

Interim report 2004



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

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

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Financial highlights

Turnover	£237.8m	Up 3.7% at actual exchange rates Up 12.4% at constant exchange rates
Operating profit ¹	£40.1m	Up 6.4% at actual exchange rates Up 18.3% at constant exchange rates
Operating margin ¹	16.9%	Up from 16.4%
Operating cash flow	£39.4m	Up 18.7% from £33.2m
Profit before tax ²	£37.2m	Up 14.5% from £32.5m
Earnings per share ³	16.6p	Up 19.4% from 13.9p
Basic earnings per share	16.2p	Up 18.2% from 13.7p (17.0p incl. exceptional income)
Interim dividend per share	3.4p	Up 17.2% from 2.9p

1 before goodwill amortisation of £0.7m (2003: £0.5m) and net exceptional income of £0.1m in 2003, and including profits from associates £0.6m (2003: £0.6m)

2 before operating exceptional income of £4.7m in 2003

3 diluted underlying earnings per share. (See note 5 to the Interim report)

⇒ 12,900 employees

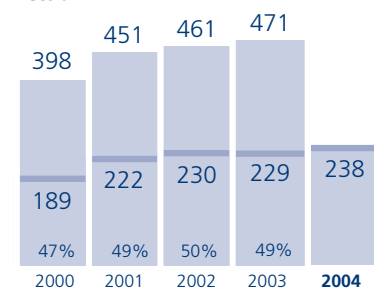
⇒ 102 countries

⇒ 531 offices

⇒ 283 laboratories

TURNOVER £M

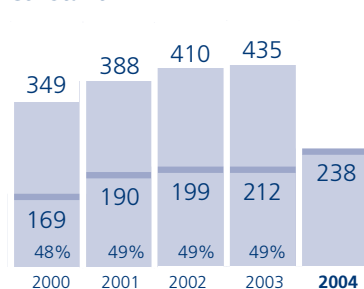
Actual



Continuing operations at actual exchange rates

TURNOVER £M

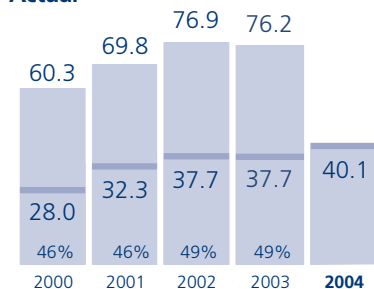
Constant



Continuing operations at constant exchange rates

OPERATING PROFIT¹ £M

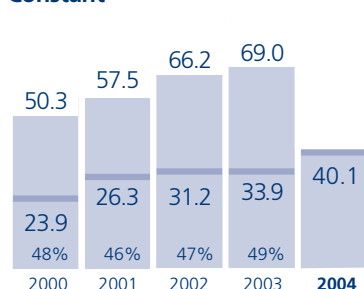
Actual



Continuing operations at actual exchange rates

OPERATING PROFIT¹ £M

Constant



Continuing operations at constant exchange rates

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

Business overview

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

Intertek Labtest

Labtest is a leading international provider of testing and inspection services for a range of consumer goods including textiles, footwear, toys, hardlines (such as ceramics, bicycles, cosmetic products, sporting goods, juvenile products and furniture). Labtest also provides services to certify customers' own operating standards and undertakes social compliance

audits of suppliers. Its clients include some of the world's largest retail organisations, manufacturers and international traders.

Clients include: Carrefour, GAP Inc, JC Penney, Marks & Spencer, McDonald's Corporation, Nike, Nordstrom, QVC, Tesco, The Home Depot, Inc., Wal-Mart

Intertek Caleb Brett

Caleb Brett was founded in 1885 and is a leading international provider of testing and inspection services for petroleum, refined products, chemicals, consumer products and agricultural products. Caleb Brett also performs analytical testing for oil and chemical companies on an outsourced basis.

Clients include: Avecia, BASF, BP, ChevronTexaco, Citgo, ExxonMobil, Procter & Gamble, Sasol, Shell, Total, Unilever, Valero

Intertek ETL SEMKO

ETL SEMKO tests, certifies and inspects electrical and electronic products, telecommunications equipment, heating, ventilation and air conditioning (HVAC) equipment, automotive components, building products, medical devices and other products, against safety and performance standards and then issues safety marks and certificates in respect of those

products. ETL SEMKO also provides inspection services to retailers.

