

Intertek Testing Services plc



.....
Annual Review 2002
.....

Intertek is an international leader in testing, inspection and certification. We help companies around the world to do business by adding value to their products.

We deliver our services with integrity and skill, which enables our customers to meet their quality, regulatory and safety standards so that people and organisations, wherever they are can trust in the products they use.

1	Financial highlights in 2002	19	Compliance and internal control
2	Business overview	20	Statement of the independent auditors
4	Chairman's statement	21	Summary directors' report
6	Chief Executive's review	22	Summary group profit and loss account
8	Board of Directors	23	Summary group balance sheet
9	Executive management team	24	Corporate information
10	Labtest	25	Contacts
12	Caleb Brett		
14	ETL SEMKO		
16	Foreign Trade Standards		
18	RAM Consulting		

Financial highlights in 2002

Turnover	£461.1m	Up 2.1% at actual exchange rates Up 6.1% at constant exchange rates
Operating profit ¹	£76.9m	Up 10.2% at actual exchange rates Up 15.3% at constant exchange rates
Operating margin	16.7%	Up from 15.5%
Operating cash flow ²	£60.2m	Up 13.8%
Profit before tax ³	£53.9m	
Earnings per share ⁴	27.1p	
Proposed final dividend per share	5.2p	

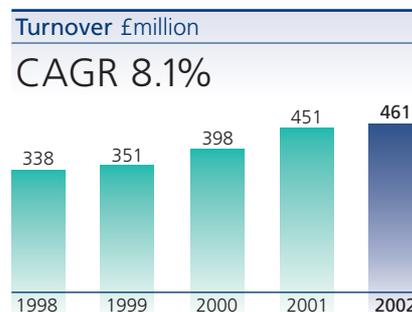
¹ before goodwill amortisation and exceptional operating items and includes profits from associates

² before exceptional items and after capital expenditure

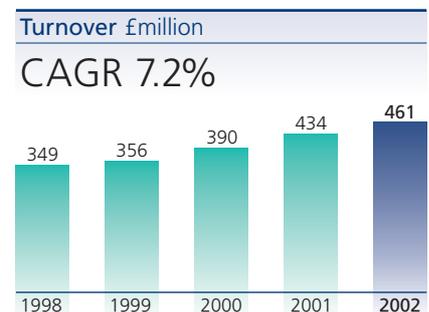
³ after exceptional items

⁴ basic earnings per share before exceptional items

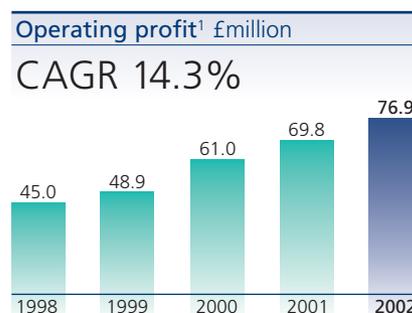
- Listing on the London Stock Exchange in May 2002
- Repayment of all pre-flotation debt
- New multi currency debt facility of £300m



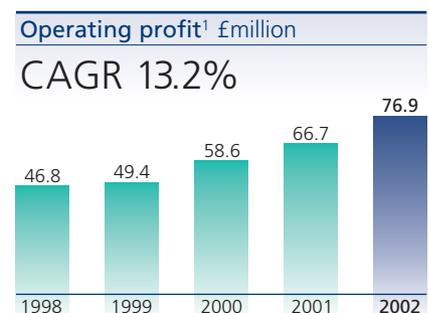
Continuing business at actual exchange rates



Continuing business at constant exchange rates



Continuing business at actual exchange rates



Continuing business at constant exchange rates

¹ before goodwill amortisation and exceptional operating items and includes profits from associates

Business overview



Labtest

www.itslabtest.com

Client markets

Textiles, footwear, toys, hardlines, social compliance, systems certification services

Divisional overview

Labtest's clients include some of the world's leading successful retail organisations, manufacturers, international traders and brands. We help them throughout their supply chain to minimise their business risks. We serve as a long-term partner, from product design through product testing and during production inspection to final random inspection, from compliance audit to systems certification, providing a competitive edge by implementing quality-assurance procedures and processes.



