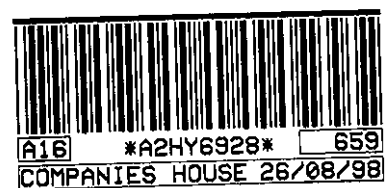


Registered No. 733606

ELLIS INTEGRAL VALVE LOCKS LIMITED

28TH MARCH 1998

DIRECTORS' REPORT AND ACCOUNTS



ELLIS INTEGRAL VALVE LOCKS LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28TH MARCH 1998

The Directors present their annual report and audited accounts for the 52 weeks ended 28th March 1998.

ACTIVITIES

The Company did not trade during the period of 52 weeks ended 28th March 1998.

DIRECTORS

The Directors of the company during the period were:

R I Howard (resigned 12th August 1997)
K J Thompson
E C Tredway (appointed 12th August 1997)

DIRECTORS' INTERESTS

The Company is a wholly-owned subsidiary of Halma p.l.c., the ultimate parent company. In accordance with paragraph 2 of schedule 7 to the Companies Act 1985, the interests of the Directors at 28th March 1998 who were not also Directors of Halma p.l.c., in the ordinary shares of that Company were as follows:

	<u>at 29th March 1997</u> (or appointment)		<u>at 28th March 1998</u>		<u>during the 52 weeks</u> (or since appointment)	
	shares	options	shares	options	options exercised	granted
K J Thompson	66,866	127,375	92,302	287,229	-	117,400
E C Tredway	16,888	26,799	16,888	45,399	-	18,600

The Directors held the above options under the share option schemes approved by Halma p.l.c shareholders, exercisable by 2007 at prices between 52p and 138p per share.

The interests given at 29th March 1997 are stated before the 1 for 3 scrip issue made in 1997. 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.

ELLIS INTEGRAL VALVE LOCKS LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28TH MARCH 1998 (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.

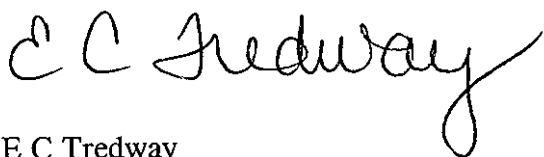
The Directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors consider that, in preparing the financial statements on page 4, 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

The Directors will place a resolution before the Annual General Meeting to make the Company exempt from the obligation to appoint auditors as otherwise required by Companies Act 1985, section 384 since the Company qualifies as small for the 52 weeks ended 28th March 1998 and has been dormant since then.

By Order of the Board



E C Tredway
Secretary

24th July 1998

Misbourne Court
Rectory Way
Amersham
Bucks HP7 0DE

Price Waterhouse



Auditors' Report To The Members of Ellis Integral Valve Locks Limited

We have audited the financial statements on page 4 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

Respective Responsibilities of Directors and Auditors

As described on page 2, the Directors of the Company 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 explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 28 March 1998 and of its result 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

24 July 1998

BALANCE SHEET AS AT 28TH MARCH 1998

CURRENT ASSETS

£1		Loan Account with parent Company		£1
		CAPITAL AND RESERVES		
Issued and Fully Paid	Author- ised		Author- ised	Issued and Fully Paid
		CALLED UP SHARE CAPITAL		
		Equity Capital:		
477,551	£477,551	Ordinary Shares of £1 each	£477,551	477,551
(477,550)		PROFIT AND LOSS ACCOUNT		(477,550)
£1				£1

DIRECTOR

K J Thompson

1. The Directors have relied on the exemptions for individual accounts on the ground that the Company is entitled to the benefit of these exemptions as a dormant company.

2. During the financial period the Company has not traded, has not incurred any liabilities and, consequently, has made neither profit nor loss. None of the Directors received any emoluments in respect of their services to the Company.

3. The accounts are prepared under the historical cost convention and in accordance with applicable UK Accounting Standards.

4. The ultimate parent company of Ellis Integral Valve Locks Limited is Halma p.l.c. The accounts of Halma p.l.c. may be obtained from the Company Secretary, Misbourne Court, Rectory Way, Amersham, BUCKS, HP7 0DE.