Clients include: ARI, Adtran, Agfa, Behr, Bose, Costco Wholesale, Goodman, Haier, IKEA, Lear, LG, Matsushita, Pioneer, Samsung, Sanyo, Sharp, Tesco, The Home Depot, Inc., TRW

Intertek Foreign Trade Standards

The Foreign Trade Standards division works with National Standards Organisations to help ensure that imports comply with technical requirements. The division also works for Finance Ministries and Customs Departments providing services that ensure import duties are properly declared and paid. FTS also uses its inspection resources to provide services to major industrial and

commercial clients to ensure that equipment and goods they buy meet all their specifications.

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

Chairman's statement



Vanni Treves

“Excellent results for the half year with increased turnover and growth in profit margin. We view the full year with confidence”

RESULTS OVERVIEW

On behalf of the Board, I am pleased to announce an excellent set of results for the first six months of 2004. At constant exchange rates, compared with the same period last year, turnover grew 12.4% and operating profit before goodwill amortisation and exceptional items grew 18.3%. Excluding acquisitions and disposals, turnover grew 11.1% and operating profit grew 16.7%. Approximately 80% of the Group's earnings are in US dollars or related currencies. Despite the US dollar being 13% weaker in the first half of 2004 than the first half of 2003, at actual exchange rates, turnover increased 3.7% and operating profit increased 6.4% over the same period last year.

NEW BUSINESS

In line with the Group's growth objectives, a number of acquisitions were completed during the period. The two largest are detailed below.

On 10 May 2004, the Group acquired 100% of the share capital of Entela Inc, a US automotive components testing company, for £16.3m. Entela's strength in the automotive market, both in electrical and electronic automotive parts testing and systems certification will complement the existing ETL SEMKO businesses.

On 14 May 2004, Avecia Limited outsourced its expert analytical testing requirements to Caleb Brett. As part of the agreement, Intertek acquired the assets and employed the management and scientists of Avecia's Analytical Science Group which is based in Manchester in the UK for £4.3m. ASG is a world-class laboratory for the analysis and characterisation of chemicals.

We plan to continue making acquisitions to complement our existing businesses.

DIVIDENDS

The Board has declared an interim dividend of 3.4p (2003: 2.9p), an increase of 17.2% over last year. The interim dividend payment will be made on 16 November 2004, to members on the register at 5 November 2004.

BOARD APPOINTMENT

I would like to welcome Raymond Kong, who was appointed to the Board of Intertek Group plc on 14 May 2004. Raymond has been with the Group for over 30 years and is the President of the Group's businesses in Asia and China.

ACCOUNTING STANDARDS

The Group will adopt International Financial Reporting Standards on 1 January 2005. The Group is considering the potential impact on the consolidated financial statements of the adoption of IFRS and although the actual impact will depend on the standards applicable and the particular circumstances prevailing on adoption of IFRS, the Group does not expect there to be a material impact on the financial results of the Group.

LOOKING AHEAD

We expect a good outcome for the year and we feel confident in the continuing growth of the businesses and the Group's ability to generate strong operating cash flow.

Vanni Treves
Chairman

Chief Executive Officer's review



Richard Nelson

OVERVIEW

Turnover for the Group for the first half of 2004 was £237.8m, an increase of 12.4% over the first half of 2003 at constant exchange rates. At actual exchange rates, turnover grew by 3.7%, reflecting a 13% decline in the value of the US dollar against sterling. Strong turnover growth was achieved in Labtest, ETL SEMKO and FTS which all delivered more than 12% growth over the first half of last year at constant rates. Turnover in Caleb Brett increased by 9.8% in a market that has improved compared to last year.

Total operating profit before goodwill amortisation and exceptional items, improved

by £6.2m to £40.1m, an increase of 18.3% at constant exchange rates. Excluding acquisitions and disposals, organic growth was 16.7%. At actual exchange rates, operating profit grew by 6.4% over the first half of last year. Operating margins improved in the three major divisions, due to improved efficiency and a lower cost base following the restructuring of Caleb Brett and ETL SEMKO last year. The Group's profit margin increased from 16.4% to 16.9%.

