Intertek Testing Management Limited
Directors' Report and
Financial Statements

Year ended 31 December 2004

Registered number 948153



Intertek Testing Management Limited

Directors' Report and Financial Statements

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Intertek Testing Management Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The principal activity of the company is, and will continue to be, the provision of management services to the Intertek Group.

Business review

The results for the year and the state of affairs of the Company are shown in the financial statements and notes on pages 6 to 15.

Results and dividends

The profit after tax for the year was £260,000 (2003: £89.1m). No dividend was paid during 2004 (2003: £89.0m) leaving £260,000 to be transferred to reserves.

Payments to creditors - policy and practice

Intertek Testing Management Limited has no trade creditors.

Directors and Directors' interests

The directors who served throughout the year were:

Richard Nelson
William Spencer

The share interests of Richard Nelson and William Spencer in the ultimate parent company at 31 December 2004 are disclosed in the Annual Report and Accounts of Intertek Group plc.

Political and charitable contributions

The company made no political or charitable contributions during the year. (2003: £nil)

Auditors

Pursuant to a shareholder's resolution, the company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

By order of the Board

William Spencer
Director

29 March 2005 London

Intertek Testing Management Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the 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 Company and to prevent and detect fraud and other irregularities.

Intertek Testing Management Limited

Independent auditor's report to the members of Intertek Testing Management Limited

We have audited the financial statements on pages 6 to 15.

This report is made solely to the company's members, as a body, in accordance with s.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 are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, [redacted] director's report is not consistent with the financial statements, if the company has not kept proper accounting [redacted]ords, 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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. 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 groups'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 are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the adequacy of the presentation of information in the financial statements.

Opinion

[redacted]ur opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2004 [redacted]of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London EC4Y 8BB

29 March 2005

Intertek Testing Management Limited

Profit and Loss Account
for the year ended 31 December 2004

	Notes	2004 £'000	2003 £'000
Administrative expenses		(5,580)	(5,182)
Other operating income		4,239	3,939
Operating loss	*4*	**(1,341)**	**(1,243)**
Income from interests in group undertakings		-	7
Profit on sale of a subsidiary undertaking	*5*	-	89,332
(Loss)/profit on ordinary activities before interest and taxation		**(1,341)**	**88,096**
Interest receivable	*6*	1,695	994
Profit on ordinary activities before taxation		**354**	**89,090**
Taxation	*7*	(94)	2
Profit on ordinary activities after taxation		**260**	**89,092**
Dividends	*8*	-	(89,000)
Retained profit for the financial year		**260**	**92**

The results stated above are all derived from continuing operations.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the historical cost profit and the profit reported above.

Intertek Testing Management Limited

Balance Sheet
at 31 December 2004

	Notes	**2004 £'000**	**2003 £'000**
Fixed assets			
Tangible assets	9	196	206
Current assets			
Debtors: amounts falling due within one year	10	6,899	5,969
Cash at bank and in hand		5,818	-
		12,717	5,969
Creditors: amounts falling due within one year	11	(2,004)	(5,216)
Net current assets		10,713	753
Debtors: amounts falling due after more than one year	12	24,288	33,978
assets		**35,197**	**34,937**
Capital and reserves			
Called up share capital	13	34,372	34,372
Profit and loss	14	825	565
Shareholders' funds - equity	15	**35,197**	**34,937**

These financial statements were approved by the Board of Directors and were signed on its behalf by:

William Spencer
Director

29 March 2005

Notes to the Financial Statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The company is exempt by virtue of s. 228 of the Companies Act 1985 from the requirements to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standards 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet [redacted] or at the contracted rate if the transaction is covered by a forward exchange contract. All foreign exchange differences are [redacted]en to profit and loss account in the year in which they are incurred.

Fixed assets and depreciation

Fixed assets are depreciated on a straight-line basis at rates calculated to write off the cost of assets, less estimated residual value, over their anticipated useful lives which are as follows:

Refurbishment, furniture, fixtures and equipment 3-10 years

Taxation

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.

Dividends

Dividends from subsidiary undertakings are accounted for when declared payable.

[redacted]estments

Investments are stated at cost less any provision for permanent diminution in value.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

2. Remuneration of directors

	2004 £'000	2003 £'000
Directors' emoluments	1,036	876
Company contribution to money purchase pension schemes	174	162
Company contribution to a defined benefit scheme	12	11
Total	1,222	1,049

[redacted] above remuneration is paid by the company to the directors, who are also directors of Intertek Group plc.

The aggregate remuneration of the highest paid director was £899,700 (2003: £772,000), including company pension contributions of £173,700 (2003: £162,000) made on his behalf to a money purchase scheme.

	2004 Number	2003 Number
Retirement benefits are accruing to the following number of directors under:		
Money purchase scheme	1	1
Defined benefit scheme	1	1

3. Employees

The average number of persons employed by the company (including directors who discharged their duties wholly or mainly in the United Kingdom) during the year was as follows:

	2004	2003
[redacted]ctivity: Administration	38	35

Staff costs:	**2004 £'000**	**2003 £'000**
Wages and salaries	2,767	2,390
Social security costs	266	236
Pension costs	283	269
	3,316	2,895

4. Profit on ordinary activities before taxation

	2004 £'000	**2003 £'000**
Profit on ordinary activities before taxation is stated after *charging/(crediting)*:		
Property rental	414	392
[illegible]se and hire charges - vehicles and equipment	54	61
[illegible]preciation	101	79
Auditor's remuneration	4	4
Exchange losses	359	4
Management fees	(4,239)	(3,939)

5. Profit on sale of a subsidiary undertaking

	2004 £'000	**2003 £'000**
Profit on sale of a subsidiary	-	89,332

On 19 June 2003, the company sold its 100% shareholding in Intertek International Limited to Intertek Holdings Limited for consideration of £111,015,000. The carrying value of this investment was £21,683,000 and therefore a profit on disposal of £89,332,00 was realised.