Caleb Brett

www.itscb.com

Client markets

Petroleum, chemical, agricultural products, outsourcing

Divisional overview

Caleb Brett, founded in 1885, is an international independent testing and inspection company with laboratories and facilities and coverage in over 116 countries. Our technical expertise includes analytical laboratory services, product quality and loss control, process chemistry, web-enabled capabilities and outsourcing.



ETL SEMKO

www.etlsemko.com

Client markets

Electrical, electronic, telecoms equipment, building products and heating ventilation and air conditioning (HVAC)

Divisional overview

ETL SEMKO provides manufacturers, manufacturers' associations and retailers worldwide with a complete range of safety and performance testing and certification services. We work in partnership with manufacturers to provide them with access to international markets for their products, by offering global safety, EMC (electro magnetic compatibility) and specialised telecommunications testing and certification services. We work in partnership with retailers to provide them with confidence in their product quality by offering a wide range of performance testing services.



FTS

www.itsfts.com

Client markets

Pre-shipment inspection, standards testing, import duty verification

Divisional overview

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

2002 Highlights

- Expanding service scope to toxicological review assessment to consumer products and cosmetics
- Opened two textiles laboratories and one toys and hardlines laboratory in China
- Accreditation of toys and hardlines laboratory in Germany by ZLS in accordance with ISO17025 for GS Product Certification

82 offices
35 laboratories

2002 Highlights

- Neolytica laboratory outsourcing partnership with Dow Chemical and Air Products launched
- US Department of Energy contract award for all crude oil quality and quantity controls supporting the US Strategic Petroleum Reserve
- Royal Dutch Shell award of a significant portion of their global inspection and testing requirements
- Petrobras Brazil fuel oil testing contract award.
- Opened 11 new laboratories and 14 new offices to expand network

360 offices
196 laboratories

2002 Highlights

- Opened two new offices in China - Xiamen and Wenzhou, further increasing our presence there
- Created a new specialist retail services business unit in North America and Europe
- Won a prestigious contract with Siemens in the USA to provide coast to coast safety listing services on airport security equipment

37 offices
41 laboratories

2002 Highlights

- Contracts with the Government of Nigeria and the Saudi Arabia Standards Organisation extended into 2003
- New contracts awarded by the Government of Rwanda and the National Standards Body of Kuwait
- Strategic alliance established with Charles Kendall and Partners for customs support services
- New Intertek ADVANTAS products operational in Mozambique, Kenya and Rwanda
- Inspection agreement signed with major new port in Egypt

51 offices

Chairman's statement

In May 2002, the Group raised net proceeds of £233 million from shareholders by its successful flotation on the London Stock Exchange. Shortly after, new banking facilities were made available and existing debt, debentures and preference shares were repaid, strengthening the Group's balance sheet and improving liquidity.

'It is a tribute to both the strength of our business and our management and staff that 2002 was a further year of strong results.'



In this, our first Annual Review since the flotation, I am pleased to be able to report that the Group has maintained its record of strong results and good growth. At constant exchange rates, turnover grew by 6% and operating profit before goodwill amortisation and exceptional items grew by 15%, increasing the Group's operating margin to 16.7%. In a year characterised by economic slowdown, as well as the additional burden of work associated with the flotation, it is a tribute to both the strength of our business and our management and staff that 2002 was a further year of strong results.

In September we announced that the Group had reached an agreement with Inchcape plc to settle claims made in connection with the Sale and Purchase Agreement dated 6 November 1996 between Intertek and Inchcape under which the Intertek business was purchased from Inchcape. Inchcape paid the sum of US\$22.75 million in cash to settle fully and finally all claims that had arisen or may arise in the future.

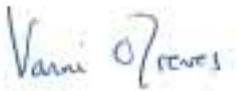
During the year there were some additions to the Board and I would like to welcome both Ross Sayers and Wolfhart Hauser as Non-Executive Directors. Ross Sayers is currently Chairman of Associated British Ports plc and Wolfhart Hauser was formerly Chief Executive of TÜV Süddeutschland, one of Germany's leading testing organisations.

In order to reflect the increasing importance of the 'Intertek' brand under which the Group operates, the Board intends to seek the approval of shareholders at the Annual General Meeting to change the Company's name to Intertek Group plc. The Annual General Meeting will take place on 15 May 2003.

