



4 August 2008

## 2008 HALF YEAR RESULTS

Intertek Group plc (“Intertek”), a leading international provider of quality and safety services, announces its half year results for the period ended 30 June 2008.

### Financial Highlights

	H1 08	H1 07	Growth at actual rates (3)	Growth at constant rates (4)
Revenue	<b>£457.4m</b>	£360.8m	26.8%	21.3%
Operating profit	<b>£64.3m</b>	£52.6m	22.2%	
Adjusted operating profit (1)	<b>£68.7m</b>	£54.5m	26.1%	20.1%
Profit before income tax	<b>£58.5m</b>	£48.4m	20.9%	
Adjusted profit before income tax (1)	<b>£62.9m</b>	£50.3m	25.0%	
Basic earnings per share	<b>25.1p</b>	21.5p	16.7%	
Diluted adjusted earnings per share (2)	<b>27.6p</b>	22.5p	22.7%	
Interim dividend	<b>7.1p</b>	5.8p	22.4%	

1. Before amortisation of acquisition intangibles of £4.4m (H1 07: £1.9m).

2. Diluted adjusted EPS based on adjusted profit (see note 7 to the interim financial statements).

3. Cumulative average exchange rates for the six months to 30 June 2008 and the six months to 30 June 2007.

4. Cumulative average exchange rates for the six months to 30 June 2008.

### Highlights

- Strong revenue and operating profit<sup>1</sup> growth of 26.8% and 26.1%
- Organic revenue and operating profit<sup>1</sup> growth of 17.6% and 15.0%
- Operating profit margin<sup>1</sup> of 15.0%
- Operating cash flow of £56.7m, up 31.9%
- Eight businesses acquired in first half for a total consideration of £40.3m
- Businesses reorganised to allow greater focus on growth opportunities
- Interim dividend up 22.4%

### Wolfhart Hauser, Chief Executive Officer, commented:

“Through our strategy of focusing on the current and future needs of our customers, we have delivered strong growth in the first half of 2008 and by continuing to invest strategically we have extended our services into industry sectors which provide us with a platform for future growth and margin enhancement.

Our first half performance demonstrates that our business remains resilient and therefore, whilst we continue to be aware that uncertainty in global economic growth could have a negative impact on broader trading conditions in certain markets, we expect the Group to perform strongly in the remainder of the year”.

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## **Analysts' Meeting**

There will be a meeting for analysts at 9.30am today at JPMorgan Cazenove, 20 Moorgate, London EC2R 6DA. A copy of the presentation will be available on the website later today.

Corporate website: [www.intertek.com](http://www.intertek.com)

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## INTERIM REPORT 2008

### Management Reports

This half yearly report forms one of the interim management statements that Intertek is required to publish under the EU Transparency Directive with effect from the financial year beginning 1 January 2008. Intertek will issue the next interim management statement in the fourth quarter of 2008. The year end results will be announced on 9 March 2009.

### Interim Report

Recent changes to the Listing Rules of the Financial Services Authority have removed the requirement to issue a hard copy interim report to shareholders. However, if you require a hard copy of this statement please contact the Company Secretary. This statement is available on [www.intertek.com](http://www.intertek.com).

## OVERVIEW

Intertek's strength lies in our strategy of focusing on the current and future needs of our customers. We develop and extend our service offering to add value to their businesses and products in a rapidly changing global environment. Through this focus and our dedication to our customers' success we have delivered strong growth in the first half of 2008 (H1 08) and through continuing strategic investments we have extended our services into industry sectors which provide us with a platform for future growth and margin enhancement.

We have reorganised our operating divisions to align more closely with the industries in which our customers are based. Details of the reorganisation are given in the Business Review further on in this Interim Report. All prior period figures have been restated to allow a like-for-like comparison. Central overheads are now allocated to the operating divisions resulting in margins for each division being lower than previously reported. We did not incur any exceptional costs to complete the reorganisation. To aid comparison with previously reported figures, our segmental analysis in the interim financial statements presents the results in both the old and the new structure. The discussion that follows is based on the new divisional structure.

All divisions apart from Government Services reported strong revenue growth in H1 08 compared to H1 07. Consumer Goods and Oil, Chemical & Agri reported particularly strong organic revenue growth, with revenue being further increased by acquisitions. The adjusted margins referred to below are the operating margins before the amortisation of acquisition intangibles.

**Consumer Goods** revenue increased 32.6% (29.7% organic) in H1 08 over H1 07, driven by strong demand for toy testing and good growth in textile testing. The heightened demand for heavy metals testing in toys which started in the second half of 2007, continued into the current year. Whilst we expect demand to remain high, the rate of growth in the second half of 2008 will not be as high as in the first half. The adjusted margin after allocating central overheads was 28.9%.

**Oil, Chemical & Agri** revenue increased 22.3% (20.1% organic) in H1 08 over H1 07. The market demand for petroleum inspection and testing and chemical testing continued to be strong in all regions. The adjusted margin, after allocating central overheads increased 120 basis points to 10.6%. We expect growth to remain strong in the second half of the year.

**Commercial & Electrical** revenue increased 23.3% (13.7% organic) in H1 08 over H1 07. The growth was driven by the Americas where the electrical sector, which is more than half of the division, performed particularly well. Asia also reported good revenue growth. The adjusted margin after allocating central overheads decreased 110 basis points to 12.8%, mainly due to investment in new key industry sectors such as photovoltaic. We expect the margin to improve in the second half of the year.

**New Divisions** comprise Analytical Services, Minerals and Industrial Services, all of which are in the development stage of their growth cycle. Revenue increased by 43.1% (organic 9.0%) mainly due to the impact of acquisitions. The adjusted margin after allocating central overheads was 9.0%. We have invested significantly in these sectors, both organically and through acquisitions; adding new product lines in industries which we believe are strategically important and have considerable growth potential. We expect the margins in these new divisions to improve considerably.

**Government Services** revenue declined 3.6% due to the discontinuance of a pre-shipment inspection contract in Ecuador at the end of 2007. The margin after allocating central overheads decreased 240 basis points to 9.2%.

### **Acquisitions**

In the first half of 2008 we completed eight acquisitions for a total consideration of £40.3m (H1 07: £58.0m). These were spread across all divisions other than Government Services. In July 2008, we acquired Applica, a food testing business based in Germany, for an initial cash consideration of £3.0m and a contingent consideration of up to £0.6m payable in March 2009 dependent on financial performance. We continue to see many further acquisition opportunities which will widen the scope and range of the services we offer.

### **Finance**

To date, we have added a total of £75.0m to our existing bank facility and we have also raised US\$100.0m by way of a senior note issue. These additional facilities will enable us to continue our investment programme.

### **Outlook**

Our first half performance demonstrates that our business remains resilient and therefore, whilst we continue to be aware that uncertainty in global economic growth could have a negative impact on broader trading conditions in certain markets, we expect the Group to perform strongly in the remainder of the year.

## BUSINESS REVIEW

For the six months ended 30 June 2008

### Overview of results

Revenue for the Group increased to £457.4m, up 26.8% (21.3% at constant exchange rates). Excluding the results of acquisitions made since 1 January 2007, organic revenue increased 17.6%.

Operating profit for the Group before the amortisation of acquisition intangibles (adjusted operating profit), was £68.7m, up 26.1% (20.1% at constant exchange rates). The Group's adjusted operating profit margin was 15.0% which was down 10 basis points from the margin for the first half of 2007, primarily due to investment costs in Analytical Services, Minerals and Industrial Services, which we expect to be margin accretive in the future.

### Performance Review by Division

In response to growth opportunities in new sectors and to increase our focus on customers in their specific industries, from 1 January 2008 we have reorganised our internal management structure from four divisions to seven. The Analytical Services and Minerals businesses have been separated from the Oil, Chemical & Agri business and are now managed independently. A new division called Industrial Services was formed comprising Systems Certification, which was previously included in Commercial & Electrical, and Industrial Inspection which was previously included in Government Services. Consumer Goods remains unchanged. Because of their relatively small size, the results of the Minerals and Industrial Services divisions are combined with Analytical Services and are currently discussed in total as New Divisions in the Business Review.

In order to present a more accurate operating margin for each division, central overhead costs are now allocated to each of the operating divisions and, figures for prior periods have been restated on the same basis. The revenue and adjusted operating profit for the six months to 30 June 2008 are shown below for both the new and old structures. The reorganisation did not result in any exceptional costs.

### Revenue for the six months to 30 June 2008

	New Structure			Old Structure		
	Revenue £m	Adjusted operating profit £m	Margin	Revenue £m	Adjusted operating profit £m	Margin
Oil, Chemical & Agri	143.8	15.3	10.6%	216.5	26.7	12.3%
Consumer Goods	108.1	31.2	28.9%	108.1	32.8	30.3%
Commercial & Electrical	95.8	12.3	12.8%	105.1	13.8	13.1%
Government Services	21.7	2.0	9.2%	27.7	3.5	12.6%
New Divisions	88.0	7.9	9.0%	-	-	
Central	-	-		-	(8.1)	
<b>Total</b>	<b>457.4</b>	<b>68.7</b>	<b>15.0%</b>	<b>457.4</b>	<b>68.7</b>	<b>15.0%</b>

A review of the performance of each division in the six months to 30 June 2008 compared to the six months to 30 June 2007 is set out below. Revenue and adjusted operating profit are presented at actual exchange rates and the growth rates are shown at both actual and constant exchange rates. The figures for the six months to 30 June 2007 have been restated to reflect the new structure.

