

British Standards Institution

BSI Group
Annual Review &
Summary Financial Statements
2003



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Financial Highlights

■ Turnover

■ Operating Profit including associates (2003: £0.1m) but before goodwill (2003: £2.6m) and exceptional items (2003: £6.8m)

* Restated





Highlights of the Year



- Unparalleled investment in management and systems to accelerate global expansion
- British Standards acquisition to deliver standards and associated product to an international market
- Acquisition drive in Greater China to step change growth
- Major technology investment in laboratories across Americas and Europe

Chairman's Statement

“...we are now deriving around two thirds of Group sales in markets other than the UK.”

My first complete year as Chairman of the BSI Group has been a full and demanding one. We increased our responsiveness and relevance as the National Standards Body (NSB) and laid the foundations for growing the NSB as an innovative and valued partner for the UK in national and international standardization matters. We helped to launch the National Standardization Strategic Framework (NSSF), as the first step towards promoting the benefits of standards and standardization for the UK, and strengthened our relationship with other national and international standards bodies abroad. We maintained our output of formal standards, publishing 1,984 standards (2002: 2,104) during the year, and significantly increased our involvement in the development of informal standards.

This time last year, I wrote about the Group's commitment to undertake a strategic review, which was duly delivered to the Board in 2003. This provided for a phased expansion, both organically and through targeted acquisitions to consolidate and extend our international capacity and influence.

In May 2003, we made good this pledge with the acquisition of 100 per cent ownership of BSI Pacific Ltd (BSIP), formerly run as a 50:50 joint venture with Intertek Testing Services (ITS). This move has provided us with an enhanced platform for concerted investment and long-term growth in Greater China. We have also acquired the 49 per cent shareholding in British Standards Publishing Limited (BSPL) from Information Handling Services (IHS) to expand our ability to deliver standards and complementary products to a wider market.

In common with everyone running a global business, BSI as a Group had to overcome the difficulties of the SARS epidemic and the uncertainties that the Iraq War imposed in 2003. These challenging conditions were further exacerbated by the volatility of the dollar, which impacted many of our operations overseas.

2003 saw significant investment in strengthening the senior management team, BSI's corporate

governance structure and systems across the Group. While turnover was marginally up on the previous year to £237.3m, operating profit was impacted by adverse currency movements, reduced activity in the Metals and Minerals division, business mix changes within Oil and Petrochemical inspection and testing and restructuring charges. These major restructuring charges were taken to position the Group for growth going forward, in accordance with our strategic review, and to maintain our global expansion in the Americas, Asia and Europe. As a result operating profits of £13.5m (including associates and before goodwill and operating exceptional items) were posted for the year compared to £21.2m for the previous year.

British Standards and Relations with Government

Most notably, October 2003 saw the launch of the National Standardization Strategic Framework (NSSF) in partnership with the UK Government's Department of Trade and Industry and the Confederation of British Industry (CBI). Lord Sainsbury, Minister for Science and Innovation and Digby Jones, Director General of the CBI, joined me at the launch event of what I believe will be a profoundly important initiative to recast the perception and usage of standards and standardization in the UK and abroad. Part of the increased interaction between BSI and Government led to our making an influential contribution to the Government's important Innovation Report published in December 2003.

I am also particularly pleased by the active engagement of government Ministers and Parliamentarians during the year in supporting the promulgation of standards on behalf of UK industry both domestically and abroad. This engagement as well as that of other important organisations such as UK Trade and Investment, the Small Business Service, the CBI, and many others is set to continue in 2004.

The Board

Having served with distinction since 1997, Tony Percival stepped down from the BSI Board in 2003, making way for the arrival of Judith Hanratty OBE – a former Company Secretary of BP plc. A barrister by profession, Judith has extensive commercial experience in the oil and gas exploration, mining, insurance and financial services industries and in government/private sector



Sir David John KCMG
Chairman



relationships. A New Zealand citizen, Judith's appointment further extends the internationalism of the BSI Board.

Significant for British Standards was the appointment of Mike Low as Director of Standards following the retirement of David Lazenby CBE after six distinguished years. Mike has been extensively involved in the standards related arena for many years with senior management experience at Nuclear Electric, British Energy and Amey. On BSI's behalf I thank David for his sterling efforts and wish Mike every success.

Finally I thank Anthony Fry, following his resignation from the Board in February 2004, for his committed service and contribution to BSI over the last four years.

BSI in the Community

In 2003 the Group maintained its support of the BSI Environmental Design Award scheme run in conjunction with the Royal College of Art to promote research into the impact of environmental and quality standards on the performance of design. 2003 was the ninth year of BSI's participation and the winners, Christopher Glaister and Martin Yong, once again demonstrated creativity and ingenuity with their design of a Cool Box for developing economies that uses evaporation to keep food and basic medical supplies fresher for longer.

As part of the Group's commitment to engaging meaningfully with local communities we also activated a partnership with the school nearest to the corporate HQ building in Chiswick, London. This resulted in a Health and Safety educational programme being run to coincide with European Health and Safety Week in October 2003. This initiative was the first of a series of activities that we are committed to running to contribute more to the community that hosts our Head Office.

2003 also saw the inauguration of the BSI Beacon Award for best practice by a SME, designed to highlight exceptional endeavour in this very important sector. The first winner was Microbiological Solutions Ltd (MSL), a UK science-based consultancy providing a testing laboratory for cosmetics and water hygiene. MSL distinguished themselves by becoming early

adopters of ISO 9001:2000 and making the adoption of management systems standards central to their business success.

Staff

Staff numbers in the Group continue to grow and now approach 5,400, around 75 per cent of whom are based outside of the UK. Of the total staff 22 per cent are based in the Americas, 20 per cent in Asia and 58 per cent in Europe, the Middle East and Africa.

2003 also saw the extension of the Group Graduate Management Trainee programme to include recruitment from outside the UK. Our intake now includes graduates from both the Americas and Asia. This marked the sixth successful year of the programme and we now have some 15 key managers within the Group who were recruited through this process.

The Group also continues to invest in its staff through the Henley Management Programme which identifies and develops those individuals that we believe will make an important contribution to the Group in the future.

Of particular importance, 2003 saw a significant investment in Health, Safety and Environment (HSE) and Risk Management with several appointments made to strengthen our management capability in this important area of corporate governance.

Our staff and management continue to be our primary asset and I thank them all for their efforts during what has been a difficult trading year for the Group.

Outlook

In 2004 we will continue with the implementation of the major restructure programme we embarked on as part of our strategic plan formulated in 2003. We intend to continue to concentrate on the core service portfolio of the Group both in the UK and abroad, with particular emphasis on Asian markets. Our integrity, independence and innovation are, and will continue to be, the foundations on which we will meet our customers' demands and build a prosperous business of which we can all be proud.

Sir David John KCMG
Chairman



Top Left: Chiswick Community School joins BSI in promoting European Health and Safety Week.

Top Right: Sir David John presents the BSI Beacon Award.

Bottom Right: The 2004 Graduate Management Development intake: clockwise from front, Amanda Brown, Patrick Le Mare, Simon Philipp, Daniel Wilson, Ping Yu.

Review of the Year

“...we have put in place a radical refocusing of the business in terms of both customers and markets.”



Stevan Breeze
Chief Executive

In my second year as Chief Executive of the BSI Group I am pleased to report that turnover at £237.3m (2002: £232.7m) is again up despite uncertain political and climatic conditions worldwide and the turbulent markets that prevailed in many of our business areas. Operating profit before exceptional items and goodwill amortisation was £13.5m compared to £21.2m last year, reflecting those turbulent conditions and adverse currency movements stemming from the significant number of dollar based transactions the Group undertakes. The more detailed commentary on our financial results appears on page 18 and indicates that a number of decisions taken by the Board, intended to strengthen the long-term business, carried significant one-off costs. Most importantly as part of the strategic review of the whole of the BSI Group, we have put in place a radical refocusing of the business in terms of customers, product mix and markets. To implement the review we have embarked on a major investment in both people and systems considered essential to establish the base for sustained and profitable growth.