The Board is recommending the payment of a final dividend of 5.2p per share, being the first dividend the Company will pay since the flotation. Based on a one third, two thirds dividend split for interim and final dividends respectively this is equivalent to an annual dividend of 7.8p per share which is covered 3.5 times by proforma earnings. If approved, the Company will pay the final dividend on 18 June 2003 to all shareholders registered on 6 June 2003. As noted in my Statement in the Interim Accounts the Board intends to pay an interim dividend in November 2003.

The Group intends to continue to develop the business organically but will also look for strategic bolt-on acquisitions to complement and extend the Group's range of services and geographic spread. We have a committed and experienced management team and we have quality businesses in a wide range of markets. I have been Chairman of Intertek for two years and I look forward to the future of the Group with confidence.

I would like to take this opportunity to thank all our people and loyal customers throughout the world for their continued support and commitment.



Vanni Treves
Chairman
10 March 2003

Our Aims

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

'I am pleased to be able to report that the Group has maintained its record of strong results and good growth.'

Chief Executive's review

Writing this report gives me the opportunity to tell customers how we will strive to provide them with a continuously improving service. It enables me to tell new and existing shareholders about the Company. It also gives me the chance to tell everyone working in Intertek what is expected of us.

Intertek business drivers

Our testing, inspection and certification services ensure that our customers' products, commodities and systems are analysed and independently certified as meeting required standards of safety, quality and performance. Our customers need these services for many reasons: to satisfy their customers, to minimise legal liability, to protect their reputations, to comply with laws and regulations and to provide buyers and sellers with independent certification of quantity and quality.

The demand for our services grows apace. Consumers want more stringent quality standards, greater variety of products and shorter product life cycles – all of which increase testing and inspection requirements. Meanwhile, sourcing and manufacturing continue to move to low cost locations, further increasing the need for reliable local independent testing and inspection. There is also a continuing trend to outsourcing, with customers recognising

that our technology base allows us to perform testing, inspection and certification cheaper, faster and better than they can.

Our response

The Intertek Group operates in four separate divisions. Where customers need input from more than one part of the Group, the divisions work together to ensure a smooth and efficient service.

Intertek aims to be a world leader in each of the four areas in which it operates. We believe that Labtest is number one in its field, with Caleb Brett rated number one or two, ETL SEMKO number two and FTS number two or three. These ratings are somewhat arbitrary, as there are no industry statistics, but we have based our estimates on available market information.

In order to grow each of the divisions, we have built first class laboratory facilities and developed highly skilled teams of professionals. We have also gained all the accreditations and approvals needed to certify products, commodities and systems for a wide range of markets.

We strive for customer satisfaction and we have a performance driven management team. Across the world, our operations are managed by teams of local people who maintain high levels of professionalism

'In order to grow each of the divisions, we have built first class laboratory facilities and developed highly skilled teams of professionals.'

and integrity and who have very close communication lines. It has taken many years of training and operating to create these teams and we continue to build on them.

Underpinning our operations is a distinct Intertek culture, based on talking to our customers, keeping metrics on what they want us to do for them and ensuring that we never stop improving our service. This culture, which we believe to be unique in our industry, and a key competitive advantage, can be expressed as follows:

- Everyone's primary focus must be to understand and satisfy customers' needs
- Everyone in Intertek operates with full integrity
- It is paramount that all business units in Intertek perform well in financial terms
- Rigorous and pro-active cost control is fundamental to our success
- Wherever possible, managers and staff must be local nationals
- Training is essential to build skills and to ensure that all managers have an Intertek orientation and a commitment to the Intertek Group
- Managers are expected to be innovative and to seek opportunities, but must respect the organisational controls and reporting procedures

The future

We will continue to build on our competitive advantages, investing in our people, laboratories and other facilities and maintaining high levels of accreditations and certifications. In parallel with this, we will continue to promote and develop our culture. To support our growth we are also actively seeking in-fill acquisitions. We look to the future with a high degree of confidence.



Richard Nelson

Chief Executive Officer
10 March 2003



Board of Directors

1 Vanni Treves

Non-Executive Chairman (62)

Appointed to the Board in January 2001* he became Non-Executive Chairman in April 2001. He is a Solicitor, specialising in corporate law and governance. For thirty years he was a Partner (for twelve of them Senior Partner) of Macfarlanes, a leading firm in the City of London. He has been Chairman of three listed companies and a Director of two others. Currently he is Chairman of Channel Four Television, Equitable Life and the London Business School, a Governor of The College of Law and a Trustee of the J Paul Getty Charitable Trust.

