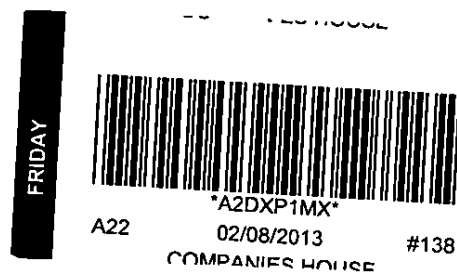

HALMA FINANCING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013



HALMA FINANCING LIMITED

COMPANY INFORMATION

DIRECTORS	A J Williams K J Thompson
COMPANY SECRETARY	C T Chesney
REGISTERED NUMBER	05112079
REGISTERED OFFICE	Misbourne Court Rectory Way Amersham Bucks HP7 0DE
INDEPENDENT AUDITOR	Deloitte LLP Reading United Kingdom

HALMA FINANCING LIMITED

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HALMA FINANCING LIMITED

DIRECTORS' REPORT FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013

The directors present their report and the financial statements for the 52 week period ended 30 March 2013

PRINCIPAL ACTIVITIES

The company acts as a holding company The company is a subsidiary of Halma Holdings, Inc, a member of the Halma plc group of companies

BUSINESS REVIEW

During the period the company received income from shares in group undertakings of \$45,087,000 (2012 \$26,490,071) The directors expect the current level of activity to continue Details of significant events since the balance sheet date are contained in the notes to the financial statements

During the period the company issued 969 additional ordinary shares for a consideration of \$128,932,421 Further details are contained in note 11 to the financial statements

The current economic conditions continue to create economic uncertainty The company has net assets and a positive cash balance as set out in the balance sheet The company is part of the Halma plc group of companies and as such has access to considerable financial resources, including a £260m five-year revolving credit facility held with a core group of well-established banks, of which £105m was undrawn at 30 March 2013 The directors have a high level of confidence that despite the current economic uncertainty the company has the necessary liquid resources to meet its liabilities as they fall due and will be able to sustain its business model, strategy and operations and remain solvent for the foreseeable future Thus, the directors continue to adopt the going concern basis in preparing the financial statements

RESULTS AND DIVIDENDS

The profit for the 52 week period, after taxation, amounted to \$40,997,117 (2012 - \$22,400,635)

The directors have proposed and paid US\$41,000,000 dividends in the period (2012 US\$89,403,071)

DIRECTORS

The directors who served during the 52 week period and to the date of this report were

A J Williams
K J Thompson

PRINCIPAL RISKS AND UNCERTAINTIES

Investments

The company acts as a holding company of investments The main risk facing the company is the underlying performance of its subsidiary companies The directors address this by ensuring the subsidiaries have sufficient resources from within the Halma group to be able to continue trading

POST BALANCE SHEET EVENTS

Details of events subsequent to the balance sheet date are contained in note 16

HALMA FINANCING LIMITED

**DIRECTORS' REPORT
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

AUDITOR

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 22 July 2013 and signed on its behalf

A handwritten signature in black ink, appearing to read 'K J Thompson', is written over a horizontal line.

K J Thompson
Director

HALMA FINANCING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

HALMA FINANCING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALMA FINANCING LIMITED

We have audited the financial statements of Halma Financing Limited for the 52 week period ended 30 March 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 March 2013 and of its profit for the 52 week period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

HALMA FINANCING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALMA FINANCING LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Alex Butterworth

Alexander Butterworth ACA (Senior statutory auditor)

for and on behalf of
Deloitte LLP

Chartered Accountants and Statutory Auditor

Reading
United Kingdom

22 July 2013

HALMA FINANCING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

	Note	52 weeks ended 30 March 2013 \$	52 weeks ended 31 March 2012 \$
Administrative expenses		(2,728)	(2,356)
OPERATING LOSS	2	(2,728)	(2,356)
Income from shares in group undertakings		45,087,000	26,490,071
Interest receivable and similar income		2	2
Interest payable and similar charges	5	(4,087,000)	(4,087,000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		40,997,274	22,400,717
Tax on profit on ordinary activities	6	(157)	(82)
PROFIT FOR THE FINANCIAL PERIOD		<u>40,997,117</u>	<u>22,400,635</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

The notes on pages 8 to 16 form part of these financial statements

HALMA FINANCING LIMITED
REGISTERED NUMBER: 05112079

BALANCE SHEET
AS AT 30 MARCH 2013

	Note	30 March 2013 \$	31 March 2012 \$
FIXED ASSETS			
Investments	7	318,357,433	189,425,012
CURRENT ASSETS			
Debtors amounts falling due after more than one year	8	120,064	122,648
Debtors amounts falling due within one year	8	1,595	1,752
Cash at bank		2,993	3,135
		<u>124,652</u>	<u>127,535</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		318,482,085	189,552,547
CREDITORS: amounts falling due after more than one year	9	(67,030,073)	(67,030,073)
NET ASSETS		251,452,012	122,522,474
CAPITAL AND RESERVES			
Called up share capital	11	36,001,586	36,000,388
Share premium account	12	215,355,847	86,424,624
Profit and loss account	12	94,579	97,462
SHAREHOLDERS' FUNDS	13	251,452,012	122,522,474

