

SMITH & NEPHEW RESEARCH LIMITED

DIRECTORS' REPORT

Registered Number: 512409

Registered Office: Heron House, 15 Adam Street, London, WC2N 6LA

Directors: P.R. Chambers
D.A. Trollope

Secretary: Smith & Nephew Nominee Services Limited

The directors present their report for the year ended 31st December 1999.

ACCOUNTS, ACTIVITIES AND AUDITORS

The directors submit the accounts of the company for the year ended 31st December 1999. The company is a dormant company and no auditors have been appointed. No changes in the books of the company have taken place during the period and all expenses have been met by the ultimate holding company, Smith & Nephew plc. The accounts, therefore, consist of a balance sheet only.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended 31st December 1999 were those listed above.

None of the directors have any interest in the shares of the company.

The interests of the directors in the share capital of the ultimate holding company were as follows:-

	Ordinary Shares of 10p each		Options on Ordinary Shares of 10p each	
	At 31/12/99	At 01/01/99	At 31/12/99	At 01/01/99
P.R. Chambers	2,111	103	29,663	29,552
D.A. Trollope	1,250	NIL	114,276	106,647

The options granted under Executive and Employee Share Option Schemes are exercisable between 2000 and 2009 at prices ranging between 93.5p and 195.5p per share. During the year, under the rules of Smith & Nephew plc's Share Option Schemes, D.A. Trollope was granted 8,879 Share Options and exercised 1,250 and P.R. Chambers was granted 2,111 Share Options and exercised 2,000.

Approved by the Board on 19th May 2000

P.R. Chambers

For and on behalf of
Smith & Nephew Nominee Services Limited
Secretary



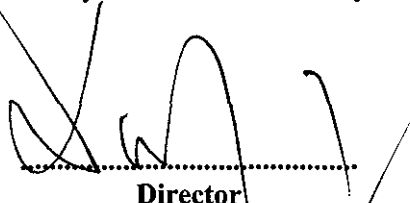
SMITH & NEPHEW RESEARCH LIMITED

BALANCE SHEET AT 31ST DECEMBER 1999

NOTES	31st December 1999 £000	31st December 1998 £000
CURRENT ASSETS:		
Debtors – falling due after more than one year	123,549	123,549
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TOTAL ASSETS	123,549	123,549
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CAPITAL AND RESERVES:		
Called up Share Capital	127	127
Share Premium Account	126,954	126,954
Profit and Loss Account	(3,532)	(3,532)
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TOTAL CAPITAL EMPLOYED:	123,549	123,549
	=====	=====

The company was a dormant company throughout the accounting period ending at the date of this balance sheet.

Approved by the Board on 19th May 2000



 Director

NOTES ON THE BALANCE SHEET AT 31ST DECEMBER 1999

- The company's ultimate holding company is Smith & Nephew plc, incorporated in England and Wales.
- At 31st December 1999 and 31st December 1998 the share capital of the company was:

	Authorised £	Allotted, called up and fully paid £
Ordinary Shares of £1 each	130,000	127,093
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