2003 saw BSI Inspectorate identifying best practice processes as the precursor for the rollout of the SAP enterprise system in key locations. This rollout will create significant benefits both externally with enhanced customer service and internally through the delivery of improved management processes.

We have also invested considerably in our Health, Safety and Environment and Risk Management provision across the Group, which will make an essential contribution to protecting our assets, including our employees, brand and reputation.



In 2003 we made further significant investment in strengthening the capability of both senior and middle management, across all business units, to deliver the strategic impetus to extend our global position across all product areas. Indicative of this we welcomed two new additions to the Executive: Flemming Norklit in BSI Management Systems and Mike Low as Director of Standards – both appointments reinforcing our commitment to an increased customer outlook.



The Executive

From left to right:

Chris Fenton, Managing Director,
Inspectorate Europe, Middle East,
Africa

Roy Mort, Group Finance Director
Flemming Norklit, Managing
Director, Management Systems

Stevan Breeze, Chief Executive
BSI Group

Giles Grant, Managing Director,
Business Information

Stanley Williams, Director of Legal
Affairs and Company Secretary

Mike Low, Director, British Standards

Not present:

Neil Hopkins, President,
Inspectorate Americas & Asia.

In parallel we have reduced the corporate headcount and embedded the appropriate competencies into the individual businesses where they are of most benefit to our customers. It is our intention to continue with this approach and invest in the people and systems most closely engaged with our clients.

A major focus for 2003 was the promotion of standards and standardization, both in the UK and internationally – reflected through the launch of the National Standardization Strategic Framework (NSSF) in the UK

and our increasing engagement with other national/international standards bodies. This work has run in tandem with an internal realignment of the National Standards Body to improve its efficiency and an enhancement of its customer focus through the appointment of a new team of Market Development Managers. This activity has already yielded a strong performance by British Standards in the development and sale of both formal and informal standard product sales.

Review of the Year *continued*

“...to build a business which meets the demands of all our customers and stakeholders...”

In addition we acquired the 49 per cent shareholding in British Standards Publishing Limited (BSPL) from Information Handling Services (IHS) effective January 2004 and concluded a new sales, distribution and licensing agreement with IHS, that expands our ability to deliver standards and related information to a wide range of industrial and commercial markets within the UK and worldwide. Furthermore we have taken the opportunity to integrate our delivery arm, BSI Business Information, under a single focused British Standards management team, now fully responsible for developing and promoting standards and associated products relevant to UK industry in both domestic and international markets.

The Group faced several challenges in 2003. BSI Management Systems, in particular, had to transition a huge proportion of its 44,000 clients through to the ISO 9001:2000 version of its core quality management systems standard, which involved some additional cost for the business. With only 15 per cent having converted at the beginning of the year, the achievement

of 90 per cent plus transition by year-end was an excellent effort, and underlines the value our clients place in their BSI 9000 registrations.

Despite such difficult market conditions, we have been able to build a management team that will deliver the service to be expected from the leading service provider of management system certification worldwide. Customer focus and the drive for growth have been pivotal during this recruitment and restructuring process, culminating in the achievement of a clear delivery capability across the UK, Europe, the Americas and Asia.

Our significant acquisition for 2003 was the buy-out of Intertek Testing Services' shareholding in BSI Pacific Ltd during May, to establish the bridgehead for the accelerated penetration of the immense Greater China certification market. This represents a major strategic step toward increasing our presence in one of the most buoyant regions of the world with a wide range of new and established services.

Below: BSI's brand new Technical Center in Pasadena, Houston.





BSI Product Services also benefited from the implementation of a major investment and restructure programme enabling the consolidation of its laboratories on to a single site in Hemel Hempstead and the building of a new Electro-Magnetic Compatibility (EMC) facility, which was officially opened in June. Notified Body status was extended to an unrivalled 17 European Directives and additional investment was made in both the Americas and Asia to accelerate the coverage of our Medical Devices Certification.

BSI Inspectorate was able to build on the value of a new common identity and extended its plant and facilities in Houston, Texas (USA), the Bahamas, Puerto Rico, San Francisco (USA), Santos (Brazil), Lima (Peru), Vietnam, Constanza (Romania), Ventspils (Latvia) and Rotterdam (the Netherlands). We have increased our outsourcing capability in Panama, further enlarged our facilities in Ecuador and extended our laboratory capabilities in Dubai. However adverse weather conditions in Eastern Europe meant poor harvests and decreased trade flows, while Government regulations in America also had a major impact on the inspection of blended fuels, which experienced significant de-stocking prior to the regulations being put in place.

Further significant investments have been made to capitalise on the growth markets in commodities in Russia, the Caspian and the Asian arena. Again this commitment to invest in both people and processes within BSI Inspectorate is clear evidence of our drive to realise the opportunities that prevail in both existing and potential markets.

We have also taken the decision, in accordance with our strategic plan, to focus on core business streams and exit from specific inspection contracts that do

not meet the value criteria we established at the onset of the review. This rigorous approach means that our business is more robust than ever before and we have created a solid platform for the future growth of inspection activities based on the core competencies for which BSI Inspectorate is renowned.

Despite the volatility of the dollar businesses – 45 per cent of Group sales are dollar dependent – we will continue with the major restructuring of the Group begun in 2003. Core to the programme will be our commitment to build a business that meets the demands of all our customers and stakeholders by creating new added value services. Central to the investment in growth and acquisition opportunities, the Group will sustain a demanding, challenging and rewarding environment for its entire staff.

Overall worldwide staff levels are approaching 5,400 and I join the Chairman in extending my thanks to all my colleagues for the effort and support in creating the platform upon which we can now realise our strategic ambition of sustained growth in a global market.

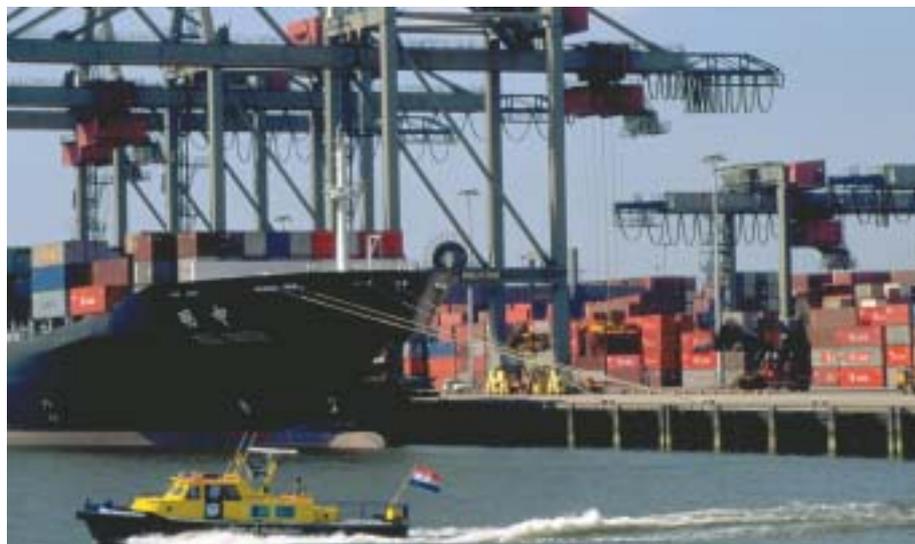
Stevan Breeze
Chief Executive BSI Group



Top Left: Baku, within the Caspian region, is a major new market for Oil & Petrochemical inspection.

Above: Shanghai, a major focus for both BSI Management Systems and BSI Inspectorate.