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 July 2013



A J Williams
Director



K J Thompson
Director

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding periods.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.3 Taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

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

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013

1. ACCOUNTING POLICIES (continued)

1.4 Foreign currency

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences are recognised in the profit and loss account in the period in which they arise except to the extent they relate to movements in the company's investment in overseas companies, in which case they are taken to the statement of total recognised gains and losses.

1.5 Local currency

The company's local currency is the US Dollar (\$) which reflects the primary economic environment in which the company and its direct and indirect subsidiary undertakings operate.

1.6 Going concern

The current economic conditions continue to create economic uncertainty. The company has net assets and a positive cash balance as set out in the balance sheet. The company is part of the Halma plc group of companies and as such has access to considerable financial resources, including a £260m five-year revolving credit facility held with a core group of well-established banks, of which £105m was undrawn at 30 March 2013. The directors have a high level of confidence that despite the current economic uncertainty the company has the necessary liquid resources to meet its liabilities as they fall due and will be able to sustain its business model, strategy and operations and remain solvent for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

2. OPERATING LOSS

The operating loss is stated after charging/(crediting)

	52 weeks ended 30 March 2013 \$	52 weeks ended 31 March 2012 \$
Difference on foreign exchange	505	(3)

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

3. AUDITORS' REMUNERATION

	52 weeks ended 30 March 2013 \$	52 weeks ended 31 March 2012 \$
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	2,157	-

The auditor's remuneration charge of \$1,500 for audit services in the prior year was borne by Halma plc

4. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2012 - \$NIL)

The directors are also directors of other group companies and their remuneration has been borne by those companies. The allocation of the total remuneration that relates to their services to this company is \$nil (2012 \$nil)

5. INTEREST PAYABLE

	52 weeks ended 30 March 2013 \$	52 weeks ended 31 March 2012 \$
On loans from group undertakings	4,087,000	4,087,000

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

6. TAXATION

	52 weeks ended 30 March 2013 \$	52 weeks ended 31 March 2012 \$
Analysis of tax charge in the 52 week period		
Deferred tax		
Origination and reversal of timing differences	-	(1,897)
Effect of change in future tax rate	69	145
Adjustments in respect of previous periods	88	1,834
Total deferred tax (see note 10)	157	82
Tax on profit on ordinary activities	157	82

Factors affecting tax charge for the 52 week period

The tax assessed for the 52 week period is lower than (2012 - *lower than*) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	52 weeks ended 30 March 2013 \$	52 weeks ended 31 March 2012 \$
Profit on ordinary activities before tax	40,997,274	22,400,717
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	9,839,346	5,824,186
Effects of.		
Non-taxable income	(10,820,880)	(6,887,418)
Group relief	981,534	1,063,232
Current tax charge for the 52 week period	-	-

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

7 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies \$
Cost	
At 1 April 2012	189,425,012
Additions	128,932,421
At 30 March 2013	318,357,433
Net book value	
At 30 March 2013	318,357,433
At 31 March 2012	189,425,012

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Halma Investment Holdings Ltd	Ordinary	100%

Halma Investment Holdings Ltd is incorporated in the United Kingdom and its principal activity is that of a holding company

Details of additions in the period are contained within the Share Capital note 11. In the opinion of the directors the value of the company's investment in its subsidiary is not less than the amount at which it is stated in the balance sheet

8 DEBTORS

	30 March 2013 \$	31 March 2012 \$
Due after more than one year		
Amounts owed by group undertakings	120,064	122,648
Due within one year		
Deferred tax asset (see note 10)	1,595	1,752

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

9 CREDITORS:

Amounts falling due after more than one year

	30 March 2013	<i>31 March 2012</i>
	\$	\$
Amounts owed to group undertakings	67,030,073	<i>67,030,073</i>

\$67,000,000 of the above balance is due to the company's immediate parent company, Halma Holdings Inc. The entire balance was due to mature on 31 March 2016.

On 2 April 2013 the company settled the entire \$67,000,000 balance owed to Halma Holdings Inc. by issuing a promissory note for \$67,000,000 redeemable in full on 2 April 2018.

The promissory note is subject to interest at the rate of 4.5% above 6 month US Libor payable half-yearly in arrears.

The company has the option to repay the loan, partially or in full, without penalty at any time until the maturity date.