2 Richard Nelson

Chief Executive Officer (60)

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

* Appointed to the Board of Intertek Testing Services Ltd which was the previous parent company prior to the Group reorganisation.

3 Bill Spencer

Chief Financial Officer (43)

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

4 David Allvey

The Senior Independent Director (57)

Appointed to the Board as a Non-Executive Director in May 2001*. He started his career in Civil Engineering and then qualified as a Chartered Accountant and has worked in Retailing, Financial Services, Cosmetics, Paper, Pulp and Plastics for major international businesses. He has been Group Finance Director for BAT Industries and Barclays Bank plc and was Chief Operating Officer for Zurich Financial Services. He is currently a Non-Executive Director of Britannic plc, Costain plc and William Hill plc and has been a Board Member of the UK Accounting Standards Board since 1994.

5 Ross Sayers

Non-Executive Director (61)

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

6 Wolfhart Hauser

Non-Executive Director (53)

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



Executive management team

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

1 Raymond Kong

Executive Vice President (55)

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

2 Mark Loughhead

Executive Vice President (43)

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

3 Martin Lea

Executive Vice President (45)

Appointed a member of the Executive Management Team in October 2001. He is Chief Executive of ETL SEMKO and is based in the UK. Prior to joining Intertek in 2001 he worked in the telecommunications sector, most recently as President of Global Crossing UK Limited in the United Kingdom and prior to that as Managing Director of Racal Telecommunications Limited. He has a first class honours degree in Business Studies.

4 Rob Dilworth

Executive Vice President (41)

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



2

4

1

3

Business overview

WHAT WE DO

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

OUR CUSTOMERS

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

OUR STRENGTHS

Our extensive network of laboratories and offices means that we can provide a local service near manufacturing sites or customers' buying offices. Our range of accreditations, together with our

international reputation, enables these goods to be sold in all the major markets. Our rapid response to questions and requests for technical advice also gives our customers the ability to move quickly enough to meet changing government regulations and industrial standards. We have some of the most highly skilled technicians in our industry and a firm commitment to quality and service excellence underpins everything we do.

OUR OPPORTUNITIES AND STRATEGY

Our market is growing strongly as customers become more quality-conscious and retailers seek to raise reputations and standards. Shorter product life cycles, new fabrics and a greater number of designs are also driving our market. The products we test are increasingly sourced from developing countries and we are continuing to expand our network to provide a service that meets our customers' needs. We are building on strong relationships with our customers as they meet the challenges of a global marketplace and expect to see continuing growth as our business drivers gain momentum.

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

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

Labtest

Clients include
JC Penney, Wal-Mart, Nike, Gap Inc, QVC,
Marks & Spencer.

1 **Raymond Kong**
Executive Vice President
Labtest Worldwide

2 **Bernard Leroy**
Vice President
Labtest EMEA

3 **Roque Corona**
Vice President
Labtest Americas

4 **Albert Lo**
Vice President
Labtest Hong Kong & Asia

5 **Paul Yao**
Vice President
Labtest China & Taiwan



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

www.itslabtest.com



Business overview



Caleb Bre

A world leader working closely with oil and chemical companies to provide independent assessment of crude oil, petroleum products and chemicals.

1 Mark Loughead
Executive Vice President
Caleb Brett Worldwide

2 Jay Gutierrez
Vice President
Caleb Brett Americas

3 John Hannaway
Vice President
Caleb Brett Asia

4 John Hodson
Vice President
Caleb Brett EMEA



WHAT WE DO

Caleb Brett's service offerings and capabilities are growing at a rapid pace as global industries increasingly seek outsourcing solutions. We provide technology and expertise to customers for their testing, process and inspection needs.

Services offered include hydrocarbons and chemical quality control, cargo quantity control, laboratory outsourcing, high-end precision analytical testing, field inspection and sampling, loss control, process & catalysis support, web-enabled monitoring, auditing and consulting. We provide similar services in relation to agricultural produce.

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

OUR CUSTOMERS

Industrial and commercial organisations choose Caleb Brett as their preferred partner when outsourcing laboratory and analytical services.

