

Annual review 2003



Intertek is an international leader in testing, inspection and certification of products and commodities and the certification of systems.

We deliver our services with skill and integrity which enables our customers to meet quality, performance, regulatory and safety standards in respect of the products they sell and the services they perform.

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2003 — Financial highlights

⇒ Turnover	£471.1m	Up	2.2% at actual exchange rates Up 6.4% at constant exchange rates ¹
⇒ Operating profit ²	£76.2m	Down	0.9% at actual exchange rates Up 5.2% at constant exchange rates ¹
⇒ Operating margin	16.2%	Down	from 16.4% at constant exchange rates
⇒ Operating cash flow ³	£62.4m	Up	3.1%
⇒ Profit before tax	£70.6m	Up	31.0% (Up 7.8% pro-forma ⁴)
⇒ Earnings per share ⁵	29.7p	Up	10.4% (Up 8.4% pro-forma ⁴)
⇒ Basic earnings per share	31.3p	Up	15.1% (Up 15.5% pro-forma ⁴)
⇒ Proposed final dividend per share	5.9p	Up	13.5%

¹ Excluding disposal and acquisitions, turnover was up 7.2% and operating profit was up 6.5% at constant exchange rates

² Before goodwill amortisation and exceptional items and including profits from associates

³ Before exceptional items and after capital expenditure

⁴ Pro-forma growth figures are to show the underlying growth, excluding the impact of the different capital structure in place in 2002 prior to the IPO in May 2002

⁵ Fully diluted underlying earnings per share before goodwill amortisation and exceptional items

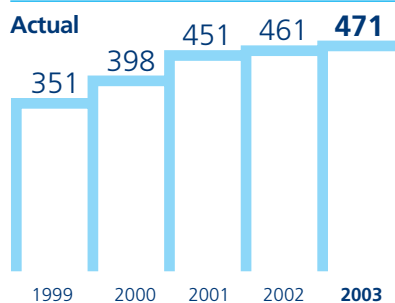
⇒ 11,900 employees

⇒ 100 countries

⇒ 521 offices

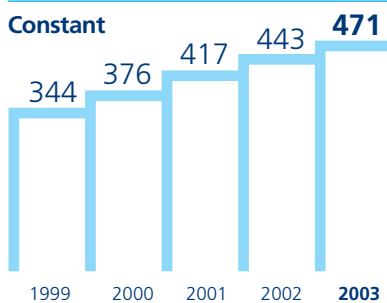
⇒ 273 laboratories

TURNOVER £M CAGR 7.6%



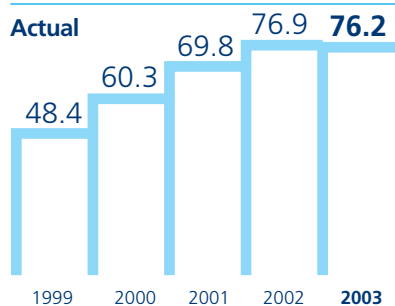
Continuing operations at actual exchange rates

TURNOVER £M CAGR 8.2%



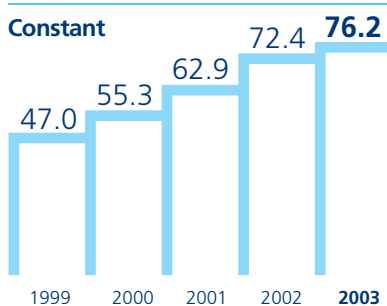
Continuing operations at constant exchange rates

OPERATING PROFIT¹ £M CAGR 12.0%



Continuing operations at actual exchange rates

OPERATING PROFIT¹ £M CAGR 12.8%



Continuing operations at constant exchange rates

¹ Before goodwill amortisation and exceptional operating items and including profits from associates

Business overview

All around the world, our clients rely on the testing, inspection and certification services of Intertek provided by our international network.



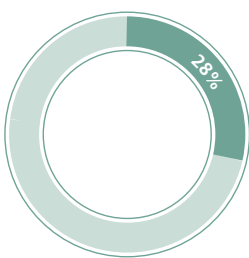
Intertek Labtest

Labtest provides a full quality assurance service — from product design evaluation to final inspection. We test and inspect products against safety, regulatory, quality and performance standards, giving our customers a competitive edge by making sure that the products they sell are what their markets demand.

In response to a growing need, we also provide services to certify our customers' own operating standards.

Clients include: The Home Depot, JC Penney, Wal-Mart, Nike, Gap Inc, Nordstrom, QVC, Marks & Spencer, Tesco

Divisional Sales — £131m



1,200,000

Tests carried out this year by Labtest

3,948 employees

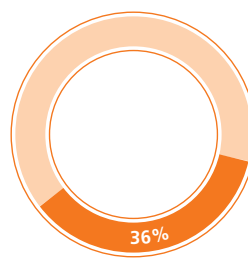


Intertek Caleb Brett

Caleb Brett provides technology and expertise to customers for their testing and inspection needs. Our technical expertise includes analytical laboratory services, product quality and loss control, process chemistry, web-enabled capabilities and outsourcing.

Clients include: Unilever, Shell, ExxonMobil, Dow Chemical, BP, Cargill, ChevronTexaco, Procter & Gamble, Total, BASF, Citgo

Divisional Sales — £170m



117

Countries served by Caleb Brett

5,232 employees

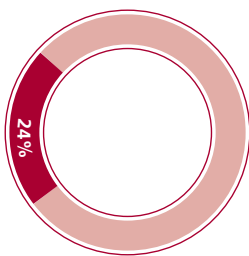


Intertek ETL SEMKO

ETL SEMKO provides industry specific global safety, electromagnetic compatibility and specialised telecommunications testing and certification services. To satisfy a rising demand for product performance evaluations, we also provide a full range of services including durability, usability, and accelerated product life testing.