10. DEFERRED TAX ASSET

	30 March 2013	<i>31 March 2012</i>
	\$	\$
At beginning of 52 week period	1,752	<i>1,834</i>
Charged for 52 week period (P&L)	(157)	<i>(82)</i>
At end of 52 week period	1,595	<i>1,752</i>

The deferred tax asset is made up as follows:

	30 March 2013	<i>31 March 2012</i>
	\$	\$
Tax losses carried forward	1,595	<i>1,752</i>

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013

11. SHARE CAPITAL

	30 March 2013 \$	31 March 2012 \$
Allotted, called up and fully paid		
20,001,208 (2012 - 20,000,239) Ordinary shares shares of £1 each	36,001,586	36,000,388

The total consideration received in respect of shares issued amounted to \$128,932,421 (2012 \$28,051,010)

On 2 April 2012 and 29 May 2012, the company subscribed for a total of 146 additional ordinary shares in Halma Investment Holdings Limited for a consideration of \$19,429,233. The sum represents the initial consideration payable, adjusted for the final agreed working capital at closing in respect of the acquisition of Accutome, Inc. Also, on the same date, the company itself allotted 146 additional ordinary shares to Halma Holdings Inc for a consideration of \$19,429,233.

On 2 April 2012, 30 May 2012 and 31 May 2012 the company subscribed for a total of 286 additional ordinary shares in Halma Investment Holdings Limited for a consideration of \$38,003,188. The sum represents the initial consideration payable, adjusted for the final agreed net tangible assets in respect of the acquisition of Sensorex Corporation. Also, on the same date, the company itself allotted 286 additional ordinary shares to Halma Holdings Inc for a consideration of \$38,003,188.

On 14 May 2012, the company subscribed for 11 additional ordinary shares in Halma Investment Holdings Limited for a consideration of \$1,500,000. The sum represents the payment of deferred contingent consideration payable in respect of the acquisition of SphereOptics Inc. Also, on the same date, the company itself allotted 11 additional ordinary shares to Halma Holdings Inc for a consideration of \$1,500,000.

On 13 June 2012, the company subscribed for 83 additional ordinary shares in Halma Investment Holdings Limited for a consideration of \$11,000,000. The sum represents the payment of deferred contingent consideration payable in respect of the acquisition of Avo Photonics, Inc. Also, on the same date, the company itself allotted 83 additional ordinary shares to Halma Holdings Inc for a consideration of \$11,000,000.

On 18 December 2012, the company subscribed for 443 additional ordinary shares in Halma Investment Holdings Limited for a consideration of \$59,000,000. The sum represents the initial consideration payable in respect of the acquisition of Sensorex Corporation. Also, on the same date, the company itself allotted 443 additional ordinary shares to Halma Holdings Inc for a consideration of \$59,000,000.

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

12. RESERVES

	Share premium account \$	Profit and loss account \$
At 1 April 2012	86,424,624	97,462
Profit for the 52 week period	-	40,997,117
Dividends paid on equity capital	-	(41,000,000)
Premium on shares issued during the 52 week period	128,931,223	-
	<u>215,355,847</u>	<u>94,579</u>
At 30 March 2013		

The premium on shares issued represents the residual value of total consideration received in respect of shares issued of \$128,932,421 less the nominal value of share capital issued of \$1,198

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	30 March 2013 \$	31 March 2012 \$
Opening shareholders' funds	122,522,474	161,473,900
Profit for the 52 week period	40,997,117	22,400,635
Dividends (Note 14)	(41,000,000)	(89,403,071)
Shares issued during the 52 week period	1,198	386
Share premium on shares issued	128,931,223	28,050,624
	<u>251,452,012</u>	<u>122,522,474</u>
Closing shareholders' funds		

14. DIVIDENDS

	52 weeks ended 30 March 2013 \$	52 weeks ended 31 March 2012 \$
Dividends paid on equity capital	<u>41,000,000</u>	<u>89,403,071</u>

15. 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 publically 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 wholly owned subsidiaries of the Halma group

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013

16. POST BALANCE SHEET EVENTS

On 2 April 2013 the company issued a promissory note with a value of \$67,000,000 to its immediate parent, Halma Holdings Inc. Further details are included in note 9.

On the same date the company received a distribution of \$96,047,699 from its subsidiary Halma Investment Holdings Limited, settled by the issue of a promissory note to the same value from Halma Investment Holdings Limited to the company.

The company then declared a dividend in kind of \$96,047,699 payable to Halma Holdings Inc, which was settled immediately by assigning the promissory note issued by Halma Investment Holdings Limited to Halma Holdings Inc.

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Halma Holdings, Inc a company incorporated in the United States of America. The ultimate parent company and controlling party of Halma Financing Limited and the parent of the largest and smallest group for which consolidated accounts are prepared which includes the company is Halma plc, which is incorporated in England and Wales. The accounts of Halma plc can be obtained from the Company Secretary, Misbourne Court, Rectory Way, Amersham, Bucks, HP7 0DE.