The performance of each of the divisions is shown below at constant exchange rates with an adjustment to actual exchange rates.

Six months to 30 June	Turnover			Operating Profit ¹		
	2004	2003	Change	2004	2003	Change
	£m	£m	%	£m	£m	%
At constant exchange rates ²						
By division:						
Labtest	64.0	57.0	12.3	21.5	18.6	15.6
Caleb Brett	85.1	77.5	9.8	7.7	5.5	40.0
ETL SEMKO	58.4	50.7	15.2	9.1	6.8	33.8
Foreign Trade Standards	30.3	26.4	14.8	5.1	5.9	(13.6)
Central overheads	–	–	–	(3.3)	(2.9)	(13.8)
Total at constant exchange rates	237.8	211.6	12.4	40.1	33.9	18.3
Exchange rate adjustment	–	17.8	–	–	3.8	–
Total at actual average exchange rates ³	237.8	229.4	3.7	40.1	37.7	6.4

¹ operating profit includes the results of associates and is stated before goodwill amortisation of £0.7m (2003: £0.5m) and net exceptional income of £0.1m in 2003

² cumulative average exchange rates for the six months to 30 June 2004

³ see note 2 to the Interim report

“Our operations are performing well and we are confident in our prospects for the year and for the future”

PROFITABILITY

Profit on ordinary activities before tax was £37.2m, up 14.5% over the first half of last year, without taking into account net exceptional income before tax of £4.7m in 2003. The charge for net interest was £2.2m in the first half of 2004, compared to £4.7m in the first half of last year, due to reduced interest rates and higher cash on deposit. Interest rates increased towards the end of the first half of 2004 and cash on deposit was reduced due to acquisitions. The tax rate of 26.6% for the first half of 2004 was based on the estimated tax rate the Group expects for the full year. Profit for the period before dividends was £25.0m, up 19.0%, before exceptional items. The Board has declared a dividend of 3.4p per share (interim 2003: 2.9p) which equates to £5.2m (2003: £4.5m). Retained profit for the period was £19.8m compared to £21.6m in the first half of 2003.

CASH FLOW

Cash from operations was £39.4m up 18.7% on the first half of last year. This was used to fund net investment in fixed assets of £8.1m (2003: £9.1m), acquisitions of £19.9m (2003: £nil), interest and finance charges of £2.0m (2003: £4.3m), dividend payments to minority shareholders of £2.2m (2003: £1.3m), tax of £6.1m (2003: £6.1m) and dividends of £9.1m (2003: £8.0m). The Group repaid borrowings of £8.8m (2003: £8.2m) and issued shares of £0.8m (2003: £0.1m). As a result, Group net debt increased from £132.2m to £133.1m (see note 10 to the Interim report).

SHAREHOLDERS' FUNDS

Shareholders' funds improved by £24.3m in the period from 31 December 2003 and showed a deficit of £18.8m at 30 June 2004. The deficit is due to a large negative profit and loss reserve in the consolidated Group accounts. This is mainly due to goodwill of £235.2m that was written off to reserves before 1998 in accordance with the accounting standard applicable at that time. This goodwill arose primarily from the acquisition of Intertek Testing Services Limited from Inchcape plc in 1996. The negative consolidated reserves do not impact the ability of the Company to pay dividends in the future.

DIVISIONAL REVIEW

In the divisional review that follows, the figures are stated at the cumulative average exchange rates for the six months to 30 June 2004.

LABTEST

Six months to 30 June	2004	2003	Change
	£m	£m	%
Turnover	64.0	57.0	12.3
Operating profit	21.5	18.6	15.6
Operating margin	33.6%	32.6%	

Labtest continued to grow very well, with turnover and operating profit increasing by 12.3% and 15.6% respectively. Most of the expansion was in Asia where the key growth drivers remain strong,

Chief Executive Officer's review

principally the sourcing of products from Asia, the wide range of products being sold by retailers, shorter product lifecycles and the demand for quality and safety. Excluding the results of small acquisitions made at the end of 2003 and in 2004, and a business sold in May 2003, on a like for like basis, Labtest's turnover grew by 13.4% and operating profit grew by 14.8% at constant rates. Labtest plans to continue making infill acquisitions to consolidate its market leading position and expand into new territories and product lines. The division's profit margin increased from 32.6% to 33.6%, principally due to continued operational improvements in Hong Kong and growth in China.

