00 pm 16 may 2000 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Form of Proxy

Advanced Medical Solutions Group plc

I/We ....
Please insert full of name(s) and address(es) in BLOCK CAPITALS

....

....

being (a) holder(s) of Ordinary Shares of 10p each of the Company, hereby appoint the chairman of the meeting

(see note 8 below) ....

of (address(es) of proxy(ies) in BLOCK CAPITALS) ....

....to act as my/our proxy(ies) at the sixth Annual General Meeting of the Company to be held on 18 May 2000, and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
Ordinary business **1.** To receive the 1999 Financial Statements		
2. To re-appoint PricewaterhouseCoopers as auditors		
3. To re-elect James Julian Noble (who is Chairman and a member of the Remuneration and Audit Committees) as a Director.		
4. To re-elect Donald William Evans as a Director		
5. To appoint Mary Geraldine Tavener as a Director.		
Special Business **6.** To disapply pre-emption rights.		

Please indicate with an "X" how you wish your votes to be cast (See note 7 below)

Signature(s) ....

Dated 2000

Notes:

1. A proxy need not be a member of the Company.
2. A member may appoint more than one proxy to attend on the same occasion. When two or more valid but differing instruments of proxy are delivered in respect of the same share for use at the same meeting and in respect of the same matter the one which is last validly delivered (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which instrument was last validly delivered none of them shall be treated as valid in respect of that share.
3. In the case of a corporation, this proxy must be given under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
4. To be effective, this form must be lodged at the offices of the Company's registrars, IRG plc, Balfour House, 390/398 – High Road, Ilford, Essex, IG1 1BR not later than 48 hours before the time of the meeting, or any adjournment thereof, together, if appropriate, with the power of attorney or other authority (if any) under which it is signed, or a copy of such authority certified notarially or in some other way approved by the Board.
5. If the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, this form must be delivered at the meeting at which the poll was demanded to the chairman of the meeting or to any Director. If, however, a poll is taken more than 48 hours after it is demanded, this form must be deposited following the procedure set out in Note 4 above after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.
6. Any alterations made to this form should be initialled.
7. Please indicate with an "X" how you wish your votes to be cast. Unless otherwise instructed, your proxy(ies) will vote or abstain as he, she or they think fit. On any motion to amend any resolution, to propose a new resolution to adjourn the meeting, or any other motion put to the meeting your proxy(ies) will act at his/her/their discretion.
8. If it is desired to appoint as proxy any person other than the chairman, his/her name and address should be inserted in the relevant place, reference to the chairman deleted and the alteration initialled.
9. The completion and return of this form will not prevent you from attending in person and voting at the meeting should you subsequently decide to do so.

SECOND FOLD

Business Reply Service
Licence No. ANG 1468

1

IRG plc
Balfour House
390/398 High Road
Ilford
Essex
IG1 1BR

FIRST FOLD

THIRD FOLD, AND TUCK IN

Advanced Medical Solutions
Group plc

Advanced Medical Solutions Group plc, Road Three, Winsford Industrial Estate, Winsford, Cheshire, CW7 3PD, United Kingdom

Tel: 01606 863500 **Fax**: 01606 863600

E-mail: plc@admedsol.com