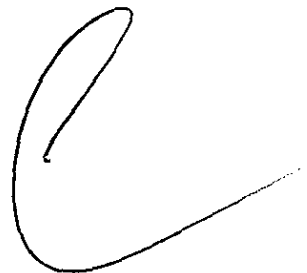


REPORT AND ACCOUNTS

TP LIMITED

31 December 2000

A large, handwritten, stylized mark resembling a capital 'C' or a signature, located in the lower right quadrant of the page.

SCT SQHEB570
COMPANIES HOUSE

1590
25/10/01

TP LIMITED
Registered No. SC5366

DIRECTORS

P Hooley
M G Parson
C K Lomax

SECRETARY

M G Parson

AUDITORS

Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London
SE1 7EU

REGISTERED OFFICE

George House
50 George Square
Glasgow G2 1RR

TP LIMITED
DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 December 2000.

Activities and review of operations

The principal activity of the Company is acting as an investment holding and administration company for companies within the Smith & Nephew group.

Results and dividends

The profit for the year attributable to shareholders amounts to £101,422,000 (1999: £62,418,000). The directors recommend payment of an interim dividend of £101,400,000 (1999: £63,000,000).

Directors

The Directors of the Company at the date of this report are shown on page 1. On 1 September 2000, D A Trollope resigned as a Director and C K Lomax was appointed as a Director.

Directors' interests

None of the Directors has any beneficial interest in the shares of the Company. P Hooley is a Director of the ultimate parent company, Smith & Nephew plc, in whose accounts his interests in that company are shown. The interests of the other directors, who were directors as at 31st December 2000, in the share capital of the ultimate holding company were as follows:-

	Ordinary Shares		Options over Ordinary Shares	
	At 31/12/00	At 01/01/00*	At 31/12/00	At 01/01/00*
M.G. Parson	5,286	23,558	70,362	180,362
C.K. Lomax	26,497	37,088	123,692	123,692

* Or date of appointment, if later.

On 7 August 2000, the ordinary share capital of Smith & Nephew plc was consolidated, by the issue of 9 new ordinary shares of 12 ²/₉p for every 11 ordinary shares of 10p held.

The options granted under Executive and Employee Share Option Schemes are exercisable between 2001 and 2010 at prices ranging between 124p and 270p per share. During the year, under the rules of Smith & Nephew plc's Share Option Schemes, M.G. Parson exercised 110,000 Share Options.

There were no other notifiable interests.

TP LIMITED
DIRECTORS' REPORT

Charitable and Political Contributions

The Company made no charitable or political contributions in the year (1999: nil).

Directors' responsibility for the accounts

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the accounts comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Ernst & Young transferred its business to a Limited Liability Partnership, incorporated under the Limited Liability Partnership Act 2000, called Ernst & Young LLP, on 28th June 2001. The Directors have consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28th June 2001. A resolution to reappoint Ernst & Young LLP will be put to the AGM.

By order of the Board



M G Parson
Secretary

22 OCT 2001

TP LIMITED

REPORT OF THE AUDITORS

to the members of TP Limited

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of Directors and Auditors

As described on page 3 the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

London

23 October 2001

TP LIMITED
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2000

	Notes	2000 £000	1999 £000
Income from shares in group undertakings		101,400	62,400
Other income		361	495
Administrative expenses		(341)	(471)
OPERATING PROFIT	2	101,420	62,424
Interest receivable	3	2	2
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		101,422	62,426
Taxation	4	-	(8)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		101,422	62,418
Dividends	5	(101,400)	(63,000)
PROFIT/(DEFICIT) FOR THE YEAR		22	(582)

All of the activities of the Company are continuing.

STATEMENT OF RETAINED PROFITS

Balance at 1 January	377	959
Profit/(Deficit) for the year	22	(582)
Balance at 31 December	399	377

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than the profit attributable to shareholders of the Company of £101,422,000 in the year ended 31 December 2000 (£62,418,000 in the year ended 31 December 1999).

TP LIMITED
BALANCE SHEET
at 31 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Investments	7	521,637	521,637
		-----	-----
CURRENT ASSETS			
Debtors	8	330,854	233,006
Cash at bank and in hand		242	240
		-----	-----
		331,096	233,246
		-----	-----
CREDITORS: amounts falling due within one year	9	(328,124)	(230,296)
		-----	-----
NET CURRENT ASSETS		2,972	2,950
		-----	-----
		524,609	524,587
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	10	157,344	157,344
Share premium account	11	364,637	364,637
Capital redemption reserve		2,229	2,229
Profit and loss account		399	377
		-----	-----
EQUITY SHAREHOLDERS' FUNDS	12	524,609	524,587
		=====	=====



C K Lomax
Director

22 OCT 2001

TP LIMITED
NOTES TO THE ACCOUNTS
at 31 December 2000

1. ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements present information about the Company as an individual undertaking and not about its group. The Company is a wholly owned subsidiary of a body registered in England and Wales and is therefore exempt from the requirement to prepare group accounts under Section 228 of the Companies Act 1985.