CALEB BRETT

Six months to 30 June	2004	2003	Change
	£m	£m	%
Turnover	85.1	77.5	9.8
Operating profit	7.7	5.5	40.0
Operating margin	9.0%	7.1%	

Caleb Brett's turnover increased by 9.8% and operating profit increased by 40.0%. Turnover in the cargo inspection and testing business, which accounts for 72% of the division's turnover, grew by 5.4%. Growth in this market remains slow although there are improved trading conditions caused by a high demand for petroleum products in the United States. A key growth area is outsourcing which now accounts for 28% of the division's turnover, up from 25% in the first half of last year. Outsourcing turnover grew by 23.0% in the first half of 2004 compared to the same period last year. In May 2004, Avecia Limited outsourced its Analytical Science Group in the UK to Caleb Brett. This is expected to generate annual turnover of about £3.6m.

The growth in the operating margin of this division from 7.1% to 9.0% was attributable both to the growth in outsourcing and to the reduced cost base in the cargo inspection and testing business which resulted from the restructuring which took place in the first half of 2003.

ETL SEMKO

Six months to 30 June	2004	2003	Change
	£m	£m	%
Turnover	58.4	50.7	15.2
Operating profit	9.1	6.8	33.8
Operating margin	15.6%	13.4%	

ETL SEMKO's turnover increased by 15.2% and operating profit increased by 33.8%. Asia continued to perform strongly, particularly in the safety testing of household appliances manufactured in China for export. The Americas also performed well, with organic growth supplemented by the acquisition of Entela in the United States. Excluding the results of acquisitions, turnover grew 8.9% and operating profit grew 27.9%. The sales team in the United States has been successful in persuading the major retailers to accept the ETL safety label. ETL SEMKO has traditionally had a very small share of the market in the United States for the safety testing and labelling of electrical products sold by retailers, but it will now be able to compete aggressively in this market. The growth in the operating margin from 13.4% to 15.6% was due to both the reduced cost base which resulted from the restructuring in the second half of 2003 and the growth in Asia where the profit margin is higher than in the West.

FOREIGN TRADE STANDARDS

Six months to 30 June	2004	2003 Change	
	£m	£m	%
Turnover	30.3	26.4	14.8
Operating profit	5.1	5.9	(13.6)
Operating margin	16.8%	22.3%	

FTS's turnover increased by 14.8% mainly due to the new contract in Venezuela which commenced operating in the second half of 2003. The decline in the operating margin to 16.8% was due to the release of bad debt provisions in the first half of last year.

OUTLOOK

Our operations are performing strongly and we see an increasing demand for safety and quality assurance, especially when goods and commodities are sourced from developing countries. We have the management and the operational and financial resources to benefit from the exciting growth opportunities in our business, which include the increased sourcing of goods from Asia, the growing acceptance by the American retailers of our ETL safety label, our new automotive component testing business and the growing trend for oil and chemical companies to outsource their testing.

In light of these trends, with our extensive worldwide network of laboratories and offices and our well established client base, we are confident in our prospects for the year and for the future.



Richard Nelson
Chief Executive Officer

Group profit and loss account

	Six months to 30 June 2004 (Unaudited)	
	Notes	Total £m
Turnover	2	237.8
Operating profit before amortisation		39.5
Goodwill amortisation	2	(0.7)
Group operating profit		38.8
Share of operating profits of associates		0.6
Total operating profit	2	39.4
Continuing operations		39.4
Discontinued operations		–
Net profit on disposal of businesses		–
Profit on ordinary activities before interest		39.4
Net interest and similar charges		(2.2)
Profit on ordinary activities before taxation		37.2
Taxation on profit on ordinary activities	3	(9.9)
Profit on ordinary activities after taxation		27.3
Equity minority interest		(2.3)
Profit for the period		25.0
Dividends	4	(5.2)
Retained profit for the period		19.8
Earnings per share	5	
Basic		16.2p
Diluted		16.1p

