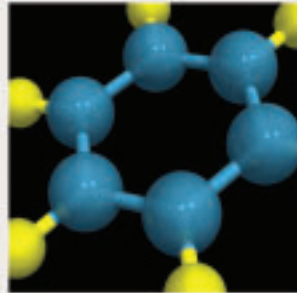


# Annual review: 2004



**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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**We are committed to driving our business forward, capitalising on our strengths:**

- > Our extensive global network
- > Our strong local presence
- > Our unique range of accreditations, certifications and approvals
- > Our teams of highly-skilled individuals
- > Our cutting-edge solutions
- > Our passion to exceed our customers' expectations

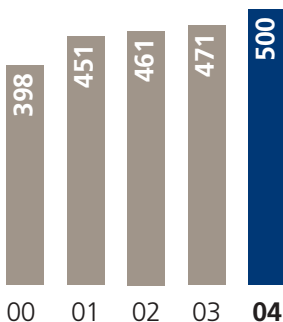
# 2004 Highlights

- > Another year of very strong growth
- > Excellent results from every division
- > £28m spent on seven acquisitions
- > Successfully managed CEO succession

<p>TURNOVER</p> <p><b>£499.6m</b></p> <p>+6.0%<sup>1</sup> +14.5%<sup>2</sup></p> <p>+11.6%<sup>3</sup></p>	<p>OPERATING PROFIT<sup>4</sup></p> <p><b>£85.2m</b></p> <p>+11.8%<sup>1</sup> +23.5%<sup>2</sup></p> <p>+20.1%<sup>3</sup></p>	<p>OPERATING MARGIN<sup>4</sup></p> <p><b>17.1%</b></p> <p>up from 15.8%<sup>2</sup></p>	<p>OPERATING CASHFLOW AFTER NET CAPEX</p> <p><b>£73.9m</b></p> <p>+31.0%</p>
<p>PROFIT BEFORE TAX</p> <p><b>£75.8m</b></p> <p>+7.4%</p>	<p>BASIC EARNINGS PER SHARE</p> <p><b>34.1p</b></p> <p>+8.9%</p>	<p>UNDERLYING EARNINGS PER SHARE<sup>5</sup></p> <p><b>36.3p</b></p> <p>+22.2%</p>	<p>DIVIDEND PER SHARE</p> <p><b>10.4p</b></p> <p>+18.2%</p>

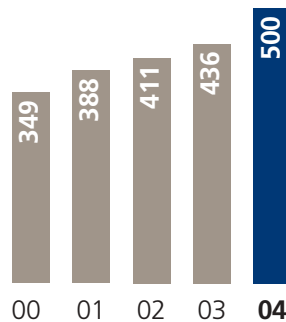
1. Growth at actual exchange rates  
 2. Growth at constant exchange rates  
 3. Growth at constant exchange rates excluding results of acquisitions and disposals  
 4. Before goodwill amortisation and exceptional items and including profit from associates  
 5. Fully diluted earnings per share before goodwill amortisation and exceptional items

TURNOVER £m CAGR 5.9%



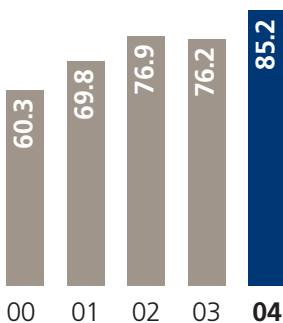
Continuing operations at actual exchange rates

TURNOVER £m CAGR 9.4%



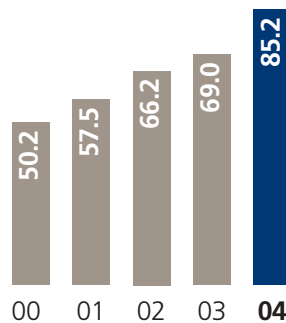
Continuing operations at constant exchange rates

OPERATING PROFIT<sup>1</sup> £m CAGR 9.0%



Continuing operations at actual exchange rates

OPERATING PROFIT<sup>1</sup> £m CAGR 14.1%



Continuing operations at constant exchange rates

1. Before goodwill amortisation and exceptional items and including profit from associates

## Intertek Group plc

The combined strength of all divisions results in a service solution that sets the Intertek Group apart, providing an in-depth response to customers' needs.

