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INBRAND HOLDINGS LIMITED
(FORMERLY HYGIEIA HEALTHCARE HOLDINGS LIMITED)
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 1995 to 29 JUNE 1996



Jeffreys Henry
Chartered Accountants

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REGISTRAR
COPY

INBRAND HOLDINGS LIMITED

(FORMERLY HYGIEIA HEALTHCARE HOLDINGS LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 1995 to 29 JUNE 1996

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**INBRAND HOLDINGS LIMITED
(FORMERLY HYGIEIA HEALTHCARE HOLDINGS LIMITED)**

**REPORT OF THE DIRECTORS FOR THE FOR THE PERIOD
FROM 1 JANUARY 1995 to 29 JUNE 1996**

The directors present their report and the audited financial statements for the period from 1 January 1995 to 29 June 1996.

PRINCIPAL ACTIVITIES

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.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

During the period the company's share capital was purchased by Inbrand Corporation, a company incorporated in the United States of America. As a result of this the company changed its name to Inbrand Holdings Limited.

RESULTS AND DIVIDENDS

The results for the period from 1 January 1995 to 29 June 1996 are set out in the profit and loss account on page 4. The directors cannot recommend that a dividend be paid.

DIRECTORS AND THEIR INTERESTS

The directors who have served during the year and their interest in the shares of the company are as follows:

	Period from 1 January 1995 to 29 June 1996	Year ended 31 December 1994
G. Smith (appointed 25 July 1995)	-	-
J. Johnson (appointed 25 July 1995)	-	-
C. Wilkinson (resigned 25 July 1995)	-	4,125 Ordinary
K. Tweedie (resigned 1 April 1996)	-	5,404 Preference
D. Wells	-	-
P. Brenikov	-	-
J.C.A. Ware (appointed 20 April 1995, resigned 25 July 1995)	-	-
R.P. Maxwell (resigned 25 July 1995)	-	-
P.G. Neeson (appointed 4 January 1995, resigned 25 July 1995)	-	-
J. S. Moore (resigned 25 July 1995)	-	-

**INBRAND HOLDINGS LIMITED
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DIRECTORS' REPORT (Continued)

AUDITORS

Jeffreys Henry were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed 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;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed, and explained in the financial statements;
- * 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.C.A. Ware
Company Secretary

.....25/9.....1996

**AUDITORS' REPORT TO THE MEMBERS OF
INBRAND HOLDINGS LIMITED
(FORMERLY HYGIEIA HEALTHCARE 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.

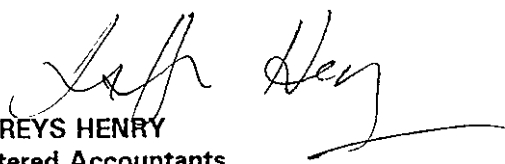
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 affairs of the company as at 29 June 1996 and of its loss for the period 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
and Registered Auditors

Finsgate
5-7 Cranwood Street
London, EC1V 9EE

.....25/9.....1996

INBRAND HOLDINGS LIMITED
(FORMERLY HYGIEIA HEALTHCARE HOLDINGS LIMITED)

PROFIT AND LOSS ACCOUNT FOR THE PERIOD
FROM 1 JANUARY 1995 TO 29 JUNE 1996

	Note	Period ended 29 June 1996 £	Year ended 31 December 1994 £
Administrative expenses		(116,857)	(168,390)
Interest receivable	2	8,954	22,463
		<u>(107,903)</u>	<u>(145,927)</u>
Exceptional Item	4	-	(130,210)
LOSS ON ORDINARY ACTIVITIES		<u>(107,903)</u>	<u>(276,137)</u>
Taxation	3	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>£(107,903)</u></u>	<u><u>£(276,137)</u></u>

INBRAND HOLDINGS LIMITED
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BALANCE SHEET AS AT 29 JUNE 1996

		29 June 1996		31 December 1994	
	Note	£	£	£	£
FIXED ASSETS					
Investments	5		5,408,716		975,907
CURRENT ASSETS					
Debtors	6	-		4,352,270	
Cash at bank and in hand		316		1,072	
		316		4,353,342	
CREDITORS: Amounts falling due within one year	7	80,320		122,689	
NET CURRENT LIABILITIES			(80,004)		4,230,653
TOTAL ASSETS LESS CURRENT LIABILITIES					
			£5,328,712		£5,206,560
CAPITAL AND RESERVES					
Called up share capital	8		5,338,084		3,608,029
Share premium	9		443,220		443,220
Profit and loss account	9		(452,592)		(344,689)
Loan stock			-		1,500,000
			£5,328,712		£5,206,560
Equity interest					
			2,034,527		2,142,430
Non-equity interest			3,294,185		3,064,130
			£5,328,712		£5,206,560



.....
P. Brenikov
Director

Approved by the Board on 25 Sept 96

**INBRAND HOLDINGS LIMITED
(FORMERLY HYGIEIA HEALTHCARE HOLDINGS LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JANUARY 1995 TO 29 JUNE 1996**

1. ACCOUNTING POLICIES

(a) Accounting convention

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

(b) Group accounts

The company has not prepared consolidated group financial statements as it is a medium sized group and has taken advantage of the exemption under Section 248 of the Companies Act 1985.

