

INTERTEK FINANCE PLC

**(formerly Alnery No. 1579 Limited and Intertek
Finance Limited)**

**Directors' report and financial statements
31 December 1997**

Registered number: 3226960



INTERTEK FINANCE PLC

(formerly Alnery No. 1579 Limited and Intertek Finance Limited)

Directors' report and financial statements

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INTERTEK FINANCE PLC

(formerly Alnery No. 1579 Limited and Intertek Finance Limited)

Directors' report

The directors present their report and the audited financial statements for the period from incorporation to 31 December 1997.

Change of name

The company was incorporated on 19 July 1996 in the name of Alnery No. 1579 Limited. With effect from 14 October 1996 the company's name was changed to Intertek Finance Limited and on 30 October 1996 was re-registered as a public limited company.

Principal activities

The principal activity of the Company is the provision of finance, services and facilities to fellow subsidiary undertakings within the Intertek Testing Services group.

Business review

The results for the period and the state of affairs of the Company are shown in the financial statements and notes on pages 9 to 13.

Dividend and transfers to reserves

The directors have not declared an interim dividend and do not propose to recommend the payment of a final dividend. The loss for the period of £ 176,384 will be transferred to reserves.

Payments to creditors – policy and practice

Intertek Finance plc has no trade creditors.

Directors and directors' interests

The directors who held office during the period were as follows:

Alnery Incorporations No. 1 Limited – Appointed 19 July, 1996 – Resigned 3 October 1996

Alnery Incorporations No. 2 Limited – Appointed 19 July 1996 – Resigned 3 October, 1996

R C Nelson – Appointed 3 October 1996

W Spencer – Appointed 3 October 1996

None of the directors has any interest in the share capital of the company.

The directors' interests in the ultimate holding company Intertek Testing Services Limited at 31 December 1997 were as follows:

INTERTEK FINANCE PLC

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Directors' report (*continued*)

	Ordinary 'B'
	<u>Shares of 1p</u>
R C Nelson	1,538,462
W Spencer	384,615

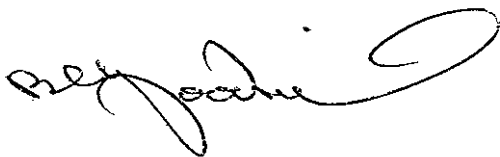
Political and charitable contributions

The company made no political contributions or charitable donations during the period.

Auditors

The auditors KPMG have indicated their willingness to continue in office and a resolution to reappoint KPMG will be proposed at the forthcoming Annual General Meeting.

By order of the board



B. J. Goodrich
Secretary

30 March 1998

Registered office
25 Savile Row
London
W1X 1AA

Registered No: 3226960

INTERTEK FINANCE PLC

(formerly Alnery No. 1579 Limited and Intertek Finance 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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.

Report of the auditors to the members of Intertek Finance plc (formerly Alnery No. 1579 Limited and Intertek Finance Limited)

We have audited the financial statements on pages 7 to 14.

Respective responsibilities of directors and auditors

As described on page 5, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1997 and of its loss for the period from 19 July 1996 to 31 December 1997 and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors

31 March 1998

INTERTEK FINANCE PLC
(formerly Alnery No. 1579 Limited and Intertek Finance Limited)

Profit and loss account
for the period ended 31 December 1997

	<i>Notes</i>	1997 £
Net operating expenditure – continuing operations		<u>(6,363)</u>
Operating loss on ordinary activities before interest	2	(6,363)
Net interest and similar charges	3	<u>72,406</u>
Profit on ordinary activities before taxation		66,043
Taxation on profit on ordinary activities	4	(242,427)
Retained loss for the financial period		<u><u>£(176,384)</u></u>

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

There is no difference between the profit on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents.

INTERTEK FINANCE PLC

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Balance sheet

at 31 December 1997

	Notes	1997 £
Current assets		
Debtors	7	2,221,384
Cash at bank and in hand		15,442
Creditors: amounts falling due within one year	8	<u>(2,353,634)</u>
Net current liabilities		(116,808)
Debtors due after more than one year	7	<u>117,785,642</u>
Total assets less current liabilities		117,668,834
Creditors: amounts falling due after more than		(117,795,218)
One year	9	
Net liabilities		<u><u>£(126,384)</u></u>
Capital and reserves		
Called up share capital	10	50,000
Profit and loss account		(176,384)
Total Equity Shareholders' funds	11	<u><u>£(126,384)</u></u>

These financial statements were approved by the board of directors on 30 March 1998 and were signed on its behalf by:



W. Spencer

Director

INTERTEK FINANCE PLC

(formerly Alnery No. 1579 Limited and Intertek Finance Limited)

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 United Kingdom accounting standards and under the historical cost accounting rules. All of the Company's operations are of a continuing nature.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at closing rates of exchange except where rates are fixed under contractual arrangements. All foreign exchange differences are taken to the profit and loss account in the year in which they are incurred.

