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**Intertek Finance plc
Directors' Report and
Financial Statements**

Year ended 31 December 2006

Registered number 3226960

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Directors' report and Financial Statements

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Intertek Finance plc

Directors' report

The Directors present their Directors' report and the audited financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the Company is the provision of finance and related services to fellow subsidiary undertakings

Business review

The results for the year and the state of affairs of the Company are shown in the financial statements and notes on pages 5 to 14. The Company has met the requirements in Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review

Results and dividends

Profit after tax for the year was £10,400,000 (2005 £2,600,000 loss). A dividend of £7,000,000 was paid in the year (2005 £nil)

Payments to creditors - policy and practice

Intertek Finance plc has no trade creditors

Directors

The Directors who served throughout the year were

Wolfhart Hauser
William Spencer
Joanne Hardy
Fiona Evans

Political and charitable contributions

The Company made no political or charitable contributions during the year (2005 £nil)

Disclosure of information to auditors

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

Auditors

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

By Order of the Board


Joanne Hardy
Director

Registered Office
25 Savile Row
London
W1S 2ES
17 July 2007

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to

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

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

Independent auditor's report to the members of Intertek Finance plc

We have audited the financial statements of Intertek Finance plc for the year ended 31 December 2006 which comprise Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Auditing Practice) are set out in the Statement of Directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

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

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements.

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

KPMG Audit Plc

20 July 2007

Intertek Finance plc**Profit and Loss Account
for the year ended 31 December 2006**

| | Notes | 2006 £'000 | 2005 £'000 |
|---|-------|---------------|----------------|
| Administrative income | | 642 | 441 |
| Operating profit | | 642 | 441 |
| Net interest and similar charges | | | |
| Interest receivable | 5 | 19,368 | 9,399 |
| Interest payable and similar charges | 5 | (8,631) | (13,139) |
| | | 10,737 | (3,740) |
| Profit/(loss) on ordinary activities before taxation | 4 | 11,379 | (3,299) |
| Taxation | 6 | (996) | 714 |
| Profit/(loss) for the year | 14 | 10,383 | (2,585) |

The results stated above are all derived from continuing operations

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

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

Intertek Finance plc**Balance Sheet
at 31 December 2006**

| | <i>Notes</i> | 2006 £'000 | 2005 £'000 |
|---|--------------|-----------------------|-----------------------|
| Current assets | | | |
| Debtors amounts falling due within one year | 8 | 11,745 | 13,793 |
| Cash at bank and in hand | | 2,643 | - |
| | | <u>14,388</u> | <u>13,793</u> |
| Creditors amounts falling due within one year | 9 | (16,786) | (17,249) |
| Net current liabilities | | <u>(2,398)</u> | <u>(3,456)</u> |
| Debtors amounts falling due after more than one year | 10 | 209,267 | 195,966 |
| Total assets less current liabilities | | <u>206,869</u> | <u>192,510</u> |
| Creditors amounts falling due after more than one year | 11 | (202,252) | (191,276) |
| Net assets | | <u>4,617</u> | <u>1,234</u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 50 | 50 |
| Profit and loss | 14 | 4,567 | 1,184 |
| Shareholders' funds - equity | 15 | <u>4,617</u> | <u>1,234</u> |

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


Joanne Hardy
 Director

17 July 2007

Notes to the Financial Statements

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

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

Foreign currencies

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

Taxation

The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets in respect of timing differences are only recognised to the extent that it is more likely than not there will be suitable taxable profits to offset the future reversal of these timing differences

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

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

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Notes to the Financial Statements (continued)***Dividends on shares presented within shareholders' funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Financial instruments

Financial instruments are used to manage the Company's exposure to fluctuations in interest rates and foreign currency exchange rates. Instruments accounted for as hedges are designated as a hedge at the inception of contracts. Interest differentials are derivatives instruments and amounts receivable and payable on interest rate instruments are recognised as adjustments of interest expense over the period of the contracts. Gains and losses arising on hedging instruments which are cancelled due to the termination of the underlying exposure are taken to the profit and loss account immediately.

2. Remuneration of Directors

None of the Directors who served during the year received any remuneration in connection with the affairs of the Company (2005: £nil).

3. Employees

The Company had no employees in the year (2005: nil).