Clients include: Air Conditioning & Refrigeration Institute, Haier, Goodman, Adtran, General Electric, Cisco, Electrolux, Matsushita, Pioneer, Sharp, LG, Samsung, Agfa, Tesco, IKEA

Divisional Sales — £111m



32,441

ETL safety mark certifications issued by ETL SEMKO this year

1,805

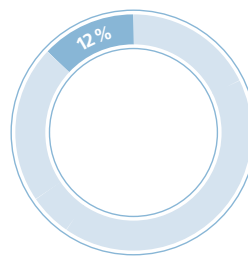
 employees


Intertek Foreign Trade Standards

The Foreign Trade Standards division works with National Standards Organisations to help ensure that imports comply with technical requirements. The division also works for Finance Ministries and Customs Departments to build capacity and to ensure that import duties are properly declared and paid.

Country clients include: Nigeria, Mozambique, Rwanda, Malawi, Egypt, Saudi Arabia, Kuwait, Iran, Bangladesh, Uzbekistan, Mexico, Ecuador, Venezuela

Divisional Sales — £59m



\$13.9bn

Free on Board (FOB) value of goods inspected by FTS in 2003

929

 employees

Intertek Labtest

A global market leader in testing and inspection services for textiles, footwear, toys, hardlines and other consumer products

WHAT WE DO

Acting as a long term partner to a wide range of manufacturers, Labtest provides a full quality assurance service – from product design evaluation to final random inspection. We test and inspect products against safety, regulatory, quality and performance standards, giving our customers a competitive edge by making sure that the products they sell are what their markets demand. In response to a growing need, we also provide services to certify our customers' own operating standards.

OUR CUSTOMERS

Through our uncompromised reputation for accuracy, integrity and confidentiality, we have earned the confidence of retailers, importers and manufacturers around the world. Major international companies rely on us to help grow their business by building the trust of their customers.

OUR STRENGTHS

Our extensive network of laboratories and offices means that we can provide a local service near manufacturing sites or customers' buying offices. Our range of accreditations, together with our international reputation, enables the goods we test and inspect to be sold in all the major markets. Our rapid response to questions and requests for technical advice also gives our customers the ability to move quickly enough to meet changing government regulations and industry standards. We have some of the most highly skilled technicians in our industry and a firm commitment to quality and service excellence underpins everything we do.

OUR OPPORTUNITIES AND STRATEGIES

Our market is growing strongly as customers become more quality conscious and retailers seek to raise reputations and standards. Shorter product lifecycles, new fabrics and a greater number of designs are also driving our market.



SENIOR MANAGEMENT

- ⇒ **RAYMOND KONG** (*centre*)
Executive Vice President
Labtest Worldwide
- ⇒ **ALBERT LO** (*centre right*)
Vice President
Labtest Hong Kong & Asia
- ⇒ **PAUL YAO** (*left*)
Vice President
Labtest China & Taiwan
- ⇒ **BERNARD LEROY** (*right*)
Vice President
Labtest EMEA
- ⇒ **ROQUE CORONA** (*centre left*)
Vice President
Labtest Americas



www.intertek-labtest.com



75 offices
36 laboratories

The products we test are increasingly sourced from developing countries and we are continuing to expand our network to provide a service that meets our customers' needs. We are building on strong relationships with our customers as they meet the challenges of a global marketplace and expect to see continuing growth as our business drivers gain momentum.

Customers who are manufacturing and sourcing globally often discover that monitoring labour practices of their suppliers can be extremely difficult. With labour abuse under increasing media scrutiny, more customers are taking advantage of our cost effective social compliance programme to minimise business risks. Using our global network and expertise, we help customers implement ethical standards by auditing and training their suppliers on a regular basis. We also provide our customers with documented evidence of compliance to demonstrate their commitment to social responsibility.

Our certification programmes are accredited by national accreditation bodies, providing our customers with the confidence that their business processes are both effective and being improved all the time.

Intertek Caleb Brett

Global Service, Global Expertise.
Working closely with our customers,
we provide independent testing,
inspection and outsourcing services



www.intertek-cb.com





SENIOR MANAGEMENT

- ⇒ **MARK LOUGHEAD** (*centre left*)
Executive Vice President
Caleb Brett Worldwide
- ⇒ **JOHN NOTMAN-WATT** (*centre right*)
Vice President
Caleb Brett East
- ⇒ **JAY GUTIERREZ** (*left*)
Vice President
Caleb Brett West
- ⇒ **ANDREW SWIFT** (*right*)
Vice President
Outsourcing

WHAT WE DO

Caleb Brett performs analytical testing, outsourcing, inspection and specialist technical services for its clients.

Services offered include laboratory outsourcing, quality control, cargo inspection, R&D support, process & catalysis testing, web-enabled reporting, auditing and consulting.

In partnership with Caleb Brett, our customers achieve reductions in their internal costs and enjoy improvements in quality, delivery and responsiveness.

OUR CUSTOMERS

Our customers include major companies in the petroleum, chemical, food, consumer, and pharmaceutical and agricultural industry sectors. World class companies look to us for innovative business and technical solutions.

OUR STRENGTHS

Caleb Brett enjoys an international reputation for expertise, independence and integrity. Caleb Brett's service offerings and capabilities are growing at a rapid pace as global industries increasingly seek outsourcing solutions.

Dedicated teams of experienced professionals staff the Caleb Brett global network of analytical testing laboratories and offices. The laboratories are equipped with up-to-date instrumentation and systems. As a result, we are able to provide a wide and growing range of analytical solutions to a broad range of global customers.

OUR OPPORTUNITIES AND STRATEGIES

Growth in laboratory analytical testing and allied technical services continues to be robust as we target conventional and developing market niches.