Agfa • Avecia • ARI • BASF • Bath & Bodyworks • Bechtel • BP • Candela • CAPA • Cargill • Carrier • ChevronTexaco • Chiyoda International • Cisco • Citgo • ConocoPhillips • Dow Chemical • Electrolux • Ericsson • ExxonMobil • Fluor • Gap Inc • GET • Glencore • General Electric • Goodman • Hornbach • IKEA • Imperial Oil • JC Penney • Kraft • Lear/Bing • LG • Linde • Lillian Vernon • Lloyd's Register • Marks & Spencer • Matsushita • Microsoft • Nike • Nordstrom • Petrobras • Pioneer • QVC • Redcats USA • Sasol • Sharp • Shell • Samsung • Spencer Gifts • Sunoco • Tesco • The Home Depot • Total • Unilever • Valero • Vermont Teddy Bear • Vitol • Wal-Mart



## Interlocking strengths

### Intertek Labtest

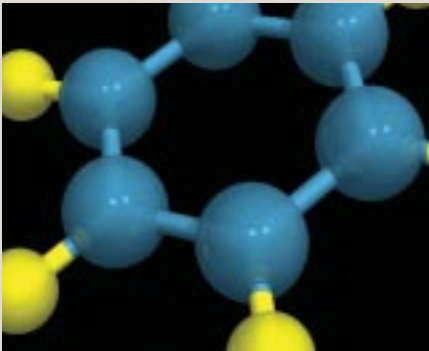
Provides a full range of services to retailers and manufacturers of consumer products covering design, quality, safety and corporate social responsibility, mainly for textiles, footwear, toys and hardlines.

## Client responsiveness

Intertek is built upon a particularly strong ethos of customer service. Our staff pride themselves on their responsiveness to customers' needs. Responsiveness extends from the speed with which services are delivered, to the way in which services are developed and designed to meet ever-changing customer requirements.

## Unparalleled expertise

Intertek staff have the technical expertise combined with in-depth industry-specific knowledge, to ensure that clients receive the most professional and consistent service. Years of experience, a detailed understanding of standards, inspection procedures and test methods, comprehensive training programmes and world class laboratories mean Intertek offers the expertise that meets and exceeds customers' needs.



**Intertek** Caleb Brett

Provides testing, inspection and outsourcing solutions to the petroleum, chemical, agricultural, pharmaceutical and other industries.



**Intertek** ETL SEMKO

Provides safety, electro-magnetic compatibility, performance testing, inspection and certification services for a wide range of products, primarily electrical, electronic and building products and heating, ventilation and air-conditioning equipment.



**Intertek** Foreign Trade Standards

Works with Governments to test and inspect imports to check safety and quality, and to verify import duty collection. This division also provides cargo scanning systems.

## Local knowledge

A detailed knowledge of local legislation, culture and market conditions is an essential component of an effective global service. It is this local knowledge, on a global basis, which gives Intertek clients the competitive advantage they need, to operate in the diverse markets in which they both sell and source their products.

## Global network

Intertek has an extensive network of 13,500 employees in 825 offices and laboratories spanning 102 countries located across the world. This global capability gives clients the confidence that the Group can deliver the most comprehensive service to them, wherever it is needed.

## 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.

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.

Corporate social responsibility has gained an increasing importance across all market segments. We help customers implement ethical standards by auditing and training their suppliers on a regular basis and provide documented evidence of compliance to demonstrate their commitment to social responsibility.

We are also able to monitor supply chains and advise retailers and manufacturers on necessary upgrades in order to protect and safeguard the supply chain against acts of terrorism.

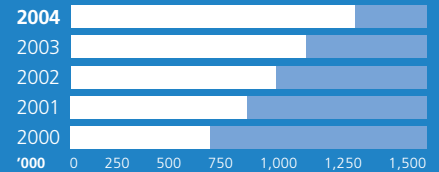
Our certification programmes are accredited by national accreditation bodies, providing our customers with the confidence that their business processes are both effective and being improved all the time.

"Intertek listened to Microsoft as a customer when developing solutions to meet our needs. They exceeded our expectations helping us succeed in our business goals – that was a real difference"  
Microsoft Corporation

### DIVISIONAL SALES

£132m

#### NUMBER OF TESTS



32  
COUNTRIES

79  
OFFICES

35  
LABORATORIES

4095  
EMPLOYEES

[www.intertek-labtest.com](http://www.intertek-labtest.com)



**Senior Management**

*(From left to right)*

Albert Lo  
Christina Law  
Roque Corona  
Raymond Kong  
Paul Yao  
Bernard Leroy



## Intertek Caleb Brett

A leading international provider of analytical laboratory and inspection services to industry and commerce, testing products for composition, quality, safety and performance.

### 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 and catalysis testing, metallurgy and polymer testing, 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, agriculture, consumer and pharmaceutical industry sectors. World class companies look to us for innovative business and technical solutions.