Investments

Investments in subsidiary and associated undertakings are carried at cost unless, in the opinion of the Directors, there has been an impairment in value.

Deferred taxation

Deferred taxation is provided using the liability method on timing differences between tax and accounting treatments where these are likely to crystallise in the foreseeable future.

Pensions

The majority of the Company's employees are members of the Smith & Nephew UK Pension Fund, a defined benefit plan for the group's UK resident employees. Pension costs are charged to operating profit so as to spread the expense of providing future pensions to employees over their working lives with the group.

2. OPERATING PROFIT

Certain fees for audit and non-audit services provided by Ernst & Young LLP to the Company and its subsidiary undertakings have been borne by the ultimate parent company. It is not practicable to ascertain what proportion of such fees relate to the Company and its subsidiary undertakings.

3. INTEREST RECEIVABLE

	2000	1999
	£000	£000
On bank deposits	2	2
	<u> </u>	<u> </u>

4. TAXATION

The taxation charge based on the profit for the year comprises:

	2000	1999
	£000	£000
UK corporation tax at 30% (1999: 30.25%):		
Current year	-	8
	<u> </u>	<u> </u>

TP LIMITED
NOTES TO THE ACCOUNTS
at 31 December 2000

5. DIVIDENDS

	2000 £000	1999 £000
Interim dividend proposed	101,400	63,000

6. EMPLOYEES

There were six employees of the Company during the year (1999: six).

Staff costs during the year amounted to:

	2000 £000	1999 £000
Wages and salaries	235	266
Social security costs	28	29
Pension costs	8	10
	<u>271</u>	<u>305</u>

7. INVESTMENTS

Investments in subsidiary undertakings amounted to:

Cost	£000
At 1 January 1999, 31 December 1999 and 31 December 2000	521,637

In the opinion of the Directors, the aggregate value of the Company's investments is not less than the amount at which they are stated at above.

On 26 June 2000, the following indirectly owned subsidiaries were transferred by Smith & Nephew Trading Group Ltd to Smith & Nephew plc at open market value:

- (a) Smith & Nephew Personal Hygiene Limited
- (b) Smith & Nephew Toiletries Limited
- (c) The Albion Group Limited

The principal subsidiary and associated undertakings at 31 December 2000 were as follows:

Company	Country of incorporation	Nature of business	Shares held indirectly %
Subsidiary undertakings: At 31 December 2000			
United Kingdom			
T J Smith & Nephew Limited	United Kingdom	Medical Devices	100%
Smith & Nephew Trading Group Limited *	United Kingdom	Holding	100%
Smith & Nephew (Overseas) Limited *	United Kingdom	Holding	100%

* Held directly by the Company

TP LIMITED
NOTES TO THE ACCOUNTS
at 31 December 2000

Company	Country of incorporation	Nature of business	Shares held indirectly %
Subsidiary undertakings:			
At 31 December 2000			
Continental Europe			
Smith & Nephew GmbH	Austria	Medical Devices	100%
Smith & Nephew SA-NV	Belgium	Medical Devices	100%
Smith & Nephew A/S	Denmark	Medical Devices	100%
Smith & Nephew OY	Finland	Medical Devices	100%
Smith & Nephew SA	France	Medical Devices	100%
Smith & Nephew Orthopaedics GmbH	Germany	Medical Devices	100%
Smith & Nephew GmbH	Germany	Medical Devices	100%
Smith & Nephew Limited	Ireland	Medical Devices	100%
Smith & Nephew Srl	Italy	Medical Devices	100%
Smith & Nephew BV	Netherlands	Medical Devices	100%
Smith & Nephew A/S	Norway	Medical Devices	100%
Smith & Nephew Lda	Portugal	Medical Devices	100%
Smith & Nephew SA	Spain	Medical Devices	100%
Smith & Nephew AB	Sweden	Medical Devices	100%
Smith & Nephew AG	Switzerland	Medical Devices	100%
America			
Smith & Nephew Inc	Canada	Medical Devices	100%
Smith & Nephew Inc	United States	Medical Devices	100%
Smith & Nephew Inc	Puerto Rico	Medical Devices	100%
Smith & Nephew SA de CV	Mexico	Medical Devices	100%
Africa, Asia and Australasia			
Smith & Nephew Pty Limited	Australia	Medical Devices	100%
Smith & Nephew KK	Japan	Medical Devices	100%
San Asia Limited	Hong Kong	Medical Devices	100%
Smith & Nephew Healthcare Limited	India	Medical Devices	100%
PT Smith & Nephew Healthcare	Indonesia	Medical Devices	100%
Smith & Nephew Limited	Korea	Medical Devices	100%
Smith & Nephew Healthcare Sdn Berhad	Malaysia	Medical Devices	100%
Smith & Nephew Limited	New Zealand	Medical Devices	100%
Smith & Nephew Pakistan (Pvt) Limited	Pakistan	Medical Devices	97%
Smith & Nephew Pte Limited	Singapore	Medical Devices	100%
Smith & Nephew Limited	South Africa	Medical Devices	100%
Smith & Nephew Limited	Thailand	Medical Devices	100%
Smith & Nephew FZE	United Arab Emirates	Medical Devices	100%

