Intertek

Bringing competitive advantage to business

Annual Report 2008

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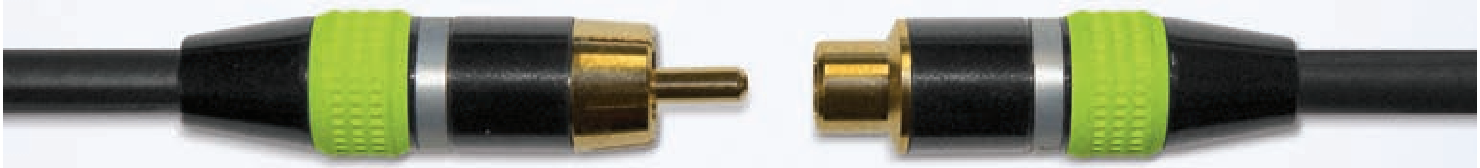


Cautionary statement

This Annual Report contains certain forward-looking statements with respect to the financial condition, results, operations and business of Intertek Group plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this Annual Report should be construed as a profit forecast.

Financial Highlights

Revenue £m
+29.4%

2008	1,003.5
2007	775.4

+18.7% at constant rates[1]

Operating profit £m
+27.4%

2008	147.9
2007	116.1

Adjusted operating profit[2] £m
+35.4%

2008	164.7
2007	121.6

+21.2% at constant rates[1]

Adjusted operating profit margin
+70bp

2008	16.4%
2007	15.7%

+30bp at constant rates[1]

Operating cash flow £m
+30.1%

2008	194.0
2007	149.1

Profit before income tax £m
+31.0%

2008	138.6
2007	105.8

Basic earnings per share
+27.4%

2008	59.5p
2007	46.7p

67.1p diluted adjusted EPS[3]

Dividend per share[4]
+15.6%

2008	20.8p
2007	18.0p

1. Growth at constant exchange rates compares revenue and adjusted operating profit for 2008 and 2007 at the average exchange rates for 2008.
2. Operating profit before amortisation of acquisition intangibles, goodwill impairment and non-recurring costs (see reconciliation in note 3 to the financial statements).
3. Diluted adjusted EPS based on adjusted earnings (see note 9 to the financial statements).
4. Dividend per share is based on the interim dividend paid of 7.1p (2007: 5.8p) plus the proposed final dividend of 13.7p (2007: 12.2p).

At a Glance

Intertek revenue growth in 2008

Asia Pacific
+37%

Americas
+26%

EMEA
+26%

Our customers

- Aerojet
- Agfa Healthcare
- AkzoNobel
- Auchan
- The Government of Bangladesh
- Barrick Gold of Australia
- BHP Billiton Worsley Alumina Pty Ltd
- Boddington Gold Mine/ Newmont Asia Pacific
- Bosch
- Bose Corporation
- BP
- Canon
- Certified Automotive Parts Association
- ChevronTexaco
- Cisco
- Citgo
- ConocoPhillips
- DSM
- ExxonMobil
- Gap Inc
- Häagen-Dazs®
- Haier
- Hitachi
- Honeywell
- Hydro-Québec
- IBM
- IKEA
- J C Penney Company, Inc.
- Kohl's
- The Government of Kuwait
- Lear Corporation
- Levi Strauss & Co
- LG
- LIDL
- Linde
- Lloyd's Register
- Maersk
- Marks & Spencer
- McDonald's Corporation
- The Government of Mexico
- Morgan Stanley
- Mothercare
- The Government of Mozambique
- Nestlé
- Newcrest Mining Limited
- The Government of Nigeria
- Nikon
- Nordstrom, Inc.
- Panasonic
- Payless ShoeSource
- Petroleo Brasileiro
- Rolls-Royce
- SABIC
- Samsung
- The Government of Saudi Arabia
- Saudi Aramco
- Schneider Electric
- Sears Holdings Management Corporation
- Shell
- Smiths Medical
- StatoilHydro
- Talisman Energy
- Territory Resources Limited
- Tesco
- The Home Depot Inc
- Timberland
- TOKYO ELECTRON LTD
- Toshiba
- Total
- Trafigura
- Valero
- Vitol
- YAMAHA

Our industries

Aerospace & Automotive
Building Products
Chemicals
Consumer Goods & Retailers
Electrical & Electronic
Energy
Food & Agriculture
Industrial
IT & Telecom
Medical & Pharmaceutical
Minerals
Petroleum
Toys, Games & Hardlines
Textiles, Apparel & Footwear

Intertek is a leading provider of quality and safety solutions serving a wide range of industries around the world.

From auditing and inspection, to testing, quality assurance and certification, Intertek people are dedicated to adding value to customers' products and processes, supporting their success in the global marketplace.

Intertek has the expertise, resources and global reach to support its customers through its network of more than 1,000 laboratories and offices and over 23,000 people in more than 100 countries around the world.

Our divisions

Division	Contribution to revenue
Consumer Goods Employees 8,531 Offices 104 Laboratories 71	25%
Commercial & Electrical Employees 3,527 Offices 72 Laboratories 76	20%
Oil, Chemical & Agri Employees 8,060 Offices 367 Laboratories 232	31%
Government Services Employees 563 Offices 40 Laboratories 1	5%
Analytical Services Employees 1,320 Offices 25 Laboratories 34	12%
Industrial Services Employees 417 Offices 40	3%
Minerals Employees 1,340 Offices 24 Laboratories 29	4%

What we do

Testing

Inspection

Certification

Auditing

Outsourcing

Advisory

Training

Quality assurance

Chairman's Statement

Results

I am pleased to report that Intertek delivered excellent results in 2008 and ended the year with a revenue figure of £1,003.5m, up 29.4% over last year. Excluding acquisitions, revenue growth was 22.5%.

Operating profit was £147.9m, up 27.4% over last year. Adjusted operating profit increased to £164.7m, up 35.4%. Our adjusted operating margin increased by 70 basis points to 16.4%. Excluding acquisitions, adjusted operating profit grew by 28.4%.

Acquisitions

We continued our successful track record of making infill acquisitions. In 2008 we acquired 14 new businesses for total consideration of £79.5m (2007: £100.0m). Details of the acquisitions are given in the Operating Review by division and in note 26 to the financial statements. To date in 2009, we have completed two further acquisitions for initial consideration of £21.5m which further widen the scope and range of the services we offer. Additional consideration of up to £5.6m is payable dependent on future financial performance. We intend to continue prudently investing in new opportunities in our chosen industry sectors.

Earnings per share

Basic earnings per share were 59.5p, up 27.4% over last year and diluted adjusted earnings per share were 67.1p, up 37.5%.

Dividends

An interim dividend of 7.1p per share (2007: 5.8p) was paid to shareholders on 18 November 2008. The Directors will propose a final dividend of 13.7p per share at the Annual General Meeting on 15 May 2009, to be paid on 19 June 2009 to shareholders on the register at close of business on 5 June 2009. If approved, this will make a full year dividend of 20.8p per share (2007: 18.0p), an increase of 15.6%. This is in line with our dividend policy and reflects the good performance of the Group.

The Board

Other than the previously announced appointment of Mark Loughead to the Board on 1 January 2008, there were no changes to the Board during 2008. Mark's appointment further strengthens the depth of experience on the Board. Biographies of each of the Board members are set out on pages 32 and 33.

Intertek Operations Committee

The day-to-day management of the Group is undertaken by the Intertek Operations Committee (IOC). The IOC currently comprises the three Executive Directors, the six Executive Vice Presidents who head up the operating divisions and the Vice President of Human Resources. Biographies of each of the IOC members are set out on pages 34 and 35.

Acquisitions in 2008
14 businesses acquired for £79.5m in nine countries across six divisions

Employees
Our mission to support and add value for our customers is delivered through almost 24,000 people across Intertek worldwide. We continue to improve our capacity to attract, develop and retain the best people who share in the mission, values and success of the Group.

On behalf of the Board, I would like to welcome all new employees to Intertek and to thank all our employees around the world for their commitment to making 2008 another successful year.

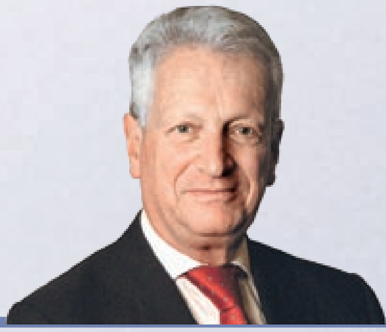
Environmental impact
Intertek is committed to playing an important and positive role with respect to climate change and the environmental impact of products and processes. We advise our clients, as an integral part of our business, on many issues which have an impact on the environment, such as the chemical content of their products and packaging, the energy efficiency of their equipment, CO_2 emissions and the disposal of harmful substances and waste electrical products. We also provide advisory and consultancy services to help retailers and manufacturers design their products and services to comply with current and future environmental regulations around the world. Through our services we help our clients to minimise the environmental impact of their products and processes for the benefit of society as a whole. We are also mindful of our own impact on the environment and are working on various initiatives to reduce this. This is discussed further in the Corporate Social Responsibility Report on pages 63 and 64.

Outlook
Our 2008 revenue growth excluding acquisitions, was 12.3% at constant exchange rates. Whilst a significant global recession will obviously affect our business, our strategy as well as our geographic and industry diversification, will help to mitigate any adverse impact and provide us with a range of opportunities. As a result, we are confident that Intertek will continue to grow well in 2009.

Vanni Treves
Chairman

Basic earnings per share
59.5p

Dividend per share
20.8p



Revenue in 2008 over
£1bn

Chief Executive Officer's Review

Our commitment to supporting and adding value to our customers by improving their products and processes and reducing their costs drives everything we do.

Our commitment

We deliver innovative solutions to our customers and guide them through the complex regulations and standards that apply to their products. We facilitate our customers' success in the global marketplace and, most importantly, we provide our customers with confidence. Our knowledge of quality-enhancing and procurement procedures along their value chain, together with our insight of existing and forthcoming regulations worldwide, allow our clients to reduce their product development time cycle and ensure that their products are compliant. By leveraging our local service and global network, we enable our customers to reduce overhead costs and dedicate their primary energies to their core business activities. We offer comprehensive programmes and services which draw on our industry-specific knowledge and technical expertise.

Progress towards delivering our strategy

Our excellent results for 2008 demonstrate the effectiveness of our growth strategy. This strategy is achieved by focusing on six key aspects of our business:

- Customers;
- Our people;
- Business development;
- Processes;
- Financial management;
- Risk management.

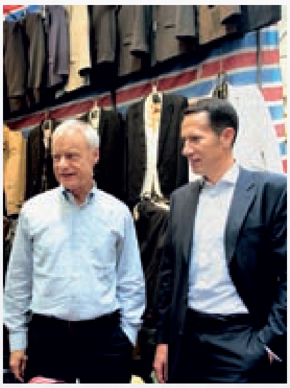
Customers

By organising ourselves along industry lines we have developed in-depth knowledge of our chosen industries. This enables us to understand our customers' businesses, anticipate their current and future needs and deliver seamless customer service. We locate our offices and laboratories near our clients so we can maintain a close relationship and provide a local contact point through which they can access our global network of facilities and expertise. In the current economic climate, reducing non-productive overheads is key for most businesses. Our services allow our clients to reduce their dependency on in-house testing, freeing up valuable resources to allocate to their core services by outsourcing this to Intertek. As a result, clients can speed up the time-to-market of their products and reduce costs.

Our people

Our strategy is to attract, retain and motivate talented people with the expertise and experience to provide our clients with a service that surpasses their expectations. Our focus on customer service development through training and the strength of our collective leadership, combined with a stimulating work environment, are the principal drivers which motivate our people to excel at their work on behalf of all clients.





We plan ahead to ensure we have the right profiles of talent flowing through to shape and lead the evolution of our markets and services. This also enhances retention, with opportunities for career progression across all countries and areas of specialism.

We continue our distinctive strategy of developing and promoting people locally as they have the best understanding of the local market and customers, whilst continuing to give opportunities for the most talented to advance into international management. Through our many Intertek as One initiatives we emphasise the need to join together, maintaining our agility to move people quickly to where they are of greatest impact for the benefit of our customers and our business.

Business development

Our industry-focused approach also drives our business and corporate development strategy. Our aim is to be a leader in our core service industries and we actively seek businesses to acquire that complement or extend our service offering to customers in our chosen sectors. We integrate the expertise and services in acquired businesses with our existing services and offer these to our customers globally. In 2008 we acquired 14 businesses in nine countries across a variety of industry sectors. For example, in 2008 we acquired Hi-Cad Technical Services Ltd which provides specialist 3D data capture and measurement services, primarily to customers in the UK and the USA in the oil and petroleum industries. We also acquired CML Biotech Ltd which specialises in the measurement and management of bacteria in the upstream oil and gas industries. Both acquisitions strategically extend the breadth of our service offering to our clients in the energy industries.

Our in-depth knowledge of the industries in which we operate enables us to understand future developments and design services to meet changing customer requirements. For example, in 2008 we expanded our photovoltaic capabilities to support growth in the alternative energy industry and we have extended our service offering for customers in the food industry.

Processes

Internally, we continuously review and streamline our core processes to improve customer service and control costs. Our processes and procedures are subject to regular audits from our customers and regulatory bodies to ensure that we meet required standards. We strive to achieve operational excellence in all our facilities. Each division measures a variety of operational performance indicators that are appropriate to their business, such as test turnaround times, number of certifications issued, utilisation statistics, order backlog and order conversion amongst others. Our global Intertek as One initiative ensures that different parts of our business communicate and co-operate with each other to ensure our customers receive a seamless service. We are also planning to combine our back office functions within countries to improve efficiency and reduce overhead costs.

Financial management

We aim to manage our business responsibly to meet the needs of all our stakeholders. Our strategy is to generate profitable growth both organically and through acquisitions and to maintain a sound financial position. We aim to secure long-term, recurring revenue from new and existing clients. We have many key financial performance indicators such as top line revenue growth and operating margin growth which we measure on a monthly basis for each division and industry sector. Further details are provided in the Financial Review starting on page 24.

Our business focus

- Customers
- Our people
- Business development
- Processes
- Financial management
- Risk management

Chief Executive Officer's Review

Intertek is a cash generative business and our focus is on managing capital expenditure, working capital, tax and interest costs. Our strategy is to ensure that the cash we generate is used efficiently for acquisitions, organic investment and returning funds to our shareholders, adding to their value creation. We continually monitor our cash position and the location of our cash balances to ensure that sufficient cash can be remitted into the UK to fund our dividend payments to shareholders. During 2008 we added £75.0m to our committed borrowing facilities and raised a further US$200.0m by way of two senior note issues to ensure that we have sufficient funds available to continue investing in our business and making acquisitions. At 31 December 2008, the Group had undrawn committed borrowing facilities of £97.8m which mature in December 2011, and cash of £113.3m.

Risk management

An important part of our growth strategy is to clearly identify risks to the achievement of our ambitions and to successfully address them. We continuously improve our risk assessment matrix with a view to improving our risk assessment and reporting framework to ensure that our internal audit work continues to focus on the most appropriate areas.

Our close relationship with our customers and the markets in which they operate mean that we are aware of the issues facing many industries and can take appropriate and timely action. We monitor underperforming businesses closely and where we see revenue growth is declining we take action to adjust our cost base to maintain our margin.

The current turmoil in the financial markets and the prospects of a global recession have made it more difficult and expensive to obtain debt financing. We will closely monitor the level of capital in the business and adjust it as necessary to meet requirements.

Creating value

We will face many challenges in the current economic environment but I am confident that the services we provide, our strategy and the dedication of our people will continue to drive demand for our services, add value for our customers and create value for our shareholders.

Wolfhart Hauser
Chief Executive Officer

Our strategy

- Add value to clients
- Offer bundled services
- Drive outsourcing
- Focus on selected industry sectors
- Support global trade

Operating Review

Intertek is a global market leader in many industries supporting customers in the international market place and ensuring that their products comply with their own quality and safety standards and all relevant external regulations.

Group Overview

Who we are

Our services cover the whole supply chain including the sourcing of raw materials, product design, manufacturing processes, compliance certifications and performance testing of the end product. Our customers range from major household names and international corporations to niche suppliers, globally and locally. With over 1,000 facilities in more than 100 countries and over 23,000 employees, we can provide services in almost every country in the world.

What we do

Intertek is a global market leader providing safety and quality services to customers to add value to their products and processes and support their success in the global market place. We offer a comprehensive range of services from testing, inspection and certification through to auditing, and consultancy. Using internationally-approved methods, standards, equipment and guidelines, we test consumer products, commercial products, commodities, food, and raw materials for quality control, research, vendor compliance, and against regulatory and customer requirements.

Our testing methods use a wide range of skills including complex analytical laboratory techniques in the fields of organic and inorganic chemistry and biochemistry, critical analysis to trouble-shoot customers' problems, 3D laser scanning, electromagnetic compatibility testing, minerals assay and performance testing amongst many others. We provide inspection services to manufacturers, retailers, bulk commodity traders, governments and international buyers and sellers of goods, including factory evaluation, quality inspection, custody transfer, pre-production, in-production, final random sampling, pre-shipment and loading supervision. We hold an extensive range of global accreditations, recognitions and agreements to provide certification services for manufacturers, retailers and traders to enable them to sell products in virtually any market in the world. Our audit services check whether a process, system or facility is performing in the prescribed manner. This includes corporate social responsibility auditing to ensure that factory conditions, especially in developing countries, meet the standards required by our clients. We also offer an extensive range of consultancy and training services. Our services are integrated together to provide our customers with a complete and customised service that meets the precise requirements of the different industries in which they operate.

Our market

Intertek provides services to a wide range of industry sectors, including Aerospace & Automotive, Building Products, Chemicals, Consumer Goods & Retailers, Electrical & Electronic, Energy,

Operating Review

Food & Agriculture, Industrial, IT & Telecom, Medical & Pharmaceutical, Minerals, Petroleum, Toys, Games & Hardlines and Textiles, Apparel & Footwear. Each industry has its own characteristics but there are a number of key drivers for our services common to all markets. These are global and local trade through new product development, increasing consumer demand for good quality, safe and environmentally friendly products, more stringent regulations, and the increasing requirement for independent certification of the quantity and quality of traded commodities.

By outsourcing their testing to us, customers reduce the cost of maintaining in-house testing facilities and they benefit from the economies of scale that we can achieve by higher utilisation of the laboratory equipment and personnel. Many products are subject to increased regulation to protect consumers and the environment. For example, the recently enacted US Consumer Product Safety Improvement Act (CPSIA) contains many provisions concerning the safety and quality of consumer goods and more stringent requirements for children's products. In the European Union, the Registration, Evaluation and Authorisation of Chemicals (REACH) regulations cover over 30,000 chemicals used in products. We advise our customers on the regulatory developments that are applicable to their products in the markets they choose.

Despite slower economic activity, the key growth drivers behind the Intertek business model remain intact. We tend to test products at the prototype stage and therefore our business is driven by product development activity rather than the volume of products sold. We expect this to help maintain our growth through an economic recession although the economic downturn in 2009 is likely to see our business growing at a slower rate than in 2008. We will continue to respond accordingly by ensuring our cost base is aligned with a reduced level of growth in those locations and for those industries that could be affected by a severe downturn.

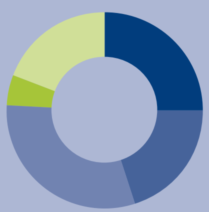
Our employees

At 31 December 2008, the Group employed 23,841 people (2007: 21,303) in over 100 countries. Our people include highly skilled scientists and engineers with specialist knowledge of the industries in which we operate. Many are educated to degree level and above and are peer group leaders in their fields of expertise. Our operations are located close to our customers and our strategy is to employ and develop people native to those locations as they have a better understanding of local issues and cultures and can build strong customer relationships. Through their appointed relationship manager, our clients can access all the services and expertise offered by our global network. Through our Intertek as One programme we emphasise the need to join together to ensure our customers receive a co-ordinated and cohesive service. We have a strong emphasis on training and professional development and this together with the strength of our collective leadership ensures that our employees remain motivated to deliver a world class service.

Our impact on the environment

Being a service industry, energy consumption is not a material part of our cost base. In 2008, 1.3% of our total costs were spent on gas and electricity. However, we are mindful of our impact on the environment and, where possible, take measures to reduce energy consumption and eliminate waste. Our internal meetings are increasingly held by conference call to reduce our emissions footprint. We recycle waste paper and we dispose of our waste products responsibly and in compliance with applicable legislation. In the UK and Ireland we operate a 'green' company car policy.

Our main impact on the environment is through the services we offer to customers. We test the performance and evaluate the efficiency of products



Intertek Group Revenue

Consumer Goods	25%
Commercial & Electrical	20%
Oil, Chemical & Agri	31%
Government Services	5%
Other Divisions	19%

and advise customers of ways in which they can improve their products and processes to reduce energy use. Since we usually perform our work at the design stage of product development, the small amount of energy that we use to conduct our tests is far outweighed by the global benefits to the environment of our clients using our advice to produce energy efficient products on a larger scale. Our services are supporting the growing alternative energy sectors such as photovoltaic, bio fuels and wind energy. More details about our employees and the environment are provided in our Corporate Social Responsibility Report which starts on page 59.

Divisional structure

For management purposes we organise ourselves into operating divisions combining similar industry sectors. We aim to operate a balanced portfolio of businesses across industry sectors and regions. In previous years the Group was structured into four main divisions: Consumer Goods; Commercial & Electrical; Oil, Chemical & Agri; and Government Services. In response to growth opportunities in new sectors and to increase our focus on customers in their specific industries, we identified Analytical Services, Minerals and Industrial Services as sectors in which to invest for future growth. These divisions are managed independently but are grouped together as New Divisions due to their relatively small size in comparison to the other divisions. Analytical Services and Minerals were formerly part of the Oil, Chemical & Agri division and Industrial Services includes Systems Certification, which was previously included in Commercial & Electrical, and Industrial Inspection which was previously included in Government Services. No material costs were incurred to effect this reorganisation.

Under our new structure, central overhead costs are allocated to each of the operating divisions and are therefore no longer separately disclosed. In order to aid comparison with our previously reported results, the table below shows our 2008 results under both the new and the old structure.

The Government Services division was restructured at the end of 2008 and is being integrated into the Oil, Chemical & Agri division. Thus from 1 January 2009, we are operating in six divisions. The restructuring costs incurred are included in non-recurring costs.

2008 results under new and old structures

	New Structure			Old Structure		
	Revenue £m	Adjusted operating profit £m	Margin	Revenue £m	Adjusted operating profit £m	Margin
Consumer Goods	250.4	75.7	30.2%	250.4	78.8	31.5%
Commercial & Electrical	203.5	29.2	14.3%	223.2	32.6	14.6%
Oil, Chemical & Agri	308.1	33.5	10.9%	468.0	59.6	12.7%
Government Services[1]	46.8	6.4	13.7%	61.9	9.6	15.5%
New Divisions	194.7	19.9	10.2%	–	–	–
Central	–	–	–	–	(15.9)	–
Total	**1,003.5**	**164.7**	**16.4%**	**1,003.5**	**164.7**	**16.4%**

1. Integrated into the Oil, Chemical & Agri division from 1 January 2009.

Operating Review

Our performance in 2008

£m	Revenue 2008	Revenue Change at actual rates	Revenue Change at constant rates	Adjusted operating profit[1] 2008	Adjusted operating profit[1] Change at actual rates	Adjusted operating profit[1] Change at constant rates
Consumer Goods	250.4	38.2%	24.1%	75.7	44.5%	27.9%
Commercial & Electrical	203.5	24.8%	13.9%	29.2	27.0%	12.3%
Oil, Chemical & Agri	308.1	24.0%	14.5%	33.5	37.3%	25.5%
Government Services	46.8	3.5%	(3.5)%	6.4	6.7%	(8.7)%
New Divisions	194.7	41.6%	32.0%	19.9	25.9%	17.0%
Revenue and Adjusted operating profit	**1,003.5**	**29.4%**	**18.7%**	**164.7**	**35.4%**	**21.2%**
Amortisation				(9.6)		
Impairment				(0.5)		
Non-recurring costs				(6.7)		
Operating profit				147.9	27.4%	
Net financing costs				(9.5)		
Share of profit of associate				0.2		
Profit before income tax				138.6	31.0%	
Income tax expense				(36.4)		
Result for the year	**1,003.5**	**29.4%**	**18.7%**	**102.2**	**29.7%**	

1. Before amortisation of acquisition intangibles, goodwill impairment and non-recurring costs.

The Group had an excellent year and reported revenue of just over £1 billion. Revenue increased by 29.4% (18.7% at constant exchange rates) and adjusted operating profit increased by 35.4% (21.2% at constant exchange rates). The adjusted operating margin was 16.4%, up 70 basis points from last year (30 basis points at constant exchange rates).

We calculate organic growth by excluding the results of acquisitions made in 2007 and 2008. On an organic basis, revenue grew by 22.5% (12.3% at constant exchange rates) and adjusted operating profit grew by 28.4% (14.8% at constant exchange rates). The organic growth was generated primarily by growth in the market for quality and safety services, an increase in environmental regulations and an increase in outsourcing.

Part of the Group's growth strategy is to make acquisitions which complement and extend the Group's service offering into new areas of expertise and new locations. We made 14 acquisitions in 2008 and 16 in 2007, which were located in 13 different countries. These businesses have extended the range of services offered by the Group in a variety of sectors including the minerals, food, pharmaceutical and chemical industries, and have increased the Group's footprint in strategically important countries such as the USA, the UK, Australia and Germany. The Group is able to leverage the return from these acquisitions by offering new services on a global basis to existing customers.

Details of the performance of each division, including more information about the acquisitions are given in the Operating Review by division which starts on page 14.

The market for our services continues to expand. Consumers and regulatory bodies are increasingly concerned about the quality and safety of products and services and their impact on the environment. The number of global and domestic regulations regarding the environment and the safety and quality of products continue to increase. Manufacturers and retailers need to meet the demands of their customers and ensure that they comply with quality and safety requirements, increasingly complex legislation and longer supply chains. We work in partnership with our customers to help them meet those demands and increase the value of their products and services.

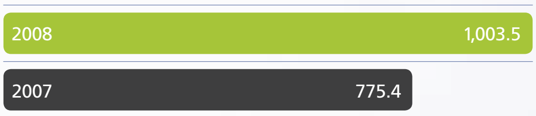
Our business is based on facilitating trade and increasing consumer demand for product variety, quality and safety, as well as manufacturers' desire to reduce overhead costs by outsourcing testing and inspection activities. Our 2008 organic revenue growth at constant exchange rates was 12.3%. Whilst a significant global recession will reduce our growth rate, we are very well diversified, both geographically and across industry sectors, which will help mitigate any adverse impact and provide us with growth opportunities.

The key growth drivers in our business model remain unchanged so our business is robust. The current economic uncertainty makes it difficult to predict performance in 2009 and a prolonged decline in global trade will inevitably affect our customers and this might affect the volume of goods that we inspect. In a severe, long-lasting downturn, some of our customers may undertake fewer development projects and this could affect the number of products that we test and certify.

Each of our divisions offers opportunities for organic growth through increasing our service offering to customers, to add value to their products and processes and help them compete in the global market. We anticipate that businesses will increasingly be looking to reduce the cost of non-core activities such as in-house testing, which provides us with an opportunity to offer our services. We have been very successful in finding acquisitions which extend our range of services. We have a pipeline of potential acquisitions which we are pursuing and we will continue to seek other opportunities to grow our business.

Revenue £m

+29.4%

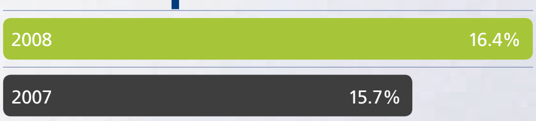


Adjusted operating profit £m

+35.4%

Adjusted operating profit margin

+70bp



Operating Review

High growth from consumer concern over toy safety

Consumer Goods

What we do

The Consumer Goods division is a market leading provider of services to the textiles, toys, footwear, hardlines, food and retail industries. Services include testing, inspection, auditing, advisory services, quality assurance and hazardous substance testing. Customers are often retailers but also include manufacturers and suppliers within a global supply chain.

The market for the services of the Consumer Goods division is diverse. Demand is driven by retailers who require the goods they sell to be produced to a quality set by either their own internal standards or by legislation in a particular country. Increasingly, materials are sourced and goods are manufactured in locations that are remote from the consumer, causing supply chains to be longer and more complex. The market is also being driven by regulations issued to address safety and environmental concerns over such issues as carcinogenic dyes in textiles and chemicals in toys and cosmetics.

Our performance in 2008

The Consumer Goods division delivered excellent results with total revenue of £250.4m up 38.2% (24.1% at constant exchange rates) and organic revenue up 34.0% (20.3% at constant exchange rates). Textiles, Apparel & Footwear which is the largest sector in the division, grew well, particularly in China with a strong performance in Toys and Hardlines. This was mainly due to increased demand for heavy metals testing driven by heightened consumer concern over the safety of toys following the major product recalls that took place in 2007 and new regulations in the USA. In August 2008, the US Consumer Product Safety Improvement Act (CPSIA) was enacted. CPSIA contains new certification requirements, phthalate and lead limits, mandatory third-party testing requirements and many other provisions concerning the safety and quality of children's goods. Intertek has sixteen leading-edge laboratories accredited under CPSIA and additional laboratories will be accredited in the coming months.

Although still relatively small, revenue from the food sector increased considerably and we made several acquisitions in this sector which will add to the growth in future.

Total adjusted operating profit was £75.7m, up 44.5% (27.9% at constant exchange rates). Organic adjusted operating profit increased by 41.9% (25.3% at constant exchange rates). The total adjusted operating margin increased 130 basis points to 30.2% from 28.9% in 2007.

In April 2008, the Group acquired 4-Front Research, a group of companies in the UK, France and India which provide analytical support for clinical research studies on cosmetic, personal care, functional food and over-the-counter pharmaceutical and medical products. This acquisition extends the services the Group is able to offer its consumer healthcare customers and provides a strategic platform for development in India and other fast growing Asian markets for consumer healthcare products.

In 2008, the Group acquired three businesses which provide services to the food industry: Applica GmbH, a company in Germany which provides high-end analytical services with particular expertise in honey and bee products; EKO-lab, which provides microbiological and chemical analysis services from its laboratory in Poland; and the food facility auditing operations of RQA which is headquartered in Chicago, USA, but provides auditing services to more than 100 countries.

In December 2008, the Group acquired Porst & Partner GmbH, a highly recognised German laboratory providing consumer product testing and environmental, food and microbiological analyses. Porst & Partner's services include chemical analyses of consumer products, Restriction of Hazardous Substances (RoHS) compliance and Registration, Evaluation and Authorisation of Chemicals (REACH) related services.

In 2008, we continued to invest in our laboratory network, particularly in China where we opened a large-scale toy testing laboratory in Guangzhou to support the toy manufacturers located in Southern China. We also extended our REACH facilities in a number of our laboratories.

The key growth drivers in Consumer Goods remain strong, principally the sourcing of products from China, the increasingly wide range of products being sold by retailers and shorter product lifecycles. Concern over the safety of consumer products has increased demand from consumers and regulatory bodies for independent assurance of quality and safety.

Although two-thirds of revenue is derived from toys and textiles testing, the remainder is from our expanding service lines such as consultancy, inspection, supply chain services, food and corporate social responsibility where margins are not always as high as those earned by the established services. As many economies are currently entering a recessionary phase, consumer spending is declining. Whilst our business is dependent on the variety of goods produced and new product development rather than the volume sold, a prolonged decline in consumer spending could result in a reduction in product development. We aim to grow our revenue by developing new services, integrating our services and providing innovative supply chain solutions to our customers.

	£m	Change at actual rates	Change at constant rates
Revenue	250.4	38.2%	24.1%
Adjusted operating profit	75.7	44.5%	27.9%
Adjusted operating margin	30.2%	130bp	90bp

Paul Yao
Group Executive
Vice President
Consumer Goods

Operating Review

Effective marketing campaigns and growth of developing businesses

Commercial & Electrical

What we do

The Commercial & Electrical division provides services including testing and certification, electromagnetic compatibility testing (EMC), outsourcing, benchmark and performance testing and environmental testing. These are provided to a wide range of industries including the home appliance, lighting, medical, building, industrial and HVAC/R (heating, ventilation, air conditioning and refrigeration), IT, telecom, renewable energy and automotive industries. Our customers are mostly manufacturers but also retailers, industry organisations and government departments. Intertek has the widest range of owned marks and accreditations, including the ETL listed mark, the Warnock Hersey mark for North America and the S mark, Asta mark and BEAB mark for Europe, as well as being a leader in providing CB certification and the CE mark and GS mark for Europe.

The market for our Commercial & Electrical services is driven primarily by increasing regulations over the safety of products, product variety and growing environmental concerns. This includes current concerns over climate change and the impact on the environment of electrical products.

Our performance in 2008

Total revenue increased to £203.5m, up 24.8% (13.9% at constant exchange rates) and organic revenue increased by 19.0% (8.5% at constant exchange rates). The electrical sector which accounted for 60% of the division's total revenue grew well, particularly in the US, where increased acceptance of the ETL mark contributed to growth in market share.

The Americas reported double digit organic growth in revenue at constant exchange rates plus revenue from acquisitions. Revenue in Asia also increased mainly due to good organic growth in China. Total revenue in Europe increased, although organic revenue growth declined slightly due to underperformance in Italy and stagnant growth in the rest of Europe.

Total adjusted operating profit was £29.2m, up 27.0% (12.3% at constant exchange rates). Organic adjusted operating profit increased by 20.5% (6.9% at constant exchange rates). The total adjusted operating margin increased 20 basis points to 14.3%. The increase in margin was due to a strong performance in the second half of 2008 when effective marketing campaigns and the growth of developing businesses such as photovoltaic and energy efficiency had a positive impact. Cost cutting initiatives also helped the margin growth.

In February 2008, the Group acquired Epsilon Technical Services Ltd. Epsilon is based in the UK and offers safety and advisory services to companies with products for use in potentially explosive atmospheres. This acquisition complements and extends the Group's existing explosive environment certification services.

In September 2008, the Group acquired HP White Laboratory Inc. a company based in Maryland USA, which provides ballistic resistance testing and certification programmes for personal protective equipment (PPE). Intertek already tests PPE against fire and chemical hazards so adding ballistic resistance testing will enable the Group to offer a more comprehensive service to the PPE industry.

Our major investment projects during 2008, included the establishment of photovoltaic facilities in California, New York and Shanghai, consolidating our facilities in Boston, USA, extending our wireless testing facility in Kentucky, USA and building a 35 ton psychrometric (HVAC) facility in Dallas, USA.

Customer demand for safe, reliable, energy efficient products continues to increase and the market for Commercial & Electrical continues to evolve presenting opportunities for growth. Market drivers in the medical and renewable energy sectors remain strong. Concerns over climate change are driving new directives regarding the energy usage of products, particularly in the HVAC/R industry and this is expected to extend to other industries. The consumer market for home appliances and electronics is under pressure and the growth of information, communication and technology products is also slowing down. This may provide us with opportunities as customers seek to maintain or increase their market share through product innovation, improvements in quality and durability, and performance comparisons, and cut their costs by improving efficiency. The issues in the automotive industry are well documented and we do not anticipate any improvement in this market in the near future. We are closely monitoring our business in this sector and will reduce costs if revenue continues to decline.

Market conditions in 2009 will provide both challenges and opportunities for the Commercial & Electrical division. We will continue to strive for operational excellence and aim to strengthen our market share by offering superior service. There are many small niche players in the market and this provides opportunities for us to continue adding infill acquisitions.

Intertek – the mark of quality

For more than a 100 years, Intertek has guided clients through the challenging certification process. Offering the broadest range of certification and accreditation marks accepted in markets around the world, Intertek can help clients to succeed in new and existing markets, meet evolving regulatory requirements and win new customers.

Gregg Tiemann
Division Executive
Vice President
Commercial & Electrical

	2008 £m	Change at actual rates	Change at constant rates
Revenue	203.5	24.8%	13.9%
Adjusted operating profit	29.2	27.0%	12.3%
Adjusted operating margin	14.3%	20bp	(30)bp

Operating Review

Strong growth in all regions particularly non-inspection related testing

Oil, Chemical & Agri

What we do

The Oil, Chemical & Agri division provides independent cargo inspection as well as non-inspection related laboratory testing, calibration and related technical services. Our customers include the world's energy, petroleum, chemical and agricultural industries. Cargo inspection and testing is a well established global market in which Intertek is one of the leading service providers. High barriers to entry are principally due to the fixed costs of establishing a global network of operations and laboratories and our excellent reputation and experience earned through decades of service in the industry.

Our performance in 2008

Despite being affected by the hurricanes in the USA, Oil, Chemical & Agri delivered an excellent performance in 2008 with strong growth across all regions, particularly in non-inspection related testing. Total revenue increased to £308.1m, up 24.0% (14.5% at constant exchange rates) and organic revenue increased by 22.7% (13.3% at constant exchange rates). The organic growth was driven by favourable market conditions, particularly in the first half, higher demand for alternative fuels and increased regulation, which together resulted in greater demand for testing and inspection services.

Total adjusted operating profit increased to £33.5m, up 37.3% (25.5% at constant exchange rates). Organic adjusted operating profit increased by 34.7% (23.0% at constant exchange rates). The adjusted operating margin improved by 110 basis points to 10.9%. The improvement in margin was mainly driven by the strong growth in inspection and related testing of alternative bio fuels.