Six months to 30 June 2003 (Unaudited)			Year to 31 December 2003 (Audited)		
Pre exceptional items £m	Exceptional items £m	Total £m	Pre exceptional items £m	Exceptional items £m	Total £m
229.4	–	229.4	471.1	–	471.1
37.1 (0.5)	0.1 –	37.2 (0.5)	75.0 (1.0)	(1.1) –	73.9 (1.0)
36.6 0.6	0.1 –	36.7 0.6	74.0 1.2	(1.1) –	72.9 1.2
37.2	0.1	37.3	75.2	(1.1)	74.1
37.2 –	(1.1) 1.2	36.1 1.2	75.2 –	(3.7) 2.6	71.5 2.6
–	4.6	4.6	–	4.5	4.5
37.2 (4.7)	4.7 –	41.9 (4.7)	75.2 (8.0)	3.4 –	78.6 (8.0)
32.5 (9.6)	4.7 0.4	37.2 (9.2)	67.2 (18.7)	3.4 (0.1)	70.6 (18.8)
22.9 (1.9)	5.1 –	28.0 (1.9)	48.5 (3.7)	3.3 –	51.8 (3.7)
21.0 (4.5)	5.1 –	26.1 (4.5)	44.8 (13.6)	3.3 –	48.1 (13.6)
16.5	5.1	21.6	31.2	3.3	34.5
13.7p	3.3p	17.0p	29.1p	2.2p	31.3p
13.6p	3.3p	16.9p	29.0p	2.1p	31.1p

Group balance sheet

	Notes	At 30 June 2004 (Unaudited) £m	At 30 June 2003 (Unaudited) £m	At 31 December 2003 (Audited) £m
Fixed assets				
Intangible assets – goodwill		33.0	11.6	17.8
Tangible assets		78.7	75.5	77.8
Investments		1.5	1.4	1.2
		113.2	88.5	96.8
Current assets				
Stocks		1.6	1.4	1.4
Debtors		111.5	104.7	105.3
Cash at bank and in hand		64.0	72.5	81.5
		177.1	178.6	188.2
Creditors due within one year				
Borrowings		(21.5)	(15.7)	(17.5)
Other creditors		(94.4)	(82.9)	(92.1)
		(115.9)	(98.6)	(109.6)
Net current assets		61.2	80.0	78.6
Total assets less current liabilities		174.4	168.5	175.4
Creditors due after more than one year				
Borrowings		(175.6)	(208.8)	(196.2)
Other creditors		(0.4)	(1.4)	(1.4)
		(176.0)	(210.2)	(197.6)
Provisions for liabilities and charges		(5.4)	(8.6)	(8.6)
Net liabilities excluding pension liabilities		(7.0)	(50.3)	(30.8)
Pension schemes with net liabilities	6	(5.1)	(7.4)	(5.1)
Net liabilities		(12.1)	(57.7)	(35.9)
Capital and reserves				
Called up share capital	8	1.5	1.5	1.5
Share premium and other reserves	8	240.6	238.1	238.5
Profit and loss account	8	(260.9)	(304.2)	(283.1)
Equity shareholders' deficit		(18.8)	(64.6)	(43.1)
Equity minority interest		6.7	6.9	7.2
Capital employed		(12.1)	(57.7)	(35.9)

Group cash flow

	Notes	Six months to 30 June 2004 (Unaudited) £m	Six months to 30 June 2003 (Unaudited) £m	Year to 31 December 2003 (Audited) £m
Net cash inflow from operating activities	9	39.4	33.2	80.0
Dividends received from associate undertakings		–	–	0.7
Returns on investments and servicing of finance		(4.2)	(5.6)	(10.1)
Taxation		(6.1)	(6.1)	(13.7)
Capital expenditure and financial investment		(8.1)	(9.1)	(23.6)
Acquisitions and disposals:				
Cash outflow from acquisitions	7	(19.9)	–	(7.8)
Cash inflow from disposals		–	6.6	6.6
Equity dividends paid		(9.1)	(8.0)	(12.5)
Cash (outflow)/inflow before financing		(8.0)	11.0	19.6
Financing:				
Net issue of shares		0.8	0.1	(0.1)
Decrease in debt		(8.8)	(8.2)	(6.8)
(Decrease)/increase in cash in the period	10	(16.0)	2.9	12.7