### Our strengths

We enjoy an international reputation for expertise, independence and integrity. Our 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 us gives our clients improved service, increased operational flexibility and lower total costs by utilising the range of services that we provide.

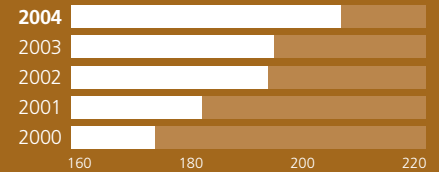
Petroleum, chemical, agriculture, consumer and pharmaceutical: companies in these sectors rely increasingly on us to deliver across the globe 'best in class' analytical, outsourcing, technical and inspection solutions.

"This is exactly the type of support we envisaged from the outsource agreement and I'm pleased to say that Intertek fully delivered."  
Unilever

### DIVISIONAL SALES

£177m

### NUMBER OF LABORATORIES



118

COUNTRIES SERVED BY CALEB BRETT

353

OFFICES

209

LABORATORIES

5870

EMPLOYEES



[www.intertek-cb.com](http://www.intertek-cb.com)



**Senior Management**  
*(From left to right)*

Jay Gutierrez  
Andrew Swift  
Mark Loughhead  
Raymond Pirie



## Intertek ETL SEMKO

A global leader in the testing, inspection and certification of products from manufacturers and retailers focusing on decreasing product time to market.

### 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 stress 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, automotive components, 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 thereby maximising their revenue potential, 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 network of laboratories and offices in Asia means we can provide our Asian customers with the same level of service as those in the West, including access to our US and EU certification services.

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.



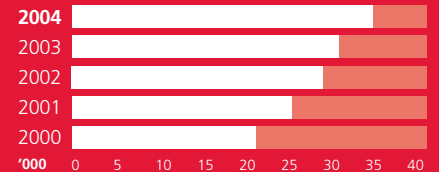
"We were really under the gun with the minimal time we had. When Intertek responded instantly with a full range of services – without balking at the time line – we knew we'd found our partner"

Candela

### DIVISIONAL SALES

£122m

#### NUMBER OF ETL LISTED PRODUCTS



16  
COUNTRIES

53  
OFFICES

50  
LABORATORIES

2486  
EMPLOYEES

[www.intertek-etlsemko.com](http://www.intertek-etlsemko.com)



**Senior Management**  
*(From left to right)*

Jason Qin  
Ian Kitchin  
Rob Dilworth  
Gregg Tiemann



## Intertek Foreign Trade Standards

Working with Governments, Standards Bodies, and Customs Departments to check that import duty is properly declared and paid, and that imports comply with their safety and other standards.

### What we do

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

National Standards Organisations retain us to ensure that imports comply with relevant safety, quality and other standards. Goods and commodities are tested and/or inspected before shipment. This prevents dumping of unsafe goods, and improves the quality of goods imported and sold in the country.

Ministries of Finance retain us to increase import duty and to work with Customs to improve efficiency. Imports are inspected and valued in the country before shipment. Import duties are then accurately assessed and certified, allowing them to be collected by Customs.

Container scanning solutions are implemented on behalf of Ministries of Transport and Finance to protect against security risks associated with international trade. Partnerships with UK Customs and Eurotunnel gives customers the widest range of support on these contracts.

The Intertek ADVANTAS® Advanced Trade Assessment System provides valuation information and advice, together with risk management software systems.

Technical inspection services focused on the oil and gas sectors are provided to ensure subcontractors use the right materials, manufacture to correct specifications and deliver on schedule.

### Our customers

We are contracted by Ministries of Finance and Transport, Customs Departments, National Standards Bodies and by major suppliers to the oil and gas sector.

### 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.

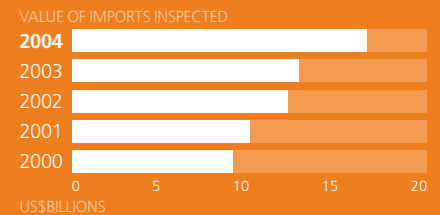
### Our opportunities and strategies

There are good opportunities for growth as we continue to expand our services to our existing customers and win contracts with new customers. We expect to increase sales of our Intertek ADVANTAS® tools and services, and container scanner solutions.

