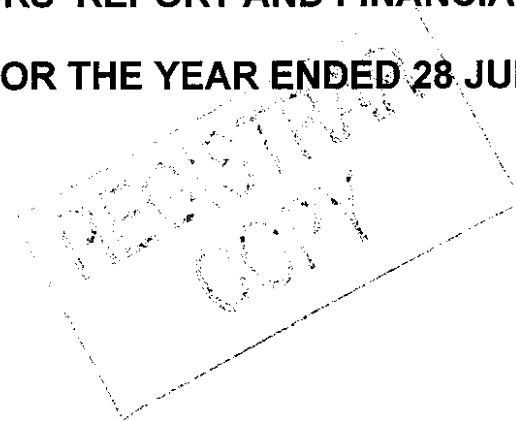


**INBRAND UK LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 JUNE 1998**



**Jeffreys Henry**

**Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE**

# INBRAND UK LIMITED

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# INBRAND UK LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 28 JUNE 1998

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The directors present their report and financial statements for the year ended 28 June 1998.

### Principal activities and review of the business

The principal activity of the company is the design, manufacture, distribution and marketing of branded and private label sanitary protection products.

A very difficult trading period which saw a significant change in Inbrand's portfolio of customers. Increased competition from major branded players forced down market prices and the business was unable to make adequate efficiency gains to compensate for the lower margins.

The company ceased to trade in April 1998.

### Results and dividends

The results for the year are set out on page 4.

The directors cannot recommend payment of a dividend.

### Directors

The following directors have held office since 29 June 1997:

D Wells	
J.C.A Ware	(Resigned 31 July 1998)
J.L. Davies	(Appointed 1 August 1998)
D.R West	(Appointed 1 August 1998)

### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	28 June 1998	29 June 1997
D Wells	-	-
J.C.A Ware	-	-

### Millenium policy and the Euro

The millenium policy and the Euro is not relevant to Inbrand UK limited as it ceased trading in April 1998.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Jeffreys Henry be reappointed as auditors of the company will be put to the Annual General Meeting.

# INBRAND UK LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 28 JUNE 1998**

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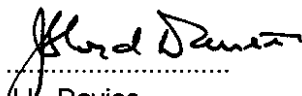
### Directors' responsibilities

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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements 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.

By order of the board

  
.....  
J. Davies  
Director

9<sup>th</sup> June 99  
.....  
Date

# INBRAND UK LIMITED

## AUDITORS' REPORT TO THE SHAREHOLDERS OF INBRAND UK LIMITED

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We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### **Respective responsibilities of directors and auditors**

As described on page 2 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 the company's affairs as at 28 June 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Jeffrey Henry

Chartered Accountants  
Registered Auditor

9.6.89  
.....

Finsgate, 5-7 Cranwood Street  
London  
EC1V 9EE

# INBRAND UK LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 JUNE 1998

	Notes	1998 £	1997 £
<b>Turnover</b>	<b>2</b>		
Continuing operations	(1)	-	-
Discontinued activities		1,775,760	2,313,356
		<u>1,775,759</u>	<u>2,313,356</u>
Cost of sales		(1,884,032)	(3,292,122)
<b>Gross loss</b>		<u>(108,273)</u>	<u>(978,766)</u>
Distribution costs		(182,550)	(165,743)
Administrative expenses		224,577	(2,104,368)
Other operating income		287,879	101,196
		<u>221,633</u>	<u>(3,147,681)</u>
<b>Operating profit/(loss)</b>	<b>4</b>		
Continuing operations	(1)	-	-
Discontinued activities		221,634	(3,147,681)
		<u>221,633</u>	<u>(3,147,681)</u>
Interest payable and similar charges	<b>5</b>	(591,230)	(237,301)
		<u>(591,230)</u>	<u>(237,301)</u>
<b>Loss on ordinary activities before taxation</b>		<u>(369,597)</u>	<u>(3,384,982)</u>
Tax on loss on ordinary activities	<b>6</b>	-	-
		<u>-</u>	<u>-</u>
<b>Loss on ordinary activities after taxation</b>	<b>13</b>	<u>(369,597)</u>	<u>(3,384,982)</u>

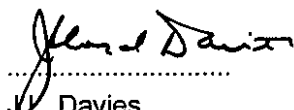
There are no recognised gains and losses other than those passing through the profit and loss account.

# INBRAND UK LIMITED

## BALANCE SHEET AS AT 28 JUNE 1998

	Notes	1998 £	£	1997 £	£
<b>Current assets</b>					
Stocks	8	-		149,504	
Debtors	9	2		817,712	
		<u>2</u>		<u>967,216</u>	
<b>Creditors: amounts falling due within one year</b>	10	(4,695,589)		(5,293,206)	
<b>Total assets less current liabilities</b>		<u>(4,695,587)</u>		<u>(4,325,990)</u>	
<b>Capital and reserves</b>					
Called up share capital	12	2,159,333		2,159,333	
Share premium account	13	206,667		206,667	
Profit and loss account	13	(7,061,587)		(6,691,990)	
<b>Shareholders' funds - equity interests</b>	14	<u>(4,695,587)</u>		<u>(4,325,990)</u>	

The financial statements were approved by the Board on 9.6.98



J.L. Davies  
Director

# INBRAND UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 JUNE 1998

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### 1 Accounting policies

#### 1.1 Accounting convention

- The financial statements are prepared under the historical cost convention

The company ceased to trade in April 1998.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	Straight line over 10 years
Fixtures, fittings & equipment	Straight line over 7 years

#### 1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### 1.5 Stock

Work in progress is valued at the lower of cost and net realisable value.