Hurricanes Ike and Gustav which hit the Gulf Coast in the USA in September 2008, caused disruption to our laboratories and customers located in that area and resulted in the Oil, Chemical & Agri division losing revenue of £2.1m in 2008.

In January 2008, we acquired Electrical Mechanical Instrument Services (UK) Ltd which provides calibration services to the oil and gas industries in the UK and the Middle East and complements the existing upstream services offered by the Group.

The record high oil prices experienced in early 2008 have since declined and the global economic downturn is now causing a decline in consumption of crude oil and refined products which we expect to continue during 2009. The decline in the price of oil has impacted trading and refining, as well as speculative trading by financial institutions. Customers will seek to reduce their costs and improve efficiency which provides us with an opportunity to offer outsourcing solutions. We anticipate that whilst alternative fuel producers could face an increasing challenge to produce their fuels at a profit, the decline in the green economy will be short-term and that market based solutions to environmental and social issues will lead to an upsurge in bio fuel technology. This provides opportunities for us in laboratory testing.

We expect the outlook for the chemical market to remain challenging as the decline in demand from industrial users is likely to continue for some time. Turnaround for this market depends on the recovery of global economies especially in new housing and vehicle sales. Government initiatives to stimulate these sectors may have a positive impact. We will continue to seek new opportunities to gain market share through superior service and innovative solutions.

	2008 £m	Change at actual rates	Change at constant rates
Revenue	308.1	24.0%	14.5%
Adjusted operating profit	33.5	37.3%	25.5%
Adjusted operating margin	10.9%	110bp	100bp

Government Services

What we do

The Government Services division offers a range of services to governments, national standards organisations and customs departments. Services include cargo scanning, fiscal support services and standards programmes.

Our performance in 2008

Performance in Government Services in 2008 was disappointing. Revenue increased 3.5% at actual rates but declined 3.5% at constant exchange rates. The decline at constant exchange rates was mainly due to the discontinuance of a pre-shipment inspection contract in Ecuador which was cancelled in 2007. Operating profit increased 6.7% to £6.4m at actual rates but declined 8.7% at constant exchange rates. All the contracts were profitable, however no significant new contracts were won during the year and the level of overhead cost was too high for the revenue base.

Following a strategic review in 2008, we concluded that the services offered by Government Services (GS) would be more efficiently provided from within the Oil, Chemical & Agri (OCA) division. As a result we are making a significant reduction in the overhead and operating costs in Government Services, and integrating a number of GS and other divisional offices and systems into the OCA division to improve efficiency. Government Services will not be reported as a separate division of Intertek in future.

	2008 £m	Change at actual rates	Change at constant rates
Revenue	46.8	3.5%	(3.5)%
Adjusted operating profit	6.4	6.7%	(8.7)%
Adjusted operating margin	13.7%	40bp	(80)bp

Jay Gutierrez
Division Executive Vice President Oil, Chemical & Agri and Government Services

Operating Review

Analytical Services

What we do

Analytical Services provides advanced laboratory services and consultancy to a broad range of industries including chemical, pharmaceutical, oil and gas, and, automotive and aerospace. We have an established track record of success in laboratory outsourcing with many large internationally recognised companies.

Our performance in 2008

Total revenue in 2008 was £119.5m, up 24.9% (17.4% at constant exchange rates) over the prior year. Organic revenue increased 9.0% (2.4% at constant exchange rates). Total adjusted operating profit increased to £13.2m, up 12.8% (5.6% at constant exchange rates). Organic adjusted operating profit declined by 15.0% (21.3% at constant exchange rates). Overall, the division improved its adjusted operating margin in the second half of the year although the full year margin of 11.0% was 120 basis points down on the prior year, due in part to reorganisation costs.

Results in Analytical Services were mixed, with some business segments performing very strongly and others performing less well. Upstream Services reported strong growth in revenues in 2008 over 2007. Downstream, Chemicals and Materials also performed well, apart from lubricant testing in the USA which suffered from lower volumes in 2008 ahead of new standards being issued in 2009. Pharmaceutical testing grew well in the USA but underperformed in the UK due to delays in a number of client projects. Although the fundamental industry drivers for new pharmaceuticals remain strong, we expect the market to remain challenging in 2009. Our pharmaceutical business in the UK was reorganised at the end of 2008 to reduce costs.

In February 2008, the Group acquired the UK based Commercial Microbiology Group which provides laboratory and consultancy services related to the measurement and management of bacteria in the upstream oil and gas industries. Also in February, the Group acquired Bioclin Research Laboratories Ltd, an Irish company which provides product quality testing and bio-analytical services to pharmaceutical, medical device and bio-technology companies.

In March 2008, the Limburg Water Boards of The Netherlands outsourced all laboratory activities and transferred the employees of Waterschapsbedrijf Limburg to Intertek for a minimum period of five years. The Group will provide extended analytical testing and consultancy services in the areas of environmental science, regulation and complex analysis of silt, soil and water.

Much of Intertek's Upstream activities are related to the production and transportation of hydrocarbon reserves. We anticipate that this business will be largely unaffected by the current economic climate as production facilities will continue to generate volumes at normal levels. However, if the oil price remains depressed, some new development projects may be postponed or cancelled which could result in increased competition for work in our subsurface exploration and production activities.

The chemical industry in the mature markets in the USA and Europe is suffering from a decline in demand for plastics, mainly from the automotive and construction industries. We expect this to have a negative impact on our sample testing business in The Netherlands as it is related to production volumes. Other contracts which support research and development and product innovation are expected to be more resilient. These market conditions provide a potential upside for Intertek as it is likely that companies will increasingly look to outsource their non-core activities. Our strong track record of successfully running outsourcing contracts means that we are well placed to capitalise on this opportunity.

Andrew Swift
Division Executive
Vice President
Analytical Services

	2008 £m	Change at actual rates	Change at constant rates
Revenue	119.5	24.9%	17.4%
Adjusted operating profit	13.2	12.8%	5.6%
Adjusted operating margin	11.0%	(120)bp	(130)bp

Industrial Services

What we do

Industrial Services is a global provider of technical verification, inspection, testing and auditing services. This includes management systems certification, second-party auditing, supplier evaluation, conformity assessment, asset integrity management, training, health and safety consulting and greenhouse gas services. We serve a wide variety of industries including oil, gas, petrochemical, power, renewable energy, and civil and infrastructure.

Our performance in 2008

Total revenue in 2008 was £36.0m, up 62.2% (48.1% at constant exchange rates) over the prior year. Organic revenue increased 25.9% (14.9% at constant exchange rates). Total adjusted operating profit increased to £1.8m, up 80.0% (50.0% at constant exchange rates). Organic adjusted operating profit declined 141.7% (136.4% at constant exchange rates). The adjusted operating margin was 5.0%, up 50 basis points on the prior year.

In April 2008, the Group acquired Hi-Cad Technical Services Ltd which provides specialist 3D data capture and measurement services, primarily to customers in the upstream and downstream oil and petroleum industry in the UK and the USA. This acquisition strengthens the development of asset integrity management services in the Group and enables the Group to offer a cohesive vendor assessment and quality inspection service to customers globally.

The industrial services market has seen strong growth in recent years fuelled by infrastructure investment by energy companies. In response to the drop in oil price in the latter part of 2008 and the instability in the financial markets, some customers have deferred new capital expenditure to focus on optimising output from existing facilities. Whilst this could negatively impact our growth, it also provides us with opportunities. The infrastructure investments planned by governments in the USA, China and Europe to stimulate their economies will also provide us with opportunities.

The systems certification market is experiencing a slow down in new business orders as some customers defer their certification plans in favour of short-term operating priorities. Customers in some sectors such as automotive are downsizing their staff and facilities. In order to mitigate risk, we will focus on higher value sectors in resilient markets such as medical and aerospace where we have strong niche positions.

The outlook for the health and environmental sector is positive. Enforcement of the new REACH, RoHS and CPSIA regulations is driving customers to set up compliance programmes for these markets and seek advice from Intertek given the confusion that currently reigns in the market place. Other green initiatives from government to reduce greenhouse gas emissions will also create further opportunities for Intertek to advise clients on how best to meet these regulatory challenges.

	2008 £m	Change at actual rates	Change at constant rates
Revenue	36.0	62.2%	48.1%
Adjusted operating profit	1.8	80.0%	50.0%
Adjusted operating margin	5.0%	50bp	10bp

Stefan Butz
Group Executive Vice President Industrial Services

Operating Review

Minerals

What we do

The Minerals division provides complete analytical solutions to the world's minerals, ore and mining industry.

Our network of laboratories and sample preparation facilities offer key services such as analysis at the point of exploration and production of gold, precious metals and iron ore, fire assay, and testing and analysis of coal and coke as well as environmental monitoring. We also provide marine and inspection services of minerals shipments.

Our performance in 2008

In 2008, total revenue was £39.2m, up 100.0% (83.2% at constant exchange rates) over the prior year and organic revenue increased by 71.1% (57.8% at constant exchange rates). Total adjusted operating profit increased to £4.9m, up 58.1% (48.5% at constant exchange rates). Organic adjusted operating profit increased by 100.0% (81.8% at constant exchange rates). The adjusted operating margin was 12.5%, down 330 basis points on the prior year due to investment in new projects.

Until the last quarter of 2008, the Minerals division benefited from the high price and strong demand for commodities, particularly in China. We established new minerals laboratories in Townsville, Australia and Johannesburg, South Africa and invested in laboratory equipment including robotic and automated systems in Australia. Over 60% of revenue was generated in Australia, primarily from the Genalysis business which we acquired in 2007.

The Minerals division extended its geographic footprint in 2008. We acquired a company which operates the largest commercial assay laboratory in the Philippines and offers geophysical surveys and inspection services to the minerals industries in Asia and a company in Ghana which provides services to the gold mining industry. These businesses were acquired for £5.2m in total.

Activity in the mining and exploration industries was high in the first nine months of the year but started to decline in the last quarter, when certain commodity prices fell sharply and funding for exploration projects was reduced. Many junior mining companies have ceased operations and some major companies have scaled back their activities. This has reduced the volume of samples requiring testing. Accordingly we have reduced headcount throughout our facilities and further cost reductions will be made if the market remains depressed. We currently have a very small share of the available market in the minerals industry and therefore, even in a declining market we anticipate being able to grow revenues by gaining market share from competitors.

Marc Hoffer
Division Executive
Vice President
Minerals

	2008 £m	Change at actual rates	Change at constant rates
Revenue	39.2	100%	83.2%
Adjusted operating profit	4.9	58.1%	48.5%
Adjusted operating margin	12.5%	(330)bp	(290)bp

Chief Operating Officer's Review

Intertek as One

The main purpose of our Intertek as One programme is to promote cross-divisional integration and co-operation to ensure that our customers have access to the complete range of Group services and to allow us to pursue opportunities for sharing of resources.

In order to facilitate cross-divisional integration and co-operation, we have nominated country managers in 16 of the countries in which we operate, covering 80% of the Group's revenue for 2008. Their responsibility is to support and lead cross-divisional selling and implement back office support shared service initiatives. The intention is that by mid 2009 this will increase to more than 20 countries, accounting for over 95% of the Group's revenue.

Presenting a single face to our customers is essential to achieve market penetration and drive cross-divisional sales. By working together and integrating our services we are able to provide a complete package of services seamlessly to our customers. We are developing customer management systems to allow our divisions to share customer profiles and contact details. This facilitates business development through co-ordinated marketing campaigns and allows us to provide a full range of services to our clients.

One of the fundamental aims of the Intertek as One programme is to position Intertek to sustain high levels of growth without corresponding increases in overhead costs. During 2008, we undertook an in-depth review to consider how we might standardize and streamline our processes to improve efficiency and provide a platform for future growth.

We decided to establish shared service centres in countries where we have a large presence, combining business support functions such as accounting, procurement, human resources and IT across the divisions, to better improve the quality and delivery of these functions to the business and best support our growth.

In order to effect the desired changes without disrupting our business and service to clients we decided to concentrate initially on developing a shared service centre covering the USA and Canada. Our large presence in North America has the greatest potential for cost saving synergies. This project is currently underway and is expected to be completed during 2009. Once the North American shared service centre has been successfully established, the project blueprint will be used to develop shared service centres as appropriate elsewhere.

Communication is a vital part of the Intertek as One initiative. Regular global, regional and local meetings were held during the year to identify, support and prioritise initiatives relevant to each country. Regular progress reports are posted on the Group intranet so that all employees are aware of the success of various projects and can see the tangible benefits that are starting to accrue.

In the current economic environment, it is even more important that we maximize our business opportunities whilst reducing our overheads and our Intertek as One programme will help us to achieve this.

Mark Loughead
Chief Operating Officer

Intertek as One integrated services, shared resources, improved communication.

Mark Loughead
Chief Operating Officer

Financial Review

Results for the year

Profit before income tax increased by 31.0% to £138.6m (2007: £105.8m) and diluted adjusted earnings per share were 67.1p (2007: 48.8p). Basic earnings per share were 59.5p (2007: 46.7p).

Key financial performance indicators

We use a variety of key performance indicators (KPIs) to monitor the performance of the Group. Similar indicators are used to review the performance of the operating divisions. These KPIs are reviewed by the Board and management on a monthly basis and are used to assess past performance and set targets for the future. Many of the KPIs also form part of the management incentive scheme whereby managers may receive annual bonus payments on achieving or exceeding a range of targets set for the year. Further information on management incentives is given in the Remuneration Report which starts on page 42.

Key financial peformance indicators

Revenue	Up 29.4%
Organic revenue	Up 22.5%
Adjusted operating profit	Up 35.4%
Organic adjusted operating profit	Up 28.4%
Adjusted operating margin	Up 70bp
Operating cash flow	Up 30.1%
Operating cash flow/operating profit	85.7%
Diluted adjusted earnings per share	Up 37.5%
Dividend per share	Up 15.6%
Return on invested capital	19.9%

Growth in revenue

Top line revenue growth is a key performance measure. In 2008, revenue was £1,003.5m up 29.4% over the prior year (18.7% at constant exchange rates).

Impact of currency movements

The Group operates in 73 different currencies. The majority of the Group's earnings are denominated in US dollars or currencies linked to the US dollar or which historically have moved in line with the dollar. Other currencies such as the Euro and the Chinese renminbi are also an important constituent of our overseas earnings. Therefore the Group's results, when translated into sterling, are exposed to changes in the value of the US dollar and other currencies.

We show below the main currencies that make up the Group's earnings and the cumulative average exchange rates that we have used when translating results into sterling in 2008 and 2007.

Value of £1	2008	2007	Change
US dollar	1.87	2.00	6.5%
Euro	1.26	1.46	13.7%
Chinese renminbi	13.03	15.24	14.5%
Hong Kong dollar	14.59	15.62	6.6%

The weak value of sterling compared to most of the currencies in which we operate had a very significant effect on our results in 2008. Our revenue growth was 29.4% at actual rates but 18.7% at constant exchange rates. Growth in adjusted operating profit was 35.4% at actual rates but 21.2% at constant exchange rates.

Growth in adjusted operating profit and margin

	2008 £m	2007 £m	Change
Operating profit	147.9	116.1	27.4%
Amortisation of acquisition intangibles	9.6	5.1	88.2%
Impairment of goodwill	0.5	0.4	25.0%
Non-recurring costs	6.7	–	–
Adjusted operating profit	164.7	121.6	35.4%
Adjusted operating margin	16.4%	15.7%	Up 70bp

In 2008, adjusted operating profit was £164.7m, up 35.4% over the previous year. The adjusted operating margin was 16.4%, up 70 basis points from 15.7%.

Amortisation of acquisition intangibles

Amortisation of acquisition intangibles is provided on a straight line basis over the life of the assets, which is normally five years but can be up to ten years. The charge was £9.6m in 2008, up from £5.1m in 2007 due to the accumulation of intangible assets acquired in the past five years.

Impairment of goodwill

As described in note 11 to the financial statements, we perform a detailed review of goodwill each year to consider whether there is any impairment in its carrying value. The capitalised goodwill at 31 December 2008 was £242.1m (2007: £148.4m) which relates to acquisitions made since 1998. Our review revealed that the carrying value of Intertek Testing & Certification Ltd, which forms part of the Commercial & Electrical division in the UK, was impaired. We therefore reduced the goodwill associated with this business by £0.5m to £5.5m. The business was profitable in 2008 and is expected to remain so in the foreseeable future.

Non-recurring costs

The non-recurring costs of £6.7m comprised employee redundancies and settlements, lease terminations and consultancy and legal fees. This primarily related to the integration of the Government Services division with the Oil, Chemical & Agri division, following the Group's strategic review of its business segments.

Net financing costs

Details of the Group's net financing costs are given in note 7 to the financial statements.

The Group reported finance income in 2008 of £13.1m (2007: £5.4m). This comprised foreign exchange differences on the revaluation of net monetary assets and liabilities, the expected return on pension assets and interest on bank balances. The increase was mainly due to foreign exchange gains made on the revaluation of net monetary assets and liabilities.

The Group's finance expense for 2008 was £22.6m compared to £15.6m in 2007. The charge comprised interest on borrowings, pension interest cost, the change in value of financial instruments held for trading, the ineffective portion of cash flow hedges and other financing fees. The increase was primarily due to higher levels of debt and the changes in fair value of financial instruments held for trading.

Income tax expense

Income tax expense for 2008 was £36.4m (2007: £27.0m), comprising a current tax charge of £41.9m (2007: £29.3m) less a deferred tax credit of £5.5m (2007: £2.3m). The effective tax rate was 26.3%, up from 25.5% in 2007. The main reason for the increase in the effective tax rate was increased earnings in higher taxed jurisdictions such as the USA and an increase in lower taxed jurisdictions such as China.

Profit for the year

Profit for the year after income tax was £102.2m (2007: £78.8m) of which £93.8m (2007: £73.2m) was attributable to equity holders of the Company.

Minority interests

Profit attributable to minority shareholders was £8.4m in 2008 (2007: £5.6m). The increase was mainly due to the strong growth in the Group's non-wholly owned subsidiaries in Asia.

Earnings per share

Earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year. As set out in note 9 to the financial statements, basic earnings per share at the end of the year were 59.5p (2007: 46.7p), an increase of 27.4%. A diluted adjusted earnings per share calculation is also shown which removes the post-tax impact of amortisation of acquisition intangibles, impairment of goodwill and non-recurring costs from earnings, and includes potentially dilutive share options in the number of shares, to give diluted adjusted earnings per share of 67.1p (2007: 48.8p), an increase of 37.5%. We consider that growth in the diluted adjusted earnings per share figure gives a more representative measure of underlying performance and is one of the key performance targets that the Group uses to incentivise its managers.

Dividends

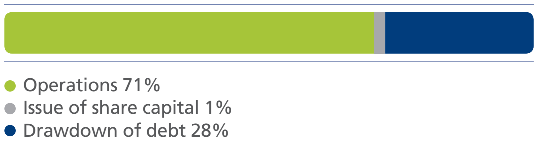
During the year, the Group paid total dividends of £30.4m (2007: £25.2m), which comprised £19.2m in respect of the final dividend for the year ended 31 December 2007, paid on 19 June 2008 at the rate of 12.2p per share and £11.2m being the interim dividend in respect of the year ended 31 December 2008, paid on 18 November 2008 at a rate of 7.1p per share. These amounts were charged to retained earnings (see note 21 to the financial statements). After the balance sheet date, the Board recommended a 12.3% increase in the final dividend in respect of the year ended 31 December 2008, to 13.7p per share (2007: 12.2p), which together with the interim dividend will give a full year dividend of 20.8p per share (2007: 18.0p), an increase of 15.6% over last year. If approved, the final dividend will be paid to shareholders on 19 June 2009. The total cost of the final dividend is expected to be £21.6m, giving a total cost of £32.8m for the dividends paid in respect of the year ended 31 December 2008. This represents 32.1% of net income for 2008, or a dividend cover of 3.1 times by earnings.

Cash and liquidity

Cash and liquidity	2008 £m	2007 £m	Change
Cash generated from operations	194.0	149.1	30.1%
Less net acquisition of property, plant, equipment and software	(67.2)	(43.5)	54.5%
Operating cash flow after capital expenditure	126.8	105.6	20.1%
Operating profit	147.9	116.1	27.4%
Operating cash flow/ operating profit	85.7%	91.0%	(530)bp

The primary source of the Group's cash liquidity over the last two financial years has been cash generated from operations and the drawdown of debt. A portion of these funds has been used to fund acquisitions and capital expenditure and to pay interest, dividends and taxes.

Sources of cash



The Group continued to generate good cash flow. Cash generated from operations was £194.0m for 2008, compared to £149.1m for 2007. The increase of 30.1% was due to favourable exchange rates, improved profitability and effective working capital management. One of the key performance

Financial Review

indicators we use to measure the efficiency of our cash generation is the percentage of operating profit that is converted into cash. As shown in the table on page 25, in 2008, 85.7% of operating profit was converted into cash compared to 91.0% in 2007. The decrease in the conversion rate was due to an increase in capital expenditure of 54.5%, mainly as a result of investment in new projects in the Minerals division.

Cash outflow and increase in cash

- Tax 13%
- Working capital 2%
- Interest 5%
- Acquisitions and investment 32%
- Capital expenditure 24%
- Dividends 13%
- Increase in cash 11%

In order to support our growth strategy we need to invest continually in our operations. In 2008, net cash flows used in investing activities were £156.6m (2007: £128.2m). We paid £67.8m net of cash acquired, (2007: £85.8m) for 14 new businesses, £16.7m (2007: £nil) for deferred consideration on prior year acquisitions, and £67.2m (2007: £43.5m) for the acquisition of property, plant and equipment and computer software, net of disposals. In 2008, we also acquired shares in a listed investment for £4.4m, acquired the remaining 15% minority shareholding in one of our subsidiaries in China for £1.9m and purchased a share in an associate for £0.1m. Historically our level of capital expenditure has been less than 7% of revenue. In 2008, the ratio was 6.7% compared to 5.6% the year before. This was mainly due to investment in new projects in the Minerals division in 2008, which are now completed. The same level of investment will not be required in this division in 2009.

Cash flows from financing activities comprised cash inflows from the issue of share capital following the exercise of employee share options of £2.6m (2007: £4.9m), cash introduced by minority shareholders of £0.5m (2007: £nil) and the net drawdown of debt of £79.5m (2007: £49.4m), and cash outflows of dividends paid to minorities of £6.1m (2007: £3.6m) and dividends paid to Group shareholders of £30.4m (2007: £25.2m), which resulted in a net cash inflow of £46.1m (2007: £25.5m).

Interest bearing loans and borrowings were £421.6m at 31 December 2008, an increase of 82.4% over 2007. The Group's borrowings are in currencies which match its asset base. The increase in borrowings comprised exchange adjustments of £110.9m due to the translation into sterling of borrowings denominated in other currencies and the net drawdown of debt of £79.5m. The debt drawdown was mainly used to finance acquisitions.

Cash and cash equivalents at 31 December 2008, were £113.3m, an increase of 93.3% over 2007. This increase was due to exchange adjustments of £24.3m and cash inflow of £30.4m. As shown in note 25 to the financial statements, net debt at 31 December 2008 was £308.3m (2007: £172.6m).

Borrowings

The Group has a sterling denominated multi-currency bank debt facility that was placed in December 2004. This facility was originally due to expire on 15 December 2009, however the Group exercised its option to extend the facility by a year in 2005 and by a further year in 2006, so the facility is now due to expire in December 2011. The margins currently paid on the borrowings in this facility are in the range of 0.3% to 1.5% over LIBOR. In June and July 2008, the Group raised a further £75.0m under this facility from three new banks who joined the existing syndicate of ten banks under the same terms and conditions and margin.

In 2008 the Group also raised US$200.0m by way of senior note issues which have a blended fixed borrowing rate of 6.71%. In June 2008, US$100.0m was raised which is repayable on 26 June 2015 and the interest rate is fixed at 5.54%. In December 2008, a further US$100.0m was raised which is repayable in two tranches with US$25.0m repayable on 21 January 2014 and the interest rate is fixed at 7.50% and the second US$75.0m repayable on 10 June 2016 and the interest rate is fixed at 8.00% These senior notes were immediately applied against bank debt borrowings to increase the amount of liquidity headroom on the facility.

The maturity of the Group's borrowings is set out below.

	2008 £m	2007 £m
Due within one year	14.0	13.7
Due between one and two years	44.3	82.7
Due between two and five years	222.0	134.8
Due in over five years	141.3	–
Total	421.6	231.2

The Group's gross borrowings are denominated in the following currencies:

	2008 £m	2007 £m
US dollar	63%	30%
UK sterling	12%	3%
Hong Kong dollar	9%	36%
Euro	8%	13%
Swedish kroner	4%	10%
Japanese yen	3%	5%
Other	1%	3%

The Group's policy is to ensure that a liquidity buffer is available, in the short-term, to absorb the net effects of transactions made and expected changes in liquidity both under normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation. At 31 December the Group had the following liquid funds:

	2008 £m	2007 £m
Senior term debt facilities	612.4	400.0
Repayments to 31 December	(88.0)	(50.0)
Senior term debt borrowings	(417.7)	(230.7)
Letters of credit and guarantees	(8.9)	(7.0)
Undrawn committed borrowing facilities	97.8	112.3
Cash and cash equivalents	113.3	58.6
Liquid funds	211.1	170.9

Where appropriate, cash is managed in currency based cash pools and is put on overnight deposit, bearing interest at rates fixed daily in advance. At 31 December 2008, 91.3% of cash was on overnight deposit (2007: 75.1%).

Capital structure and management

The Group is committed to enhancing shareholder value, both by investing in the business so as to improve the return on investment in the longer term and by managing our capital structure. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors both the demographic spread of shareholders, as well as the return on capital. The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Return on capital in 2008 was 19.9% compared to 24.2% in 2007. The decrease was primarily due to the higher level of capital invested in acquisitions and laboratory facilities during the year, which did not contribute a full year's profits in 2008.

Return on invested capital	2008 £m	2007 £m
Operating profit	147.9	116.1
Amortisation of acquisition intangibles	9.6	5.1
Impairment of goodwill	0.5	0.4
Non-recurring costs	6.7	-
Adjusted operating profit	164.7	121.6
Tax rate	26.3%	25.5%
Adjusted operating profit after tax	121.4	90.6
Property, plant and equipment	234.8	149.2
Goodwill	242.1	148.4
Other intangible assets	55.2	35.0
Inventories	8.2	4.0
Trade and other receivables	284.4	191.0
Trade and other payables	(187.8)	(129.5)
Provisions	(26.6)	(23.6)
Invested capital	610.3	374.5
Return on invested capital	19.9%	24.2%

There were no changes to the Group's approach to capital management during the year and neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Critical accounting policies

The consolidated financial statements are prepared in accordance with IFRS. Intertek's accounting policies are set out in note 2 to the financial statements.

New accounting standards

The Group has adopted in the year the following new standards, amendments to standards and interpretations, which have had no impact on the financial statements:

- Amendments to IAS 39 and IFRS 7 – 'Reclassification of Financial Instruments';
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction';
- IFRIC 11, 'IFRS 2 – Group and Treasury Share Transactions'.

Risks and Uncertainties

Risk framework

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has an established, structured approach to risk management, which is described in the Corporate Governance Report which starts on page 36.

The Vice President of Risk Management and Internal Audit, who reports to the Chief Financial Officer and the Audit and Risk Committee, has accountability for the system of risk management and reporting the key risks and mitigating actions. Risks are formally identified and recorded in a risk matrix for each operating division, which calculates gross risk and net risk after mitigating controls are applied. The risk matrix is updated annually and is used to plan the Group's internal audit and risk strategy. In addition to the risk matrix, all senior executives and their direct reports are required to complete an annual return to confirm that management controls have been effectively applied during the year. The return covers operations, compliance, risk management and finance. The Vice President of Risk Management and Internal Audit attends the meetings of the Audit and Risk Committee and meets with the members of that committee alone, at least once a year.

In common with all businesses, the Group is affected by a number of risk factors, some of which are outside our control. Although many of the risk factors influencing the Group's performance are macroeconomic and likely to affect the performance of business generally, others are particular to Intertek's operations. Specific risks which we are aware of are detailed below, however there may be other risks that are currently unknown or are currently regarded as immaterial which could turn out to be material. Any of these risks could have the potential to impact the performance of the Group, its assets, liquidity and capital resources.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its assets and liabilities. These risks are managed by the Group's treasury function as described below.

Treasury management

The Board is responsible for approving the treasury policy for the Group. The Group's treasury and funding activities are undertaken by a centralised treasury function which reports to the Chief Financial Officer. Its primary activities are to manage the Group's liquidity, funding requirements and financial risk, principally arising from movements in interest and foreign currency exchange rates. The Group's policy is to ensure that adequate liquidity and financial resource is available to support the Group's continuing activities and growth whilst managing these risks. The Group's policy is not to engage in speculative financial transactions. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss. There have been no significant changes in the Group's policies in the last year. Group Treasury operates as a service centre within clearly defined objectives and controls and is subject to periodic review by internal audit.

Foreign currency risk

The Group operates in more than 100 countries and has 217 (2007: 180) subsidiaries, of which 180 (2007: 161) report in currencies other than sterling. The net assets of foreign subsidiaries represent a significant portion of the Group's shareholders' funds and a substantial percentage of the Group's revenue and operating costs are incurred in currencies other than sterling. Because of the high proportion of international activity, the Group's profit is exposed to exchange rate fluctuations. Two types of risk arise as a result: (i) translation risk, that is, the risk of adverse currency fluctuations in the translation of foreign currency operations and foreign assets and liabilities into sterling and (ii) transaction risk, that is, the risk that currency fluctuations will have a negative effect on the value of the Group's commercial cash flows in various currencies.

(i) Translation risk

The results of the Group's overseas activities are translated into sterling using the cumulative average exchange rates for the period concerned. The balance sheets of overseas subsidiaries are translated at actual exchange rates applicable at the balance sheet date.

Key rates used during the year were as follows:

Value of £1	Balance sheet Actual rates		Income statement Cumulative average rates	
	31 Dec 08	31 Dec 07	2008	2007
US dollar	1.46	1.99	1.87	2.00
Euro	1.02	1.36	1.26	1.46
Chinese renminbi	9.95	14.57	13.03	15.24
Hong Kong dollar	11.28	15.51	14.59	15.62

Material changes in the exchange rates can create volatility in the results when they are translated into sterling. In order to mitigate this translation exposure, the Group's policy is to match the currency of external borrowings to the currency of expected cash flows and the currency of net investments. At 31 December 2008, over 70% of the Group's borrowings were denominated in US dollars and Hong Kong dollars.

(ii) Transaction risk

The Group's policy requires overseas subsidiaries to hedge all significant transaction exposures with Group Treasury where they are managed centrally. Subsidiaries' transaction exposures include committed foreign currency sales and purchases together with the anticipated transactions reasonably expected to occur during future periods. The Group's policy is also to hedge transaction exposures arising from the remittance of overseas dividends and interest as soon as they are committed. Transaction exposures are hedged forward using forward currency contracts which mature in less than 12 months.

Interest rate risk and exposure

The Group's policy is to ensure that between 33% and 67% of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps. The balance between fixed and variable rate debt is periodically adjusted on the basis of prevailing and anticipated market conditions and the Group's gearing and interest cover, which are monitored by Group Treasury. Details of the interest rate hedges in place at 31 December 2008 are given in note 28 to the financial statements.

Liquidity risk

Liquidity risk is the risk that the Group fails to meet its financial obligations as and when they fall due.

The management of operational liquidity risk aims primarily at ensuring that the Group always has a liquidity buffer that is able, in the short term, to absorb the net effects of transactions made and expected changes in liquidity both under normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation. Group Treasury manages this liquidity risk through the use of daily headroom calculations as well as forecast headroom calculations. Group Treasury are in regular contact with the banks and capital debt markets as well as other potential providers of debt to ensure a proper understanding of the availability and pricing of debt funding.

The Group has a sterling denominated multi-currency bank debt facility that was placed in December 2004. This facility was originally due to expire on 15 December 2009, however the Group exercised its option to extend the facility by a year in 2005 and by a further year in 2006, so the facility is now due to expire in December 2011. The margins currently paid on the borrowings in this facility are in the range of 0.3% to 1.5% over LIBOR. In June and July 2008, the Group raised a further £75.0m under this facility from three new banks under the same terms and conditions and margin by joining the existing syndicate of 10 banks.

In 2008 the Group also raised US$200.0m by way of senior note issues which have a blended fixed borrowing rate of 6.71% made up as follows. In June, US$100.0m cash was raised that is repayable on 26 June 2015 at a fixed interest rate of 5.54%. In December, US$25.0m cash was raised that is repayable on 21 January 2014 at a fixed interest rate of 7.50%. In December, US$75.0m cash was

Risks and Uncertainties

raised that is repayable on 10 June 2016 at a fixed interest rate of 8.00%. These senior notes were immediately applied against bank debt borrowings to increase the amount of liquidity headroom on the facility.

The sterling equivalent of the gross drawn and available borrowings as at 31 December 2008 were £519.4m (2007: £343.5m) of which £421.6m (2007: £231.2m) was drawn and £97.8m (2007: £112.3m) was available when translated at the year end exchange rates. The Group also reported a cash balance of £113.3m at 31 December 2008. The borrowings and cash are mostly in currencies other than sterling and so the value of these can fluctuate when translated into sterling. The liquidity headroom is sterling denominated and so this can also fluctuate depending on the sterling value of the drawn borrowings. The Group has prepared forecasts, including scenarios adjusted for significantly worse economic conditions and we have concluded that these facilities are expected to be adequate to support the Group's medium-term funding requirements.

The analysis of the debt and a description of the borrowings and their respective maturity dates is given in note 17 to the financial statements and the currency of the debt is shown in note 28.

Surplus cash is placed on deposit with short-term maturities providing liquidity when required.

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

(i) Trade receivables

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers who are internationally dispersed. All companies in the Group are required to operate a credit policy under which each new customer is analysed individually for creditworthiness before the company transacts any business with the customer. Each division has a range of targets for days sales outstanding and to encourage and reward good performance, these form part of the bonus criteria for the divisional managers. The Group establishes an allowance for impairment that represents our estimate of likely losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. Due to the current economic recession there is an increased risk that certain of our customers may face financial difficulties and as a result be unable to meet our credit terms or cease trading. We have reinforced our credit checking procedures and have increased our vigilance in monitoring and reacting to changes in our clients' circumstances.

(ii) Counterparty

The Group monitors the distribution of cash deposits, borrowings and hedging instruments which are assigned to each of the Group's counterparties and which are subject to periodic review.

Tax risk

Tax risk is the risk that the value of tax assets and liabilities in the Group's balance sheet is misstated, resulting in financial loss to the Group.

The Group operates in more than 100 countries and is subject to wide range of complex tax laws and regulations. At any point in time it is normal for there to be a number of open years in any particular territory which may be subject to enquiry by local authorities. Where the effect of the laws and regulations is unclear, estimates are used in determining the liability for the tax to be paid on past profits which are recognised in the financial statements. The Group considers the estimates, assumptions and judgements to be reasonable but this can involve complex issues which may take a number of years to resolve. The final determination of prior year tax liabilities could be different from the estimates reflected in the financial statements.

Risk of financial irregularities

Risk of financial irregularities is the risk that assets of the Group could be misappropriated resulting in financial loss to the Group, as well as the risk of management misrepresenting results.

The Group comprises 217 subsidiaries, operating in over 100 countries. Despite a rigorous programme of internal audits and management reviews, we cannot be certain that internal and external audit procedures will always identify any financial irregularity. The Group regularly reminds the operating company officers of their fiduciary responsibilities and maintains a culture of openness to promote disclosure. As described above, each of the senior executives and their direct reports are required to complete an annual return to confirm that management controls have been effectively applied during the year.

Risk of litigation

Risk of litigation is the risk that the Group could suffer a material financial loss resulting from a legal judgement against the Group or one of its subsidiaries. Such a judgement could also result in adverse publicity which could damage the reputation of the Group.

The Group is regularly notified of, or involved in, a number of claims and proceedings which are incidental to its ordinary course of business. Claims can arise in the context of a dispute between the parties to a commercial transaction in which the Group has provided testing, inspection or certification services. Often the Group's role in the transaction will be incidental to the underlying dispute, but the claim will be notified to the Group in order to toll the relevant statute of limitations in respect of such a claim. In certain situations, a claim may only be notified to the Group after resolution of the underlying commercial dispute and, in such cases, a considerable period of time may elapse between the performance of services by the Group and the assertion of a claim in respect of such services. In either case, because the underlying commercial transaction can be of significant value, the claims notified to the Group can allege substantial damages.

To reduce the likelihood of claims arising, the Group has extensive quality assurance and control procedures to ensure that work is performed in accordance with proper protocols. All incidents that could potentially result in a claim against the Group are reported to compliance officers and are logged in a data base of incidents. The Company Secretary reports significant claims to the Audit and Risk Committee. Legal counsel is appointed if appropriate. The Group mitigates the risk of financial loss arising from litigation by maintaining insurance against potential claims, however there can be no assurance that claims brought against the Group will always be covered by insurance, or that such insurance, if available, will be sufficient to cover fully the damages or other expenses which the Group may be required to pay.