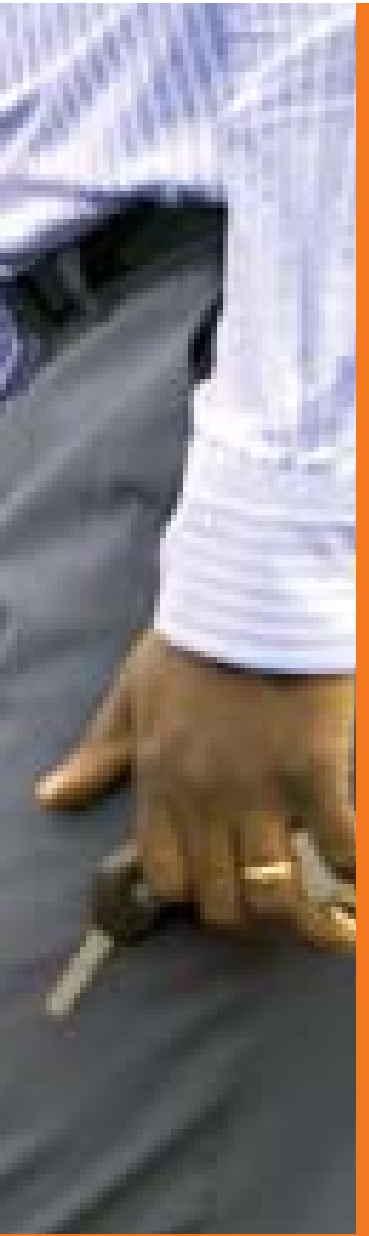
The industry trend towards laboratory outsourcing is growing rapidly as more customers search for innovative ways to focus on their core competencies. Outsourcing laboratories to Caleb Brett gives our clients improved service, increased operational flexibility and lower total costs by utilising the range of services that Caleb Brett provides.

Strategic opportunities exist for Caleb Brett in developing regions of the world, where growing demand for petroleum, energy and chemical products is projected to remain strong. Regions of opportunity include Eastern Europe, the Former Soviet Union, China and India. We are focusing investment on these zones and expanding our laboratory and field services network worldwide to take advantage of a growing market and to ensure a market leadership position.

Petroleum, chemical, agriculture, food, consumer and pharmaceutical: companies in these sectors rely increasingly on Caleb Brett to deliver across the globe 'best in class' analytical, outsourcing, technical and inspection solutions.



356 offices
197 laboratories



Opening up worldwide markets for manufacturers by testing their products against the national or international safety standards demanded by their customers



WHAT WE DO

ETL SEMKO provides industry specific global safety, electro-magnetic compatibility and specialised telecommunications testing and certification services. These help our customers to fully comply with the widest range of international standards, and end user requirements. To satisfy a rising demand for product performance evaluations, we also provide a full range of services including durability, usability and accelerated product life testing.

OUR CUSTOMERS

We work with manufacturers, retailers' industry organisations and government bodies around the world, serving a wide range of industries. Our expertise covers domestic appliances, consumer and home electronics, heating ventilation and air conditioning equipment, cables and wiring accessories, industrial machinery, medical devices, information technology and telecommunications, lighting, semi-conductor manufacturing and building products.

OUR STRENGTHS

To provide a local service to global companies, we operate near their main manufacturing centres worldwide. We aim to provide our customers with the industry's most comprehensive range of testing and certification services. Our experience and knowledge of products, standards, markets and regulatory regimes together with our efficient turnaround time, means that we can help manufacturers achieve the quickest time to market, which makes us an ideal partner in any fast moving industry.

OUR OPPORTUNITIES AND STRATEGIES

The pace of new product development continues to grow, making fast turnaround testing and certification increasingly important. The migration of manufacturing to developing countries in Asia, especially China, is also driving our business. We have responded to this change by expanding our facilities in Asia. Our unique network of laboratories and offices in Asia means we can provide our customers there with the same level of service as those in the West, including access to our US and EU certification services. We will continue to seek in-fill acquisitions to further consolidate our market coverage.



43 offices
40 laboratories

www.intertek.com



SENIOR MANAGEMENT

- ⇒ **ROB DILWORTH** (*centre right*)
Executive Vice President
ETL SEMKO Worldwide

 - ⇒ **GÖSTA FREDRIKSSON** (*centre left*)
Vice President
Conformity Assessment

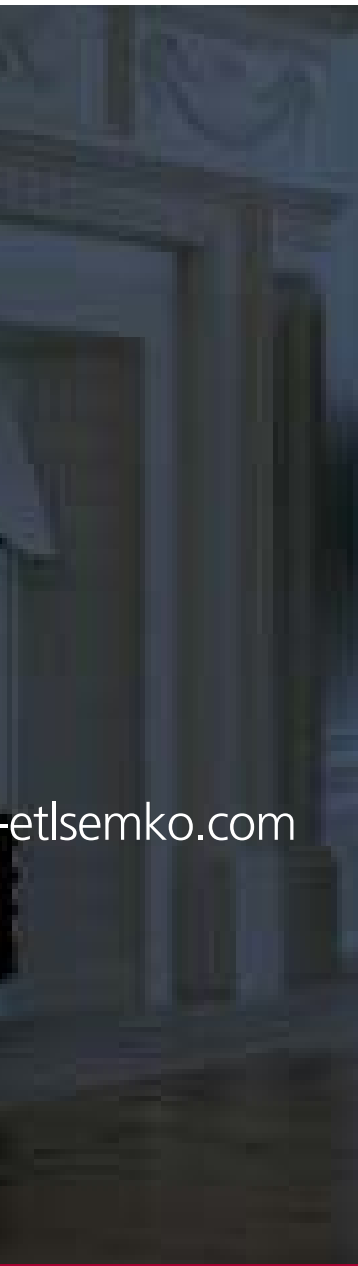
 - ⇒ **JASON QIN** (*right*)
Vice President
ETL SEMKO Asia Pacific

 - ⇒ **GREGG TIEMANN** (*left*)
Vice President
ETL SEMKO Americas
-

Manufacturers exporting to new geographical markets need to comply with an ever wider range of regulations and standards, and we continue to expand our portfolio of approvals to help them do this. Our Global Market Access Programme now helps manufacturers to gain the certifications needed to sell in over 55 countries around the world.