Below: BSI Inspectorate is upgrading its testing capability in Rotterdam.



British Standards

“...we are well placed to take the lead as innovators and solution providers ...”

2003 was a pivotal year for British Standards: one in which we realigned the structure and focus of the organisation to increase our responsiveness and effectiveness as the National Standards Body (NSB), and establish the NSB as the provider of choice for the UK in national and international standardization matters.

British Standards in the UK

We marked a number of successes during the year, one of which was the launch in October of the National Standardization Strategic Framework (NSSF) which places British Standards at the centre of a major initiative to boost the role of standards in Britain's commercial life. Under the NSSF, BSI will work with the Confederation of British Industry and the Department of Trade and Industry to impact profoundly the future of standardization in the UK.

Furthering the aspirations of the NSSF, the key theme for British Standards in 2003 was to focus on the UK's needs for standards and standardization and to develop new sectors and innovative new products and services. This is an exciting strategy for British Standards, as the foundations laid in 2003 mean we are well placed to take the lead as innovators and solution providers as we move forward into 2004 and beyond.

Extending our Connection with UK's Industry and Society

To this end, we introduced Market Development Managers to the business, whose purpose is to set up networks with industry, government and consumers in the key sectors of Transport, Construction, Information & Communication Technology (ICT), Risk Management, Corporate Social Responsibility and Quality.

Additionally, our work with the Financial Services Authority during the year was significant, demonstrating our intention to move into the services sector, an area of great importance to both the UK and international economies. Other innovations centred on working with UK industry in the fields of nanotechnology and biometrics.

A Responsive NSB

We responded to calls from our customers, by improving our ability to deliver solutions rapidly through investment in the Professional Standards Service. This dedicated team has worked successfully with the Business Continuity Institute (Risk Management), the Ministry of Defence (a quality management system for military training) and with WRAP: Waste Resources Action Programme (to create a process for glass collection and recycling).

This service has clearly filled a UK need, growing 82 per cent in 2003. I predict it has a bright future. We expect to continue this team's growth as the UK demands faster solutions delivered with rigour, attention to detail and integrity.

To improve production times and make us more easily accessible, British Standards embraced on-line capabilities with the introduction of distributor newsletters, e-mail marketing, six new micro-websites and the launch of the BSI Library Catalogue on line. Traffic to our sites increased by 107 per cent as a consequence.



Mike Low
Director, British Standards



Right: Digby Jones, CBI Director General, was one of the principal speakers at the NSSF launch.



2004 will see further developments in our technology to meet and exceed the expectations of an increasingly sophisticated society.

Our International Role

Internationally, British Standards maintained its prominence on the world standardization stage. BSI Group Chairman Sir David John visited both China and Korea in 2003. The visits were designed to consolidate the pre-existing association between the UK's National Standards Body and its counterparts. In Seoul, Korea, the Chairman co-signed an important new Memorandum of Understanding with the Korean Standards agency.

British Standards has also been extremely active in its support of other National Standards Bodies. We continue to work to support government and industry in Turkey and Albania, give advice to the State

Committee of the Russian Federation for Standardization and Metrology (GOSSTANDART) and deliver guidance to the Egyptian Organisation for Standardization and Quality Control (EOS). 2003 also saw the completion of a project supporting the Romanian Standards Association (ASRO) in staff training and retention.

It is important that, as the UK's NSB, we maintain strategic involvement on the European and international stages. This continues through my involvement on the ISO Strategy and CEN Finance committees.

The Year Ahead

Looking forward to 2004, British Standards reinforces its commitment to the UK, to make relevant, timely and highly valuable standards and standards related products. I am committed to BSI being the best standards body possible, and to acting in areas of most need in the UK. This year's review of our entire work programme has identified areas where our connection with the UK could be strengthened and 2004 will deliver a markedly improved level of engagement with business, consumer and societal groups.

Mike Low

Director, British Standards



Top Left: As the UK's National Standards Body, BSI delivers guidance to the EOS in Egypt.

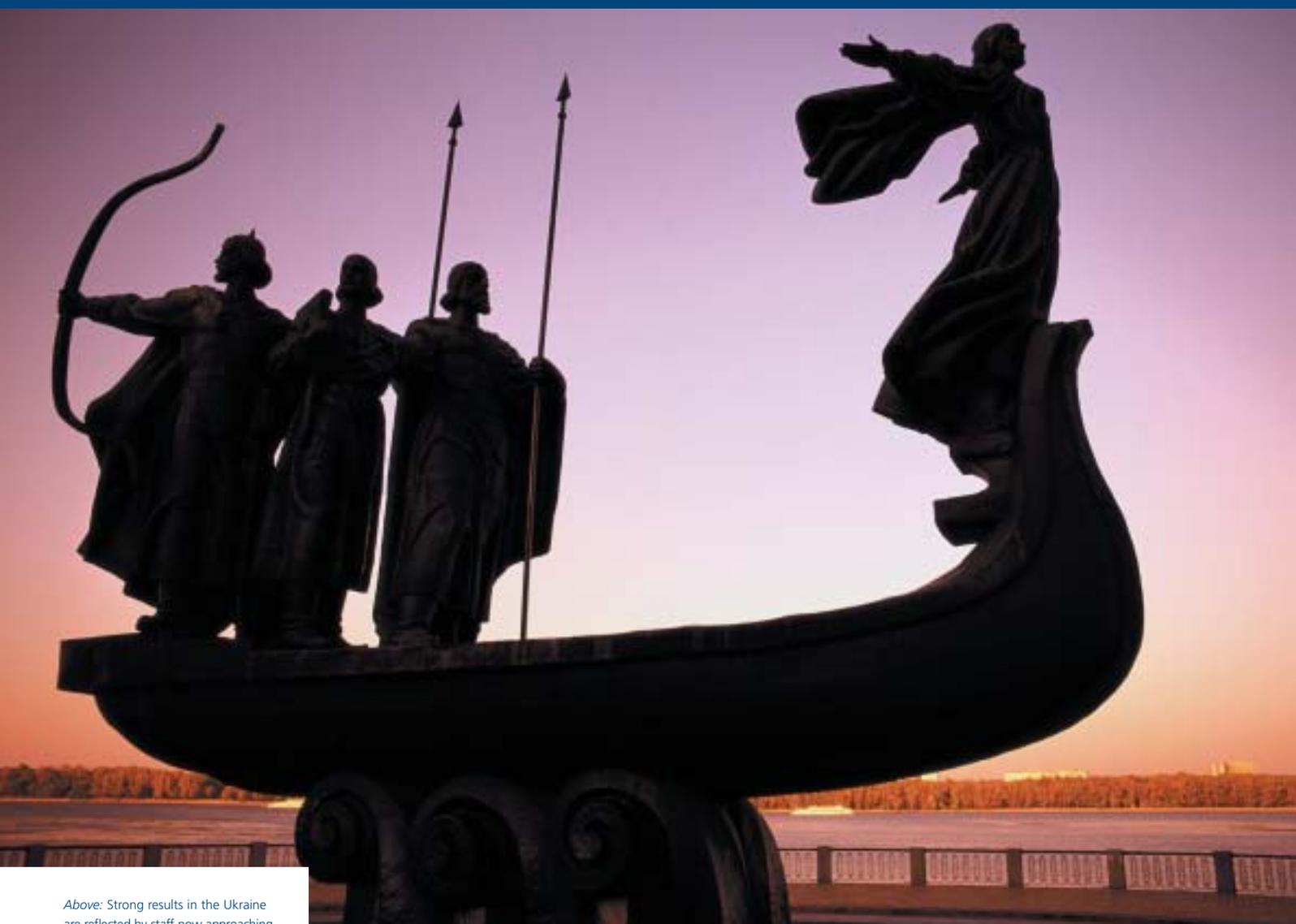
Above: Stevan Breeze welcomes Mr Wang Zhongmin (Standardization Administration of the People's Republic of China) during an official visit to the UK, with BSI's David Norris and Mike Low (far right).