Environmental risk

Environmental risk is the risk that assets of the Group could be damaged or destroyed by an environmental incident and that the Group could incur loss of revenue as a result of the ensuing disruption to operations.

Intertek operates facilities in more than 100 countries which are subject to local, environmental and political factors. Disasters such as fire, hurricanes, floods and earthquakes can cause damage to property and personnel and can disrupt operations, causing loss of revenue. The Group maintains disaster recovery plans at key facilities for such events and endeavours to ensure that adequate insurance is in place.

Political risk

Political risk is the risk that the Group could suffer financial losses due to the action of a government. The Group operates in some countries where there is potential risk of political instability which can make it difficult to operate. In particular, government contracts in the Government Services division can be subject to change or termination at short notice. The Group manages this risk by maintaining close relationships with government representatives, however the risk cannot be entirely mitigated.

Board of Directors

Vanni Treves (68)
Chairman
Appointed to the Board as Chairman in May 2002. He is a corporate solicitor and was a Partner of a major London law firm, Macfarlanes, for 30 years for 12 of which he was Senior Partner. He has been Chairman of three listed companies, Channel Four Television and London Business School and is currently Chairman of Equitable Life Assurance Society, Korn/Ferry International UK Limited and the National College for School Leadership. He is also a Senior Advisor to Oliver Wyman, a leading management consultancy, and a Trustee of the J Paul Getty Charitable Trust.

Wolfhart Hauser (59)
Chief Executive Officer
Appointed to the Board as Chief Executive Officer in March 2005 after serving as a Non-Executive Director since November 2002. He was previously Chief Executive Officer of TÜV Product Services for 10 years and Chief Executive Officer and President of TÜV Süddeutschland AG from 1998 to 2002. Starting his career as a scientist in pharmacology and ergonomics, he established and led a broad range of successful international service industry businesses over 25 years. He is also currently a Non-Executive Director of LogicaCMG plc.

Richard Nelson (66)
Non-Executive Deputy Chairman
Appointed Non-Executive Deputy Chairman in April 2005 after retiring as Chief Executive Officer of the Group, a position he had held since the acquisition from Inchcape plc in 1996. Prior to that he was Chief Executive Officer of Inchcape Testing Services Ltd from 1987 and before then of Transcontinental Services Ltd, which was bought by Inchcape plc in 1985. A Chartered Accountant and a graduate of the London Business School.

David Allvey (63)
Senior Independent Non-Executive Director
Appointed to the Board as a Non-Executive Director in May 2002. With a career that started in civil engineering, as a Chartered Accountant he has held positions in major international businesses including Group Finance Director for BAT Industries and Barclays Bank plc and Chief Operating Officer for Zurich Financial Services. He is currently Chairman of Costain Group plc and Arena Coventry Ltd and a Non-Executive Director of William Hill plc and Thomas Cook plc, and is a former board member of the UK Accounting Standards Board.

Bill Spencer (49)
Chief Financial Officer
Appointed to the Board as a Director in April 2002, he has been Chief Financial Officer of the Group since its acquisition from Inchcape plc in 1996. Previously, he was the Finance Director of Inchcape Testing Services Ltd, having joined the Group in 1992 as a Regional Financial Officer in the Oil, Chemical & Agri division. He has held financial positions in Olivetti UK Ltd, Rexam PLC and Centrica plc. He is a Fellow of the Chartered Institute of Management Accountants and a member of the Association of Corporate Treasurers.

Mark Loughead (49)
Chief Operating Officer
Appointed to the Board and appointed Chief Operating Officer (COO) of Intertek Group plc on 1 January 2008. As COO, he leads the global integration of sales, key account management, global information systems and country-focused activities across the Group. Previously, he was Chief Executive of Intertek's Oil, Chemical & Agri division. Before this, he was Vice President of the division in the Americas and prior to that, divisional Vice President in Europe, Middle East and Africa. He joined the Group in 1988 as Operations Manager in Liverpool and in 1993 he was promoted to Regional Manager for Scotland, based in Aberdeen. Prior to joining Intertek, he spent 13 years at Inspectorate including six years in the Middle East.

Debra Rade (55)
Non-Executive Director
Appointed to the Board as a Non-Executive Director in January 2006. Between 1989 and 2002, she was an officer of Underwriters Laboratories Inc., a global provider of product safety testing and certification and held various positions there, including Senior Vice President, Chief Legal Officer, and Chief Administrative Officer. This year, after more than four years as a partner in a large international law firm, she established Rade Law LLC and Rade Consulting LLC in Chicago focused on product testing and safety, certification, standards and regulatory issues.

Christopher Knight (62)
Non-Executive Director
Appointed to the Board as a Non-Executive Director in March 2006. He was an investment banker for nearly 30 years, for much of that time with Morgan Grenfell and Deutsche Bank, of which he was a managing director until 2001. He has extensive corporate finance experience gained during his banking career in London, New York and Hong Kong. A Chartered Accountant, he is Chairman of Brooks Macdonald Group plc and NB Real Estate Group Limited.

Intertek Operations Committee

01 Stefan Butz
Group Executive Vice President
Industrial Services
Joined Intertek in 2008
In addition to Industrial Services, Stefan Butz has responsibility for the Group functions of Strategy, Corporate Development and Marketing. Stefan has held this role since January 2008, when he joined Intertek from TÜV SÜD, where he was CEO America with an earlier role as Head of Corporate Development. Prior to this he was a Strategy Consultant with Accenture Germany.

02 Jay Gutierrez
Division Executive Vice President
Oil, Chemical & Agri and Government Services
Joined Intertek in 1997
Jay Gutierrez assumed his current role in January 2008, incorporating Government Services in January 2009. Previously, he was Vice President for the Oil, Chemical and Agri division in the Americas. Jay began his career with Intertek with a focus to develop the Chemical business stream, later assuming responsibility for International Coordination and Sales & Marketing. Prior to joining Intertek he spent eight years as General Manager for C.J. Thibodeaux, Inc.

03 Wolfhart Hauser
Chief Executive Officer
See Board of Directors.

04 Marc Hoffer
Division Executive Vice President
Minerals
Joined Intertek in 2005
Marc Hoffer assumed his current role in January 2008 in addition to continued responsibility for Intertek's Oil, Chemical & Agri division in Asia. Prior to joining Intertek Marc spent 13 years at SGS, part of the time as Country Manager of Taiwan, Brazil and Switzerland and part as Regional Financial Controller for Asia and Europe.

05 Jonathan Lawrence
Group Executive Vice President
Human Resources
Joined Intertek in 2005
Jonathan has many years experience as an international human resources director and of the testing and inspection business based from the UK, France and the USA. Before moving to Intertek, he was Group Senior Vice President of Human Resources at Bureau Veritas and prior to this he was Group Director Management Development at Valeo Automotive.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06 Mark Loughead
Chief Operating Officer
See Board of Directors.

07 Bill Spencer
Chief Financial Officer
See Board of Directors.

08 Andrew Swift
Division Executive Vice President
Analytical Services
Joined Intertek in 2001
Prior to assuming his current role, in January 2008, Andrew Swift was Vice President of Global Outsourcing within Intertek's Oil, Chemical & Agri division, having originally started as Business Development Manager and then Director of Global Outsourcing. Andrew began his career by launching CSMA Ltd, where he became Managing Director in 1993.

09 Gregg Tiemann
Division Executive Vice President
Commercial & Electrical
Joined Intertek in 1993
Prior to assuming his current role in January 2008 Gregg Tiemann was President of Intertek's Commercial & Electrical division in Europe and the Americas since 2004, having started as General Manager of the Los Angeles and Mexico City laboratories, becoming Vice President of Sales for the Americas, then Senior Vice President in 2003. Gregg began his career in sales and marketing for the high technology sector.

10 Paul Yao
Group Executive Vice President
Consumer Goods
Joined Intertek in 1994
Paul Yao was appointed a member of the Executive management team on 1 July 2006. Prior to this, from January 2003 he was Vice President with responsibility for Consumer Goods in China and Taiwan. Before joining Intertek, Paul worked in Regional Sales & Marketing for companies such as Hitachi Chemical, Brent Plc and SISIR Singapore.


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Corporate Governance Report

Introduction

The Group is committed to high standards of corporate governance and this report outlines its compliance with the provisions of the revised Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2006 (the Code). During 2008, the Group complied with almost all of the provisions of the Code. The areas of non-compliance are as follows, and are further discussed and explained below:

- the Board did not comprise at least half independent Non-Executive Directors; and
- the membership of the Audit and Risk Committee and the Remuneration Committee each included two independent Non-Executive Directors instead of three, because, as Chairman of the Company, Vanni Treves is not viewed as independent by the Code.

The Board is accountable to shareholders for good corporate governance and this statement describes how the relevant principles of governance have been applied.

The Board

An effective Board, which provides strategic leadership and controls the Group, is in place. The Board's main roles are to create value for shareholders, to lead the Group, to approve the Group's strategic objectives and to ensure that the appropriate financial and other resources as required are made available to enable it to meet those objectives. The Board is responsible to shareholders for the proper management of the Group. All Directors have a wide range of experience and skills, bringing independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

There were nine scheduled Board meetings held in 2008 and three unscheduled supplementary meetings. There was, in addition, frequent informal contact between Directors to discuss the Group's affairs and develop its business. Directors' attendance at Board meetings is shown in the table on page 38. Also, on several occasions, the Chairman met with the Non-Executive Directors without the Executive Directors being present. The Non-Executive Directors have also had discussions without the Chairman being present.

Board matrix

The Group has identified a number of key areas that are subject to regular reporting to the Board, so that the performance of management can be reviewed and monitored. A Board matrix is in place which formally outlines the matters specifically requiring the consent of the full Board and includes, inter alia, the approval of the Group strategy and operating plans, the annual budget, the Annual Report, the Half Year Results and related announcements, substantial capital expenditure, material contracts, acquisitions and disposals, the recommendation of dividends and the approval of treasury and risk management policies. The Board matrix was reviewed, amended and approved by the Board during 2008.

The Board matrix also identifies areas where executive management can grant approval subject to certain financial limits. Where any of the activities involve amounts greater than those limits they are referred to the Board. The Board matrix is communicated to all senior management to ensure that approval limits are known throughout the Group.

Board management

During the year the Board consisted of the Chairman Vanni Treves, the Non-Executive Deputy Chairman Richard Nelson, the Chief Executive Officer Wolfhart Hauser, the Chief Operating Officer Mark Loughead, the Chief Financial Officer Bill Spencer, and three independent Non-Executive Directors, David Allvey, who is also the Senior Independent Director, Christopher Knight and Debra Rade. The Directors' biographies appear on page 32. The Senior Independent Director is readily available to shareholders if they have concerns that remain unresolved after contacting the Group through the usual channels of the Chairman or any of the Executive Directors or where such contact is inappropriate. If a Director has any concerns about the Group or a proposed action, then such concerns are recorded in the Board minutes as a matter of course.

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer and they have been set out in writing and approved by the Board. On appointment to the Board in May 2002, the Chairman met the independence criteria as set out in the Code.

The responsibilities of Vanni Treves as Chairman include those contained in the supporting principle to paragraph A.2 of the Code, namely leadership of the Board, ensuring its effectiveness in all aspects of its role and setting its agenda; ensuring that the directors receive accurate, timely and clear information; ensuring effective communication with shareholders; facilitating the effective contribution to the Board of the Non-Executive Directors in particular; and ensuring constructive relationships between the Executive and Non-Executive Directors. The Chairman's other main commitments are detailed in his biography on page 32. The Chief Executive Officer has direct charge of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group.

David Allvey, Christopher Knight and Debra Rade are clearly independent Non-Executive Directors. They have been Directors for less than nine years, were never employed by the Group and have no material relationships or links to the business which would compromise their independence. Richard Nelson is not considered to be independent in his position as Non-Executive Deputy Chairman because of his previous service in the Group. However, during the year Richard Nelson continued to bring valuable expertise to the Board through his extensive knowledge of the business and industry.

The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully discussed and critically examined, not only in the best long-term interests of shareholders, but also to ensure that they take proper account of the interests of customers, employees and other stakeholders. The Non-Executive Directors are all experienced and influential individuals and through their mix of skills and business experience they contribute significantly to the effective functioning of the Board and its committees, ensuring that matters are fully debated and that no one individual or group dominates the decision-making process.

The Code requires that half of the Board comprises independent Non-Executive Directors. However, following the appointment of Mark Loughead to the Board on 1 January 2008 independent Directors represent less than half the Board. The Board believes that its current composition, taking into account the overall balance of skills, knowledge, commitment and experience, results in an efficient and effective board operation, whilst maintaining an appropriate balance between Executive and Non-Executive Directors. Nevertheless, in order to ensure the continual refreshment of the composition of the Board, the Nominations Committee appointed an independent search consultancy in January 2009 to conduct a search for a new Non-Executive Director. The Company's Articles of Association contain provisions relating to the retirement, election and re-election of directors. At the forthcoming AGM Wolfhart Hauser, Chief Executive Officer, and Christopher Knight and Debra Rade, both Non-Executive Directors, will retire and, being eligible, will offer themselves for re-election.

To enable them to discharge their duties, all Directors have full and timely access to all relevant information. Papers are circulated well before the Board and Committee meetings to ensure that Directors have the necessary time to read and review them. The Non-Executive Directors receive monthly management accounts and regular management reports and information which enable them to scrutinise the Group's and management's performance against agreed objectives and prior performance.

A formal induction programme has been established for new Directors, tailored to suit the individual's previous experience. Ongoing training is provided to Directors as necessary and visits to sites arranged to further their knowledge of the Group's operations. Directors are regularly briefed on best practice and changes to legislation, most recently the 'Conflicts of Directors' Interests' provisions under the Companies Act 2006. The Non-Executive Directors also attend various seminars during the year on topics relevant to a publicly listed company.

All Directors have access to the advice and services of the Group Company Secretary who will assist in arranging any additional training and information as required. The appointment and removal of the Group Company Secretary is a matter for the Board as a whole.

All Directors are entitled to obtain independent professional advice, at the Group's expense, in the performance of their duties as Directors. No such advice was sought during the year. In accordance with the Company's Articles of Association, the Company has granted a deed of indemnity, to the extent permitted by law, to each of the Directors and Group Company Secretary. Directors' and officers' liability insurance is in place.

The Board believes that strong corporate governance improves the performance of the business and enhances shareholder value. During its meetings in 2008, the Board received and discussed reports from the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, strategy, debt financing, market reports, share trading reports, analysts' forecasts, potential acquisitions, litigation reports, final and interim dividend recommendations, potential contract bids, road show and investor feedback, budgets, tax policy, Annual Report, Half Year results, interim management statements and announcements, and a wide range of other issues.

Board Committees

The Board has established three Committees, each with clearly defined terms of reference, procedures and powers. These terms of reference are available on request from the Group Company Secretary at the registered office or can be downloaded from www.intertek.com. The Directors who held office during the year and the number of full Board meetings and Committee meetings attended by each Director during the year are given in the table on page 38.

Membership of the three relevant Board Committees is set out below.

The Remuneration Committee

This Committee currently comprises three Non-Executive Directors, David Allvey (Chairman), Vanni Treves and Christopher Knight. The Code requires the Remuneration Committee to have at least three independent Non-Executive Directors whilst allowing the Chairman of the Board of Directors of the Company, if considered independent on appointment, to be a member. The Committee, therefore, does not currently comply with the Code. During 2008, the Remuneration Committee was

Corporate Governance Report

Name/Position	Scheduled Board meetings	Audit and Risk Committee meetings	Nomination Committee meetings	Remuneration Committee meetings
Vanni Treves Chairman	9 (9)	4 (4)	3 (3)	5 (5)
Richard Nelson Non-Executive Deputy Chairman	8 (9)	n/a	n/a	n/a
Wolfhart Hauser Chief Executive Officer	9 (9)	n/a	n/a	n/a
Bill Spencer Chief Financial Officer	9 (9)	n/a	n/a	n/a
Mark Loughead (appointed 1 January 2008) Chief Operating Officer	9 (9)	n/a	n/a	n/a
David Allvey Senior Independent Non-Executive Director	9 (9)	4 (4)	3 (3)	5 (5)
Debra Rade Independent Non-Executive Director	9 (9)	n/a	n/a	n/a
Christopher Knight Independent Non-Executive Director	9 (9)	4 (4)	3 (3)	5 (5)

Figures in brackets indicate the number of meetings held during the year

evaluated and the Board agreed that membership of the Committee was appropriate and effective.

The Committee has responsibility for making recommendations to the Board on the remuneration of the Chairman, Executive Directors and senior executives and for the determination, within agreed terms of reference, of additional benefits for each of the Executive Directors, including pension rights and any compensation for loss of office. The Committee is also responsible for the implementation and operation of employee share incentive arrangements.

Details of the matters discussed and actions taken by the Remuneration Committee, including the Group's remuneration for Executive Directors, and details of benefits, share options, pension entitlements, service contracts and compensation payments are given in the Remuneration Report which starts on page 42.

The Nomination Committee

This Committee currently comprises three Non-Executive Directors, Vanni Treves (Chairman), David Allvey and Christopher Knight. During 2008, this Committee was evaluated and the Board agreed that membership of the Committee was appropriate and effective. The composition of the Committee is in compliance with the Code.

This Committee, which met three times during the year, nominates candidates to fill board vacancies, reviews talent mapping and succession planning for the Board and senior management and makes recommendations on the balance and composition of the Board.

Talent mapping and succession planning is an important component in ensuring the continued success of the Group. The goal of Intertek talent mapping is to have the right organisation with the right people in the right jobs at the right time, including identifying and preparing the next generation. This approach was first introduced in 2006. The 2008 objectives were to:

- re-run the talent map for the top 224 roles which comprise the Intertek leadership team;
- launch and plan the roll-out of the new organisational structure comprising seven divisions (in lieu of four), and country management;
- engage and transition to the new Group and Division Executive Vice Presidents and Intertek Operations Committee (IOC).

Reviews are conducted by 'career committees' of the Chief Executive Officer, Chief Operating Officer, Division Executive Vice President, Group Vice President HR and the Division Vice President HR. The Intertek talent mapping process includes the identification and readiness of potential successors and highlights coaching, mentoring and training if required.

Bearing in mind the balance of existing skills, knowledge and experience of the Board, a job description is prepared for any new Board position and when a Non-Executive Director is appointed, the Committee requires confirmation that he or she can devote sufficient time to fulfil the commitments of the role. The terms and conditions of appointment of Non-Executive Directors are available for inspection by any person at the Company's registered office during normal business hours and at the AGM (for 15 minutes prior to the meeting and during the meeting). All new Directors are subject to election by shareholders at the first AGM after their appointment and then subject to re-election by shareholders once every three years.

The policy on Directors' service contracts is set out in the Remuneration Report.

The Audit and Risk Committee

This Committee currently comprises three Non-Executive Directors, David Allvey (Chairman), Vanni Treves and Christopher Knight. The Code requires the Audit and Risk Committee to have at least three independent Non-Executive Directors. As Chairman of the Company, Vanni Treves is not viewed as independent by the Code and therefore the Committee does not currently comply with the Code. During 2008, the Audit and Risk Committee was evaluated and the Board agreed that membership of the Committee was appropriate and effective. Both David Allvey and Christopher Knight have recent and relevant financial experience as detailed in their biographies on page 32 and 33.

The Audit and Risk Committee monitors the integrity of the Group's financial statements and any formal announcements relating to the Group's performance. The Committee is responsible for monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the appointment, reappointment and remuneration of the external auditors, and for ensuring that an appropriate relationship is maintained between the Group and its external auditors. It also reviews annually the Group's systems of internal control, risk management, the processes for monitoring and evaluating the risks facing the Group and the effectiveness of the internal audit function. It reviews the progress of internal audit activity against the annual plan, and reviews the strategy, scope and approach of the internal audit and compliance teams. It reviews the corrective action taken by management to address any control issues identified by the internal audit and compliance function. It is responsible for approving the appointment and termination of the Vice President Risk Management and Internal Audit and meets with him at least once a year without management present.

Committee meetings are usually attended by the Group's external auditors, Chief Executive Officer, Chief Financial Officer, Vice President Financial Control and the Vice President Risk Management and Internal Audit. The Group's external auditors meet with the members of the Audit and Risk Committee alone at least once a year.

The Audit and Risk Committee seeks to ensure the continued independence and objectivity of the Group's auditors. A policy on the provision of non-audit work by the external auditors has been approved by the Board to ensure that auditors' objectivity and independence are safeguarded. To this end, the policy highlights those areas where the external auditor cannot provide services to the Group, including inter alia, the provision of Group management functions, internal audit outsourcing, provision of legal advice and recruitment and remuneration advice. The auditors confirm by way of letter to the Board that processes to ensure compliance with this policy are in place, and that these processes are monitored regularly. A detailed breakdown of the audit and non-audit fees paid to the Group's auditors during the year is set out in note 5 to the financial statements.

At its meetings during 2008, the Committee reviewed and endorsed, prior to submission to the Board, the Group's 2007 Annual Report, Half Year results, and 2008 interim management statements. The Committee also monitored and reviewed the standards and effectiveness of risk management and internal control, the Group's internal audit function and its plans and performance. It also reviewed the Group's arrangements for the avoidance and detection of fraud and related matters, whistle-blowing and hotlines, compliance, training, e-learning, quality assurance systems and substantial claims affecting the Company.

The ultimate responsibility for reviewing and approving the Annual Report and the Half Year Results announcement remains with the Board.

During 2008 the Audit and Risk Committee met four times. The Chairman and other Committee members also attend meetings with the external auditors and management to discuss any accounting issues associated with the annual audit.

Performance evaluation

A stringent performance evaluation process led by the Chairman is applied to each Director, Committee and the Board as a whole. This comprises a series of detailed questionnaires which provide a framework for the evaluation process, and provides the Chairman with a means of making year-on-year comparisons. There are questionnaires for each of the following: the Board; each individual Director; and the Remuneration, Nomination and Audit and Risk Committees.

This annual evaluation of the effectiveness of the Board and its Committees ensures that the performance of each individual Director and the functioning and constitution of the Board and each Committee are properly measured and debated.

The Chairman assesses the individual performance of each Director, taking into account discussions with other Directors. The Senior Independent Director has discussions with the other Executive and Non-Executive Directors, without the Chairman being present, in order to appraise the Chairman's performance during the year. For the year under review these assessments concluded that the performance of the Board and each Director was, and is, effective, and that all Directors demonstrate full commitment in their respective roles to the Company evidenced, inter alia, by the Board and Committee attendance records set out in this report. The evaluations further demonstrate that the Board

Corporate Governance Report

has an appropriate set of skills, that all the Directors add value to the overall effectiveness and success of the Group, and that no substantial issues have arisen out of the evaluation process.

After a rigorous review of performance and in view of their continued robust contribution and commitment to the Board, Christopher Knight and Debra Rade are to continue in their roles on the Board for a further three-year term subject to re-election at the AGM in accordance with the Articles of Association.

The Remuneration, Nomination, and Audit and Risk Committees also each held an evaluation of their work and effectiveness during the year, the results of which were reported to the Board by the Group Company Secretary. The reviews concluded that each Committee was operating in an efficient and effective manner.

The Board will continue to develop the evaluation process in order to ensure that it can properly review, on an annual basis, its performance and that of its individual members and Committees. In doing so, consideration is given to succession planning requirements and the Board will act accordingly with the assistance of the Nominations Committee.

Procedures to deal with Directors' conflicts of interests

During 2008, the Board implemented a formal system to deal with conflicts of Directors' interests. All Directors completed an initial questionnaire to identify any conflicts or potential conflicts of interests. The Board discussed all questionnaires and authorisation of conflicts and potential conflicts was granted by the non-conflicted Directors in accordance with the Company's Articles of Association. All authorisation decisions were recorded and will be reviewed annually by the Board.

Internal control

The Group's primary business objectives require adherence to local, national and international laws and require the Group's employees to show integrity and honesty in all business dealings. Risk management and internal controls are therefore embedded in the running of each division, assuring the accuracy and validity of reports and certificates that the Group provides to customers. Although the Directors are ultimately responsible for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness, such a system can realistically only manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable assurance against material misstatement or loss.

The Board confirms that, in addition to internal audits, there is an ongoing process for identifying, evaluating and managing any significant risks to the Group's short and long-term value, including those arising from social, environmental and ethical matters. This process has been in place for the year under review and up to the date of approval of the Annual Report is regularly reviewed by the Board and accords with the Turnbull Guidance. Any breaches of internal controls identified by the Group's control review procedures are reported to the Audit and Risk Committee and corrective action taken. In carrying out the risk review, the Board is satisfied that it received adequate information from the operations around the world. Training is provided to Directors on these matters where necessary.

The Audit and Risk Committee has reviewed the effectiveness of the system of financial and non-financial internal control during the year. In particular, it has reviewed and continues to seek to improve the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed. This is reinforced by the Intertek Compliance Code and Code of Ethics, which provides practical guidance and instruction for staff. The Codes are available at www.intertek.com.

The Group operates a 'zero tolerance policy' in regard to breaches of ethics and all employees are required to sign a certificate confirming their understanding that any breaches of the Group's Code of Ethics will result in disciplinary action that may include summary dismissal of the employee concerned. To support Group policies and to facilitate the raising of concerns about possible improprieties in matters of financial reporting or any other matters, the Group provides and publicises email and telephone hotlines so that staff may report anonymously any inaccurate or unethical working practices. All complaints are investigated thoroughly with action taken as appropriate. The number of complaints received, together with the corrective actions taken, are reported to the Audit and Risk Committee. During 2008, 42 complaints were received and investigated. Most investigations concluded that the complaint was unfounded, but corrective action was taken where appropriate.

In carrying out its review, the Audit and Risk Committee endeavours to ensure that the Group has in place the most appropriate and effective controls, checks, systems and risk management techniques so as to be in line with best practice on such matters.

Each operating division is responsible for the identification and evaluation of significant risks applicable to that area of business, together with the design and operation of suitable internal controls. These risks are assessed on a continual basis, and may be associated with a variety of internal or external sources including control breakdowns, disruption of information systems, competition, natural catastrophe and regulatory requirements.

Operation of the controls is designed to minimise the occurrence of risk or its consequences.

A process of control using self-assessment and hierarchical reporting has been established which provides a documented trail of accountability. These procedures are applied across Group operations and provide for continuing assurances to be given at increasingly higher levels of management and finally, to the Board. This process is facilitated by Internal Audit which also provides assurance as to the operation and validity of the system of internal controls. Planned corrective actions are independently monitored for timely completion.

Each division reports annually to the Audit and Risk Committee via the Vice President Risk Management and Internal Audit on its review of risks and how they are managed. Each year senior managers throughout the Group confirm the adequacy of their systems of internal controls, compliance with Group policies, local laws and regulations and report any control weaknesses identified in the past year. One of the Audit and Risk Committee's main roles is to review, on behalf of the Board, the key risks inherent in the business and the system of controls necessary to ensure such risks are properly managed.

The Chief Financial Officer heads a central compliance team, which co-ordinates the quality assurance function. Quality assurance audits are carried out by the divisions, and the findings reported to divisional management and to compliance officers. Each division has at least one compliance officer who undertakes investigations of issues that arise either from quality assurance audits or by other means, such as the employee hotline. Reports of significant findings are presented to the Audit and Risk Committee. Each geographic region has at least one internal auditor who is independent of the divisions. The main reporting sites are reviewed annually. The other sites are reviewed regularly on a schedule based on materiality and risk. Reports of significant findings are presented to the Audit and Risk Committee which monitors and reviews the effectiveness of the internal audit function. The internal audit department was awarded ISO 9001: 2000 accreditation in 2003 and was re-accredited in 2008.

The Group will, from time-to-time, be required by its customers to operate in countries where there is potential political and economic risk. In doing so, the Group fulfils its policy of facilitating international trade inspection and audit services that help to prevent corruption and assist with humanitarian aid. Where there are no laws in place that prohibit business dealings in certain countries, the Group will consider operating in those countries, but only in strict accordance with its stringent Code of Ethics.

The Audit and Risk Committee reviews the assurance procedures, ensuring that an appropriate mix of techniques is used to attain the level of assurance required by the Board.

The Chief Executive Officer also reports to the Board on significant changes in the business and the external environment which could impact on risk. The Chief Financial Officer provides the Board with monthly financial information, which includes the comparison of key performance figures against budgets and forecasts, and risk indicators. Where areas for improvement in the system are identified, the Board considers the recommendations made by management and the Audit and Risk Committee. The Board approves the treasury policy and the Treasury department's activities are also subject to regular internal audits.

Relations with shareholders

Communications with shareholders are given a high priority. The Group produces an Annual Report which is available to shareholders and also publishes interim management statements and its Half Year Results. The Group website (www.intertek.com) contains up-to-date information on its activities and published financial results. Shareholders can subscribe via the Investors' section of www.intertek.com to receive email alerts of important announcements made by the Group. At the AGM in 2007 the Company took advantage of provisions contained within the Companies Act 2006 and the Disclosure and Transparency Rules of the Financial Services Authority enabling communication with shareholders using electronic means via the Group website or by email. The Group's Annual Report, notices of meetings and proxy forms are now provided electronically as a default option. However, shareholders are also able to request paper copies of documents if they so choose.

The Chairman ensures that any comments he receives from institutional shareholders are communicated directly to the Board, and all analysts' and brokers' reports on the Group are sent to each Director.

The Board views the AGM as an opportunity to communicate with private and institutional investors and welcomes their participation. All Board members attend the AGM and in particular, the Chairmen of the Audit and Risk, Nomination and Remuneration Committees are available to answer questions. At General Meetings, a schedule of the proxy votes cast is made available to all shareholders and is also available on the website. The Company proposes a resolution on each substantially separate issue and does not combine resolutions inappropriately.

Going concern

After making diligent enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Group's financial statements.

Remuneration Report

Letter from the Chairman of the Remuneration Committee

9 March 2009

Dear Shareholder

The ongoing economic upheavals have not made the task of the Remuneration Committee any easier. As well as the usual deliberations that the Committee carries out each year, we have spent some time considering how the Group's senior executive reward policies should reflect the business environment.

We have debated the appropriate performance targets for future cash bonuses and performance-related share bonus awards. We have considered the effect of our policies on retention of key staff without adversely affecting the Company's flexibility or shareholders' interests. We have tried to take into account the disparities in outlook and performance between our many geographical and business areas. The considerable growth that has taken place in the Group over the last few years has also been a factor that we have included in our deliberations.

The detail about our reward structures and the results of our discussions is given below, but I felt it might be helpful to highlight to you here the main changes that occurred during 2008. The Committee has:

- based on benchmarking information, increased the cash bonus potential for the most senior employees. The targets are heavily weighted towards financial growth to ensure that the interests of these senior employees are aligned with our shareholders;
- proposed a revised Deferred Bonus Share Plan to the shareholders because independent global benchmarking indicated that the performance-related share-based element of packages was somewhat light. The adoption of the new limits, which were agreed at the AGM in 2008, will enable higher awards in 2009 for the most senior employees and a more flexible approach for other middle-ranking staff;
- agreed the payment in shares of a proportion of the non-executive directors' fees;
- agreed to redefine the constituency of the second-tier management group to include a greater proportion of key business-line managers so as to reward those people appropriately. We expect this group to form the basis of succession for the most senior managers; and
- increased the emphasis on directing rewards to key staff, in the interests of keeping competitive advantage in a difficult market through retention of high achievers.

We believe that these efforts to keep an appropriate balance in our executives' rewards, to drive our business strategy and to continue to tailor policies to fit with the market are all in our shareholders' interest. Each of these points is described in more detail in the report that follows.

Yours faithfully
David Allvey

This report sets out the Group's policy and disclosures in relation to Directors' remuneration for the year ended 31 December 2008. It will be subject to shareholder vote at the forthcoming AGM.

The report has been prepared on behalf of the Board and complies fully with the requirements of the Directors' Remuneration Report Regulations 2002 (the Regulations) and the 2006 Combined Code on Corporate Governance (the Code) and has been audited by KPMG Audit Plc to the extent required by the Regulations.

The Group has applied the Principles of Good Corporate Governance relating to the remuneration of its Directors and this report outlines how the Group has complied with the provisions of the Code as well as some of the guidelines issued by institutional shareholder bodies.

Our peer group

Our remuneration policy requires us to take account of both local and international markets when deciding on pay and benefits. Our peer group for the majority of group employees, therefore, is composed of international industrial organisations and similar-sized businesses in each local area.

In respect of our more senior employees, we base our pay comparison information on a blend of factors, including the fact that the Company is a UK-based FTSE 250 company, job location and responsibility of the role based on revenue.

Executive share ownership

We believe that share ownership should form a significant element in senior executives' compensation so that total remuneration will depend on the future success of the Group. The number of shares owned by Executive Directors and the shares that they may receive through our incentive plans in future are shown in the tables on pages 53 and 55.

Linking performance to strategy

Our Remuneration Committee considers the link between performance and strategy by assessing individual and divisional performance, contribution to the Group as a whole, level of experience and scope of responsibility against the strategy as developed in the annual planning process. Consideration of prevailing economic conditions forms part of this planning process.

The Committee also reviews and benchmarks the balance between base salary and short and long-term performance-related benefits when setting each individual's performance-related arrangements. It aims to achieve alignment of rewards with shareholder interests through a balance between the following elements:

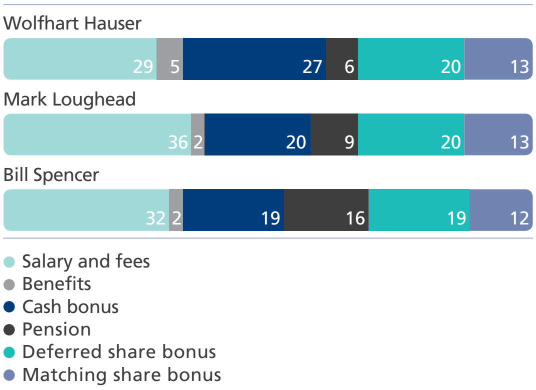
Performance short-term annual cash performance bonus	The cash bonus serves to recognise short-term performance against pre-set targets which are a mix relative to shareholder, business, team and personal objectives. The criteria and targets are reviewed each year to tie in with changing business objectives and the economic environment.
Performance long-term awards made under the Intertek Deferred Bonus Share Plan	Both for the purposes of retention and to link reward clearly to our shareholders' experience, a significant element of reward is determined by business targets, but has a value dependent on our share price at the end of the deferral period. The Intertek Deferred Bonus Share Plan is in place to retain and to reward executives, managers and key specialists crucial for the future of the business and to align Group and shareholder goals.
Fixed base salary	The annual base salary takes account of the size of the job and the sustainable competence and contribution of the job holder. We target annual base salary for fully competent performance at the market median.
Fixed pension	Provision for retirement varies amongst Executive Directors but is regarded as an essential element in attracting high-calibre executives.
Fixed other benefits	These may include travel, school fees, car allowances, life and private medical insurance and annual medicals, as typically provided for the executive directors of a FTSE 250 company.

Remuneration Report

Total compensation

Total remuneration for our Executive Directors and the balance between the elements for 2008 was:

Total compensation (%)



Salary, fees and benefits are the actual amounts received during 2008; pension for those directors in the defined benefit scheme (Mark Loughead and Bill Spencer) is the increase in actual transfer value for 2008; pension for Wolfhart Hauser is the actual amount of the contribution made by the Company to a personal pension arrangement; deferred share bonus is based on the cash value of the deferred shares as outlined in the table on page 50, and the Matching share bonus is the estimated value of half of the maximum potential number of matching shares that may vest (subject to performance). Details of how the fair values have been calculated are set out in note 27 of the financial statements.

The Remuneration Committee (the Committee)

Responsibilities

On behalf of the Board, the Committee:

- determines the Company's policy on the remuneration of, and incentives for, the Chairman, Executive Directors and other senior executives (mainly the Intertek Operations Committee (IOC) which comprises the Group and Executive Vice Presidents);
- determines their remuneration packages, including any compensation on termination of office;
- provides advice to, and consults with, the Chief Executive Officer on major policy issues affecting the remuneration of senior executives; and
- keeps the remuneration policy under review in the light of regulatory and best practice developments and shareholder expectations. Due regard is given to the interests of shareholders and the requirements of the Listing Rules and associated guidance.

The Committee met five times during 2008. Its terms of reference are available on our website at www.intertek.com.

Composition

For the whole of 2008 the Committee comprised the following Non-Executive Directors of the Company:

David Allvey (Chairman)
Christopher Knight
Vanni Treves

David Allvey and Christopher Knight are independent in accordance with the Code. Vanni Treves was independent at the time of his appointment as Chairman of the Board. The Committee members have no personal financial interest, other than as shareholders, in the matters to be decided and any Director in attendance absents himself from meetings for matters relating to his own remuneration.

Advisors

To ensure that the Group's remuneration practices are market competitive and to help achieve its objectives, the Committee obtains information from various independent sources. The Committee has appointed and taken independent advice on remuneration matters and share incentive arrangements from Hewitt New Bridge Street (Hewitt), on remuneration benchmarking from Towers Perrin (TP) and on UK pension matters from Premier Pensions Management Limited (PPM). PPM, TP and Hewitt have no other connection with the Company or its senior officers.