As retailers continue to develop their “own brand” electrical and electronic products, our benchmarking and performance testing expertise, together with our knowledge of consumer behaviour, enable us to offer retailers confidence in their product quality.

Unrivalled flexibility and responsiveness at every level of our division enables us to add greater value to our customers.



etlsemko.com



Intertek Foreign Trade Standards

Working with National Standards Organisations, Governments and Customs Departments, to ensure that imports comply with their safety, quality and other standards and that import duty is properly declared and paid

WHAT WE DO

Foreign Trade Standards provides a range of services to National Standards Organisations, Governments, Customs Departments and Industrial companies.

National Standards Organisations of client countries retain us to ensure that imports into their countries comply with relevant safety, quality and other standards. Goods and commodities are tested and/or inspected in the country of export before they are shipped. This prevents dumping of poor quality goods, and improves the safety of goods imported and sold in the country.

Ministries of Finance retain us to increase duty and tax revenues and to work with Customs Departments to improve operational efficiency. Imports are inspected and valued in the country of export before they are shipped. Import duties are then accurately assessed and certified, allowing them to be collected by the local Customs Department.

The Intertek ADVANTAS® Advanced Trade Assessment System provides capacity-building valuation information and advice, together with state of the art risk management software systems and inspection services. We have a strategic alliance with Charles Kendall and Partners, enabling us to deliver customs training and development programmes supported by our own customs technologies.

Our Technical Inspections subsidiary provides global industrial inspection, expediting, outsourcing, and vendor management to major industrial companies, particularly in the oil, gas and power generation sectors.

OUR CUSTOMERS

We are contracted by Governments and their National Standards Organisations. Our industrial clients include ExxonMobil, Aramco, Linde, Fluor and Parsons Energy & Chemicals.



47 offices

SENIOR MANAGEMENT

- ⇒ **ROB DILWORTH** (*centre right*)
Executive Vice President
Foreign Trade Standards
- ⇒ **NIGEL HARVEY** (*centre left*)
Vice President
Foreign Trade Standards
Government Fiscal Programmes
- ⇒ **IAN KITCHIN** (*right*)
Vice President
Foreign Trade Standards
Standards and Certification
- ⇒ **BRIAN KING** (*left*)
Operations Director
Foreign Trade Standards



OUR STRENGTHS

We have a global network, enabling us to inspect, certify and/or value a shipment for export, rapidly, anywhere in the world. Our office network is supported by the Intertek Group's worldwide laboratory coverage. We provide importers and exporters with a range of e-business tools that enhance our service. This includes automated e-mail information systems, online ordering and secure 'electronic certificates' sent by e-mail.

OUR OPPORTUNITIES AND STRATEGIES

Opportunities for growth are significant as we continue to expand our services. We also expect to increase sales of our Intertek ADVANTAS tools and services, linked to customs consultancy and training services from Charles Kendall and Partners.



RAM Consulting, a specialist division of Labtest, is committed to advancing the safety industry through innovation in research, evaluation and education

RAM Consulting works to gain a first hand understanding of our customer's business, so we can implement product safety into every facet of their business process – from concept design and engineering through to manufacturing and distribution. This proven approach not only impacts the success of their business, it has also made RAM the industry's expert on product safety. One needs only to ask our customers McDonald's Corporation, Kraft, Marks & Spencer, SC Johnson and other major Fortune 100 companies.

In product safety, as in business, knowledge is power. The more we know or can learn, the more we can apply to our customer's product and the greater his advantage in the marketplace. RAM has the most comprehensive and up to date safety knowledge base ever compiled.

RAM Intelligence provides access to the unparalleled knowledge and insights we have developed through 15 years of experience, scientific research, proprietary product safety modelling and shared knowledge partnerships with the safety,

SENIOR MANAGEMENT

⇒ GENE RIDER
President of RAM Consulting

business and medical community worldwide. RAM has a proven framework and extensive training tools to apply essential knowledge to any business process.

RAM understands the role of risk in moving business forward. We believe that by pursuing essential safety from the genesis of a product, we can quantify, manage, and leverage that risk. Far from being a roadblock, essential safety is actually a catalyst for innovation.

Through RAM Research, we provide unprecedented access to the collective research data and emerging knowledge of the world's leading safety experts. The result is expanded creative opportunities, faster to market times, and revolutionary solutions.

RAM draws upon an impressive array of unparalleled expertise, intelligence, research, and technology as well as resources within the client's organisation, to create and implement essential safety solutions and processes that first protects the brand, and then contributes to brand equity. We believe that when safety becomes essential to your business, then safety becomes a distinct and essential competitive advantage.



Our aims

- ⇒ To be the clear leader in independent testing, inspection and certification worldwide
- ⇒ To be the first choice of customers who demand the highest standards of quality and service
- ⇒ To be the most skilled and innovative team of professionals in our industry

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Chairman's and Chief Executive Officer's review



Vanni Treves

“At constant exchange rates, the sales grew at 6.4% and the EBITA at 5.2%.”

2003 was another year of good growth for Intertek and continued progress was made in strengthening the market position of our businesses.

Approximately 80% of the profits of Intertek were in US dollars or currencies that move in line with the US dollar. Due to the strength of sterling compared with the US dollar, some Intertek results were behind the figures in 2002, although ahead at constant 2003 exchange rates.