Our customer list includes major companies involved with hydrocarbons, chemicals and agricultural products. World-class companies look to us for innovative business and technical solutions.

OUR STRENGTHS

Caleb Brett enjoys a well-deserved international reputation for expertise, technology, independence and integrity.

The Caleb Brett global network of analytical testing laboratories is staffed by dedicated teams of professionals with many years of expertise. The laboratories are equipped with the most up-to-date instrumentation and systems available. As a consequence, we are able to provide a wide and growing range of analytical solutions to our customers.

OUR OPPORTUNITIES AND STRATEGY

Growth in analytical testing and allied technical services is robust as we target conventional and developing market niches.

The potential in these markets is growing rapidly as more customers look to improve service, increase operational flexibility and lower costs by utilising the range of services that Caleb Brett provides.

Opportunities to grow exist for us in the Former Soviet Union and China where the petroleum and petrochemical industries are booming. We are focusing investment in these zones and expanding our laboratory and field services network worldwide to take advantage of a growing market and to ensure a market-leadership position.

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

tt

www.itscb.com

Clients include

Shell, BP, ChevronTexaco, TotalFinaElf, Procter & Gamble, BASF, Dow Chemical.

Business overview

WHAT WE DO

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

OUR CUSTOMERS

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

OUR STRENGTHS

To provide a local service to global companies, we operate near their main manufacturing centres worldwide. We aim to provide our customers with the most comprehensive set of recognised quality services from a single company. Our experience and knowledge of products, standards, markets and regulatory regimes together with our efficient turnaround time, means that we can help manufacturers achieve the quickest time to market, which makes us an ideal partner in a fast-moving environment.

OUR OPPORTUNITIES AND STRATEGY

The pace of new product development is continuing to grow making fast turnaround testing and certification increasingly important. The migration of manufacturing to developing countries in Asia, especially China, is also driving our business. Our network means we are well

positioned to take advantage and make in-fill acquisitions to further consolidate our market coverage. Manufacturers exporting to new geographical markets need to comply with an ever-wider range of regulations and standards – we continue to expand our portfolio of approvals to help them to do this.

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

We are innovative and adaptable in order to add real value for our customers. We achieve this by focusing on their needs and our strengths.

ETL SEMIK

Clients include

Air Conditioning & Refrigeration Institute, Haier, Goodman, Adtran, General Electric, Cisco, Electrolux, Matsushita, Pioneer, Sharp, LG, Samsung, IKEA.



1 **Martin Lea**
Executive Vice President
ETL SEMKO Worldwide

3 **Dennis Roth**
Vice President
ETL SEMKO Americas

2 **Jason Qin**
Vice President
ETL SEMKO Asia Pacific

4 **Gösta Fredriksson**
Vice President
ETL SEMKO EMEA

Helping to open up worldwide markets for manufacturers by testing their products against the national or international safety standards demanded by their customers.

www.etlsemko.com



Business overview



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

Foreign Trade



Rob Dilworth
Executive Vice President
Foreign Trade Standards Worldwide

WHAT WE DO

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

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

Ministries of Finance retain us to increase duty and tax revenues and to improve operational efficiency. Imports are inspected and valued in the country of export before they are shipped. Import duties due are then certified, allowing them to be accurately calculated and collected.

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

Our **Inteco** subsidiary provides technical inspection and vendor management to major industrial companies, particularly in the oil, gas and power generation sectors.

OUR CUSTOMERS

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

OUR STRENGTHS

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

OUR OPPORTUNITIES AND STRATEGY

Opportunities for growth are significant as we continue to expand our services to Ministries of Finance and National Standards Organisations. We also expect to increase sales of our Advanced Trade Assessment System tools and services, linked to customs consultancy and training services from Charles Kendall and Partners.

www.itsfts.com

Standards

Country clients include
Nigeria, Rwanda, Mozambique, Kenya,
Mexico, Ecuador, Saudi Arabia, Kuwait, Iran,
Bangladesh, Uzbekistan.

Business overview

A leading safety consulting company, dedicated to defining better standards by challenging conventional thinking about safety.

www.ram.com

RAM Consulting, a specialist division of Labtest, is committed to advancing the safety industry through innovation in research, evaluation and education. RAM forms partnerships with client companies to make product safety integral to every level of their business process – from design and engineering through to manufacturing and distribution. In this way, RAM enables companies to protect their consumers, their brand reputation and their integrity as well as helping them to succeed in today's safety-critical compliance market.