"The work that Intertek has performed has been very professional and to a high standard. Their work has helped increase import duty revenues, reduce smuggling and facilitate trade."  
The Government of Nigeria

### DIVISIONAL SALES

£68m



31  
COUNTRIES

45  
OFFICES

1018  
EMPLOYEES

[www.intertek-fts.com](http://www.intertek-fts.com)



**Senior Management**  
*(From left to right)*

Brian King  
Rob Dilworth  
Ian Kitchin  
Nigel Harvey





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

**Senior Management**  
Gene Rider

RAM works with clients to assess and reduce the hazards associated with products before the products are produced – incorporating product safety into every facet of the business process. RAM draws upon an impressive array of industry leading intelligence, research, and technology, as well as resources within a client's organisation, to create and implement essential safety solutions and processes that protect the brand and contribute to brand value.

It's a proven approach that impacts the success of a business by delivering a distinct competitive advantage.

"RAM has provided us with leading-edge knowledge and processes to assess the safety of our products as we design them, giving us confidence that we will ask the right questions and find the right solutions to any problem." Kraft Foods

[www.intertek-ram.com](http://www.intertek-ram.com)





Intertek offers a broad range of certification and accreditation marks, accepted in markets around the world as symbols of quality and integrity.

The Group continues to generate strong organic growth supplemented by complementary acquisitions.

"I am very glad to announce an excellent set of results for the year."  
**Vanni Treves**



### Results

I am very glad to announce an excellent set of results for the year. It is particularly gratifying to see that these results are the sum of strong performances at each of our divisions. At actual exchange rates, turnover in 2004 was £499.6m, 6.0% above 2003 and operating profit before goodwill amortisation and exceptional operating items was £85.2m, 11.8% above 2003.

### Dividends

The Board is recommending a final dividend of 7.0p per share (2003: 5.9p) making a full year dividend of 10.4p per share (2003: 8.8p) an increase of 18.2% over last year.

### Board changes

After leading the Intertek Group for more than 20 years, Richard Nelson is retiring as Chief Executive Officer in March this year, but we are pleased that he has agreed to become Non-Executive Deputy Chairman. Richard has brought his skills and energy to bear in every area of the Group and his personal contribution has been absolutely fundamental to building the Group up to its present size and vigour. We are deeply grateful to him.

We are very pleased that Wolfhart Hauser succeeds Richard as Chief Executive Officer of the Group in March this year. Wolfhart has been a Non-Executive Director of the Group since 2002 and before that, was Chief Executive of TÜV Süddeutschland, one of Germany's leading testing organisations. In Wolfhart, we have a CEO with detailed knowledge of the industry and Intertek and we are confident that he can bring continued success to the company. I am also delighted that Raymond Kong joined the Board as a Director in May 2004. Raymond has been with the Intertek Group for over 30 years and is Executive

President of China & Asia and Chief Executive of Labtest. His record at Labtest speaks for itself and his appointment will add another layer of continuity and expertise to the Board.

### Charitable donations

The tsunami earthquake on 26 December 2004, had a devastating effect on some of the countries in Asia in which the Group operates. I am relieved that no Intertek employees were lost in the disaster and the Intertek businesses were not directly affected. In order to support the relief effort, in 2005, the Group donated USD 250,000 to the Tsunami Disaster Appeal fund.

### Employees

On behalf of the Board, I would like to take this opportunity to thank all of the Group's staff for their hard work and dedication during the year. Intertek employs over 13,500 people in 102 countries and it is the contribution of local employees in their home countries that is Intertek's great strength and which has delivered this excellent result for the year.

### Outlook

The Group will continue to focus on extending the services we offer to customers. The key growth drivers remain strong and we are confident that the many new opportunities to develop both organically and through acquisitions will enable us to continue to perform.

A handwritten signature in dark ink that reads "Vanni Treves". The signature is written in a cursive style.

**Vanni Treves**  
Chairman

7 March 2005



# Chief Executive Officer's statement



"The excellent results are due to the strength of the Intertek management and employees and their ability to identify and develop profitable opportunities which benefit our customers."

Richard Nelson

## Growth

In 2004, each of our divisions achieved excellent growth in turnover and operating profit at both constant and actual exchange rates. At actual exchange rates, turnover in 2004 was £499.6m, 6.0% above 2003 and operating profit was £85.2m, 11.8% above 2003. Approximately 80% of Intertek's profits were in US dollars or currencies that move in line with the US dollar. The average value of the US dollar compared to sterling in 2004 has declined by 12% since 2003 which reduced the results on translation into sterling. At constant exchange rates, turnover grew by 14.5% and operating profit grew by 23.5%. Despite the currency effect, the underlying earnings per share increased by 22.2% to 36.3p.

## Labtest

Labtest continued to perform very strongly. Turnover in 2004 was £132.3m which was 11.2% above 2003, at constant exchange rates. Excluding the results of acquisitions and disposals in 2003 and 2004, at constant exchange rates, turnover grew 13.5%. The most significant growth areas in Labtest continued to be the testing of textiles, toys and hardlines, particularly in China and Hong Kong, where the key business drivers remained strong.

