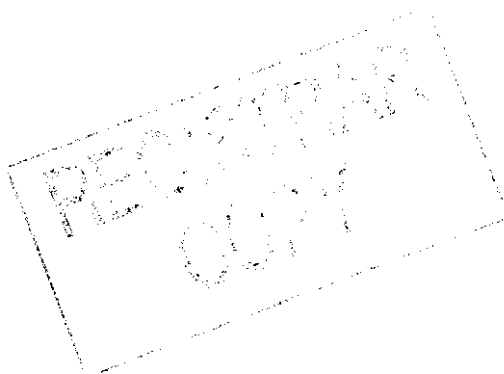


INBRAND HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 JUNE 1998



Jeffreys Henry

Finsgate
5-7 Cranwood Street
London
EC1V 9EE

INBRAND HOLDINGS LIMITED

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INBRAND HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 JUNE 1998

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

Principal activities and review of the business

The principal activities of the group are the design, manufacture, distribution and marketing of branded and private sanitary protection products to UK and export markets.

This was a very difficult trading period for the group, 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.

Directors

The following directors have held office since 29 June 1997:

J.C.A Ware	(Resigned 31 July 1998)
G Smith	(Resigned 1 October 1997)
J Johnson	(Resigned 1 October 1997)
D Wells	
D.R. West	(Appointed 1 August 1998)
J.L. Davies	(Appointed 1 August 1998)

Directors' interests

The directors who served during the year of whom had no interest in shares in the company were as follows :

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

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

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

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

Millenium policy

The Year 2000 problem does not affect the company as it has ceased trading.

INBRAND HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 JUNE 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.

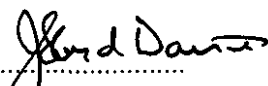
Directors' responsibilities

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.L. Davies
Director

9 June 99
.....
Date

INBRAND HOLDINGS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF INBRAND HOLDINGS LIMITED

We have audited the financial statements on pages 4 to 9 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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the company is entitled to the exemption from preparing group accounts conferred by section 248 of the Companies Act 1985.


Jeffreys Henry

Chartered Accountants
Registered Auditor

9.6.99
.....

Finsgate, 5-7 Cranwood Street
London
EC1V 9EE

INBRAND HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 JUNE 1998

	Notes	1998 £	1997 £
Operating loss		-	-
Amounts written off investments	2	-	(5,408,716)
Loss on ordinary activities before taxation		-	(5,408,716)
Tax on loss on ordinary activities	3	-	-
Loss on ordinary activities after taxation	7	-	(5,408,716)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

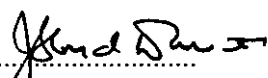
There are no recognised gains and losses other than those passing through the profit and loss account.

INBRAND HOLDINGS LIMITED

BALANCE SHEET AS AT 28 JUNE 1998

	Notes	1998 £	£	1997 £	£
Current assets					
Creditors: amounts falling due within one year	5	(80,004)		(80,004)	
Total assets less current liabilities			(80,004)		(80,004)
Capital and reserves					
Called up share capital	6	5,338,084		5,338,084	
Share premium account	7	443,220		443,220	
Profit and loss account	7	(5,861,308)		(5,861,308)	
Shareholders' funds	8	(80,004)		(80,004)	
Equity interests		(3,374,189)		(3,374,189)	
Non-equity interests		3,294,185		3,294,185	
		(80,004)		(80,004)	

The financial statements were approved by the Board on 9.6.99


J.L. Davies
Director

INBRAND HOLDINGS LIMITED

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

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

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 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.

1.3 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

1.4 Going concern

The company ceased to trade on April 1998.

2 Amounts written off investments

1998

1997

£

£

Amounts written off fixed asset investments:

- permanent diminution in value

-

5,408,716

3 Taxation

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

INBRAND HOLDINGS LIMITED

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

4 Fixed asset investments

	Shares in subsidiary undertakings £	Loans in subsidiary undertakings £	Total £
Cost			
At 29 June 1997 & at 28 June 1998	3,643,962	1,764,754	5,408,716
Provisions for diminution in value			
At 29 June 1997 & at 28 June 1998	3,643,962	1,764,754	5,408,716
Net book value			
At 28 June 1998	-	-	-
At 28 June 1997	-	-	-

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Inbrand UK Limited	U.K	Ordinary	100
Advanced Absorbent Prod. Holdings Ltd.	U.K	Ordinary	100
Hygienia Holdings Canada Inc	Canada	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
Inbrand UK Limited	(4,695,587)	(369,597)
Advanced Absorbent Prod. Holdings Ltd.	(204)	-
Hygienia Holdings Canada Inc	(467,565)	-

The principle activities of each of the above investments are the design, manufacture, distribution, and marketing of branded and private label sanitary protection products. They all ceased to trade in April 1998.

INBRAND HOLDINGS LIMITED

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

5	Creditors: amounts falling due within one year	1998 £	1997 £
	Amounts owed to parent and fellow subsidiary undertakings	79,601	79,601
	Accruals and deferred income	403	403
		<u>80,004</u>	<u>80,004</u>

6	Share capital	1998 £	1997 £
	Authorised		
	1,810,566 Ordinary 'A' shares of £1 each	1,810,566	1,810,566
	233,333 Ordinary 'B' shares of £1 each	233,333	233,333
	2,185,500 Preference 'A' shares of £1 each	2,185,500	2,185,500
	1,108,685 Preference 'B' shares of £1 each	1,108,685	1,108,685
		<u>5,338,084</u>	<u>5,338,084</u>

Allotted, called up and fully paid

1,810,566 Ordinary 'A' shares of £1 each	1,810,566	1,810,566
233,333 Ordinary 'B' shares of £1 each	233,333	233,333
2,185,500 Preference 'A' shares of £1 each	2,185,500	2,185,500
1,108,685 Preference 'B' shares of £1 each	1,108,685	1,108,685
	<u>5,338,084</u>	<u>5,338,084</u>

1,500,000 'A' class ordinary shares of £1 each were issued to convert the loan stock into equity share capital. 230,055 'B' class preference shares of £1 each were issued to buy out the minority interest in Advanced Absorbent Products Holdings Limited.

7 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 29 June 1997	443,220	(5,861,308)
Balance at 28 June 1998	<u>443,220</u>	<u>(5,861,308)</u>

INBRAND HOLDINGS LIMITED

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

8	Reconciliation of movements in shareholders' funds	1998 £	1997 £
-	Loss for the financial year	-	(5,408,716)
	Opening shareholders' funds	(80,004)	5,328,712
	Closing shareholders' funds	<u>(80,004)</u>	<u>(80,004)</u>

9 Employees

Number of employees

There were no employees during the year apart from the directors

10 Control

The ultimate parent company is Tyco International, a company registered in the USA.