Reconciliation of net cash flow to movement in net debt

	Notes	Six months to 30 June 2004 (Unaudited) £m	Six months to 30 June 2003 (Unaudited) £m	Year to 31 December 2003 (Audited) £m
(Decrease)/increase in cash in the period		(16.0)	2.9	12.7
Decrease in debt		8.8	8.2	6.8
(Increase)/decrease in net debt resulting from cash flows		(7.2)	11.1	19.5
Acquisitions and disposals		–	(0.2)	0.5
Other non cash movements		(0.4)	(0.5)	(1.0)
Exchange adjustments		6.7	4.5	15.7
(Increase)/decrease in net debt in the period	10	(0.9)	14.9	34.7
Net debt at the start of the period		(132.2)	(166.9)	(166.9)
Net debt at the end of the period		(133.1)	(152.0)	(132.2)

Statement of total group recognised gains and losses

	Six months to 30 June 2004 (Unaudited) £m	Six months to 30 June 2003 (Unaudited) £m	Year to 31 December 2003 (Audited) £m
Net profit from group companies	24.6	25.7	47.3
Net profit from associates	0.4	0.4	0.8
Profit for the financial period	25.0	26.1	48.1
Actuarial pension gain*	–	–	1.6
Exchange adjustments	2.4	3.6	10.2
Total recognised gains and losses relating to the period	27.4	29.7	59.9

*actuarial pension gain is stated net of deferred tax

Reconciliation of movements in shareholders' deficit

	Six months to 30 June 2004 (Unaudited) £m	Six months to 30 June 2003 (Unaudited) £m	Year to 31 December 2003 (Audited) £m
Opening shareholders' deficit	(43.0)	(90.5)	(90.5)
Restatement (note 8)	(0.1)	(0.1)	(0.1)
Restated shareholders' deficit	(43.1)	(90.6)	(90.6)
Issue of ordinary shares	2.1	0.1	0.5
Profit for the period	25.0	26.1	48.1
Dividends	(5.2)	(4.5)	(13.6)
Goodwill on disposals	–	0.7	0.7
Actuarial pension gain*	–	–	1.6
Exchange adjustments	2.4	3.6	10.2
Closing shareholders' deficit	(18.8)	(64.6)	(43.1)

*actuarial pension gain is stated net of deferred tax

Included in shareholders' deficit is £235.2m (30 June 2003: £256.3m, 31 December 2003: £244.1m) relating to goodwill written off to reserves in relation to the acquisition of subsidiaries prior to 1 January 1998.

Historical cost profits and losses

A note of consolidated historical cost profits and losses is not presented as there is no material difference between the profits of the Group as shown in this interim financial information and those shown on a historical cost basis.

Notes to the interim report

for the six months to 30 June 2004

1. BASIS OF PREPARATION

This interim financial information has been prepared on the basis of the accounting policies set out in the statutory accounts of Intertek Group plc for the year ended 31 December 2003, except for the matter referred to below, and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

During the period, the Group adopted the requirements of UITF 38: Accounting for ESOP Trusts, and therefore, the Group's investment in its own shares of £0.1m, which is held in an Employee Share Ownership Trust (ESOT), is reported as a deduction from shareholders' funds. Previously this was reported as an investment. The balance sheets at 30 June 2003 and 31 December 2003, have been restated to reflect this change in presentation.

The results for the six months to 30 June 2004 and 30 June 2003, have not been audited but have been reviewed by KPMG Audit Plc, the Company's auditors.