## Caleb Brett

Caleb Brett reported strong growth in 2004 with turnover of £177.3m, up 12.3% at constant exchange rates. Whilst market conditions improved compared to last year due to higher volumes of shipments, the main source of growth continued to be outsourced testing. This business grew by 34%, increasing its contribution to divisional turnover from 25% to 30%. Several new contracts were gained in the year, including business from Avecia, ChevronTexaco, ExxonMobil, BP and Shell.

## ETL SEMKO

ETL SEMKO reported strong growth in 2004 with turnover of £122.4m, up 19.4% at constant exchange rates. Excluding the results of acquisitions, turnover grew 8.0% at constant exchange rates. The main acquisition was Entela Inc, an automotive component testing business located in the US, which ETL SEMKO acquired in May 2004. Turnover in Asia increased, particularly in China where the demand for safety testing of home appliances continued to grow.

## Foreign Trade Standards

In Foreign Trade Standards, turnover in 2004 was £67.6m, up 19.0% over 2003 at constant exchange rates. The growth was principally due to the pre-shipment inspection contract in Venezuela which started in the second half of 2003, and due to the other main contracts performing well.

## Acquisitions and disposals

During 2004 we made seven acquisitions and two disposals for a net consideration of £27.6m, of which the following are the most significant. In April, Caleb Brett acquired the assets of Vestfold Telemark Metering, a consultancy company offering metering services in Norway, for £1.0m. In May, Avecia outsourced its Analytical Sciences Group to Caleb Brett in the UK, which involved the acquisition of assets for £4.4m. Also in May, ETL SEMKO bought Entela Inc., a US automotive component testing business for £16.2m. In December, Caleb Brett bought the assets of Kelley Completion Services, an offshore oil and gas measurement business operating in the Gulf of Mexico, for £5.3m. Excluding the results of acquisitions and disposals in 2003 and 2004, at constant exchange rates, Group turnover grew 11.6% and operating profit grew 20.1%.

## Retirement

After more than 20 years leading Intertek, I have decided to retire in March this year from my role as Chief Executive Officer. I will then serve on the Board as Non-Executive Deputy Chairman. I am delighted that Wolfhart Hauser is becoming Chief Executive Officer and am confident that under his leadership the Group will continue to drive growth and produce excellent value for its customers and returns for its shareholders.

A handwritten signature in dark ink that reads "Richard Nelson". The signature is written in a cursive, slightly slanted style.

Richard Nelson  
Chief Executive Officer

7 March 2005

# Board of Directors and Executive Management Team

16

17

- 1 Vanni Treves †
- 2 Wolfhart Hauser ††
- 3 Richard Nelson ††
- 4 Bill Spencer ††
- 5 David Allvey †
- 6 Ross Sayers †
- 7 Raymond Kong ††
- 8 Mark Loughhead †
- 9 Rob Dilworth ‡

† Board member

‡ Executive Management Team



8

9

3

2

1

## **Vanni Treves (64)**

### Chairman

Appointed to the Board in January 2001\*. He became Chairman in April 2001. He is a solicitor, specialising in corporate law and governance. For 30 years he was a Partner (for 12 of them Senior Partner) of Macfarlanes, a major law firm in the City of London. He has been Chairman of three listed companies and Channel Four Television. Currently he is Chairman of Equitable Life Assurance Society, Korn/Ferry UK and the London Business School. He is also a Governor of The College of Law and Sadler's Wells, a Trustee of the J Paul Getty Charitable Trust, Solicitor to The Royal Academy and Chair of the National College for School Leadership.

## **Wolfhart Hauser (55)**

### Chief Executive Officer

Appointed to the Board as a Non-Executive Director in November 2002. He became Chief Executive Officer of the Group from 1 March 2005. He started his career as a scientist and medical doctor. He then joined the service industry establishing and leading a broad range of successful service businesses over the past 24 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.

## **Richard Nelson (62)**

### Chief Executive Officer

(until 31 March 2005)

Appointed to the Board as a Director in 1996\*. He was Chief Executive Officer of the Group since its acquisition from

Inchcape plc in 1996 and will become Deputy Chairman from 8 April 2005. Prior to the acquisition, he was President and Chief Executive Officer of Inchcape Testing Services Ltd 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.

## **Bill Spencer (45)**

### Chief Financial Officer

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 Ltd 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.

