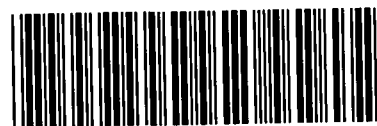

HALMA FINANCING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

THURSDAY



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26/07/2018
COMPANIES HOUSE

HALMA FINANCING LIMITED

COMPANY INFORMATION

Directors	A J Williams K J Thompson (resigned 1 July 2018) M Ronchetti (appointed 1 July 2018)
Company secretary	C T Chesney
Registered number	05112079
Registered office	Misbourne Court Rectory Way Amersham Buckinghamshire HP7 0DE
Independent auditor	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Atrium 1 Harefield Road Uxbridge United Kingdom UB8 1EX

HALMA FINANCING LIMITED

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HALMA FINANCING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The Directors present their Strategic Report for the year ended 31 March 2018 as follows:

Business review

The company acts as an intermediate holding company in the Halma group. The activity for the period has been as expected by the Directors. The current level of activity is expected to continue.

During the period the company issued one (2017 - two) share to its parent company for consideration of \$4,500,000 (2017 - \$314,721,508).

As a holding company the company has minimal income and expenditure transactions. The profit for the year reduced by 7% to \$66,933,333 (2017: \$71,897,878). The company finished the year with net assets of \$958,897,752 (2017: \$954,400,491) and a positive cash balance.

Effective from this financial year, the Company changed its reporting basis from weeks to calendar months.

Going concern

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 the £550m five-year revolving credit facility running to November 2022, held with a core group of well-established banks, of which £437m was undrawn at 31 March 2018. 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.

Principal risks and uncertainties

Investments

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

Financial key performance indicators

The Directors do not use KPIs to monitor the performance of the company and do not feel they are necessary for an understanding of the business.

Financial risk management

Details of the financial risk management objectives and policies, as well as details of exposure to foreign currency risk, interest rate risk, credit risk, and liquidity risk, can be found in Note 26 to the Halma plc group financial statements. These can be obtained as disclosed in Note 22.

This report was approved by the board on 20 July 2018 and signed on its behalf.



M Ronchetti
Director

HALMA FINANCING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their Annual report and the audited for the year ended 31 March 2018.

Results and dividends

The profit for the financial year, after taxation, amounted to \$66,933,333 (2017 - \$71,897,878).

The directors have proposed and paid dividends of \$66,936,072 in the period (2017: \$71,900,075). The directors do not propose the payment of a final dividend (2017 - \$NIL).

Directors

The directors who served during the year, and to the date of this report, were:

A J Williams
K J Thompson (resigned 1 July 2018)
M Ronchetti (appointed 1 July 2018)

Qualifying third party indemnity provisions

The company has qualifying third party indemnity provisions for the benefit of its directors which were in place during the year and remain in force at the date of this report.

Matters covered in the strategic report

The directors' statement on going concern, future developments, and financial risk management is included in the Strategic Report.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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 auditors are aware of that information.

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

Post balance sheet events

Subsequent to the year end the company invested a further \$6,655,329 in the shares of its subsidiary Halma Investments Holdings Limited.

Independent auditors

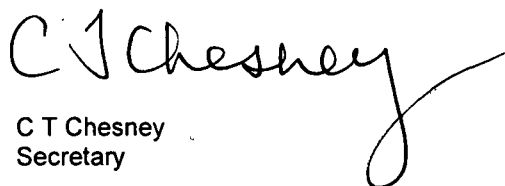
PricewaterhouseCoopers LLP were appointed as the Company's auditors during the year.

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

HALMA FINANCING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

This report was approved by the board on 20 July 2018 and signed by its order.


C T Chesney
Secretary

HALMA FINANCING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

Company law requires the directors to prepare for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the 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 , 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, FRS 101, 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 to 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 AUDITORS' REPORT TO THE MEMBERS OF HALMA FINANCING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Halma Financing Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standard, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2018, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

HALMA FINANCING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALMA FINANCING LIMITED

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

HALMA FINANCING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALMA FINANCING LIMITED

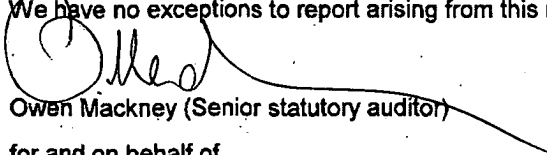
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Owen Mackney (Senior statutory auditor)

for and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Uxbridge

20 July 2018

HALMA FINANCING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

		Year to 31 March 2018 \$	52 weeks ended 1 April 2017 \$
	Note		
Administrative expenses		(1,657)	(1,989)
Operating loss	4	<u>(1,657)</u>	<u>(1,989)</u>
Income from shares in group undertakings		66,936,072	74,674,710
Interest receivable and similar income	7	3	-
Interest payable and similar expenses	8	-	(2,774,633)
Profit before tax		<u>66,934,418</u>	<u>71,898,088</u>
Tax on profit	9	(1,085)	(210)
Profit and total comprehensive income for the year		<u><u>66,933,333</u></u>	<u><u>71,897,878</u></u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 11 to 26 form part of these financial statements.


