Company Registration No. 1638313

Klaxon Signals Limited

Report and Financial Statements

52 week period ended 28 March 2009

Klaxon Signals Limited

REPORT AND FINANCIAL STATEMENTS 2009

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Klaxon Signals Limited

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS
B O Coughlan
S B Mason
N J B Trodd

SECRETARY
P J F Jennings

REGISTERED OFFICE
Wrigley Street
Oldham
Lancashire
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 28 March 2009.

RESULTS AND DIVIDENDS

The profit and loss account shows a profit before taxation of £186,874 (2008: £30,285) and the profit after taxation amounts to £159,800 (2008: £53,740). No interim dividend on the Ordinary shares was paid (2008: £nil). The Directors do not recommend the payment of a final dividend (2008: £nil).

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

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

The company's principal activity is 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 activity 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 26.7% over the prior year and profit after tax has increased by 197.4%.

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 the retained profit for the period. 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 plc 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 plc, 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)

The company's business activities and principal risks 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 plc, which does not form part of this Report.

Going concern

The current economic conditions create uncertainty over the level of demand for the company's products. The company has net assets, net current assets and a positive cash balance as set out in the balance sheet on page 7. The company also has access to the Halma Group's financial resources (including a £165m 5-year revolving credit facility). After making enquiries, the directors have a reasonable expectation that despite the current economic uncertainty the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Environment

The Halma plc 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

10 September 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 28 March 2009 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 28 March 2009 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
10 September 2009

PROFIT AND LOSS ACCOUNT
For the 52 week period ended 28 March 2009

	Note	52 weeks ended 28 March 2009 £	£	52 weeks ended 29 March 2008 £	£
TURNOVER	2		6,094,588		4,811,442
Cost of sales			(4,888,807)		(3,893,681)
Gross profit			1,205,781		917,761
Distribution costs		(277,459)		(224,405)	
Administrative expenses		(721,339)		(657,733)	
Other operating expenses		(22,318)		(1,083)	
			(1,021,116)		(883,221)
OPERATING PROFIT	3		184,665		34,540
Interest payable and similar charges	7	-		(11,703)	
Interest receivable and similar income	8	2,209		7,449	
			2,209		(4,255)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			186,874		30,285
Tax on profit on ordinary activities	9		(27,074)		23,455
RETAINED PROFIT FOR THE PERIOD	17, 18		159,800		53,740

All amounts derive from continuing operations.

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.

Klaxon Signals Limited

BALANCE SHEET
28 March 2009

	Note	28 March 2009 £	£	29 March 2008 £	£
FIXED ASSETS					
Tangible assets	10		280,088		346,071
CURRENT ASSETS					
Stocks	11	644,786		594,604	
Debtors	12	1,564,574		1,365,923	
Cash at bank and in hand		317,526		137,964	
		2,526,886		2,098,491	
CREDITORS: amounts falling due within one year	13	(2,151,377)		(1,960,321)	
NET CURRENT ASSETS			375,509		138,170
TOTAL ASSETS LESS CURRENT LIABILITIES			655,597		484,241
Provisions for liabilities and charges	15		(41,556)		(30,000)
NET ASSETS			614,041		454,241
CAPITAL AND RESERVES		**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		604,041		444,241
SHAREHOLDER'S FUNDS	18		614,041		454,241

These financial statements were approved by the Board of Directors on 10 September 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 28 March 2009

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 current economic conditions create uncertainty over the level of demand for the company's products. The company has net assets, net current assets and a positive cash balance as set out in the balance sheet on page 7. The company also has access to the Halma Group's financial resources (including a £165m 5-year revolving credit facility). After making enquiries, the directors have a reasonable expectation that despite the current economic uncertainty the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors 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:	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 (CONTINUED)
52 week period ended 28 March 2009

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 plc 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 (CONTINUED)
52 week period ended 28 March 2009

2. TURNOVER

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

	52 weeks ended 28 March 2009 £	52 weeks ended 29 March 2008 £
United Kingdom	3,654,609	3,098,836
Europe excluding UK	1,566,644	997,764
Far East and Australasia	496,378	358,000
Africa, Near and Middle East	277,857	332,501
North and South America	99,100	24,341
	6,094,588	4,811,442

