

Registered No. 250773

SECOMAK LIMITED
30 MARCH 1996
DIRECTORS' REPORT AND ACCOUNTS



SECOMAK LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 30 MARCH 1996

The Directors present their annual report and the audited accounts for the 52 weeks ended 30 March 1996.

PROFITS AND DIVIDENDS

The Profit and Loss Account shows a profit before taxation of £188,899 and the loss after taxation amounts to £54,766.

An interim dividend on the Ordinary shares of £500,000 was paid on 30 March 1996. The Directors do not recommend the payment of a final dividend.

PRINCIPAL ACTIVITIES

The Company is principally engaged in electrical and mechanical engineering.

On 28 March 1996 the Company sold the Jenkins (Graphite Heat Exchanger) business acquired the previous year.

REVIEW OF BUSINESS

The turnover of the Company increased this year. The Graphite Heat Exchanger business grew in turnover but failed to provide significant additional contribution. Trading profits, excluding the impact of the disposal of the Graphite Heat Exchanger business, increased based on the underlying activities of the Company.

FUTURE DEVELOPMENTS

The Company continues to seek additional markets to expand its activities in the industrial field.

RESEARCH AND DEVELOPMENT

The Company has undertaken research and development during the year which has led to the successful introduction of new products.

FIXED ASSETS

Note 8 to the Accounts sets out the movements which have occurred during the period.

SECOMAK LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 30 MARCH 1996 (Continued)

DIRECTORS

The Directors of the Company during the period and at the period end were as follows:

J F Kidston (Chairman)

D J Archer

R A Shepherd

R S Amstel

J F Moore

D Young

Liability insurance has been provided for the Directors of the Company as permitted by the Companies Act 1985.

DIRECTORS' INTERESTS

The Company is a wholly owned subsidiary of Halma p.l.c. In accordance with paragraph 2 of schedule 7 to the Companies Act 1985, the interests of the Directors at 31 March 1996, who were not also Directors of Halma p.l.c., in the Ordinary shares of that Company were as follows:

	<u>at 1 April 1995</u>		<u>at 30 March 1996</u>		<u>during the 52 weeks</u>	
	Shares	Options	Shares	Options	Granted	Exercised
D J Archer	95,362	131,456	126,643	188,363	13,100	-
R A Shepherd	-	22,433	6,524	9,466	-	20,444
R S Amstel	7,465	18,933	9,965	17,244	-	8,000
J F Moore	17,671	7,200	9,294	9,600	-	-
D Young	673	19,800	897	26,400	-	-

The Directors held the above options under the share option schemes approved by Halma p.l.c. shareholders in 1983 and 1990, exercisable by 2005 at prices between 58p and 174p per share.

The interests given at 1 April 1995 are stated before the 1 for 3 scrip issue made in 1995. All other figures are stated in post scrip terms.

Apart from these interests, no such Director had during the period any other interests in the shares of that Company.

SECOMAK LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 30 MARCH 1996 (Continued)

DIRECTORS' RESPONSIBILITIES

It is the responsibility of the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period.

The Directors have responsibility for ensuring that proper accounting records are maintained which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

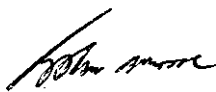
The Directors consider that, in preparing the financial statements on pages 5 to 14 appropriate accounting policies have been used, which have been consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed, and that it is appropriate to use a going concern basis.

AUDITORS

Price Waterhouse have expressed their willingness to continue in office and a resolution will be proposed at the Annual General Meeting for their re-appointment as Auditors.