## **David Allvey (59)**

### The Senior Independent Director

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 Assurance plc, Costant Group plc, William Hill plc and MyTravel



6

Group Plc. He was a board member of the UK Accounting Standards Board for 10 years until Autumn 2003.

**Ross Sayers (63)**

**Non-Executive Director**

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 the Macquarie European Infrastructure Fund Advisory Panel, a Director of Network Rail and A-Train AB (Stockholm) and Chairman of MGN Gas Networks (UK) Ltd. He was previously Chairman of Innogy Holdings plc and Associated British Ports Holdings plc, Chief Executive Officer and Managing Director of China Light and Power Ltd (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 Ltd.

**Raymond Kong (57)**

**Executive President**

Appointed to the Board as a Director in May 2004. He has been a member of the Executive Management Team since January 1998. Based in Hong Kong, he is Executive President of China and Asia and Chief Executive of Labtest. 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 network and service diversification. He also serves on a number of advisory committees for The Government of The Hong Kong Special Administrative Region.

4

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**Mark Loughead (45)**

**Executive Vice President**

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.

**Rob Dilworth (43)**

**Executive Vice President**

Appointed a member of the Executive Management Team in January 1999. He is Chief Executive of ETL SEMKO and Foreign Trade Standards, and 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 Foreign Trade Standards Eastern Hemisphere. He has a Masters degree in Business Administration.

\* 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

“We require our employees to show integrity and honesty in all business dealings.”

Nigel Lucas



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 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. Also reporting to me are a centrally managed financial audit team and a 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 adopted 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. 2004 was the first year that this code was subjected to external review and reporting.

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 all of our sites at least once a year and more often in the larger sites.

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 reports to the Head of Internal Audit and 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.

A handwritten signature in dark ink, appearing to read 'Nigel Lucas', written in a cursive style.

**Nigel Lucas**  
Vice President Compliance

7 March 2005

# 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 20 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 2004 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

7 March 2005

This report is a summary of the Directors' report which is included in the Annual Report and Accounts for 2004.

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 2004.

### Directors

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

<b>VE Treves</b>	Chairman
<b>RC Nelson</b>	Chief Executive Officer
<b>W Spencer</b>	Chief Financial Officer
<b>DP Allvey</b>	Non-Executive Director
<b>W Hauser</b>	Non-Executive Director
<b>RE Sayers</b>	Non-Executive Director
<b>R Kong</b>	Executive President China and Asia

RC Nelson and VE Treves retire by rotation and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. R Kong was appointed during the year and offers himself for election.

On 1 March 2005, W Hauser was appointed joint Chief Executive Officer. On 31 March 2005, RC Nelson will cease to be Chief Executive Officer and will be an Executive Director until 8 April 2005, when he becomes Non-Executive Deputy Chairman.

### Summary remuneration report

This report is a summary of the Remuneration report which is included in the Annual Report and Accounts for 2004.

### 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 Committee met nine times during 2004. 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

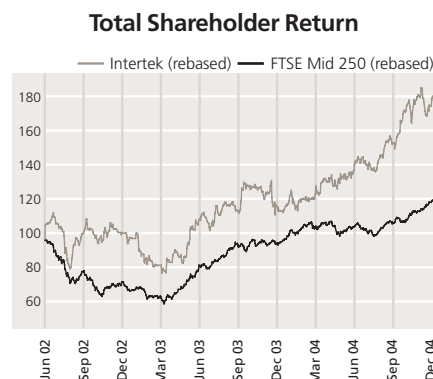
Total Directors' remuneration in 2004 (or from the date of appointment) comprised emoluments of £1.5m (2003: £1.0m) and pension contributions of £0.2m (2003: £0.2m).

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, and one Executive Director is a member of the Hong Kong Retirement Scheme which is a hybrid scheme combining a defined benefit plan and a defined contribution plan for members who joined prior to 1 December 2001.

### Performance Graph

Total Shareholder Return (TSR), comprising the changes in value of a share and dividends distributed can be represented by the value of a notional £100 invested at the beginning of a period and its change over that period.

The graph below shows TSR in respect of the Group since flotation on 24 May 2002. The TSR for the Group is compared with the TSR for the FTSE Mid 250 index. The FTSE Mid 250 index was selected, as it is a broad market index of which the Group is a member. In addition, the Group uses that group of companies, amongst others, for comparison of pay and benefit levels.



