Company Registration No. 1638313

Klaxon Signals Limited

Report and Financial Statements

52 week period ended 29 March 2008

Klaxon Signals Limited

REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS

Klaxon Signals Limited

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS
B O Coughlan
S B Mason
N A Quinn (Resigned 30 May 2007)
N J B Trodd (Appointed 4 April 2007)

SECRETARY
P J F Jennings

REGISTERED OFFICE
Wrigley Street
Oldham
Lancashire Q
OL4 1HW

BANKERS
HSBC Bank plc
109, Union Street
Oldham
Lancashire
OL1 1RT

AUDITORS
Deloitte LLP
Reading

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the 52 week period ended 29 March 2008.

RESULTS AND DIVIDENDS

The profit and loss account shows a profit before taxation of £30,285 (2007: £203,393) and the profit after taxation amounts to £53,740 (2007: £138,958). No interim dividend on the Ordinary shares was paid (2007: £nil). The Directors do not recommend the payment of a final dividend (2007: £nil).

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Halma p.l.c. and operates as part of the group's Infrastructure Sensors division.

The company's principal activities are the manufacture and sale of audio visual signalling equipment to the fire, security and industrial sectors throughout the world. There have not been any significant changes to the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The company continues to invest in research and development. This has resulted in the introduction of the Nexus product range and a number of updates to existing products. The directors regard R&D investment as necessary for continuing success in the medium to long term future.

As shown in the company's profit and loss account on page 6, the company's sales have increased by 5.5% over the prior year and profit after tax has fallen by 61.3% mainly because of the high cost of approvals and the product mix of sales.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end, in net assets terms, improved since prior year due to improved cash collection procedures. Amounts owed to its parent company are included within amounts due to group companies in note 13 on page 14.

There are no significant events since the balance sheet date.

The Halma p.l.c. group manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Infrastructure Sensors division of Halma p.l.c., which includes the company, is discussed in the group's Annual Report which does not form part of this Report.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure in the UK is a continuing risk for the company, which could result in its losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

The company has some transactions in Euros and US Dollars and it is therefore exposed to exchange rate movement in these currencies. The company manages this risk through bank accounts denominated in these currencies.

The company is financed by loans from its parent company and has no third party debt. It therefore has no interest rate exposure.

Group risks are discussed in the group's Annual Report which does not form part of this report.

DIRECTORS' REPORT (CONTINUED)

Going concern
The company's business activities and principal risk and uncertainties are detailed above. Liquidity is managed at a group level using long term group banking facilities. The group's business activities, together with the factors likely to affect its future development, performance and position, and the principal risks and uncertainties that affect the group are set out in the accounts of Halma p.l.c., which does not form part of this Report.

Having considered these risks and the current economic climate, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Environment
The Halma p.l.c. group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies which are described in the group's Annual Report which does not form part of this Report. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Employees
Details of the number of employees and related costs can be found in note 6 on page 11.

DIRECTORS

The Directors, who served during the period and to the date of signing, are shown on page 1.

AUDITORS

In the case of each of the persons who are directors of the Company at the date when this report is approved:

- So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware; and

- Each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board.

P J F Jennings
Secretary

27th January 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

United Kingdom company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLAXON SIGNALS LIMITED

We have audited the financial statements of Klaxon Signals Limited for the 52 weeks ended 29 March 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 March 2008 and of its profit for the 52 weeks then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Reading, United Kingdom
28 January 2009

Klaxon Signals Limited

PROFIT AND LOSS ACCOUNT
For the 52 week period ended 29 March 2008

	Note	52 weeks ended 29 March 2008 £	£	52 weeks ended 31 March 2007 £	£
TURNOVER	2		4,811,442		4,559,325
Cost of sales			(3,893,681)		(3,510,635)
Gross profit			917,761		1,048,690
Distribution costs		(224,405)		(256,121)	
Administrative expenses		(657,733)		(581,443)	
Other operating expenses		(1,083)		(3,097)	
			(883,221)		(840,661)
OPERATING PROFIT	3		34,540		208,029
Interest payable and similar charges	7	(11,703)		(5,816)	
Interest receivable and similar income	8	7,449		1,180	
			(4,255)		(4,636)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			30,285		203,393
Tax on profit on ordinary activities	9		23,455		(64,435)
RETAINED PROFIT FOR THE PERIOD	17, 18		53,740		138,958

The Company has no recognised gains or losses during the current or preceding period other than those reflected in the Profit and Loss Account above. Accordingly, no Statement of Total Recognised Gains and Losses is given.

All amounts derive from continuing operations.