The results for the year ended 31 December 2003, have been abridged from the Group's financial statements, which have been reported on by the Group's auditors and filed with the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

2. SEGMENTAL ANALYSIS

BY DIVISION

	Six months to 30 June 2004	Six months to 30 June 2003 (restated)*	Year to 31 December 2003
	£m	£m	£m
Turnover			
Labtest	64.0	63.2	130.8
Caleb Brett	85.1	83.3	169.6
ETL SEMKO	58.4	55.4	111.6
Foreign Trade Standards	30.3	27.5	59.1
Total continuing operations	237.8	229.4	471.1
Total operating profit			
Labtest	21.5	20.8	42.8
Caleb Brett	7.7	6.2	13.2
ETL SEMKO	9.1	7.5	14.2
Foreign Trade Standards	5.1	6.1	11.9
Central overheads	(3.3)	(2.9)	(5.9)
Total continuing operations	40.1	37.7	76.2
Goodwill amortisation	(0.7)	(0.5)	(1.0)
Total before operating exceptional items	39.4	37.2	75.2
Operating exceptional items – continuing	–	(1.1)	(3.7)
Continuing operations	39.4	36.1	71.5
Operating items – discontinued	–	1.2	2.6
Non operating exceptional items	–	4.6	4.5
Total	39.4	41.9	78.6

* In 2003, inspection of electrical and electronic goods was transferred from Labtest to ETL SEMKO. Turnover for this transferred business for the period to 30 June 2003 was £3.3m and operating profit was £1.5m. The figures for this period have been restated.

2. SEGMENTAL ANALYSIS CONTINUED

BY DIVISION

	Six months to 30 June 2004 £m	Six months to 30 June 2003 £m	Year to 31 December 2003 £m
Goodwill amortisation			
Labtest	0.2	–	0.1
Caleb Brett	0.3	0.3	0.6
ETL SEMKO	0.2	0.1	0.2
Foreign Trade Standards	–	0.1	0.1
	0.7	0.5	1.0

GEOGRAPHIC ANALYSIS BY LOCATION OF ENTITY

	Six months to 30 June 2004 £m	Six months to 30 June 2003 £m	Year to 31 December 2003 £m
Turnover			
Americas	80.2	78.0	157.3
Europe, Middle East and Africa	77.7	71.9	149.6
Asia	79.9	79.5	164.2
	237.8	229.4	471.1

Total operating profit

Americas	9.0	5.7	12.0
Europe, Middle East and Africa	5.5	6.1	11.0
Asia	25.6	25.9	53.2
	40.1	37.7	76.2
Goodwill amortisation	(0.7)	(0.5)	(1.0)
Exceptional items – continuing	–	(1.1)	(3.7)
	39.4	36.1	71.5

Goodwill amortisation

Americas	0.1	0.1	0.1
Europe, Middle East and Africa	0.5	0.3	0.8
Asia	0.1	0.1	0.1
	0.7	0.5	1.0

3. TAXATION

The tax charge on profits for the six months to 30 June 2004 of £9.9m (30 June 2003: £9.6m before exceptional items) is based on the estimated effective rate for the full year of 26.6% (30 June 2003: 29.5%, 31 December 2003: 27.8%).

4. DIVIDENDS

The interim dividend of 3.4p per ordinary share (interim 2003: 2.9p) will be paid on 16 November 2004, to shareholders on the register at 5 November 2004.

5. EARNINGS PER ORDINARY SHARE

	Six months to 30 June 2004 £m	Six months to 30 June 2003 £m	Year to 31 December 2003 £m
Based on the profit for the period:			
Underlying profit before tax	37.9	33.0	68.2
Taxation on underlying profit	(9.9)	(9.6)	(18.7)
Minority interest in underlying profit	(2.3)	(1.9)	(3.7)
Underlying earnings	25.7	21.5	45.8
Goodwill amortisation	(0.7)	(0.5)	(1.0)
Exceptional operating items	–	0.1	(1.1)
Exceptional non operating items	–	4.6	4.5
Taxation on exceptional items	–	0.4	(0.1)
Basic earnings	25.0	26.1	48.1
Number of shares (millions):			
Basic weighted average number of shares	154.3	153.6	153.7
Potentially dilutive share options	0.7	0.8	0.7
Diluted weighted average number of shares	155.0	154.4	154.4
Basic underlying earnings per share	16.7p	14.0p	29.8p
Options	(0.1)p	(0.1)p	(0.1)p
Diluted underlying earnings per share	16.6p	13.9p	29.7p
Basic earnings per share	16.2p	17.0p	31.3p
Options	(0.1)p	(0.1)p	(0.2)p
Diluted earnings per share	16.1p	16.9p	31.1p

The weighted average number of shares used in the calculation of the diluted earnings per share for the six months to 30 June 2004, excludes 1,414,765 potential shares (31 December 2003: 1,220,962; 30 June 2003: 2,906,610) as these were not dilutive in accordance with FRS 14: Earnings per share.

