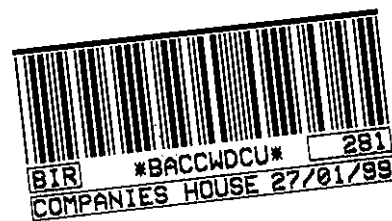


Registered No. 1972044

MARATHON MONITORS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

28TH MARCH 1998



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

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

PROFITS AND DIVIDENDS

The Profit and Loss Account shows a loss before taxation of £435,261 and the loss after taxation amounts to £432,865. The Directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the manufacture and marketing of process control equipment. In view of losses made in the first half year it was decided to close the business. The residual assets and liabilities of the Company were transferred to another group subsidiary on 28th March 1998 and the Company ceased trading.

DIRECTORS

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

R R Jessop	(Chairman)
NG Tucker	resigned 31st January 1998
A Watson	resigned 31st March 1998
JPA Seabrook	appointed 31st March 1998

Mr JPA Seabrook was appointed a Director since the last Annual General Meeting. Being eligible he offers himself for re-election.

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 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>		<u>At 28th March 1998</u>		<u>During the 52 weeks</u>	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>	<u>Options</u>	
					<u>Granted</u>	<u>Exercised</u>
R R Jessop	46,654	153,809	45,205	308,676	103,600	-
A Watson	-	6,900	-	15,000	5,800	-

The Directors held the above options under the share options schemes approved by Halma p.l.c. shareholders, exercisable by 2007 at prices between 52.8p and 139.5p 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.

MARATHON MONITORS 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 pages 4 to 10, 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 is appropriate to use a going concern basis.

AUDITORS

Following the merger of Price Waterhouse, the Company's auditors, with Coopers & Lybrand, PricewaterhouseCoopers were appointed by the Board to fill the casual vacancy arising. PricewaterhouseCoopers are willing 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



JPA Seabrook
Secretary

24th July 1998

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Abingdon
Oxon OX14 1DY

PricewaterhouseCoopers
Cornwall Court
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AUDITORS' REPORT TO THE MEMBERS OF MARATHON MONITORS LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out in page 7.

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of the 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 the Company's affairs as at 28 March 1998 and of its loss for the year then ended and then have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors**

24 July 1998

MARATHON MONITORS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED 28th MARCH 1998

52 weeks ended
29th March 1997

<u>£1,181,902</u>	TURNOVER (Note 2)	<u>£479,897</u>
31,749	TRADING PROFITS / (LOSSES) (Note 3)	(54,417)
-	EXCEPTIONAL ITEM Costs of closure of business	(376,237)
(3,832)	INTEREST Bank overdraft interest payable	(3,367)
<u>(7,459)</u>	Group loan interest payable	<u>(1,240)</u>
(11,291)		<u>(4,607)</u>
20,458	PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	(435,261)
<u>(7,058)</u>	Tax on ordinary activities (Note 7)	<u>2,396</u>
13,400	PROFIT / (LOSS) FOR THE FINANCIAL YEAR TRANSFERRED TO/(FROM) RESERVES	(432,865)
<u>45,206</u>	Retained profit brought forward	<u>58,606</u>
<u>£58,606</u>	Retained profit/(loss) carried forward	<u>£(374,259)</u>

The results shown above have been derived
solely from discontinued operations.

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.

MARATHON MONITORS LIMITED

BALANCE SHEET AS AT 28TH MARCH 1998

29th March 1997			
138,750	FIXED ASSETS Tangible Assets (Note 8)		-
	CURRENT ASSETS		
121,398	Stock (Note 9)	-	
399,739	Debtors (Note 10)	-	
<u>21,734</u>	Cash at Bank and in Hand	<u>18,085</u>	
<u>542,871</u>		<u>18,085</u>	
	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
4,683	Corporation Tax	-	
<u>615,857</u>	Creditors (Note 11)	<u>392,244</u>	
<u>620,540</u>		<u>392,244</u>	
(77,669)	NET CURRENT LIABILITIES		(374,159)
61,081	TOTAL ASSETS LESS CURRENT LIABILITIES		(374,159)
<u>2,375</u>	PROVISIONS FOR LIABILITIES AND CHARGES (Note 12)		-
<u>£58,706</u>			<u>£(374,159)</u>
	CAPITAL AND RESERVES		
	CALLED UP SHARE CAPITAL		
100	Equity Capital (Ordinary shares of £1 each) Authorised, issued and fully paid		100
<u>58,606</u>	PROFIT AND LOSS ACCOUNT		(374,259)
<u>£58,706</u>	SHAREHOLDERS' FUNDS		<u>£(374,159)</u>

Approved by the Board of Directors
on 24th July 1998



JPA SEABROOK

The annexed notes form part of these accounts.

MARATHON MONITORS LIMITED

MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE 52 WEEKS ENDED 28TH MARCH 1998

52 weeks ended
29th March 1997

13,400	PROFIT / (LOSS) FOR THE FINANCIAL YEAR TRANSFERRED TO/(FROM) RESERVES	(432,865)
<u>45,306</u>	SHAREHOLDERS' FUNDS BROUGHT FORWARD	<u>58,706</u>
<u>£58,706</u>	SHAREHOLDERS' FUNDS CARRIED FORWARD	<u>£(374,159)</u>

MARATHON MONITORS LIMITED
NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts set out on pages 4 -10 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:

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

Leases

The cost 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.

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.