<b>Oil, Chemical &amp; Agri</b>	<b>H1 08</b>	H1 07	Change	Change
	<b>£m</b>	£m	at actual rates	at constant rates
Revenue	<b>143.8</b>	117.6	22.3%	17.2%
Adjusted operating profit	<b>15.3</b>	11.0	39.1%	34.2%
Adjusted operating margin	<b>10.6%</b>	9.4%	120bp	130bp

The Oil, Chemical & Agri division provides independent cargo inspection as well as non-inspection related laboratory testing, calibration and related technical services to the world's energy, petroleum, chemical and agricultural industries.

Oil, Chemical & Agri delivered an excellent performance in the first half of the year with strong growth across all regions, particularly in non-inspection related testing. Total revenue increased to £143.8m, up 22.3% (17.2% at constant exchange rates) and organic revenue increased by 20.1%. The organic growth was driven by favourable market conditions, higher demand for alternative fuels and increased regulation, which together resulted in greater demand for testing and inspection services.

Total adjusted operating profit increased to £15.3m, up 39.1% (34.2% at constant exchange rates). The adjusted operating margin improved by 120 basis points to 10.6%. The improvement in margin was mainly driven by the strong growth in non-inspection related testing of petroleum which generates a higher margin than the inspection business.

In January 2008, Electrical Mechanical Instrument Services (UK) Ltd (EMIS) was acquired. EMIS provides calibration services to the oil and gas industries in the UK and the Middle East and complements the existing upstream services offered by the Group.

We expect market conditions to remain favourable and therefore the strong performance should continue in the second half of the year.

<b>Consumer Goods</b>	<b>H1 08</b>	H1 07	Change	Change
	<b>£m</b>	£m	at actual rates	at constant rates
Revenue	<b>108.1</b>	81.5	32.6%	25.8%
Adjusted operating profit	<b>31.2</b>	23.5	32.8%	26.3%
Adjusted operating margin	<b>28.9%</b>	28.8%	10bp	10bp

The Consumer Goods division provides services to the textiles, toys, footwear, hardlines, food and retail industries. Services include testing, inspection, auditing, advisory services, quality assurance and hazardous substance testing.

The Consumer Goods division delivered strong results with total revenue of £108.1m up 32.6% (25.8% at constant exchange rates) and organic revenue up 29.7%. The toy sector, which accounted for just over a quarter of the revenue in the first half of 2008, performed exceptionally well with revenue growth of 60%. This was mainly due to increased demand for heavy metals testing driven by heightened consumer concern over the safety of toys. Revenue from textile testing increased, particularly in China.

Total adjusted operating profit was £31.2m, up 32.8% (26.3% at constant exchange rates). The total adjusted operating margin was 28.9% compared to 28.8% for the comparable prior year period.

In April 2008, the Group acquired 4-Front Research, a group of companies in the UK, France and India which provide analytical support for clinical research studies on cosmetic, personal care, functional food and over-the-counter pharmaceutical and medical products. With seven sites in England and sites in Hyderabad, India and Paris, France, 4-Front extends the services the Group is able to offer its consumer healthcare customers and also provides a strategic platform for development in India and other fast growing Asian markets for consumer healthcare products.

The key growth drivers in Consumer Goods remain strong, principally the sourcing of products from China, the increasingly wide range of products being sold by retailers and shorter product lifecycles. Concern over the safety of consumer products has increased demand from consumers and regulatory bodies for independent assurance of quality and safety. Although two-thirds of revenue is derived from toys and textiles testing, the remainder is from developing services such as consultancy, inspection, supply chain services, food and corporate social responsibility where margins are not always as high as those earned by the established services.

<b>Commercial &amp; Electrical</b>	<b>H1 08</b>	H1 07	Change	Change
	<b>£m</b>	£m	at actual rates	at constant rates
Revenue	<b>95.8</b>	77.7	23.3%	18.3%
Adjusted operating profit	<b>12.3</b>	10.8	13.9%	7.9%
Adjusted operating margin	<b>12.8%</b>	13.9%	(110)bp	(130)bp

The Commercial & Electrical division provides services to a wide range of industries including those in the home appliances, lighting, medical, building, industrial and HVAC/R (heating, ventilation and air conditioning and refrigeration), IT and telecom and automotive sectors.

Total revenue increased to £95.8m, up 23.3% (18.3% at constant exchange rates) and organic revenue increased by 13.7%. The electrical sector which accounted for 60% of the division's total revenue grew well, particularly in the US, where increased acceptance of the ETL mark contributed to growth in market share. All other industry sectors also reported revenue growth in the first half of 2008 compared to the first half of 2007.

Revenue in Asia increased in the first half of 2008 compared to the first half of 2007, mainly due to good growth in China. Total revenue in Europe increased, although organic revenue growth was slower in the first half of 2008 compared to the first half of 2007.

Total adjusted operating profit was £12.3m, up 13.9% (7.9% at constant exchange rates). The total adjusted operating margin decreased 110 basis points to 12.8%. The decline in margin is partly due to slower growth in Europe but also to investment in new technology to support new key industry sectors such as photovoltaic (solar) and geographic expansion of automotive testing services in China and Japan.

In February 2008, the Group acquired Epsilon Technical Services Ltd. Epsilon is based in the UK and offers safety and advisory services to companies with products for use in potentially explosive atmospheres. This acquisition complements and extends the Group's existing explosive environment certification services.

The outlook for Commercial & Electrical for the rest of the year is good. Over 50% of the division's revenue is generated in the Americas where, despite the weak economy in the US, the growth prospects are good. Investment in new industry sectors provides good opportunities for growth and we expect to see an improvement in margin in the second half of the year.

<b>Government Services</b>	<b>H1 08</b>	H1 07	Change	Change
	<b>£m</b>	£m	at actual rates	at constant rates
Revenue	<b>21.7</b>	22.5	(3.6)%	(6.9)%
Operating profit	<b>2.0</b>	2.6	(23.1)%	(28.6)%
Operating margin	<b>9.2%</b>	11.6%	(240)bp	(280)bp

The Government Services division offers a range of services to governments, national standards organisations and customs departments. Services include cargo scanning, fiscal support services and standards programmes.

Revenue declined 3.6% due to the discontinuance of a pre-shipment inspection (PSI) contract in Ecuador which was cancelled in 2007. Operating profit declined 23.1% to £2.0m and the margin decreased 240 basis points to 9.2%.

The division's reliance on traditional PSI contracts has reduced and 66% of revenue is now generated by other services such as standards contracts and supply chain security. The Government Services division continues to seek new opportunities and is committed to developing innovative solutions to the cargo security issues facing international trade.

<b>New Divisions</b>	<b>H1 08</b>	H1 07	Change	Change
	<b>£m</b>	£m	at actual rates	at constant rates
Revenue	<b>88.0</b>	61.5	43.1%	37.1%
Adjusted operating profit	<b>7.9</b>	6.6	19.7%	14.5%
Adjusted operating margin	<b>9.0%</b>	10.7%	(170)bp	(170)bp

New Divisions comprises the Analytical Services, Minerals and Industrial Services divisions.

Total revenue increased to £88.0m, up 43.1% (37.1% at constant exchange rates) and organic revenue increased by 9.0%. We have invested both organically and through acquisitions in these businesses as they are in sectors which have high growth potential.

Total adjusted operating profit was £7.9m, up 19.7% (14.5% at constant exchange rates). The total adjusted operating margin declined 170 basis points. The margin decline was mainly due to development and integration costs. We are very confident that the investment in these divisions will lead to improved margins.

**Analytical Services**, which comprised 63% of the total revenue for New Divisions in the first half of 2008, provides laboratory services to the chemical, pharmaceutical, cosmetics/personal care, oil and gas and automotive/aerospace industries.

Upstream Services reported strong growth in revenues in the first half of 2008 over the first half 2007. Downstream, Chemicals and Materials also performed well, apart from lubricant testing in the US which suffered from lower volumes in 2008 ahead of new standards being issued in 2009. Pharmaceutical testing grew well in the US but underperformed in the UK due to delays in a number of client projects.

In February 2008, the Group acquired the UK based Commercial Microbiology Group which provides laboratory and consultancy services and sells testing kits related to the measurement and management of bacteria in the upstream oil and gas industries. This acquisition expands the suite of expert services that the Group can deliver as a partner to the oil and gas exploration industries globally.

In February 2008, the Group also acquired Bioclin Research Laboratories Ltd, an Irish company which provides product quality testing and bio-analytical services to pharmaceutical, medical device and biotechnology companies.

In March 2008, the Limburg Water Boards of the Netherlands outsourced all laboratory activities and transferred the employees of Waterschapsbedrijf Limburg to Intertek for a minimum period of five years. The Group will provide extended analytical testing and consultancy services in the areas of environmental science, regulation and complex analysis of silt, soil and water.