All amounts relate to continuing operations.

HALMA FINANCING LIMITED
REGISTERED NUMBER:05112079

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	31 March 2018 \$	1 April 2017 \$
Fixed assets			
Investments	11	958,814,749	954,314,749
		<u>958,814,749</u>	<u>954,314,749</u>
Current assets			
Debtors: amounts falling due within one year	17	114,095	115,180
Cash at bank and in hand	13	1,982	1,979
		<u>116,077</u>	<u>117,159</u>
Creditors: amounts falling due within one year	14	(3,003)	(1,346)
Net current assets		<u>113,074</u>	<u>115,813</u>
Total assets less current liabilities		<u>958,927,823</u>	<u>954,430,562</u>
Creditors: amounts falling due after more than one year	15	(30,071)	(30,071)
		<u>958,897,752</u>	<u>954,400,491</u>
Net assets		<u><u>958,897,752</u></u>	<u><u>954,400,491</u></u>
Capital and reserves			
Called up share capital	18	36,006,130	36,006,129
Share premium account	19	922,808,620	918,308,621
Profit and loss account		83,002	85,741
Shareholders' Funds		<u><u>958,897,752</u></u>	<u><u>954,400,491</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 July 2018.


A J Williams
 Director


M Ronchetti
 Director

The notes on pages 11 to 26 form part of these financial statements.

HALMA FINANCING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 2 April 2017	36,006,129	918,308,621	85,741	954,400,491
Profit for the year	-	-	66,933,333	66,933,333
Total comprehensive income for the year	-	-	66,933,333	66,933,333
Dividends: Equity capital	-	-	(66,936,072)	(66,936,072)
Shares issued during the year	1	4,499,999	-	4,500,000
Total transactions with owners	1	4,499,999	(66,936,072)	(62,436,072)
At 31 March 2018	36,006,130	922,808,620	83,002	958,897,752

The notes on pages 11 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEK PERIOD ENDED 1 APRIL 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 3 April 2016	36,006,126	603,587,116	87,938	639,681,180
Profit for the period	-	-	71,897,878	71,897,878
Total comprehensive income for the period	-	-	71,897,878	71,897,878
Dividends: Equity capital	-	-	(71,900,075)	(71,900,075)
Shares issued during the period	3	314,721,505	-	314,721,508
Total transactions with owners	3	314,721,505	(71,900,075)	242,821,433
At 1 April 2017	36,006,129	918,308,621	85,741	954,400,491

The notes on pages 11 to 26 form part of these financial statements.

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Halma Financing Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. These financial statements are separate financial statements. The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006 because it is included in the group financial statements of Halma plc. The group financial statements can be obtained as set out in note 22. These financial statements therefore present information about the company as an individual undertaking and not about its group.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

Effective from this financial year, the Group changed its reporting basis from weeks to calendar months.

New standards and interpretations not yet applied are disclosed on page 125 of the consolidated financial statements of the ultimate parent. New standards applied for the first time are disclosed on page 127 of the consolidated financial statements of the ultimate parent. These statements can be obtained as disclosed in note 22 below.

The following principal accounting policies have been applied:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

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 the £550m five-year revolving credit facility running to November 2022, held with a core group of well-established banks, of which £437m was undrawn at 31 March 2018. 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.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only in-the-money derivatives. These are carried in the Balance sheet at fair value with changes in fair value recognised in the Statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.7 Financial instruments (continued)

net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

2.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.10 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.12 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using 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 YEAR ENDED 31 MARCH 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following is the critical judgement, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Impairment of investments

The company acts as a holding company of investments. The directors must consider whether based on the underlying performance of the investments there is indicator of impairment present that would warrant an impairment review. Where such indicators are present the directors consider the value in use of the investment. The value in use calculation involves an estimation of the present value of future cash flows of the investment. The future cash flows are based on annual budgets, to which the management's expectation of market-share and long-term growth rates are applied. The present value is then calculated based on management's judgment of estimate discount rates.

Key sources of estimation uncertainty

The directors do not consider that there are any key assumptions concerning the future, or other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Operating loss

The operating loss is stated after charging:

	Year to 31 March 2018 \$	52 weeks ended 1 April 2017 \$
Exchange differences	266	22

5. Auditors' remuneration

The company paid \$1,700 (2017 - \$1,317) to its auditors in respect of the audit of the financial statements.

