

SMITH & NEPHEW POLYWEAVE LIMITED
(formerly Polyweave Limited)

DIRECTORS' REPORT

Registered Number: 744368

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

Directors: J.V. Sutton Appointed 22 July 2002
P.R. Chambers
C.K. Lomax
M.G. Parson Resigned 22 July 2002

Secretary: Smith & Nephew Nominee Services Limited

The directors present their report for the year ended 31st December 2002.

ACCOUNTS, ACTIVITIES AND AUDITORS

The directors submit the accounts of the company for the year ended 31st December 2002. The company is a dormant company within the meaning of S250 of the Companies Act 1985 (as amended) and no auditors have been appointed. No changes in the books of account of the company have taken place during the period and any 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 at the date of this report are those listed above.

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

The interests of the directors, who were directors as at 31st December 2002, in the share capital of the ultimate holding company were as follows:-

	Ordinary Shares		Options on Ordinary Shares	
	At 31/12/02	At 01/01/02*	At 31/12/02	At 01/01/02*
P.R. Chambers	8,904	3,952	40,238	33,547
C.K. Lomax	30,609	33,609	134,835	118,835
J.V. Sutton	0	0	3,609	2,652

* Or date of appointment

The options granted under Executive and Employee Share Option Schemes are exercisable between 2003 and 2011 at prices ranging between 124p and 409.5p per share. During the year, under the rules of Smith & Nephew plc's Share Option Schemes, P.R. Chambers was granted 9,521 Share Options and exercised 2,830, C.K. Lomax was granted 16,000 Share Options and J.V. Sutton was granted 957 Share Options

Approved by the Board on 19th June 2003

PR Chambers

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



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SMITH & NEPHEW POLYWEAVE LIMITED (formerly Polyweave Limited)

BALANCE SHEET AT 31ST DECEMBER 2002

NOTES	31 st December 2002 £	31 st December 2001 £
CURRENT ASSETS:		
Debtors	742,503	742,503
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NET ASSETS:	<u>742,503</u>	<u>742,503</u>
 CAPITAL AND RESERVES:		
Called up Share Capital	750,002	750,002
Profit and Loss Account	(7,499)	(7,499)
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TOTAL CAPITAL EMPLOYED:	<u>742,503</u>	<u>742,503</u>

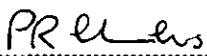
For the year ended 31st December 2002 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 249B(2)

The Directors acknowledge their responsibility for:

- a) Ensuring the Company keeps accounting records which comply with section 221;
- b) Preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

Approved by the Board on 19th June 2003



 Director

SMITH & NEPHEW POLYWEAVE LIMITED (formerly Polyweave Limited)

NOTES ON THE BALANCE SHEET AT 31ST DECEMBER 2002

1. The company's ultimate holding company is Smith & Nephew plc, incorporated in England and Wales.
2. At 31st December 2002 and 31st December 2001 the share capital of the company was:

	Authorised £	Allotted, called up and fully paid £
Ordinary Shares of £1 each	750,100	750,002
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