Below: BSI actively supports government and industry in Turkey on standards issues.



Europe, Middle East and Africa

“BSI Inspectorate also made considerable investment in facilities in 2003.”



Above: Strong results in the Ukraine are reflected by staff now approaching 300.

BSI Inspectorate faced tough economic conditions, strong competition and a multitude of priorities in 2003, but still realised several hard-earned successes. Challenges included the global economic environment, which depressed trading volumes in the first half of the year; the impact of the US dollar on European margins in the last quarter and the weak harvest and reduced fertiliser volumes affecting Eastern Europe.

Against this background, BSI Inspectorate was still able to increase Oil & Petrochemicals market share, to invest in laboratory upgrades and to develop greater capacity in Western Europe. Concurrently, the EMEA division underwent a significant restructuring in Europe and the Middle East in 2003 and a new team was put in place in the Caspian with major plans to develop the region in 2004. Commercial Directors were recruited for Metals & Minerals and Agri Commodities to underpin future growth in these sectors.



BSI Inspectorate also made considerable investment in facilities in 2003. Laboratories were upgraded in Ventspils and Novorossiysk. New laboratories were opened or approved in Nizhni Novgorod, Constanza, Taganrog, Rotterdam, Theodosia, Murmansk, Mahachkala, Vystosk, Astrakan, Dubai and Teesside. Results in Russia were especially strong, where RosInspectorate again exceeded expectations and grew sales by 15 per cent. Russian staff numbers grew to over 600 and in the Ukraine to nearly 300.

In the Middle East, sales grew by 10 per cent, boosted by the commissioning of a first class petroleum testing laboratory in Fujairah, UAE – a major international anchorage with considerable shipping and cargo activities. Towards year-end, a new commercial laboratory facility was established in the Emirate of Dubai to provide a range of analysis and environmental testing for foodstuffs, agri-commodities, detergents and waters, representing an exciting diversification into new markets.

In BSI Management Systems the story of the year was that a concerted and consistent communications effort eventually yielded a magnificent 90 per cent transition to the new ISO 9001:2000 standard in the mature UK quality market. BSI also continued to lead the way with sales of new products including OHSAS 18001, BS 7799, BS 15000 (for IT Service Management) and Greenhouse Gas Emissions Verification.

Major account wins in the year included Xerox which is now set to meet the stringent new European Waste Electrical Electronic Equipment (WEEE) Directive, by achieving the international environmental standard, ISO 14001 with BSI. Amey plc, the business services and transportation infrastructure specialist, also

achieved certification to quality and environmental management standards across their Group. Other notable registrations for the year were: the Royal College of Nursing (RCN) Scotland with registration for an integrated management system, the Natural History Museum, which became the first museum in the UK to achieve environmental registration, BT, Mowlem, UEFA, QinetiQ and Ofsted, the UK's Office for Standards in Education.

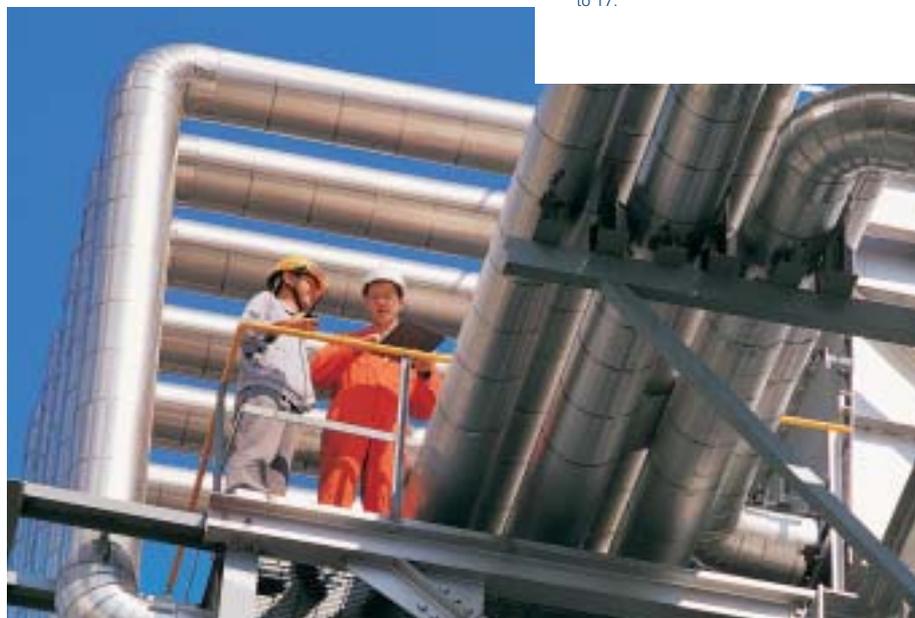
BSI Management Systems continued to bring new products to market in 2003. In response to growing concerns about the level of health and safety advice in the consultancy marketplace, it introduced the OHSAS 18002 Associate Consultancy Scheme. Under this scheme, BSI will increase the number of high quality services available to clients wishing to gain the health and safety certification to OHSAS 180001. In order to help the banking and financial services sector deal with complaints more effectively, Management Systems published a supplement to its Complaints Management Specification – CMSAS 86:2000.



Top Left: BSI senior chemist Sherly Mohankumar undertakes analysis at the new Inspectorate laboratory in Dubai.

Above: Shell Exploration & Production has been a very successful participant in the UK Emissions Trading Scheme, verified by BSI.

Below: The European Directive for Potentially Explosive Atmospheres has increased BSI's Notified Body Status to 17.



Europe, Middle East and Africa *continued*

“...the Kitemark continued to thrive in 2003, growing the number of licences by nearly 10 per cent...”



Above: The British Beer and Pub Association has become the first trade association in the UK to achieve Greenhouse Gas Emissions verification from BSI.

Right: BSI celebrates the Kitemark centenary at the brand new EMC facility in Hemel Hempstead.

A major development was the announcement that BSI Management Systems has become the first company accredited to verify all categories of participants in the UK Emissions Trading Scheme (ETS). BSI can now verify Climate Change Agreement participants as trading groups and Direct Participants. Verification of trading groups potentially opens the ETS up to thousands of smaller businesses for which individual verification may have proved too costly.

Shortly after, BSI verified the British Beer and Pub Association, the first trade association to be verified as a trading group in the UK. Shell Exploration and Production has also been a very successful participant in the UK Emissions Trading Scheme through BSI, demonstrating its commitment to environmental leadership.

In Continental Europe revenues grew at record levels, especially in Southern and Eastern Europe where market demand was particularly buoyant. Overall this part of the region enjoyed a 26 per cent rise in total revenue, with Plastic Omnium being one of the region's major new registrations in 2003.

BSI Product Services (PS) had a lot to celebrate in 2003, with the centenary of the Kitemark, celebrated in June 2003 with the opening of a new purpose-built Electro-Magnetic Compatibility test facility, part of a £1m investment in the refurbishment of Product Services' office and laboratory complex.

This investment was part of a major programme to provide the modern facilities essential to keep serving a growing and increasingly diverse and international client base. To cover the range of certified products, PS has also signed agreements with laboratories located outside the UK to perform testing in support of certification nearer to clients' sites. Closer to home, Hertfordshire Fire & Rescue Service has joined forces with PS to provide a unique dedicated fire equipment (extinguishers and detectors) testing centre in Stevenage.





For a centenarian, the Kitemark continued to thrive in 2003, growing the number of licences by nearly 10 per cent and demonstrating its responsiveness to public need with the launch in May of a world-first Temporary Flood Protection Products scheme. This vital scheme, designed to assist property holders in areas liable to flooding, resulted from the close co-operation between Product Services, the Environment Agency and H.R. Wallingford, a specialist laboratory test house. Property holders can now purchase Kitemark certified products, based on the Publicly Available Specification (PAS 1188) standard, secure in the knowledge they can be relied upon to help protect property in the event of flooding.