Taxation

Deferred taxation is provided using the liability method at current taxation rates on timing differences to the extent that the Directors consider that it is probable that a liability or asset will crystallise.

INTERTEK FINANCE PLC
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Notes to the Financial Statements *(continued)*

2 Loss on ordinary activities before interest

	1997
	£

Loss on ordinary activities before taxation is stated

after charging

Exchange losses	6,363
	<u><u> </u></u>

3 Net Interest and Similar Charges

	1997
	£

Interest payable:

Senior Subordinated Notes	(14,669,925)
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Amortisation costs of Bond Issue	(692,510)
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Interest receivable:

Bank balances	16,269
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Group loans	15,418,572
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£72,406

INTERTEK FINANCE PLC

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Notes to the Financial Statements *(continued)*

4 Taxation

	1997
	£
UK Corporation tax at 33% to 31 December, 1996	32,532
UK Corporation tax at 31.5% from 1 January to 31 December 1997	209,895
	<u>£242,427</u>

5 Remuneration of directors

None of the directors who served during the period received any remuneration in connection with the affairs of the company.

6 Employees

	1997 Number
The average number of persons employed by the company (including directors) during the period was:	
By activity:	
Administration	<u>2</u>

7 Debtors

	1997
	£
Amounts falling due within one year	
Accrued income	<u>2,221,384</u>

INTERTEK FINANCE PLC
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Notes to the Financial Statements *(continued)*

Debtors *(continued)*

	1997
	£
Amounts falling due after more than one year	
Amounts owed by fellow subsidiary undertakings	<u>£117,785,642</u>

8 Creditors: amounts falling due within one year

	1997
	£
Amounts owed to fellow subsidiary undertakings	242,427
Accruals and deferred income	2,111,207
	<u>£ 2,353,634</u>

9 Creditors: amounts falling due after more than one year

	1997
	£
Senior Subordinated Loans (note 12)	121,556,886
Debt issue costs (note 12)	(5,040,065)
Amounts owed to fellow subsidiary undertakings (note 12)	1,278,397
	<u>£117,795,218</u>

10 Called up share capital

	1997
	£
Authorised, issued and fully paid	
Equity:	
50,000 ordinary shares of £1 each	<u>£50,000</u>

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Notes to the Financial Statements *(continued)*

11 Reconciliation of movements in shareholders' funds

	1997
	£
Opening shareholders' funds	-
Issue of share capital	50,000
Loss for the financial period	(176,384)
Closing shareholders' funds	<u>£(126,384)</u>

12 Borrowings

Maturity of borrowings

	Senior Subordinated Notes £	Other borrowings £	Total borrowing £
Due in less than one year	—	—	—
Due in 2-5 years	—	1,278,397	1,278,397
Due in over 5 years	<u>121,556,886</u>	<u>—</u>	<u>121,556,886</u>
	121,556,886	1,278,397	122,835,283
Debt issuance costs	<u>(5,040,065)</u>	<u>—</u>	<u>(5,040,065)</u>
	<u>£116,516,821</u>	<u>£1,278,397</u>	<u>£117,795,218</u>

Description of borrowings

Senior Subordinated Notes:

In November 1996 the Company issued US \$203 million principal amount of Senior Subordinated Notes (the "Notes"). The cash consideration received at the date of issue was £123,547,000. The notes mature at par on 1 November 2006. Interest on the Notes will accrue at the rate of 10¼% per annum and will be payable semi annually in cash on each 1 May and 1 November commencing on 1 May 1997. The Notes are redeemable, in whole, or in part, at the Company's option at any time on or after 1 November 2001 at the redemption price of 105.125% of the principal amount, during the year commencing 1 November 2001, 103.417% of the principal amount, during the year commencing 1 November 2002, 101.708% of the principal amount during the year commencing 1 November 2003 and, thereafter, at 100% of the principal amount plus accrued and unpaid interest.

The indenture under which the Notes were issued contains various covenants which, amongst other things, restrict the ability of the Company to incur additional indebtedness, pay dividends, create certain liens, enter into certain transactions with shareholders, or sell certain assets. The company was in compliance with the covenants at 31 December 1997.

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Notes to the Financial Statements *(continued)*

13 Cash Flow Statement

The company is exempt from the requirements of Financial Reporting Standard No.1, cash flow statements. The company's ultimate parent undertaking prepares consolidated financial statements which include a consolidated cash flow statement for the group.

14. Related Party Transactions

Under Financial Reporting Standard 8 the company has taken advantage of the exemption from disclosing transactions with other group companies. There were no other related party transactions.

15. Ultimate parent company

The Company is a subsidiary undertaking of Intertek Testing Services Limited, which is the ultimate parent company incorporated in Great Britain. Copies of the ultimate parent company's consolidated financial statements may be obtained from The Secretary, 25 Savile Row London W1X 1AA.