MARATHON MONITORS LIMITED
NOTES TO THE ACCOUNTS (Continued)

2. TURNOVER

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

	<u>1998</u>	<u>1997</u>
United Kingdom	371,302	1,001,523
Europe excluding UK	107,061	177,066
USA	<u>1,534</u>	<u>3,313</u>
	<u>£479,897</u>	<u>£1,181,902</u>

3. TRADING PROFITS/(LOSSES)

Trading profits/(losses) arise wholly from discontinued activities, and comprise:

	<u>1998</u>	<u>1997</u>
Turnover	479,897	1,181,902
Cost of Sales	<u>(443,739)</u>	<u>(1,005,602)</u>
Gross profit	36,158	176,300
Administrative costs	<u>(87,576)</u>	<u>(139,108)</u>
Distribution costs	<u>(2,999)</u>	<u>(5,443)</u>
	<u>£(54,417)</u>	<u>£31,749</u>

Trading profits/(losses) are arrived at after charging:

	<u>£</u>	<u>£</u>
Depreciation	31,407	35,704
Research and development	1,069	18,397
Auditors' remuneration - audit fees	2,700	4,395
Other fees payable to auditors - non audit fees	-	1,000
Operating lease rents: property	20,345	20,345

4. DIRECTORS' REMUNERATION

	<u>1998</u>	<u>1997</u>
Remuneration	99,372	61,705
Pension contributions to a defined contribution scheme	<u>2,292</u>	<u>2,750</u>
	<u>£101,664</u>	<u>£64,455</u>

The Directors' remuneration includes compensation for loss of office of £30,870.

5. 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. During the year retirement benefits accrued to one (1997: one) Director under this Scheme and to one (1997: one) Director under a defined contribution scheme.

The latest actuarial valuation of the Halma Group Pension Plan was carried out as at 1st December 1996. Details of this valuation are contained in the financial statements of the Halma Group.

The total pension cost of the Company was £13,734 (1997: £17,893).

MARATHON MONITORS LIMITED
NOTES TO THE ACCOUNTS (Continued)

6. EMPLOYEE INFORMATION

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

	<u>1998</u>	<u>1997</u>
Full-time	9	12
Part-time	<u>1</u>	<u>1</u>
	<u>10</u>	<u>13</u>

Employee costs of the Company comprised:

Wages and salaries	204,588	248,063
Social security costs	16,928	21,037
Other pension costs	<u>13,734</u>	<u>17,893</u>
	<u>£235,250</u>	<u>£286,993</u>

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	<u>1998</u>	<u>1997</u>
UK corporation tax at 31% (33% in 1997)	-	4,683
Deferred taxation	<u>(2,375)</u>	<u>2,375</u>
	<u>(2,375)</u>	<u>7,058</u>
Prior year adjustments		
Corporation tax	<u>(21)</u>	<u>-</u>
	<u>£(2,396)</u>	<u>£7,058</u>

8. TANGIBLE ASSETS

	Land & Buildings, <u>Short Leases</u> £	Plant, Equipment, Vehicles etc. £	<u>Total</u> £
COST			
At 29th March 1997	3,740	222,758	226,498
Additions	-	2,646	2,646
Disposals	<u>(3,740)</u>	<u>(225,404)</u>	<u>(229,144)</u>
At 28th March 1998	-	-	-
DEPRECIATION			
At 29th March 1997	3,740	84,008	87,748
Charge for the period	-	31,407	31,407
Disposals	<u>(3,740)</u>	<u>(115,415)</u>	<u>(119,155)</u>
At 28th March 1998	-	-	-
NET BOOK VALUE			
At 28th March 1998	£-	£-	£-
At 29th March 1997	£-	£138,750	£138,750

Capital expenditure authorised and contracted at 28th March 1998 but not provided in these accounts amounts to £nil (1997: £nil).

At 28th March 1998 the Company had annual commitments under non-cancellable operating leases expiring as follows:-

	<u>Land and Buildings</u> <u>1998</u>	<u>1997</u>
More than five years	£-	£20,345

MARATHON MONITORS LIMITED
NOTES TO THE ACCOUNTS (Continued)

9	STOCKS	<u>1998</u>	<u>1997</u>
	Raw materials	-	76,201
	Work in progress	-	<u>45,197</u>
		£-	<u>£121,398</u>
10	DEBTORS	<u>1998</u>	<u>1997</u>
	Trade debtors	-	371,777
	Amounts due from Group companies	-	3,133
	Prepayments and accrued income	-	<u>24,829</u>
		£-	<u>£399,739</u>
11	CREDITORS	<u>1998</u>	<u>1997</u>
	Trade Creditors	-	143,817
	Taxation and social security	-	28,200
	Amounts due to Group companies	352,244	427,619
	Accruals and deferred income	<u>40,000</u>	<u>16,221</u>
		<u>£392,244</u>	<u>£615,857</u>
12	PROVISIONS FOR LIABILITIES AND CHARGES		
	DEFERRED TAXATION	<u>1998</u>	<u>1997</u>
	Comprises timing differences due to Fixed Assets	£-	<u>£2,375</u>
	The potential amount for all timing differences for Fixed Assets is	£-	<u>£2,375</u>
	The movement on deferred taxation comprises:		
	At 29th March 1997	2,375	
	Credited to profit and loss in respect of:		
	Fixed Assets	<u>(2,375)</u>	
	At 28th March 1998.	£-	
13.	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.		
14.	RELATED PARTY TRANSACTIONS		
	As permitted by FRS8, the Company has not disclosed related party transactions with fellow Group companies.		
15.	ULTIMATE PARENT COMPANY		
	The ultimate and immediate parent company of Marathon Monitors 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 ODE.		