Bodycote International Plc

Interim report and financial statements
for the 6 month period ended
30 June 2006

Registered number: 519057

Officers and Professional Advisers

DIRECTORS

J.D. Hubbard
D.F. Landless
D.R. Sleight
J.A.S. Wallace
R.T. Scholes
J. Vogelsang
L.P. Bermejo

SECRETARY

J.R. Grime

REGISTERED OFFICE

Hulley Road, Hurdsfield, Macclesfield, Cheshire SK10 2SG

AUDITORS

Deloitte & Touche LLP
Manchester

PRINCIPAL BANKERS

HSBC Bank plc, Barclays Bank PLC, The Royal Bank of Scotland plc, Svenska Handelsbanken AB and Lloyds TSB Bank plc

SOLICITORS

Eversheds LLP

Profit and loss account

For the 6 month period ended 30 June 2006

	Notes	6 months ended 30 June 2006 Unaudited £m
Other operating expenses		(3.0)
Operating loss		**(3.0)**
Interest payable		(9.0)
Interest receivable		7.5
Investment income		36.5
Profit for the financial period		**32.0**
Tax on profit on ordinary activities	1	1.1
Profit for the financial period		**33.1**
Dividends		(13.0)
Retained profit for the financial period	2	**20.1**

All activity arose from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet
30 June 2006

	Notes	30 June 2006 Unaudited £m
Fixed assets		
Intangible fixed assets		0.1
Tangible fixed assets		0.6
Investments		698.6
		699.3
Current assets		
Debtors due within one year		49.8
Debtors due over one year		3.9
Cash at bank and in hand		0.2
		53.9
Creditors: Amounts falling due within one year		(31.7)
Net current assets		**22.2**
Total assets less current liabilities		**721.5**
Creditors: Amounts falling due over one year		(352.5)
Net assets		**369.0**
Capital and reserves		
Called-up share capital	2	32.2
Share premium	2	301.6
Currency and other reserves	2	0.9
Profit and loss account	2	34.3
Equity shareholders' funds		**369.0**

The financial statements were approved by the Board of Directors on 18 August 2006 and signed on its behalf by:

D.F. Landless
Director

The accompanying notes are an integral part of this balance sheet.

Notes to the financial statements

For the 6 month period ended 30 June 2006

1 Tax on profit / (loss) on ordinary activities

	6 months ended 30 June 2006 £m
Current tax	
UK Corporation Tax	(1.1)
Total tax on profit on ordinary activities	(1.1)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	6 months ended 30 June 2006 £m
Profit on ordinary activities before tax	
Tax on profit on ordinary activities of UK corporation tax rate at 30%	9.6
Effects of:	
Investment income not taxable	(10.9)
Other items not deductible for tax purposes	0.1
Adjustment to tax in respect of previous periods	0.1
Current tax charge credit for period	(1.1)

The company earns its profits primarily in the UK, therefore the tax rate used on the profit on ordinary activities is the standard rate for UK corporation tax, currently 30%.

2 Reserves

	Share premium £m	Currency and other Reserves £	Profit and loss account £	Total £
At 1 January 2006	300.3	-	14.2	314.5
Premium on issue of new shares	1.3	-	-	1.3
Retained profit for the period	-	-	20.1	20.1
Other reserve movement	-	0.9	-	0.9
At 30 June 2006	301.6	0.9	34.3	336.8

The Directors consider the balance of the profit and loss account to be distributable.