The outlook for Analytical Services is good and we expect to see margin improvement in the second half of the year although lubricant testing will not show significant improvement until next year when new standards are issued.

**Minerals**, which comprised 20% of the total revenue for New Divisions in the first half of 2008, provides inspection, testing and advisory services to the minerals industry.

The minerals market remains very buoyant and revenue grew strongly in the first half of 2008 over the first half of 2007.

In April 2008, the Group acquired a company which operates the largest commercial assay laboratory in the Philippines and offers geophysical surveys and inspection services to the minerals industries in Asia.

Activity in the mining and exploration industries is expected to remain high and we will continue to expand the Minerals Division geographically and invest significantly in new laboratories to optimise the growth opportunities in this sector. We expect the margin in Minerals to improve in the second half of the year.

**Industrial Services**, which comprised 17% of the New Divisions revenue for the first half of 2008, combines Systems Certification, which provides high value audit services to a wide range of industries in both the manufacturing and service sectors, and Industrial Services which provides quality and safety services to oil and gas, industrial and process industries. These services include quality and control inspections, personnel outsourcing, asset integrity management, dimensional control, laser scanning, specialist testing and REACH (registration, evaluation, authorisation and restriction of chemicals) services.

Revenue from Industrial Services grew well in the first half of 2008 over the first half of 2007.

In April 2008, the Group acquired Hi-Cad Technical Services Ltd which provides specialist 3D data capture and measurement services, primarily to customers in the upstream and downstream oil and petroleum industry in the UK and the US. This acquisition strengthens the development of asset integrity management services in the Group and enables the Group to offer a cohesive vendor assessment and quality inspection service to customers globally.

The Group's strategy for Industrial Services is to grow the division organically and by acquiring complementary businesses.

## FINANCIAL REVIEW

For the six months ended 30 June 2008

### Revenue

Revenue for the six months ended 30 June 2008 was £457.4m, up 26.8% from the comparable prior period.

The Group operates in 69 currencies other than sterling, although the majority of the Group's overseas earnings are denominated in US dollars, Chinese renminbi, Euros and Hong Kong dollars. Therefore the Group's results are exposed to changes in the value of these currencies when translated into sterling.

Exchange rates which could have a material impact on the Group's earnings are shown below:

Value of £1	H1 08	H1 07	Change
US dollar	1.99	1.97	1.0%
Euro	1.30	1.48	(12.2)%
Chinese renminbi	14.04	15.25	(7.9)%
Hong Kong dollar	15.50	15.43	0.5%

Whilst sterling remained relatively steady against the US dollar in the first half of 2008 compared to the first half of 2007, it weakened significantly against a range of other currencies, including the Euro and the Chinese renminbi. This had a beneficial effect on the Group's earnings for the first six months of 2008. At constant exchange rates, revenue increased 21.3%, compared to 26.8% at actual rates.

### Adjusted operating profit and margin

Operating profit before amortisation of acquisition intangibles (adjusted operating profit) was £68.7m for the six months ended 30 June 2008, up 26.1% from the comparable prior period. At constant exchange rates, adjusted operating profit increased 20.1%.

The Group's adjusted operating profit margin was 15.0%, compared to 15.1% for the comparable prior year period.

### Amortisation of acquisition intangibles

The charge for amortisation of acquisition intangibles was £4.4m in the first half of 2008 compared to £1.9m in for the comparable prior year period. The increase was due to the number of acquisitions made in recent years. Additional intangible assets of £10.7m were acquired in the six months to 30 June 2008 (H1 07: £9.6m).

### Operating profit and margin

Operating profit after amortisation of acquisition intangibles was £64.3m for the six months ended 30 June 2008, up 22.2% from the comparable prior period. The operating margin was 14.1%, down 50 basis points over the margin for the comparable period due to the increased amortisation charge described above.

### Net financing costs

The Group reported finance income for the six months to 30 June 2008 of £2.9m (H1 07: £2.2m). The increase was mainly due to an increase in the expected return on pension assets and higher foreign exchange gains.

The Group's finance expense for the six months to 30 June 2008 was £8.7m (H1 07: £6.4m). The charge comprised interest on borrowings, pension interest cost, other foreign exchange differences and other financing fees. The increase was primarily due to higher levels of debt.

### Income tax expense

The tax charge is based upon the estimate of the tax rate expected for the full financial year. For the six months to 30 June 2008 the estimated effective tax rate was 26.5% compared with 25.4% for the six months ended 30 June 2007.

Differences between the estimated effective tax rate of 26.5% and the notional statutory UK rate of 28% include, but are not limited to, the effect of tax rates in foreign jurisdictions, non-deductible expenses, the effect of utilised tax losses and withholding taxes.

### Profit for the period

Profit for the period after income tax was £43.0m (H1 07: £36.1m) of which £39.5m (H1 07: £33.7m) was attributable to equity holders of the Company.

### Minority interests

Profit attributable to minority shareholders was £3.5m for the first six months of 2008 (H1 07: £2.4m). The increase was mainly due to the strong growth in the Group's non-wholly owned subsidiaries in Asia.

### Earnings per share

Earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year. As set out in note 7 to the interim financial statements, basic earnings per share for the six months to 30 June 2008 were 25.1p (H1 07: 21.5p), an increase of 16.7%. A diluted adjusted earnings per share calculation is also shown which removes the impact of amortisation of acquisition intangibles from earnings, and includes potentially dilutive share options in the number of shares, to give diluted adjusted earnings per share of 27.6p (H1 07: 22.5p), an increase of 22.7%.

### Dividend

An interim dividend of 7.1 pence per share will be paid on 18 November 2008 to shareholders on the register at 7 November 2008. This represents an increase of 22.4% on last year's interim dividend.

### Cash and liquidity

	H1 08 £m	H1 07 £m	Increase
Cash generated from operations	56.7	43.0	31.9%
Less net acquisition of property, plant, equipment and software	(26.7)	(17.8)	50.0%
Operating cash flow after capital expenditure	30.0	25.2	19.0%
Adjusted operating profit	68.7	54.5	26.1%
<b>Operating cash flow/adjusted operating profit</b>	<b>43.7%</b>	<b>46.2%</b>	

The primary source of the Group's cash liquidity is cash generated from operations and the drawdown of debt. A portion of these funds has been used to fund acquisitions and capital expenditure and to pay interest, dividends and taxes.

Cash flow for the first six months of 2008 was good. Cash generated from operations was £56.7m for the first half of 2008, compared to £43.0m for the first half of 2007. The increase of 31.9% was due to improved profitability and effective working capital management. In the first half of 2008, 43.7% of adjusted operating profit was converted into cash compared to 46.2% in H1 07. The 250 basis points decline was due to increased investment in property, plant, equipment and software.

To support our growth strategy we need to invest continually in our operations. In the first six months of 2008, net cash flows used in investing activities were £77.3m (H1 07: £61.2m). We paid £34.6m net of cash acquired, (H1 07: £43.9m) for eight new businesses and £16.4m additional consideration deferred from acquisitions made in prior periods. In addition, we invested net £26.7m (H1 07: £17.8m) in property, plant and equipment and computer software.

Cash flows from financing activities primarily comprised cash inflows from the issue of share capital following the exercise of employee share options of £2.3m (H1 07: £4.4m) and the net drawdown of debt of £85.8m (H1 07: £52.7m), and cash outflows of dividends paid to minorities of £0.8m (H1 07: £1.0m) and dividends paid to Group shareholders of £19.2m (H1 07: £16.0m), which resulted in a net cash inflow of £68.6m (H1 07: £40.1m).

As shown in note 10, interest bearing loans and borrowings were £322.8m at 30 June 2008, an increase of 41.4% over the borrowings at 30 June 2007. Of these borrowings, £13.9m is repayable in less than a year and £308.9m is due in more than a year. The Group's borrowings are in currencies which match its asset base. The increase in borrowings comprised exchange adjustments of £5.8m due to the translation into sterling of borrowings denominated in other currencies and the net drawdown of debt of £85.8m, (£92.7m drawdown less £6.9m repayment). The debt drawdown was mainly used to finance acquisitions. Cash and cash equivalents at 30 June 2008, were £83.2m, an increase of 48.0% over cash at 30 June 2007.

### **Borrowings**

The Group has a multi-currency senior bank facility that was placed in December 2004. This facility was originally due to expire on 15 December 2009, however the Group exercised its option to extend the facility by a year in 2005 and by a further year in 2006. The facility is now due to expire in December 2011. The margins currently paid on borrowings are in the range of 0.3% to 0.6% over LIBOR. In August 2007, the Group extended the senior debt facility by a further £100m to £400m. This was achieved through adding an additional Term D tranche of finance. Term D margins are in the range of 0.3% to 0.5% over LIBOR in the relevant currency.

In June 2008, a further £60m was added to this facility from two new banks on the same terms and conditions and margins as the existing facility. In July 2008, another £15m was added from another new bank, again on the same terms and conditions and margin. Also, in June 2008, the Group raised US\$100m by way of a senior note issue. This debt is repayable on 26 June 2015 and the interest rate is fixed at 5.54%.