BSI Product Services also awarded CE Marking certification to the Wood Group-designed oil platform for the BP Clair field in the North Sea, to meet new European legislation – the first offshore project to comply with the new Pressure Equipment Directive.

BSI Product Services' Notified Body service, providing assistance to industry in complying with European legislation, continued to expand under all 17 Directives, with over 454 BSI EC certificates being issued during the year.

The already extensive scope of BSI Product Services' Notified Body status was further extended with appointments under the 'Transportable Pressure Equipment Directive' and 'Equipment for use in Potentially Explosive Atmospheres Directive', as well as further product extensions under the Construction Products and Pressure Equipment Directives.

Top Left: BSI launched a world-first Temporary Flood Protection Kitemark Scheme to augment conventional measures.

Above: On the BP Clair oil platform.
From left to right: BSI's Richard Dobson and Anne Boyd with Charles Hancock (Mustang Engineering) and Tony Swinney (Wood Group Engineering).

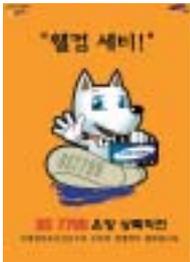
“...BSI has grown all its businesses – inspections and management systems...”



Asia remains a region of major growth and potential for the BSI Group as a whole, resulting in a plethora of initiatives in 2003. Most notably the BSI Group acquired a 100 per cent ownership of BSI Pacific Ltd (BSIP), formerly run as a 50:50 joint-venture with Intertek Testing Services (ITS), to operate across the Greater China region.

The acquisition bolsters BSI's capability within Asia and provides an enhanced platform, opening the way for concerted investment and a long-term commitment to growth. BSIP will deliver Management Systems' entire portfolio of products within the quality, environmental and risk arenas across multiple industry sectors.

In China, BSI has grown its inspections and management systems' businesses – and it is testament to the brand and its renowned integrity that many of China's leading companies have chosen to work with BSI. These include BaoShao Steel, COSCO, Air China, Pingan Life Insurance and many banks within the top ten list including the Minsheng Bank. The Group now has more than 300 people in China, and to date has opened dedicated offices in Beijing, Shanghai, Shenzhen, Tianjin, Dalian, Nantong, Nanjing, Chongqing and Guanzhou.



Top: Mayor Keiko Kiyohara (left) receives the BS7799 certificate on behalf of the City of Mitaka from Masamichi Yoshimura (President, BSI Management Systems Japan).

Above: Samsung drives forward its information security message with help from its "Setti" mascot.

Below: Rapid growth in Asia continued with a new office in Ho Chi Minh City, Vietnam, for BSI Inspectorate.



BSI Management Systems now registers 2,300 organizations to the ISO 9001:2000 management systems standard in Greater China. In 2003 it also became one of the first foreign certification bodies providing certification for OHSAS 18001 to be awarded accreditation by the China National Accreditation for OSHMS Certification Bodies (CNASC).

In Japan, BSI Management Systems' star performer continues to be the Information Security standard, where major clients including Sony Bank, the City of Mitaka and the Tokyo Metropolitan Water Authority have been certified. In 2003, the British Embassy in Tokyo became the first organisation in Japan to gain Greenhouse Gas Emission verification through BSI.

In Korea, BSI Management Systems' continued to maintain its successful growth and especially to consolidate its position as market leader in BS 7799. Samsung was a major win in 2003. The electronics giant mounted a major internal communications campaign to spread the information security message among its workforce under the banner of the "Setti" mascot. BSI also registered the Korean stock market, KOSDAQ, to ISO 9001:2000 as well as the Korean High Speed Rail Construction Authority responsible for the £6.6bn construction of a high speed rail link between Seoul and Daegu.

BSI Inspectorate continued to grow in Asia with prolific volume growth in China, especially in the Metals & Minerals sector. India too had an excellent year, with a 40 per cent growth in sales compared to 2002. The coal and coke segment was especially vibrant, with BSI Inspectorate India further consolidating its position as market leader in imported coal inspections.

In the Oil & Petrochemicals (O&P) sector strong progress in growing market share led to the decision to open a new laboratory facility in Mumbai to upgrade the service capability to our growing customer base in this part of Asia.



Top Left: Sir David John and Mr Liang Yu Tang, Vice President of Minsheng Bank sign the Strategic Cooperation Agreement for certification to ISO 9001:2000.

Above: The Korean High Speed Rail is being constructed under ISO 9001:2000.

Below: Beijing, home to one of BSI's main Chinese offices.



O&P enjoyed further strong growth during 2003 in S.E. Asia resulting from planned investment in personnel as well as in laboratory and auto-sampling equipment. The major Singapore laboratory upgrade in 2002 enabled BSI Inspectorate's O&P Division to provide a wider range of added-value services including the blending of petroleum products. In addition O&P laboratories were established in Thailand and Malaysia and we opened an office in Vietnam in August 2003, providing O&P capability in this rapidly developing country which exports crude oil and imports all of its petroleum products.

In 2003 BSI Inspectorate grew the Agricultural sector in Asia Pacific and employed an Agri Business Development Manager to oversee and plan growth in this important sector. An Agri laboratory was established in Thailand to enable BSI Inspectorate to analyze a range of agricultural commodities.

In the last quarter of 2003 BSI Inspectorate also appointed a Regional Director for Asia Pacific to develop all business sectors in the region.

Americas

“...major investment with the opening of a new multi-million dollar ‘Technical Center’ in Houston...”



Above: Wayne Booker, BSI Board member and Neil Hopkins, President BSI Inspectorate Americas at the official opening of the Houston Technical Center

The BSI Group in the Americas had a highly successful year in 2003 with business continuing to grow despite a background of economic uncertainty in North America. Under the Management Systems banner, BSI retained its position as the leading North American registrar. A new sales territory structure was put in place in 2003 to build the foundations for BSI Management Systems to extend its geographic reach in North America in 2004. The total staff number is now 320 with further expansion plans on the stocks for Canada, Mexico and Brazil in 2004.

Key account wins were Coca Cola, TRW Automotive, Takata and Tenneco and these accompanied significant

growth in ISO 9001:2000 registrations and in adoption of the automotive standard TS 16949. The ISO 9001:2000 deadline passed smoothly as 97 per cent of Americas clients upgraded to the new standard.

The Americas training business doubled its 2002 profit contribution, presenting 386 courses to more than 4,000 individuals. Over \$1 million worth of BSI training and publications were sold via BSI Americas on-line shopping cart. “Webinars” – teleconferences running concurrently with computer applications – were introduced in November 2003 to enhance training and internal communications.



Canada's Toronto office established itself as a strong contributor to the Americas Hub, while Mexico and Brazil continued to grow and develop their presence in these embryonic and exciting markets. Another significant step forward was the achievement of accreditation to Food & Drug Administration Scheme 510(k) for Medical Devices.

As a result of this activity, BSI Management Systems in the Americas held a strong market share position throughout 2003, finishing the year with 12.5 per cent of North America's overall registration business. BSI also retained its command over the North American Environmental Management System market, with an 18.8 per cent share of all ISO 14001 registrations over the year.

BSI Inspectorate in the Americas had a challenging year in light of the imposition of new Environmental Protection Agency regulations on the composition of blended fuels, but notwithstanding the pace of investment has barely slackened.

Strategic investment in 2003 has meant equipment upgrades and laboratory openings across the Americas in the Bahamas, Puerto Rico, San Francisco (USA), Santos (Brazil) and Mexico. Work also got underway on an outsourcing contract to operate the Chevron-Texaco laboratory in Panama, further strengthening the Group's presence in Central America.