4. Notes to the profit and loss account

| | 2006 | 2005 |
|---|---------------|---------------|
| | £' 000 | £' 000 |
| Profit/(loss) on ordinary activities before taxation is stated after charging | | |
| Auditor's remuneration - audit of these financial statements | <u>1</u> | <u>1</u> |

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Intertek Group plc.

Notes to the Financial Statements (continued)

5. Net interest and similar charges

| | 2006 | 2005 |
|--|-----------------------|------------------------|
| | £'000 | £'000 |
| Interest receivable: | | |
| Group loans | 11,151 | 9,323 |
| Other loans | 83 | 76 |
| Exchange gains | 8,134 | - |
| | <u>19,368</u> | <u>9,399</u> |
| Interest payable and similar charges: | | |
| Senior Term A Loan | (1,117) | (2,084) |
| Senior Term B Loan | (2,275) | (689) |
| Senior Term C Loan | (4,228) | (2,956) |
| Group loans | (847) | (548) |
| Other loans | (163) | (346) |
| Exchange losses | - | (6,516) |
| | <u>(8,631)</u> | <u>(13,139)</u> |
| Net interest and similar charges | <u>10,737</u> | <u>(3,740)</u> |

6. Taxation

6(a) Tax on profit/(loss) on ordinary activities

| | 2006 | 2005 |
|---|-------------------|---------------------|
| | £'000 | £'000 |
| UK corporation tax | | |
| Current tax charge/(credit) at 30% (2005 30%) | 1,066 | (723) |
| Less relief for foreign tax | (12) | - |
| Adjustment in respect of previous periods | (70) | - |
| | <u>984</u> | <u>(723)</u> |
| Foreign Tax | | |
| Overseas taxation | 12 | 9 |
| Tax on profit/(loss) on ordinary activities | <u>996</u> | <u>(714)</u> |

6(b) Factors affecting tax charge/(credit) for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK 30% (2005 30%) The differences are explained below

| | 2006 | 2005 |
|--|-------------------|---------------------|
| | £'000 | £'000 |
| Profit/(loss) on ordinary activities before taxation | <u>11,379</u> | <u>(3,299)</u> |
| Current tax at 30% (2005 30%) | 3,414 | (990) |
| Effects of | | |
| Utilisation of tax losses | (1,085) | 1,703 |
| Permanent differences - non taxable income | (1,423) | (1,477) |
| Adjustment in respect of prior periods | (70) | - |
| Higher tax on overseas earnings | - | 6 |
| Movement in short term timing differences | 160 | 44 |
| Total current tax charge/(credit) for the year (note 6(a)) | <u>996</u> | <u>(714)</u> |

Notes to the Financial Statements (continued)**6(c) Deferred tax**

| | 2006 | | 2005 | |
|-------------------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| | Provided £'000 | Unprovided £'000 | Provided £'000 | Unprovided £'000 |
| Other short term timing differences | - | 288 | - | 134 |
| Losses carried forward | - | 555 | - | 1,703 |
| Deferred tax asset | <u>-</u> | <u>843</u> | <u>-</u> | <u>1,837</u> |

The deferred tax asset of £842,589 (2005 £1,837,468) has not been recognised on losses and other short term timing differences. These assets can only be deducted against future suitable taxable profits. There is currently insufficient evidence that suitable taxable profits will be generated to offset the future reversal of these timing differences.

7. Dividends

The aggregate amount of dividends comprises

| | 2006 £'000 | 2005 £'000 |
|--|-----------------------|-----------------------|
| Final dividends paid in respect of the current year | 7,000 | - |
| Aggregate amount of dividends paid in the financial year | <u>7,000</u> | <u>-</u> |
| Dividends in respect of the year recognised as a liability at the year end | - | - |
| | <u>7,000</u> | <u>-</u> |

8. Debtors - amounts falling due within one year

| | 2006 £'000 | 2005 £'000 |
|------------------------------------|-----------------------|-----------------------|
| Amounts owed by group undertakings | 11,745 | 13,070 |
| Group tax relief | - | 723 |
| | <u>11,745</u> | <u>13,793</u> |