The Group's policy is to ensure that a liquidity buffer is available, in the short term, to absorb the net effects of transactions made and expected changes in liquidity both under normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation. Including the additional funds raised to date, the Group has liquid funds of approximately £217m, an increase of 27% over the available funds at 31 December 2007.

Where appropriate, cash is managed in currency based cash pools and is put on overnight deposit, bearing interest at rates fixed daily in advance.

### **Risks**

The Board continuously assesses and monitors the key risks of the business. Despite the current uncertainty in the global economy, the key risks that could affect the Group's medium term performance, and the factors which mitigate these risks, have not significantly changed from those set out on pages 22 to 24 of the Group's Annual Report for 2007, a copy of which is available from our website [www.intertek.com](http://www.intertek.com). The Business Review includes consideration of uncertainties affecting the Group in the remaining six months of the year.

There has been no material change in the risks that the Group is exposed to in the period since the Annual Report was published.

### **Related party transactions**

There have been no material changes in the related party transactions described in the Annual Report for 2007. See note 14 for disclosure of related party transactions for the six months to 30 June 2008.

**Cautionary statement concerning forward-looking statements**

This interim report and announcement contain certain forward-looking statements with respect to the financial condition, results, operations and business of Intertek Group plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast. Past performance cannot be relied upon as a guide to future performance.

## Condensed Consolidated Interim Income Statement

Six months ended 30 June 2008

	Notes	Six months to 30 June 2008 (Unaudited) £m	Six months to 30 June 2007 (Unaudited) £m	Year to 31 December 2007 (Audited) £m
<b>Revenue</b>	5	<b>457.4</b>	360.8	775.4
Cost of sales		<b>(366.6)</b>	(288.0)	(615.9)
<b>Gross profit</b>		<b>90.8</b>	72.8	159.5
Amortisation of acquisition intangibles		<b>(4.4)</b>	(1.9)	(5.1)
Impairment of goodwill		-	-	(0.4)
Other administrative expenses		<b>(22.1)</b>	(18.3)	(37.9)
Total administrative expenses		<b>(26.5)</b>	(20.2)	(43.4)
<b>Group operating profit</b>	5	<b>64.3</b>	52.6	116.1
Finance income		<b>2.9</b>	2.2	5.4
Finance expense		<b>(8.7)</b>	(6.4)	(15.6)
<b>Net financing costs</b>		<b>(5.8)</b>	(4.2)	(10.2)
Share of loss of associates		-	-	(0.1)
<b>Profit before income tax</b>		<b>58.5</b>	48.4	105.8
Income tax expense	6	<b>(15.5)</b>	(12.3)	(27.0)
<b>Profit for the period</b>		<b>43.0</b>	36.1	78.8
<b>Attributable to:</b>				
Equity holders of the Company		<b>39.5</b>	33.7	73.2
Minority interest		<b>3.5</b>	2.4	5.6
<b>Profit for the period</b>		<b>43.0</b>	36.1	78.8
<b>Earnings per share</b>				
Basic	7	<b>25.1p</b>	21.5p	46.7p
Diluted	7	<b>24.8p</b>	21.3p	46.2p
<b>Dividends in respect of the period</b>		<b>7.1p</b>	5.8p	18.0p

## Condensed Consolidated Interim Balance Sheet

As at 30 June 2008

	Notes	At 30 June 2008 (Unaudited) £m	At 30 June 2007 (Unaudited) £m	At 31 December 2007 (Audited) £m
<b>Assets</b>				
Property, plant and equipment		166.3	131.2	149.2
Goodwill		183.4	113.6	148.4
Other intangible assets		41.6	27.4	35.0
Investments in associates		0.6	0.7	0.6
Deferred tax assets		13.1	13.8	11.9
<b>Total non-current assets</b>		<b>405.0</b>	<b>286.7</b>	<b>345.1</b>
Inventories		5.3	3.9	4.0
Trade and other receivables		228.1	183.5	191.0
Derivative financial instruments		-	0.1	-
Cash and cash equivalents	10	83.2	56.2	58.6
<b>Total current assets</b>		<b>316.6</b>	<b>243.7</b>	<b>253.6</b>
<b>Total assets</b>		<b>721.6</b>	<b>530.4</b>	<b>598.7</b>
<b>Liabilities</b>				
Interest bearing loans and borrowings	10	(13.9)	(14.2)	(13.7)
Derivative financial instruments		(0.6)	-	(0.7)
Current taxes payable		(25.2)	(28.5)	(25.3)
Trade and other payables		(134.7)	(102.3)	(128.6)
Provisions		(14.4)	(20.1)	(22.7)
<b>Total current liabilities</b>		<b>(188.8)</b>	<b>(165.1)</b>	<b>(191.0)</b>
Interest bearing loans and borrowings	10	(308.9)	(214.1)	(217.5)
Deferred tax liabilities		(7.4)	(3.7)	(5.3)
Net pension liabilities		(4.7)	(15.5)	(7.3)
Other payables		(0.7)	(1.4)	(0.9)
Provisions		(2.3)	(0.8)	(0.9)
<b>Total non-current liabilities</b>		<b>(324.0)</b>	<b>(235.5)</b>	<b>(231.9)</b>
<b>Total liabilities</b>		<b>(512.8)</b>	<b>(400.6)</b>	<b>(422.9)</b>
<b>Net assets</b>		<b>208.8</b>	<b>129.8</b>	<b>175.8</b>
<b>EQUITY</b>				
Share capital	11	1.6	1.6	1.6
Share premium	11	249.6	246.7	247.3
Other reserves	11	17.1	6.8	11.7
Retained earnings	11	(74.8)	(135.5)	(96.4)
<b>Total equity attributable to equity holders of the Company</b>	11	<b>193.5</b>	<b>119.6</b>	<b>164.2</b>
Minority interest		15.3	10.2	11.6
<b>Total equity</b>		<b>208.8</b>	<b>129.8</b>	<b>175.8</b>

## Condensed Consolidated Interim Statement of Cash Flows

Six months ended 30 June 2008

	Notes	Six months to 30 June 2008 (Unaudited) £m	Six months to 30 June 2007 (Unaudited) £m	Year to 31 December 2007 (Audited) £m
<b>Cash flows from operating activities</b>				
Profit for the period		43.0	36.1	78.8
Adjustments for:				
Depreciation charge		16.6	13.3	27.7
Amortisation of software		1.4	1.1	2.3
Amortisation of acquisition intangibles		4.4	1.9	5.1
Impairment of goodwill		-	-	0.4
Equity-settled transactions	9	1.6	1.4	3.0
Share of loss of associates		-	-	0.1
Net financing costs		5.8	4.2	10.2
Income tax expense	6	15.5	12.3	27.0
Loss on disposal of property, plant and equipment		-	-	0.1
<b>Operating profit before changes in working capital and operating provisions</b>		<b>88.3</b>	<b>70.3</b>	<b>154.7</b>
Change in inventories		(0.3)	(0.3)	(0.3)
Change in trade and other receivables		(25.6)	(23.9)	(20.7)
Change in trade and other payables		(2.4)	(2.0)	14.4
Change in claims and other provisions		(0.3)	1.7	3.8
Special pension contribution		(3.0)	(2.8)	(2.8)
<b>Cash generated from operations</b>		<b>56.7</b>	<b>43.0</b>	<b>149.1</b>
Interest paid		(5.9)	(4.5)	(10.8)
Income taxes paid		(19.3)	(10.6)	(28.4)
<b>Net cash flows from operating activities</b>		<b>31.5</b>	<b>27.9</b>	<b>109.9</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment		0.2	0.1	0.3
Interest received		0.4	0.5	1.1
Acquisition of subsidiaries, net of cash acquired	12	(34.6)	(43.9)	(85.8)
Contingent consideration paid in respect of past acquisitions	12	(16.4)	-	-
Acquisition of property, plant and equipment		(26.0)	(16.8)	(41.3)
Acquisition of software		(0.9)	(1.1)	(2.5)
<b>Net cash flows used in investing activities</b>		<b>(77.3)</b>	<b>(61.2)</b>	<b>(128.2)</b>
<b>Cash flows from financing activities</b>				
Proceeds from the issue of share capital		2.3	4.4	4.9
Issue of shares by subsidiary undertaking to minority		0.5	-	-
Drawdown of debt		92.7	59.4	70.6
Repayment of debt		(6.9)	(6.7)	(21.2)
Dividends paid to minorities		(0.8)	(1.0)	(3.6)
Equity dividends paid	11	(19.2)	(16.0)	(25.2)
<b>Net cash flows from financing activities</b>		<b>68.6</b>	<b>40.1</b>	<b>25.5</b>
<b>Net increase in cash and cash equivalents</b>	10	<b>22.8</b>	<b>6.8</b>	<b>7.2</b>
Cash and cash equivalents at 1 January	10	58.6	49.5	49.5
Effect of exchange rate fluctuations on cash held	10	1.8	(0.1)	1.9
<b>Cash and cash equivalents at end of period</b>	10	<b>83.2</b>	<b>56.2</b>	<b>58.6</b>