Metals & Minerals in the Americas was helped by stronger metals prices, particularly precious metals. This meant a strong performance from the geochemical and exploration business which increased market share in Latin America and in the US. High grade precious metals also performed well in the areas of gold mining and platinum group metals from the

petroleum and petrochemical industries. Industrial minerals is still a fairly weak market due to the US steel industry but a slight recovery was seen during the second half of 2003, which should continue into 2004.

In Agri Commodities, in July, BSI Inspectorate opened a brand new food laboratory in Lima, Peru. The facility provides fishmeal and microbiology testing for the large fishmeal and fish oil industries and associated exports that originate from Peru.

This new facility provides BSI Inspectorate with access to the fast growing agricultural and food markets of Peru, including the animal feed, human food and sanitary controls industry. The new laboratory adds to the existing minerals testing facilities, which have been in operation in Peru since 1998.

In September, BSI Inspectorate Ecuador signed a food safety agreement with the Ecuadorian Government (Instituto Nacional de Pesca) for the antibiotic testing of all exported shrimp – Ecuador is the largest source for farmed shrimps and prawns in the western hemisphere, ranking fourth in the world. Testing will be performed according to the EC and US food safety standards for imported shrimp.

Finally, November 2003 saw a major investment with the opening of a new Oil & Petrochemicals multi-million dollar Technical Center in Houston, Texas. This state-of-the-art facility means BSI Inspectorate can extend and diversify its range of services to its existing customer base in this pivotal part of the market. It also presents an exciting opportunity to develop its expertise into areas of outsourcing, research and development, oversight testing and government compliance, all of which are likely to benefit not only existing customers but also new clients within the Americas market.



Top Left: Antibiotic testing of shrimp in Ecuador by BSI Inspectorate employee, Nelson Montoya.

Top Right: A successful year for BSI Inspectorate in precious metals.

Above: Visitors to the crude assay laboratory of the Houston Technical Center.

Summary Financial Review

Introduction

It is our policy to follow best practice in the preparation of our Annual Review and Summary Financial statements in accordance with company regulation and the Listing Rules of the UK Financial Services Authority.

Turnover grew to £237.3 million (2002: £232.7 million) in the year, despite a significant adverse exchange impact on turnover, resulting mainly from US dollar weakness to sterling. Operating profit was £13.5 million on continuing operations before exceptional items and goodwill amortisation (2002: £21.2 million). Operating profit including associates and before tax, interest and non operating exceptional items was £4.1 million (2002: £17.8 million).

The results from continuing operations before exceptional items and goodwill amortisation were adversely impacted by a number of factors in 2003 including the performance of our inspection business which suffered from changes in product mix and trading policy. In addition, our Management Systems business was affected by the transition to the new ISO 9001:2000 standard in the UK and more generally, US dollar weakness to sterling adversely affected the results from our predominantly dollar based overseas businesses when measuring performance year on year.

Goodwill before amortisation increased by £6.9 million in the year substantially reflecting the acquisition of BSI Pacific Limited.

Exceptional Items

In the Annual Report for 2002, the Chairman indicated that a strategic plan was to be developed in 2003. This plan would provide for a phased expansion of the Group both organically and through targeted acquisition where appropriate and was approved by the Board in March 2003. Implementation of the plan is underway and the Group has embarked upon a comprehensive programme of integration and restructure initiatives that will create the platform for sustained and profitable growth.

The direct identifiable costs of these programmes in the year amounting to £6.8 million have been treated as operating exceptional items in the Group profit and loss account. The most significant part of these costs relate to the replacement and recruitment of senior staff in order to strengthen management capability at both divisional and board level.

In addition to the above, the Group discontinued its operations in Bolivia in July 2003 and exit costs have been disclosed as a non operating exceptional item amounting to £3.9 million.

Cash Flow and Investment in the Business

Cash of £12.7 million was generated in 2003 from operating activities before interest, tax and capital expenditure. Net Capital expenditure for the year of £8.4 million reflects continuing capital investment in laboratories, computer software and infrastructure. Net funds of £3.0 million at the year end (2002: £14.0 million) include cash, deposits, loans and overdrafts. This net funds position has declined principally due to the acquisition of BSI Pacific Limited in Asia and additional pension funding in respect of the Group's defined benefit scheme. Treasury policy is to achieve a balance between certainty of funding with committed facilities and a flexible cost-effective structure. At 31 December 2003, the group had bank facilities of £5.6 million,

unutilised uncommitted short term (less than 1 year) borrowing facilities of £9.2 million and net cash of a further £10.8 million.

BSI operates internationally giving rise to exposure from changes in foreign exchange rates, particularly the US Dollar and Euro. With the exception of BSI Inspectorate Suisse SA, the Group does not hedge profit and loss account translation exposure because any benefit obtained from such hedging can only be temporary. However, with continuous dollar weakness in Q3 2003 and Q1 2004 Group Treasury are currently reviewing this policy. If the exchange rates prevailing at the year-end had applied throughout 2003, the effect on translation of operating profit and retained profit would have been 3% (2002: 2%). On dollar, the effect on translation of operating profit and retained profit would have been greater than 7%. Foreign currency transaction exposure is specifically hedged in respect of major contracts, committed receipts and payments and intra-group funding where the exposure is of a significant value. For example, US Dollar funds that are received in the UK are sold forward for sterling once there is certainty of receipt. There were no transaction hedges in place at 31 December 2003.

Treasury policy is to ensure that as far as practicable net monetary assets in currencies other than the functional currency of each subsidiary are matched with borrowing and financial instruments in similar currencies. Matching is arranged on a group basis so that movements in exchange rates have little overall impact on group profit and loss on exchange. At 31 December 2003, the overall net foreign currency monetary assets that would give rise to a profit or loss on exchange was £1.1 million (2002: £2.9 million). The hedged balance of £11.3 million (2002: £25.6 million) is due to use of US\$ 6.75 million, Can\$ 9.3 million and Euro€ 5 million forward contracts in place at 31 December 2003.

Taxation

The effective tax rate for the year has significantly increased from previous years at 33.8% in 2002 to 305.6% in 2003, excluding the effect of goodwill amortisation. This is as a result of significant under-provisions made in respect of prior year computations both in the UK and in overseas territories, the non-recognition of deferred tax assets for losses in territories where profits are not expected in the short term and a number of one off expenses which were disallowable for tax purposes. Going forward the effective rate is expected to be slightly greater than the UK statutory rate of 30% because a significant proportion of the Group's profits arise in the USA where corporation tax rates are higher and because unrelieved tax losses continue to arise in certain overseas locations.

Going Concern

The Directors confirm, that after making appropriate enquiries, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing these financial statements.