(c) Turnover

Turnover is stated net of value added taxation and financial discounts.

(d) Foreign currency translation

Transactions in foreign currencies have been translated at the rate applicable on the date of the invoice. Differences in exchange arising between that date and the date of payment have been taken to the profit and loss account.

(e) Investments

Fixed asset investments are stated at cost less any provisions for permanent diminution in value.

(f) Deferred taxation

Provision is made for deferred taxation where there is a reasonable expectation that a liability will arise in the foreseeable future.

INBRAND HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JANUARY 1995 TO 29 JUNE 1996

2. OTHER INTEREST RECEIVABLE

	Period ended 29 June 1996 £	Year ended 31 December 1994 £
Bank interest received	8,954	22,463
	<u> </u>	<u> </u>

3. TAXATION

No provision has been made for taxation due to losses incurred in the period. At the period ended the company had a potential deferred tax asset of £110,728.

4. EXCEPTIONAL ITEM

	Period ended 29 June 1996 £	Year ended 31 December 1994 £
Legal costs for restructuring	-	114,081
Differences on exchange	-	16,129
	<u> </u>	<u> </u>
	-	130,210
	<u> </u>	<u> </u>

INBRAND HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JANUARY 1995 TO 29 JUNE 1996

5. FIXED ASSET INVESTMENTS

	Shares in Subsidiary Undertakings £	Loans to Subsidiary Undertakings £	Total £
Balance at 1 January 1995	975,907	-	975,907
Additions	230,055	-	230,055
Loans Capitalised	-	4,202,754	4,202,754
Balance at 29 June 1996	<u>£1,205,962</u>	<u>£4,202,754</u>	<u>£5,408,716</u>

The company intends to convert the loans to subsidiary undertakings amounting to £2,437,276 to ordinary share capital during the coming year. The balance of the loans have been guaranteed by the ultimate parent company.

Additional information in respect of directly held investments is as follows:-

Name	Country of incorporation	Percentage of ordinary share capital held	Capital and Reserves/ (Net Deficit) 29 June 1996	Loss for the for the period 1 January 1995 to 29 June 1996
Inbrand UK Limited (formerly Hygieia Healthcare Limited)	England	100%	(3,457,004)	(1,014,344)
Advanced Absorbent Products Holdings Limited	England	100%	89,714	(56)
Hygieia Holdings (Canada) Inc	Canada	100%	(447,544)	-

The principal activities of each of the above investments are the design, manufacture, distribution and marketing of branded and private label sanitary protection products.

6. DEBTORS

	Period ended 29 June 1996 £	Year ended 31 December 1994 £
Amounts owed by group undertakings	-	4,352,270

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JANUARY 1995 TO 29 JUNE 1996

7. CREDITORS (amounts falling
due within one year)

	Period ended 29 June 1996 £	Year ended 31 December 1994 £
Amount due to group undertaking	79,917	79,912
Accruals and deferred income	403	42,777
	<u>80,320</u>	<u>122,689</u>

8 CALLED UP SHARE CAPITAL

Company	Period ended 29 June 1996 £	31 December 1994 £
Authorised:		
<u>Equity share capital:</u>		
Ordinary shares of £1 each	2,043,899	543,899
<u>Non-equity share capital:</u>		
Preference shares of £1 each	3,294,185	3,064,130
	<u>5,338,084</u>	<u>3,608,029</u>
Allotted and fully paid:		
<u>Equity share capital:</u>		
Ordinary shares of £1 each		
'A' class	1,810,566	310,566
'B' class	233,333	233,333
<u>Non-equity share capital</u>		
Preference shares of £1 each		
'A' class	2,185,500	2,185,500
'B' class	1,108,685	878,630
	<u>5,338,084</u>	<u>3,608,029</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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JANUARY 1995 TO 29 JUNE 1996

9. RESERVES

	Share Premium Account £	Profit & Loss Account £
Balance at 1 January 1995	443,220	(344,689)
Loss for the period	-	(107,903)
Balance at 29 June 1996	<u>£443,220</u>	<u>£(452,592)</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE PERIOD ENDED 29 JUNE 1996

	Period ended 29 June 1996 £	31 December 1994 £
Loss for the financial period	(107,903)	(276,137)
New share capital issued	1,730,055	-
New loan stock subscribed	-	1,500,000
Loan stock converted to ordinary shares	(1,500,000)	-
	<u>122,152</u>	<u>1,223,863</u>
Opening shareholders' funds	5,206,560	3,982,697
Closing shareholders' funds	<u>£5,328,712</u>	<u>£5,206,560</u>

11. ULTIMATE PARENT COMPANY

The company regards as its ultimate parent company, Inbrand Corporation, a company incorporated in the United States of America.

Copies of group accounts of Inbrand Corporation may be obtained at the following address.

Inbrand Corporation
1169 Canton Road
Marietta
Georgia USA

12. CONTINGENT LIABILITIES

The company has entered into a composite guarantee in respect of the bank borrowings of its subsidiary undertakings. As at 29 June 1996 the liability in this respect amounted to £185,525 (1994 - £517,853).