Klaxon Signals Limited

BALANCE SHEET
29 March 2008

	Note	29 March 2008 £	29 March 2008 £	31 March 2007 £	31 March 2007 £
FIXED ASSETS					
Tangible assets	10		346,071		395,188
CURRENT ASSETS					
Stocks	11	594,604		607,997	
Debtors	12	1,365,923		1,106,447	
Cash at bank and in hand		137,964		229,274	
		2,098,491		1,943,718	
CREDITORS: amounts falling due within one year	13	(1,960,321)		(1,938,405)	
NET CURRENT ASSETS			138,170		5,313
TOTAL ASSETS LESS CURRENT LIABILITIES			484,241		400,501
Provisions for liabilities and charges	15		(30,000)		-
NET ASSETS			454,241		400,501

CAPITAL AND RESERVES	Note	Authorised	Issued and fully paid	Authorised	Issued and fully paid
Called up share capital	21	10,000	10,000	10,000	10,000
Profit and loss account	17		444,241		390,501
SHAREHOLDER'S FUNDS	18		454,241		400,501

These financial statements were approved by the Board of Directors on 27th January 2009.
Signed on behalf of the Board of Directors

B O Coughlan
Director

N J B Trodd
Director

NOTES TO THE ACCOUNTS
52 week period ended 29 March 2008

1. **ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in the current and prior periods in dealing with items considered material in relation to the accounts.

Basis of preparation

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards.

The company's business activities and principal risks and uncertainties are detailed in the Directors' Report. Having considered these risks and the current economic environment, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents sales, less returns, excluding value added tax. Turnover is recognised when goods are delivered and title has passed.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and provision for impairment.

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

Leasehold properties:	
- less than 50 years unexpired	Period of lease
Plant, Machinery and Equipment	8% to 20%
Motor Vehicles	20%
Short Life Tooling	33 1/3%

Research and development

Expenditure on research is written off in the period in which it is incurred.

Development expenditure is written off in the financial year in which it is incurred, unless it relates to the development of a new or substantially improved product, is incurred after the technical feasibility and economic viability of the product has been proven and the decision to complete the development has been taken, and can be measured reliably. Such expenditure is capitalised as an intangible asset in the balance sheet at cost and is amortised through the profit and loss account on a straight line basis over its estimated economic life of three years.

Leases

The costs of operating leases of property and other assets are charged on a straight line basis over the lease term.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE ACCOUNTS
52 week period ended 29 March 2008

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 the Profit and Loss Account.

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. Provision is made for obsolete, slow moving and defective items where appropriate.

Pensions

The Company makes pension contributions to the Halma Group Pension Plan (the scheme) on behalf of its employees. The scheme is a defined benefit scheme. The Company is unable to determine its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. Contributions to the scheme are therefore charged to the Profit and Loss Account when incurred.

Share-based payments

The Halma p.l.c. group operates a Performance Share Plan in which the company's employees participate. Awards under the plan are equity-settled and are subject to both market based and non-market based vesting criteria. Their fair value at the date of grant is established by using an appropriate simulation method to reflect the likelihood of market-based performance conditions being met. The fair value is charged to the profit and loss on a straight line basis over the vesting period, with appropriate adjustments being made during this period to reflect expected and actual forfeitures arising from the non-market based performance conditions only.

NOTES TO THE ACCOUNTS
52 week period ended 29 March 2008

2. TURNOVER

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

	52 weeks ended 29 March 2008 £	52 weeks ended 31 March 2007 £
United Kingdom	3,098,836	3,051,866
Europe excluding UK	997,764	810,635
Far East and Australasia	358,000	366,683
Africa, Near and Middle East	332,501	297,620
North and South America	24,341	32,521
	4,811,442	4,559,325

Turnover derives from a single business activity, that of the sale of audio visual signalling devices.

3. OPERATING PROFIT

		52 weeks ended 29 March 2008 £	52 weeks ended 31 March 2007 £
Operating profit is arrived at after charging:			
Depreciation		152,396	157,957
Research and development		271,678	248,632
Auditors' remuneration	- audit fees	10,181	7,736
Operating lease rents	- plant & machinery	5,776	4,048
	- other	55,448	53,225
Loss on disposal of fixed assets		2,117	2,267
Foreign exchange loss		1,083	3,097

4. DIRECTORS' EMOLUMENTS

	52 weeks ended 29 March 2008 £	52 weeks ended 31 March 2007 £
Aggregate emoluments (excluding pension contributions)	143,777	155,159
Pension contributions	28,677	28,364

One (2007: one) director exercised share options in the year. Retirement benefits are accruing in respect of qualifying services for the Halma Group Pension Plan to two (2007: two) directors.

Nigel JB Trodd is an executive of Halma p.l.c., and is remunerated for his services to that company. It is not practical to allocate this remuneration between his services as an executive to the Company and to fellow Group subsidiaries.

