

BODYCOTE FINANCIAL SERVICES LIMITED

COMPANY REGISTRATION NO. 454209

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 1996



Report of the Directors

The directors submit their report and the accounts of the company for the year ended 31 December 1996.

The directors who served during the year were:

R M Green
Ms C Griffiths (resigned 31 March 1997)

The interests of Mr R M Green in the shares of group companies are shown in the directors' report of the ultimate holding company, Bodycote International plc. The interests of the remaining director in the shares of Bodycote International plc are set out below:

	At 31 December 1996		At 1 January 1996	
	Beneficial	Options	Beneficial	Options
C Griffiths	10,000	21,266	-	60,000

The above options were granted under the terms of the Bodycote International Senior Executive Share Option Scheme and are exercisable between 8 November 1999 and 27 April 2002 at 180.10p per share as adjusted for the 1 for 3 rights issue on 26 November 1996.

Auditors

An auditors report on these accounts has not been prepared as the Company is exempt from this requirement as a special resolution pursuant to Section 250 of the Companies Act 1985 has been passed by the Company.

By Order of the Board



J R Grime
Secretary

Hulley Road
Hurdsfield
Macclesfield
Cheshire
SK10 2SG

16 April 1997

Profit & Loss Account
for the year ended 31 December 1996

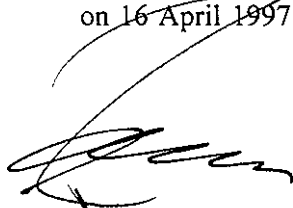
The Company has not traded during the year, has received no income nor incurred any expenditure and consequently has made neither a profit nor a loss.

Balance Sheet as at 31 December 1996

	1996 £	1995 £
Fixed Assets		
<u>Investments:</u> Loans to group companies	1,191	1,191
Creditors		
<u>Amounts falling due after more than one year</u>		
Amounts owed to group companies	974	974
	<u>217</u>	<u>217</u>
 Capital and Reserves		
<u>Share Capital</u>		
Authorised 2,000 Ordinary Shares of £1 each		
Called up and fully paid	1,100	1,100
Profit and loss accounts	(883)	(883)
	<u>217</u>	<u>217</u>

The company was dormant within the meaning of Section 250 of the Companies Act 1985 throughout the financial year ended 31 December 1996.

Approved by the board of directors
on 16 April 1997



R M Green
Director

The ultimate holding company is Bodycote International plc, a company incorporated in England and Wales.

The company has a contingent liability under interlocking guarantees given to Midland Bank plc covering certain group companies.