Remuneration of executives

Policy

The Group is an international service business deriving its revenue from the Americas (34%), Europe, Middle East and Africa (29%) and Asia Pacific (37%). The international nature and complexity of the Group are reflected in salary policy, requiring account to be taken of both the relevant local and international markets in order to attract and retain the right people. Because it is a service business, success is critically dependent on the performance and retention of key people. Employee costs represent a significant proportion of Group operating costs, but there is considerable managed variation amongst businesses. For this reason there is in place a Remuneration Policy Framework with each operation retaining the freedom to navigate, within that framework, to find the best local solution. Given the diversity and speed of development across Intertek, standard answers do not fit all circumstances. There is, for example, no single rate of inflation agreed when salary increases are considered. Local variations are to be expected to innovate, adapt and fit with the specifics of the business while conforming with local culture and legal constraints.

Our remuneration strategy in short:

- attract, engage, motivate and retain the best available people by positioning total pay and benefits to be competitive in the local market and in line with the ability of the business to pay;
- reward people equitably for the size of their responsibilities, performance and potential;
- align and recognise the individual's contribution to success in our business goals;
- engage motivated high performers and, through variable bonus schemes, share the success with those who build and lead Intertek as a world class business.

The Committee considers that the Company's long-term success is dependent on its ability to attract, retain, motivate and reward high-calibre individuals to deliver superior performance both in the short and long-term. It aims to promote a balanced performance-driven culture by maintaining a competitive package of pay and benefits commensurate with packages of pay and benefits provided by other global companies of comparable size and complexity.

For overseas executives the objective is to provide a competitive package that is commensurate with comparable packages paid to employees of other organisations overseas doing a similar job in that region.

Performance-related rewards are a balanced mix of Group financial targets and tailored personal objectives. Exceptional performance on the part of both the Group and individual can deliver upper quartile total remuneration. This direct alignment with performance is considered by the Committee to be clearly in the interests of shareholders and provides the executives with unambiguous signals about the importance of delivering success to the Company's shareholders in both the short and long-term.

In January 2008 the Committee reviewed the Group's remuneration policy for its Executive Directors and senior executives to take into account the new larger and restructured organisation, the Group's sustained growth and performance and also to ensure that the policy, including the balance between fixed and variable rewards, remained appropriate and competitive in the light of the Group's business needs, future strategy and the wider market. Following the review, which involved component benchmarking against the general industry sector (excluding property and financial) and geographical benchmarks, the Committee made changes to increase the performance-related element of remuneration for the Executive Directors and some senior executives. In 2008 the maximum potential cash bonus was increased in the case of the Chief Executive Officer from 75% to 100% of base salary. Mark Loughead joined the Board on his promotion to the new role of Chief Operating Officer on 1 January 2008, to drive cross-business synergies. In his case and that of the Chief Financial Officer, the maximum potential cash bonus was increased from 60% to 70% of base salary. The 2008 bonus targets were set to ensure that they were sufficiently stretching to align the interests of the Executive Directors and senior executives with the interests of the Company's shareholders.

Components

Base salary

	Salary from 1 April 2008	Salary from 1 April 2009	% Increase
Wolfhart Hauser	£550,000	£577,500	5%
Mark Loughead[1]	US$500,000	US$535,000	7%
Bill Spencer	£275,166	£286,173	4%

1. In addition to his base salary Mark Loughead received £43,000 in directors' fees in 2008.

Where a decision is made to increase base salary the Committee will expect the individual, taking into account levels of experience, to have demonstrated exceptional leadership within the business and a results-orientated approach. When the Committee takes benchmarking information into account it reviews the performance of the individual concerned against the above measures to ensure that there is no unjustified upward ratchet in remuneration. When determining salary increases for Executive Directors, the Committee takes account of pay and employment conditions elsewhere in the Group as well as the general market. This is achieved by reviewing detailed information on the top four employing countries within the Group.

Salaries are reviewed annually. Increases in base salary are linked to:

- the growth in size and complexity of the business;
- demonstrable efforts and contribution of an individual to the development of Intertek Group strategy, synergy and efficiency;
- retention;
- market movement.

Remuneration Report

Annual incentives

Cash bonus

The Executive Directors and senior executives are eligible for annual cash bonus payments for the achievement of the financial and strategic goals of the Group and its businesses.

The maximum annual cash bonus potential for 2008 and 2009 are:

Percentage of base salary	2008	2009
Wolfhart Hauser	100%	100%
Mark Loughead	70%	70%
Bill Spencer	70%	70%
Executive Vice Presidents	60%	60%

The bonus potential that was agreed for 2008 was increased over the 2007 potential following the benchmarking exercise carried out at the beginning of 2008, with similar growth measures but far more challenging target levels.

Based on the performance measures for 2008, cash bonuses of 90.6%, 63.4% and 59.2% of salary will be paid to Wolfhart Hauser, Mark Loughead and Bill Spencer respectively in March 2009.

Targets are established and reviewed by the Committee each year with the intention of ensuring links to current business goals, taking full account of economic conditions. This year the Committee has taken into account the unusual economic situation when setting the 2009 targets, which remain challenging.

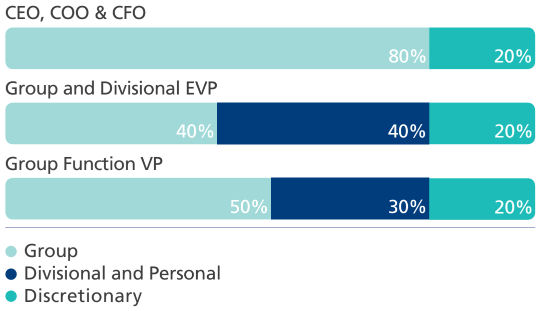
The link between cash bonus and awards under the Intertek Deferred Bonus Share Plan is described on page 47. Bonuses are not pensionable.

Senior executives' bonus criteria comprise the following: (i) Group performance elements; (ii) divisional performance elements and personal objectives; and (iii) discretionary elements. The goals derive from the annual planning process for the Group, which forms the cornerstone of the Group's results-focused culture.

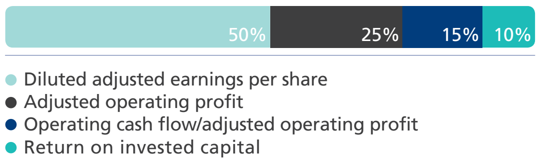
The target level is typically set at half the total opportunity to encourage and reward upside performance.

The divisional elements of bonus are based upon consistent financial performance indicators but with targets appropriate to that division.

Bonus elements 2009



Group bonus breakdown 2009



The sum to be paid under the discretionary element, of up to 20% of total bonus, is determined by taking into account the overall personal contribution of the executive to the goals and results of the Group for the year, the development of the medium-term strategy of the Group, the achievement over the year of strategic objectives and demonstrable efforts and results in team-building and leadership. The Committee recognises its responsibility to shareholders to use its discretion in a reasonable and informed manner and in the Group's interests, and to be accountable and transparent in the exercise of that discretion.

The Committee can additionally award a discretionary payment where circumstances have occurred which were beyond the direct responsibility of the executive and the executive has managed and mitigated the impact of any loss, or where circumstances have arisen outside the Group's control and the Committee feels that payment is necessary to retain and motivate the executive concerned.

The Committee has the discretion to reduce bonus payments if it believes that short-term performance has been achieved at the expense of the Group's long-term future. The Committee also retains the discretion to reclaim payments if the performance achievements are subsequently found to have been significantly misstated. Neither of these discretions was exercised in respect of the bonuses paid in 2008.

Share incentives

The Company believes that share ownership by employees is an integral part of its programme to incentivise, reward and retain employees as it strengthens the link between employees' personal interests and those of shareholders and enables them to benefit from the growth of the Company.

The Committee regularly reviews the appropriateness of the Company's share incentive arrangements and targets to ensure that they remain both competitive and challenging.

Executive Directors and other key employees are eligible to participate in our share plans, Non-Executive Directors are not.

Share retention

A shareholding retention requirement has been set by the Committee. Executive Directors and the members of the IOC are expected, within five years, to build up a shareholding in the Company worth at least 100% of base salary. To assist in the building of this holding, it is expected that, after allowing for tax and similar liabilities, all the shares subject to each vested award under the Intertek Deferred Bonus Share Plan will be retained by the executive until the ownership target is attained.

The only long-term incentive plan currently in use is the Intertek Deferred Bonus Share Plan (the Plan). This was approved in 2005 and supersedes all previous Executive Share Option Plans, creating more effective rewards for executives throughout the Group's global operations by linking their share rewards to the achievement of the bonus targets which are directly relevant to them. Awards have been made annually since 2006. Information about the Plan, awards granted under the Plan and the Directors' participation in them is given on pages 53 and 54.

The purposes of the Plan are the retention of senior executives and the alignment of their interests with shareholders by linking rewards to Intertek's share price performance. In early 2008 a benchmarking exercise suggested that for a number of senior executives and managers the level of awards had not been competitive. Accordingly some adjustments to the levels of award available under the Plan were put to the shareholders at the 2008 AGM and approved. The effect of the changes was to allow amounts of up to 100% of annual cash bonus to be deferred and matched. However, initially grants of deferred shares to senior executives would be capped at 70% of salary.

In its consideration of share plan incentives in 2008 the Committee undertook to review the performance criteria for future Matching Share awards taking full account of the economy and business climate at the time of the award. The Committee has reached the decision that in respect of awards to be granted in 2009, the performance criteria should remain based on Total Shareholder Return ('TSR'). The vesting schedule will also remain unchanged from last year. The Committee will continue to keep the performance criteria under review.

The Company has undertaken to limit the number of awards satisfied by newly issued shares under the Plan in the ten-year period from the time the plan was adopted to 5% of the Company's issued share capital. As at 31 December 2008 awards represented 0.89% of the Company's issued share capital.

The Committee has decided not to publish the part-way achievement of performance conditions applicable to outstanding awards, or the expected value of the anticipated vested awards, as it considers this information would be misleading to a greater extent than it is informative.

The Company had established a share option scheme for executives in March 1997. This scheme was discontinued and replaced by the Intertek Group 2002 Share Option Plan and the Intertek Group 2002 Approved Share Option Plan on 9 May 2002, under which options were granted by either the Company or the Employee Share Ownership Trust on the recommendation of the Committee. All awards were discretionary. No options have been granted since 2005. Information about these schemes and the Directors' participation in them is given on page 55 and in note 27 to the financial statements.

Pensions

Wolfhart Hauser

Wolfhart Hauser is not a member of a Group company pension scheme. Instead the Group contributes an amount equal to 20% of his base salary to a personal pension arrangement. For 2008 this amounted to £106,700 (2007: £94,600). Wolfhart Hauser is entitled to life cover benefit comprising a lump sum payment equivalent to four times his base salary.

Mark Loughead and Bill Spencer

Mark Loughead and Bill Spencer are both members of the defined benefit section of the Intertek UK Company Pension Scheme. This is a defined benefit and defined contribution occupational pension scheme approved by the Inland Revenue. The main features of the defined benefit section of the scheme are shown on page 51.

Remuneration Report

Non-Executive Directors

The Board determines the remuneration of the Non-Executive Directors of the Company, for their work as Directors and as members of committees. Their remuneration is assessed relative to the Group's peer groups and was increased with effect from March 2008. Remuneration is neither pensionable nor eligible for annual incentive payments and the Non-Executive Directors are not allowed to participate in the Company's share incentive plan.

Pursuant to the policy of aligning directors' interests with those of shareholders, in 2008 a proportion of the fees due to the Non-Executive Directors was used to purchase shares in the Company. Below is a summary of the Non-Executive Directors' fees and the pre-tax amounts of those fees used to purchase shares in the Company in 2008.

Other than Vanni Treves, who has the benefit of a company car, and Richard Nelson, for whom the Group maintains a life insurance policy in accordance with the terms of his previous employment contract with the Company, no other benefits-in-kind are provided.

The Non-Executive Directors do not have service contracts with the Company. The letter of engagement for each Non-Executive Director states that they are appointed for an initial period of three years and all appointments are terminable by one month's notice on either side. At the end of the initial period, the appointment may be renewed for a further period, if the Company and the Director agree, subject to reappointment at the AGM.

Each letter of engagement states that should the Group terminate the appointment, on such termination the Non-Executive Director will not be entitled to any compensation for loss of office.

Vanni Treves and David Allvey are each engaged by the Group as Non-Executive Directors under the terms of a letter of appointment commencing 29 May 2002. Both appointments were renewed for three years at the end of their second three-year period.

Richard Nelson was originally engaged by the Group as a Non-Executive Director under the terms of a letter of appointment for an initial period of three years commencing 8 April 2005. Under the terms of his letter of appointment Richard Nelson is entitled to remuneration of £1,000 per working day for any special project work agreed in advance by the Chairman. On 7 March 2008 Richard Nelson's appointment was further extended for another two years, until 7 April 2010.

Debra Rade was engaged by the Group as a Non-Executive Director under the terms of a letter of appointment for an initial period of three years commencing 1 January 2006. This appointment was renewed for a further three years with effect from 1 January 2009.

Christopher Knight was engaged by the Group as a Non-Executive Director under the terms of a letter of appointment for an initial period of three years commencing 30 March 2006. The Committee has agreed that this appointment be renewed for a further three years, effective from 30 March 2009.

	Basic Fee From 1 March 2008 £	Remuneration Committee	Audit and Risk Committee	Nominations Committee	Additional committee fee £	Total fees £	Fees used to purchase shares in 2008 £
David Allvey	50,000	Chairman	Chairman	✓	37,500	87,500	10,000
Christopher Knight	50,000	✓	✓	✓	15,000	65,000	10,000
Richard Nelson	65,000	–	–	–	n/a	65,000	10,000
Debra Rade	50,000	–	–	–	n/a	50,000	7,000
Vanni Treves	170,000	✓	✓	Chairman	–	170,000	20,000

Service contracts

Details of the service contracts currently in place for Executive Directors who have served during the year are as follows:

	Date of contract
Wolfhart Hauser	1 March 2005
Mark Loughead	1 January 2008
Bill Spencer	24 May 2002

Wolfhart Hauser's and Bill Spencer's contracts are 12-month rolling contracts terminable by either party on 12 months' notice and contain provisions by way of compensation for loss of office, limited to payment of salary and bonus over a 12-month period, and benefits in lieu of notice. Wolfhart Hauser's contract permits payments in lieu of notice to be made, at the Company's election, either (i) in full on termination or (ii) on a monthly basis, but only for so long as he receives no remuneration from any other business. If Wolfhart Hauser does receive any such remuneration, the monthly amount payable will be reduced by that remuneration, determined on a monthly basis. Neither service contract contains provisions regarding a change of control.

Mark Loughead has both an executive service contract and a letter of appointment in respect of his directorship of Intertek Group plc. The executive contract is subject to 12 months' notice on either side and contains provisions for Mark Loughead to continue to receive an amount equal to salary during the period of notice in accordance with his normal payroll schedule unless he receives remuneration from any other business. Bonuses not already received will not be paid unless pro rata payment formed part of the bonus criteria. The appointment as Director of Intertek Group plc is for an initial term of three years, but can be terminated by either party giving one-month's notice, is not dependent upon his continued executive appointment and provides for an annual fee of £43,000. Neither the service contract nor the letter of appointment contain provisions regarding a change of control.

Policy on external appointments

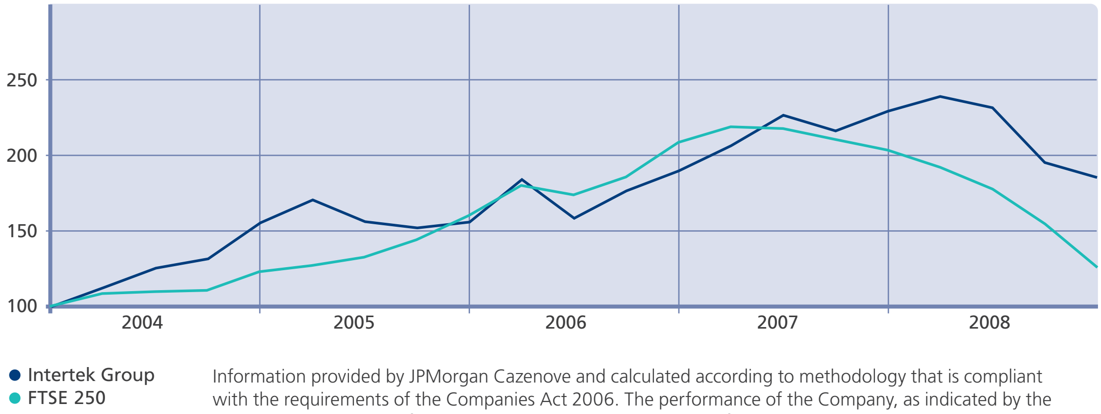
The Company recognises that, during their employment with the Company, Executive Directors may be invited to become Non-Executive Directors of other companies and that such duties can broaden their experience and knowledge. Executive Directors may, with the written consent of the Company, accept such appointments outside the Company, and the policy is that any fees may be retained by the Director. Wolfhart Hauser is a Non-Executive Director of LogicaCMG plc. His earnings for this appointment for 2008, which he retained, were £55,000.

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 the TSR in respect of the Company over five years. The TSR for the Company is compared with the TSR for the FTSE 250 Index. The FTSE 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 and as its TSR comparator group in assessing performance for the vesting of Matching Shares under the Intertek Deferred Bonus Share Plan.

Intertek Group vs FTSE 250 TSR



Information provided by JPMorgan Cazenove and calculated according to methodology that is compliant with the requirements of the Companies Act 2006. The performance of the Company, as indicated by the graph, is not indicative of vesting levels under the Company's Deferred Bonus Share Plan.

Remuneration Report

Information required to be audited

The auditors are required to report on the information contained in the following section of the Report.

The table below summarises Directors' remuneration and pension contributions for 2008 and the prior year for comparison. No payments for loss of office were made during the year or the prior year and no other awards were made to any Director.

Directors' remuneration summary

		2008					2007		
	Notes	Base salary and fees £000	Cash bonuses £000	Other benefits £000	Pension contri-butions[3] £000	Total emolu-ments £000	Total emolu-ments £000	Deferred bonus 2008[4] £000	Deferred bonus 2007[4] £000
Executive Directors									
Wolfhart Hauser		534	498	88	107	1,227	1,019	374	242
Mark Loughead	1	310	170	16	–	496	n/a	170	n/a
Bill Spencer		270	163	16	–	449	394	163	126
Non-Executive Directors									
David Allvey		86	–	–	–	86	66	–	–
Christopher Knight		65	–	–	–	65	54	–	–
Raymond Kong	2	–	–	–	–	–	19	–	–
Richard Nelson		65	–	51	–	116	106	–	–
Debra Rade		50	–	–	–	50	43	–	–
Vanni Treves		168	–	13	–	181	148	–	–
Total		1,548	831	184	107	2,670	1,849	707	368

1. Mark Loughead was appointed to the board of Intertek Group plc on 1 January 2008. His remuneration for the year comprised US$500,000 in respect of his executive appointment and £43,000 by way of director's fee. The USD component of his remuneration was translated into Sterling using £1 = $1.87 which was the cumulative average exchange rate applicable during 2008.
2. Raymond Kong resigned on 11 May 2007, and his remuneration is reported up to the date of his resignation.
3. As Mark Loughead and Bill Spencer are members of the Intertek Defined Benefit Plan (see page 51), contributions to that plan are not included in this table. Wolfhart Hauser is not a member of any Group pension plan. The contributions in this table are the amounts the Group pays to a personal pension arrangement.
4. These figures exclude amounts relating to Matching Awards granted under the Intertek Deferred Bonus Share Plan. Details of these awards and their performance criteria are given on pages 53 and 54.

Other benefits

Executive Directors are entitled to the use of a company car or the cash equivalent, life assurance, disability insurance, an annual medical and private medical insurance. In addition, until the end of 2008, Wolfhart Hauser was entitled to private school fees for his children. Richard Nelson is entitled to life assurance in accordance with the terms of his previous employment contract with the Company, for £1.0m to be maintained for the whole of his life and payable to his beneficiaries on his death. Vanni Treves is entitled to a company car.

Transactions with Directors

These are disclosed in note 30 to the financial statements.

Pensions

The Committee continues to review the liabilities under the defined benefit section of the UK pension scheme and to monitor the effect of changes to future mortality rates and investment returns and consider how to limit the potential liability created by pension commitments.

The majority of the Group's employees are non-UK based and are therefore unaffected. Further details of the Group's pension schemes, including the funding position, are disclosed in note 24 to the financial statements. Details of the pension arrangements for those who have served as Executive Directors during the financial year are shown on page 47.

Mark Loughead and Bill Spencer
Intertek Defined Benefit Pension Scheme

Normal retirement age	65
Annual pension at normal retirement age	1/60 of final pensionable salary (highest base salary in any 12-month period during the five years immediately preceding retirement date) for each year of pensionable service, except, for those members who were active members of the Scheme on 5 April 1996, the accrual rate is 1/45 for pensionable service in the period after 5 April 1996 and before 6 April 1999. Members may exchange part of their pension for a tax-free cash sum. This will reduce their pension but not that of their spouse.
Spouse's or dependant's pension payable on death of member	Half of member's pension.
Early retirement	From age 50 onwards with the consent of the Company and the Trustees, based on accrued entitlement currently reduced by 4% for each year of retirement prior to age 65. With effect from 6 April 2010, the minimum retirement age will increase to age 55.
Pension increases in payment or deferment	Increases in deferment – revaluation is in two parts: i) The part that represents the Guaranteed Minimum Pension (GMP) will be increased at the rate of 4% for each complete tax year between date of leaving and State Pension Age. ii) The balance of the pension will increase at the rate of 5% per annum or in line with the Retail Price Index if lower, for each completed year between the date of leaving and the Normal Retirement Date. Increases in retirement (or payment): i) Pre 6 April 1997, excess pension benefits will increase at the rate of 3% per annum. ii) 6 April 1997 to 5 April 2005, excess pension benefits will increase at the rate of the lower of 5% per annum or the increase in the Retail Price Index. iii) Post 5 April 2005 excess pension benefits will increase at the rate of the lower of 2.5% per annum or the increase in the Retail Price Index. iv) Pre 1988 GMP will not increase. v) Post 1988 GMP will increase at the rate of 3% per annum or the increase in the Retail Price Index, if lower.
Employee contributions	As determined by the Company and the Trustees: currently 8.5% of base salary (excluding incentive payments) up to the Company-set earnings cap which is £115,949 for the 08/09 tax year (£112,028 for 07/08).
Employer contributions	As determined by the Company and the Trustees: currently 16% of base salary (excluding incentive payments) up to the Company-set earnings cap.
Ill health or incapacity	In the case of ill health, the pension is calculated as for early retirement but without the 4% reduction. In the case of incapacity, the pension is calculated as if pensionable service had continued to normal retirement date.
Death in service	Death in service leads to a refund of the member's own contributions plus either: i) a lump sum of four times pensionable salary plus spouse's pension which is 50% of the member's prospective pension at normal retirement date (based on prospective pensionable service to normal retirement date and final pensionable salary immediately prior to the member's death); or ii) lump sum of eight times pensionable salary, but with no spouse's pension (except for the contracting-out requirements).

Remuneration Report

Details of the accrued pension to which Mark Loughead and Bill Spencer are entitled on leaving service and the changes during the year are shown in the table below.

Name	Age at 31 December 2008	Contributions made by the Director during the year £	Increase in accrued entitlement during the year[2] £	Accrued entitlement[1] 2008 £	Transfer value[3] 2007 £	Transfer value[3] 2008 £	Increase in transfer value in year less contributions made by Director £
Mark Loughead[4]	49	9,772	1,396	25,070	191,109	273,634	72,753
Bill Spencer	49	9,772	1,387	33,213	303,124	445,044	132,148

1. The accrued pension entitlement is the amount that would be paid each year on retirement at 65 based on service to 31 December 2008, excluding the effect of inflation.
2. Including inflation, the increase during the year for Mark Loughead was £2,524 and for Bill Spencer was £2,903.
3. The transfer value has been calculated using the Cash Equivalent Transfer Value Basis adopted by the Trustees with effect from 1 October 2008, in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 (SI2008/1050). The transfer value disclosed above does not represent a sum paid or payable to the individual Director, instead it represents a potential liability of the Pension Scheme. The value represents the full transfer value without reduction for any shortfall in scheme funding.
4. Mark Loughead joined the Board on 1 January 2008.

Directors' interests in ordinary shares

The interests of the Directors in the shares of the Company as at the year end are set out below. Save as stated in this report, during the course of the year, no Director, nor any member of his or her immediate family, had any other interest in the ordinary share capital of the Company or any of its subsidiaries.

No changes in the above Directors' interests have taken place between 31 December 2008 and the date of this report.

Directors' interests in ordinary shares

Number of ordinary shares of 1p	31 December 2007 or on appointment	Acquired	Disposed	31 December 2008
David Allvey	5,270	627	–	5,897
Wolfhart Hauser	–	1,336	–	1,336
Christopher Knight	5,000	627	–	5,627
Mark Loughead	11,985	2,500	–	14,485
Richard Nelson	500,000	637	–	500,637
Debra Rade	–	1,445	–	1,445
Bill Spencer	132,000	–	–	132,000
Vanni Treves	50,000	1,276	–	51,276

Directors' interests in Long Term Incentive Plan and share options

Non-Executive Directors are not allowed to participate in the Company's share incentive plans. Awards made under the Intertek Deferred Bonus Share Plan and options granted to the Executive Directors under the 2002 Plan and the Approved Plan are shown below. No options have been granted to the Executive Directors under the 1997 Plan.

The Intertek Deferred Bonus Share Plan

		31 December 2007 or on appointment	Granted in 2008	Award Price[1]	Vested in 2008	Lapsed in 2008	31 December 2008	Date award vests[2]
		Number of shares	Number of shares	£	Number of shares	Number of shares	Number of shares	
Wolfhart Hauser								
2006	Deferred	14,514	–	8.276	–	–	14,514	April 2009
	Matching	29,028	–	8.276	–	–	29,028	
2007	Deferred	22,753	–	9.166	–	–	22,753	April 2010
	Matching	45,506	–	9.166	–	–	45,506	
2008	Deferred	–	26,448	9.150	–	–	26,448	March 2011
	Matching	–	52,896	9.150	–	–	52,896	
Total		111,801	79,344		–	–	191,145	
Bill Spencer								
2006	Deferred	6,391	–	8.276	–	–	6,391	April 2009
	Matching	12,782	–	8.276	–	–	12,782	
2007	Deferred	9,774	–	9.166	–	–	9,774	April 2010
	Matching	19,548	–	9.166	–	–	19,548	
2008	Deferred	–	13,813	9.150	–	–	13,813	March 2011
	Matching	–	27,626	9.150	–	–	27,626	
Total		48,495	41,439		–	–	89,934	
Mark Loughead								
2006	Deferred	7,133	–	8.276	–	–	7,133	April 2009
	Matching	14,266	–	8.276	–	–	14,266	
2007	Deferred	9,351	–	9.166	–	–	9,351	April 2010
	Matching	18,702	–	9.166	–	–	18,702	
2008	Deferred	–	9,972	9.150	–	–	9,972	March 2011
	Matching	–	19,944	9.150	–	–	19,944	
Total		49,452	29,916		–	–	79,368	

1. Awards are made based on a share price obtained by averaging the closing share prices for the five dealing days before the date of grant. At date of grant in 2008 the share price was £9.595. No payment is made by participants in the Plan.
2. Awards normally vest three years after grant. The vesting of Matching Awards is subject to additional performance conditions described on page 54.

Remuneration Report

Additional information about the Intertek Deferred Bonus Share Plan

The Plan

The Plan has two elements:

- Deferred Shares are awarded to executives based on their annual achievement. For the Executive Directors and IOC the value of Deferred Shares will be equal to the cash bonus, subject, currently, to a maximum of 70% of salary (formerly the limit had been 50% of salary). The Committee believes that this provides a simple and well-targeted form of reward. The awards normally vest three years after grant subject to continued employment.
- Matching Share awards, which are subject to long-term performance requirements, are, at the discretion of the Committee, awarded to the most senior executives. Awards of Matching Shares are linked to awards of Deferred Shares, and for the Executive Directors and IOC are granted at the maximum ratio of two Matching Shares for every Deferred Share. Matching Shares vest after three years depending on the Company's relative Total Shareholder Return (TSR) measured against the FTSE 250 Index (excluding investment trusts). TSR calculations are conducted independently by Hewitt.

Awards vest as follows:

TSR Ranking	% of Matching Award that vests
Below median	None
Median	25%
Between median and upper quartile	Pro-rata on a straight line between 25% and 100%
Upper quartile	100%

In addition, irrespective of the Company's TSR performance, no part of a Matching Award will vest unless the Company's normalised EPS growth over the performance period is, on average, at least 2% per annum above the growth in the UK Retail Prices Index.

The Committee can set different performance conditions from those described above for future awards. Any such new targets will not, in the reasonable opinion of the Committee, be materially less challenging in the circumstances than those described above.

Deferred Awards will normally vest on the third anniversary of grant provided the participant is still employed in the Group.

Matching Awards will normally vest on the third anniversary of grant once the Committee has determined the extent to which the applicable performance conditions have been satisfied and provided the participant is still employed in the Group.

It is the current intention of the Company to satisfy all vested awards by the issue of new shares.

If a participant leaves employment for certain reasons beyond the participant's control or for any other reason at the discretion of the Committee, then the awards vest as follows: (i) Deferred Awards will vest on a pro-rata basis on the date of cessation, although the Committee may decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances; (ii) Matching Awards will vest at the end of the period over which the performance conditions are measured, or the Committee may decide that the Matching Award will vest on cessation of employment. The extent to which a Matching Award will vest will depend upon the extent to which the performance conditions have been satisfied over the full performance period or up to the date of cessation as appropriate. In the event of a change of control, vesting of Matching Awards will occur on the same basis as for leaving employment, described above. Deferred Awards will vest in full.

The 2002 Share Option Plans

	31 December 2007 or on appointment Number of shares	Option Price £	Options exercised in 2008 Number of shares	Options lapsed in 2008 Number of shares	31 December 2008 Number of shares	Date option became exercisable[1]	Date option expires
Wolfhart Hauser							
Approved Plan	3,856	7.78	–	(579)	3,277	April 2008	April 2015
2002 Plan	47,558	7.78	–	(7,129)	40,429	April 2008	April 2015
Total	51,414		–	(7,708)	43,706		
Bill Spencer							
Approved Plan	6,864	4.37	–	–	6,864	May 2005	May 2012
2002 Plan	15,466	4.37	–	–	15,466	May 2005	May 2012
2002 Plan	20,406	3.59	–	–	20,406	April 2006	April 2013
2002 Plan	24,069	5.24	–	–	24,069	April 2007	April 2014
2002 Plan	29,563	7.78	–	(4,432)	25,131	April 2008	April 2015
Total	96,368		–	(4,432)	91,936		
Mark Loughead							
2002 Plan	21,472	5.24	–	–	21,472	April 2007	April 2014
2002 Plan	21,071	7.78	–	(3,159)	17,912	April 2008	April 2015
Total	42,543		–	(3,159)	39,384		

1. All outstanding option awards have now vested as they met their performance targets and so are fully exercisable, whereas the performance targets were not met in the year, for the options which have lapsed. Performance targets were based on Intertek's EPS growth over a three-year period, which was required to be at least 5% per annum higher than RPI (25% vesting) up to 11% higher than RPI (full vesting).

Share information

Exercise prices were determined by the average of the closing middle market quotations of an ordinary share in the Company on the five days immediately prior to the date of grant. No payment was made by participants in the plan.

On 31 December 2008 the closing market price of Intertek ordinary shares was 784p. The highest and lowest prices of the shares during the year were 1050p and 635p respectively.

Approval of the Remuneration Report

The Remuneration Report was approved by the Board on 9 March 2009.

David Allvey
Chairman, Remuneration Committee

Other Statutory Information

Share capital
The authorised and issued share capital of the Company, together with the rights and obligations attaching to the shares and details of the movements in the Company's issued share capital during the year, are shown in note 20 to the financial statements. There are no special restrictions on the transfer, or voting rights of the Company's shares, which are admitted to trading on the London Stock Exchange and may be traded through the CREST system.

Allotment of own shares
At the AGM held in 2008, the shareholders generally and unconditionally, authorised the Directors to allot relevant securities up to approximately one-third of the nominal amount of issued share capital, for a period of five years, under section 80 of the Companies Act 1985. This authority was not exercised during the year and the Directors currently have no intention to do so although it is their intention to renew this authority and, in the light of guidance issued by the Association of British Insurers in December 2008 to seek an increase in the authority as set out in the Notice of AGM accompanying this Annual Report.

Also at the AGM in 2008, the Directors were empowered by the shareholders to allot equity securities, up to 5% of the Company's issued share capital, for cash under section 95 of the Companies Act 1985. It is intended that this authority be renewed, up to 5%, at the forthcoming AGM.

Purchase of own shares
At the AGM held in 2008, shareholders generally and unconditionally authorised the Company to buy back up to 10% of its own ordinary shares by market purchase until the conclusion of the AGM to be held this year. No such purchases have been made to date pursuant to this authority. The Directors will seek to renew this authority for up to 10% of the Company's issued share capital at the forthcoming AGM. This power will only be exercised if the Directors are satisfied that any purchase will increase the earnings per share of the ordinary share capital in issue after the purchase and, accordingly, that the purchase is in the interests of shareholders. The Directors will also give careful consideration to gearing levels of the Company and its general financial position. Any shares purchased in this way may be held in treasury which, the Directors believe, will provide the Company with flexibility in the management of its share capital. Where treasury shares are used to satisfy share options or awards, they will be classed as new issue shares for the purpose of the 10% limit on the number of shares that may be issued over a ten-year period under our relevant share plan rules.

Policy and practice on payment of suppliers
The Group does not follow a single standard on payment practice but has a variety of payment terms with its suppliers. Payment terms are agreed at the commencement of business with each supplier and it is the policy of the Group that payment is made accordingly, subject to the terms and conditions being met. The Company has no trade payables.

Significant relationships
The Group does not have any contractual or other relationships with any single party which are essential to the business of the Group and therefore, no such relationships have been disclosed.

Social and community issues
The Group does not have any group-wide policies in relation to social and community issues. We encourage our local managers to foster community links that are appropriate to the businesses they manage. Further details are given in our Corporate Social Responsibility Report on page 63.

Directors' interests
Richard Nelson may occasionally undertake special project work for the Group. Details of these service arrangements are disclosed in the Remuneration Report on page 48 and in note 30 to the financial statements. With these exceptions, other than employment contracts, none of the Directors of the Company had a personal interest in any business

transactions of the Company or its subsidiaries. The terms of the Directors' service contracts and the Directors' interests in the shares and options of the Company in respect of which transactions are notifiable to the Company under the Disclosure and Transparency Rule 3.1.2 are disclosed in the Remuneration Report on page 49 and 52 to 55.

Substantial shareholdings

The information disclosed to the Company, as at 1 March 2009, under Rule 5 of the Disclosure and Transparency Rules of the Financial Services Authority is in respect of holdings exceeding the 3% notification threshold, and is detailed below:

Save for the above, at the date of this report no other person has reported an interest notifiable under the Disclosure and Transparency Rules.

Major shareholder	Number of shares	Percentage of voting rights
Lone Pine Capital LLC & Stephen F Mandel Jr	19,138,766	12.1%
Legal & General Group plc	6,217,137	3.9%
Eminence Capital, LLC	5,861,000	3.7%

Charitable and political donations

During 2008, the Group made charitable donations of £108,000 (2007: £68,000), mostly to support earthquake victims in China.

At the AGM in 2008 shareholders passed a resolution, on a precautionary basis, to authorise the Company to make donations to EU political organisations and to incur EU political expenditure (as such terms are defined in the Companies Act 2006) not exceeding £90,000. During the year the Group did not make any political donations (2007: £nil). It is the Company's policy not, directly or through any subsidiary, to make what are commonly regarded as donations to any political party. However, at the forthcoming AGM of the Company shareholders' approval will again be sought to authorise the Group to make political donations and/or incur political expenditure (as such terms are defined in Sections 362 to 379 of the Companies Act 2006). Further details of this are contained in the Notice of the AGM.

Auditors

The auditors, KPMG Audit Plc, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the forthcoming AGM in accordance with Section 489 of the Companies Act 2006.

Annual General Meeting

The Notice convening the AGM, to be held on Friday 15 May 2009, is available for download from the Company's corporate website at www.intertek.com. The Notice will detail the business to be conducted at the meeting and include information concerning the deadlines for submitting proxy forms and in relation to voting rights.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This Directors' Report comprising pages 06 to 65 has been approved by the Board and signed on its behalf by:

Fiona Evans
Group Company Secretary

9 March 2009
Registered Office
25 Savile Row
London
W1S 2ES
Registered Number: 4267576

Statement of Directors' Responsibilities

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Parent Company.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:
- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Wolfhart Hauser
Chief Executive Officer
9 March 2009

Corporate Social Responsibility Report

Introduction from the Chief Executive Officer
'In my review on pages 06 to 08 I have highlighted how our focus on service to customers is our main business driver. By helping our customers improve the safety and quality of their products and processes and ensuring compliance, we help them to operate in a more sustainable way which benefits society as a whole.

We are committed to operating in a socially responsible way and have set out our key policies in a framework which is communicated to all our employees on our corporate intranet site.