[illegible]nterest receivable

	2004 £'000	**2003 £'000**
On group loans	1,695	994

7. Taxation

7(a) Tax on profit on ordinary activities

	2004 £'000	2003 £'000
Current tax:		
UK corporation tax credit at 30% (2003: 30%) on profit for the year	91	(38)
Less: relief for foreign tax	(6)	-
Adjustments in respect of previous periods	3	31
	88	(7)
Foreign tax suffered	6	5
Tax charge/(credit)	94	(2)

(b) Factors affecting tax charge for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK (30%). The difference is explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation	354	89,090
Current tax at 30% (2003: 30%)	106	26,727
Effects of:		
Non taxable - profit on sale of investment	-	(26,799)
Overseas taxes	-	5
Accelerated capital allowances	(3)	(10)
Other timing differences	(29)	30
Adjustment in respect of previous periods	2	31
Expenses not deductible for tax purposes	18	14
Total current tax charge/(credit) (note 7(a))	94	(2)

7(c) Deferred tax

	2004		2003	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Accelerated capital allowances	-	56	-	59
Other short term timing differences	-	66	-	93
Deferred tax asset	-	122	-	152

A deferred tax asset of £122,000 (2003: £152,000) has not been recognised on accelerated capital allowances and other short term timing differences since these assets can only be deducted against future suitable taxable profits. There is currently insufficient evidence that suitable taxable profits will be generated to offset the future reversal of these timing differences.

8. Dividends

	2004 £'000	2003 £'000
No dividend was paid in 2004 (2003: 2.59 pence per share)	-	89,000

9. Fixed assets - Tangible assets

	Refurbishment, furniture, fixtures and equipment £'000
Cost	
As 1 January 2004	641
Additions	91
At 31 December 2004	**732**
Depreciation	
At 1 January 2004	435
Charge for the year	101
At 31 December 2004	**536**
Net book value	
At 31 December 2004	**196**
As 31 December 2003	**206**

10. Debtors - amounts falling due within one year

	2004 £'000	2003 £'000
Amounts owed by parent and fellow subsidiary undertakings	4,795	5,201
Other debtors	995	412
Prepayments and accrued income	1,109	356
	6,899	**5,969**

11. Creditors - amounts falling due within one year

	2004 £'000	2003 £'000
Bank overdraft	-	2,505
Amounts owed to parent and fellow subsidiary undertakings	301	1,032
Taxation and social security	194	260
Other creditors	12	25
Accruals and deferred income	1,497	1,394
	2,004	**5,216**

12. Debtors - amounts falling due after more than one year

	2004 £'000	2003 £'000
Amounts owed by parent undertaking	**24,288**	**33,978**

Notes to the Financial Statements (continued)

13. Share Capital

	2004 £'000	2003 £'000
Authorised		
200,000,000 Ordinary shares of £1 each	200,000	200,000
Allotted, called up and fully paid		
34,372,000 Ordinary shares of £1 each	34,372	34,372

14. Profit and loss account

	£'000
At 1 January 2004	565
[illegible]ained profit for the year	260
At 31 December 2004	825

15. Reconciliation of movement in equity shareholders' funds

	2004 £'000	2003 £'000
Opening shareholders' funds	34,937	34,845
Profit on ordinary activities after tax	260	89,092
Dividends	-	(89,000)
Closing shareholders' funds	35,197	34,937

16. Pensions

The company is a member of a group pension scheme, the Intertek Pension Scheme. The scheme has two sections. One section provides benefits based on final pensionable pay. This section was closed to new entrants from 1 April 2002. [illegible] other section, which was commenced on 1 April 2002, provides benefits based on the level of contributions made into [illegible] scheme.

In respect of the final salary section of the scheme, since the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17: Retirement benefits, the scheme has been accounted for by the company as if it was defined contribution scheme.

The FRS 17 pension deficit of the Intertek Pension Scheme at 31 December 2004 was £15.7 million (2003: deficit of £7.1 million). Further details about the final salary section of the scheme and full information about the FRS 17 aspects are disclosed in the financial statements of the ultimate parent company, Intertek Group plc.

Notes to the Financial Statements (continued)

17. Related party transactions

Under Financial Reporting Standard 8, "Related Party Disclosures", the Company has taken advantage of the exemption from disclosing transactions with other group companies.

Until 1 March 2005, W Hauser, a Non-Executive Director of Intertek Group plc, had a consultancy agreement to assist the Group in its expansion, for which he received a fee of £1,000 per working day plus an annual bonus of up to 25% of the consultancy fees payable on the satisfactory completion of the tasks assigned to him. In 2004, the amount charged in the accounts of Intertek Management Limited, under this consultancy agreement including bonus was £36,700 (2003: £77,000).

18. Commitments

At 31 December 2004, the Company had annual unprovided commitments under non-cancellable operating leases which expire as follows:

	2004			2003		
	Land and buildings £'000	Other £'000	Total £'000	Land and buildings £'000	Other £'000	Total £'000
Within one year	399	58	457	395	47	442
In the second to fifth years inclusive	200	46	246	599	62	661
	599	**104**	**703**	994	109	1103

19. Ultimate and immediate parent undertaking

The immediate parent undertaking is Intertek Holdings Ltd.

The ultimate parent undertaking is Intertek Group plc.

Copies of Intertek Group plc's consolidated financial statements can be obtained from The Secretary, 25 Savile Row, London, W1S 2ES.