RAM's extensive and original research and technology provides the basis of all its consultancy and training services. Our safety specialists continue to work closely with leading authorities in research and medicine, as well as with our clients. Together, they develop key processes and procedures, driving the establishment of

clear criteria and guidelines for preventing injuries and saving lives. In our desire to meet and exceed customer and market requirements, RAM uses pioneering product design technologies and has expanded its safety training efforts with the development of the 'Basic Safety Training' internet programme.

RAM Consulting's unique perspective on safety creates the most comprehensive method of Risk Analysis and Management in the world. For our clients, including McDonald's Corporation, Kraft, Marks & Spencer, SC Johnson and other major Fortune 100 companies, that means added comfort in the safety of their products. And, as safety standards become ever more rigorous, RAM's client base grows. This is especially so in the manufacturing area, where RAM's Total Quality Assurance is widely accepted.

RAM Consulting



Compliance and internal control

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

Responsibility

The Audit Committee is responsible for ensuring that compliance remains central to our culture. It sets policies and procedures for identifying and measuring risk and for preventing breaches of compliance rules.

The Audit Committee comprises three independent Non-Executive Directors. As VP Compliance, I report to the Audit Committee and administer the policies and procedures on their behalf. Reporting to me are dedicated Compliance Officers from each division who coordinate the quality assurance auditors, a centrally managed internal financial audit team and claims management team.

Also reporting to the Audit Committee is a Risk Management Committee which comprises the Chairman of the Audit Committee, the Chief Executive Officer, the Chief Financial Officer and me. We meet regularly to review the risk environment and the resources to manage those risks.

Implementation and enforcement

All employees have to sign and comply with the Group's Code of Ethics by applying its principles in all their business dealings. They know that the Zero Tolerance Policy will deal with breaches harshly. An externally managed telephone hotline is used for anonymous reporting of any matters of concern. But it is regular internal auditing, training, development and appraisal of our people that really drives our strong culture.

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

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

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

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



Nigel Lucas
VP Compliance
10 March 2003



Statement of the independent auditors to the members of Intertek Testing Services plc

Persuant to section 251 of the Companies Act 1985

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

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

Respective responsibilities of Directors and auditors

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

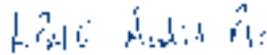
implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of opinion

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

Opinion

In our opinion, the summary financial statement is consistent with the full annual financial statements, the Directors' report and the Directors' remuneration report of Intertek Testing Services plc for the year ended 31 December 2002 and complies with the applicable requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.



KPMG Audit Plc

Chartered Accountants
Registered Auditor
London
10 March 2003

Summary directors' report

This report is a summary of the Directors' report which is included in the Annual Report and Accounts for 2002.

Principal activities and review of business

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

A review of the Company and its subsidiaries' businesses and likely future developments is given on pages 2 to 12 in the Annual Report and Accounts 2002.

The Group was created by a Group reconstruction whereby, on 24 May 2002, the shareholders in Intertek Testing Services Holdings Limited (ITSHL), formerly Intertek Testing Services Limited, exchanged the whole of their shareholdings in ITSHL in return for shares in a newly formed holding company, Intertek Testing Services plc. The acquisition of ITSHL by Intertek Testing Services plc was accounted for in accordance with the principles of merger accounting as set out in FRS 6: Acquisitions and Mergers and Schedule 4A to the Companies Act 1985. By adopting this accounting treatment the consolidated financial information included in these accounts has been shown as though the reconstruction had occurred prior to 1 January 2001.

The parent company was incorporated on 9 August 2001 as Alnery No.2218 Limited. At 31 December 2001 the Company had an issued share capital of 1 ordinary share of £1. On 10 April 2002 the Company made an exchange offer for all the issued share capital of Intertek Testing Services Limited (until then the parent company of the Group) for a consideration satisfied by the issue of one new share in the Company for each corresponding share in Intertek Testing Services Limited.

On 24 May 2002 the Company was re-registered as a public limited company and changed its name to Intertek Testing Services plc.

