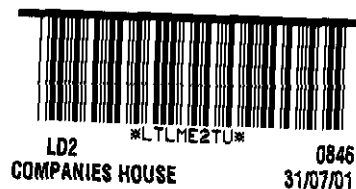


INTERTEK FINANCE PLC

Directors' report and financial statements 31 December 2000

Registered number: 3226960



INTERTEK FINANCE PLC

Directors' report and financial statements

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INTERTEK FINANCE PLC

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

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 7 to 14.

Dividend and transfers to reserves

The directors have not declared an interim dividend (1999 – \$Nil) and do not propose to recommend the payment of a final dividend (1999 – \$Nil). The profit for the year of \$103,872 (1999 – \$48,934) will be transferred to reserves.

Change in reporting currency

During the year the directors decided that to eliminate fluctuations caused by changes in exchange rates, the Company would report its financial statements in US dollars with effect from 1 January 2000. The comparatives for the period to 31 December 1999 have been shown both in US dollars and pounds sterling.

Payments to creditors – policy and practice

Intertek Finance plc has no trade creditors.

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Directors' report (*continued*)

Directors and directors' interests

The directors who served during the year and subsequently were:

R C Nelson

W Spencer

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 are as follows:

Ordinary "B" Shares of 1p
At 1 January 2000 & 31 December 2000

R C Nelson	3,632,514
W Spencer	993,201

Auditors

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

By order of the board

David C. Turner.

D. Turner
Secretary

26 July 2001

INTERTEK FINANCE PLC

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

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 the Company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

26 July 2001

8 Salisbury Square
London, EC4Y 8BB

INTERTEK FINANCE PLC

Profit and loss account

for the year ended 31 December 2000

		<i>Notes</i>		
		<u>2000</u>	<u>1999</u> <u>Restated</u>	<u>1999</u>
		\$	\$	£
Net operating expenditure		<u>—</u>	<u>(76,179)</u>	<u>(47,316)</u>
Operating loss and loss on ordinary activities before interest and taxation	2	<u>—</u>	<u>(76,179)</u>	<u>(47,316)</u>
Net interest receivable and similar income	3	<u>148,388</u>	<u>146,338</u>	<u>90,893</u>
Profit on ordinary activities before taxation		148,388	70,159	43,577
Taxation on profit on ordinary activities	4	<u>(44,516)</u>	<u>(21,225)</u>	<u>(13,183)</u>
Retained profit for the financial year		<u><u>103,872</u></u>	<u><u>48,934</u></u>	<u><u>30,394</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 profit for the year stated above and their historical cost equivalents.

The results stated above are all derived from continuing operations.

INTERTEK FINANCE PLC

Balance sheet

at 31 December 2000

		<u>2000</u>	<u>1999</u> <u>Restated</u>	<u>1999</u>
	<i>Notes</i>	\$	\$	£
Current assets				
Debtors	7	17,685,220	13,077,220	8,122,497
Creditors: amounts falling due within one year	8	<u>(3,512,766)</u>	<u>(3,489,223)</u>	<u>(2,167,219)</u>
Net current assets		14,172,454	9,587,997	5,955,278
Debtors due after more than one year	7	<u>196,702,023</u>	<u>196,702,023</u>	<u>122,175,169</u>
Total assets less current liabilities		210,874,477	206,290,020	128,130,447
Creditors: amounts falling due after more than one year	9	<u>(210,406,473)</u>	<u>(205,925,888)</u>	<u>(127,904,279)</u>
Net assets		<u>468,004</u>	<u>364,132</u>	<u>226,168</u>
Capital and reserves				
Called up share capital	10	80,500	80,500	50,000
Profit and loss account		<u>387,504</u>	<u>283,632</u>	<u>176,168</u>
Total equity shareholders' funds	11	<u>468,004</u>	<u>364,132</u>	<u>226,168</u>

These financial statements were approved by the board of directors on 26 July 2001 and were signed on its behalf by:



W. Spencer

Director

INTERTEK FINANCE PLC

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.

With effect from 2000 the Company's financial statements are published in US dollars instead of pounds sterling. Comparative data previously reported in pounds sterling has been translated into US dollars using the exchange rate prevailing in the relevant period.