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

3. OPERATING PROFIT

		52 weeks ended 28 March 2009 £	52 weeks ended 29 March 2008 £
Operating profit is arrived at after charging:			
Depreciation		144,012	152,396
Research and development		293,599	271,678
Auditors' remuneration	- audit fees	10,429	10,181
Operating lease rents	- plant & machinery	17,024	5,776
	- other	55,450	55,448
(Profit)/loss on disposal of fixed assets		(1,718)	2,117
Foreign exchange loss		22,318	1,083

4. DIRECTORS' EMOLUMENTS

	52 weeks ended 28 March 2009 £	52 weeks ended 29 March 2008 £
Aggregate emoluments (excluding pension contributions)	136,776	143,777
Pension contributions	11,179	28,677

One (2008: 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 (2008: two) directors.

Nigel JB Trodd is an executive of Halma plc, 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 (CONTINUED)
52 week period ended 28 March 2009

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.

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 28 March 2009 by a qualified independent actuary.

The assets of the defined benefit section and the expected long-term rates of return were:

Halma Group Pension Plan	2009		2008		2007	
	%	£'000	%	£'000	%	£'000
Equities	7.50	46,148	7.50	62,120	7.50	62,582
Bonds	6.00	24,209	5.85	26,497	5.00	23,676
Property	7.50	3,026	6.00	2,938	6.00	3,197
S75 Debt		2,269		2,087		3,071
Total market value of assets		75,652		93,642		92,525
Present value of scheme liabilities		(111,230)		(122,089)		(121,824)
Deficit in the scheme		(35,578)		(28,447)		(29,299)
Related deferred tax		9,962		7,966		8,790
Net pension liability		(25,616)		(20,481)		(20,509)

Further disclosures can be found in the accounts of Halma plc

6. EMPLOYEE INFORMATION

	52 weeks ended 28 March 2009 No	52 weeks ended 29 March 2008 No
The average number of persons employed by the company (including directors) during the period was	64	59

Employee costs (including directors) of the company comprised:	£	£
Wages and salaries	1,213,240	1,098,302
Social security costs	98,437	91,001
Other pension costs	85,202	96,786
Share based payments	18,209	10,072
	1,415,088	1,296,161

NOTES TO THE ACCOUNTS (CONTINUED)
52 week period ended 28 March 2009

7. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 28 March 2009 £	52 weeks ended 29 March 2008 £
Bank interest	-	1,687
Group interest	-	10,016
	-	11,703

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 28 March 2009 £	52 weeks ended 29 March 2008 £
Bank interest	1,867	7,288
Group interest	342	161
	2,209	7,449

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 28 March 2009 £	52 weeks ended 29 March 2008 £
UK corporation tax on profits of the period	83,452	39,855
Adjustments in respect of previous periods	(39 ,855)	(52,091)
Total current tax	43,597	(12,236)
Deferred tax:		
Origination and reversal of timing differences	(41,829)	(31,290)
Adjustments in respect of previous periods	25,306	14,437
Adjustment in estimate of recoverable deferred tax asset / (liability)	-	5,179
Effect of change in future tax rate	-	455
	27,074	(23,455)

NOTES TO THE ACCOUNTS (CONTINUED)
52 week period ended 28 March 2009

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 28% (2008 30%) once allowance is made for the factors listed below:

	52 weeks ended 28 March 2009 £	52 weeks ended 29 March 2008 £
Profit on ordinary activities before tax	186,874	30,285
Applying standard rate of UK corporation tax 28%/30%	52,325	9,086
Expenses not deductible for tax purposes	2,633	6,450
Other permanent differences	(8,208)	(665)
Capital allowances less than depreciation	15,086	9,097
Other timing differences	31,842	23,396
Research and development claim	(10,226)	(7,509)
Adjustments in respect of previous periods	(39,855)	(52,091)
Current UK corporation tax (charge)/credit	43,597	(12,236)

10. TANGIBLE FIXED ASSETS

	Land and buildings short leases £	Plant, equipment and vehicles £	Total £
Cost			
At 30 March 2008	61,329	1,197,259	1,258,588
Additions	-	82,039	82,039
Disposals	-	(32,181)	(32,181)
At 28 March 2009	61,329	1,247,117	1,308,446
Accumulated depreciation			
At 30 March 2008	61,329	851,188	912,517
Charge for the period	-	144,012	144,012
Disposals	-	(28,171)	(28,171)
At 28 March 2009	61,329	967,029	1,028,358
Net book value			
At 28 March 2009	-	280,088	280,088
At 29 March 2008	-	346,071	346,071