Directors

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

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

RE Nelson and W Spencer were appointed on 9 April 2002. VE Treves, DP Allvey and RE Sayers were appointed on 9 May 2002. W Hauser was appointed on 1 November 2002. Alnery Incorporations No 1 Limited and Alnery Incorporations No 2 Limited resigned on 9 April 2002.

Summary remuneration report

This report is a summary of the remuneration report which is included in the Annual Report and Accounts for 2002.

Remuneration Committee

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

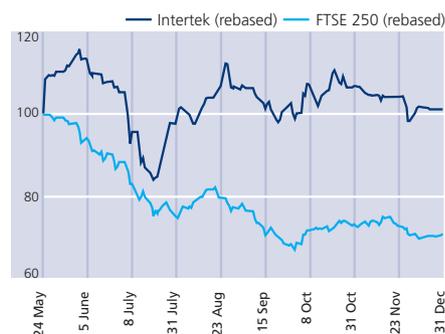
Remuneration policy

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

Directors' remuneration

In 2002, total Directors' remuneration from the date of their appointment comprised emoluments of £660,200 (2001: £nil) and pension contributions of £93,700 (2001: £nil). The total Directors' remuneration as if the Directors had been Directors of Intertek Testing Services plc throughout the same period as they were Directors of the previous parent company Intertek Testing Services Limited for 2002 comprised emoluments of £899,000 (2001: £798,300) and pension contributions of £278,300 (2001: £120,800). One Executive Director is a member of the Intertek UK Company Pension Scheme which is a defined benefit scheme, for members who joined prior to 1 April 2002.

Total shareholder return from flotation to 31 December 2002



Summary group profit and loss account

for the year ended 31 December 2002

	Pre exceptional items 2002 £m	Exceptional items 2002 £m	Total 2002 £m	Pre exceptional items 2001 £m	Exceptional items 2001 £m	Total 2001 £m
Turnover – continuing operations	461.1	–	461.1	451.4	–	451.4
Operating profit/(loss) before goodwill amortisation	76.9	15.6	92.5	69.8	(20.0)	49.8
Goodwill amortisation	(0.9)	–	(0.9)	(1.3)	(3.1)	(4.4)
Total operating profit/(loss)	76.0	15.6	91.6	68.5	(23.1)	45.4
Continuing operations	76.0	5.9	81.9	68.5	(10.7)	57.8
Discontinued operations	–	9.7	9.7	–	(12.4)	(12.4)
Net interest and similar charges	(22.2)	(15.5)	(37.7)	(39.0)	–	(39.0)
Profit/(loss) on ordinary activities before taxation	53.8	0.1	53.9	29.5	(23.1)	6.4
Taxation on profit/(loss) on ordinary activities	(16.0)	–	(16.0)	(16.7)	–	(16.7)
Profit/(loss) on ordinary activities after taxation	37.8	0.1	37.9	12.8	(23.1)	(10.3)
Attributable to minorities	(4.3)	–	(4.3)	(4.4)	–	(4.4)
Profit/(loss) for the financial year	33.5	0.1	33.6	8.4	(23.1)	(14.7)
Proposed dividends	(8.0)	–	(8.0)	–	–	–
Retained profit/(loss) for the year	25.5	0.1	25.6	8.4	(23.1)	(14.7)
Earnings/(loss) per share						
Basic	27.1p	0.1p	27.2p	10.4p	(28.6)p	(18.2)p
Diluted	26.0p	0.2p	26.2p	10.4p	(28.6)p	(18.2)p

Basic earnings per share

For the year ended 31 December 2002

	Actual £m	Pro-forma £m
Total operating profit	76.0	76.0
Net interest and similar charges	(22.2)	(10.5)
Taxation	(16.0)	(19.6)
Attributable to minorities	(4.3)	(4.3)
Profit for the financial year before exceptional items	33.5	41.6
Exceptional operating items	15.6	–
Exceptional finance charges	(15.5)	–
Basic earnings	33.6	41.6
Basic weighted average number of shares in issue (millions)	123.7	153.4
Basic earnings per share before exceptional items	27.1p	27.1p
Basic earnings per share	27.2p	27.1p

Pro-forma basic earnings per share represents the earnings per share based on the post flotation capital structure of the Group. This assumed that all pre-flotation debt was replaced on 31 December 2001 with the £300 million new loan facility of which £250 million was drawn. The pro-forma weighted average number of shares in issue was the actual number of shares in issue post flotation.