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

6. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2017 - \$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 (2017 - \$NIL).

7. Interest receivable and similar income

	Year to 31 March 2018 \$	52 weeks ended 1 April 2017 \$
Bank interest receivable	3	-

8. Interest payable and similar expenses

	Year to 31 March 2018 \$	52 weeks ended 1 April 2017 \$
Interest on loans from group undertakings	-	2,774,633

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

9. Taxation

	Year to 31 March 2018 \$	52 weeks ended 1 April 2017 \$
Corporation tax		
Current tax on profits for the year	-	-
Total corporation tax	-	-
Deferred tax		
Adjustments in respect of prior years	1,085	210
Total deferred tax	1,085	210
Taxation on profit on ordinary activities	1,085	210

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	Year to 31 March 2018 \$	52 weeks ended 1 April 2017 \$
Profit on ordinary activities before tax	66,934,418	71,898,088
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	12,717,539	14,379,618
Effects of:		
Adjustments to tax charge in respect of prior periods	1,085	153
Non-taxable income	(12,717,853)	(14,934,942)
Group relief	314	555,324
Tax rate changes	-	57
Total tax charge for the year/period	1,085	210

Factors that may affect future tax charges

The UK Corporation tax rate reduction to 17%, effective from 1 April 2020 has been substantively enacted.

10. Dividends

	31 March 2018 \$	1 April 2017 \$
Dividend on equity capital	66,936,072	71,900,075

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

11. Investments

	Investments in subsidiary companies \$
Cost	
At 2 April 2017	954,314,749
Additions	4,500,000
At 31 March 2018	<u>958,814,749</u>
 Net book value	
At 31 March 2018	<u>958,814,749</u>
 At 1 April 2017	<u>954,314,749</u>

On 25 July 2017, through its indirect subsidiary, SunTech Medical Inc, the Company acquired the trade and assets of Cas Medical Systems Inc's Non Invasive Blood Pressure Monitoring (NIBP) product line, (CasMed NIBP), based in USA, for initial cash consideration of \$4,500,000.

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Investments (continued)**Direct subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Registered Address
Halma Investment Holdings Limited	Ordinary	100 %	Misbourne Court, Rectory Way, Amersham, Buckinghamshire HP7 0DE

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Registered Address
Accudynamics, LLC	Ordinary	100 %	240 Kenneth Welch Drive, Lakeville MA02347
Accutome, Inc.	Ordinary	100 %	3222 Phoenixville Pike, Malvern PA 19355
Advanced Fire Systems Inc.	Ordinary	100 %	100 South Street, Hopkinton MA 01748
Alicat Scientific, Inc.	Ordinary	100 %	7641 N Business Park Drive, Tucson AZ85743
Apollo America, Inc.	Ordinary	100 %	25 Corporate Drive, Auburn Hills MI 48326
Aquionics, Inc.	Ordinary	100 %	1455 Jamike Avenue, Suite 100, Erlanger Kentucky 41018
Avire Inc. (formerly Janus Elevator Products Inc.)	Ordinary	100 %	415 Oser Avenue, Suite Q, Hauppauge NY11788
Avo Photonics, Inc.	Ordinary	100 %	700 Business Center Drive, Suite 125, Horsham PA 19044
Avo Photonics (Canada) Inc.	Ordinary	100 %	20 Mural Street, Unit 7, Richmond Hill, Ontario L4B 1K3
BEA Holdings, Inc	Ordinary	100 %	100 Enterprise Drive, RIDC West, Pittsburgh PA 15275
BEA Investments, Inc	Ordinary	100 %	100 Enterprise Drive, RIDC West, Pittsburgh PA 15275
BEA, Inc.	Ordinary	100 %	100 Enterprise Drive, RIDC West, Pittsburgh PA 15275
Bio-Chem Fluidics, Inc.	Ordinary	100 %	85 Fulton Street, Boonton New Jersey 07005

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Investments (continued)