#### 1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

#### 1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.



# INBRAND UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 JUNE 1998

### 3 Cost of sales and net operating expenses

	1998			1997		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	-	1,884,032	1,884,032	-	3,292,122	3,292,122
Distribution costs	-	182,550	182,550	-	165,743	165,743
Administrative expenses	-	(224,577)	(224,577)	-	2,104,368	2,104,368
Other operating income	-	(287,879)	(287,879)	-	(101,196)	(101,196)
	-	1,554,126	1,554,126	-	5,461,037	5,461,037

4 Operating profit/(loss)	1998	1997
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	-	1,840,297
Auditors' remuneration	32,313	7,000
and after crediting:		
Government grants	287,879	101,196

Debtors written off amount to £46,064 and stock written off during the year was £612,206.

5 Interest payable	1998	1997
	£	£
On bank loans and overdrafts	42,910	12,383
On other loans wholly repayable within 5 years	529,852	210,294
Hire purchase interest	18,468	14,624
	591,230	237,301

### 6 Taxation

On the basis of the financial statements, no provision for taxation is required.

# INBRAND UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 JUNE 1998

### 7 Tangible fixed assets

	Plant and machinery etc £
<b>Cost</b>	
At 29 June 1997	2,724,669
Disposals	(2,724,669)
	<hr/>
At 28 June 1998	-
	<hr/>
<b>Depreciation</b>	
At 29 June 1997	2,724,669
On disposals	(2,724,669)
	<hr/>
At 28 June 1998	-
	<hr/>
<b>Net book value</b>	
At 28 June 1998	-
	<hr/> <hr/>

8 Stocks	1998 £	1997 £
Raw materials and consumables	-	97,955
Finished goods and goods for resale	-	51,549
	<hr/>	<hr/>
	-	149,504
	<hr/> <hr/>	<hr/> <hr/>

9 Debtors	1998 £	1997 £
Trade debtors	2	624,465
Other debtors	-	83,477
Prepayments and accrued income	-	109,770
	<hr/>	<hr/>
	2	817,712
	<hr/> <hr/>	<hr/> <hr/>

# INBRAND UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 JUNE 1998

<b>10 Creditors: amounts falling due within one year</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	390,661	362,384
Net obligations under finance lease and hire purchase contracts	82,131	142,254
Trade creditors	200	837,994
Amounts owed to parent and fellow subsidiary undertakings	3,819,407	3,203,268
Corporation tax	-	1,198
Other taxes and social security costs	1	25,734
Accruals and deferred income	403,189	720,374
	<u>4,695,589</u>	<u>5,293,206</u>

### 11 Pension costs

The company makes contribution to personal pension plans of the employees of the company. Payments are charged to the profit and loss account in the period in which they fall due.

<b>12 Share capital</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
2,159,333 Ordinary shares of £1 each	2,159,333	2,159,333
	<u>2,159,333</u>	<u>2,159,333</u>
<b>Allotted, called up and fully paid</b>		
2,159,333 Ordinary shares of £1 each	2,159,333	2,159,333
	<u>2,159,333</u>	<u>2,159,333</u>

### 13 Statement of movements on reserves

	<b>Share premium account</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
Balance at 29 June 1997	206,667	(6,691,990)
Retained loss for the year	-	(369,597)
	<u>206,667</u>	<u>(7,061,587)</u>
Balance at 28 June 1998	206,667	(7,061,587)

# INBRAND UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 JUNE 1998

14 Reconciliation of movements in shareholders' funds	1998 £	1997 £
Loss for the financial year	(369,597)	(3,384,982)
Opening shareholders' funds	(4,325,990)	(941,008)
Closing shareholders' funds	<u>(4,695,587)</u>	<u>(4,325,990)</u>

### 15 Contingent liabilities

The company has entered into a composite cross guarantee in respect of the following group undertakings: Inbrand Limited, Advanced Absorbent Products Holdings Limited and Inbrand Holdings Limited. As at 28 June 1998, there are no liabilities (1997 £390,711). The company has also given a guarantee amounting to a total of £20,000 in favour of HM Customs and Excise.

16 Directors' emoluments	1998 £	1997 £
Emoluments for qualifying services	133,598	38,690
Company pension contributions to money purchase schemes	-	3,325
Compensation for loss of office	-	77,099
	<u>133,598</u>	<u>119,114</u>

### 17 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	1998 Number	1997 Number
Administration and shopfloor	<u>83</u>	<u>83</u>

#### Employment costs

	£	£
Wages and salaries	1,064,618	951,237
Social security costs	65,622	62,987
Other pension costs	9,383	15,866
	<u>1,139,623</u>	<u>1,030,090</u>

# **INBRAND UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 JUNE 1998**

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### **18 Control**

The ultimate parent company is Tyco International, a company registered in the United States of America.