Our integrity and the reliability of our work is fundamental to our business and we operate a strict code of ethics and compliance code. Training is provided to all our employees through a variety of means including an on-line e-learning module and compliance is closely monitored.

This report describes how our principles are applied in practice to all aspects of our business.'

Wolfhart Hauser
Chief Executive Officer

Our business
Intertek's services improve quality and safety in the products and processes that impact people's lives around the world. We guide many of the world's largest multinational corporations and best-known brands to improve the social, ethical and environmental consequences of their products, services and supply chains.

The skills and experience of our people, who include some of the world's leading scientific analysts and experts, bring scientific solutions or analytical advances that will reduce the adverse impact on the environment now and into the future.

During the year we have continued to invest in our people and world-class equipment and infrastructure in our laboratories to meet the world's need for more environmentally friendly products and appliances.

Intertek provides inspection, auditing, surveying and other technical services to the world's on-shore and off-shore wind turbine installations. We help ensure wind power generation facilities meet specifications and perform at optimal conditions.

Our work includes testing compliance and effectiveness targets in the production of bio fuels and ethanol, assisting customers to comply with ultra low sulphur diesel legislation, and helping to assess low energy and low emission equipment.

In Pakistan we have collaborated with Karachi's Capital City Traffic Police to create awareness of vehicle pollution. Rather than the conventional seminar approach we decided on an interactive 15-day road show taking a truck into the streets to test vehicles for their emission content and to give advice.

At 80 major traffic intersections some 200 vehicles from public buses to rickshaws were tested to identify gases in their exhaust fumes. Analysis of the data led to a number of recommendations for improvements in Karachi, including public education and mandatory testing.

We guide organisations on how to reduce the use of hazardous materials in their products and sourcing. We also partner with governments and regulatory bodies to help enforce and monitor adherence to environmental protocols. Our work brings greater protection to consumers and the environment. Our laboratories provide melamine chemical testing services and we carry out supply chain verification for a wide range of food ingredients, agricultural products and raw materials.

Expansion of our facilities for testing photovoltaic modules in California, New York and Shanghai will enable photovoltaic manufacturers around the world to design and deploy the next generation of new solar energy products faster.

We were chosen to collaborate with the Pakistan Standards and Quality Control Authority to help set new guidelines for use by that authority in its accreditation programme for registering inspection companies in Pakistan.

Corporate Social Responsibility Report

We offered free audit training places to certain charities, such as Oxfam and non-governmental organisations during 2008. We see it as a useful exchange of information on approaches.

During 2008 we acquired the fixed assets of Contract Manufacturing Services, based in New Jersey, USA, which is a leader in implementing environmental compliance for product manufacturers, including the Restriction of Hazardous Substances Directive, Environmental Compliance Process assurance, Greenhouse Gas emission and Carbon Credit programmes.

We provide audit and consultancy services to corporations, non-governmental and regulatory organisations to improve the social and ethical impact of their operations. Increasingly consumers around the world want peace of mind that products they have purchased have not been created through social or ethical abuses of workers or unfair trade. We audit factory conditions and work practices to ensure that they are legal, ethical and humane. We work with corporations to develop bespoke global CSR standards and programmes to ensure that they exceed minimum social and ethical thresholds across all of their sourcing. We have successfully initiated partnerships and collaborations with non-governmental and not-for-profit organisations to pursue and improve standards.

During 2008 we have introduced programmes to assist retailers in gaining assurance that their supply chains meet the standards they require. Our Mill Qualification Program, Think Green Initiative and Global Security Verification programme address different aspects of supply chain assurance and facilitate trade by linking retailers with providers via a standardised portal.

Some Intertek laboratories are registered with the US Consumer Product Safety Commission which is responsible for protecting the US public from injury through fire, electrical, chemical or mechanical hazards from more than 15,000 types of consumer products.

Intertek is a world leader in the design of safe products, with particular expertise in children's toys. Our centres of excellence in Chicago and London provide counsel to some of the world's largest product brands to advance the design of safe products in the market place. In partnership with industry and health bodies, we collect and analyse safety data in connection with child accidents. This data is used to help our clients improve the safety of their products.

Our risk management team has been involved in active promotion of the need for comprehensive injury and fatality databases and the design of injury prevention strategy in Europe.

Our values

We believe that the highest standard of integrity is essential in business.

Our Mission Statement

We will

- value trust and personal responsibility;
- act with integrity, honesty and respect;
- value each employee's contribution toward achieving our business objectives;
- promote a culture where motivated customer-orientated employees can flourish, experience professional fulfilment and reach their highest potential; and
- respect diverse perspectives, experiences and traditions as essential.

In all our activities we aim to:

- be both commercial and fair;
- recognise the importance to all stakeholders of ensuring the health and safety of all our employees;
- maintain our integrity and professionalism; and
- strive for continual improvement and innovation.

Importantly, we do not forget our principal aim, which means that our resources are used to add value to our customers' products and processes.

The following systems help us ensure that our values are maintained:

- All staff are required to sign the Group's Code of Ethics, which sets out our robust stance on upholding sound business ethics.
- Our central compliance team ensures that our policies and procedures are properly applied in practice.
- All employees have access to whistle blowing hotlines. Employees and external parties also have access to a hotline through the Group website.

Our corporate social responsibility structure

Intertek has businesses in many locations around the world. Our activities are organised to permit local or functional managers to manage operations within the framework established by the Board of Intertek Group plc. We consider local managers are best placed to understand and react to their local business environment. They have the knowledge to apply policies with due regard to their relationships with local stakeholders such as employees, customers and communities.

The corporate social responsibility framework within which these activities are to be managed was formally adopted by the Board of Intertek Group plc in 2007.

General policy	Intertek's core businesses provide services that are ultimately of benefit to consumers and other stakeholders. We test substances for purity and performance. We test products for safety and quality. We measure air and noise emissions. We review imports to assess their content accurately. We provide advice that can lead to greater efficiency of production or operation. We carry out audits to help ensure that factory conditions and work practices are legal, humane and ethical. Intertek takes seriously the benefits that our businesses confer and will continue to endeavour in all its dealings to improve quality, safety and to bring about environmental benefits through improved efficiency of products.
Environmental policy	Intertek will strive to prevent its operations causing adverse impact on the environment. We will comply with national environmental legislation and will endeavour to identify, monitor and control our environmental risks. We will seek to reduce emissions, effluents, waste and adverse effect on biodiversity. We will commit to recycling schemes and energy efficiency. We will provide benefits in respect of environmental impacts through our testing of environmental standards and will operate safely.
Ethical policy	Intertek prohibits the offer, giving or acceptance of bribes in any form. Intertek prohibits the provision of improper benefits. No reward, gift or favour dependent on the outcome of any work will be accepted by employees. Employees shall operate free from any conflict of interest.
Employee policy	Intertek will strive to provide a safe and healthy environment for its employees to work in. It will comply with national employee legislation. In the absence of any local prescription, employees will be assessed solely on the basis of their ability irrespective of their race, religion, colour, age, disabilities, gender or sexual orientation or their participation in legitimate union activities. Employees' diverse perspectives, experiences and traditions will be respected. Wherever possible, employees' personal growth will be fostered through the provision of training.
Community and stakeholder policy	Intertek will take into account, when making decisions, its impact on all relevant stakeholders.
Business practices policy	Intertek will carry out its work in an honest, professional, independent and impartial manner. Marketing will be conducted in a manner that is not misleading. Procurement from suppliers whose corporate responsibility policies align with Intertek's will be encouraged.

US$15K

Our OCA operation in Texas made a US$15k donation to Valero Energy Corporation's Open Benefit for Children Golf Day, and in the UK OCA supported the Wear it Pink and Jeans for Genes days.

We have cascaded these policies through the management structure and added them to our corporate intranet to disseminate them. Employees are encouraged to supply ideas and information concerning our CSR performance by contacting us through the intranet.

Overall and ultimate responsibility for the Group's CSR policies, issues and their implementation lies with the Chief Executive Officer.

We take a responsible and active role in the business communities in which we operate. Intertek is a member of a number of CSR related associations such as CSR Europe, the Ethos Institute of Business and Social Responsibility and Canadian Business for Social Responsibility.

We aim to increase our participation and membership of such bodies in the future to show our commitment to being a significant player in the corporate social responsibility arena.

Our employees

Our principal strength is the talent of our staff. Our intention is to unlock the potential of every employee to perform to the best of his or her abilities. This enables us to achieve maximum value for them, our customers and shareholders.

Staff numbers continued to expand in 2008, and we have continued to develop the reach of our framework employee policies, to ensure a fair and consistent approach to employee matters around the Group.

Corporate Social Responsibility Report

An Employee Awards and recognition programme was rolled out in North America and manager training and communication was completed. It is a three part award structure comprising the Service, the Star and the Edison Award.

Objectives

We have a number of objectives which include:

- continuing to adopt and roll out framework HR policies;
- improving communications with employees; and
- retaining and motivating employees.

Our policies

We have framework policies in place that enable us to treat employees fairly across the Group, whilst still giving local managers the authority and flexibility to adopt what is right for their local area. As we grow, whether organically or by acquisition, we continue to promote and monitor these policies, which are concerned with matters such as fair recruitment, internal communications and remuneration.

The chart below shows how our workforce is distributed geographically and why it is important for us to respect regional and cultural differences.

As part of our equal opportunities policy, people with disabilities are given the same consideration as others when they apply for jobs. Depending on their skills and aptitudes, they enjoy the same career prospects as other employees. If employees become disabled every effort will be made to retain them in their current role or to look at possibilities for retraining or redeployment within the Group. Where necessary the Group aims to provide these employees with facilities, equipment and training to assist them in doing their jobs.

The health and safety of our employees is of paramount importance to the Group. We aim to provide a safe working environment and ensure that our employees have the information and knowledge to safely perform their duties. We are committed to maintaining high standards and complying with relevant local legislation and guidelines in any area in which we operate. We continually seek to minimise harm to our employees and our procedures are regularly monitored by our compliance team to ensure that they are being properly applied in practice.

Information about employees

It is important to monitor progress in matters such as diversity, employment of disabled staff, training, staff retention and safety to attain the best results for the Group. The more information we have, the better we will be able to make changes when they are necessary.

Group-wide human resource meetings and intranet-based sharing of information are used to communicate objectives and share knowledge, since the decentralised and global nature of the Group means that we do not currently have a single data platform appropriate for the purpose of measuring the success of all our employee targets.

Information for employees

Good communication is the basis of every successful relationship and we are always looking for ways to increase communication opportunities with our employees, especially with regard to two-way communication. We particularly need to ensure that our employees are aware of our ethical, risk and safety procedures. We continue to extend the use of our intranet to encourage Group-wide communication and knowledge. In time our intranet will become an online encyclopaedia of the Group, a home to internal communities, a reference for policies and information and an e-learning forum. We use face-to-face review meetings, regular management meetings and newsletters to give and receive information. Employees are also able to use our telephone and email hotlines if there is anything they feel should be communicated.

An online 'on-boarding' programme, is being introduced to help new employees familiarise themselves with the Group and its operations.

We have introduced many programmes of business training for junior managers, beginning with those in our Asia region.

By developing the careers of these employees we are laying the foundations for our next senior executive structure.

Our Intertek as One programme of cross-divisional liaison has contributed to increased knowledge of the Group and to better opportunities for staff through regional and country-based meetings, communications and workshops.

Share interests

We are committed to encouraging our key executives to align themselves with the interests of shareholders and the Group's performance through the ownership of the Company's shares. The Company operates a long-term incentive share plan for senior executives and requires the most senior executives to retain some of the shares they obtain through this plan. More information about the plan is contained in the Remuneration Report on page 54. We are pleased to note that a number of our employees have chosen to invest in the Group and that some £6.8m of our shares were held by employees and Directors at the end of 2008.

Our communities

In South Africa, our OCA business donates time and money to a number of projects, mostly in support of local children. In 2008 this included donations of money, computers and other goods to schools, and hands-on assistance with the painting of a school for AIDS-affected children, with which the business has a close link.

Together with the South African Institute of Chartered Accountants we donated money to a project for the development of small business entrepreneurs in South Africa.

Initiatives like these help us to meet our obligations under the South African Broad Based Black Economic Codes, which are important to the business in the country.

Because of the decentralised structure of our Group and the nature of our activities, community involvement is organised at local level by local managers. We recognise the importance of our relationship with the communities in which we operate, and encourage our businesses and employees to undertake community service and charitable giving.

During May 2008 the Sichuan province of China was devastated by earthquakes. In many countries Intertek employees contributed to disaster relief funds to help those affected by events.

Where employees made donations to recognised international relief funds such as Unicef, Red Cross or Red Crescent the local Intertek business unit matched contributions made by employees. Donations totalled more than RMB 1 million.

One of our CSR auditors, who had just completed his assignment in the area at the time, joined the relief team as a humanitarian aid worker.

Our environment

We have measured our carbon emissions at 10 key sites over the last two years to gain a better understanding of our energy use. The nature and hence the emissions of the operations at each of these sites varies considerably and we are considering how best to use this data to develop a strategy for reducing our carbon emissions.

Our compliance team carried out 22 environmental audits at major sites during the year. These reviews consistently showed our environmental controls to be strong. No major issues were identified and minor issues were corrected as part of the process. Operational staff reviews environmental controls on an ongoing basis.

Intertek is one of the 44.4% of companies in the FTSE 250 with one or more female directors on the Board.

Our expertise helps identify the energy efficiency of electrical and electronic equipment in programmes such as the China Energy Label registration, Singapore Green Label Scheme and our own one-stop Energy Saving Verification Service.

Corporate Social Responsibility Report

Our 'Reduce, Reuse, Recycle' campaign in China encourages employees to reduce the use of paper, switch off air-conditioning 20 minutes prior to closing their office and recycling all paper.

In common with many areas of Intertek's business, the implementation of our framework policy on the environment is operated by local management in accordance with relevant local legislation and guidelines. A number of projects have been carried out at the local level during the year.

Specific initiatives we are working on include:

- reducing paper usage by introducing paper-free delivery to clients, using electronic document management systems, using electronic communication with shareholders and increasing the use of the internet and intranet for communications including telephone calls;
- increasing investment in low-energy equipment;
- increasing recycling schemes throughout the Group;
- reducing carbon-fuel travel by holding meetings by conference call or Webinar and amending travel policies to include environmentally-friendly elements;
- 'green office' initiatives have reduced paper usage, saved energy, and of course, cut costs;
- our new multi-divisional site in Mexico is being designed with a number of environmentally-friendly features, including use of recycled products, special lighting and water saving.

Our Commercial & Electrical division announced the global launch of a paper-free environmental programme for customers' product testing and certification deliverables. The Company's proprietary "MyTestCentralTM" web portal will be the electronic clearing-house for customer certificates, reports and documentation, reducing environmental waste as well as adding efficiencies to our processes.

The programme will begin in North America, followed by Europe, Middle East, Africa and Asia Pacific areas.

Intertek's compliance team takes an active role in identifying areas where the Group and employees can have a positive effect on reducing our environmental impact. These include energy and water consumption, use of fuel by Group vehicles, reduced use of ozone-depleting substances and waste and by-product production.

We aim to educate our employees so that we can all work towards a better future for the environment. The circulation of information concerning, for example, energy consumption, is one of the ways we use to identify and enlist the help of all employees in minimising specific and overall usage.

Our customers, suppliers and shareholders

At Intertek we:

- maintain quality management systems in our divisions and continually monitor the service we provide;
- value and serve our customers, as embodied in our customer focused mission statement;
- offer an integrated and unified service on a global basis;
- welcome feedback from all stakeholders;
- hold regular feedback meetings with customers and welcome their inspection of our premises;
- provide an accessible feedback service to assess the quality of service provided; and
- conduct customer satisfaction surveys.

As a Group, we do not have any individual suppliers on whom we are overly reliant and we aim to treat all suppliers with fairness and integrity. We strive to create relationships based on mutual trust and ensure payment of all invoices on a timely basis.

Our Compliance Code sets out our business principles including their application in business relationships. The Code is available in the Compliance section of our website at www.intertek.com/aboutintertek/compliance.

Communication with shareholders is given a high priority and a number of means are used to promote greater understanding and dialogue with investment audiences.

Our investor programme includes:

- regular individual meetings with shareholders and investment managers during the year;
- road shows in many countries;
- regular analyst briefings; and
- 'investor days' where analysts and investors are invited to visit some of our laboratories to meet staff and observe work being performed.

In addition, Intertek has an experienced investor relations team to handle enquiries and report investor-related matters to the Board. Feedback on the Group's investor programme has been positive and Intertek has a good relationship with investors and their representatives.

During the course of the year, shareholders are kept informed on the progress of the Group through reports on our financial results, and other announcements of significant developments that are released through regulatory outlets and our own website. We have introduced the option of electronic communications with shareholders as a way of reducing paper-based reporting.

Our OCA business participated in the Louisiana Clean Fuels Partnership's Designation as a Clean City by explaining inspection and testing's role in the supply chain at the Coalition Conference held in March 2008.

In November 2008 the Group held its annual budget and strategy meetings by Webinar, with over 70 employees participating from their own offices, saving some 125,000lbs of CO_2 emissions through reduced travel.

Independent Auditors' Report

Independent Auditors' Report to the Members of Intertek Group plc

We have audited the Group and Parent Company financial statements (the 'financial statements') of Intertek Group plc for the year ended 31 December 2008 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report 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 audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and for preparing the Parent Company financial statements and the Directors' Remuneration Report in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 58.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Parent Company financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Parent Company's affairs as at 31 December 2008;
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

9 March 2009

Consolidated Income Statement

For the year ended 31 December 2008

	Notes	2008 £m	2007 £m
Revenue		1,003.5	775.4
Cost of sales		(792.6)	(615.9)
Gross profit		210.9	159.5
Amortisation of acquisition intangibles	11	(9.6)	(5.1)
Impairment of goodwill	11	(0.5)	(0.4)
Non-recurring costs	4	(6.7)	–
Other administrative expenses		(46.2)	(37.9)
Total administrative expenses		(63.0)	(43.4)
Group operating profit	3	147.9	116.1
Finance income	7	13.1	5.4
Finance expense	7	(22.6)	(15.6)
Net financing costs		(9.5)	(10.2)
Share of profit/(loss) of associates	12	0.2	(0.1)
Profit before income tax		138.6	105.8
Income tax expense	8	(36.4)	(27.0)
Profit for the year		102.2	78.8
Attributable to:			
Equity holders of the Company	21	93.8	73.2
Minority interest	22	8.4	5.6
Profit for the year		102.2	78.8
Earnings per share			
Basic	9	59.5p	46.7p
Diluted	9	58.9p	46.2p

Consolidated Balance Sheet
As at 31 December 2008

	Notes	2008 £m	2007 £m
Assets			
Property, plant and equipment	10	**234.8**	149.2
Goodwill	11	**242.1**	148.4
Other intangible assets	11	**55.2**	35.0
Investments in associates	12	**1.3**	0.6
Other investments	13	**4.4**	–
Deferred tax assets	14	**15.7**	11.9
Total non–current assets		**553.5**	345.1
Inventories	15	**8.2**	4.0
Trade and other receivables	16	**284.4**	191.0
Cash and cash equivalents	25	**113.3**	58.6
Total current assets		**405.9**	253.6
Total assets		**959.4**	598.7
Liabilities			
Interest bearing loans and borrowings	17	**(14.0)**	(13.7)
Derivative financial instruments	28	**(4.5)**	(0.7)
Current taxes payable		**(36.3)**	(25.3)
Trade and other payables	18	**(184.4)**	(128.6)
Provisions	19	**(26.4)**	(22.7)
Total current liabilities		**(265.6)**	(191.0)
Interest bearing loans and borrowings	17	**(407.6)**	(217.5)
Deferred tax liabilities	14	**(6.4)**	(5.3)
Net pension liabilities	24	**(18.5)**	(7.3)
Other payables	18	**(3.4)**	(0.9)
Provisions	19	**(0.2)**	(0.9)
Total non-current liabilities		**(436.1)**	(231.9)
Total liabilities		**(701.7)**	(422.9)
Net assets		**257.7**	175.8
Equity			
Share capital	20	**1.6**	1.6
Share premium	21	**249.9**	247.3
Other reserves	21	**32.0**	11.7
Retained earnings	21	**(41.8)**	(96.4)
Total equity attributable to equity holders of the Company		**241.7**	164.2
Minority interest	22	**16.0**	11.6
Total equity		**257.7**	175.8

The financial statements on pages 68 to 111 were approved by the Board on 9 March 2009 and were signed on its behalf by:

Wolfhart Hauser
Director

Bill Spencer
Director

Consolidated Statement of Cash Flows

For the year ended 31 December 2008

	Notes	2008 £m	2007 £m
Cash flows from operating activities			
Profit for the year	3	102.2	78.8
Adjustments for:			
Depreciation charge	10	36.6	27.7
Amortisation of software	11	2.9	2.3
Amortisation of acquisition intangibles	11	9.6	5.1
Impairment of goodwill	11	0.5	0.4
Equity-settled transactions	27	3.3	3.0
Share of (profit)/loss of associates	12	(0.2)	0.1
Net financing costs	7	9.5	10.2
Income tax expense	8	36.4	27.0
Loss on disposal of property, fixtures, fittings, equipment and software	5	0.6	0.1
Operating profit before changes in working capital and operating provisions		201.4	154.7
Change in inventories		(1.1)	(0.3)
Change in trade and other receivables		(20.1)	(20.7)
Change in trade and other payables		11.4	14.4
Change in provisions		5.4	3.8
Special contributions into pension schemes	24	(3.0)	(2.8)
Cash generated from operations		194.0	149.1
Interest and other finance expense paid		(16.5)	(10.8)
Income taxes paid		(36.6)	(28.4)
Net cash flows from operating activities		140.9	109.9
Cash flows from investing activities			
Proceeds from sale of property, fixtures, fittings, equipment and software		0.4	0.3
Interest received		1.5	1.1
Acquisition of subsidiaries, net of cash acquired	26	(67.8)	(85.8)
Consideration paid in respect of prior year acquisitions	19	(16.7)	–
Purchase of minority interests	22	(1.9)	–
Purchase of a listed investment	13	(4.4)	–
Purchase of an associate	12	(0.1)	–
Acquisition of property, fixtures, fittings and equipment	10	(63.9)	(41.3)
Acquisition of software	11	(3.7)	(2.5)
Net cash flows used in investing activities		(156.6)	(128.2)
Cash flows from financing activities			
Proceeds from the issue of share capital	21	2.6	4.9
Issue of shares by subsidiary undertaking to minority		0.5	–
Drawdown of senior term loans and notes		177.9	70.6
Repayment of senior term loans		(98.4)	(21.2)
Dividends paid to minorities	22	(6.1)	(3.6)
Equity dividends paid	21	(30.4)	(25.2)
Net cash flows from financing activities		46.1	25.5
Net increase in cash and cash equivalents	25	30.4	7.2
Cash and cash equivalents at 1 January	25	58.6	49.5
Effect of exchange rate fluctuations on cash held	25	24.3	1.9
Cash and cash equivalents at 31 December	25	113.3	58.6

Consolidated Statement of Recognised Income and Expense

For the year ended 31 December 2008

	Notes	2008 £m	2007 £m
Foreign exchange translation differences for foreign operations	21 & 22	**138.4**	10.6
Actuarial gains and losses on defined benefit pension schemes	24	**(12.3)**	8.5
Tax on income and expense recognised directly in equity	21	**–**	(2.3)
Effective portion of changes in fair value of cash flow hedges	21	**(3.7)**	(1.1)
Net loss on hedges of net investments in foreign operations	21	**(110.9)**	(3.2)
Income and expense recognised directly in equity		**11.5**	12.5
Profit for the year		**102.2**	78.8
Total recognised income and expense for the year		**113.7**	91.3
Total recognised income and expense for the year attributable to:			
Equity holders of the Company		**101.8**	85.1
Minority interest		**11.9**	6.2
Total recognised income and expense for the year		**113.7**	91.3

Notes to the financial statements

1 General

Intertek Group plc is a company incorporated and domiciled in the UK.

The Group financial statements as at and for the year ended 31 December 2008 consolidate those of the Company and its subsidiaries (together referred to as the Group) and equity account the Group's interest in associates. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The Group's activities are the testing, inspection and certification of products and commodities against a wide range of safety, regulatory, quality and performance standards. Note 3 provides a segmental analysis of the Group's performance.

2 Significant accounting policies

(a) Statement of compliance

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs). The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP; these are presented on pages 112 to 115.

(b) Basis of preparation

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The Group has adopted in the year the following new standards, amendments to standards and interpretations, which have had no impact on the financial statements:

- Amendments to IAS 39 and IFRS 7 – 'Reclassification of Financial Instruments'
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'
- IFRIC 11, 'IFRS 2 – Group and Treasury Share Transactions'.

The preparation of financial statements in conformity with IFRSs, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, is discussed in note (w).

Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments and available-for-sale financial assets are stated at fair value.

Functional and presentation currency

These consolidated financial statements are presented in sterling, which is the Company's functional currency. All information presented in sterling has been rounded to the nearest £100,000.

Going concern

The Board has reviewed forecasts, including forecasts adjusted for significantly worse economic conditions, and remains satisfied with the Group's funding and liquidity position. On the basis of its forecasts, both base case and stressed, and available facilities, which are described in note 17, the Board has concluded that the going concern basis of preparation continues to be appropriate.

(c) Basis of consolidation

Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

For purchases of minority interest in subsidiaries, the Group applies the 'entity concept method'. Under this method, the entire difference between the cost of the additional interest in the subsidiary, and the minority interest's share of the assets and liabilities reflected in the consolidated balance sheet at the date of acquisition of the minority interests, is reflected directly in the shareholders' equity.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. The consolidated financial statements include the Group's share of the total recognised income and expense of associates on an equity accounted basis, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount of that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has a legal or constructive obligation or has made payments on behalf of an associate. The Group does not consider the associates to be an integral part of the Group's operations and therefore its results are presented outside of the Group operating profit.

2 Significant accounting policies (continued)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement except those arising on the retranslation of a financial liability designated as a hedge of net investment in a foreign operation and on retranslation of available-for-sale equity instruments which are recognised directly in equity. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at foreign exchange rates ruling at the dates the fair values were determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to sterling at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated into sterling at cumulative average rates of exchange during the year.

The most significant currencies for the Group were translated at the following exchange rates:

	Balance sheet Actual rates		Income statement Cumulative average rates	
Value of £1	**31 Dec 08**	31 Dec 07	**2008**	2007
US dollar	**1.46**	1.99	**1.87**	2.00
Euro	**1.02**	1.36	**1.26**	1.46
Chinese renminbi	**9.95**	14.57	**13.03**	15.24
Hong Kong dollar	**11.28**	15.51	**14.59**	15.62

Exchange differences arising from the translation of foreign operations, and of related qualifying hedges are taken directly to equity in the translation reserve. They are released into the income statement upon disposal. The Group has taken advantage of relief available in IFRS 1, to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to IFRSs on 1 January 2004.

Hedges of net investments in foreign operations are discussed in accounting policy (g).

(e) Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(i) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(ii) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

(f) Derivative financial instruments

The Group uses derivative financial instruments to hedge economically its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement except where derivatives qualify for hedge accounting, in which case the recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy (g)). Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the difference between the quoted forward price and the exercise price of the contract.

Notes to the financial statements

2 Significant accounting policies (continued)
(g) Hedging
Cash flow hedges
Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. The ineffective part of any gain or loss on the derivative financial instrument is recognised in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in the income statement when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects the income statement.

Hedge of monetary assets and liabilities
Where a derivative financial instrument is used economically to hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

Hedge of net investment in a foreign operation
The portion of the gain or loss on an instrument designated as a hedge of a net investment in a foreign operation that is determined to be an effective hedge, is recognised directly in equity in a translation reserve. The ineffective portion is recognised immediately in the income statement. When the hedged net investment is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss on disposal.

Available-for-sale financial assets
The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (which are recognised in the income statement), and foreign currency differences on available-for-sale monetary items (see note (d)), are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(h) Property, plant and equipment
Owned assets
Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and accumulated impairment losses (see accounting policy (m)).

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Leased assets
Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Where land and buildings are held under finance leases, the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Other leases are operating leases. These leased assets are not recognised on the Group's balance sheet.

Depreciation
Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings and long leasehold buildings	50 years
Short leasehold buildings	Term of lease
Fixtures, fittings and equipment	3–10 years

Depreciation methods, residual values and the useful lives of all assets are re-assessed at each reporting date.

(i) Intangible assets
Goodwill
Goodwill arises on the acquisition of businesses. All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of acquisition and the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is stated at cost less any accumulated impairment losses (see accounting policy (m)). Goodwill is allocated to cash generating units (CGUs) and is not amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investments in associates.

2 Significant accounting policies (continued)

The Group has taken advantage of the exemption permitted by IFRS 1 and has not restated goodwill on acquisitions prior to 1 January 2004, the date of transition to IFRS. In respect of acquisitions prior to 1 January 2004, goodwill represents the amount recognised under the Group's previous accounting framework.

Purchased goodwill in respect of acquisitions before 1 January 1998, was written off to reserves in the year of acquisition, in accordance with the accounting standard then in force.

Negative goodwill arising on an acquisition is recognised immediately in the income statement.

Fair value adjustments are made in respect of acquisitions. If at the balance sheet date the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities can only be established provisionally, then these values are used. Any adjustments to these values made within 12 months of the acquisition date are taken as adjustments to goodwill.

Other intangible assets

Other than goodwill, intangible assets arising on acquisitions and computer software, are stated at cost less accumulated amortisation and accumulated impairment losses. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable, and which have finite useful lives.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Computer software	Up to 5 years
Customer relationships	Up to 10 years
Know-how	Up to 5 years
Licences	Contractual life
Covenants not to compete	Contractual life

(j) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently are stated at their amortised cost less impairment losses (see accounting policy (m)).

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of the inventories is based on the first-in-first-out (FIFO) principle. Cost comprises expenditure incurred in the normal course of business in bringing inventories to their present condition and location and net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

(l) Cash and cash equivalents and net debt

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Net debt comprises borrowings less cash and cash equivalents.

(m) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Notes to the financial statements

2 Significant accounting policies (continued)

The recoverable amount of an asset or a cash generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist as a result of a change in the estimates used to determine the recoverable amount.

(n) Dividends

Interim dividends are recognised as a movement in equity when they are paid. Final dividends are reported as a movement in equity in the period in which they are approved by the shareholders.

(o) Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(p) Employee benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement as incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of (i) an unconditional right to a refund from the plan or (ii) reductions in future contributions to the plan as measured by the estimated future service cost less the estimated minimum funding contributions required in respect of the future accrual of benefits in that year. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. In addition a provision for future minimum funding contributions is recorded to the extent that such payments are required to cover an existing shortfall, as measured on a minimum funding contribution basis, and having been paid will not be available as a refund or a reduction in future contributions to the plan.

The increase in the present value of the liabilities expected to arise from the employees' services in the accounting period is charged to the operating profit in the income statement. The expected return on the schemes' assets and the interest on the present value of the schemes' liabilities, during the accounting period, are shown as finance income and finance expense respectively. Actuarial gains and losses are recognised immediately in equity.

Share-based payment transactions

The share-based compensation plans operated by the Group allow employees to acquire shares of the Company. The fair value of the employee services received in exchange for the grant of share options or shares, is measured at the grant date and is recognised as an expense with a corresponding increase in equity. The charge is calculated using the Black-Scholes method and expensed to the income statement over the vesting period of the relevant award. The charge for the share options and for the share awards is adjusted to reflect expected and actual levels of vesting where conditions are non-market based. The expense of the share awards under the deferred bonus plan is also adjusted for the probability of performance conditions being achieved. The Group has taken advantage of the provisions of IFRS 1: First-time Adoption of International Financial Reporting Standards, and has recognised an expense only in respect of share options and share awards granted since 7 November 2002.

Own shares held by ESOT trust

Transactions of the Group sponsored ESOT trust are included in the Group financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

(q) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation that can be estimated reliably as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(r) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently are stated at their amortised cost.

(s) Revenue

Revenue represents the total amount receivable for services rendered, excluding sales related taxes and intra group transactions. Revenue from services rendered is recognised in the income statement when the relevant service is completed, usually when the report of findings is issued or in certain circumstances, in proportion to the stage of completion, normally determined by reference to costs incurred to date in proportion to the total anticipated costs of the transaction at the balance sheet date.

2 Significant accounting policies (continued)

(t) Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense over the term of the lease.

Net financing costs

Net financing costs comprise interest expense on borrowings calculated using the effective interest rate method, facility fees, interest receivable on funds invested, net foreign exchange gains or losses on external interest, income and expense relating to pension assets and liabilities, and gains and losses on hedging instruments, that are recognised in the income statement (see accounting policy (g)). Interest income is recognised in the income statement as it accrues using the effective interest rate method. All borrowing costs are recognised in the income statement using the effective interest rate method.

(u) Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit; overseas retained earnings, the distribution of which is under the control of the Group, and which are not likely to be distributed in the foreseeable future; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Any additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing services to a particular industry (business segment) or in providing services within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those of other segments.

(w) Significant accounting judgements and estimates

In applying the Group's accounting policies described above, management has applied judgement in the following areas that have a significant impact on the amounts recognised in the financial statements. Also discussed below, are key assumptions concerning the future and other key sources of estimation at the balance sheet date, that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Claims (see notes 19 and 29)

In making provision for claims, management bases its judgement on the circumstances relating to each specific event, internal and external legal advice, knowledge of the industries and markets, prevailing commercial terms and legal precedents. The Group's legal and warranty claims are reviewed, at a minimum, on a quarterly basis by senior management.

Intangible assets (see note 11)

When the Group makes an acquisition, management review the business and assets acquired to determine whether any intangible assets should be recognised separately from goodwill. If such an asset is identified, then it is valued by discounting the probable future cash flows expected to be generated by the asset, over the estimated life of the asset. Where there is uncertainty over the amount of economic benefit and the useful life, this is factored into the calculation.

Impairment of goodwill (see note 11)

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value-in-use, requires the Group to make an estimate of the expected future cash flows from the cash generating unit that holds the goodwill, at a determined discount rate to calculate the present value of those cash flows.

Contingent consideration (see notes 19 and 26)

When the Group acquires businesses, the total consideration may consist of an amount paid on completion plus further amounts payable on agreed post completion dates. These further amounts are contingent on the acquired business meeting agreed performance targets. At the date of acquisition, the Group reviews the profit and cash forecasts for the acquired business and estimates the amount of contingent consideration that is likely to be due.

Notes to the financial statements

2 Significant accounting policies (continued)

Recoverability of trade receivables (see note 28)
Trade receivables are reflected net of an estimated provision for impairment losses. This provision is based primarily on a review of all outstanding accounts and considers the past payment history and creditworthiness of each account and the length of time that the debt has remained unpaid. The actual amounts of debts that ultimately prove irrecoverable could vary from the actual provision made.

Employee post-retirement benefit obligations (see note 24)
The Group has three principal defined pension benefit plans. The obligations under these plans are recognised in the balance sheet and represent the present value of the obligation calculated by independent actuaries, with input from management. These actuarial valuations include assumptions such as discount rates, return on assets, salary progression and mortality rates. These assumptions vary from time to time according to prevailing economic and social conditions.

Deferred tax (see note 14)
Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income.

Income tax (see note 8)
The actual tax on profits is determined according to complex tax laws and regulations. Where the effect of these laws and regulations is unclear, estimates are used in determining the liability for the tax to be paid on past profits which are recognised in the financial statements. The Group considers the estimates, assumptions and judgements to be reasonable but this can involve complex issues which may take a number of years to resolve. The final determination of prior year tax liabilities could be different from the estimates reflected in the financial statements.

Basis of consolidation (see note 26)
Judgement is applied when determining if an entity acquired is controlled by the Group, and therefore is defined as a subsidiary. Control is presumed to exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. However, even if the Group owns half or less of the voting power of an entity, control may still exist. In assessing control, the Group considers whether it has the ability to control on a legal or contractual basis rather than whether that control actually is exercised. Specific examples of where the Group has control of subsidiaries are where it has the power to govern the entity's financial and operating policies by virtue of statute or agreement and where it has the power to cast the majority of votes of the entity's governing body.

(x) New standards and interpretations not yet adopted
The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these consolidated financial statements:
- IFRS 8: Operating Segments
- Revised IAS 23: Borrowing Costs
- Amendment to IFRS 2: Share based Payment – Vesting Conditions and Cancellations
- Revised IAS 1: Presentation of Financial Statements

The adoption of these standards and interpretations in future periods is not expected to have a material impact on the income, expenses, assets and liabilities of the Group, although there will be changes to the presentation of the financial statements.

3 Segment reporting
Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the way the Group considers its business.

Inter-segment pricing is determined on an arm's-length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly borrowings, pension fund liabilities, and corporate expenses and assets.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and computer software.

Business segments
From 1 January 2008, the Group is organised into seven operating divisions: Consumer Goods, Commercial & Electrical, Oil, Chemical & Agri, Government Services, Analytical Services, Industrial Services and Minerals. The costs of the corporate head office and other costs which are not controlled by the operating divisions are allocated to these divisions.

These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Consumer Goods provides services to the textiles, footwear, toys, food and hardlines industries.

Commercial & Electrical provides testing, inspection and certification services to industries including those in the home appliances, medical, building, industrial and HVAC/R, IT and telecom and automotive sectors.