**Condensed Consolidated Interim Statement of Recognised Income and Expense**  
Six months ended 30 June 2008

		Six months to 30 June 2008 (Unaudited) £m	Six months to 30 June 2007 (Unaudited) £m	Year to 31 December 2007 (Audited) £m
	Notes			
Foreign exchange translation differences for foreign operations	11	<b>10.9</b>	(1.9)	10.0
Actuarial gains and losses on defined benefit pension schemes		-	-	8.5
Tax on income and expenses recognised directly in equity	11	<b>(0.3)</b>	(1.0)	(2.3)
Effective portion of changes in fair value of cash flow hedges	11	<b>0.1</b>	(0.2)	(1.1)
Net (loss)/gain on hedges of net investments in foreign operations	11	<b>(5.6)</b>	2.9	(3.2)
<b>Income and expense recognised directly in equity</b>		<b>5.1</b>	(0.2)	11.9
<b>Profit for the period</b>		<b>43.0</b>	36.1	78.8
<b>Total recognised income and expense for the period</b>		<b>48.1</b>	35.9	90.7
<b>Total recognised income and expense for the period attributable to:</b>				
Equity holders of the Company		<b>44.3</b>	33.5	84.5
Minority interest		<b>3.8</b>	2.4	6.2
<b>Total recognised income and expense for the period</b>		<b>48.1</b>	35.9	90.7

## Notes to the Condensed Consolidated Interim Financial Statements

### 1 Reporting entity

Intertek Group plc is a company incorporated and domiciled in the United Kingdom. The Condensed Consolidated Interim Financial Statements of the Company as at and for the six months ended 30 June 2008, comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and jointly controlled entities.

The Consolidated Financial Statements of the Group as at and for the year ended 31 December 2007, are available upon request from the Company's registered office at 25 Savile Row, London W1S 2ES. An electronic version is available from the Investors section of the Group website at [www.intertek.com](http://www.intertek.com).

### 2 Statement of compliance

These Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34: Interim Financial Reporting as endorsed and adopted for use in the European Union and the Disclosure and Transparency Rules (DTR) of the Financial Services Authority. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Consolidated Financial Statements of the Group as at and for the year ended 31 December 2007.

The comparative figures for the financial year ended 31 December 2007 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) of (3) of the Companies Act 1985.

### 3 Significant accounting policies

These Condensed Consolidated Interim Financial Statements are unaudited and have been prepared on the basis of accounting policies consistent with those applied in the Consolidated Financial Statements for the year ended 31 December 2007.

The following interpretations, issued by the International Financial Reporting Interpretations Committee (IFRIC), are effective for the first time in the current financial year and have been adopted by the Group with no significant impact on its consolidated results or financial position:

- IFRIC 11- IFRS 2: Group and treasury share transactions

There is no significant seasonality in the Group's operations.

The Board continuously assesses and monitors the key risks of the business. Despite the current uncertainty in the global economy, the key risks that could affect the Group's medium term performance, and the factors which mitigate these risks, have not significantly changed from those set out on pages 22 to 24 of the Group's Annual Report for 2007, a copy of which is available from our website [www.intertek.com](http://www.intertek.com). The Business Review includes consideration of uncertainties affecting the Group in the remaining six months of the year.

### 4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Condensed Consolidated Interim Financial Statements, the nature of the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that were applied to the Consolidated Financial Statements as at and for the year ended 31 December 2007.

During the six months ended 30 June 2008, management reassessed its estimates in respect of the contingent consideration payable in respect of acquisitions made in prior periods. See note 12 for further information.

## 5 Segment information

### Business analysis (Primary segment)

From 1 January 2008, the Group is organised into seven operating divisions: Oil, Chemical & Agri, Consumer Goods, Commercial & Electrical, Government Services, Analytical Services, Minerals and Industrial Services. The costs of the corporate head office and other costs which are not controlled by the operating divisions are allocated to these divisions.

These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

**Oil, Chemical & Agri** provides independent cargo inspection, laboratory testing, calibration and related technical services to the world's energy, petroleum, chemical and agricultural industries.

**Consumer Goods** provides services to the textiles, footwear, toys, food and hardlines industries.

**Commercial & Electrical** provides testing, inspection and certification services to industries including those in the home appliances, medical, building, industrial and HVAC/R, IT and telecom and automotive sectors.

**Government Services** provides trade services to standards bodies and governments.

**Analytical Services** provides laboratory services to the chemical, pharmaceutical, cosmetics/personal care, oil and gas and automotive/aerospace industries.

**Minerals and Industrial Services** each comprise less than 10% of the Group's revenue, operating profit and net assets and therefore their results are not presented separately. Minerals provides inspection, testing and advisory services to the mining and exploration industries and Industrial Services provides high value audit services to a wide range of industries in both the manufacturing and services sectors and quality and safety services to oil and gas, industrial and process industries.

Prior to 1 January 2008, the Group was organised into four divisions: Oil, Chemical & Agri, Commercial & Electrical, Consumer Goods and Government Services. Central overheads which comprised the costs of the corporate head office and other costs which are not controlled by the operating divisions were shown separately.

Revenue and operating profit previously reported for periods prior to 1 January 2008 have been restated to show a like-for-like comparison.

For management purposes, the Group measures the performance of the divisions on operating profit excluding amortisation of acquisition intangibles and impairment of goodwill (adjusted operating profit). These figures are given below together with a reconciliation to Group operating profit. There was no impairment charge in the six months to 30 June 2008 or the six months to 30 June 2007.

## Six months ended 30 June 2008

	Revenue	Adjusted operating profit	Amortisation of acquisition intangibles	Group operating profit
	£m	£m	£m	£m
Oil, Chemical & Agri	143.8	15.3	(0.3)	15.0
Consumer Goods	108.1	31.2	(0.5)	30.7
Commercial & Electrical	95.8	12.3	(0.6)	11.7
Government Services	21.7	2.0	-	2.0
New Divisions				
Analytical Services	55.3	5.3	(1.8)	3.5
Minerals and Industrial Services	32.7	2.6	(1.2)	1.4
Sub total New Divisions	88.0	7.9	(3.0)	4.9
<b>Total</b>	<b>457.4</b>	<b>68.7</b>	<b>(4.4)</b>	<b>64.3</b>
Net financing costs				(5.8)
Share of profit of associates				-
Income tax expense				(15.5)
<b>Profit for the period</b>				<b>43.0</b>

## Six months ended 30 June 2007

	Revenue	Adjusted operating profit	Amortisation of acquisition intangibles	Group operating profit
	£m	£m	£m	£m
Oil, Chemical & Agri	117.6	11.0	(0.2)	10.8
Consumer Goods	81.5	23.5	(0.3)	23.2
Commercial & Electrical	77.7	10.8	(0.2)	10.6
Government Services	22.5	2.6	-	2.6
New Divisions				
Analytical Services	44.1	4.7	(0.6)	4.1
Minerals and Industrial Services	17.4	1.9	(0.6)	1.3
Sub total New Divisions	61.5	6.6	(1.2)	5.4
<b>Total</b>	<b>360.8</b>	<b>54.5</b>	<b>(1.9)</b>	<b>52.6</b>
Net financing costs				(4.2)
Share of profit of associates				-
Income tax expense				(12.3)
<b>Profit for the period</b>				<b>36.1</b>

The figures previously reported were as follows:

	Revenue	Adjusted operating profit	Amortisation of acquisition intangibles	Group operating profit
	£m	£m	£m	£m
Oil, Chemical & Agri	168.1	20.1	(1.0)	19.1
Consumer Goods	81.5	24.9	(0.3)	24.6
Commercial & Electrical	86.0	13.2	(0.6)	12.6
Government Services	25.2	3.4	-	3.4
Central	-	(7.1)	-	(7.1)
<b>Total</b>	<b>360.8</b>	<b>54.5</b>	<b>(1.9)</b>	<b>52.6</b>

## Year ended 31 December 2007

	Revenue	Adjusted operating profit	Amortisation of acquisition intangibles	Impairment of goodwill	Group operating profit
	£m	£m	£m	£m	£m
Oil, Chemical & Agri	248.5	24.4	(0.5)	-	23.9
Consumer Goods	181.2	52.4	(0.5)	-	51.9
Commercial & Electrical	163.0	23.0	(0.8)	-	22.2
Government Services	45.2	6.0	(0.1)	-	5.9
New Divisions					
Analytical Services	95.7	11.7	(1.8)	-	9.9
Minerals and Industrial Services	41.8	4.1	(1.4)	(0.4)	2.3
Sub total New Divisions	137.5	15.8	(3.2)	(0.4)	12.2
<b>Total</b>	<b>775.4</b>	<b>121.6</b>	<b>(5.1)</b>	<b>(0.4)</b>	<b>116.1</b>
Net financing costs					(10.2)
Share of profit of associates					(0.1)
Income tax expense					(27.0)
<b>Profit for the year</b>					<b>78.8</b>

The figures previously reported were as follows:

	Revenue	Adjusted operating profit	Amortisation of acquisition intangibles	Impairment of goodwill	Group operating profit
	£m	£m	£m	£m	£m
Oil, Chemical & Agri	364.0	45.8	(2.9)	-	42.9
Consumer Goods	181.2	55.2	(0.5)	-	54.7
Commercial & Electrical	179.1	27.2	(1.6)	(0.4)	25.2
Government Services	51.1	7.6	(0.1)	-	7.5
Central	-	(14.2)	-	-	(14.2)
<b>Total</b>	<b>775.4</b>	<b>121.6</b>	<b>(5.1)</b>	<b>(0.4)</b>	<b>116.1</b>

## Geographic analysis (Secondary segment)

	Six months to 30 June 2008 £m	Six months to 30 June 2007 £m	Year to 31 December 2007 £m
<b>Revenue from external customers</b>			
Americas	157.3	128.9	271.7
Europe, Middle East and Africa	138.2	112.1	235.0
Asia Pacific	161.9	119.8	268.7
<b>Total</b>	<b>457.4</b>	<b>360.8</b>	<b>775.4</b>
<b>Group operating profit</b>			
Americas	21.9	17.0	36.7
Europe, Middle East and Africa	(1.7)	2.1	2.5
Asia Pacific	44.1	33.5	76.9
<b>Total</b>	<b>64.3</b>	<b>52.6</b>	<b>116.1</b>

## 6 Income tax expense

The tax charge on profits before tax for the six months to 30 June 2008 of £15.5m (30 June 2007: £12.3m) is based on the estimated effective rate for the full year. The effective tax rate at 30 June 2008 is 26.5% (30 June 2007: 25.4%).

Differences between the estimated effective rate of 26.5% and the notional statutory UK rate of 28% include, but are not limited to, the effect of tax rates in foreign jurisdictions, non-deductible expenses, the effect of utilised tax losses and under/(over) provisions in previous years.

## 7 Earnings per ordinary share

	Six months to 30 June 2008 £m	Six months to 30 June 2007 £m	Year to 31 December 2007 £m
<b>Based on the profit for the period:</b>			
Profit attributable to ordinary shareholders	39.5	33.7	73.2
Amortisation of acquisition intangibles	4.4	1.9	5.1
Impairment of goodwill	-	-	0.4
<b>Adjusted earnings</b>	<b>43.9</b>	<b>35.6</b>	<b>78.7</b>
<b>Number of shares (millions):</b>			
Basic weighted average number of ordinary shares	157.5	156.8	156.9
Potentially dilutive share options*	1.6	1.3	1.4
<b>Diluted weighted average number of shares</b>	<b>159.1</b>	<b>158.1</b>	<b>158.3</b>
<b>Basic earnings per share</b>			
	<b>25.1p</b>	21.5p	46.7p
Options	<b>(0.3)p</b>	(0.2)p	(0.5)p
<b>Diluted earnings per share</b>	<b>24.8p</b>	21.3p	46.2p
<b>Basic adjusted earnings per share</b>			
	<b>27.9p</b>	22.7p	50.2p
Options	<b>(0.3)p</b>	(0.2)p	(0.5)p
<b>Diluted adjusted earnings per share</b>	<b>27.6p</b>	22.5p	49.7p

\*The weighted average number of shares used in the calculation of the diluted earnings per share for the six months to 30 June 2008, excludes nil (30 June 2007: 275,512; 31 December 2007: nil) contingently issuable shares as the performance conditions were not met.

## 8 Pension schemes

During the period the Group made a special contribution of £3.0m into the Intertek Pension Scheme. In April 2007, the Group paid £2.8m into the acquired Capcis Limited Pension and Life Assurance Scheme.

The Directors have evaluated the significant assumptions used in the valuation of the Group's defined benefit pension schemes and consider that there is no significant change in the net liabilities of the schemes since 31 December 2007. Therefore actuarial valuations of the assets and liabilities of the defined benefit pension schemes for IAS 19 purposes were not performed at 30 June 2008. The Group has considered the impact of IFRIC 14 on its defined benefit schemes and concluded that there is no impact.

The expense recognised in the consolidated interim income statement consists of the current service cost, interest on the obligation for employee benefits and the expected return on scheme assets. For the six months ended 30 June 2008, the Group recognised a net expense of £0.9m (30 June 2007: £1.2m; 31 December 2007: £2.2m).

## 9 Equity-settled transactions

The Company has a share option scheme and a long-term incentive plan, details of which were contained in the Annual Report for the year ended 31 December 2007. The share option scheme has been discontinued and the last options under the scheme were granted on 13 September 2005. The first awards under the long-term incentive plan called the Intertek Deferred Bonus Plan (the Plan) were made in April 2006. Under the Plan, in April 2008, 427,876 deferred shares (2007: 278,170) and 262,028 matching shares (2007: 156,386) were awarded.

In accordance with IFRS 2: Share Based Payments, the fair value of services received in return for shares and share options granted to employees, is measured by reference to the fair value of shares and share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes formula, a financial model used to calculate the fair value of shares and share options.

During the six months ended 30 June 2008, the Group recognised an expense of £1.6m in respect of outstanding share options issued in 2005 and in respect of the share awards made in April 2006, 2007 and 2008. For the six months ended 30 June 2007, the charge was £1.4m for outstanding share options issued in 2004 and 2005 and in respect of share awards made in 2006 and 2007. During the year ended 31 December 2007, the Group recognised an expense of £3.0m in respect of outstanding share options issued in 2004 and 2005 and in respect of the share awards made in 2006 and 2007.

## 10 Analysis of net debt

	At 1 January 2008 £m	Cash flow £m	Exchange adjustments £m	At 30 June 2008 £m	At 30 June 2007 £m
Cash	58.6	22.8	1.8	<b>83.2</b>	56.2
Borrowings	(231.2)	(85.8)	(5.8)	<b>(322.8)</b>	(228.3)
<b>Total net debt</b>	<b>(172.6)</b>	<b>(63.0)</b>	<b>(4.0)</b>	<b>(239.6)</b>	(172.1)

	At 30 June 2008 £m	At 30 June 2007 £m	At 31 December 2007 £m
Borrowings due in less than one year	<b>(13.9)</b>	(14.2)	(13.7)
Borrowings due in more than one year	<b>(308.9)</b>	(214.1)	(217.5)
<b>Total borrowings</b>	<b>(322.8)</b>	(228.3)	(231.2)

The Group has a multi-currency senior bank facility that was placed in December 2004. This facility was originally due to expire on 15 December 2009, however the Group exercised its option to extend the facility by a year in 2005 and by a further year in 2006. The facility is now due to expire in December 2011. The margins currently paid on borrowings are in the range of 0.3% to 0.6% over LIBOR. In August 2007, the Group extended the senior debt facility by a further £100m to £400m. This was achieved through adding an additional Term D tranche of finance. Term D margins are in the range of 0.3% to 0.5% over LIBOR in the relevant currency.

In June 2008, a further £60m was added to this facility from two new banks on the same terms and conditions and margins as the existing facility. In July 2008, another £15m was added from another new bank, again on the same terms and conditions and margin. Also, in June 2008, the Group raised US\$100m by way of a senior note issue. This debt is repayable on 26 June 2015 and the interest rate is fixed at 5.54%.

## 11 Shareholders' equity

	Other reserves						Total £m
	Share capital £m	Share premium account £m	Translation reserve £m	Hedging reserve £m	Other £m	Retained earnings* £m	
<b>At 1 January 2008</b>	<b>1.6</b>	<b>247.3</b>	<b>6.1</b>	<b>(0.8)</b>	<b>6.4</b>	<b>(96.4)</b>	<b>164.2</b>
Effective portion of changes in fair value of cash flow hedges	-	-	-	0.1	-	-	0.1
Profit for the period attributable to equity holders	-	-	-	-	-	39.5	39.5
Dividends paid	-	-	-	-	-	(19.2)	(19.2)
Issue of shares	-	2.3	-	-	-	-	2.3
Equity-settled transactions	-	-	-	-	-	1.6	1.6
Foreign exchange translation differences for foreign operations	-	-	10.9	-	-	-	10.9
Net loss on hedges of net investments in foreign operations	-	-	(5.6)	-	-	-	(5.6)
Tax on income and expense recognised directly in equity	-	-	-	-	-	(0.3)	(0.3)
<b>At 30 June 2008</b>	<b>1.6</b>	<b>249.6</b>	<b>11.4</b>	<b>(0.7)</b>	<b>6.4</b>	<b>(74.8)</b>	<b>193.5</b>
At 1 January 2007	1.6	242.4	(0.7)	0.3	6.4	(153.6)	96.4
Effective portion of changes in fair value of cash flow hedges	-	-	-	(0.2)	-	-	(0.2)
Profit for the period attributable to equity holders	-	-	-	-	-	33.7	33.7
Dividends paid	-	-	-	-	-	(16.0)	(16.0)
Issue of shares	-	4.3	-	-	-	-	4.3
Equity-settled transactions	-	-	-	-	-	1.4	1.4
Foreign exchange translation differences for foreign operations	-	-	(1.9)	-	-	-	(1.9)
Net gain on hedges of net investments in foreign operations	-	-	2.9	-	-	-	2.9
Tax on income and expense recognised directly in equity	-	-	-	-	-	(1.0)	(1.0)
At 30 June 2007	1.6	246.7	0.3	0.1	6.4	(135.5)	119.6

\*After £244.1m for goodwill written off to retained earnings as at 1 January 2004 in relation to subsidiaries acquired prior to 31 December 1997. As permitted by IFRS 1, this figure has not been restated.