NOTES TO THE ACCOUNTS
52 week period ended 29 March 2008

5. **PENSIONS**

The Company participates in the Halma Group Pension Plan, which is a defined benefit pension scheme. The Company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. The assets of the pension scheme are separately held in trustee administered funds.

This scheme is of both the defined benefit type for members joining before 1 January 2003, and the defined contribution type for members joining on or after 1 January 2003. This scheme provides benefits to certain employees within the Halma Group and the assets are held separately from the Group's assets.

The pension cost relating to the defined benefit scheme is assessed in accordance with the advice of independent qualified actuaries. A full actuarial valuation was carried out as at 1 December 2005 and updated to 29 March 2008 by a qualified independent actuary.

The assets of the scheme and the expected long-term rates of return were:

Halma Group Pension Plan	**2008**		**2007**		**2005**	
	%	**£'000**	**%**	**£'000**	**%**	**£'000**
Equities	7.50%	62,120	7.50%	62,582	7.25%	57,144
Bonds	5.85%	26,497	5.00%	23,675	4.75%	17,091
Property	6.00%	2,938	6.00%	3,197	5.75%	2,767
S75 Debt		2,087		3,071		4,763
Total market value of assets		93,642		92,525		81,765
Actuarial value of liability		(122,089)		(121,824)		(119,314)
Total deficit in the scheme		(28,447)		(29,299)		(37,549)
Related deferred tax asset		7,966		8,790		11,265
Net pension liability		(20,481)		(20,509)		(26,284)

Further disclosures can be found in the accounts of Halma p.l.c.

6. **EMPLOYEE INFORMATION**

	52 weeks ended 29 March 2008 No.	**52 weeks ended 31 March 2007 No.**
The average number of persons employed by the company (including directors) during the period was	59	54

Employee costs (including directors) of the company comprised:	**£**	**£**
Wages and salaries	1,098,302	1,169,276
Social security costs	91,001	103,093
Other pension costs	96,786	96,713
Share based payments	10,072	8,236
	1,296,161	1,377,318

NOTES TO THE ACCOUNTS
52 week period ended 29 March 2008

7. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 29 March 2008 £	52 weeks ended 31 March 2007 £
Bank interest	1,687	5,816
Group interest	10,016	-
	11,703	5,816

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 29 March 2008 £	52 weeks ended 31 March 2007 £
Bank interest	7,288	-
Group interest	161	1,180
	7,449	1,180

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 29 March 2008 £	52 weeks ended 31 March 2007 £
UK corporation tax on profits of the period	39,855	77,668
Adjustments in respect of previous periods	(52,091)	3,092
Total current tax	(12,236)	80,760
Deferred tax:		
Origination and reversal of timing differences	(31,290)	(13,233)
Adjustments in respect of previous periods	14,437	(3,092)
Adjustment in estimate of recoverable deferred tax asset / (liability)	5,179	-
Effect of change in future tax rate	455	-
	(23,455)	64,435

NOTES TO THE ACCOUNTS
52 week period ended 29 March 2008

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The UK corporation tax assessed for the period is in line with the standard rate of corporation tax in the UK of 30% once allowance is made for the factors listed below:

	52 weeks ended 29 March 2008 £	52 weeks ended 31 March 2007 £
Profit on ordinary activities before tax	30,285	203,393
Applying standard rate of UK corporation tax 30%	9,086	61,018
Expenses not deductible for tax purposes	6,450	9,744
Other permanent differences	(665)	2,470
Capital allowances less than depreciation	9,097	11,344
Other timing differences	23,396	1,889
Research and development claim	(7,509)	(8,797)
Adjustments in respect of previous periods	(52,091)	3,092
Current UK corporation tax (charge)/credit	(12,236)	80,760

10. TANGIBLE FIXED ASSETS

	Land and buildings short leases £	Plant, equipment and vehicles £	Total £
Cost			
At 1 April 2007	61,329	1,151,413	1,212,742
Additions	-	119,830	119,830
Disposals	-	(73,984)	(73,984)
At 29 March 2008	61,329	1,197,259	1,258,588
Accumulated depreciation			
At 1 April 2007	57,227	760,327	817,554
Charge for the period	4,102	148,294	152,396
Disposals		(57,433)	(57,433)
At 29 March 2008	61,329	851,188	912,517
Net book value			
At 29 March 2008	-	346,071	346,071
At 31 March 2007	4,102	391,086	395,188

NOTES TO THE ACCOUNTS
52 week period ended 29 March 2008

11. STOCKS

	29 March 2008 £	31 March 2007 £
Raw materials and consumables	314,377	356,795
Work in progress	33,201	55,428
Finished goods for resale	247,026	195,774
	594,604	607,997

There is no material difference between the balance sheet value of stocks and their replacement cost.