Oil, Chemical & Agri provides independent cargo inspection, laboratory testing, calibration and related technical services to the world's energy, petroleum, chemical and agricultural industries.

Government Services provides trade services to standards bodies and governments.

Analytical Services provides laboratory services to the chemical, pharmaceutical, cosmetics/personal care, oil and gas and automotive/aerospace industries.

3 Segment reporting (continued)

Industrial Services provides high-value audit services to a wide range of industries in both the manufacturing and services sectors and quality and safety services to oil and gas, industrial and process industries.

Minerals provides inspection, testing and advisory services to the mining and exploration industries.

Prior to 1 January 2008, the Group was organised into four divisions: Oil, Chemical & Agri, Commercial & Electrical, Consumer Goods and Government Services. Central overheads which comprised the costs of the corporate head office and other costs which are not controlled by the operating divisions were shown separately.

Revenue and operating profit previously reported for periods prior to 1 January 2008 have been restated to show a like-for-like comparison.

Year ended 31 December 2008

Business analysis (primary segment)

	Revenue from external customers £m	Inter-segment revenue £m	Total revenue £m	Adjusted operating profit £m	Amortisation of acquisition intangibles £m	Impairment of goodwill £m	Total £m
Consumer Goods	250.4	0.5	250.9	75.7	(1.0)	–	74.7
Commercial & Electrical	203.5	2.6	206.1	29.2	(1.5)	(0.5)	27.2
Oil, Chemical & Agri	308.1	6.0	314.1	33.5	(0.6)	–	32.9
Government Services	46.8	1.3	48.1	6.4	–	–	6.4
Analytical Services	119.5	–	119.5	13.2	(3.9)	–	9.3
Industrial Services	36.0	1.8	37.8	1.8	(1.6)	–	0.2
Minerals	39.2	–	39.2	4.9	(1.0)	–	3.9
Eliminations	–	(12.2)	(12.2)	–	–	–	–
Total	**1,003.5**	**–**	**1,003.5**	**164.7**	**(9.6)**	**(0.5)**	**154.6**
Non-recurring costs							(6.7)
Group operating profit							**147.9**
Net financing costs							(9.5)
Share of profit of associates							0.2
Income tax expense							(36.4)
Profit for the year							**102.2**

	Segment assets £m	Segment liabilities £m	Depreciation and software amortisation £m	Capital expenditure including software £m
Consumer Goods	139.2	47.3	9.3	14.3
Commercial & Electrical	198.8	47.2	8.8	16.3
Oil, Chemical & Agri	186.7	51.5	12.1	16.7
Government Services	15.7	10.0	1.5	0.3
Analytical Services	171.8	16.4	4.4	5.4
Industrial Services	33.9	4.8	0.4	0.5
Minerals	68.9	6.3	2.8	12.3
Central	6.5	8.0	0.2	1.8
Total allocated	**821.5**	**191.5**	**39.5**	**67.6**
Investments	5.7	–	–	–
Unallocated	132.2	510.2	–	–
Total	**959.4**	**701.7**	**39.5**	**67.6**

Notes to the financial statements

3 Segment reporting (continued)
Year ended 31 December 2007
Business analysis (primary segment)

	Revenue from external customers £m	Inter-segment revenue £m	Total revenue £m	Adjusted operating profit £m	Amortisation of acquisition intangibles £m	Impairment of goodwill £m	Group operating profit £m
Consumer Goods	181.2	0.4	181.6	52.4	(0.5)	–	51.9
Commercial & Electrical	163.0	1.8	164.8	23.0	(0.8)	–	22.2
Oil, Chemical & Agri	248.5	3.0	251.5	24.4	(0.5)	–	23.9
Government Services	45.2	1.3	46.5	6.0	(0.1)	–	5.9
Analytical Services	95.7	–	95.7	11.7	(1.8)	–	9.9
Industrial Services	22.2	0.1	22.3	1.0	(0.8)	(0.4)	(0.2)
Minerals	19.6	–	19.6	3.1	(0.6)	–	2.5
Eliminations	–	(6.6)	(6.6)	–	–	–	–
Total	**775.4**	**–**	**775.4**	**121.6**	**(5.1)**	**(0.4)**	**116.1**
Net financing costs							(10.2)
Share of loss of associates							(0.1)
Income tax expense							(27.0)
Profit for the year							**78.8**

	Segment assets £m	Segment liabilities £m	Depreciation and software amortisation £m	Capital expenditure including software £m
Consumer Goods	80.7	28.1	7.3	8.7
Commercial & Electrical	117.1	36.3	7.7	9.6
Oil, Chemical & Agri	150.0	37.6	9.9	17.3
Government Services	16.0	8.1	1.5	0.4
Analytical Services	111.1	13.5	2.6	3.7
Industrial Services	7.3	0.9	–	–
Minerals	39.6	3.8	0.9	3.8
Central	4.2	8.1	0.1	0.3
Total allocated	**526.0**	**136.4**	**30.0**	**43.8**
Investment in associates	0.6	–	–	–
Unallocated	72.1	286.5	–	–
Total	**598.7**	**422.9**	**30.0**	**43.8**

3 Segment reporting (continued)

The figures previously reported were as follows:

	Revenue from external customers £m	Inter-segment revenue £m	Total revenue £m	Adjusted operating profit £m	Amortisation of acquisition intangibles £m	Impairment of goodwill £m	Group operating profit £m
Consumer Goods	181.2	0.4	181.6	55.2	(0.5)	–	54.7
Commercial & Electrical	179.1	1.8	180.9	27.2	(1.6)	(0.4)	25.2
Oil, Chemical & Agri	364.0	3.1	367.1	45.8	(2.9)	–	42.9
Government Services	51.1	1.3	52.4	7.6	(0.1)	–	7.5
Central	–	–	–	(14.2)	–	–	(14.2)
Eliminations	–	(6.6)	(6.6)	–	–	–	–
Total	**775.4**	**–**	**775.4**	**121.6**	**(5.1)**	**(0.4)**	**116.1**

	Segment assets £m	Segment liabilities £m	Depreciation and software amortisation £m	Capital expenditure including software £m
Consumer Goods	80.7	28.1	7.3	8.7
Commercial & Electrical	121.5	37.1	7.7	9.6
Oil, Chemical & Agri	303.6	55.1	13.4	24.8
Government Services	16.0	9.4	1.5	0.4
Central	4.2	6.7	0.1	0.3
Total allocated	**526.0**	**136.4**	**30.0**	**43.8**
Investment in associates	0.6	–	–	–
Unallocated	72.1	286.5	–	–
Total	**598.7**	**422.9**	**30.0**	**43.8**

Geographic segments

All the business segments are managed on a worldwide basis but can be divided into the following geographic regions:

- Americas
- Europe, Middle East and Africa
- Asia Pacific

In presenting information on the basis of geographic segments, segment revenue is based on the location of the entity generating that revenue. Segment operating profit is based on segment revenue less operating costs incurred in each geograhic location. Central overheads are incurred mostly in the UK and are not allocated to other regions. Segment assets are based on the geographical location of the assets.

Geographic analysis (secondary segment)

	Americas		Europe, Middle East and Africa		Asia Pacific		Consolidated	
	2008 £m	2007 £m	**2008 £m**	2007 £m	**2008 £m**	2007 £m	**2008 £m**	2007 £m
Revenue from external customers	**341.1**	271.7	**295.6**	235.0	**366.8**	268.7	**1,003.5**	775.4
Adjusted operating profit	**49.3**	38.5	**7.1**	4.1	**108.3**	79.0	**164.7**	121.6
Amortisation of acquisition intangibles	**(3.0)**	(1.8)	**(4.3)**	(1.6)	**(2.3)**	(1.7)	**(9.6)**	(5.1)
Impairment of goodwill	**–**	–	**(0.5)**	–	**–**	(0.4)	**(0.5)**	(0.4)
Non-recurring costs	**(2.5)**	–	**(4.1)**	–	**(0.1)**	–	**(6.7)**	–
Group operating profit	**43.8**	36.7	**(1.8)**	2.5	**105.9**	76.9	**147.9**	116.1
Segment assets	**313.6**	198.7	**277.6**	172.2	**230.3**	155.1	**821.5**	526.0
Capital expenditure including software	**20.9**	14.2	**16.5**	10.5	**30.2**	19.1	**67.6**	43.8

Notes to the financial statements

4 Non-recurring costs

The non-recurring costs of £6.7m (2007: £nil) comprise employee redundancies and settlements, lease terminations and consultancy and legal fees. The tax impact is a tax credit of £1.2m (2007: £nil). This primarily relates to the integration of the Government Services division with the Oil, Chemical & Agri division, following the Group's strategic review of its business segments.

5 Expenses and auditors' remuneration

	2008 £m	2007 £m
Included in profit for the year are the following expenses:		
Property rentals	32.7	25.7
Lease and hire charges – fixtures, fittings and equipment	6.2	5.3
Depreciation and software amortisation	39.5	30.0
Loss on disposal of property, fixtures, fittings, equipment and software	0.6	0.1

	2008 £000	2007 £000
Auditors' remuneration:		
Audit of these financial statements	282	264
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	961	661
Other services pursuant to such legislation – review of interim financial statements	79	78
Taxation services	137	223
Other	199	175
Total	1,658	1,401

In addition the auditors and their associates were paid £10,000 (2007: £9,000) in respect of the audit of associated pension schemes.

6 Employees

Employee costs	2008 £m	2007 £m
Wages and salaries	383.7	279.9
Equity-settled transactions	3.3	3.0
Social security costs	37.6	28.1
Pension costs	16.3	13.2
Total employee costs	440.9	324.2

Details of the remuneration of the Directors are set out in the Remuneration Report. Details of pension arrangements and equity-settled transactions are set out in notes 24 and 27 respectively.

Average number of employees by activity	2008	2007
Consumer Goods	7,895	6,494
Commercial & Electrical	3,259	3,152
Oil, Chemical & Agri	8,254	7,580
Government Services	612	857
Analytical Services	1,166	965
Industrial Services	287	78
Minerals	1,141	623
Central	65	52
Total average number for the year ended 31 December	22,679	19,801
Total actual number at 31 December	23,841	21,303

7 Net financing costs

Recognised in income statement	2008 £m	2007 £m
Finance income		
Interest on bank balances	1.6	1.1
Expected return on pension assets (note 24)	4.1	3.5
Ineffective portion of hedge of net investment in foreign operations	–	0.1
Foreign exchange differences on revaluation of net monetary assets and liabilities	7.4	–
Change in fair value of financial instruments held for trading (forward exchange contracts)	–	0.7
Total finance income	13.1	5.4
Finance expense		
Interest on borrowings	13.7	10.8
Pension interest cost (note 24)	3.9	3.8
Ineffective portion of cash flow hedges	0.1	–
Foreign exchange differences on interest accruals	0.8	–
Change in fair value of financial instruments held for trading (forward exchange contracts)	3.5	–
Foreign exchange differences on revaluation of net monetary assets and liabilities	–	0.7
Facility fees and other	0.6	0.3
Total finance expense	22.6	15.6
Net financing costs	9.5	10.2

Recognised directly in total equity	2008 £m	2007 £m
Foreign currency translation differences for foreign operations	138.4	10.6
Net exchange loss on hedges of net investment in foreign operations	(110.9)	(3.2)
Effective portion of changes in fair value of cash flow hedges	(3.7)	(1.1)
Income tax on income and expense above recognised directly in equity	0.1	(0.1)
Finance income recognised directly in total equity, net of tax	23.9	6.2
Attributable to:		
Equity holders of the Company	20.4	5.6
Minority interest	3.5	0.6
Finance income recognised directly in total equity, net of tax	23.9	6.2
Recognised in:		
Hedging reserve	(3.7)	(1.1)
Translation reserve and minority interests	27.5	7.4
Retained earnings	0.1	(0.1)
Finance income recognised directly in equity, net of tax	23.9	6.2

8 Income tax expense

	2008 £m	2007 £m
UK corporation tax at 28.5% (2007: 30%)	(3.4)	2.3
Double taxation relief	(0.7)	(2.2)
UK taxation	(4.1)	0.1
Overseas taxation	47.8	32.6
Adjustments relating to prior year liabilities	(1.8)	(3.4)
Current tax	41.9	29.3
Deferred tax – origination and reversal of temporary differences	(5.5)	(2.3)
Total tax in income statement	36.4	27.0

Notes to the financial statements

8 Income tax expense (continued)

Reconciliation of the notional tax charge at UK standard rate of corporation tax of 28.5% (2007: 30%) representing the weighted average annual corporation tax rate for the full year following a reduction in the standard rate of UK corporation tax rate to 28% from 1 April 2008:

	2008 £m	2007 £m
Profit before taxation	**138.6**	105.8
Notional tax charge at UK standard rate 28.5% (2007: 30%)	**39.5**	31.7
Differences in overseas tax rates	**(2.8)**	(4.8)
Tax on dividends	**1.0**	1.5
Non-deductible expenses	**3.2**	3.6
Tax exempt income	**(1.6)**	(0.3)
Losses brought forward utilised	**(0.3)**	(0.3)
Current year losses not recognised	**1.1**	0.6
Accelerated capital allowances and temporary differences not recognised	**1.8**	3.6
Brought forward accelerated capital allowances and temporary differences utilised	**(2.1)**	(2.0)
Recognition of previously unprovided accelerated capital allowances and temporary differences	**(1.3)**	(3.4)
Recognition of previously unprovided losses	**(0.3)**	–
Adjustments in respect of prior years	**(1.8)**	(3.4)
Other	**–**	0.2
Total tax in income statement	**36.4**	27.0

During the year there was a current tax credit of £0.1m on equity-settled transactions and foreign exchange differences (2007: credit of £0.3m) and deferred tax charge of £0.1m on pension deficit, interest rate swaps and equity-settled transactions (2007: charge of £2.6m) charged directly to equity (see notes 14 and 21).

The effective tax rate was 26.3% (2007: 25.5%). The main reason for the increase in the effective tax rate was due to an increase in earnings in higher taxed jurisdictions and an increase in the tax rate in lower taxed jurisdictions.

9 Earnings per ordinary share

The calculation of earnings per ordinary share is based on profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares in issue during the year. In addition to the earnings per share required by IAS 33: Earnings Per Share, an adjusted earnings per share has also been calculated and is based on earnings excluding the effect of amortisation of acquisition intangibles, goodwill impairment and non-recurring costs. It has been calculated to allow shareholders to have a better understanding of the trading performance of the Group. Details of the adjusted earnings per share are set out below:

Based on the profit for the year:	2008 £m	2007 £m
Profit attributable to ordinary shareholders	**93.8**	73.2
Adjusting items:		
Amortisation of acquisition intangibles	**9.6**	5.1
Impairment of goodwill	**0.5**	0.4
Non-recurring costs	**6.7**	–
Adjusted earnings	**110.6**	78.7
Tax impact on adjusting items	**(3.7)**	(1.4)
Adjusted earnings after tax impact	**106.9**	77.3
Number of shares (millions)		
Basic weighted average number of ordinary shares	**157.7**	156.9
Potentially dilutive share options*	**1.7**	1.4
Diluted weighted average number of shares	**159.4**	158.3
Basic earnings per share	**59.5p**	46.7p
Options	**(0.6)p**	(0.5)p
Diluted earnings per share	**58.9p**	46.2p
Basic adjusted earnings per share	**70.1p**	50.2p
Options	**(0.7)p**	(0.5)p
Diluted adjusted earnings per share	**69.4p**	49.7p
Basic adjusted earnings per share (after tax impact)	**67.8p**	49.3p
Options	**(0.7)p**	(0.5)p
Diluted adjusted earnings per share (after tax impact)	**67.1p**	48.8p

*The weighted average number of shares used in the calculation of the diluted earnings per share for the year to 31 December 2008, excludes 780,343 (2007: nil) contingently issuable shares as the performance conditions were not met.

10 Property, plant and equipment

	Land and buildings £m	Fixtures, fittings and equipment £m	Total £m
Cost			
At 1 January 2007	24.8	197.6	222.4
Exchange adjustments	0.7	7.8	8.5
Additions	0.9	40.4	41.3
Disposals	–	(4.3)	(4.3)
Businesses acquired (note 26)	0.7	7.7	8.4
At 31 December 2007	27.1	249.2	276.3
Depreciation			
At 1 January 2007	3.1	95.6	98.7
Exchange adjustments	0.1	4.5	4.6
Charge for the year	0.7	27.0	27.7
Disposals	–	(3.9)	(3.9)
At 31 December 2007	3.9	123.2	127.1
Net book value at 31 December 2007	**23.2**	**126.0**	**149.2**
Net book value at 1 January 2007	21.7	102.0	123.7
Cost			
At 1 January 2008	27.1	249.2	276.3
Exchange adjustments	10.1	92.1	102.2
Additions	2.1	61.8	63.9
Disposals	–	(5.7)	(5.7)
Businesses acquired (note 26)	4.2	5.7	9.9
At 31 December 2008	**43.5**	**403.1**	**446.6**
Depreciation			
At 1 January 2008	3.9	123.2	127.1
Exchange adjustments	1.4	51.6	53.0
Charge for the year	0.8	35.8	36.6
Disposals	–	(4.9)	(4.9)
At 31 December 2008	**6.1**	**205.7**	**211.8**
Net book value at 31 December 2008	**37.4**	**197.4**	**234.8**

Fixtures, fittings and equipment includes assets in the course of construction of £7.8m (2007: £0.3m) at 31 December 2008, comprising mainly of laboratories under construction. These assets will not be depreciated until they are brought into use.

The net book value of land and buildings comprised:

	2008 £m	2007 £m
Freehold	**34.1**	20.5
Long leasehold	**0.6**	0.6
Short leasehold	**2.7**	2.1
Total	**37.4**	23.2

Notes to the financial statements

11 Goodwill and other intangible assets

	Goodwill £m	Other intangible assets: Acquisition intangibles £m	Other intangible assets: Computer software £m	Other intangible assets: Total £m
Cost				
At 1 January 2007	81.9	20.3	7.8	28.1
Exchange adjustments	3.9	0.9	0.2	1.1
Additions	–	–	2.5	2.5
Disposals	–	–	(0.1)	(0.1)
Businesses acquired (note 26)	74.5	19.4	0.1	19.5
At 31 December 2007	160.3	40.6	10.5	51.1
Amortisation and impairment losses				
At 1 January 2007	10.8	7.0	1.5	8.5
Exchange adjustments	0.7	0.2	–	0.2
Charge for the year	–	5.1	2.3	7.4
Impairment charge	0.4	–	–	–
At 31 December 2007	11.9	12.3	3.8	16.1
Net book value at 31 December 2007	**148.4**	**28.3**	**6.7**	**35.0**
Net book value at 1 January 2007	71.1	13.3	6.3	19.6
Cost				
At 1 January 2008	160.3	40.6	10.5	51.1
Exchange adjustments	43.3	13.0	5.9	18.9
Additions	–	–	3.7	3.7
Disposals	–	–	(0.2)	(0.2)
Businesses acquired (note 26)	53.4	18.5	–	18.5
At 31 December 2008	**257.0**	**72.1**	**19.9**	**92.0**
Amortisation and impairment losses				
At 1 January 2008	11.9	12.3	3.8	16.1
Exchange adjustments	2.5	4.8	3.4	8.2
Charge for the year	–	9.6	2.9	12.5
Impairment charge	0.5	–	–	–
At 31 December 2008	**14.9**	**26.7**	**10.1**	**36.8**
Net book value at 31 December 2008	**242.1**	**45.4**	**9.8**	**55.2**

The acquisition intangibles of £45.4m consist of customer relationships with a net book value of £33.2m (2007: £21.9m), licences of £5.8m (2007: £3.6m), covenants not to compete of £2.1m (2007: £1.8m), know-how of £3.2m (2007: £1.0m) and guaranteed income of £1.1m (2007: £nil). The average remaining amortisation period for customer relationships is 4.1 years (2007: 4.2).

Computer software net book value of £9.8m at 31 December 2008 includes software in construction of £2.2m (2007: £0.8m).

Goodwill arising from acquisitions in the year has been allocated to business segments as follows:

	2008 £m	2007 £m
Consumer Goods	**13.6**	2.2
Commercial & Electrical	**13.0**	15.9
Oil, Chemical & Agri	**0.5**	13.5
Analytical Services	**8.0**	20.1
Industrial Services	**10.7**	2.0
Minerals	**7.6**	20.8
Total goodwill	**53.4**	74.5

11 Goodwill and other intangible assets (continued)

The carrying amount of goodwill by business segment is as follows:

	2008 £m	2007 £m
Consumer Goods	**23.3**	7.4
Commercial & Electrical	**61.4**	33.8
Oil, Chemical & Agri	**25.3**	21.1
Analytical Services	**85.0**	60.6
Industrial Services	**14.7**	3.6
Minerals	**32.4**	21.9
Total goodwill net book value at 31 December	**242.1**	148.4

All goodwill is recorded in local currency. Additions during the year are converted at average exchange rates and the goodwill at the end of the year is stated at closing exchange rates.

Total goodwill of £242.1m (2007: £148.4m) is attributable to 80 (2007: 66) acquired businesses which are grouped into 45 (2007: 52) cash generating units. Each of these cash generating units has been tested for impairment in accordance with the Group's accounting policy described on page 74.

Breakdown by material acquisitions with goodwill in excess of 5% of total net book value of goodwill is presented below.

Material acquisitions

Acquisition	Division	2008 £m	2007 £m
Genalysis	Minerals	**26.6**	21.2
HP White	Commercial & Electrical	**13.9**	–
National Software Testing Laboratories	Commercial & Electrical	**13.1**	8.9
Alta Analytical Laboratories	Analytical Services	**13.0**	9.5
Quantitative Technologies	Analytical Services	**12.7**	9.3
Hi-Cad Technical Services	Industrial Services	**12.2**	–
Automotive Research	Analytical Services	**12.2**	9.0
Entela	Commercial & Electrical	**12.2**	8.7
Umitek	Analytical Services	**9.1**	9.1
Others (each less than 5% of total goodwill at 31 Dec 2008)	Various	**117.1**	72.7
Total goodwill net book value at 31 December		**242.1**	**148.4**

All goodwill is denominated in local currency and is translated into sterling at the rates of exchange ruling at the reporting date.

The acquisitions have been reviewed and since each of them offer broadly similar services to those already offered by the Intertek Group's existing businesses, it is considered appropriate to use the same assumptions in each of the impairment calculations. In each case the recoverable amount of the cash generating units, determined upon a value-in-use calculation, was higher than its carrying amount, except for those discussed below.

Management approved forecasts for each cash generating unit are used in these calculations. These forecasts cover a two-year period and are based on the most current information relating to each business unit. Beyond two years, management consider that it is difficult to forecast accurately the business growth for each individual unit. In Intertek's business, most contractual relationships with customers are short-term. Despite this, the Group has a strong historical track record of growth. Therefore, when looking at longer term growth (not exceeding five years), a steady conservative growth rate of 5% is used for all business units. This is considered to be a reasonable assumption based on the long-term historical growth rate in profits of the Intertek businesses. A terminal cash flow is calculated in year five by multiplying the year four cash flow forecast by a multiple which is considered appropriate to each acquisition. In the 2008 impairment review the multiples ranged from 5.0 to 12.0.

A Group pre-tax, risk adjusted, discount rate of 10.9% (2007: 10.8%) has been used in the value-in-use calculations. The characteristics of the businesses acquired are that they are not capital intensive and are largely similar to each other, and therefore the rate of 10.9%, which is based on the Group's weighted average cost of capital, is considered to be the most appropriate rate.

The key sensitivities for the impairment tests are the assumed growth rates in profit and the discount rate. A reduction of 1.0% to 4.0% in the profit growth rate and an increase of 1.0% to 11.9% in the discount rate would not change the conclusion of the impairment tests.

There are 36 (2007: 45) cash generating units with a goodwill amount that is not significant in relation to the carrying value of goodwill of £242.1m (2007: £148.4m). The aggregate balance of goodwill for these multiple cash generating units is £117.1m (2007: £72.7m). The recoverable amount of all these units was determined following the same assumptions as for the individually significant units disclosed above.

Notes to the financial statements

11 Goodwill and other intangible assets (continued)

In 2008, an impairment charge of £0.5m was recognised within administrative expenses in the Commercial & Electrical division in respect of the goodwill of Intertek Testing and Certification Limited. This was necessitated by lower than expected trading results. The goodwill impairment was based on a calculation of the recoverable amount based on value-in-use, using projected cash flows for this business, discounted by a pre-tax rate of 10.9%. The charge of £0.5m represented the shortfall of the recoverable amount to the carrying value. The carrying amount of goodwill after the impairment was £5.5m.

No other goodwill impairment losses were identified.

In 2007, an impairment charge of £0.4m was recognised within administrative expenses in the Commercial & Electrical division in respect of the goodwill of a certification business in India, which was acquired by the Group in 2005. This was necessitated by lower than expected trading results since acquisition. The goodwill impairment was based on a calculation of the recoverable amount based on value-in-use, using projected cash flows for this business, discounted by a pre-tax rate of 10.8%. The charge of £0.4m represented the shortfall of the recoverable amount to the carrying value. The carrying amount of goodwill after the impairment was £0.8m.

There are no intangible assets with indefinite lives.

12 Investment in associates

	2008 £m	2007 £m
Cost		
At 1 January	**0.6**	0.6
Additions	**0.1**	–
Exchange adjustments	**0.4**	–
At 31 December	**1.1**	0.6
Share of post acquisition reserves		
At 1 January	**–**	0.1
Share of profit/(loss) for the year	**0.2**	(0.1)
At 31 December	**0.2**	–
Net book value at 31 December	**1.3**	0.6

The addition in 2008 of £0.1m was in respect of EMIS, Abu Dhabi, which is owned 49% by EMIS (UK) Limited, a wholly owned subsidiary which was acquired in the year (see note 26e). Throughout the year the Group also had a 40% interest in Allium LLC, a company registered in the USA.

The net book value at 31 December 2008 comprised £1.1m in respect of Allium LLC and £0.2m in respect of EMIS, Abu Dhabi.

Summary financial information on associates (100% basis) is set out below:

	Assets* £m	Liabilities £m	Equity £m	Revenues £m	Profit/(loss) £m
2008	**14.5**	**13.1**	**1.4**	**23.1**	**0.4**
2007	13.3	12.5	0.8	19.5	(0.3)

* Excluding goodwill and intangibles of £2.5m (2007: £1.9m).

13 Other investments

	2008 £m	2007 £m
Available-for-sale financial assets	**4.4**	–

The Group's equity investment is listed on the Australian Securities Exchange (ASX). This investment is classified as available-for-sale as the Group holds under 20% and does not have significant influence over the company. For this investment, a 2% increase in the ASX at 31 December 2008 would have increased equity by £0.1m after tax; an equal change in the opposite direction would have decreased equity by £0.1m after tax.

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2008 £m	Assets 2007 £m	Liabilities 2008 £m	Liabilities 2007 £m	Net 2008 £m	Net 2007 £m
Other intangible assets	–	–	(10.3)	(2.5)	(10.3)	(2.5)
Property, fixtures, fittings and equipment	1.5	0.7	(2.2)	(2.8)	(0.7)	(2.1)
Pensions	1.2	2.6	–	(0.5)	1.2	2.1
Equity-settled transactions	1.7	1.9	–	–	1.7	1.9
Interest rate swaps	1.3	0.2	–	–	1.3	0.2
Provisions and other temporary differences	14.6	8.8	(0.1)	(2.2)	14.5	6.6
Tax value of losses	1.6	0.4	–	–	1.6	0.4
Set-off of tax	(6.2)	(2.7)	6.2	2.7	–	–
Total	15.7	11.9	(6.4)	(5.3)	9.3	6.6

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2008 £m	2007 £m
Deductible temporary differences	2.4	8.9
Pensions	4.2	–
Tax losses	30.6	16.8
Property, fixtures, fittings and equipment	8.6	4.3
Total	45.8	30.0

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits from them.

There is a temporary difference of £9.7m (2007: £10.2m) which relates to unremitted post-acquisition overseas earnings. No deferred tax is provided on this amount as the distribution of these retained earnings is under the control of the Group and there is no intention to either repatriate from or sell the associated subsidiaries in the foreseeable future.

Movements in temporary differences during the year

	Balance 1 January 2008 £m	Exchange adjustments £m	Acquisitions £m	Recognised in income statement £m	Recognised in equity* £m	Balance 31 December 2008 £m
Other intangible assets	(2.5)	(2.5)	(3.0)	(2.3)	–	(10.3)
Property, fixtures, fittings and equipment	(2.1)	–	(0.5)	1.9	–	(0.7)
Pensions	2.1	–	–	0.1	(1.0)	1.2
Equity-settled transactions	1.9	–	–	–	(0.2)	1.7
Interest rate swaps	0.2	–	–	–	1.1	1.3
Provisions and other temporary differences	6.6	3.0	0.1	4.8	–	14.5
Tax value of losses	0.4	0.1	0.1	1.0	–	1.6
Total	6.6	0.6	(3.3)	5.5	(0.1)	9.3

*See notes 8 and 21.

	Balance 1 January 2007 £m	Exchange adjustments £m	Acquisitions £m	Recognised in income statement £m	Recognised in equity* £m	Balance 31 December 2007 £m
Other intangible assets	–	–	(3.1)	0.6	–	(2.5)
Property, fixtures, fittings and equipment	(1.0)	–	(0.2)	(0.9)	–	(2.1)
Pensions	4.7	(0.1)	0.7	(0.6)	(2.6)	2.1
Equity-settled transactions	1.4	–	–	0.7	(0.2)	1.9
Interest rate swaps	–	–	–	–	0.2	0.2
Provisions and other temporary differences	3.9	(0.1)	0.1	2.7	–	6.6
Tax value of losses	0.5	0.1	–	(0.2)	–	0.4
Total	9.5	(0.1)	(2.5)	2.3	(2.6)	6.6

*See notes 8 and 21.

Notes to the financial statements

15 Inventories

	2008 £m	2007 £m
Raw materials and consumables	6.6	3.0
Work in progress	1.1	0.7
Finished goods	0.5	0.3
Total inventories	8.2	4.0

The amount of inventory recognised as an expense in 2008 was £6.9m (2007: £5.2m). All inventories are expected to be recovered within 12 months. The amount of inventory written off in 2008 was £nil (2007: £nil).

16 Trade and other receivables

	2008 £m	2007 £m
Trade receivables	219.4	147.5
Other receivables	27.0	13.6
Prepayments and accrued income	38.0	29.9
Total trade and other receivables	284.4	191.0

Trade receivables are shown net of an allowance for impairment losses of £10.0m (2007: £6.4m) and are all expected to be recovered within 12 months. Impairment on trade receivables charged as part of costs of sales was £4.4m (2007: £3.0m).

There is no material difference between the above amounts for trade and other receivables and their fair value, due to their short-term duration. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers who are internationally dispersed.

The Group's exposure to credit and currency risks and further details on impairment losses related to trade and other receivables are disclosed in note 28.

17 Interest bearing loans and borrowings

	Current 2008 £m	Current 2007 £m	Non-current 2008 £m	Non-current 2007 £m
Senior term loans and notes	14.0	13.5	403.7	217.2
Other borrowings	–	0.2	3.9	0.3
Total borrowings	14.0	13.7	407.6	217.5

Analysis of debt	2008 £m	2007 £m
Debt falling due:		
In one year or less (senior term loans)	14.0	13.7
Between one and two years (senior term loans)	44.3	82.7
Between two and five years (senior term loans)	222.0	134.8
Over five years (£137.4m senior notes and £3.9m of other borrowings)	141.3	–
Total borrowings	421.6	231.2

Description of borrowings

In December 2004, the Group refinanced its existing £300.0m secured facility with a £300.0m non-secured facility. In August 2007, an additional £100.0m tranche was added making a total facility of £400.0m. In June 2008, the Group amended the facility to allow a further £120.0m to be borrowed under the same facility. Of this £120.0m, £75.0m was committed in the year from three further banks to make a syndicate of 13 banks. The committed i.e. contractually obligated amount of debt facilities from these 13 banks was £387.0m as at 31 December 2008.

The facility was originally for five years expiring on 15 December 2009, with two one-year extension options to extend this up to a further two years. The facility was extended by a year in 2005 and by a further year in 2006. The facility now expires in December 2011.

The facility comprises four tranches. Facility A is a £14.0m multi-currency term loan (original £70.0m less repayments to 31 December 2008) with bi-annual equal amortisations over the remaining year. Facility B is a £225.0m multi-currency revolving credit facility, available up to 15 December 2011. Facility C is a 364 day, £48.0m multi-currency revolving credit facility (original £80.0m less repayments to 31 December 2008 of £32.0m), with the option to convert this, at any time by written notice, into a term loan expiring 364 days from the date of notice. This amount has been included in debt falling due between one and two years. Facility D is a £100.0m multi-currency term loan facility available up to 15 December 2011.

17 Interest bearing loans and borrowings (continued)

Advances under the facilities bear interest at a rate equal to LIBOR, or other local currency equivalent, plus a margin. The margin over LIBOR for facility A and B is in the range of 0.4% to 0.6% in accordance with a leverage grid. As at 31 December 2008, the margin was 0.45%. The margin over LIBOR for facility C is in the range of 1.1% to 1.5% in accordance with a leverage grid. As at 31 December 2008, the margin was 1.2%. The margin over LIBOR for facility D is in the range of 0.3% to 0.5% in accordance with a leverage grid. As at 31 December 2008, the margin was 0.35%.

In June 2008, US$100.0m was raised by way of a senior note issue. This debt is repayable on 26 June 2015 and the interest rate is fixed at 5.54%. In December 2008, a further US$100.0m was raised by way of a second senior note issue. This debt is repayable in two tranches with US$25.0m repayable on 21 January 2014 and the interest rate is fixed at 7.50% and the second US$75.0m repayable on 10 June 2016 and the interest rate is fixed at 8.00%.

The undrawn committed borrowing facilities, which can be drawn down at any time, mature in December 2011, and amounted to £97.8m (2007: £112.3m), having taken into account £8.9m (2007: £7.0m) utilised for letters of credit and guarantees.

18 Trade and other payables

	Current 2008 £m	Current 2007 £m	**Non-current 2008 £m**	Non-current 2007 £m
Trade payables	**54.0**	43.1	**–**	–
Other payables	**20.5**	19.6	**–**	0.9
Accruals and deferred income	**109.9**	65.9	**3.4**	–
Total trade and other payables	**184.4**	128.6	**3.4**	0.9

The Group's exposure to liquidity risk related to trade payables is disclosed in note 28.

All trade payables are expected to be paid within 12 months.

19 Provisions

	Contingent consideration £m	Claims £m	Other £m	**Total £m**
At 1 January 2008	15.1	7.5	1.0	**23.6**
Exchange adjustments	1.7	1.3	–	**3.0**
Provided in the year:	–	6.1	4.7	**10.8**
in respect of current year aquisitions	10.4	–	–	**10.4**
in respect of prior year aquisitions	3.5	–	–	**3.5**
Released during the year	(2.6)	(0.9)	–	**(3.5)**
Utilised during the year	(16.7)	(2.4)	(2.1)	**(21.2)**
At 31 December 2008	**11.4**	**11.6**	**3.6**	**26.6**
Included in:				
Current liabilities	11.4	11.6	3.4	**26.4**
Non-current liabilities	–	–	0.2	**0.2**
At 31 December 2008	**11.4**	**11.6**	**3.6**	**26.6**

Contingent consideration represents the additional amounts payable on acquisitions which are uncertain in amount, since they are based on the acquired businesses achieving agreed future performance targets.

From time-to-time, the Group is involved in various claims and lawsuits incidental to the ordinary course of its business. The outcome of such litigation and the timing of any potential liability cannot be readily foreseen, as it is often subject to legal proceedings. Based on information currently available, the Directors consider that the cost to the Group of an unfavourable outcome arising from such litigation is unlikely to have a materially adverse effect on the financial position of the Group in the foreseeable future.

The provision for claims of £11.6m (2007: £7.5m) represents an estimate of the amounts payable in connection with identified claims from customers, former employees and other plaintiffs and associated legal costs. The timing of the cash outflow relating to the provisions is uncertain but is likely to be within one year. Details of contingent liabilities in respect of claims are set out in note 29.

The other provision of £3.6m (2007: £1.0m) comprises £2.3m (2007: £nil) for the integration of the Government Services division into the Oil, Chemical & Agri division and £1.3m (2007: £1.0m) in relation to onerous contracts.

Notes to the financial statements

20 Share capital

Group and Company	2008 Number	2008 £m	2007 £m
Authorised:			
Ordinary shares of 1p each	200,000,000	2.0	2.0
Zero coupon redeemable preference shares of £1 each	105,478,482	105.5	105.5
		107.5	107.5
Allotted, called up and fully paid:			
Ordinary shares of 1p each at start of year	157,392,787	1.6	1.6
Employee share option schemes – options exercised (note 27)	405,884	–	–
Employee Long Term Incentive Plan (note 27)	6,822	–	–
Ordinary shares of 1p each at end of year	157,805,493	1.6	1.6
Shares classified in shareholders' funds		1.6	1.6

The holders of ordinary shares are entitled to receive dividends as declared from time-to-time and are entitled to vote at general meetings of the Company.

During the year, the Company issued 405,884 ordinary shares in respect of the share options exercised, for a consideration of £2.6m settled in cash and issued 6,822 shares under the Long Term Incentive Plan for £nil consideration.