# Summary group profit and loss account

for the year ended 31 December 2004

	Pre- exceptional items 2004 £m	Exceptional items 2004 £m	Total 2004 £m	Pre- exceptional items 2003 £m	Exceptional items 2003 £m	Total 2003 £m
<b>Turnover – continuing operations</b>	<b>499.6</b>	–	<b>499.6</b>	471.1	–	471.1
Operating profit/(loss) before goodwill amortisation	<b>85.2</b>	–	<b>85.2</b>	76.2	(1.1)	75.1
Goodwill amortisation	<b>(1.5)</b>	–	<b>(1.5)</b>	(1.0)	–	(1.0)
<b>Total operating profit</b>	<b>83.7</b>	–	<b>83.7</b>	75.2	(1.1)	74.1
Continuing operations	<b>83.7</b>	–	<b>83.7</b>	75.2	(3.7)	71.5
Discontinued operations	–	–	–	–	2.6	2.6
Non-operating exceptional items	–	–	–	–	4.5	4.5
<b>Profit on ordinary activities before interest</b>	<b>83.7</b>	–	<b>83.7</b>	75.2	3.4	78.6
Net interest and similar charges	<b>(5.2)</b>	<b>(2.7)</b>	<b>(7.9)</b>	(8.0)	–	(8.0)
<b>Profit on ordinary activities before taxation</b>	<b>78.5</b>	<b>(2.7)</b>	<b>75.8</b>	67.2	3.4	70.6
Taxation on profit on ordinary activities	<b>(20.8)</b>	<b>0.5</b>	<b>(20.3)</b>	(18.7)	(0.1)	(18.8)
<b>Profit on ordinary activities after taxation</b>	<b>57.7</b>	<b>(2.2)</b>	<b>55.5</b>	48.5	3.3	51.8
Attributable to minorities – equity interests	<b>(2.8)</b>	–	<b>(2.8)</b>	(3.7)	–	(3.7)
<b>Profit for the financial year</b>	<b>54.9</b>	<b>(2.2)</b>	<b>52.7</b>	44.8	3.3	48.1
Dividends	<b>(16.1)</b>	–	<b>(16.1)</b>	(13.6)	–	(13.6)
<b>Retained profit for the year</b>	<b>38.8</b>	<b>(2.2)</b>	<b>36.6</b>	31.2	3.3	34.5
<b>Earnings/(loss) per share</b>						
Basic	<b>35.6p</b>	<b>(1.5)p</b>	<b>34.1p</b>	29.1p	2.2p	31.3p
Diluted	<b>35.3p</b>	<b>(1.4)p</b>	<b>33.9p</b>	29.0p	2.1p	31.1p

## Summary statement of group cash flow

for the year ended 31 December 2004

	2004 £m	2003 £m
<b>Group operating profit after exceptional items</b>	<b>82.5</b>	72.9
Depreciation charge and loss on disposal of fixed assets	<b>18.6</b>	19.1
Goodwill amortisation	<b>1.5</b>	1.0
Increase in working capital	<b>(0.7)</b>	(13.0)
<b>Net cash inflow from operating activities</b>	<b>101.9</b>	80.0
Dividends from associated undertakings	<b>0.8</b>	0.7
Returns on investments and servicing of finance	<b>(9.4)</b>	(10.1)
Taxation	<b>(16.0)</b>	(13.7)
Capital expenditure and financial investment	<b>(28.0)</b>	(23.6)
Acquisitions and disposals	<b>(26.3)</b>	(1.2)
Equity dividends paid	<b>(14.4)</b>	(12.5)
<b>Cash inflow before financing</b>	<b>8.6</b>	19.6
Financing:		
Net issue of shares	<b>1.1</b>	(0.1)
Decrease in debt	<b>(36.3)</b>	(6.8)
<b>(Decrease)/increase in cash in the year</b>	<b>(26.6)</b>	12.7

## Reconciliation of net cash flow to movement in net debt

for the year ended 31 December 2004

	2004 £m	2003 £m
(Decrease)/increase in cash in the year	<b>(26.6)</b>	12.7
Decrease in debt	<b>36.3</b>	6.8
Decrease in net debt resulting from cash flows	<b>9.7</b>	19.5
Acquisitions and disposals	<b>(0.3)</b>	0.5
Other non-cash movements	<b>(2.8)</b>	(1.0)
Exchange adjustments	<b>13.2</b>	15.7
<b>Decrease in net debt in the year</b>	<b>19.8</b>	34.7
<b>Net debt at the start of the year</b>	<b>(132.2)</b>	(166.9)
<b>Net debt at the end of the year</b>	<b>(112.4)</b>	(132.2)