6. PENSION SCHEMES

There has been no significant change in the net liabilities of the Group's defined benefit pension schemes since 31 December 2003. As permitted by FRS 17, actuarial valuations of the assets and liabilities of the defined benefit pension schemes were not performed at 30 June 2004.

7. ACQUISITIONS

In the period to 30 June 2004, the Group made acquisitions for total consideration of £23.0m, comprising the fair value of net assets of £6.3m and goodwill of £16.7m. Included within these figures is the acquisition of Entela Inc for consideration including fees, of £16.3m, comprising the fair value of net assets of £4.0m and goodwill of £12.3m. These figures are provisional, pending the final agreement of the fair value of assets acquired. The cash outflow in the period in connection with these acquisitions was £19.9m.

8. SHAREHOLDERS' FUNDS/(DEFICIT)

	Share capital	Share premium account	Merger reserve	Other reserves	Profit and loss account	Total
	£m	£m	£m	£m	£m	£m
At 1 January 2004	1.5	232.1	3.6	2.8	(283.0)	(43.0)
Restatement (note below)*	–	–	–	–	(0.1)	(0.1)
Restated at 1 January 2004	1.5	232.1	3.6	2.8	(283.1)	(43.1)
Retained profit for the period	–	–	–	–	19.8	19.8
Issue of shares	–	2.1	–	–	–	2.1
Exchange adjustments	–	–	–	–	2.4	2.4
At 30 June 2004	1.5	234.2	3.6	2.8	(260.9)**	(18.8)

* In accordance with UITF 38, own shares of £0.1m held by the ESOT have been reclassified from investments.

** Including £235.2m (31 December 2003: £244.1m) for goodwill written off to reserves in relation to subsidiaries acquired prior to 1 January 1998.

9. OPERATING CASH FLOW

	Six months to 30 June 2004 £m	Six months to 30 June 2003 £m	Year to 31 December 2003 £m
Group operating profit after exceptional items	38.8	36.7	72.9
Depreciation charge	8.9	9.1	18.6
Goodwill amortisation	0.7	0.5	1.0
Loss on sale of fixed assets	0.1	–	0.5
(Increase)/decrease in stocks	(0.2)	0.1	0.1
Increase in debtors	(8.5)	(6.8)	(10.5)
Increase/(decrease) in creditors	2.8	(6.8)	(3.3)
(Decrease)/increase in provisions	(3.2)	0.4	0.7
Total operating cash inflow	39.4	33.2	80.0

10. ANALYSIS OF NET DEBT

	At 1 January 2004 £m	Cash flow £m	Non cash changes £m	Exchange adjustments £m	At 30 June 2004 £m
Cash	81.5	(16.0)	–	(1.5)	64.0
Borrowings	(213.7)	8.8	(0.4)	8.2	(197.1)
Total net debt	(132.2)	(7.2)	(0.4)	6.7	(133.1)

11. CONTINGENT LIABILITIES: CLAIMS AND LITIGATION

There have been no material developments concerning claims and litigation, which in the opinion of the directors, would give rise to a material adverse effect on the financial position of the Group in the foreseeable future.

12. APPROVAL

The interim financial statements were approved by the Board on 3 September 2004.

Independent review report by KPMG Audit Plc to Intertek Group plc

INTRODUCTION

We have been engaged by the Company to review the financial information set out on pages 8 to 16 and we have read the other information contained in the Interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

The report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

DIRECTORS' RESPONSIBILITIES

The Interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained in Bulletin 1999/4: Review of interim financial information, issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months to 30 June 2004.

KPMG Audit Plc
Chartered Accountants
London
3 September 2004

Corporate information

Board of Directors

Vanni Treves *Chairman**

Richard Nelson *Chief Executive Officer*

William Spencer *Chief Financial Officer*

Raymond Kong *President Asia and China***

David Allvey*

Wolfhart Hauser*

Ross Sayers*

* Non-executive

** appointed 14 May 2004

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Fiona Evans

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