At actual exchange rates, turnover in 2003 was £471.1m which was 2.2% above 2002 and operating profit was £76.2m which was 0.9% below 2002. At constant exchange rates, turnover grew by 6.4% and operating profit by 5.2%. Despite the currency effect, the fully diluted underlying earnings per share increased by 10.4% to 29.7p and the basic earnings per share before exceptional items, increased by 7.4% to 29.1p. The Board is therefore recommending a final dividend of 5.9p per share, making a full year dividend of 8.8p per share. Last year only a final dividend of 5.2p was paid, being the first dividend since flotation. Based on a one third, two thirds dividend split for interim and final dividends respectively, this was equivalent to an annual dividend of 7.8p per share. On this basis, the 2003 annual dividend is 12.8% higher than the equivalent annual dividend last year and is covered 3.3 times by earnings before exceptional items.

Labtest produced an excellent result. Turnover in 2003 was £130.8m which was 17.7% above 2002 at constant exchange rates. Excluding the results from the disposed systems certification business and the two small acquisitions in the year, this growth was 21.6%. The principal drivers of the Labtest business continued to be strong. In particular, retailers in the Americas and Europe increased their sourcing from China, Asia and other lower cost producers, the variety of merchandise increased and product life cycles became shorter. There was also a steady increase in quality and safety standards. The fastest growing part of Labtest's business was in China where the management has been very successful in recruiting and training local people.



Richard Nelson

In Caleb Brett turnover in 2003 was £169.6m which was 1.9% above 2002 at constant exchange rates. The structure and senior management of the division were changed early in 2003. The division is headed by an experienced Executive Vice President supported by three Vice Presidents, one responsible for the West, a second for the East, and a third for Outsourcing. These four executives have excellent track records in the division and are focused on our key competencies which include strong relationships with customers and tight cost management. There is a strong emphasis on growing outsourced testing. The outsourcing business in Caleb Brett grew 8.6% and increased from 23% of the division's turnover to 25%. 23 new contracts were signed in the year with an annual value of approximately £9m, four of which had an annual value in excess of £1m each. The other 75% of Caleb Brett turnover was in the traditional cargo business which is a relatively mature market with a high level of competition. Nevertheless, Caleb Brett has a well established position in this market and with strong leadership, results should improve.

In ETL SEMKO turnover in 2003 was £111.6m which was 5.3% above 2002 at constant exchange rates. Asia grew by 28.4% over 2002 and accounted for 28% of ETL SEMKO turnover. The demand for our services was strong in Asia and we have continued to build and strengthen our operations there, especially in China where we have well established laboratories and skilled local teams. America accounted for 50% of turnover. The market in America declined by 1.9%, especially in telecom products, with most of the decline in the first half and a marginal improvement in the second. Towards the end of 2003 the divisional overheads were substantially reduced, partly due to a sharing of costs between the ETL SEMKO and FTS divisions. This will help improve the profit margin for 2004.

In Foreign Trade Standards (FTS), turnover in 2003 was £59.1m which was 0.2% above 2002 at constant exchange rates. The division's standards programmes, checking that imports comply with local safety and other government standards in Saudi Arabia and Kuwait, performed well. These programmes account for about a third of the division's turnover. The division also performed well in its pre shipment inspection (PSI) contracts, principally checking that import duty is properly declared. In Nigeria, FTS's PSI contract was suspended towards the end of the year, but restarted after a short period. We are currently actively engaged in discussions with the Nigerian authorities over the future of this contract which is significant to the division. The division was restructured at the end of 2003, with the Executive Vice President of FTS also assuming responsibility for the ETL SEMKO division in order to maximise synergies between the two divisions and reduce overheads.

Overall, we have capitalised and continue to do so on the opportunities in our fast growing markets, and we have reduced costs and streamlined operations in our slower growing markets. The drivers of our business continue to be positive, and we are confident that we will continue to provide good performance and growth.

Vanni Treves
Chairman
8 March 2004

Richard Nelson
Chief Executive Officer

The Intertek strategy

We would like our shareholders, employees and customers to know what the Intertek strategy is. Here are some questions about our strategy with answers from the Intertek senior management.

Q. WHAT IS THE MAIN AIM OF THE INTERTEK STRATEGY?

A. To maintain and drive the growth of Intertek. We want a strategy that leads to the greatest growth in our sales, profit, earnings per share and return on capital at what we consider to be an acceptable level of risk.

Q. YOU PROVIDE MANY DIFFERENT SERVICES IN INTERTEK. HOW DO YOU SET A STRATEGY FOR ALL OF THEM?

A. In each division we have three to six services and for each of these services we have a different strategy. We look to take advantage of expanding markets, increased market share, provide new added value services, add to the range of products tested, inspected and certified and extend our services to new territories. We add facilities, make in-fill acquisitions and continually strengthen our management. Given our focus on producing good financial returns, we concentrate on business areas where we have, or can build, a competitive advantage and where there is a good and growing demand for our services. Our focus means that we have become number one or two in the world in most of the services we offer.

Q. WHAT ARE YOUR MAIN COMPETITIVE ADVANTAGES?

A. One of our key competitive advantages is our ability to operate globally. We build strong local teams in each country and bring them together in support of the Intertek Group. Other advantages are the skills of our people, our facilities, our unmatched range of approvals, certifications and accreditations in many industries, and our reputation in the markets we operate in.

Q. IS YOUR STRATEGY EVER TO EXIT SERVICES?

A. If they do not deliver the financial returns that we look for or the growth that we need, we will exit services. They distract the management from the key growth areas and they tie up resources that may be needed for our core businesses. Examples of businesses that we have exited are marine surveying and minerals testing.

Q. DO YOU HAVE GOOD POTENTIAL FOR GROWTH IN YOUR EXISTING SERVICES?

A. Yes, we certainly do. One of our main tasks is to keep identifying these growth opportunities. This is done by senior management on a continuous basis, to a large extent by maintaining a dialogue with customers about what new and expanded services they need.

Q. GIVEN THAT THERE IS A DIFFERENT STRATEGY FOR EACH SERVICE, DO DIFFERENT SERVICES LEVERAGE OFF THE CUSTOMERS, TECHNOLOGY OR COST BASE OF OTHER SERVICES?