Company	Country of incorporation	Nature of business	Held directly %	Year end
Associated undertakings:				
Eurociencia CA	Venezuela	Medical Devices	49%	31.10.00

The aggregate amount of share capital and reserves and the profit and loss of the associated undertaking, attributable to the above holding at the date of the most recent year are as follows:

	Profit for the year		Aggregate share capital and reserves	
	2000	1999	2000	1999
	£000	£000	£000	£000
Eurociencia CA	125	65	707	582

TP LIMITED
NOTES TO THE ACCOUNTS
at 31 December 2000

8. DEBTORS:

	2000	1999
	£000	£000
Amounts due from group undertakings	229,454	170,606
Dividends receivable	101,400	62,400
	<u>330,854</u>	<u>233,006</u>

9. CREDITORS: amounts falling due within one year

	2000	1999
	£000	£000
Dividends payable	101,400	63,000
Amount due to ultimate parent company	22	30
Amount due to group undertakings	226,702	167,266
	<u>328,124</u>	<u>230,296</u>

10. CALLED UP SHARE CAPITAL

	2000	1999
	£	£
Authorised		
Ordinary shares of £1 each	<u>159,695,000</u>	<u>159,695,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>157,343,670</u>	<u>157,343,670</u>

11. SHARE PREMIUM ACCOUNT

	£000
Balance at 1 January 1999, 31 December 1999 and 31 December 2000	<u>364,637</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£000	£000
Profit for the year	101,422	62,418
Dividends	(101,400)	(63,000)
	<u>22</u>	<u>(582)</u>
Profit/(Deficit) for the year	22	(582)
Opening shareholders' funds	524,587	525,169
	<u>524,609</u>	<u>524,587</u>
Closing shareholders' funds	<u>524,609</u>	<u>524,587</u>

TP LIMITED
NOTES TO THE ACCOUNTS
at 31 December 2000

13. CONTINGENT LIABILITIES

The Company, together with Smith & Nephew plc and certain fellow subsidiary undertakings, has entered into a guarantee with the National Westminster Bank plc in respect of the net overdrafts of the other parties to the guarantee. At 31 December 2000 the Company's contingent liability under the guarantee amounted to £14,363,755 (1999: £19,875,000).

14. CASH FLOW STATEMENT

The Company is not required to produce a cash flow statement. It is a wholly owned subsidiary of Smith & Nephew plc which prepares a consolidated cash flow statement in accordance with FRS1 (Revised).

15. PENSION COMMITMENTS

The majority of the Company's employees are members of the Smith & Nephew UK Pension Fund, a defined benefit plan which is funded by the payment of contributions. The Smith & Nephew Pension Fund is a separately administered trust fund.

The contributions to the Fund are determined with the advice of an independent qualified actuary on the basis of regular valuations.

Information in respect of the actuarial positions of group schemes is given in the accounts of the ultimate parent company, Smith & Nephew plc.

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are members of the Smith & Nephew plc group.

17. GROUP ACCOUNTS

The parent company of the group of undertakings for which group accounts are drawn up and of which the Company is a member is Smith & Nephew plc, registered in England and Wales. In the Directors' opinion Smith & Nephew plc is also the Company's ultimate parent company. Copies of Smith & Nephew plc's accounts can be obtained from 15 Adam Street, London, WC2N 6LA.