The dividend of £19.2m which was paid on 19 June 2008 represents a final dividend of 12.2p per ordinary share in respect of the year ended 31 December 2007.

The dividend of £16.0m which was paid on 15 June 2007 represents a final dividend of 10.2p per ordinary share in respect of the year ended 31 December 2006.

There was an issue of 358,201 ordinary shares during the period on exercise of share options.

## 12 Acquisition of businesses

There were eight acquisitions in the period, all of which were paid for in cash.

Provisional details of net assets acquired and fair value adjustments are set out below. The analysis is provisional and amendments may be made to these figures in the 12 months following the date of each acquisition, with a corresponding adjustment to goodwill.

	Book value prior to acquisition £m	Fair value adjustments £m	Fair value to Group on acquisition £m
Property, plant and equipment	3.6	(0.2)	3.4
Goodwill	-	27.5	27.5
Other intangible assets	0.3	10.4	10.7
Inventories and work in progress	1.0	(0.2)	0.8
Trade and other receivables	6.8	(0.1)	6.7
Trade and other payables	(4.1)	(0.6)	(4.7)
Tax payable	(0.5)	(0.2)	(0.7)
Deferred tax liability	(0.4)	(2.8)	(3.2)
Minority interest	(0.2)	-	(0.2)
<b>Net assets acquired</b>	<b>6.5</b>	<b>33.8</b>	<b>40.3</b>
Cash outflow (net of cash acquired)			34.6
Contingent and deferred consideration			5.7
<b>Total consideration</b>			<b>40.3</b>

In addition, £16.4m was paid in respect of contingent consideration in respect of certain prior period acquisitions. The additional consideration was £3.5m greater than the amount originally estimated at 31 December 2007 giving rise to an increase in goodwill of £3.5m in respect of Genalysis Laboratory Services Pty Ltd, which was acquired in 2007. This amount when combined with the goodwill shown in the table above gives total additional goodwill for the six months to 30 June 2008 of £31.0m.

### (a) Hi-Cad Technical Services Ltd

The largest acquisition was the purchase on 9 April 2008, of 100% of the share capital of Hi-Cad Technical Services Ltd (Hi-Cad), a company registered in the UK, which provides specialist 3D data capture and measurement services, primarily to customers in the upstream and downstream oil and petroleum industry in the UK and the US.

Initial cash consideration, inclusive of expenses, was £12.1m and additional contingent consideration of £0.6m is estimated to be payable based on the future performance of Hi-Cad. Cash acquired within the business was £0.6m. This acquisition strengthens Intertek's Industrial Services division and the development of asset integrity management services.

Provisional details of net assets acquired and fair value adjustments are set out below. The analysis is provisional due to the timing of the acquisition and amendments may be made to these figures in the 12 months to 8 April 2009, with a corresponding adjustment to goodwill.

	Book value prior to acquisition	Fair value adjustments	Fair value to Group on acquisition
	£m	£m	£m
Property, plant and equipment	0.4	-	0.4
Goodwill	-	8.1	8.1
Other intangible assets	-	4.5	4.5
Inventories and work in progress	0.1	-	0.1
Trade and other receivables	3.0	-	3.0
Trade and other payables	(1.8)	(0.3)	(2.1)
Tax payable	(0.2)	-	(0.2)
Deferred tax liability	(0.4)	(1.3)	(1.7)
<b>Net assets acquired</b>	<b>1.1</b>	<b>11.0</b>	<b>12.1</b>
Cash outflow (net of cash acquired)			11.5
Contingent consideration			0.6
<b>Total consideration</b>			<b>12.1</b>

The goodwill of £8.1m represents the knowledge and expertise of the Hi-Cad workforce and the benefit that Intertek will gain from being able to offer a cohesive vendor assessment and quality inspection service to its customers globally. The other intangible assets of £4.5m represent the value placed on client relationships, know-how and an exclusive software distributorship. The fair value adjustment of £0.3m relates to additional accruals. The deferred tax liability fair value adjustment of £1.3m arises on intangibles.

The profit after tax for the period 1 January 2008 to 8 April 2008 was £0.2m. The profit attributable to the Group from the date of acquisition to 30 June 2008 was £0.3m.

#### (b) CML Biotech Ltd

On 13 February 2008, the Group acquired 100% of CML Biotech Ltd (CML), a UK registered holding company for the Commercial Microbiology Group for an initial cash consideration, inclusive of expenses, of £8.0m. Additional contingent consideration of £1.5m is estimated to be payable based on the future performance of CML. CML provides laboratory and consultancy services and sells testing kits related to the measurement and management of bacteria in the upstream oil and gas industries. This acquisition will strengthen the service offering of Intertek's Analytical Services division.

Provisional details of net assets acquired and fair value adjustments are set out below. The analysis is provisional due to the timing of the acquisition and amendments may be made to these figures in the 12 months to 12 February 2009, with a corresponding adjustment to goodwill.

	Book value prior to acquisition	Fair value adjustments	Fair value to Group on acquisition
	£m	£m	£m
Property, plant and equipment	0.8	-	0.8
Goodwill	-	7.2	7.2
Other intangible assets	-	1.9	1.9
Inventories and work in progress	0.1	-	0.1
Trade and other receivables	1.4	-	1.4
Trade and other payables	(0.9)	-	(0.9)
Tax payable	-	(0.3)	(0.3)
Deferred tax liability	(0.1)	(0.6)	(0.7)
<b>Net assets acquired</b>	<b>1.3</b>	<b>8.2</b>	<b>9.5</b>
Cash outflow (net of cash acquired)			8.0
Contingent consideration			1.5
<b>Total consideration</b>			<b>9.5</b>

The goodwill of £7.2m represents the knowledge and expertise of the CML workforce and the benefit that Intertek will obtain from expanding the suite of expert services that the Group can deliver as a partner to the oil and gas exploration industries globally. The other intangible assets of £1.9m represent value placed on client

relationships. The fair value tax adjustment of £0.3m relates to provision for additional tax liabilities. The deferred tax liability fair value adjustment of £0.6m arises on intangibles.

The profit after tax for the period 1 January 2008 to 12 February 2008 was £0.1m. The profit attributable to the Group from the date of acquisition to 30 June 2008 was £0.2m.

#### (c) 4-Front Research Limited

On 4 April 2008, the Group acquired 4-Front Research Limited, a holding company of a group of companies registered in the UK, France and India for an initial cash consideration, inclusive of expenses, of £6.3m. Cash acquired within the business was £0.9m. Additional contingent consideration of £3.3m is estimated to be payable based on the future performance of 4-Front Research. 4-Front Research provides analytical support for clinical research studies on cosmetic, personal care, functional food and over-the-counter pharmaceutical and medical products. With seven sites in England and sites in Hyderabad, India and Paris, France, 4-Front will form part of Intertek's Consumer Goods division.

Provisional details of net assets acquired and fair value adjustments are set out below. The analysis is provisional due to the timing of the acquisition and amendments may be made to these figures in the 12 months to 3 April 2009, with a corresponding adjustment to goodwill.

	Book value prior to acquisition	Fair value adjustments	Fair value to Group on acquisition
	£m	£m	£m
Property, plant and equipment	0.5	-	0.5
Goodwill	-	6.6	6.6
Other intangible assets	-	1.7	1.7
Inventories and work in progress	0.5	-	0.5
Trade and other receivables	0.7	-	0.7
Trade and other payables	(0.5)	(0.2)	(0.7)
Tax payable	(0.1)	-	(0.1)
Deferred tax liability	-	(0.5)	(0.5)
<b>Net assets acquired</b>	<b>1.1</b>	<b>7.6</b>	<b>8.7</b>
Cash outflow (net of cash acquired)			5.4
Contingent consideration			3.3
<b>Total consideration</b>			<b>8.7</b>

The goodwill of £6.6m represents the additional value that Intertek will gain from adding new high-value services to support its consumer healthcare customers and from having a strategic position in the developing market for consumer healthcare products in India and other Asian countries. The other intangible assets of £1.7m represent value placed on client relationships. The fair value adjustment of £0.2m relates to additional accruals. The deferred tax liability of £0.5m arises on intangibles.

The profit after tax for the period 1 January 2008 to 3 April 2008 was £nil. The profit attributable to the Group from the date of acquisition to 30 June 2008 was £0.1m.

#### (d) Other acquisitions

The other five acquisitions were:

(i) Electrical Mechanical Instrument Services (UK) Ltd (EMIS), a UK registered company was 100% acquired on 3 January 2008, for consideration, inclusive of expenses, of £1.2m. Cash acquired within the business was £0.4m. EMIS provides calibration services to the oil and gas industries in the UK and the Middle East.