NOTES TO THE ACCOUNTS (CONTINUED)
52 week period ended 28 March 2009

11. STOCKS

	28 March 2009 £	29 March 2008 £
Raw materials and consumables	339,674	314,377
Work in progress	103,051	33,201
Finished goods for resale	202,062	247,026
	644,786	594,604

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

12. DEBTORS

	28 March 2009 £	29 March 2008 £
Trade debtors	1,364,032	1,074,220
Amounts due from group companies	10,058	56,989
Corporation tax	73,934	86,705
Deferred tax (note 14)	39,760	23,237
Prepayments and accrued income	76,790	124,772
	1,564,574	1,365,923

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 March 2009 £	29 March 2008 £
'A' Ordinary shares (see note 21)	10,000	10,000
Trade creditors	835,499	673,370
Amounts due to Group companies	1,086,013	1,131,592
Other taxes and social security	91,972	44,218
Other creditors	19,119	9,993
Accruals and deferred income	108,774	91,148
	2,151,377	1,960,321

NOTES TO THE ACCOUNTS (CONTINUED)
52 week period ended 28 March 2009

14. DEFERRED TAX

	28 March 2009 £	29 March 2008 £
Decelerated capital allowances	26,695	11,601
Other short term timing differences	13,065	11,636
Deferred tax asset	39,760	23,237

The movement on deferred taxation comprises:

		£
At 29 March 2008	23,237	12,018
Credited to profit and loss account (note 9)	16,523	11,219
At 28 March 2009	39,760	23,237

The deferred tax asset at 28 March 2009 is included within debtors in note 12.

15. PROVISIONS

Product warranties	28 March 2009 £	29 March 2008 £
Opening balance	30,000	-
Utilised	(18,444)	-
Charged to profit and loss account	30,000	30,000
At 28 March 2009	41,556	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 28 March 2009, but not provided in these accounts amounts to £nil (2008: £nil).

Commitments under Operating Leases:

At 28 March 2009 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	28 March 2009 £	29 March 2008 £	28 March 2009 £	29 March 2008 £
Leases expiring:				
- within one year	5,199	-	-	-
- between two and five years	2,425	45,750	10,438	10,832

NOTES TO THE ACCOUNTS (CONTINUED)
52 week period ended 28 March 2009

17. RESERVES

	Profit and loss account £
Brought forward	444,241
Retained profit for the financial period	159,800
Carried forward	604,041

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	52 weeks ended 28 March 2009 £	52 weeks ended 29 March 2008 £
Profit for the financial period	159,800	53,740
Net increase in shareholder's funds	159,800	53,740
Brought forward	454,241	400,501
Carried forward	614,041	454,241

19. CASH FLOW STATEMENT AND RELATED PARTIES

The Company is a wholly owned subsidiary of Halma plc and is included in the consolidated financial statements of Halma plc 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 plc. The accounts of Halma plc 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.

22. SHARE-BASED PAYMENTS

The total cost recognised in the Profit and Loss account in respect of share-based payment schemes was £18,209 (2008: £10,072).

Share incentive plan

Shares awarded under this plan are purchased in the market by the Plan's trustees at the time of the award and are held in trust until their transfer to qualifying employees, which is conditional upon completion of three years' service. The costs of providing this plan are recognised in the Profit and loss account over the three-year vesting period.

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 2008/09, 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.

	2009	2008
Outstanding at beginning of year	5,307	-
Granted during the year	19,949	15,039
Vested during the year	(10,592)	(6,902)
Lapsed during the year	(4,343)	(2,830)
Outstanding at end of year	10,321	5,307
Exercisable at end of year	-	-

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:

	2009	2008	2007
Expected volatility %	**25**	19	20
Expected life (years)	**3**	3	3
Share price on date of grant (pence)	**192.75**	240.67	199.00
Option price (pence)	**nil**	nil	Nil
Fair value per option (%)	**56**	55	66
Fair value per option (pence)	**107.94**	132.37	131.34