By Order of the Board

J F Moore
Secretary
Secomak Limited
Honeypot Lane
Stanmore
Middlesex
HA7 1BE



26 July 1996

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF SECOMAK LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 30 March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors

26 July 1996

SECOMAK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE 52 WEEKS ENDED 30 MARCH 1996

52 weeks ended
1 April 1995

<u>£3,487,190</u>	TURNOVER (Note 2)	<u>£4,456,084</u>
524,986	TRADING PROFITS (Note 3)	858,199
-	Loss on disposal of Business (Note 4)	(653,947)
	INTEREST	
(5,472)	Bank Overdraft interest payable	(4,101)
<u>10,485</u>	Group Loan interest (payable)/receivable	<u>(11,252)</u>
<u>5,013</u>		<u>(15,353)</u>
	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	188,899
<u>(136,999)</u>	Tax on profit on ordinary activities (Note 7)	<u>(243,665)</u>
393,000	(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	(54,766)
-	Reinstatement of Goodwill adjustment in Reserves (Note 4)	661,724
-	Dividends - Ordinary interim paid	<u>(500,000)</u>
393,000	PROFIT TRANSFERRED TO RESERVES	106,958
406,309	Retained profit brought forward	137,585
<u>(661,724)</u>	Goodwill arising on acquisition (Note 4)	-
<u>£137,585</u>	Retained profit carried forward	<u>£244,543</u>

The Company had no recognised gains or losses during the year other than those reflected in the above Profit and Loss Account.

The annexed notes form part of these accounts.

SECOMAK LIMITED

BALANCE SHEET AS AT 30 MARCH 1996

1 April 1995

FIXED ASSETS

438,511	Tangible Assets (Note 8)	394,695
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CURRENT ASSETS

870,115	Stocks (Note 9)	608,863
892,374	Debtors (Note 10)	931,224
<u>55,328</u>	Cash at Bank and in Hand	<u>152,542</u>
<u>1,817,817</u>		<u>1,692,629</u>

CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

138,011	Corporation Tax	243,665
<u>1,939,380</u>	Creditors (Note 11)	<u>1,557,764</u>
<u>2,077,391</u>		<u>1,801,429</u>

<u>(259,574)</u>	NET CURRENT ASSETS (LIABILITIES)	<u>(108,800)</u>
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<u>£178,937</u>	TOTAL ASSETS LESS CURRENT LIABILITIES	<u>£285,895</u>
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CAPITAL AND RESERVES

Issued and fully paid	Authorised	CALLED UP SHARE CAPITAL	Authorised	Issued and fully paid
37,593	37,593	Deferred Shares of £1 each	37,593	37,593
<u>3,759</u>	<u>12,407</u>	Ordinary Shares of 10p each	<u>12,407</u>	<u>3,759</u>
<u>41,352</u>	<u>50,000</u>		<u>50,000</u>	<u>41,352</u>
<u>137,585</u>		PROFIT AND LOSS ACCOUNT		<u>244,543</u>
<u>£178,937</u>		SHAREHOLDERS' FUNDS		<u>£285,895</u>

Approved by the Board of Directors
on 26 July 1996

D J Archer

Directors

J F Moore

The annexed notes form part of these accounts.

SECOMAK LIMITED

MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE 52 WEEKS ENDED 30 MARCH 1996

52 weeks ended
1 April 1995

393,000	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	(54,766)
-	Reinstatement of Goodwill adjustment in Reserves (Note 4)	661,724
-	Dividends	<u>(500,000)</u>
393,000	PROFIT TRANSFERRED TO RESERVES	106,958
(661,724)	Goodwill arising on acquisition (Note 4)	-
<u>447,661</u>	SHAREHOLDERS' FUNDS BROUGHT FORWARD	<u>178,937</u>
<u>£178,937</u>	SHAREHOLDERS' FUNDS CARRIED FORWARD	<u>£285,895</u>

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts set out on pages 5 - 14 are prepared under the historical cost convention and in accordance with applicable UK Accounting Standards.

Turnover

Turnover represents sales, less returns, excluding value added tax.

Depreciation

Depreciation is provided on all tangible fixed assets on the straight line method, each item being written off over its estimated life. The principal annual rates used for this purpose are:

Plant, Machinery and Equipment	8% to 20%
Motor Vehicles	20%
Short Life Tooling	33 1/3%

Research and Development

Expenditure on Research and Development is written off in the financial period in which it is incurred.

Leases

The costs of operating leases of property and other assets are charged as incurred.

Deferred Taxation

Provision is made for taxation deferred because of timing differences between profits as computed for taxation purposes and profits as stated in the accounts except to the extent that such taxation will not be payable in the foreseeable future. Timing differences are due primarily to the excess of tax allowances on tangible fixed assets over the corresponding depreciation charged in the accounts.