# Summary group balance sheet

at 31 December 2004

	2004 £m	2003 £m
<b>Fixed assets</b>	<b>127.2</b>	96.8
Current assets	<b>163.8</b>	188.2
Creditors due within one year	<b>(120.2)</b>	(109.6)
<b>Net current assets</b>	<b>43.6</b>	78.6
<b>Total assets less current liabilities</b>	<b>170.8</b>	175.4
Creditors due after more than one year	<b>(151.4)</b>	(197.6)
Provisions for liabilities and charges	<b>(6.0)</b>	(8.6)
<b>Net assets/(liabilities) excluding pension schemes</b>	<b>13.4</b>	(30.8)
Pension liabilities	<b>(11.3)</b>	(5.1)
<b>Net assets/(liabilities)</b>	<b>2.1</b>	(35.9)
<b>Capital and reserves</b>		
Called up share capital	<b>1.5</b>	1.5
Reserves*	<b>(5.1)</b>	(44.6)
<b>Shareholders' deficit</b>	<b>(3.6)</b>	(43.1)
Minority shareholders' equity interest	<b>5.7</b>	7.2
<b>Capital employed – equity</b>	<b>2.1</b>	(35.9)

\* Included in reserves is £229.9m (2003: £244.1m) relating to goodwill written off to reserves in relation to subsidiaries acquired prior to 31 December 1997.

## The summary financial statement

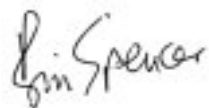
The summary financial statement has been produced to allow readers an overview of the financial affairs of Intertek Group plc and its subsidiaries (the Group), without the need to refer to the full annual accounts together with the Directors' report and auditor's report on those accounts. The independent auditor's report on the full Financial Statements of the Group for the year end 31 December 2004 was unqualified and did not contain any statement under section 237(2) of the Companies Act 1985 concerning inadequate accounting records and under section 237(3) concerning failure to obtain necessary information and explanations.

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 7 March 2005, and signed on their behalf:



**Bill Spencer**  
Chief Financial Officer

Financial year end	31 December 2004
Results announced	7 March 2005
Annual General Meeting	6 May 2005
Ex-dividend date for final dividend	1 June 2005
Record date for final dividend	3 June 2005
Final dividend payable	17 June 2005
Interim results announced	September 2005
Interim dividend payable	November 2005

## Shareholder Enquiries and Electronic Communications – [www.shareview.co.uk](http://www.shareview.co.uk)

Any shareholders with enquiries relating to their shareholding should, in the first instance, contact Lloyds TSB Registrars (at the address shown opposite).

Shareholders who would prefer to view documentation electronically can elect to receive automatic notification by e-mail each time the Company distributes documents, instead of receiving a paper version of such documents, by registering a request at the Lloyds TSB Registrars website, [www.shareview.co.uk](http://www.shareview.co.uk).

There is no fee for using this service and you will automatically receive confirmation that a request has been registered. Should you wish to change your mind or request a paper version of any document in the future, you may do so by contacting the Registrar by e-mail or by post.

To access [www.shareview.co.uk](http://www.shareview.co.uk), you will need to have your shareholder reference available when you first log in, which may be found on your dividend voucher, share certificate or form of proxy.

The facility also allows shareholders to view their holding details, find out how to register a change of name or what to do if a share certificate is lost, as well as download forms in respect of changes of address, dividend mandates and share transfers.

## Share dealing service

A share dealing service for the purchase or sale of shares in Intertek is available through Cazenove & Co, whose details are as follows:

Cazenove & Co (postal service)  
20 Moorgate,  
London  
EC2R 6DA  
Telephone +44 20 7155 5155

## ShareGift

The Orr Mackintosh Foundation operates a charity share donation scheme for shareholders with small parcels of shares whose value makes it uneconomic to sell them. Details of the scheme are available from:

ShareGift at [www.sharegift.org](http://www.sharegift.org)  
Telephone +44 20 7337 0501.

## Share price information

Information on the Company's share price is available from the Investor Relations pages of [www.intertek.com](http://www.intertek.com), and from the UK via the FT Cityline Service Telephone 0906 003 2361 (calls are charged at 60p per minute at all times).

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 West Sussex BN99 6DA  
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 T: +44 121 415 7059

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 PO Box 486, 8 Salisbury Square  
 London EC4Y 8BB  
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**Registered Office**

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**Company Secretary**

Fiona Evans

Registered number: 4267576  
 ISIN: GB0031638363

Symbol: ITRK

**Brokers**

Cazenove & Co Ltd  
 20 Moorgate  
 London EC2R 6DA  
 T: +44 20 7588 2828

**Goldman Sachs International**

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Contact us for information on the office or laboratory that can best serve your business needs.  
 Information and e-mail available at [www.intertek.com](http://www.intertek.com)

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