Summary group balance sheet

at 31 December 2002

	2002 £m	2001 £m
Fixed assets	90.8	88.6
Current assets	173.1	130.2
Creditors due within one year	(104.6)	(134.3)
Net current assets/(liabilities)	68.5	(4.1)
Total assets less current liabilities	159.3	84.5
Creditors due after more than one year	(226.6)	(309.5)
Provisions for liabilities and charges	(8.7)	(9.1)
Net liabilities excluding pension schemes	(76.0)	(234.1)
Net pension liabilities	(7.4)	(1.6)
Net liabilities	(83.4)	(235.7)
Capital and reserves		
Called up share capital	1.5	106.3
Reserves*	(92.0)	(349.2)
Shareholders' deficit	(90.5)	(242.9)
Minority shareholders' equity interest	7.1	7.2
Capital employed	(83.4)	(235.7)

* included in reserves is £264.7 million (2001: £286.1 million) relating to goodwill written off to reserves in relation to subsidiaries acquired prior to 31 December 1997.

The summary financial statement

The summary financial statement has been produced to allow readers an overview of the financial affairs of Intertek Testing Services plc and its subsidiaries ("the Group"), without the need to refer to the full annual accounts together with the Directors' report and auditor's report on those accounts. The auditor's report on the annual accounts for the year ended 31 December 2002 was unqualified.

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

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

Company Secretary
Intertek Testing Services plc
25 Savile Row
London W1S 2ES

This summary financial statement was approved by the Directors on 10 March 2003 and signed on their behalf:



Bill Spencer
Chief Financial Officer

Corporate information

Registered Office	Intertek Testing Services plc 25 Savile Row London W1S 2ES Telephone: +44 20 7396 3400 Fax: +44 20 7396 3480
Website	www.itsglobal.com
Registered Number	4267576
ISIN	GB0031638363
Symbol	ITRK
Registrars	Lloyds TSB Registrars The Causeway Worthing West Sussex BN99 6DA Telephone: 0870 600 3983 (UK) Telephone: +44 121 415 7059 (outside UK)
Brokers	Citigroup Citigroup Centre 33 Canada Square Canary Wharf London E14 5LB Telephone: +44 20 7986 4000 Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB Telephone: +44 20 7774 1000
Auditors	KPMG Audit Plc PO Box 486 8 Salisbury Square London EC4Y 8BB Telephone: +44 20 7311 1000

Contacts

Contact us for information on the office or laboratory that can best serve your business needs. Information and e-mail available at www.itsglobal.com

Intertek Testing Services plc

Head Office

www.itsglobal.com

E: info@itsglobal.com

Worldwide

T: +44 20 7396 3400

F: +44 20 7396 3480

Regional Head Offices

Labtest

www.itslabtest.com

E: info@itslabtest.com

Americas

T: +1 973 346 5500

F: +1 973 379 5232

Europe

T: +33 2 3209 3636

F: +33 2 3209 3637

Asia

T: +852 2173 8888

F: +852 2786 1903

Caleb Brett

www.itscb.com

E: info@itscb.com

Americas

T: +1 713 407 3500

F: +1 713 407 3594

Europe

T: +44 1708 680200

F: +44 1708 680262

Asia

T: +65 6222 3889

F: +65 6222 2383

ETL SEMKO

www.etlsemko.com

E: icenter@etlsemko.com

Americas

T: +1 978 263 2662

F: +1 978 264 9403

Europe

T: +46 8 750 0000

F: +46 8 750 6030

Asia

T: +86 21 5882 2300

F: +86 21 5840 9224

Foreign Trade Standards

www.itsfts.com

E: info@itsfts.com

Americas

T: +1 305 513 3000

F: +1 305 513 3001

Europe

T: +44 1277 223400

F: +44 1277 220950

Asia

T: +65 6285 7557

F: +65 6382 8662

RAM Consulting

www.ram.com

E: info@ram.com

Americas

T: +1 630 623 6060

F: +1 630 623 6074

Europe

T: +44 1582 635013

F: +44 1582 635310

Asia

T: +852 2926 3920

F: +852 2926 3933

Intertek Testing Services plc



Intertek Testing Services plc
Head Office
25 Savile Row
London
W1S 2ES
United Kingdom

www.itsglobal.com