NOTES TO THE ACCOUNTS (Continued)

1. ACCOUNTING POLICIES (Continued)

Foreign Currency Translation

Transactions denominated in foreign currencies are translated at the exchange rate ruling on the date of the transaction. Balance Sheet items denominated in foreign currencies are translated at the exchange rate ruling on the Balance Sheet date. Foreign currency exchange differences are dealt with in arriving at the Profit on Ordinary Activities before Taxation.

Stocks

Stocks and Work in Progress are included at the lower of cost and net realisable value. Cost includes the appropriate proportion of production and other overheads considered by the Directors to be attributable to bringing the stock to its location and condition at the period end.

Pensions

Contributions to the Halma Group Pension Plan are assessed by a qualified actuary based on the cost of providing pensions across all participating Halma Group companies. Costs are not determined for each individual company hence contributions are charged to the profit and loss account in the period in respect of which they become payable.

2. TURNOVER

The geographical analysis of the Company's turnover is as follows:

	<u>1996</u>	<u>1995</u>
United Kingdom	3,681,688	2,822,504
Far East and Australasia	315,732	142,086
Europe excluding UK	308,432	386,677
United States of America	42,699	81,274
Other	<u>107,533</u>	<u>54,649</u>
	<u>£4,456,084</u>	<u>£3,487,190</u>

The business disposed of contributed £741,896 to the total turnover of the Company.

SECOMAK LIMITED

NOTES TO THE ACCOUNTS (Continued)

3. TRADING PROFITS

Trading profits comprise:	<u>1996</u>	<u>1995</u>
Turnover	4,456,084	3,487,190
Cost of sales	<u>(2,984,144)</u>	<u>(2,399,113)</u>
Gross profit	1,471,940	1,088,077
Distribution costs	(94,717)	(85,238)
Administrative expenses	(532,709)	(497,248)
Other operating income	<u>13,685</u>	<u>19,395</u>
	<u>£858,199</u>	<u>£524,986</u>

Trading profits are arrived at after charging:

Depreciation	111,098	100,214
Research and development	79,198	59,113
Auditors' remuneration - audit fees	10,190	9,545
- non-audit fees	1,300	1,500

At the date of disposal, the assets and liabilities of the business disposed of were amalgamated with those of the continuing business of the Company and accordingly the contribution to operating profit made by the business disposed for the period ended 30 March 1996 is not separately identifiable.

4. LOSS ON DISPOSAL OF BUSINESS	<u>1996</u>	<u>1995</u>
Profit on disposal of business (before goodwill adjustment)	7,777	-
Goodwill adjustment	<u>(661,724)</u>	=
	<u>£(653,947)</u>	<u>NIL</u>

In accordance with the requirements of the Urgent Issues Task Force abstract No.3, the loss on disposal of business includes goodwill of £661,724 which arose on the acquisition of the Jenkins business. Following the transfer of part of the Jenkins business to a fellow Group company in the prior period, the remainder was sold during the current period. Since the goodwill had already been written off on the acquisition of that business and the goodwill adjustment has no effect on the total Shareholders' Interests, a corresponding credit to reserves is also included on the Profit and Loss Account.

NOTES TO THE ACCOUNTS (Continued)

5. DIRECTORS' REMUNERATION

	<u>1996</u>	<u>1995</u>
Remuneration (including pension contributions)	<u>£245,455</u>	<u>£226,770</u>

Remuneration (excluding pension contributions):

Chairman	<u>NIL</u>	<u>NIL</u>
Highest paid Director	<u>£62,299</u>	<u>£55,071</u>
Other Directors		
£30,001-£35,000	-	1
£35,001-£40,000	2	3
£40,001-£45,000	2	-

6. EMPLOYEE INFORMATION

The average number of persons employed by the Company during the period was:

	<u>1996</u>	<u>1995</u>
Full-time	64	61
Part-time	<u>4</u>	<u>4</u>
	<u>68</u>	<u>65</u>

Employee costs of the Company comprised:

Wages and salaries	1,114,148	1,038,298
Social security costs	90,431	84,904
Other pension costs	<u>74,260</u>	<u>69,453</u>
	<u>£1,278,839</u>	<u>£1,192,655</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u>	<u>1995</u>
UK corporation tax at 33%	<u>243,665</u>	<u>138,011</u>
Prior year adjustments:		
Corporation tax	=	<u>(1,012)</u>
	<u>£243,665</u>	<u>£136,999</u>

The tax charge for the year would increase/(decrease) by £27,473 (1995: £(68,032)) if the full amount of potential deferred taxation was provided in both years.