None of the zero coupon redeemable preference shares were allotted at 31 December 2008 or 31 December 2007. Preference shareholders have the right to a return of capital on winding up but receive no priority over ordinary shareholders with respect to repayment of capital paid up and have no further rights to participate in the profits or assets of the Company.

The Employee Share Ownership Trust (ESOT) is managed and controlled by an independent offshore trustee. The total ESOT costs charged to the Group profits for 2008 were £6,500 (2007: £9,000). The ESOT did not hold any shares of the Company at 31 December 2008 (2007: nil).

21 Shareholders' equity

			Other reserves				
	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Other £m	Retained earnings* £m	Total £m
At 1 January 2007	1.6	242.4	(0.7)	0.3	6.4	(153.6)	96.4
Movement on cash flow hedges	–	–	–	(1.1)	–	–	(1.1)
Profit for the year attributable to equity holders	–	–	–	–	–	73.2	73.2
Dividends paid	–	–	–	–	–	(25.2)	(25.2)
Issue of shares	–	4.9	–	–	–	–	4.9
Equity settled transactions	–	–	–	–	–	3.0	3.0
Actuarial pension gain	–	–	–	–	–	8.5	8.5
Foreign exchange translation differences for foreign operations	–	–	10.0	–	–	–	10.0
Net loss on hedges of net investments in foreign operations	–	–	(3.2)	–	–	–	(3.2)
Tax on income and expense recognised directly in equity	–	–	–	–	–	(2.3)	(2.3)
At 31 December 2007	1.6	247.3	6.1	(0.8)	6.4	(96.4)	164.2
At 1 January 2008	1.6	247.3	6.1	(0.8)	6.4	(96.4)	164.2
Movement on cash flow hedges	–	–	–	(3.7)	–	–	(3.7)
Profit for the year attributable to equity holders	–	–	–	–	–	93.8	93.8
Dividends paid	–	–	–	–	–	(30.4)	(30.4)
Issue of shares	–	2.6	–	–	–	–	2.6
Equity settled transactions	–	–	–	–	–	3.3	3.3
Actuarial pension loss	–	–	–	–	–	(12.3)	(12.3)
Foreign exchange translation differences for foreign operations	–	–	134.9	–	–	–	134.9
Net loss on hedges of net investments in foreign operations	–	–	(110.9)	–	–	–	(110.9)
Purchase of minority interests	–	–	–	–	–	0.2	0.2
Tax on income and expense recognised directly in equity	–	–	–	–	–	–	–
At 31 December 2008	**1.6**	**249.9**	**30.1**	**(4.5)**	**6.4**	**(41.8)**	**241.7**

*After £244.1m for goodwill written off to retained earnings as at 1 January 2004 in relation to subsidiaries acquired prior to 31 December 1997. This figure has not been restated as permitted by IFRS 1.

21 Shareholders' equity (continued)

Dividends	2008 £m	2008 Pence per share	2007 £m	2007 Pence per share
Amounts recognised as distributions to equity holders:				
Final dividend for the year ended 31 December 2006	–	–	16.1	10.2
Interim dividend for the year ended 31 December 2007	–	–	9.1	5.8
Final dividend for the year ended 31 December 2007	**19.2**	**12.2**	–	–
Interim dividend for the year ended 31 December 2008	**11.2**	**7.1**	–	–
Dividends paid	**30.4**	**19.3**	25.2	16.0

After the balance sheet date, the Directors proposed a final dividend of 13.7p per share in respect of the year ended 31 December 2008, which is expected to amount to £21.6m. This dividend is subject to approval by shareholders at the Annual General Meeting and therefore, in accordance with IAS 10: Events after the Balance Sheet Date, it has not been included as a liability in these financial statements. If approved, the final dividend will be paid to shareholders on 19 June 2009.

Translation reserve
The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations as well as the translation of liabilities that hedge the Group's net investment in foreign operations.

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments related to hedged transactions that have not yet occurred.

Other
This relates to a merger difference that arose in 2002 on the conversion of share warrants into share capital.

22 Minority interests

	2008 £m	2007 £m
At 1 January	**11.6**	8.8
Exchange adjustments	**3.5**	0.6
Share of profit for the year	**8.4**	5.6
Additions	**0.7**	0.2
Purchase of minority interests	**(2.1)**	–
Dividends paid to minority interests	**(6.1)**	(3.6)
At 31 December	**16.0**	11.6

The purchase of minority interests of £2.1m relates to the acquisition in November 2008 of the outstanding 15% interest in Intertek Testing Services Shenzhen Limited, a company registered in China – for a cash consideration of £1.9m (see note 21). The company is now a wholly owned subsidiary of the Group.

23 Commitments
At 31 December, the Group had future unprovided commitments under non-cancellable operating leases due as follows:

	2008 Land and buildings £m	2008 Other £m	2008 Total £m	2007 Land and buildings £m	2007 Other £m	2007 Total £m
Within one year	**29.0**	**5.6**	**34.6**	22.1	3.6	25.7
In the second to fifth years inclusive	**54.1**	**4.8**	**58.9**	39.9	3.5	43.4
Over five years	**31.6**	–	**31.6**	26.3	–	26.3
Total	**114.7**	**10.4**	**125.1**	88.3	7.1	95.4

The Group leases various laboratories, testing and inspection sites, administrative offices and equipment under lease agreements which have varying terms, escalation clauses and renewal rights.

Contracts for capital expenditure which are not provided in these accounts amounted to £4.7m (2007: £3.8m).

Notes to the financial statements

24 Employee benefits

Pension schemes

The Group operates a number of pension schemes throughout the world. In most locations, these are defined contribution arrangements. However, there are significant defined benefit schemes in the United Kingdom and one in Hong Kong. The United Kingdom schemes are the Intertek Pension Scheme and the Capcis Limited Pension and Life Assurance Scheme that came into the Group through the acquisition of the Umitek group in January 2007. These are funded schemes, with assets held in separate trustee administered funds. Other funded defined benefit schemes are not considered to be material and are therefore accounted for as if they were defined contribution schemes. The schemes in the United Kingdom and Hong Kong were closed to new entrants in 2002 and 2000, respectively.

The Group recognises any actuarial gains and losses in each period in equity through the consolidated statement of recognised income and expense.

(a) The total pension cost included in operating profit for the Group was:

	2008 £m	2007 £m
Defined contribution schemes	14.4	11.3
Defined benefit schemes – current service cost	1.9	1.9
Pension cost included in operating profit	16.3	13.2

See (b) below for pension interest cost and expected return on scheme assets recognised in the income statement.

(b) The pension cost for the defined benefit schemes was assessed in accordance with the advice of qualified actuaries. The last full triennial actuarial valuation of The Intertek Pension Scheme in the United Kingdom was carried out as at 1 April 2007, but this has been updated to 31 December 2008 for IAS 19 purposes. The last full triennial actuarial valuation of the Capcis Limited Pension and Life Assurance Scheme in the UK was also carried out as at 1 April 2007 and this has been updated to 31 December 2008 for IAS 19 purposes. The last full actuarial valuation of the Hong Kong scheme was carried out as at 31 December 2007, for local accounting purposes but this has been updated to 31 December 2008 for IAS 19 purposes.

The Group is currently making additional contributions into the pension schemes with the overall objective of paying off the deficits in line with actuaries' recommendations.

The amounts recognised in the balance sheet were as follows:

	2008 £m	2007 £m	2006 £m
Fair value of scheme assets	58.6	66.6	56.4
Present value of funded defined benefit obligations	(77.1)	(73.9)	(71.6)
Net liability in the balance sheet	(18.5)	(7.3)	(15.2)

The amounts recognised in the income statement were as follows:

	2008 £m	2007 £m
Current service cost	(1.9)	(1.9)
Pension interest cost (note 7)	(3.9)	(3.8)
Expected return on scheme assets (note 7)	4.1	3.5
Total charge	(1.7)	(2.2)

The current service cost is included in administrative expenses in the income statement and pension interest cost and expected return on scheme assets are included in net financing costs.

(c) Changes in the fair value of scheme assets:

	2008 £m	2007 £m
Fair value of scheme assets at 1 January	66.6	56.4
Acquisition of Capcis	–	2.3
Expected return on scheme assets	4.1	3.5
Normal contributions by the employer	1.5	1.6
Special contributions by the employer	3.0	2.8
Contributions by scheme participants	0.6	0.6
Benefits paid	(3.0)	(2.4)
Effect of exchange rate changes on overseas plan	3.2	(0.3)
Actuarial (losses)/gains	(17.4)	2.1
Fair value of scheme assets at 31 December	58.6	66.6

24 Employee benefits (continued)

(d) Changes in the present value of the defined benefit obligations were as follows:

	2008 £m	2007 £m
Defined benefit obligations at 1 January	**73.9**	71.6
Acquisition of Capcis	**–**	5.1
Current service cost	**1.9**	1.9
Interest cost	**3.9**	3.8
Contributions by scheme participants	**0.6**	0.6
Benefits paid	**(3.0)**	(2.4)
Effect of exchange rate changes on overseas plan	**4.9**	(0.3)
Actuarial gains	**(5.1)**	(6.4)
Defined benefit obligations at 31 December	**77.1**	73.9

(e) Actuarial losses recognised directly in equity:

	2008 £m	2007 £m
Cumulative loss at 1 January	**(1.0)**	(9.5)
Recognised (losses)/gains in the year	**(12.3)**	8.5
Cumulative loss at 31 December	**(13.3)**	(1.0)

(f) Company contributions

In 2009, the Group expects to make normal contributions of £1.1m (2008: £1.1m) to the UK pension schemes and £1.4m (2008: £0.4m) to the Hong Kong pension scheme. Additionally, in February 2009, the Group has made a special contribution of £2.0m (2008: £3.0m) to the UK pension schemes.

(g) Fair value of scheme assets in each category:

	United Kingdom Schemes		Hong Kong Scheme	
	2008	2007	2008	2007
Equities	**68%**	69%	**59%**	63%
Bonds	**28%**	27%	**39%**	36%
Cash/other	**4%**	4%	**2%**	1%

(h) The net pension (liabilities)/assets of each scheme at 31 December 2008 were as follows:

	The Intertek Pension Scheme £m	The Capcis Limited Pension and Life Assurance Scheme £m	Intertek Hong Kong Retirement Scheme £m	Total £m
Fair value of scheme assets	43.3	3.9	11.4	58.6
Present value of funded defined benefit obligations	(55.1)	(3.9)	(18.1)	(77.1)
Deficit in schemes	**(11.8)**	**–**	**(6.7)**	**(18.5)**

(i) Principal actuarial assumptions

	United Kingdom Schemes		Hong Kong Scheme		Weighted average	
	2008	2007	2008	2007	2008	2007
Discount rate	**6.00%**	5.70%	**1.10%**	3.50%	**4.80%**	5.40%
Inflation rate	**3.00%**	3.35%	**n/a**	n/a	**3.00%**	3.35%
Rate of salary increases	**3.50%**	3.85%	**3.00%**	4.00%	**3.40%**	3.90%
Rate of pension increases	**2.90%**	3.35%	**n/a**	n/a	**2.90%**	3.35%
Annualised expected return on scheme assets	**5.96%**	6.68%	**7.30%**	6.30%	**6.20%**	6.60%

The expected rates of return on scheme assets are determined by reference to relevant indices which take into account the current level of expected returns on risk free investments, the historical level of risk premium associated with equities and the expectation for future returns on such assets. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Where investments are held in bonds and cash, the expected long-term rate of return is taken to be the yields generally prevailing on such assets at the balance sheet date. A higher rate of return is expected on equity investments. This is based on an out-performance assumption over gilt yields.

Notes to the financial statements

24 Employee benefits (continued)

The actual return on scheme assets was as follows:

	United Kingdom Schemes 2008	United Kingdom Schemes 2007	Hong Kong Scheme 2008	Hong Kong Scheme 2007
Actual return	**(9.5)**	4.0	**(3.8)**	1.6

(j) Life expectancy assumptions at year end for:

	United Kingdom Schemes 2008	United Kingdom Schemes 2007	Hong Kong Scheme* 2008	Hong Kong Scheme* 2007
Male aged 40	**48.4**	47.4	**n/a**	n/a
Male aged 65	**22.2**	21.9	**n/a**	n/a
Female aged 40	**51.0**	50.2	**n/a**	n/a
Female aged 65	**24.6**	24.8	**n/a**	n/a

*The retirement arrangement in Hong Kong pays lump sums to members instead of pensions at the point they retire. Since the amount of the lump sum is not related to the life expectancy of the members, the post-retirement mortality is not a relevant assumption for the Hong Kong scheme.

The table above shows the number of years a male or female is expected to live, assuming they were aged either 40 or 65 at 31 December. The 2007 mortality assumptions are based on an actuarial table 'PA 92 medium cohort, projected by an individual's year of birth'. The 2008 mortality assumptions are based on an actuarial table 'PA 00 medium cohort, projected by an individual's year of birth and a minimum improvement of 1%'.

(k) Sensitivity analysis

The table below sets out the sensitivity on the pension assets and liabilities as at 31 December 2008 of the two main assumptions.

Change in assumptions	Liabilities £m	Assets £m	Deficit £m	Increase/(decrease) in deficit £m
No change	(77.1)	58.6	(18.5)	–
0.25% rise in discount rate	(73.5)	58.6	(14.9)	(3.6)
0.25% fall in discount rate	(81.0)	58.6	(22.4)	3.9
0.25% rise in inflation	(78.5)	58.6	(19.9)	1.4
0.25% fall in inflation	(75.9)	58.6	(17.3)	(1.2)

(l) History of experience gains and losses:

	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
Fair value of scheme assets	**58.6**	66.6	56.4	55.0	46.7
Defined benefit obligations	**(77.1)**	(73.9)	(71.6)	(72.8)	(62.8)
Deficit	**(18.5)**	(7.3)	(15.2)	(17.8)	(16.1)
Experience gains/(losses) on scheme liabilities	**0.4**	1.5	1.6	(0.5)	(1.6)
Experience gains/(losses) on scheme assets	**(17.4)**	2.1	1.3	4.3	1.3

25 Analysis of net debt

	1 January 2008 £m	Cash flow £m	Exchange adjustments £m	31 December 2008 £m
Cash	58.6	30.4	24.3	**113.3**
Borrowings	(231.2)	(79.5)	(110.9)	**(421.6)**
Total net debt	(172.6)	(49.1)	(86.6)	**(308.3)**

The Group's exposure to interest rate risk, currency risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 28.

26 Acquisitions

The Group made 14 acquisitions during the year, all of which were paid for in cash.

Provisional details of net assets acquired and fair value adjustments are set out below. The analysis is provisional and amendments may be made to these figures in the 12 months following the date of each acquisition, with a corresponding adjustment to goodwill.

	Book value prior to acquisition £m	Fair value adjustments £m	Fair value to Group on acquisition £m
Property, plant and equipment	7.2	2.7	9.9
Goodwill*	–	52.2	52.2
Other intangible assets	–	18.5	18.5
Inventories and work in progress	1.5	(0.2)	1.3
Trade and other receivables	8.9	(0.2)	8.7
Trade and other payables	(6.1)	(0.6)	(6.7)
Tax payable	(0.9)	(0.2)	(1.1)
Deferred tax liability	(0.3)	(3.0)	(3.3)
Net assets acquired	**10.3**	**69.2**	**79.5**
Cash outflow (net of cash acquired)			67.8
Contingent and deferred consideration**			11.7
Total consideration			**79.5**

*Total goodwill additions per Note 11 of £53.4m is made up of £52.2m in respect of the 2008 acquisitions above and £1.2m in respect of the 2007 acquisitions.
**Of the £11.7m, £10.4m is shown in provisions (note 19) and £1.3m is included in trade and other payables (note 18).

(a) HP White Laboratory Inc

The largest acquisition was the purchase on 24 September 2008, of 100% of the share capital of HP White Laboratory Inc, a company incorporated in the USA, which provides ballistic resistance testing of protective equipment and which also tests ammunition and firearms. This acquisition will strengthen the service offering of Intertek's Commercial & Electrical division.

Initial cash consideration, inclusive of expenses, was £20.2m and additional contingent consideration of £1.5m is estimated to be payable. This acquisition fits within Intertek's Life Safety Services strategy by not only expanding its capability in the personal protective equipment sector but more importantly enabling it to enter the ballistic testing services market.

Provisional details of net assets acquired and fair value adjustments are set out below. The analysis is provisional due to the timing of the acquisition and amendments may be made to these figures in the 12 months to 23 September 2009, with a corresponding adjustment to goodwill.

	Book value prior to acquisition £m	Fair value adjustments £m	Fair value to Group on acquisition £m
Property, plant and equipment	1.0	2.8	3.8
Goodwill	–	10.5	10.5
Other intangible assets	–	6.5	6.5
Inventories and work in progress	0.6	(0.1)	0.5
Trade and other receivables	0.6	(0.1)	0.5
Trade and other payables	(0.1)	–	(0.1)
Net assets acquired	**2.1**	**19.6**	**21.7**
Cash outflow (net of cash acquired)			20.2
Contingent consideration			1.5
Total consideration			**21.7**

The goodwill of £10.5m represents the opportunity for Intertek to establish a market leading position in ballistics testing and to become firmly established in the military and defence service sectors. The other intangible assets of £6.5m represent the value placed on client relationships, accreditations and non-compete agreements. The fair value adjustment of £2.8m arises from the revaluation of land and buildings based on a professional valuation. The fair value adjustments in respect of inventories and trade receivables represent impairment provisions against these assets.

The profit after tax for the period 1 January 2008 to 23 September 2008 was £1.1m. The profit attributable to the Group from the date of acquisition to 31 December 2008 was £0.4m.

Notes to the financial statements

26 Acquisitions (continued)

(b) Hi-Cad Technical Services Ltd

On 9 April 2008, the Group acquired 100% of the share capital of Hi-Cad Technical Services Ltd (Hi-Cad), a company registered in the UK, which provides specialist 3D data capture and measurement services, primarily to customers in the upstream and downstream oil and petroleum industry in the UK and the US. This acquisition strengthens Intertek's Industrial Services division and the development of asset integrity management services.

Consideration paid, inclusive of expenses, was £14.0m and additional contingent consideration of £3.0m is estimated to be payable based on the future performance of Hi-Cad. Cash acquired within the business was £1.0m.

Provisional details of net assets acquired and fair value adjustments are set out below. The analysis is provisional due to the timing of the acquisition and amendments may be made to these figures in the 12 months to 8 April 2009, with a corresponding adjustment to goodwill.

	Book value prior to acquisition £m	Fair value adjustments £m	Fair value to Group on acquisition £m
Property, plant and equipment	0.4	–	0.4
Goodwill	–	12.2	12.2
Other intangible assets	–	4.5	4.5
Inventories and work in progress	0.1	–	0.1
Trade and other receivables	3.1	–	3.1
Trade and other payables	(2.2)	(0.3)	(2.5)
Tax payable	(0.2)	–	(0.2)
Deferred tax liability	(0.3)	(1.3)	(1.6)
Net assets acquired	**0.9**	**15.1**	**16.0**
Cash outflow (net of cash acquired)			13.0
Contingent consideration			3.0
Total consideration			**16.0**

The goodwill of £12.2m represents the knowledge and expertise of the Hi-Cad workforce and the benefit that Intertek will gain from being able to offer a cohesive vendor assessment and quality inspection service to its customers globally. The other intangible assets of £4.5m represent the value placed on client relationships, know-how and an exclusive software distributorship. The fair value adjustment of £0.3m relates to additional accruals. The deferred tax liability fair value adjustment of £1.3m arises on intangibles.

The profit after tax for the period 1 January 2008 to 8 April 2008 was £0.2m. The profit attributable to the Group from the date of acquisition to 31 December 2008 was 0.9m.

(c) CML Biotech Ltd

On 13 February 2008, the Group acquired 100% of CML Biotech Ltd (CML), a UK registered holding company for the Commercial Microbiology Group for an initial cash consideration, inclusive of expenses, of £8.3m. Additional contingent consideration of £1.4m is estimated to be payable based on the future performance of CML. CML provides laboratory and consultancy services and sells testing kits related to the measurement and management of bacteria in the upstream oil and gas industries. This acquisition will strengthen the service offering of Intertek's Analytical Services division.

Details of net assets acquired and fair value adjustments are set out below:

	Book value prior to acquisition £m	Fair value adjustments £m	Fair value to Group on acquisition £m
Property, plant and equipment	0.8	–	0.8
Goodwill	–	7.2	7.2
Other intangible assets	–	1.9	1.9
Inventories and work in progress	0.1	–	0.1
Trade and other receivables	1.4	–	1.4
Trade and other payables	(0.9)	–	(0.9)
Tax payable	–	(0.3)	(0.3)
Deferred tax liability	–	(0.5)	(0.5)
Net assets acquired	**1.4**	**8.3**	**9.7**
Cash outflow (net of cash acquired)			8.3
Contingent consideration			1.4
Total consideration			**9.7**

The goodwill of £7.2m represents the knowledge and expertise of the CML workforce and the benefit that Intertek will obtain from expanding the suite of expert services that the Group can deliver as a partner to the oil and gas exploration industries globally. The other intangible assets of £1.9m represent value placed on client relationships. The fair value tax adjustment of £0.3m relates to a provision for additional tax liabilities. The deferred tax liability fair value adjustment of £0.5m arises on intangibles.

26 Acquisitions (continued)

The profit after tax for the period 1 January 2008 to 12 February 2008 was £0.1m. The profit attributable to the Group from the date of acquisition to 31 December 2008 was £0.4m.

(d) 4-Front Research Limited

On 4 April 2008, the Group acquired 100% of 4-Front Research Limited, a holding company of a group of companies registered in the UK, France and India. Cash consideration paid, inclusive of expenses, was £7.3m and cash acquired within the business was £0.9m. Additional contingent consideration of £2.3m is estimated to be payable based on the future performance of 4-Front Research. 4-Front Research provides analytical support for clinical research studies on cosmetic, personal care, functional food and over-the-counter pharmaceutical and medical products. With seven sites in England and sites in Hyderabad, India and Paris, France, 4-Front will form part of Intertek's Consumer Goods division.

Provisional details of net assets acquired and fair value adjustments are set out below. The analysis is provisional due to the timing of the acquisition and amendments may be made to these figures in the 12 months to 3 April 2009, with a corresponding adjustment to goodwill.

	Book value prior to acquisition £m	Fair value adjustments £m	Fair value to Group on acquisition £m
Property, plant and equipment	0.5	–	0.5
Goodwill	–	6.7	6.7
Other intangible assets	–	1.7	1.7
Inventories and work in progress	0.4	–	0.4
Trade and other receivables	0.7	–	0.7
Trade and other payables	(0.5)	(0.2)	(0.7)
Tax payable	(0.1)	–	(0.1)
Deferred tax liability	–	(0.5)	(0.5)
Net assets acquired	**1.0**	**7.7**	**8.7**
Cash outflow (net of cash acquired)			6.4
Contingent consideration			2.3
Total consideration			**8.7**

The goodwill of £6.7m represents the additional value that Intertek will gain from adding new high-value services to support its consumer healthcare customers and from having a strategic position in the developing market for consumer healthcare products in India and other Asian countries. The other intangible assets of £1.7m represent value placed on client relationships. The fair value adjustment of £0.2m relates to additional accruals. The deferred tax liability of £0.5m arises on intangibles.

The profit after tax for the period 1 January 2008 to 3 April 2008 was £0.1m. The profit attributable to the Group from the date of acquisition to 31 December 2008 was £0.3m.

(e) Other acquisitions

The other 10 acquisitions during the year were as follows:

(i) Electrical Mechanical Instrument Services (UK) Ltd (EMIS), a UK registered company was 100% acquired on 3 January 2008, for consideration, inclusive of expenses, of £1.2m. Cash acquired within the business was £0.4m. EMIS provides calibration services to the oil and gas industries in the UK and the Middle East.

(ii) Epsilon Technical Services Ltd (Epsilon), a UK registered company was 100% acquired on 5 February 2008, for initial cash consideration, inclusive of expenses, of £2.1m. No contingent consideration is expected to be payable. Epsilon provides safety and advisory services to companies with products for use in potentially explosive atmospheres.

(iii) Bioclin Research Laboratories Ltd (Bioclin), a company registered in the Republic of Ireland, was 100% acquired on 8 February 2008, for initial cash consideration, inclusive of expenses, of £2.8m. Cash acquired within the business was £0.4m. Additional contingent consideration of £0.6m is estimated to be payable based on Bioclin's performance in 2008. Bioclin provides product quality testing and bio-analytical services to pharmaceutical, medical device and biotechnology companies, in Ireland and internationally.

(iv) The Limburg Water Board of The Netherlands outsourced all laboratory activities of Waterschapsbedrijf Limburg to Intertek with effect from 3 March 2008, for a minimum period of five years and transferred employees to Intertek. Total consideration, inclusive of expenses, was £1.6m. Intertek will provide extended analytical testing and consultancy services in the areas of environmental science, regulation and complex analysis of silt, soil and water.

(v) 100% of a company registered in the Philippines, was acquired on 2 April 2008, for cash consideration, inclusive of expenses, of £3.0m. Cash acquired within the business was £0.2m. This company operates the largest commercial assay laboratory in the Philippines and offers geophysical surveys and inspection services to the minerals industries.

(vi) Applica GmbH, a food testing company, based in Germany was 100% acquired on 15 July 2008, for an initial cash consideration, inclusive of expenses, of £3.1m and a contingent consideration of £0.6m payable in March 2009 dependent on financial performance. Cash acquired within the business was £0.3m.

(vii) Transworld Laboratories (Ghana) Limited, a company incorporated in the Republic of Ghana, was 100% acquired on 24 October 2008, for a cash consideration, inclusive of expenses, of £2.2m. The company provides analytical testing services to the minerals and exploration industry.

Notes to the financial statements

26 Acquisitions (continued)

(viii) Eko-Lab Sp. z.o.o, a company registered in Poland was 100% acquired on 27 November 2008, for an initial cash consideration, inclusive of expenses, of £2.1m and a contingent consideration of £1.4m dependent on future financial performance. The company provides testing services for the food, pharmaceutical and cosmetics industry.

(ix) The assets and the audit and inspection business of RQA, operating in the food industry in the USA, was acquired on 30 December 2008, for an initial cash consideration of £0.9m and a contingent consideration of £0.9m based on future financial performance.

(x) Porst & Partner GmbH, a company registered in Germany, was 100% acquired on 31 December 2008, for a cash consideration, inclusive of expenses, of £2.2m. The company provides chemical analysis of harmful substances in leather, textiles, toys and hard goods.

The table below sets out a provisional analysis of the net assets acquired and the fair value to the Group in respect of the ten acquisitions described above. The analysis is provisional due to the timing of some of the acquisitions and amendments may be made to these figures in the period up to 12 months from the date each business was acquired, with a corresponding adjustment to goodwill.

	Book value prior to acquisition £m	Fair value adjustments £m	Fair value to Group on acquisition £m
Property, plant and equipment	4.5	(0.1)	4.4
Goodwill	–	15.6	15.6
Other intangible assets	–	3.9	3.9
Inventories and work in progress	0.3	(0.1)	0.2
Trade and other receivables	3.1	(0.1)	3.0
Trade and other payables	(2.4)	(0.1)	(2.5)
Tax payable	(0.6)	0.1	(0.5)
Deferred tax liability	–	(0.7)	(0.7)
Net assets acquired	**4.9**	**18.5**	**23.4**
Cash outflow (net of cash acquired)			19.9
Contingent consideration			3.5
Total consideration			**23.4**

The other intangible assets of £3.9m represent £2.8m for the value attributable to client relationships, £0.9m for guaranteed income and £0.2m for know-how. The other significant fair value adjustment of £0.7m relates to the deferred tax liability arising on the intangibles.

The goodwill of £15.6m arises as follows:

	£m
EMIS	0.4
Epsilon	1.8
Bioclin	2.1
Waterschapsbedrijf Limburg*	–
Minerals company in the Philippines	2.0
Applica	2.1
Transworld	2.0
Eko-Lab	2.7
RQA	1.1
Porst & Partner	1.4
Total	**15.6**

* No goodwill arose on this acquisition.

EMIS
The goodwill of £0.4m represents the benefit that Intertek will gain from increasing the penetration of the Group's existing calibration and upstream services to the oil and gas industries in Europe and the Middle East.

Epsilon
The goodwill of £1.8m represents the knowledge and expertise of the Epsilon workforce and the benefit that Intertek will obtain from combining this business with the Group's existing explosive environment certification services.

Bioclin
The goodwill of £2.1m represents the benefit that Intertek will gain from having a presence in Ireland which is a key European centre for pharmaceutical manufacturing.

Minerals company
The goodwill of £2.0m represents the benefit to Intertek of increasing its presence in the South East Asian minerals market and gaining additional management and technical expertise in this region.

Applica
The goodwill of £2.1m represents the expertise of the employees in Applica in the specialised analysis of honey and honey-related products which extends the range of services Intertek can offer its existing clients in the food industry.

26 Acquisitions (continued)

Transworld

The goodwill of £2.0m represents the value to Intertek of acquiring an established business in Ghana from which to develop its minerals business.

Eko-Lab

The goodwill of £2.7m represents the value to Intertek of acquiring an established business in the food services market in Poland which will complement and enhance Intertek's existing service offering.

RQA

The goodwill of £1.1m represents the growth that Intertek expects to gain from adding food safety auditing in North America to its service portfolio for clients in the food industry.

Porst & Partner

The goodwill of £1.4m represents the benefit that Intertek expects to gain from having access to the German market for textiles and toy testing for selling these services to international customers.

The profit after tax for the period 1 January 2008 to the respective dates of purchase for these acquisitions was £1.3m. The profit attributable to the Group from these acquisitions from their respective dates of purchase to 31 December 2008 was £0.8m.

(f) All the acquisitions made during the year contributed revenues of £26.0m and profits of £2.8m to the Group from their respective dates of acquisition to 31 December 2008.

The Group revenue and profit for the year ended 31 December 2008 would have been £1,019.8m and £105.9m respectively if all the acquisitions were assumed to have been made on 1 January 2008.

(g) Details of 2007 acquisitions

The Group made sixteen acquisitions in 2007, all of which were paid in cash.

The net assets acquired and fair value adjustments are set out below.

	Book value prior to acquisition £m	Fair value adjustments £m	Fair value to Group on acquisition £m
Property, plant and equipment	8.2	0.2	8.4
Goodwill*	–	75.7	75.7
Other intangible assets	–	19.5	19.5
Inventories and work in progress	0.4	–	0.4
Trade and other receivables	12.7	(0.2)	12.5
Trade and other payables	(7.6)	(4.6)	(12.2)
Tax payable	(0.7)	0.1	(0.6)
Deferred tax liability	(0.2)	(2.3)	(2.5)
Net assets acquired	**12.8**	**88.4**	**101.2**
Cash outflow (net of cash acquired)			85.8
Contingent and deferred consideration*			15.4
Total consideration			**101.2**

* The 2007 reported figures have been adjusted for movements in 2008. Goodwill has been increased by £1.2m, from the previously reported figure of £74.5m to £75.7m as contingent and deferred consideration has increased by £1.2m from the previously reported figure of £14.2m to £15.4m. Of the £1.2m increase in deferred consideration, an additional £3.5m was provided and an additional £2.6m was released, as shown in provisions (note 19) and the remaining net increase of £0.3m is shown in trade and other payables (note 18).

The other intangible assets of £19.5m represent the value placed on client relationships and certification marks. The fair value adjustment of £0.2m brings the property, plant and equipment to its approximate market value on acquisition. The £0.2m relates to additional allowance for doubtful receivables. The £4.6m represents mainly pension liabilities recognised. The £0.1m represents a reduction in the tax liabilities recognised and the £2.3m relates to deferred tax liability on intangibles.

(i) The largest acquisition was the purchase on 18 April 2007, of 100% of the share capital of Genalysis Laboratory Services Pty Ltd, a company incorporated in Western Australia. Genalysis provides analytical testing and sample preparation services to mining, ore and minerals companies on a global basis.

Payments totalling £20.6m, net of cash acquired of £0.2m, have been made, and contingent consideration, based on completion accounts, estimated to be £8.3m, will be payable on or before March 2008, making a total estimated consideration for this acquisition of £28.9m. In 2008, estimated contingent consideration was increased by £3.4m, bringing total consideration to £32.3m.

Notes to the financial statements

26 Acquisitions (continued)

Details of net assets acquired and fair value adjustments are set in the table that follows:

	Book value prior to acquisition £m	Fair value adjustments £m	Fair value to Group on acquisition £m
Property, plant and equipment	3.8	(0.2)	3.6
Goodwill	–	23.5	23.5
Other intangible assets	–	4.0	4.0
Inventories and work in progress	0.4	–	0.4
Trade and other receivables	4.1	–	4.1
Trade and other payables	(1.4)	–	(1.4)
Tax payable	(0.7)	–	(0.7)
Deferred tax liability	–	(1.2)	(1.2)
Net assets acquired	**6.2**	**26.1**	**32.3**
Cash outflow (net of cash acquired)			20.6
Contingent consideration			11.7
Total consideration			**32.3**

The goodwill of £23.5m represents the value to the Group of acquiring a presence in an industry sector and in a country in which the Group did not have a significant market share. The other intangible assets of £4.0m represent value placed on client relationships. The fair value adjustment of £0.2m brings the property, plant and equipment to its approximate market value on acquisition. The deferred tax liability of £1.2m arises on intangibles.

The profit of Genalysis for the period 1 January 2007 to 18 April 2007 was £0.5m. The profit attributable to the Group from the date of acquisition to 31 December 2007 was £1.1m.

(ii) On 9 January 2007, the Group acquired 100% of the share capital of Umitek Limited, a company incorporated in the UK, for £9.8m, net of cash of £0.6m, of which £0.5m was deferred. The company and its subsidiaries provide specialist testing and consultancy services to the oil and gas industries in the North Sea and globally. The net assets acquired, prior to fair value adjustments, were £2.0m of which £2.7m related to debtors and prepayments. Fair value adjustments totalled £7.8m of which £9.1m was for goodwill, £1.0m for intangibles, £2.8m related to the recognition of a pension deficit and a deferred tax asset of £0.8m thereon and £0.3m for the deferred tax liability on intangibles. Intangibles represent the value placed on client relationships. The goodwill represents the expertise and reputation acquired which will enable Intertek to improve the service offered to its existing customers. The profit of the Umitek group for the period 1 January 2007 to 9 January 2007 was £25,000. The profit attributable to the Group from the date of acquisition to 31 December 2007 was £0.8m.

(iii) On 7 June 2007, the Group acquired 100% of the share capital of Quantitative Technologies Inc. (QTI), a US pharmaceutical testing company, for £12.8m, net of cash acquired of £0.3m, of which £2.5m was contingent consideration based on actual 2007 results. The company provides expert analytical support services to the global pharmaceutical, medical device and drug delivery industries. The net assets acquired, prior to fair value adjustments, were £0.9m of which £0.9m related to receivables and prepayments. Fair value revaluations to fixed assets totalled £0.2m. Intangibles of £2.5m, representing value placed on customer relationships, were recognised and goodwill arising was £9.2m. The goodwill represents the benefit of providing the Group with an established presence on the East Coast on the US for pharmaceutical support services and the opportunity for the Group to expand its pharma services in North America, complementing and enhancing the capabilities acquired with the ASG and Alta acquisitions made in 2004 and 2006 respectively. The profit of QTI for the period 1 January 2007 to 7 June 2007 was £0.3m. The profit attributable to the Group from the date of acquisition to 31 December 2007 was £0.7m.

(iv) On 14 September 2007, the Group acquired 100% of the share capital of National Software Technology Laboratories Inc. (NSTL), a company incorporated in the USA, which tests mobile applications software, for £11.4m, net of cash acquired of £1.1m. In 2008, estimated contingent consideration increased from £nil to £0.7m, bringing total consideration to £12.1m. The net liabilities acquired, prior to fair value adjustments, were £0.1m, of which £1.4m related to receivables and prepayments, £1.7m related to payables and £0.2m related to property, plant and equipment. There were no fair value adjustments other than for intangibles of £2.7m, representing value placed on client relationships and for goodwill of £9.5m. The goodwill represents the opportunity for the Group to establish a leading position in the growing cellular/mobile application software market within the US. The profit of NSTL for the period 1 January 2007 to 15 September 2007 was £0.4m. The profit attributable to the Group from the date of acquisition to 31 December 2007 was £0.4m.

26 Acquisitions (continued)

(v) The following table sets out an analysis of the net assets acquired and the fair value to the Group in respect of the remaining acquisitions made in 2007:

	Book value prior to acquisition £m	Fair value adjustments £m	Fair value to Group on acquisition £m
Property, plant and equipment	3.4	0.3	3.7
Goodwill	–	24.4	24.4
Other intangible assets	–	9.3	9.3
Trade and other receivables	3.3	(0.1)	3.2
Trade and other payables	(2.9)	(1.7)	(4.6)
Tax payable	(0.1)	–	(0.1)
Deferred tax liability	(0.1)	(1.6)	(1.7)
Net assets acquired	**3.6**	**30.6**	**34.2**
Cash outflow (net of cash acquired)			34.2
Contingent consideration			–
Total consideration			**34.2**

The other intangible assets of £9.3m represent the value placed on client relationships and certification marks. The fair value adjustment of £0.3m brings the property, plant and equipment to its approximate market value on acquisition. The £1.7m represents pension liabilities recognised and the £1.6m relates to deferred tax liability on intangibles.