Intertek Finance plc**Notes to the Financial Statements (continued)****9. Creditors - amounts falling due within one year**

| | 2006 £'000 | 2005 £'000 |
|------------------------------------|---------------|---------------|
| Senior Term A Loan | 13,631 | 15,148 |
| Bank Overdraft | - | 697 |
| Amounts owed to group undertakings | 1,698 | 1,039 |
| Accruals and deferred income | 473 | 365 |
| Tax payable | 984 | - |
| | <u>16,786</u> | <u>17,249</u> |

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

| | 2006 £'000 | 2005 £'000 |
|-----------------------------------|----------------|----------------|
| Amounts owed by group undertaking | <u>209,267</u> | <u>195,966</u> |

11. Creditors - amounts falling due after more than one year

| | 2006 £'000 | 2005 £'000 |
|------------------------------------|----------------|----------------|
| Senior Term A Loan | 27,260 | 45,445 |
| Senior Term B Loan | 63,662 | 46,299 |
| Senior Term C Loan | 73,855 | 83,693 |
| Amounts owed to group undertakings | 37,475 | 15,839 |
| | <u>202,252</u> | <u>191,276</u> |

Maturity of borrowings after more than one year

| | 2006 Total Borrowings £'000 | 2005 Total Borrowings £'000 |
|--------------------|--------------------------------------|--------------------------------------|
| Due in 1 - 2 years | 87,486 | 98,843 |
| Due in 2 - 5 years | 77,291 | 76,594 |
| | <u>164,777</u> | <u>175,437</u> |

Notes to the Financial Statements (continued)

Description of borrowings

In December 2004, the Group refinanced its existing £300 0m secured facility with a £300 0m non-secured facility. The facility was for five years expiring on 15 December 2009, with the option to extend this for a further two years. The facility was extended by a year in 2005 and by a further year in 2006. The facility now expires in December 2011.

The facility comprises three tranches. Facility A is a £42 0m multi-currency term loan (original £70 0 less repayments to 31 December 2006) with bi-annual amortisations over the remaining three years. Facility B is a £150 0m multi-currency revolving credit, available up to 15 December 2011. Facility C is a 364 day, £80 0m multi-currency revolving credit facility, with the option to convert this into a one year loan by the end of the 364 day period.

Advances under Facilities A and B bear interest at a rate equal to LIBOR (as adjusted) plus a margin. The margin over LIBOR is in the range of 0.4% to 0.6% in accordance with a leveraged grid. At 31 December 2006, the margin was 0.45%. Advances under Facility C initially bear interest at a rate equal to LIBOR (as adjusted) plus a margin. The margin over LIBOR is in the range 0.3% to 0.5% in accordance with a leveraged grid. At 31 December 2006, the margin was 0.35%.

The undrawn committed borrowing facilities, which mature in 2011, amounted to £86.4m (2005 £95.5m) having taken into account £7.1m (2005 £5.8m) utilised for letters of credit and guarantees.

12. Financial instruments

Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

(a) Credit risk

Transactions involving derivative financial instruments are with counterparties who have sound credit ratings. Given this, management does not expect any counterparty to fail to meet its obligations. At the balance sheet date there were no significant concentrations of credit risk.

(b) Interest rate risk

The Company adopts a policy of ensuring that between 33% and 67% of its exposure to changes in interest rates on borrowings is on a fixed rate basis. Interest rate swaps, denominated in various currencies, have been entered into to achieve an approximate mix of fixed and floating rate exposure. The swaps mature over the next two years and have fixed swap rates ranging from 2.9% to 5.3%. At 31 December 2005, the company had interest rate swaps with a notional contract amount of £97.4m (2005 £110.4m).

Under the interest rate swap agreements, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional principal amount.

The net fair value of swaps at 31 December 2006 was £0.4m (2005 £1.7m) comprising assets of £0.4m (2005 £1.7m) and liabilities of £nil (2005 £nil). These amounts have not been recognised as fair value derivatives.

