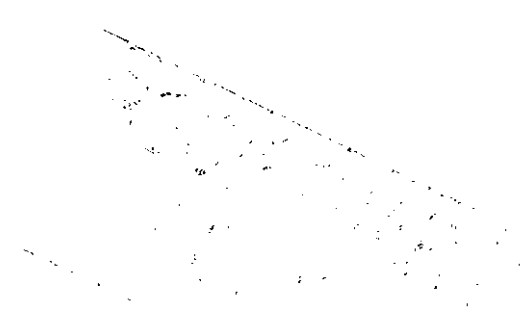


Registered number: 2672650
(England and Wales)



Inbrand Holdings Limited
Directors' Report and Financial Statements
for the year ended 28 June 1997

Jeffreys Henry
Finsgate
5-7 Cranwood Street
London
EC1V 9EE



Inbrand Holdings Limited
Directors' Report and Financial Statements
for the year ended 28 June 1997

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* These pages do not form part of the Statutory
Financial Statements

Inbrand Holdings Limited

Directors' Report for the year ended 28 June 1997

The directors present their report and the financial statements for the year ended 28 June 1997.

Principal Activities and Review of the Business

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

This was a very difficult trading period for the group, which saw a significant change in Inbrands 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 do not recommend payment of a dividend.

Directors and their Interests

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

G. Smith	(resigned 1 October 1997)
J. Johnson	(resigned 1 October 1997)
D. Wells	
P. Brenikov	(resigned 11 February 1997)
J.C.A. Ware	(appointed 11 February 1997)

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 Holdings Limited

Directors' Report for the year ended 28 June 1997 (continued)

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.

This report was approved by the Board on6/7/98..

.....
J.C.A. Ware
Director

Inbrand Holdings Limited

**Auditors' Report
to the shareholders of Inbrand Holdings Limited**

We have audited the financial statements on pages 4 to 10 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

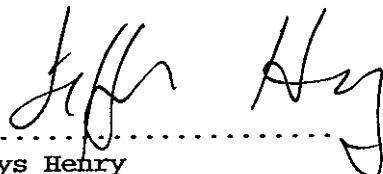
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

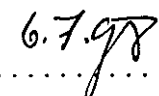
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 1997 and of its loss 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


Date:.....
Finsgate
5-7 Cranwood Street
London
EC1V 9EE

Inbrand Holdings Limited

Profit and Loss Account
for the year ended 28 June 1997

	Notes	Year to 28 June 1997 £	18 Months to 29 June 1996 £
Administrative expenses		-	(116,857)
Operating profit		-	(116,857)
Other interest receivable and similar income	3	-	8,954
Amount written off investments		(5,408,716)	-
Loss on ordinary activities before taxation		(5,408,716)	(107,903)
		<u> </u>	<u> </u>

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 1997

	Notes	1997 £	1996 £
Fixed Assets			
Investments		-	5,408,716
Current Assets			
Cash at bank and in hand		-	316
		-	316
Creditors: amounts falling due within one year		(80,004)	(80,320)
Net Current Liabilities		(80,004)	(80,004)
Total Assets Less Current Liabilities		(80,004)	5,328,712
Capital and Reserves			
Called up share capital		5,338,084	5,338,084
Share premium account		443,220	443,220
Profit and loss account	8	(5,861,308)	(452,592)
Shareholders' Funds	9	(80,004)	5,328,712
Equity interests		(80,004)	2,034,527
Non-equity interests		-	3,294,185
		(80,004)	5,328,712

The financial statements were approved by the Board on ... 6/7/98

.....
J.C.A. Ware
Director

Inbrand Holdings Limited

Notes to the Financial Statements . for the year ended 28 June 1997

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

1.2 Turnover

Turnover represents amounts receivable for services provided in the UK net of VAT and trade discounts.

1.3 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.5 Group Accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 248 of the Companies Act 1985 as it is a subsidiary undertaking of Inbrand Corporation Inc a company incorporated in the USA, and is included in the consolidated accounts of that company.

2. Going Concern

The company ceased to trade in April 1998.

Inbrand Holdings Limited

Notes to the Financial Statements
for the year ended 28 June 1997

3. Other Interest Receivable and Similar Income	Year to	18 Months to
	28 June 1997	29 June 1996
	£	£
Other interest received	-	8,954
	<u> </u>	<u> </u>

Inbrand Holdings Limited

Notes to the Financial Statements for the year ended 28 June 1997

4. Fixed Asset Investments	1997 £	1996 £
Subsidiary undertakings		- 5,408,716
Investment in subsidiary undertakings		
	Shares £	Loans £
Cost		Total £
At 30 June 1996	1,205,962	4,202,754
Transfer	2,438,000	(2,438,000)
At 30 June 1996 & at 28 June 1997	3,643,962	1,764,754
Provisions for diminution in value Movement	3,643,962	1,764,754
At 28 June 1997	3,643,962	1,764,754
Net Book Values		
At 28 June 1997	-	-
At 29 June 1996	1,205,962	4,202,754

Holdings of more than 10%

The company holds a direct interest of more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Inbrand UK Limited	Great Britain	Ordinary	100
Advanced Absorbent Products Holdings Limited	Great Britain	Ordinary	100
Hygieia 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	£(4,325,970)	£(3,384,982)
Advanced Absorbent Products Holdings Limited	£(204)	£(601,918)
Hygieia Holdings Canada Inc	£(467,565)	£-

The principal 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 1997

5.	Creditors: amounts falling due within one year	1997	1996
		£	£
	Amounts owed to group undertakings	79,601	79,917
	Accruals and deferred income	403	403
		<u>80,004</u>	<u>80,320</u>

6.	Share Capital	1997	1996
		£	£
	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.	Profit And Loss Account	1997	1996
		£	£
	Accumulated losses at 30 June 1996	(452,592)	(344,689)
	Retained loss for the year	(5,408,716)	(107,903)
	Accumulated losses at 28 June 1997	<u>(5,861,308)</u>	<u>(452,592)</u>

Inbrand Holdings Limited

Notes to the Financial Statements for the year ended 28 June 1997

8. Reconciliation of Movements in Shareholders' Funds

	1997 £	1996 £
Loss for the financial year	(5,408,716)	(107,903)
Proceeds of issue of shares	-	1,730,055
Net depletion in shareholders' funds	(5,408,716)	1,622,152
Opening shareholders' funds	5,328,712	3,706,560
Closing shareholders' funds	(80,004)	5,328,712

9. Contingent Liabilities

The company has entered into a composite guarantee in respect of the bank borrowings of its subsidiary undertakings. As at 28 June 1997 the liability in this respect amounted to £390,711 (1996 £185,209).

10. Employees

Number of employees

There were no employees during the year apart from the directors.

Employment costs

	£	£
Wages and salaries	-	72,134
	-	72,134

11. Ultimate Parent Company

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