A. It is very much a priority of ours to obtain these benefits and they are significant. We analyse the opportunities carefully and then ensure that procedures are in place to exploit these benefits. These benefits are then incorporated into the strategies of the services concerned.

Q. CAN YOU GIVE AN EXAMPLE OF A SERVICE YOU HAVE IDENTIFIED FOR GROWTH?

A. There are many examples, but one is the inspection and testing of consumer products to ensure they meet retailer safety and quality standards. If products fail, the cost of recall or even claims is very high but due to our extensive network and expertise, we check and monitor safety and quality in most cases for less than 1% of the cost of the merchandise. Because retailers are increasingly sourcing from developing countries, expanding their product range, shortening the product lifecycles and paying more attention to quality and performance, this is a major growth area for us.

Q. WOULD YOU EVER INCREASE THE NUMBER OF DIVISIONS?

A. This is under continuous review by the Intertek senior management and it is likely that a new division or divisions will be added in the medium term.

Q. WHEN CONSIDERING A NEW DIVISION, WHAT ARE THE MAIN CRITERIA?

A. In practice, a new division would normally involve making an acquisition. When we review such an acquisition we want to know: is the market growing, will we have a competitive edge, are there barriers to entry, will the financial returns create shareholder value? We also look at whether we will add value to the new division which normally comes down to two issues. Firstly, will there be synergies with our other divisions? This will improve the financial returns and will normally create more competitive advantage. Secondly, can we provide management support to drive the growth and performance and in particular, will the business benefit from our international spread and culture?

Compliance and internal control

Many of Intertek's primary business objectives relate to compliance: we ensure that we conform to local, national and international laws, and we require our employees to show integrity and honesty in all business dealings. Risk management and internal controls are embedded in the running of each division, assuring the accuracy and validity of reports and certificates that we provide to customers.

RESPONSIBILITY

The Audit Committee is responsible for ensuring that compliance remains central to our culture. It sets policies and procedures for identifying and measuring risk and for preventing breaches of compliance rules. Ultimately, it is the Directors who are responsible for establishing and maintaining the system of internal control and for reviewing its effectiveness.

The Audit Committee comprises three independent Non-Executive Directors, DP Allvey (Chairman), RE Sayers and VE Treves. As VP Compliance, I report to the Audit Committee and administer the policies and procedures on their behalf. Reporting to me are dedicated Compliance Officers from each division who co-ordinate the quality assurance auditors, a centrally managed financial audit team and claims management team.

IMPLEMENTATION AND ENFORCEMENT

All employees have to sign and comply with the Group's Code of Ethics by applying its principles in all their business dealings. They know that the Zero Tolerance Policy will deal with breaches harshly. An externally managed telephone hotline is used for anonymous reporting of any matters of concern, but it is regular internal auditing, training, development and appraisal of our people that really drives our strong culture. In 2003 we implemented the new International Federation of Inspection Agencies (IFIA) Compliance Code. This document is new in the industry as it combines business integrity, anti-bribery and fair marketing principles in one code and requires all IFIA members to adopt it and be independently audited to it. The roll out of this code is world wide with face to face training being given to all staff.

The teams of Compliance Officers and quality assurance auditors regularly carry out ethical audits and checks to make sure that the reported test results are properly extracted from the raw scientific data and that testing is performed thoroughly. These checks are applied through over 1,000 audits annually.

Internal financial audits include the identification and investigation of any unusual or suspect transactions to ensure that local managers comply with the Group's ethical standards.

Each geographic region has an internal auditor who is independent of the divisions. The main reporting sites are reviewed annually. The other sites are all reviewed regularly on a schedule based on materiality and risk. The international internal audit department has been awarded ISO 9001:2000 accreditation; one of the few internal audit teams in the UK to have achieved this standard.

We have a well established risk based management system. As part of this process, 120 senior managers across all divisions identify and measure risks within their own specialist areas. Panels have been set up, first to define the risks and then to design and implement internal controls to mitigate them.

Tight internal controls, comprehensive and regular internal audits and a best practice culture ensure that our customers receive accurate and reliable results from our testing, certification and inspections. In today's litigious, fast moving, quality conscious environment, we provide peace of mind, with a service that our customers have come to rely upon.



Nigel Lucas
Vice President Compliance
8 March 2004

Board of Directors



From left to right: Richard Nelson, Vanni Treves and Bill Spencer



From left to right: David Allvey, Ross Sayers and Wolfhart Hauser

1. VANNI TREVES

NON-EXECUTIVE CHAIRMAN (63)

Appointed to the board in January 2001* he became Chairman in April 2001. He is a Solicitor, specialising in corporate law and governance. For thirty years he was a Partner (for twelve of them Senior Partner) of Macfarlanes, a leading firm in the City of London. He has been Chairman of three listed companies, Director of two others, and was Chairman of Channel 4 Television for six years until earlier this year. Currently he is Chairman of Equitable Life Assurance Society, Korn/Ferry International and the London Business School, a Governor of The College of Law and a Trustee of the J Paul Getty Charitable Trust.

2. RICHARD NELSON

CHIEF EXECUTIVE OFFICER (61)

Appointed to the board as a director in 1996*. He has been Chief Executive Officer of the Group since its acquisition from Inchcape plc in 1996. Prior to the acquisition, he was President and Chief Executive Officer of Inchcape Testing Services Limited from 1987. Before that he was Chief Executive Officer of Transcontinental Services Ltd which was bought by Inchcape plc in 1985. He is a Chartered Accountant with a Master of Science degree in Economics.