Notes to the Financial Statements (continued)

The table below provides information about the maturity and interest rate profile of the Company's senior term borrowings

| Liabilities 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Carrying and fair value |
|-------------------------|---------------|---------------|---------------|---------------|---------------|--------------------------------|
| | £000's | £000's | £000's | £000's | £000's | £000's |
| Floating rate (USD) | - | 59,318 | - | - | 16,785 | 76,103 |
| Average interest rate | - | 5.5% | - | - | 5.6% | - |
| Floating rate (HKD) | 11,420 | 25,958 | 11,420 | - | 5,710 | 54,509 |
| Average interest rate | 4.4% | 4.3% | 4.5% | - | 4.5% | - |
| Floating rate (SEK) | 2,210 | 2,210 | 2,210 | - | 1,105 | 7,735 |
| Average interest rate | 4.3% | 4.5% | 4.5% | - | 4.6% | - |
| Floating rate (GBP) | - | - | - | - | 5,000 | 5,000 |
| Average interest rate | - | - | - | - | 5.8% | - |
| Floating rate (EUR) | - | - | - | - | 24,161 | 24,161 |
| Average interest rate | - | - | - | - | 4.6% | - |
| Floating rate (JPY) | - | - | - | - | 10,899 | 10,899 |
| Average interest rate | - | - | - | - | 1.8% | - |
| Total | 13,631 | 87,486 | 13,631 | - | 63,660 | 178,407 |

(c) Foreign currency risk

The Company enters into forward exchange contracts to hedge certain firm commitments denominated in foreign currencies. The term of the currency derivatives do not exceed one year.

The table below summarises by major currency the contractual amounts of the Company's forward exchange contracts in sterling. The "buy" amounts represent the sterling equivalent of commitments to purchase foreign currency, and the "sell" amounts represent the sterling equivalent of commitment to sell foreign currencies.

| | 2006 | | 2005 | |
|-----------|---------------|---------------|---------------|---------------|
| | Buy | Sell | Buy | Sell |
| | £000's | £000's | £000's | £000's |
| US dollar | - | 11,500 | - | 16,200 |
| Euro | 3,100 | - | 1,900 | - |

The following table presents information regarding the forward exchange contract amounts in sterling equivalent and the estimated fair value (net cost of closing the contracts) of the Company's forward contracts with a positive fair value (assets) and a negative fair value (liabilities).

| | 2006 | | 2005 | |
|------------------------|------------------------|-------------------|------------------------|-------------------|
| | Contract amount | Fair value | Contract amount | Fair value |
| | £000's | £000's | £000's | £000's |
| Assets | 3,100 | - | 1,900 | - |
| Liabilities | (12,600) | - | (16,200) | - |
| Net liabilities | (9,500) | - | (14,300) | - |

Notes to the Financial Statements (continued)**13. Share capital**

| | 2006 £'000 | 2005 £'000 |
|---|---------------|---------------|
| Authorised, issued and fully paid Equity | | |
| 50,000 ordinary shares of £1 each | 50 | 50 |
| Shares classified in shareholders' funds | <u>50</u> | <u>50</u> |

| | 2006 £'000 | 2005 £'000 |
|---|---------------|---------------|
| 14. Profit and loss | | |
| At 1 January 2006 | 1,184 | 3,769 |
| Profit/(loss) for the year | 10,383 | (2,585) |
| Dividends on shares classified in shareholders' funds | (7,000) | - |
| At 31 December 2006 | <u>4,567</u> | <u>1,184</u> |

15. Reconciliation of movement in equity shareholders' funds

| | 2006 £'000 | 2005 £'000 |
|------------------------------------|---------------|---------------|
| Opening shareholders' funds | 1,234 | 3,819 |
| Profit/(loss) for the year | 10,383 | (2,585) |
| Dividends | (7,000) | - |
| Closing shareholders' funds | <u>4,617</u> | <u>1,234</u> |

16. Related party transactions

Under FRS 8, "Related Party Disclosures", the Company has taken advantage of the exemption from disclosing transactions with other group companies. There were no other related party transactions.

17. Contingent liabilities

The Company is a member of a group of UK companies that are part of a composite banking cross guarantee arrangement. This is a joint and several guarantee given by all members of the Intertek UK cash pool guaranteeing the total gross liability position of the pool which was £20.9m at 31 December 2006 (2005 £19.3m).

18. Ultimate and immediate parent undertaking

The immediate parent undertaking is Intertek Testing Services Holdings Ltd, a UK incorporated company.

The ultimate parent undertaking is Intertek Group plc, a UK incorporated company.

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