The total goodwill of £24.4m is in respect of the following acquisitions:

	£m
Measurement Science Group	4.3
Product Quality Partners	3.2
Carnot Emission Services	2.6
ASTA BEAB	3.1
Plastics Technologies Laboratories	2.5
Biodata Analytik GmbH	2.1
Others (each less than £2.0m)	6.6
Total goodwill	**24.4**

The goodwill of £24.4m represents value to the Group of acquiring presence in new industry sectors and countries, value of the skilled workforce in the acquired companies and the synergies that the Group will achieve in integrating these new businesses.

The profit attributable to the Group from these acquisitions from their respective dates of purchase to 31 December 2007 was £0.6m.

(vi) All the acquisitions made during the year contributed revenues of £36.1m and profits of £3.6m to the Group from their respective dates of acquisition to 31 December 2007.

The Group revenue and profit for the year ended 31 December 2007 would have been £799.2m and £81.9m respectively, if all the acquisitions were assumed to have been made on 1 January 2007.

(h) Details of post balance sheet acquisitions

On 13 February 2009, the Group acquired 100% of the share capital of Wisco Enterprises, LP, a company registered in the USA for a total estimated consideration, net of cash acquired, of £18.0m. Wisco companies specialise in providing third party inspection, expediting and coordination services to customers in the Oil and Gas industry.

Due to the timing of the acquisition, the fair value of the net assets acquired has not yet been determined. An analysis of net assets acquired is set out below which will be subject to amendment once the value of these net assets and fair value adjustments are fully determined. The goodwill will also be analysed to determine whether there are any intangibles assets which should be recognised separately.

	Book value prior to acquisition £m	Fair value adjustments £m	Fair value to Group on acquisition £m
Property, plant and equipment	0.1	–	0.1
Goodwill	–	14.0	14.0
Trade and other receivables	4.5	–	4.5
Trade and other payables	(0.5)	–	(0.5)
Tax payable	(0.1)	–	(0.1)
Net assets acquired	**4.0**	**14.0**	**18.0**
Cash outflow (net of cash acquired)			**18.0**

The goodwill represents the opportunity for Intertek to expand its technical inspection business providing it with a global platform and network.

Notes to the financial statements

26 Acquisitions (continued)

In addition to the above, 100% of the share capital of Aptech Engineering Services, Inc., a company based in California, USA, was acquired on 10 February 2009, for an initial consideration of £3.5m and additional consideration up to £5.6m, is payable contingent on the achievement of specified profit targets. Aptech Engineering Services is a full-service engineering consultancy company that specialises in the life management of facilities, equipment, and infrastructure for clients in energy-related industries.

27 Share schemes

(a) Share option schemes

The Company established a share option scheme for senior management in March 1997. The maximum number of options that can be granted under the scheme have been allocated and that scheme has been discontinued. In May 2002, the Intertek Group plc 2002 Share Option Plan (the 2002 Plan) and the Intertek Group plc 2002 Approved Share Option Plan (the Approved Plan) were established for employees to be granted share options at the discretion of the Remuneration Committee. These plans have also been discontinued and the last grants under these plans were made in September 2005.

(i) The number and weighted average exercise prices of share options are as follows:

	2008 Weighted average exercise price	2008 Number of options	2007 Weighted average exercise price	2007 Number of options
At beginning of year	654p	2,026,004	714p	3,289,131
Exercised	632p	(405,884)	491p	(1,007,575)
Forfeited	768p	(227,497)	596p	(255,552)
Outstanding options at end of year	642p	1,392,623	654p	2,026,004
Exercisable at end of year	642p	1,392,623	465p	796,606

The weighted average share price of the Company at the date of exercise of share options was 971p (2007: 921p). The options outstanding at the year end have an exercise price in the range of 359p to 778p and a weighted average contractual life of 5.6 years.

(ii) The outstanding options at 31 December 2008 are exercisable as follows:

Option Scheme	Number of options outstanding	Exercise price per share	Exercisable between	
2002 Plan	101,841	437p	30 May 2005	30 May 2012
	123,844	359p	7 April 2006	7 April 2013
	18,197	462p	12 September 2006	12 September 2013
	298,028	523.5p	7 April 2007	7 April 2014
	7,116	607p	14 September 2007	14 September 2014
	739,854	778p	7 April 2008	7 April 2015
	14,026	711p	13 September 2008	13 September 2015
	1,302,906			
Approved Plan	10,515	437p	30 May 2005	30 May 2012
	7,894	380p	17 July 2005	17 July 2012
	14,828	359p	7 April 2006	7 April 2013
	262	462p	12 September 2006	12 September 2013
	20,532	523.5p	7 April 2007	7 April 2014
	1,000	607p	14 September 2007	14 September 2014
	33,836	778p	7 April 2008	7 April 2015
	850	711p	13 September 2008	13 September 2015
	89,717			
Total	**1,392,623**			

(b) Long Term Incentive Plan

As explained in the Remuneration Report on page 54, deferred and matching shares are awarded under this plan. The first awards were granted on 7 April 2006. The awards under this plan vest three years after grant date, subject to fulfilment of the performance conditions.

	2008 Deferred shares	2008 Matching shares	2007 Deferred shares	2007 Matching shares
At beginning of year	490,126	273,028	239,669	128,194
Granted	427,876	262,028	278,170	156,386
Vested	(9,400)	–	(1,108)	–
Forfeited	(42,031)	–	(26,605)	(11,552)
Outstanding share awards at end of year	866,571	535,056	490,126	273,028

27 Share schemes (continued)

Deferred shares of 9,400 vested in 2008 comprising 6,822 shares which were allotted in 2008 and 2,578 shares which were only allotted in 2009 due to timing delays in issue (see note 20).

Details of the share option schemes and the Long Term Incentive Plan are shown in the Remuneration Report on pages 47, and 53 to 55.

(c) Equity-settled transactions

In accordance with IFRS 2, the fair value of services received in return for shares and share options granted to employees, is measured by reference to the fair value of shares and share options granted. In accordance with the transitional provisions in IFRS 1 and IFRS 2, the recognition and measurement principles in IFRS 2 have not been applied to share option grants made prior to 7 November 2002. The estimate of the fair value of the services received is measured based on the Black-Scholes formula, a financial model used to calculate the fair value of shares and share options.

During the year ended 31 December 2008, the Group recognised an expense of £3.3m (2007: £3.0m) in respect of outstanding share and share option awards granted from 7 November 2002 onwards.

The fair values and the assumptions used in their calculations are set out below:

	Share options		Share awards					
Date of share option grant/shares awarded	7 April 2005	13 Sept 2005	Deferred shares 7 April 2006	Matching shares 7 April 2006	Deferred shares 10 April 2007	Matching shares 10 April 2007	Deferred shares 11 March 2008	Matching shares 11 March 2008
Fair value at measurement date (pence)	240.2	189.8	795.9	435.0	887.6	498.8	906.9	619.8
Share price (pence)	790.0	703.0	827.6	827.6	931.0	931.0	959.5	959.5
Exercise price (pence)	778.0	711.0	n/a	n/a	n/a	n/a	n/a	n/a
Expected volatility	25.4%	24.9%	21.6%	21.6%	21.4%	21.4%	22.8%	22.8%
Dividend yield	1.3%	1.6%	1.4%	1.4%	1.6%	1.6%	1.9%	1.9%
Risk free interest rate	4.6%	4.2%	4.4%	4.4%	5.4%	5.4%	3.9%	3.9%
Time to maturity (years)	6	6	3	3	3	3	3	3

The expected volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

Share options were granted under a service condition and a non-market performance condition. Such conditions are not taken into account in the fair value measurement at grant date.

The deferred shares, under the Long Term Incentive Plan, are granted under a service condition. Such condition is not taken into account in the fair value measurement at grant date. The matching shares, under the Long Term Incentive Plan, are granted under a performance related market condition and as a result this condition is taken into account in the fair value measurement at grant date.

28 Financial instruments

Details of the Group's treasury controls, exposures and the policies and processes for managing capital and credit, liquidity, interest rate and currency risk are set out in the Directors' Report – Financial Review on page 27 and Risks and Uncertainties on pages 28 to 30.

(a) Credit risk

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was as follows:

	2008 £m	2007 £m
Available-for-sale financial assets	**4.4**	–
Trade receivables, net of allowance	**219.4**	147.5
Cash and cash equivalents	**113.3**	58.6
Total	**337.1**	206.1

The maximum exposure to credit risk for trade receivables at the balance sheet date by geographic region was as follows:

	2008 £m	2007 £m
Americas	**77.8**	49.5
Europe, Middle East and Africa	**75.3**	51.1
Asia Pacific	**66.3**	46.9
Total	**219.4**	147.5

Notes to the financial statements

28 Financial instruments (continued)

(ii) Impairment losses

The ageing of trade receivables at the balance sheet date was as follows:

	2008 £m	2007 £m
Under 3 months	**188.3**	126.5
Between 3 and 6 months	**24.6**	15.6
Between 6 and 12 months	**10.5**	7.5
Over 12 months	**6.0**	4.3
Gross trade receivables	**229.4**	153.9
Allowance for impairment	**(10.0)**	(6.4)
Trade receivables, net of allowance	**219.4**	147.5

Included in trade receivables due under three months of £188.3m (2007: £126.5m) are trade receivables of £104.0m (2007: £69.1m) which are not due for payment under the Group's standard terms and conditions of sale.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Impairment allowance for doubtful trade receivables	2008 £m	2007 £m
At 1 January	**6.4**	5.0
Exchange differences	**1.6**	0.3
Cash recovered	**(0.1)**	(0.2)
Impairment loss recognised	**4.4**	3.0
Receivables written off	**(2.3)**	(1.7)
At 31 December	**10.0**	6.4

There were no significant individual impairments of trade receivables.

Credit risks arise mainly from the possibility that customers may not be able to settle their obligations as agreed. The Group assesses periodically the creditworthiness of customers. The Group's credit risk is diversified due to the large number of entities that make up the Group's customer base and the diversification across many different industries and geographic regions.

Allowance for impairment is based on the risk profile of the trade receivable based on the likelihood of the amount being recovered. Based on historic default rates reflecting the track record of payments by the Group's customers, the Group believes that no impairment allowance is necessary in respect of trade receivables which are less than six months outstanding, unless there are specific circumstances such as the bankruptcy of a customer which would render the trade receivable irrecoverable. The Group provides fully for all trade receivables over 12 months old as these are considered likely to be irrecoverable. Where recovery is in doubt, a provision is made against the specific trade receivable until such time as the Group believes the amount to be irrecoverable. At that time the trade receivable is written off.

(iii) Counterparty

Transactions involving derivative financial instruments are with counterparties who have sound credit ratings. Given this, management does not expect any counterparty to fail to meet its obligations.

(b) Liquidity risk

The table below provides information about the contractual maturities and interest rate profile of the Group's senior term loans and notes at 31 December 2008.

Liabilities 2008	2009 £m	2010 £m	2011 £m	2012 £m	2013+ £m	Carrying amount £m
Floating rate (USD)	–	30.2	99.2	–	–	129.4
Average interest rate	–	3.2%	3.4%	–	–	–
Fixed rate (USD)	–	–	–	–	137.4	137.4
Average interest rate	–	–	–	–	6.7%	–
Floating rate (HKD)	–	14.1	22.2	–	–	36.3
Average interest rate	–	3.2%	2.2%	–	–	–
Floating rate (SEK)	–	–	16.0	–	–	16.0
Average interest rate	–	–	2.7%	–	–	–
Floating rate (GBP)	14.0	–	38.0	–	–	52.0
Average interest rate	2.9%	–	3.3%	–	–	–
Floating rate (EUR)	–	–	35.2	–	–	35.2
Average interest rate	–	–	3.5%	–	–	–
Floating rate (JPY)	–	–	11.4	–	–	11.4
Average interest rate	–	–	1.3%	–	–	–
Total	**14.0**	**44.3**	**222.0**	**–**	**137.4**	**417.7**

28 Financial instruments (continued)

Of the other borrowings of £3.9m, disclosed in note 17, all of them fall due for repayment over the next six to ten years.

The table below provides information about the contractual maturities and interest rate profile of the Group's senior term loans at 31 December 2007.

Liabilities 2007	2008 £m	2009 £m	2010 £m	2011 £m	Carrying amount £m
Floating rate (USD)	–	35.6	–	32.9	68.5
Average interest rate	–	4.1%	–	4.4%	–
Floating rate (HKD)	11.2	29.0	–	43.0	83.2
Average interest rate	3.8%	3.9%	–	4.0%	–
Floating rate (SEK)	2.3	18.0	–	1.8	22.1
Average interest rate	5.1%	5.0%	–	5.2%	–
Floating rate (GBP)	–	–	–	6.0	6.0
Average interest rate	–	–	–	5.5%	–
Floating rate (EUR)	–	–	–	29.5	29.5
Average interest rate	–	–	–	5.2%	–
Floating rate (JPY)	–	–	–	11.1	11.1
Average interest rate	–	–	–	1.4%	–
Floating rate (NOK)	–	–	–	8.3	8.3
Average interest rate	–	–	–	5.8%	–
Floating rate (SGD)	–	–	–	2.0	2.0
Average interest rate	–	–	–	3.3%	–
Total	**13.5**	**82.6**	**–**	**134.6**	**230.7**

Of the other borrowings of £0.5m at 31 December 2007, £0.2m fell due for repayment in 2008 and the other £0.3m over the next two to ten years.

The following are the contractual maturities of financial liabilities including interest:

2008	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than 5 years £m
Non-derivative financial liabilities							
Senior term loans and notes	417.7	507.6	16.0	16.0	61.9	256.6	157.1
Other loans	3.9	5.2	0.1	0.1	0.2	0.7	4.1
Trade payables	54.0	54.0	54.0	–	–	–	–
	475.6	566.8	70.1	16.1	62.1	257.3	161.2
Derivative financial liabilities							
Interest rate swaps used for hedging	4.5	5.3	1.2	1.5	1.9	0.7	–
Forward exchange contracts:							
Outflow	–	17.5	17.5	–	–	–	–
Inflow	–	(17.5)	(17.5)	–	–	–	–
	4.5	5.3	1.2	1.5	1.9	0.7	–
Total	**480.1**	**572.1**	**71.3**	**17.6**	**64.0**	**258.0**	**161.2**

2007	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than 5 years £m
Non-derivative financial liabilities							
Senior term loans	230.7	261.5	11.7	11.7	92.0	146.1	–
Other loans	0.5	0.7	0.1	0.1	0.1	0.2	0.2
Trade payables	43.1	43.1	43.1	–	–	–	–
	274.3	305.3	54.9	11.8	92.1	146.3	0.2
Derivative financial liabilities							
Interest rate swaps used for hedging	0.7	0.7	0.2	0.2	0.2	0.1	–
Forward exchange contracts:							
Outflow	–	10.6	10.6	–	–	–	–
Inflow	–	(10.6)	(10.6)	–	–	–	–
	0.7	0.7	0.2	0.2	0.2	0.1	–
Total	275.0	306.0	55.1	12.0	92.3	146.4	0.2

Notes to the financial statements

28 Financial instruments (continued)

Cash flow hedges

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and expected to impact the profit or loss.

Interest rate swaps used for hedging – liabilities

	Carrying amount £m	Expected cash outflows £m	6 months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than 5 years £m
2008	**4.5**	**5.3**	**1.2**	**1.5**	**1.9**	**0.7**	**–**
2007	0.7	0.7	0.2	0.2	0.2	0.1	–

(c) Interest rate risk

(i) Hedging

The Group adopts a policy of ensuring that between 33% and 67% of its exposure to changes in interest rates on borrowings is on a fixed rate basis. Interest rate swaps, denominated in various currencies and an interest rate cap have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy. The swaps mature over the next three years and have fixed swap rates ranging from 1.1% to 4.8%. At 31 December 2008, the Group had interest rate swaps with a notional contract amount of £136.6m (2007: £55.4m) and an interest rate cap with a notional value of £19.6m (2007: £14.7m).

The Group designates interest rate swaps and interest rate caps as hedging instruments in cash flow hedges and states them at fair value.

The net fair value of swaps and caps at 31 December 2008, was £4.5m (2007: £0.7m) comprising liabilities of £4.5m (2007: £0.7m). These amounts were recognised as fair value derivatives.

Under the interest rate swap agreements, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional principal amount.

(ii) Profile

The information about the contractual maturities and interest rate profile of the Group's borrowings is shown in section (b) liquidity risk.

The interest rate profile of the Group's short-term deposits and cash at 31 December 2008 is set out below:

Financial assets	Effective interest rates	At floating interest rates £m	Interest free £m	Total carrying amount and fair value £m
Short-term deposits and cash*:				
Sterling	1.0%	5.7	0.5	6.2
US dollar	0.3%	22.0	1.9	23.9
Chinese renminbi	1.5%	33.5	0.7	34.2
Hong Kong dollar	0.3%	4.3	0.1	4.4
Euro	1.5%	8.5	1.2	9.7
Other currencies	Various	29.4	5.5	34.9
Total cash and cash equivalents		**103.4**	**9.9**	**113.3**

*Short-term deposits are overnight deposits bearing interest at rates fixed daily in advance.

The interest rate profile of the Group's short-term deposits and cash at 31 December 2007 was as follows:

Financial assets	Effective interest rates	At floating interest rates £m	Interest free £m	Total carrying amount and fair value £m
Short-term deposits and cash*				
Sterling	5.6%	(6.2)	–	(6.2)
US dollar	5.2%	16.3	–	16.3
Chinese renminbi	1.8%	17.0	–	17.0
Hong Kong dollar	3.9%	1.2	–	1.2
Euro	3.8%	1.5	6.8	8.3
Other currencies	Various	14.2	7.8	22.0
Total cash and cash equivalents		**44.0**	**14.6**	**58.6**

*Short-term deposits are overnight deposits bearing interest at rates fixed daily in advance.

28 Financial instruments (continued)

(iii) Sensitivity

At 31 December 2008, it is estimated that a general increase of three percentage points in interest rates would decrease the Group's profit before tax by approximately £2.6m (2007: £2.7m at a three percentage point increase and £1.2m at a one percentage point increase). A three percentage point increase has been used in the current year compared to a one percentage point increase in the prior year accounts sensitivity analysis to reflect the current economic environment. Interest rate swaps have been included in this calculation. This analysis assumes all other variables remain constant.

(d) Foreign currency risk

The net assets of foreign subsidiaries represent a significant portion of the Group's shareholders' funds and a substantial percentage of the Group's revenue and operating costs are incurred in currencies other than sterling. Because of the high proportion of international activity, the Group's profit is exposed to exchange rate fluctuations. Two types of risk arise as a result: (i) translation risk, that is, the risk of adverse currency fluctuations in the translation of foreign currency operations and foreign assets and liabilities into sterling and (ii) transaction risk, that is, the risk that currency fluctuations will have a negative effect on the value of the Group's commercial cash flows in various currencies.

(i)Profile

The foreign currency profile of the trade receivables and payables at the balance sheet date were as follows:

2008	Carrying amount £m	Sterling £m	US dollar £m	Chinese renminbi £m	Hong Kong dollar £m	Euro £m	Other currencies £m
Trade receivables	**219.4**	**26.4**	**64.8**	**23.8**	**11.7**	**30.5**	**62.2**
Trade payables	**54.0**	**7.7**	**12.8**	**11.0**	**4.1**	**7.7**	**10.7**
2007							
Trade receivables	147.5	18.1	41.1	14.5	9.2	20.0	44.6
Trade payables	43.1	6.4	9.2	8.2	3.0	6.3	10.0

(ii) Recognised assets and liabilities

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the income statement. At 31 December 2008, the fair value of forward exchange contracts was £nil (2007: £nil).

(iii) Hedge of net investment in foreign subsidiaries

The Group's foreign currency denominated loans are designated as a hedge of the Group's investment in its respective subsidiaries. The carrying amount of these loans at 31 December 2008 was £365.7m (2007: £224.7m).

A foreign exchange loss of £110.9m (2007: loss of £3.2m) was recognised in the translation reserve in equity on translation of these loans to sterling.

(iv) Sensitivity

It is estimated that a general increase of ten percentage points in the value of sterling against the dollar (the main currency impacting the Group) would have decreased the Group's profit before tax for 2008 by approximately £10.8m (2007: £7.3m at a ten percentage point increase and £0.8m at a one percentage point increase). A ten percentage point increase has been used in the current year compared to a one percentage point increase in the prior year accounts sensitivity analysis to reflect the current economic environment. The forward exchange contracts have been included in this calculation. This analysis assumes all other variables remain constant.

(e) Fair values

The table below sets out a comparison of the book values and corresponding fair values of all the Group's financial instruments by class.

	2008 Book value £m	**2008 Fair value £m**	2007 Book value £m	2007 Fair value £m
Financial assets				
Cash and cash equivalents	**113.3**	**113.3**	58.6	58.6
Trade receivables	**219.4**	**219.4**	147.5	147.5
Available-for-sale asset	**4.4**	**4.4**	–	–
	337.1	**337.1**	206.1	206.1
Financial liabilities				
Interest bearing loans and borrowings	**421.6**	**414.3**	231.2	231.2
Interest rate swaps used for hedging	**4.5**	**4.5**	0.7	0.7
Trade payables	**54.0**	**54.0**	43.1	43.1
	480.1	**472.8**	275.0	275.0

Notes to the financial statements

28 Financial instruments (continued)

(f) Estimation of fair values

The major methods and assumptions used in estimating the fair values of the Group's financial instruments are summarised below.

(i) Interest rate swaps and caps used for hedging

Bank valuations are used to estimate the fair value of interest rate swaps and caps used for hedging. Valuations are tested by considering the equivalent swap rate as at 31 December and calculating the difference in interest earned at this rate compared to the original swap rate and cap.

(ii) Forward exchange contracts

The fair value of forward exchange contracts is based on their quoted market price, if available. If a quoted market price is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate.

(iii) Interest bearing loans and borrowings

The fair value of the floating interest bearing loans and borrowings is equal to the book value, since the floating interest rates were reset just prior to the year end. The fair value of the fixed rate interest bearing loans and borrowings has been calculated based on the present value of future principal and interest cash flows, discounted at the market rate at the reporting date.

(iv) Trade receivables and payables

For trade receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All others are estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

(v) Available-for-sale financial assets

The fair value of available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

(vi) Interest rates used for determining fair value

Prevailing market interest rates at the reporting date are used to discount future cash flows to determine the fair value of financial assets and liabilities.

29 Contingent liabilities

	2008 £m	2007 £m
Guarantees, letters of credit and performance bonds	**8.9**	7.1

Litigation

From time to time, the Group is involved in various claims and lawsuits incidental to the ordinary course of its business, including claims for damages, negligence and commercial disputes regarding inspection and testing and disputes with employees and former employees. The Group is not currently party to any legal proceedings other than ordinary litigation incidental to the conduct of business.

The outcome of litigation to which the Intertek Group companies are party cannot be readily foreseen as in some cases the facts are unclear or further time is needed to properly assess the merits of the case. However, based on information currently available, the Directors consider that the cost to the Group of an unfavourable outcome arising from such litigation is unlikely to have a materially adverse effect on the financial position of the Group in the foreseeable future.

Tax

The Group operates in more than 100 countries and is subject to wide range of complex tax laws and regulations. At any point in time it is normal for there to be a number of open years in any particular territory which may be subject to enquiry by local authorities. Where the effect of the laws and regulations is unclear, estimates are used in determining the liability for the tax to be paid on past profits which are recognised in the financial statements. The Group considers the estimates, assumptions and judgements to be reasonable but this can involve complex issues which may take a number of years to resolve. The final determination of prior year tax liabilities could be different from the estimates reflected in the financial statements.

30 Related parties

Identity of related parties

The Group has a related party relationship with its associates (see note 32) and with its key management.

Transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation and are not discussed in this note.

Transactions with associates

As stated in note 12, the Group holds a 40% interest in the associate, Allium LLC, a company registered in the US and a 49% interest in the associate Euro Mechanical Instrument Services LLC (Abu Dhabi), a company registered in the United Arab Emirates.

Allium LLC and its subsidiaries manufacture testing equipment which it sells to certain Intertek Group companies. In 2008, sales by Allium Group companies to Intertek Group companies amounted to £0.6m (2007: £0.9m). Intertek Group companies had lent dollar equivalent £1.9m to Allium LLC as at 31 December 2008 (2007: £1.4m) against which there was a Group provision of £1.2m (2007: £1.2m). Interest on these loans was charged during 2008 at an average rate of 5.6% (2007: 6.5%). Intertek Group companies owed £0.1m at 31 December 2008 (2007: £0.1m) to Allium LLC in respect of purchases of testing equipment.

Euro Mechanical Instrument Services LLC (Abu Dhabi) provides calibration services to the oil industry. This company had no material transactions with Intertek Group companies in the year.

30 Related parties (continued)

Transactions with key management personnel

Key management personnel compensation, including the Group's Executive Directors, is shown in the table below:

	2008 £m	2007 £m
Short-term benefits	**4.6**	2.3
Post-employment benefits	**0.3**	0.2
Equity-settled transactions	**1.5**	0.7
Total	**6.4**	3.2

More detailed information concerning Directors' remuneration, shareholdings, pension entitlements, share options and other long-term incentive plans is shown in the audited part of the Remuneration Report.

Richard Nelson is engaged by the Group as a Non-Executive Director under the terms of a letter of appointment for an initial period of 3 years commencing on 8 April 2005 and extended for a further 2 years on 7 March 2008. Under the terms of the same letter of appointment Richard Nelson is entitled to remuneration of £1,000 per working day for any special project work agreed in advance by the Chairman. In 2008, Richard Nelson received remuneration of £nil (2007: £1,000) for special project work.

Apart from the above, no member of key management had a personal interest in any business transactions of the Group.

31 Post Balance Sheet Events

(a) Details of all acquisitions made after 31 December 2008 are given in note 26(h).

(b) At a Board meeting on 6 March 2009, the Directors proposed a dividend of 13.7p per ordinary share, which if approved, is payable to shareholders on 19 June 2009.

32 Principal operating subsidiaries and associated companies

The Group comprises 217 subsidiary companies and two associated companies. As permitted by Section 231(5) of the Companies Act 1985, only the holding companies and the principal subsidiaries whose results or financial position, in the opinion of the Directors, principally affect the figures of the Group in 2008 and 2007 have been shown below. A full list of subsidiaries will be attached to the Company's Annual Return filed with the Registrar of Companies. All the subsidiaries were consolidated at 31 December 2008.

Company name	Country of incorporation	Activity by division*	Percentage of ordinary shares held in 2008 and 2007 Group	Company
Intertek Testing Services Holdings Limited	England and Wales	Holding company	100	100
Intertek Holdings Limited	England and Wales	Holding company	100	100
Intertek Testing Services UK Limited	England and Wales	Holding company	100	–
Intertek Finance plc	England and Wales	Finance	100	–
Intertek Testing Management Limited	England and Wales	Management company	100	–
Intertek International Limited	England and Wales	GS, IS	100	–
ITS Testing Services (UK) Limited	England and Wales	OCA, AS	100	–
ITS Testing Holdings Canada Limited	Canada	Holding company	100	–
Intertek Testing Services Limited Shanghai	China	CG, C&E, GS, IS, M	85	–
Intertek Testing Services Shenzhen Limited	China	CG, C&E, IS	100	–
Testing Holdings France EURL	France	Holding company	100	–
Testing Holdings Germany GmbH	Germany	Holding company	100	–
ITS Hong Kong Limited	Hong Kong	CG, C&E, OCA, GS, IS	100	–
Yickson Enterprises Limited	Hong Kong	Holding company	100	–
Intertek Testing Services Taiwan Limited	Taiwan	CG, C&E, OCA	100	–
Kite Overseas Holdings BV	Netherlands	Holding company	100	–
Testing Holdings Sweden AB	Sweden	Holding company	100	–
Semko AB	Sweden	C&E	100	–
ITS NA Inc	USA	C&E, IS	100	–
Intertek USA Inc	USA	OCA, AS, IS	100	–
Testing Holdings USA Inc	USA	Holding company	100	–
Genalysis Laboratory Services Pty Ltd	Australia	Minerals	100	–

Associates	Country of incorporation	Principal activity by division*	Percentage of ordinary shares held in 2008 and 2007 Group	Company
Allium LLC	USA	CG	40	–
EMIS, Abu Dhabi (acquired 2008)	United Arab Emirates	OCA	49	–

*Consumer Goods (CG), Commercial & Electrical (C&E), Oil, Chemical & Agri (OCA),Government Services (GS), Analytical Services (AS), Industrial Services (IS) and Minerals (M).

Intertek Group plc – Company Balance Sheet

As at 31 December 2008

	Notes	2008 £m	2007 £m
Fixed assets			
Investments in subsidiary undertakings	(d)	**284.7**	280.9
Current assets			
Debtors due after more than one year	(e)	**8.8**	–
Debtors due less than one year	(f)	**1.5**	0.4
		10.3	0.4
Cash at bank and in hand		**0.3**	10.1
		10.6	10.5
Creditors due within one year			
Other creditors	(g)	**(3.2)**	(1.9)
Net current assets		**7.4**	8.6
Total assets less current liabilities		**292.1**	289.5
Creditors due after more than one year			
Other creditors	(h)	**(4.2)**	(9.2)
Net assets		**287.9**	280.3
Capital and reserves			
Called up share capital	(i)	**1.6**	1.6
Share premium	(i)	**249.9**	247.3
Profit and loss account	(i)	**36.4**	31.4
Shareholders' funds – equity		**287.9**	280.3

The financial statements on pages 112 to 115 were approved by the Board on 9 March 2009 and were signed on its behalf by:

Wolfhart Hauser
Director

Bill Spencer
Director

Notes to the Company financial statements

(a) Accounting policies – Company

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and under the historical cost accounting rules.

Under Section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

The Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is included in the consolidated accounts which it has prepared.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. All foreign exchange differences are taken to the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets in respect of timing differences are only recognised to the extent that it is more likely than not there will be suitable taxable profits to offset the future reversal of these timing differences.

Classification of financial instruments issued by the Company

Following the adoption of the presentation requirements of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(i) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(ii) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments, or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within shareholders' funds

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

Dividends unpaid at the balance sheet date, are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provisions for impairment.

Intercompany financial guarantees

When the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies in the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability, until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Share-based payments

Intertek Group plc runs a share ownership programme that allows Group employees to acquire shares in the Company. In order to encourage share ownership, a share option scheme for senior management was established in March 1997. This option programme was discontinued in 2006 and was replaced by a new Long Term Incentive Plan.

As permitted by FRS 20, the Company has applied the requirements of this standard to all share-based payment awards granted after 7 November 2002.

The fair value of options and share awards granted to employees of the Company is recognised as an employee expense with a corresponding increase in equity. As the Company has no employees, there is no recognition of an employee expense nor the corresponding increase in equity. However, the Company grants options and awards over its own shares to the employees of its subsidiaries and therefore the Company recognises an increase in the cost of investment in its subsidiaries, equivalent to the equity-settled share-based payment charge recognised in its subsidiary's financial statements, with the corresponding credit being recognised directly in equity.

Notes to the Company financial statements

(a) Accounting policies – Company (continued)

The fair value is measured at grant date and is spread over the period during which the employee becomes unconditionally entitled to the options. The fair value granted is measured using the Black-Scholes model. This method, in calculating the fair value, takes into account various factors including the expected volatility of the shares, the dividend yield and the risk free interest rate.

The fair value of shares granted under the Long Term Incentive Plan is also measured using the Black-Scholes method and is spread over the period during which the employee becomes unconditionally entitled to the shares.

See note 27 in the Group financial statements for further information on the share schemes.

(b) Profit and loss account

Amounts paid to the Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

The Company does not have any employees.

Details of the remuneration of the Directors are set out in the Remuneration Report.

(c) Dividends

The aggregate amount of dividends comprises:

	2008 £m	2007 £m
Final dividend paid in respect of prior year but not recognised as a liability in that year	**19.2**	16.1
Interim dividends paid in respect of the current year	**11.2**	9.1
Aggregate amount of dividends paid in the financial year	**30.4**	25.2

The aggregate amount of dividends proposed and recognised as liabilities as at 31 December 2008 is £nil (2007: £nil).

(d) Investment in subsidiary undertakings

	2008 £m	2007 £m
Cost and net book value		
At 1 January	**280.9**	277.4
Additions	**0.5**	0.5
Additions due to share-based payments	**3.3**	3.0
At 31 December	**284.7**	280.9

During the year, the Company subscribed £0.5m into the share capital of its segregated account in Leeward Insurance Company Limited, registered in Bermuda. This is the insurance captive for the Group.

The Company has granted options over its own shares and made share awards to the employees of its direct and indirectly-owned subsidiaries, and as such, the Company recognises an increase in the cost of investment in subsidiaries of £3.3m (2007: £3.0m). Please see note 32 in the Group financial statements for details of the principal operating subsidiaries.

The other two direct subsidiary undertakings at 31 December 2008 were Intertek Testing Services Holdings Limited and Intertek Holdings Limited, both of which are holding companies, incorporated in the United Kingdom and registered in England and Wales. All interests are in the ordinary share capital of the companies and both companies are wholly owned. In the opinion of the Directors, the value of the investments in subsidiary undertakings is not less than the amount at which the investments are stated in the balance sheet.

There is no impairment to the carrying value of these investments.

(e) Debtors due after more than one year

	2008 £m	2007 £m
Amounts owed by Group undertakings	**8.8**	–

The amounts owed by Group undertakings represent long-term loans due in two to five years, which carry interest based on the denomination of the borrowing currency.

(f) Debtors due within one year

	2008 £m	2007 £m
Corporation tax	**0.4**	–
Amounts owed by Group undertakings	**1.1**	0.4
	1.5	0.4

(g) Creditors due within one year

	2008 £m	2007 £m
Amounts owed to Group undertakings	**3.0**	1.8
Accruals and deferred income	**0.2**	0.1
	3.2	1.9

(h) Creditors due after more than one year

	2008 £m	2007 £m
Amounts owed to Group undertakings	**4.2**	9.2

The amounts owed to Group undertakings represent long-term loans due in two to five years, which carry interest based on the denomination of the borrowing currency.

(i) Shareholders' funds – equity

	Share capital £m	Share premium £m	Profit and loss £m	Total £m
At 1 January 2007	1.6	242.4	44.7	**288.7**
Profit for the financial year	–	–	8.9	**8.9**
Dividends	–	–	(25.2)	**(25.2)**
Credit in relation to share-based payments	–	–	3.0	**3.0**
Shares issued	–	4.9	–	**4.9**
At 31 December 2007	1.6	247.3	31.4	**280.3**
Profit for the financial year	–	–	32.1	**32.1**
Dividends	–	–	(30.4)	**(30.4)**
Credit in relation to share-based payments	–	–	3.3	**3.3**
Shares issued	–	2.6	–	**2.6**
At 31 December 2008	**1.6**	**249.9**	**36.4**	**287.9**

Details of share capital are set out in note 20 and details of share options are set out in note 27 to the Group financial statements.

A profit and loss account for Intertek Group plc has not been presented as permitted by Section 230(4) of the Companies Act 1985. The profit for the financial year, before dividends paid to shareholders of £30.4m (2007: £25.2m) was £32.1m (2007: £8.9m) which was mainly in respect of dividends received from subsidiaries.

(j) Related party transactions

Under FRS 8: Related Party Disclosures, the Company has taken advantage of the exemption from disclosing transactions with other Group companies.

(k) Contingent liabilities

The Company is a member of a group of UK companies that are part of a composite banking cross guarantee arrangement. This is a joint and several guarantee given by all members of the Intertek UK cash pool, guaranteeing the total gross liability position of the pool which was £17.7m at 31 December 2008 (2007: £29.2m).

From time-to-time, in the normal course of business, the Company may give guarantees in respect of certain liabilities of subsidiary undertakings.

Corporate and Shareholder Information

Shareholders' Enquiries and Electronic Communications www.shareview.co.uk

Any shareholders with enquiries relating to their shareholding should, in the first instance, contact our Registrars, Equiniti.

Shareholders who would prefer to view documentation electronically can elect to receive automatic notification by email each time the Company distributes documents, instead of receiving a paper version of such documents, by registering a request at the website, 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 email or by post.

To access 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 JPMorgan Cazenove, whose details are as follows:

JPMorgan Cazenove (postal service)
20 Moorgate
London
EC2R 6DA
t: +44 20 7155 5328

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
t: +44 20 7930 3737.

Share price information

Information on the Company's share price is available from the investor pages of www.intertek.com.

Board of Directors

Vanni Treves, Chairman*
Richard Nelson, Deputy Chairman*
David Allvey*
Christopher Knight*
Debra Rade*
Wolfhart Hauser, Chief Executive Officer
Mark Loughead, Chief Operating Officer
William Spencer, Chief Financial Officer

*Non-Executive Directors

Company Secretary

Fiona Evans

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Financial Calendar

Financial year end	31 December 2008
Results announced	9 March 2009
Annual General Meeting	15 May 2009
Ex-dividend date for final dividend	3 June 2009
Record date for final dividend	5 June 2009
Final dividend payable	19 June 2009
Interim results announced	3 August 2009
Interim dividend payable	November 2009

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