Roy Mort

Group Finance Director
6 April 2004

Summary Financial Statements

Summary Group Profit and Loss Account

for the year ended 31 December 2003

	2003			2002		
	Continuing Operations	Exceptional items & goodwill amortisation	Total	Continuing Operations	Exceptional items & goodwill amortisation	Total (restated)
	£m	£m	£m	£m	£m	£m
Turnover	237.3	-	237.3	232.7	-	232.7
Continuing operations	232.4	-	232.4	232.7	-	232.7
Acquisitions	4.9	-	4.9	-	-	-
Cost of sales	(151.3)	(1.0)	(152.3)	(144.7)	(0.6)	(145.3)
Gross profit	86.0	(1.0)	85.0	88.0	(0.6)	87.4
Operating expenses including goodwill amortisation less other income	(72.6)	(8.4)	(81.0)	(67.4)	(2.8)	(70.2)
Group operating profit	13.4	(9.4)	4.0	20.6	(3.4)	17.2
Share of profit in associated undertakings	0.1	-	0.1	0.6	-	0.6
Operating profit on ordinary activities before interest tax and non operating exceptional items	13.5	(9.4)	4.1	21.2	(3.4)	17.8
Continuing operations	12.3	(9.0)	3.3	21.2	(3.4)	17.8
Acquisitions	1.2	(0.4)	0.8	-	-	-
Losses on termination of an operation	-	(3.9)	(3.9)	-	-	-
Profit on ordinary activities before interest and tax	13.5	(13.3)	0.2	21.2	(3.4)	17.8
Interest receivable	0.8	-	0.8	1.2	-	1.2
Interest payable and similar charges	(0.9)	-	(0.9)	(1.1)	-	(1.1)
Profit on ordinary activities before taxation	13.4	(13.3)	0.1	21.3	(3.4)	17.9
Tax on profit on ordinary activities	(10.1)	2.0	(8.1)	(6.8)	-	(6.8)
Profit/(loss) on ordinary activities after taxation	3.3	(11.3)	(8.0)	14.5	(3.4)	11.1
Equity minority interests	(1.9)	-	(1.9)	(1.8)	-	(1.8)
Retained profit/(loss) for the period	1.4	(11.3)	(9.9)	12.7	(3.4)	9.3

Other losses arising in the year and charged against reserves were exchange losses of £0.5m (2002: £1.1m) and an adjustment of £2.5m (2002: £nil) for prior periods in respect of a refinement of the Group's accounting policy for revenue recognition on the adoption of FRS 5, Application Note G.

Summary Group Balance Sheet

at 31 December 2003

	2003	2002
	Group	Group (restated)
	£m	£m
Goodwill	42.8	38.5
Tangible assets and investments	24.8	24.8
Fixed assets	67.6	63.3
Current assets	91.1	100.3
Current liabilities	(59.4)	(56.9)
Net current assets	31.7	43.4
Total assets less current liabilities	99.3	106.7
Creditors – amounts falling due after more than one year	(17.9)	(16.0)
Provisions for liabilities and charges	(8.0)	(7.5)
Equity minority interests	(4.4)	(3.8)
Net assets	69.0	79.4
General Fund – reserves	69.0	79.4

The summary financial statements on pages 19 to 20 were approved on behalf of the Board on 6 April 2004 and have been signed on its behalf by:

Sir David John KCMG
Chairman

Summary Financial Statements

Summary Group Cash Flow Statement

for the year ended 31 December 2003

	2003	2002
	£m	£m
Net cash flow from operating activities	12.7	20.7
Dividends received from associated undertakings	-	0.6
Returns on investments and servicing of finance	(0.9)	(1.5)
Taxation	(6.4)	(7.3)
Net capital expenditure	(8.4)	(7.9)
Acquisitions and disposals	(6.9)	(9.8)
Cash outflow before management of liquid resources and financing	(9.9)	(5.2)
Management of liquid resources		
Cash withdrawn from short term deposit	7.0	5.3
Financing		
Decrease in borrowings	(2.6)	(2.5)
Repayment of principal under finance leases	-	(0.1)
Cash outflow from financing	(2.6)	(2.6)
Decrease in cash	(5.5)	(2.5)

Reconciliation of Net Cash Flow to Movement in Net Funds/(Debt)

for the year ended 31 December 2003

	2003	2002
	£m	£m
Decrease in cash in the period	(5.5)	(2.5)
Movement in short term investments	(7.0)	(5.3)
Movement in loans	2.6	2.5
Reduction in lease financing	-	0.1
Change in funds resulting from cash flow	(9.9)	(5.2)
Exchange adjustments	(1.1)	(1.2)
Movement in net funds in the period	(11.0)	(6.4)
Net funds at beginning of the period	14.0	20.4
Net funds at end of the period	3.0	14.0

Summary Remuneration Report

During 2003, the aggregate amount of Directors' emoluments, including benefits and bonus payments, was £0.9m (2002: £0.9m).

Full details of directors' remuneration are contained in the full Report and Accounts for 2003 (page 31). Retirement benefits were accrued under the Company's defined benefit scheme in respect of two directors (2002: three) and contributions were made to the BSI Stakeholder Plus Plan for a third director (2002: nil).

The Group's objective is to ensure that the levels of emoluments for Executive Directors are set to attract, retain and motivate individuals of the quality required to optimise the interests of the Group and its members.

Due consideration is given to the rewards payable in comparable organisations and their relative performance.

Summary Reports

Independent Auditors' Statement to the Members of BSI

We have examined the Summary Financial Statements of BSI set out on pages 19 and 20.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Review and Summary Financial Statements in accordance with applicable law. Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statements within the Annual Review and Summary Financial Statements with the full annual financial statements, Directors' Report and Directors' Remuneration Report and their compliance with the relevant requirements of Section 251 of the United Kingdom Companies Act 1985 and the regulations thereunder, as if the same applied to BSI. We also read the other information contained in the Annual Review and Summary Financial Statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statements.

This statement, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 251 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of Opinion

We conducted our work in accordance with Bulletin 1999/6, "The Auditors' Statement on the Summary Financial Statement, Directors' Report and Directors' Remuneration Report" issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In our opinion the Summary Financial Statement is consistent with the annual financial statements, the Directors' Report and Directors' Remuneration Report of BSI for the year ended 31 December 2003 and comply with the applicable requirements of Section 251 of the Companies Act 1985 and the regulations made thereunder as if the same were applicable to BSI.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors.
London
6 April 2004

Summary Directors' Report

The Annual Review and Summary Financial Statements are a summary of the information contained in the Annual Report and Accounts for the year ended 31 December 2003.

Principal Activities and Business Review

The principal activities of the Company and its subsidiaries are the preparation and promulgation of standards, the provision of assessment, certification, testing, information and training services and the carrying out of oil and petrochemical, metals and minerals and agricultural inspection and testing. A review of the business and likely future developments of the business are described in the Chairman's statement on pages 2 to 3 and the review of the year on pages 4 to 17.

Corporate Governance

The Company is committed to the highest standards of corporate governance and manages the affairs of the Company in accordance with the applicable Combined Code published by the Financial Reporting Council. A statement detailing the Company's compliance with the Revised Combined Code, published in July 2003 will be made in the 2004 Report and Accounts.

The Board has appointed a number of committees to deal with specific aspects of the management of the Company, namely the Audit, Remuneration, and Nominations Committees. Directors' membership of these committees is shown on page 25.

The Board operates a compliance and risk management function under the direction of the Director of Legal Affairs. Working closely with Internal Audit, the Group Head of Risk identifies and manages risk, compliance monitoring and training in respect to the Group's Fair Trading Code and other obligations.

Details of how the Company applies the principles set out in the Combined Code are given in the full Report and Accounts for the year ended 31 December 2003.

Annual General Meeting

Details of the AGM to be held on 19 May 2004 at 3.30pm at British Standards House, London, together with the resolutions to be proposed at the meeting are set out on page 22.

The Board

Members of the Board at 6 April 2004 are listed on page 25. On 3 November 2003, Mike Low joined the Board as Director of British Standards. Anthony Percival and Anthony Fry resigned from the Board in July 2003 and February 2004 and the Board would like to thank them for their committed service to BSI over the past seven and four years respectively. The Board has appointed Judith Hanratty OBE, former Company Secretary of BP plc, to the Board as a non-executive director with effect from 1 July 2003.

BSI's Bye-laws require that one-third of all Directors, excluding those retiring pursuant to Bye-laws 8(b) and 8(c), shall retire by rotation each year at the Company's AGM together with the Directors appointed by the Board since the Company's last AGM. Retiring Directors who will retire from the Board at this year's AGM are David Kendall and Nigel Macdonald. Both are pleased to offer themselves for re-election. Mike Low will retire from the Board under Bye-law 8(b), and will be offering himself for re-election at the AGM. Judith Hanratty OBE will retire from the Board under Bye-law 8(c), and will also be offering herself for re-election.