SECOMAK LIMITED

NOTES TO THE ACCOUNTS (Continued)

8. TANGIBLE ASSETS

	Plant, Equipment Vehicles, etc £
COST OR VALUATION	
At 2 April 1995	762,044
Additions (net of grants)	194,714
Disposals	<u>(262,348)</u>
At 30 March 1996	<u>694,410</u>
DEPRECIATION	
At 2 April 1995	323,533
Charge for the period	111,098
Disposals	<u>(134,916)</u>
At 30 March 1996	<u>299,715</u>
NET BOOK VALUE	
At 30 March 1996	<u>£394,695</u>
At 2 April 1995	<u>£438,511</u>

9. STOCKS	<u>1996</u>	<u>1995</u>
Raw materials and consumables	185,374	309,640
Work in progress	273,349	363,951
Finished goods and goods for resale	<u>150,140</u>	<u>196,524</u>
	<u>£608,863</u>	<u>£870,115</u>

SECOMAK LIMITED

NOTES TO THE ACCOUNTS (Continued)

10.	DEBTORS	<u>1996</u>	<u>1995</u>
	Trade debtors	891,968	851,476
	Amounts due from Group companies	12,231	2,007
	Prepayments and accrued income	<u>27,025</u>	<u>38,891</u>
		<u>£931,224</u>	<u>£892,374</u>
11.	CREDITORS	<u>1996</u>	<u>1995</u>
	Trade creditors	532,447	529,931
	Taxation and social security	271,434	160,972
	Amounts due to Group companies	659,426	1,167,258
	Accruals and deferred income	<u>94,457</u>	<u>81,219</u>
		<u>£1,557,764</u>	<u>£1,939,380</u>
12.	PROVISIONS FOR LIABILITIES AND CHARGES		
	DEFERRED TAXATION		
	Comprises timing differences due to:	<u>1996</u>	<u>1995</u>
	Know-how	(8,890)	(7,831)
	Fixed assets	<u>8,890</u>	<u>7,831</u>
		<u>NIL</u>	<u>NIL</u>
	The potential amount for all timing differences is:		
	Know-how	(67,174)	(89,565)
	Fixed assets	29,632	26,103
	Pension accrual	=	<u>(2,933)</u>
		<u>£(37,542)</u>	<u>£(66,395)</u>
	The movement on deferred taxation comprises:		
	At 2 April 1995	0	
	Charged/(Credited) to profit and loss in respect of:		
	Fixed Assets	1,059	
	Other timing differences	<u>(1,059)</u>	
	At 30 March 1996	<u>NIL</u>	

SECOMAK LIMITED

NOTES TO THE ACCOUNTS (Continued)

13. PENSIONS

The Company participates in the Halma Group Pension Plan. This scheme is of the defined benefit type providing benefits to certain employees within the Halma Group and the assets are held separately from the Group's assets.

The latest actuarial valuation of the Halma Group Pension Plan was carried out as at 1 December 1993. Details of this valuation are contained in the financial statements of the Halma Group.

The total pension cost of the Company was £74,260 (1995: £69,453).

14. CASH FLOW STATEMENT

The Company is not required to produce a Cash Flow Statement. Such a statement is prepared on a Group basis and is disclosed in the accounts of the ultimate parent company.

15. ULTIMATE PARENT COMPANY

The ultimate parent company of Secomak Limited is Halma p.l.c.

The accounts of Halma p.l.c. can be obtained from the Company Secretary, Misbourne Court, Rectory Way, Amersham, Bucks HP7 0DE.