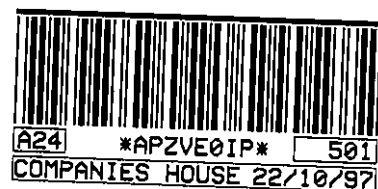


Reg. No. 74934

JOHNSON & NEPHEW (AMBERGATE) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31ST DECEMBER 1996



JOHNSON & NEPHEW (AMBERGATE) LIMITED**REPORT OF THE DIRECTORS**

The Directors present their Annual Report and the Audited Accounts for the year ended 31st December 1996.

Business Review

The company has not traded during the year, nor in the preceding year. Consequently, no profit and loss account has been prepared.

Directors

The following served as Directors during the period covered by this report.

A.C. Boydell	(resigned 29 th August 1997)
I.S. Doig	(resigned 6 th June 1997)
D. Craze	(appointed 6 th June 1997)
N. Bamford	(appointed 9 th September 1997)
M.J.R. Porter	(appointed 29 th August 1997)

Directors' Interests

The interests, all beneficial, of the Directors at the end of the year in the share capital of BRIDON plc comprise:

BRIDON plc Senior Executive Share Option Scheme

	<u>At 1.1.1996</u>	<u>At 31.12.96</u>	<u>Exercise Price</u>	<u>Date from which Exercisable</u>	<u>Expiry Date</u>
A.C. Boydell	45,889	45,889	144.915p	22/04/90	22/08/97
	15,802	15,802	160.476p	27/03/93	26/03/00
	<u>61,691</u>	<u>61,691</u>			

The Market price of the shares at 31.12.96 was 102.5p and the range during 1996 was 98p to 130p.

The company has Directors' and Officers' Liability Insurance in force.

JOHNSON & NEPHEW (AMBERGATE) LIMITED

REPORT OF THE DIRECTORS (continued)

Auditors

In accordance with Section 250 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting exempting the company from the obligation to appoint auditors.

BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to read 'D. Craze', with a long horizontal line extending to the right.

D. Craze
Secretary

30th September 1997

JOHNSON & NEPHEW (AMBERGATE) LIMITED**DIRECTORS' RESPONSIBILITIES**

In respect of the preparation of financial statements

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

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the company and prevent and detect fraud and other irregularities.

By order of the board

D. Craze

Company Secretary

30th September 1997

AUDITORS' REPORT TO THE MEMBERS OF JOHNSON & NEPHEW (AMBERGATE) LTD.

We have audited the financial statements on pages 4 and 5.

Respective responsibilities of Directors and Auditors

As described above the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 1996 and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

Chartered Accountants

Registered Auditor

8 Salisbury Square, London, EC4Y 8BB

30th September 1997

JOHNSON & NEPHEW (AMBERGATE) LIMITED**BALANCE SHEET AT 31ST DECEMBER 1996**

	<u>Note</u>	<u>1996</u> £000	<u>1995</u> £000
CURRENT ASSETS			
Debtors - Amounts owed by Group undertakings		<u>7,303</u>	<u>7,303</u>
NET ASSETS		<u>7,303</u> =====	<u>7,303</u> =====
FINANCED BY:			
Called-up share capital	2	259	259
Share Premium account		<u>7,044</u>	<u>7,044</u>
Equity shareholders funds		<u>7,303</u> =====	<u>7,303</u> =====

These accounts were approved by
the Board of Directors on 30th September 1997.



N BAMFORD
DIRECTOR

The notes on page 5 form part of these accounts.

JOHNSON & NEPHEW (AMBERGATE) LIMITED**NOTES TO THE ACCOUNTS****1. BASIS OF ACCOUNTING**

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

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and a group cash flow statement is included in the accounts of the holding company.

2. SHARE CAPITAL

	<u>1996</u> £000	<u>1995</u> £000
Authorised		
Ordinary shares of 1p each	6	6
Deferred shares of £1 each	<u>253</u>	<u>253</u>
	<u>259</u>	<u>259</u>
Share capital allotted, called up and fully paid		
Ordinary shares of 1p each	6	6
Deferred shares of £1 each	<u>253</u>	<u>253</u>
	<u>259</u>	<u>259</u>

3. PROFIT AND LOSS ACCOUNT

The company has not traded during the year, nor in the preceding year. Consequently, no profit and loss account has been prepared.

4. ULTIMATE HOLDING COMPANY

At the balance sheet date the ultimate holding company was BRIDON plc, a company registered in England and Wales.

On 4th August 1997 FKI plc, a company registered in England and Wales, acquired control of BRIDON plc. Copies of the BRIDON plc group accounts may be obtained from its registered office at Carr Hill, Doncaster South Yorkshire, DN4 8DG.