3. BILL SPENCER

CHIEF FINANCIAL OFFICER (44)

Appointed to the board as a director in 1996*. He has been Chief Financial Officer of the Group since its acquisition from Inchcape plc in 1996. Prior to the acquisition he was Finance Director of Inchcape Testing Services Limited after serving as Chief Financial Officer of Caleb Brett for Europe, Middle East and Asia since 1992. Previously he had worked for Olivetti UK Ltd, REXAM PLC and Centrica Plc in various financial positions. He has a Bachelor of Science degree in Management Sciences and is a Fellow of the Chartered Institute of Management Accountants and a member of the Association of Corporate Treasurers.

4. DAVID ALLVEY

THE SENIOR INDEPENDENT DIRECTOR (58)

Appointed to the board as a Non-Executive Director in May 2001*. He started his career in Civil Engineering and then qualified as a Chartered Accountant and has worked in Retailing, Financial Services, Cosmetics, Paper, Pulp and Plastics for major international businesses. He has been Group Finance Director for BAT Industries and Barclays Bank plc and was Chief Operating Officer for Zurich Financial Services. He is currently a Non-Executive Director of Britannic plc, Costain plc, William Hill plc and MyTravel plc and was a member for 10 years of the UK Accounting Standards Board until Autumn 2003.

5. ROSS SAYERS

NON-EXECUTIVE DIRECTOR (62)

Appointed to the board as a Non-Executive Director in April 2002*. He is a Fellow Chartered Accountant (NZ) and has broad international experience in diverse industries. He is currently Chairman of Macquarie European Infrastructure Fund Advisory Panel and a Director of Network Rail. Previously he was Chairman of Associated British Ports Holdings PLC, Innogy Holdings plc, Chief Executive Officer and Managing Director of China Light and Power (Hong Kong), Executive Chairman of the State Rail Authority of New South Wales (Australia) and New Zealand Railways Corporation and Managing Director of New Zealand Breweries.

6. WOLFHART HAUSER

NON-EXECUTIVE DIRECTOR (53)

Appointed to the board as a Non-Executive Director in November 2002. He started his career as a scientist and medical doctor before establishing and leading a broad range of successful service businesses in the testing industry over the next twenty years. For ten years he was Chief Executive Officer of TÜV Product Service growing the testing and certification business to a leading international position. From 1998 to 2002 he was Chief Executive Officer and President of TÜV Süddeutschland AG, the largest testing, inspection and certification company in Germany.

* Appointed to the Board of Intertek Testing Services Ltd which was the previous parent company prior to the Group reorganisation and appointed to the Board of Intertek Group plc in April/May 2002

Executive management team

The Executive management team comprises the Executive Directors and the following:

1. RAYMOND KONG

EXECUTIVE VICE PRESIDENT (56)

Appointed a member of the Executive management team in January 1998. He is Chief Executive of Labtest and is based in Hong Kong. He was one of the founders of the Labtest division and has been with Intertek for over 30 years. He was responsible for creating the global Labtest networks and service diversification. He also serves on a number of advisory committees for The Government of The Hong Kong Special Administrative Region.

2 MARK LOUGHEAD

EXECUTIVE VICE PRESIDENT (44)

Appointed a member of the Executive management team in December 2002. He is Chief Executive of Caleb Brett and is based in Houston, Texas. Previously he was Vice President of Caleb Brett in the Americas and prior to that he was Vice President of Caleb Brett in Europe, Middle East and Africa. He joined the Group in 1988 as Operations Manager of Caleb Brett in Aberdeen and was promoted to Scottish Regional Manager in 1993. Prior to joining Intertek, he spent 13 years at Inspectorate including six years in the Middle East.

3. ROB DILWORTH

EXECUTIVE VICE PRESIDENT (42)

Appointed a member of the Executive management team in January 1999. He is Chief Executive of ETL SEMKO and FTS and is based in the UK. He joined the Group in 1978 as a Chemist/Inspector with Caleb Brett. He was appointed Director of Environmental Testing Services in the UK in 1988 and further promoted to Regional Director Environmental, Europe, Middle East and Africa in 1994. After a break of service from September 1997 to September 1998 when he worked for BSI, he rejoined Intertek as Vice President of FTS Eastern Hemisphere. He has a Masters degree in Business Administration.



From left to right: Raymond Kong, Mark Loughead and Rob Dilworth

Statement of the independent auditors to the members of Intertek Group plc

Persuant to section 251 of the Companies Act 1985

We have examined the summary financial statement, set out on pages 21 to 23 of this document.

This statement is made solely to the Company's members, as a body, in accordance with section 251 of the Companies Act 1985. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our work, for this statement, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Annual Review in accordance with applicable United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Review with the full annual financial statements, Directors' report and the Directors' remuneration report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom. Our report on the Group's full annual financial statements describes the basis of our audit opinion on those financial statements.

OPINION

In our opinion, the summary financial statement is consistent with the full annual financial statements, the Directors' report and the Directors' remuneration report of Intertek Group plc for the year ended 31 December 2003 and complies with the applicable requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
London
8 March 2004

Summary directors' report

This report is a summary of the Directors' report which is included in the Annual Report and Accounts for 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The Group's principal activities are the testing, inspection and certification of products and commodities against a wide range of safety, regulatory, quality and performance standards.

A review of the Company and its subsidiaries' businesses and likely future developments is given on pages 2 to 12 in the Annual Report and Accounts 2003.

On 15 May 2003, the Company changed its name from Intertek Testing Services plc to Intertek Group plc.

DIRECTORS

The Directors of the Company who served during the year are set out below.

VE Treves	Non-Executive Chairman
RC Nelson	Chief Executive Officer
W Spencer	Chief Financial Officer
DP Allvey	Non-Executive Director
W Hauser	Non-Executive Director
RE Sayers	Non-Executive Director

W Spencer, DP Allvey and RE Sayers retire by rotation and being eligible, offer themselves for re-election.

SUMMARY REMUNERATION REPORT

This report is a summary of the remuneration report which is included in the Annual Report and Accounts for 2003.