12. DEBTORS

	29 March 2008 £	31 March 2007 £
Trade debtors	1,074,220	899,574
Amounts due from group companies	56,989	70,643
Corporation tax	86,705	8,510
Deferred tax (note 14)	23,237	12,018
Prepayments and accrued income	124,772	115,702
	1,365,923	1,106,447

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	29 March 2008 £	31 March 2007 £
'A' Ordinary shares (see note 21)	10,000	10,000
Trade creditors	673,370	492,132
Amounts due to Group companies	1,131,592	1,274,858
Other taxes and social security	44,218	83,943
Other creditors	9,993	26,543
Accruals and deferred income	91,148	50,929
	1,960,321	1,938,405

NOTES TO THE ACCOUNTS
52 week period ended 29 March 2008

14. DEFERRED TAX

	29 March 2008 £	31 March 2007 £
Accelerated capital allowances	11,601	7,845
Other short term timing differences	11,636	4,173
Deferred tax asset	23,237	12,018

The movement on deferred taxation comprises:

	£
At 31 March 2007	12,018
Credited to profit and loss account (note 9)	11,219
At 29 March 2008	23,237

The deferred tax asset at 29 March 2008 is included within debtors in note 12.

15. PROVISIONS

Product warranties	29 March 2008 £	31 March 2007 £
At 1 April 2007	-	-
Charged to profit and loss account	30,000	-
At 29 March 2008	30,000	-

The provision for product warranties relates to expected warranty claims on products sold in the last year. It is expected that all of this expenditure will be incurred within the next financial year.

16. FINANCIAL COMMITMENTS

Capital commitments:

Capital expenditure authorised and contracted at 29 March 2008, but not provided in these accounts amounts to £nil (2007: £nil).

Commitments under Operating Leases:

At 29 March 2008 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	29 March 2008 £	31 March 2007 £	29 March 2008 £	31 March 2007 £
Within two to five years	45,750	53,225	10,832	4,048

NOTES TO THE ACCOUNTS
52 week period ended 29 March 2008

17. RESERVES

	Profit and loss account £
Brought forward	390,501
Retained profit for the financial period	53,740
Carried forward	444,241

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	52 weeks ended 29 March 2008 £	52 weeks ended 31 March 2007 £
Profit for the financial period	53,740	138,958
Net increase in shareholder's funds	53,740	138,958
Brought forward	400,501	261,543
Carried forward	454,241	400,501

19. CASH FLOW STATEMENT AND RELATED PARTIES

The Company is a wholly owned subsidiary of Halma p.l.c. and is included in the consolidated financial statements of Halma p.l.c. which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (Revised 1996).

The Company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Halma group of companies.

20. ULTIMATE AND IMMEDIATE PARENT COMPANY

The ultimate and immediate parent company of Klaxon Signals Limited and the parent company of the only group for which consolidated accounts are prepared which include the Company 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.

21. SHARE CAPITAL

The rights of the shareholders of the 'A' Ordinary Shares are as follows:

- the shares shall not be entitled to participate in any profits which the Company may determine to distribute in respect of any financial year of the Company;
- on a return of capital on liquidation or otherwise they shall be entitled to repayment of the capital paid upon such 'A' shares only after payment to the holders of the ordinary shares of the sum of £10,000 per share and shall not be entitled to any further or other right to participate in the assets of the Company;
- they shall not receive notice of or attend or vote at any General Meeting of the Company; and
- the special rights attached to the 'A' shares shall not be deemed to be varied by the creation or issue of further shares ranking in any manner whatsoever in priority thereto.

These shares are shown as a liability, under the requirements of FRS25.

NOTES TO THE ACCOUNTS
52 week period ended 29 March 2008

22. SHARE-BASED PAYMENTS
Performance share plan

The Halma p.l.c. group operates a performance share plan in which the company's employees participate.

Awards made under this Plan vest after three years on a sliding scale subject to the Halma p.l.c. Group's relative Total Shareholder Return against, for 2007/08 and 2006/07, the FTSE 250 excluding financial companies and for 2005/06, the Engineering and Machinery sector, combined with an absolute Return on total invested capital measure. Awards which do not vest on the third anniversary of their award lapse.

The fair value of these awards was calculated using an appropriate simulation method to reflect the likelihood of the market-based performance conditions, which attach to half of the award, being met, using the following assumptions.

	2008	**2007**	**2006**
Expected volatility [%]	**19%**	20%	25%
Expected life [years]	**3**	3	3
Share price on date of grant [p]	**240.67**	199.00	148.42
Option price [p]	**nil**	nil	nil
Fair value per option [%]	**55%**	66%	46%
Fair value per option [p]	**132.37**	131.34	68.27

The expected volatility was determined by calculating the historic volatility of the Group's share price over the previous three years.

The total charge in respect of share based payments for the year was £10,072 (2007: £8,236).