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

Notes to the Financial Statements *(continued)*

2 Operating loss and loss on ordinary activities before interest

	<u>2000</u>	<u>1999</u> <u>Restated</u>	<u>1999</u>
	\$	\$	£
<i>Operating loss and loss on ordinary activities before interest is stated after (charging)</i>			
Exchange losses	<u>—</u>	<u>(76,179)</u>	<u>(47,316)</u>

3 Net Interest receivable and similar income

	<u>2000</u>	<u>1999</u> <u>Restated</u>	<u>1999</u>
	\$	\$	£
Interest payable:			
Senior Subordinated Notes	(20,807,750)	(20,631,908)	(12,814,850)
Amortisation of debt issuance costs	(938,632)	(938,630)	(583,000)
Interest receivable:			
Bank balances	—	37	23
Group loans	21,894,770	21,716,839	13,488,720
	<u>148,388</u>	<u>146,338</u>	<u>90,893</u>

INTERTEK FINANCE PLC

Notes to the Financial Statements *(continued)*

4 Taxation

	<u>2000</u>	<u>1999</u> <u>Restated</u>	<u>1999</u>
	\$	\$	£
UK Corporation tax at 30% (1999 – 30.25%)	<u>44,516</u>	<u>21,225</u>	<u>13,183</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 (1999: \$ Nil).

6 Employees

	<u>2000</u> <u>Number</u>	<u>1999</u> <u>Number</u>
The average number of persons employed by the Company (including directors) during the period was:		
By activity:		
Administration	<u>2</u>	<u>2</u>

7 Debtors

	<u>2000</u>	<u>1999</u> <u>Restated</u>	<u>1999</u>
	\$	\$	£
Amounts falling due within one year			
Prepayments and accrued income	<u>17,685,220</u>	<u>13,077,220</u>	<u>8,122,497</u>

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Notes to the Financial Statements (continued)

Debtors (continued)

	<u>2000</u>	<u>1999</u> <u>Restated</u>	<u>1999</u>
	\$	\$	£
Amounts falling due after more than one year			
Amounts owed by fellow subsidiary undertakings	<u>196,702,023</u>	<u>196,702,023</u>	<u>122,175,169</u>

8 Creditors: amounts falling due within one year

	<u>2000</u>	<u>1999</u> <u>Restated</u>	<u>1999</u>
	\$	\$	£
Amounts owed to fellow subsidiary undertakings	44,516	21,225	13,182
Accruals and deferred income	<u>3,468,250</u>	<u>3,467,998</u>	<u>2,154,037</u>
	<u>3,512,766</u>	<u>3,489,223</u>	<u>2,167,219</u>

9 Creditors: amounts falling due after more than one year

	<u>2000</u>	<u>1999</u> <u>Restated</u>	<u>1999</u>
	\$	\$	£
Senior subordinated loans (note 12)	203,000,000	203,000,000	126,086,957
Debt issue costs (note 12)	(5,490,098)	(6,428,730)	(3,993,000)
Amounts owed to fellow subsidiary undertakings (note 12)	<u>12,896,571</u>	<u>9,354,618</u>	<u>5,810,322</u>
	<u>210,406,473</u>	<u>205,925,888</u>	<u>127,904,279</u>

INTERTEK FINANCE PLC

Notes to the Financial Statements (continued)

10 Called up share capital

	<u>2000</u>	<u>1999</u> <u>Restated</u>	<u>1999</u>
	\$	\$	£
Authorised, issued and fully paid			
Equity:			
50,000 ordinary shares of £1 each	<u>80,500</u>	<u>80,500</u>	<u>50,000</u>

11 Reconciliation of movements in shareholders' funds

	<u>2000</u>	<u>1999</u> <u>Restated</u>	<u>1999</u>
	\$	\$	£
Opening shareholders' funds	364,132	315,198	195,774
Profit for the financial year	<u>103,872</u>	<u>48,934</u>	<u>30,394</u>
Closing shareholders' funds	<u>468,004</u>	<u>364,132</u>	<u>226,168</u>

12 Borrowings

Maturity of borrowings after more than one year

	Senior Subordinated Notes \$	Other borrowings \$	Total borrowing \$
Due in 2-5 years	—	12,896,571	12,896,571
Due in over 5 years	<u>203,000,000</u>	<u>—</u>	<u>203,000,000</u>
	203,000,000	12,896,571	215,896,571
Debt issuance costs	<u>(5,490,098)</u>	<u>—</u>	<u>(5,490,098)</u>
	<u>197,509,902</u>	<u>12,896,571</u>	<u>210,406,473</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 \$203,000,000. The notes mature at par on

INTERTEK FINANCE PLC

Notes to the Financial Statements *(continued)*

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. 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 fair value of the Senior Subordinated notes at 31 December 2000 was US\$208.0 million (31 December 1999, US\$194.3 million, £120.7 million).

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 these covenants at 31 December 2000.

13 Cash Flow Statement

The Company is exempt from the requirements of Financial Reporting Standard No.1, (Revised) 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 No. 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.

15. Ultimate parent and controlling company

The Company is a subsidiary undertaking of Intertek Testing Services Limited, which is the ultimate parent and controlling 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 W1S 2ES.