REMUNERATION COMMITTEE

The Remuneration Committee determines, on behalf of the Board, the Company's policy on the remuneration of Executive Directors and senior management. The Committee determines their total remuneration packages including any compensation on termination of office. The Committee also provides advice and consults with the Chief Executive Officer on major policy issues affecting the remuneration of senior executives. To ensure that the Group's remuneration practices are market competitive, the Remuneration Committee takes advice from various independent sources. The members of the Committee are DP Allvey (Chairman), RE Sayers and VE Treves.

REMUNERATION POLICY

The Committee's policy is to attract, retain, motivate and reward high calibre individuals to ensure the future success of the business and to deliver shareholder value. It sets the terms of service contracts and any changes to the terms of employment of the Executive Directors.

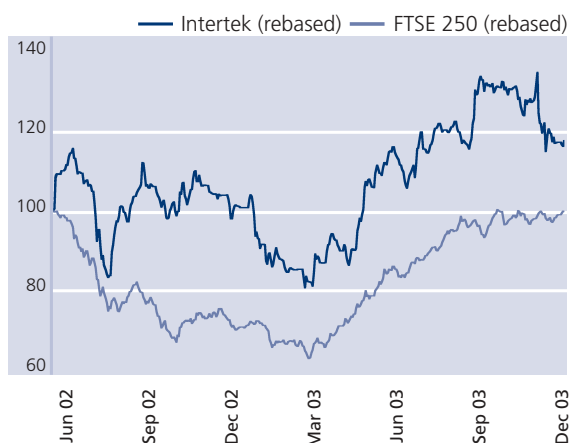
DIRECTORS' REMUNERATION

In 2003, total Directors' remuneration comprised emoluments of £1,040,700 (2002 from date of appointment: £660,200, full year proforma £899,000) and pension contributions of £173,300 (2002 from date of appointment: £93,700, full year proforma £278,300).

One Executive Director is a member of the Intertek UK Company Pension Scheme which is a defined benefit scheme, for members who joined prior to 1 April 2002.

PERFORMANCE GRAPH

Intertek share price and FTSE 250 share price index (rebased to 100 at date of flotation on 24 May 2002).



Summary group profit and loss account

for the year ended 31 December 2003

	Pre- exceptional items 2003 £m	Exceptional items 2003 £m	Total 2003 £m	Pre- exceptional items 2002 £m	Exceptional items 2002 £m	Total 2002 £m
Turnover – continuing operations	471.1	–	471.1	461.1	–	461.1
Total operating profit before goodwill amortisation	76.2	(1.1)	75.1	76.9	15.6	92.5
Goodwill amortisation	(1.0)	–	(1.0)	(0.9)	–	(0.9)
Total operating profit	75.2	(1.1)	74.1	76.0	15.6	91.6
Continuing operations	75.2	(3.7)	71.5	76.0	5.9	81.9
Discontinued operations	–	2.6	2.6	–	9.7	9.7
Non operating exceptional items	–	4.5	4.5	–	–	–
Profit on ordinary activities before interest	75.2	3.4	78.6	76.0	15.6	91.6
Net interest	(8.0)	–	(8.0)	(22.2)	(15.5)	(37.7)
Profit on ordinary activities before taxation	67.2	3.4	70.6	53.8	0.1	53.9
Taxation on profit on ordinary activities	(18.7)	(0.1)	(18.8)	(16.0)	–	(16.0)
Profit on ordinary activities after taxation	48.5	3.3	51.8	37.8	0.1	37.9
Attributable to minorities – equity interests	(3.7)	–	(3.7)	(4.3)	–	(4.3)
Profit for the financial year	44.8	3.3	48.1	33.5	0.1	33.6
Dividends	(13.6)	–	(13.6)	(8.0)	–	(8.0)
Retained profit for the year	31.2	3.3	34.5	25.5	0.1	25.6
Earnings per share						
Basic	29.1p	2.2p	31.3p	27.1p	0.1p	27.2p
Diluted	29.0p	2.1p	31.1p	26.0p	0.2p	26.2p

Summary group balance sheet

at 31 December 2003

	2003 £m	2002 £m
Fixed assets	96.9	90.8
Current assets	188.2	173.1
Creditors due within one year	(109.6)	(104.6)
Net current assets	78.6	68.5
Total assets less current liabilities	175.5	159.3
Creditors due after more than one year	(197.6)	(226.6)
Provisions for liabilities and charges	(8.6)	(8.7)
Net liabilities excluding pension schemes	(30.7)	(76.0)
Pension liabilities	(5.1)	(7.4)
Net liabilities	(35.8)	(83.4)
Capital and reserves		
Called up share capital	1.5	1.5
Reserves*	(44.5)	(92.0)
Shareholders' deficit	(43.0)	(90.5)
Minority shareholders' equity interest	7.2	7.1
Capital employed	(35.8)	(83.4)

* Included in reserves is £244.1m (2002: £264.7m) relating to goodwill written off to reserves in relation to subsidiaries acquired prior to 31 December 1997.

THE SUMMARY FINANCIAL STATEMENT

The summary financial statement has been produced to allow readers an overview of the financial affairs of Intertek Group plc and its subsidiaries (the Group), without the need to refer to the full annual accounts together with the Directors' report and auditor's report on those accounts. The auditor's report on the annual accounts for the year ended 31 December 2003, was unqualified.

The summary financial statement in this Annual Review does not contain sufficient information to allow for a full understanding of the results of the Group and state of affairs of the Company or of the Group and of their policies and arrangements concerning Directors' remuneration, as would be provided by the full Annual Report and Accounts.

For further information the full annual accounts and the auditor's report on those accounts and the directors' report should be consulted. Copies of the Annual Report and Accounts may be obtained, free of charge, from:

Company Secretary
Intertek Group plc
25 Savile Row
London W1S 2ES

This summary financial statement was approved by the Directors on 8 March 2004, and signed on their behalf:



Bill Spencer
Chief Financial Officer

Corporate information

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