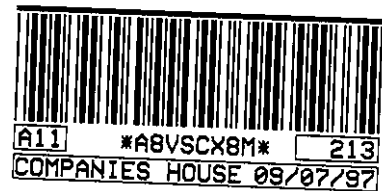


DIRECTORS' REPORT AND ACCOUNTS

TREATIM LIMITED

31 DECEMBER 1996

Registered Number 751634



TREATIM LIMITED

REPORT OF THE DIRECTORS

The directors submit their annual report, together with the audited accounts of the company for the year ended 31 December 1996 which will be laid before the members at the annual general meeting.

PROFIT AND LOSS ACCOUNT

The result for the year amounted to £Nil (1995: Result £Nil). The directors do not recommend the payment of a dividend for 1996 (1995:£Nil).

PRINCIPAL ACTIVITY

The principal activity is the provision of management services to its associated companies.

REVIEW OF OPERATIONS

1996 was a disappointing year for the company. The directors view the future of the company with confidence.

DIRECTORS

The directors who served during the year were:

R Ward-Jones
CT Pearce
G Keith

Mr CT Pearce retires by rotation and being eligible offers himself for re-election.

Mr CT Pearce is a director of the immediate parent company, Rentokil Initial plc, and his interests in Rentokil Initial plc are shown in the accounts of that company.

Mr G Keith and Mr R Ward-Jones are directors of Rentokil Limited and their interests in Rentokil Initial plc are shown in the accounts of Rentokil Limited.

TREATIM LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 these accounts, the directors are required to:

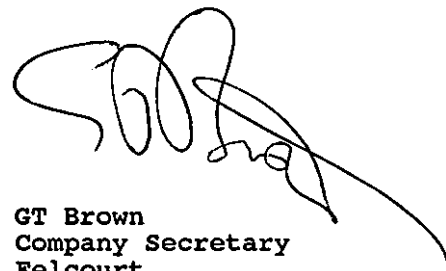
- adopt suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards;
- prepare the accounts on a going concern basis.

The directors are responsible for ensuring that the company keeps 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Price Waterhouse have indicated their willingness to continue as auditors to the company and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



GT Brown
Company Secretary
Felcourt
East Grinstead
West Sussex
RH19 2JY

11 March 1997

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
TREATIM LIMITED**

We have audited the accounts on pages 4 to 8 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 accounts. It is our responsibility to form an independent opinion, based on our audit, on these accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London
SE1 9SY

11 March 1997

TREATIM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>1996</u> £	<u>1995</u> £
TURNOVER (Note 1)	11,000	-
Administrative expenses	(11,000)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 2)	-	-
Taxation on profit on ordinary activities	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION (Note 5)	-	-

The results for the year are wholly attributable to the continuing operations of the company.

The result represents the total of all recognised gains and losses relating to the financial year and the corresponding year.


The notes on pages 6 to 8 form part of the accounts.

TREATIM LIMITED

BALANCE SHEET - 31 DECEMBER 1996

	<u>1996</u>	<u>1995</u>
	£	£
FIXED ASSET INVESTMENT (Note 3)	500	500
CURRENT ASSETS		
Debtors (Note 4)	<u>142,967</u>	<u>142,967</u>
NET CURRENT ASSETS	<u>142,967</u>	<u>142,967</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>143,467</u>	<u>143,467</u>
CALLED UP SHARE CAPITAL Authorised, allotted and fully paid Ordinary shares of £1 each	1,000	1,000
1 preference share of £1	<u>1</u>	<u>1</u>
	1,001	1,001
PROFIT AND LOSS ACCOUNT (Note 5)	<u>142,466</u>	<u>142,466</u>
	<u>143,467</u>	<u>143,467</u>

Approved by the board on 11 March 1997


CT Pearce
DIRECTOR

The notes on pages 6 to 8 form part of the accounts.

TREATIM LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996

1 ACCOUNTING POLICIES

(a) Basis of Preparation

The company prepares its accounts on the basis of historical cost. The company accounts have been prepared in accordance with the Companies Act 1985 as amended by the Companies Act 1989 and applicable accounting standards.

In accordance with paragraph 8c of FRS 1, the company, being the wholly owned subsidiary of another company which prepares a cash flow statement including that of this company, has not prepared such a statement itself.

Group accounts are not prepared as the company is itself a wholly owned subsidiary of Rentokil Initial plc.

(b) Turnover

Turnover represents management charges received and receivable from associated companies.

(c) Associated Companies

Interests in associated companies are stated at cost less amounts provided.

2 PROFIT BEFORE TAXATION

	<u>1996</u> £	<u>1995</u> £
The profit on ordinary activities before taxation comprises:		
Income from associated companies	11,000	-
Management fees payable to fellow subsidiary company	(11,000)	-

The company has no employees. None of the directors received any emoluments in respect of services provided to the company.

The auditors' remuneration is borne by the immediate parent company.

TREATIM LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (Continued)

3 FIXED ASSET INVESTMENTS

	<u>1996</u> £	<u>1995</u> £
Investment in associated company	<u>500</u>	<u>500</u>
	<u>500</u>	<u>500</u>

At 31 December 1996 the company owned 50% of the ordinary equity share capital of the unlisted companies named below, which are incorporated in the United Kingdom and registered in England.

<u>Associated Companies</u>	Shares at cost (less amounts provided) £	Loans (less amounts provided) £	<u>Total</u> £
Treatim (Nottingham) Ltd	500	-	500
Treatim (Godalming) Ltd	500	8,534	9,034
less provision	<u>(500)</u>	<u>(8,534)</u>	<u>(9,034)</u>
Total at 31.12.96	<u>500</u>	<u>-</u>	<u>500</u>
Total at 31.12.95	<u>500</u>	<u>-</u>	<u>500</u>

The directors are of the opinion that the aggregate valuation of the shares in these companies at 31 December 1996 was not less than the amount at which they are included in these accounts.

4 DEBTORS

	<u>1996</u> £	<u>1995</u> £
Amounts owed by group companies	<u>142,967</u>	<u>142,967</u>

TREATIM LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (Continued)

5 PROFIT AND LOSS ACCOUNT

	<u>1996</u> £
At 1 January 1996	142,466
Result for the financial year	<u>-</u>
At 31 December 1996	<u>142,466</u>

**RECONCILIATION OF MOVEMENT IN
SHAREHOLDERS' FUNDS**

	<u>1996</u> £	<u>1995</u> £
Result for the financial year	<u>-</u>	<u>-</u>
Net addition to shareholders' funds	-	-
Opening shareholders' funds	<u>143,467</u>	<u>143,467</u>
Closing shareholders' funds	<u>143,467</u>	<u>143,467</u>

6 ULTIMATE PARENT COMPANY

The company's immediate parent company is Rentokil Initial plc.

The company's ultimate parent company is also Rentokil Initial plc, which forms the only group into which the financial statements of the company are consolidated. The consolidated financial statements of Rentokil Initial plc are available from Felcourt, East Grinstead, West Sussex, RH19 2JY.

7 RELATED PARTY TRANSACTIONS

Rentokil Initial plc is also the Company's ultimate controlling company. The company has not undertaken any transactions with related parties during the year, other than transactions with fellow members of the Rentokil Initial plc group. Such transactions are exempt from disclosure under FRS8.