Stanley K Williams

Director of Legal Affairs and Company Secretary
6 April 2004

Full Report and Accounts

In the interests of readability and economy, we follow the common practice of publishing an Annual Review of our operating activities together with Summary Financial Statements. It should be noted that the latter do not contain sufficient information to allow as full an understanding of the Company's and Group's results and state of affairs as would be provided by a full report and accounts. If you would like a copy of the detailed Report and Accounts for 2003, on which the auditors have issued an unqualified report, please contact Mrs. Pamela Danvers: Tel: +44(0) 20 8996 7339 Email: Pamela.Danvers@bsi-global.com

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the British Standards Institution will be held at British Standards House, 389 Chiswick High Road, London W4 4AL on Wednesday, 19 May 2004 at 3.30pm for the following purposes:

- 1 To receive the Annual Review and Summary Financial Statements.

- 2 To re-elect as members of the Board David Kendall and Nigel Macdonald, who are eligible for re-election in accordance with Bye-law 10, and Mike Low and Judith Hanratty OBE who are eligible for re-election under Bye-law 8 (b) and Bye-law 8 (c) respectively.

Biographical notes on these candidates are included in the list of Board members on page 25 of the Annual Review.

- 3 To re-appoint PricewaterhouseCoopers LLP as the Company's auditors.

Stanley K Williams

Director of Legal Affairs and Company Secretary
6 April 2004

Notes

- 1 Only Subscribing Members and members of the Board are entitled to vote at the meeting.
- 2 A Subscribing Member may appoint a proxy to attend the meeting and, on a poll, to vote on their behalf. In this case, the enclosed pre-paid Appointment of Proxy Form should be returned to the Company to arrive not later than 10am on Thursday, 13 May 2004.
- 3 Subscribing Members wishing to attend the meeting are requested to notify the Company in advance by completing and returning the endorsed pre-paid AGM Attendance Form by not later than 10am on Thursday, 13 May 2004.

1 Appointment of Proxy Form

Please read the Notice of Meeting before reading this form.

If you do not wish or are unable to attend the Annual General Meeting you may appoint another person to attend and, on a poll, to vote according to your instructions (see Note 1).

I/We the undersigned hereby appoint the Chairman of the Meeting or
(Complete this only if you wish to appoint someone other than the Chairman).

Name _____

Address _____

to act as my/our proxy at the Annual General Meeting of the British Standards Institution to be held at 3.30pm, on Wednesday, 19 May 2004 and any adjournment thereof (see Note 2).

Please indicate with an X how you wish your vote to be cast.

Unless otherwise directed, the proxy will vote as he/she thinks fit or abstain from voting at his/her discretion.

	For	Against
1 To receive the Annual Review and Summary Financial Statements for the year ending 31 December 2003	<input type="checkbox"/>	<input type="checkbox"/>
2 To re-elect David Kendall	<input type="checkbox"/>	<input type="checkbox"/>
3 To re-elect Nigel Macdonald	<input type="checkbox"/>	<input type="checkbox"/>
4 To re-elect Mike Low	<input type="checkbox"/>	<input type="checkbox"/>
5 To re-elect Judith Hanratty OBE	<input type="checkbox"/>	<input type="checkbox"/>
6 To re-appoint PricewaterhouseCoopers LLP as the Company's auditors	<input type="checkbox"/>	<input type="checkbox"/>

Signature _____ Date _____ 2004

Name (Please Print) _____

Company (Please Print) _____

(see Note 3)

Notes

- 1 If you wish to appoint someone other than the Chairman as your proxy, delete the words 'the Chairman of the Meeting or' and print the name and address of the proxy of your choice in the space provided.
- 2 If the appointor is a corporation, this Form must be executed under the corporation's seal.
- 3 To be valid, this Form must be completed **in full** and returned to the Company by not later than 10am on Thursday, 13 May 2004.

2 AGM Attendance Form

I/We intend to attend the AGM

Name _____

Company _____

Address _____

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Licence No. LON 16037 W44BR

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**Director of Legal Affairs and Company Secretary
British Standards Institution
389 Chiswick High Road
LONDON
W4 4BR**

1st FOLD

2nd FOLD

PLEASE CUT ALONG DOTTED LINE



Board of Directors

Chairman



Sir David John KCMG ▲●■
Sir David John was elected Chairman in July 2002 after joining the BSI Board in May 2002 as a non-executive Director. He is currently Chairman of Premier Oil plc, and became Chairman of Balfour Beatty plc in May 2003. Sir David is the immediate past Chairman of the BOC group. Age 65.



Executive Members

Stevan Breeze ■
Chief Executive
Stevan Breeze joined BSI as Chief Executive in February 2002. He was previously a Director of Jarvis Infrastructure Services and Divisional Managing Director at BTR plc. Age 52.

Mike Low
Director, British Standards
Mike Low joined BSI as Director of Standards on 3 November 2003. Immediately prior to this he was the Director of Group Strategy and Performance for Amey plc. Until 2000, Mr Low was Managing Director of British Energy plc's UK generation division and also a main board Director. Previously, he had been Director of Health Safety and Environment for Nuclear Electric and subsequently Technical and Business Development Director. He is a fellow of the Royal Academy of Engineering and has published widely on power plant matters, safety and risk management. Age 55.

Non-Executive Members



David Kendall ●
Following a career in the oil and petrochemical industry David Kendall joined the BSI Board on 1 January 2000. In addition to membership of the BSI Board he holds a number of non-executive directorships including chairmanships of Wagon plc and Celtic Energy Ltd. Age 69.



Nigel Macdonald ▲■
Nigel Macdonald has been a member of the BSI Board, and Chairman of the BSI Audit Committee, since 1992. A senior partner with Ernst and Young until his retirement in June 2003, he is a past President of the Institute of Chartered Accountants of Scotland, a member of the Competition Commission and a member of the Audit Board of the International Oil Pollution Compensation Fund. Age 59.



W Wayne Booker
Wayne Booker joined the BSI Board in May 2003. From November 1996 to January 2002, he was Vice-Chairman of Ford Motor Company's worldwide operations with responsibility for the Company's presence in international markets and for the Company's associations with many global business partners. Mr Booker enjoyed a 43 year career with Ford, during which time he served on the boards of several international councils. Presently, he serves as the Lead Director of the AGCO Corporation, an international manufacturer of agricultural equipment located in Duluth, Georgia. He is also a member of the Board of Directors of Koc Holding AS located in Istanbul, Turkey. Age 69.



Roy Mort
Finance Director
Roy Mort joined the BSI Board in November 2000 having previously been Finance Director of the Group's subsidiary, Inspectorate plc. He has previously held senior positions in a number of international companies, and has wide operational experience within the services industry. Age 52.



Director of Legal Affairs and Company Secretary

Stanley Williams
Stanley Williams joined BSI as Company Secretary and Director of Legal Affairs in September 1997. He was previously Company Secretary and Solicitor of BTR plc, and Deputy Company Secretary of Rowntree plc. He is Chairman of the BSI Pension Trust. Age 59.



Judith Hanratty OBE ▲●
Judith Hanratty OBE joined the BSI Board on 1 July 2003 having recently retired from the position of Company Secretary of BP plc. A barrister by profession, Miss Hanratty has had extensive commercial experience in the oil and gas and insurance industries and in government/private sector relationships. She is currently Chairman of the Commonwealth Institute, Deputy Chairman of the College of Law, a Nominated Member of the Council of Lloyd's of London, a member of the Lloyd's Franchise Board, Chairman of the Lloyd's Market Supervision and Review Committee, and a Director of Partnerships UK plc. She was awarded the OBE for services to the oil and gas industry. Age 59.

- ▲ Audit Committee
- Remuneration Committee
- Nominations Committee