(ii) Epsilon Technical Services Ltd (Epsilon), a UK registered company was 100% acquired on 5 February 2008, for initial cash consideration, inclusive of expenses, of £2.0m. No contingent consideration is expected to be payable. Epsilon provides safety and advisory services to companies with products for use in potentially explosive atmospheres.

(iii) Bioclin Research Laboratories Ltd (Bioclin), a company registered in the Republic of Ireland, was 100% acquired on 8 February 2008, for initial cash consideration, inclusive of expenses, of £2.6m. Cash acquired within the business was £0.5m. Additional contingent consideration of £0.3m is estimated to be payable based on Bioclin's performance in 2008. Bioclin provides product quality testing and bio-analytical services to pharmaceutical, medical device and biotechnology companies, in Ireland and internationally.

(iv) The Limburg Water Boards of the Netherlands outsourced all laboratory activities of Waterschapsbedrijf Limburg to Intertek with effect from 3 March 2008, for a minimum period of five years and transferred employees to Intertek. Total consideration, inclusive of expenses, was £1.5m. Fixed assets acquired were £0.6m and intangibles relating to customer relationships were valued at £0.9m. Intertek will provide extended analytical testing and consultancy services in the areas of environmental science, regulation and complex analysis of silt, soil and water.

(v) 100% of a company registered in the Philippines, was acquired on 2 April 2008, for cash consideration, inclusive of expenses, of £3.0m. This company operates the largest commercial assay laboratory in the Philippines and offers geophysical surveys and inspection services to the minerals industries.

The table below sets out a provisional analysis of the net assets acquired and the fair value to the Group in respect of the five acquisitions described above. The analysis is provisional due to the timing of some of the acquisitions and amendments may be made to these figures in the period up to 12 months from the date each business was acquired, with a corresponding adjustment to goodwill.

	Book value prior to acquisition	Fair value adjustments	Fair value to Group on acquisition
	£m	£m	£m
Property, plant and equipment	1.9	(0.2)	1.7
Goodwill	-	5.6	5.6
Other intangible assets	0.3	2.3	2.6
Inventories and work in progress	0.3	(0.2)	0.1
Trade and other receivables	1.7	(0.1)	1.6
Trade and other payables	(0.9)	(0.1)	(1.0)
Tax payable	(0.2)	0.1	(0.1)
Deferred tax liability	0.1	(0.4)	(0.3)
Minority interest	(0.2)	-	(0.2)
<b>Net assets acquired</b>	<b>3.0</b>	<b>7.0</b>	<b>10.0</b>
Cash outflow (net of cash acquired)			9.7
Contingent consideration			0.3
<b>Total consideration</b>			<b>10.0</b>

The other intangible assets of £2.6m represent £2.3m for the value attributable to client relationships and £0.3m for software. The other significant fair value adjustment of £0.4m relates to the deferred tax liability arising on the intangibles.

The goodwill of £5.6m arises as follows:

	£m
EMIS	0.3
Epsilon	1.7
Bioclin	1.8
Minerals company	1.8
<b>Total</b>	<b>5.6</b>

#### EMIS

The goodwill of £0.3m represents the benefit that Intertek will gain from increasing the penetration of the Group's existing calibration and upstream services to the oil and gas industries in Europe and the Middle East.

#### Epsilon

The goodwill of £1.7m represents the knowledge and expertise of the Epsilon workforce and the benefit that Intertek will obtain from combining this business with the Group's existing explosive environment certification services.

## Bioclin

The goodwill of £1.8m represents the benefit that Intertek will gain from having a presence in Ireland which is a key European centre for pharmaceutical manufacturing.

## Minerals company

The goodwill of £1.8m represents the benefit to Intertek of increasing its presence in the South East Asian minerals market and gaining additional management and technical expertise in this region.

These acquisitions contributed profits to the Group from their respective dates of acquisition to 30 June 2008 of £0.1m

## (e) Prior period acquisitions

Goodwill of £3.5m arose in the period relating to Genalysis Laboratory Services Pty Ltd, which was acquired in 2007. This additional goodwill arose due to the final contingent consideration paid in 2008 being in excess of the estimate at 31 December 2007.

## (f) Impact of acquisitions on the Group results

The Group revenue and profit after tax for the six months ended 30 June 2008 would have been £461.4m and £44.3m respectively if all the acquisitions were assumed to have been made on 1 January 2008.

## (g) Details of 2007 acquisitions

Full details of acquisitions made in the year to 31 December 2007 were disclosed in note 24 to the Annual Report for 2007.

## 13 Property, plant and equipment

During the six months ended 30 June 2008, the Group acquired assets with a cost of £29.4m (six months ended 30 June 2007: £21.6m; year to 31 December 2007: £49.7m) including assets acquired through business combinations (see note 12) of £3.4m (six months ended 30 June 2007: £4.8m; year to 31 December 2007: £8.4m).

There were disposals with net book value of £0.2m during the six months ended 30 June 2008 (six months to 30 June 2007: £0.1m; year to 31 December 2007: £0.4m).

## 14 Related parties

### Identity of related parties

The Group has a related party relationship with its associates and with its key management.

Transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation and are not discussed in this note.

### Transactions with associates

The Group holds a 40% interest in Allium LLC, a company registered in the US, which together with its subsidiaries manufactures testing equipment. In the six months to 30 June 2008, Allium group companies sold equipment to Intertek Group companies for £0.2m (six months to 30 June 2007: £0.2m; year to 31 December 2007: £0.9m). At 30 June 2008 the Group owed £nil (30 June 2007: £nil; 31 December 2007: £0.1m) to Allium in respect of those sales. Details of loans are given below.

	At 30 June 2008 £m	At 30 June 2007 £m	At 31 December 2007 £m
Loans due to Intertek Group companies	1.4	1.4	1.4
Provision against loans due to Intertek Group companies	(1.2)	(1.2)	(1.2)
<b>Net amount of loans due to Intertek Group companies</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>

The loans to Allium LLC are denominated in US dollars and are interest bearing. In the six months to 30 June 2008 the average rate of interest charged was 6.0%.

### Transactions with key management personnel

Key management personnel compensation, including the Group's Executive Directors, is shown in the table below:

	Six months to 30 June 2008 £m	Six months to 30 June 2007 £m	Year to 31 December 2007 £m
Short-term benefits	2.5	1.2	2.3
Post-employment benefits	0.2	0.1	0.2
Equity-settled transactions	0.9	0.3	0.7
<b>Total</b>	<b>3.6</b>	<b>1.6</b>	<b>3.2</b>

Detailed information concerning Directors' remuneration, shareholdings, pension entitlements, share options and other long-term incentive plans for the year ended 31 December 2007 was disclosed in the Remuneration Report in the Annual Report for 2007.

No consultancy fees were paid to Non-Executive Directors in the six months to 30 June 2008. Details of fees paid in the year ended 31 December 2007 were disclosed in note 28 to the financial statements contained in the Annual Report for 2007.

### 15 Post balance sheet events

On 16 July 2008, the Group acquired the whole of the share capital of Applica GmbH, a food testing company, based in Germany for an initial cash consideration of £3.0m and a contingent consideration of up to £0.6m payable in March 2009 dependent on financial performance. Based on provisional estimates, fixed assets acquired were £0.9m and net current assets were £0.3m giving £2.4m arising in respect of goodwill and intangibles. The intangibles will be separately valued once full details become available.

### 16 Contingent liabilities: claims and litigation

From time to time, the Group is involved in various claims and lawsuits incidental to the ordinary course of its business, including claims for damages, negligence and commercial disputes regarding inspection and testing and disputes with former employees. The Group is not currently party to any legal proceedings other than ordinary litigation incidental to the conduct of business.

The outcome of the litigation to which Intertek Group companies are party cannot be readily foreseen. Based on information currently available, the Directors consider that the cost to the Group of an unfavourable outcome arising from such litigation is unlikely to have a materially adverse effect on the financial position of the Group in the foreseeable future.

The Group holds a professional indemnity insurance policy that provides coverage for certain claims from customers. The Directors consider this policy adequate for normal commercial purposes.

### 17 Approval

The consolidated interim financial information was approved by the Board on 1 August 2008.

## Statement of Directors' responsibilities in respect of the Interim Report

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34: Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the 2007 Annual Report that could do so.

The Directors of Intertek Group plc are listed in the Intertek Group plc Annual Report for 2007.

By order of the board of Intertek Group plc

**Wolfhart Hauser**  
Chief Executive Officer  
1 August 2008

**Bill Spencer**  
Chief Financial Officer  
1 August 2008

## **Independent review report by KPMG Audit Plc to Intertek Group plc**

### **Introduction**

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the Condensed Consolidated Interim Income Statement, the Condensed Consolidated Interim Statement of Recognised Income and Expense, the Condensed Consolidated Interim Balance Sheet, the Condensed Consolidated Interim Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This 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 Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). 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 half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34: Interim Financial Reporting as adopted by the EU.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

### **KPMG Audit Plc**

*Chartered Accountants*

8 Salisbury Square

London EC4Y 8BB

1 August 2008