Castell Interlocks, Inc.	Ordinary	100 %	Suite 865, 150 N Michigan Avenue, Chicago Illinois 60601
CenTrak, Inc	Ordinary	100 %	125 Pheasant Run, Newton PA 18940
Diba Industries, Inc.	Ordinary	100 %	4 Precision Road, Danbury CT 06810
Fiberguide Industries, Inc.	Ordinary	100 %	1 Bay Street, Stirling NJ 07980
Firetrace USA, LLC	Ordinary	100 %	8435 N. 90th Street, Scottsdale AZ 85258
Firetrace Aerospace, LLC	Ordinary	100 %	15690 N 83rd Way #B, Scottsdale AZ 85260-1844
Firetrace International Asia Pte. Ltd	Ordinary	100 %	16 Collyer Quay, #11-01, Hitachi Tower, Singapore, 049318
Fluid Conservation Systems, Inc.	Ordinary	100 %	502 Technecenter Drive, Suite B, Milford OH 45150
FluxData Inc.	Ordinary	100 %	176 Anderson Ave, STE F304, Rochester, NY 14607
Keeler Instruments, Inc.	Ordinary	100 %	456 Parkway, Lawrence Park Ind. Estate, Broomall PA 19008
Kirk Key Interlock Company, LLC	Ordinary	100 %	9048 Meridian Circle NW, North Canton OH 44720
Labsphere, Inc.	Ordinary	100 %	231 Shaker Street, North Sutton NH 03260
MicroSurgical Technology, Inc.	Ordinary	100 %	8415 154th Avenue NE, Redmond WA 98052
Ocean Optics Asia LLC	Ordinary	100 %	Suite 601, Kirin Tower, 666 Gubei Road, Shanghai, 200336
Ocean Optics, Inc.	Ordinary	100 %	830 Douglas Avenue, Dunedin Florida 34698
Oklahoma Safety Equipment Co, Inc.	Ordinary	100 %	PO Box 1327, 1701 West Tacoma, Broken Arrow OK 74013
Halma Do Brasil – Equipamentos De Segurança Ltda	Ordinary	100 %	Av. Tancredo Neves 620, Salas 1003/1004, Caminho das Árvores, Salvador, Bahia, 41.820-020
Perma Pure, LLC	Ordinary	100 %	1001 New Hampshire Ave., Lakewood NJ 08701

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Investments (continued)

Pixelteq, Inc.	Ordinary	100 %	8060A Bryan Dairy Road, Largo Florida 33777
Riester USA, LLC	Ordinary	100 %	507 Airport Blvd Ste 113, Morrisville NC 27560-8200
Rohrback Cosasco Systems, Inc.	Ordinary	100 %	11841 Smith Ave, Santa Fe Springs CA 90670
Sensorex Corporation	Ordinary	100 %	11751 Markon Drive, Garden Grove CA 92841
Smith Flow Control, Inc	Ordinary	100 %	1390 Donaldson Rd, Suite B, Erlanger Kentucky 41018
SunTech Medical (USA), LLC	Ordinary	100 %	507 Airport Boulevard, Suite 117, Morrisville NC 27560-8200
SunTech Medical, Inc	Ordinary	100 %	507 Airport Boulevard, Suite 117, Morrisville NC 27560-8200
Visual Performance Diagnostics, Inc.	Ordinary	100 %	26895 Aliso Creek Rd, Suite B223, Aliso Viejo CA 92656
Value Added Solutions LLC	Ordinary	100 %	26 Duane Lane, Burlington, CT 06013
Volk Optical Inc.	Ordinary	100 %	7893 Enterprise Drive, Mentor Ohio 44060

12. Debtors

	31 March 2018 \$	<i>1 April 2017 \$</i>
Amounts owed by group undertakings	114,095	<i>114,095</i>
Deferred taxation	-	<i>1,085</i>
	<u>114,095</u>	<i><u>115,180</u></i>

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

13. Cash and cash equivalents

	31 March 2018 \$	1 April 2017 \$
Cash at bank and in hand	1,982	1,979

14. Creditors: Amounts falling due within one year

	31 March 2018 \$	1 April 2017 \$
Amounts owed to group undertakings	3,003	1,346

15. Creditors: Amounts falling due after more than one year

	31 March 2018 \$	1 April 2017 \$
Amounts owed to group undertakings	30,071	30,071

HALMA FINANCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. Financial instruments

	31 March 2018 \$	<i>1 April 2017 \$</i>
Financial assets		
Financial assets measured at fair value through profit or loss	1,982	1,979
Financial assets that are debt instruments measured at amortised cost	114,095	114,095
	<u>116,077</u>	<u>116,074</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(33,076)</u>	<u>(31,417)</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand.

Financial assets measured at amortised cost comprise amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise amount owed to group undertakings.

17. Deferred taxation

	2018 \$	2017 \$
At beginning of year	1,085	1,295
Charged to profit or loss	(1,085)	(210)
At end of year	<u>-</u>	<u>1,085</u>

The deferred tax asset is made up as follows:

	31 March 2018 \$	<i>1 April 2017 \$</i>
Other timing differences	<u>-</u>	<u>1,085</u>

HALMA FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

18. Share capital

	31 March 2018 \$	<i>1 April 2017 \$</i>
Allotted, called up and fully paid		
20,004,129 (2017 - 20,004,128) Ordinary shares shares of £1 each	36,006,130	<i>36,006,129</i>

Concurrently with the transaction described in Note 11, the Company issued one ordinary £1 share to its parent, Halma Holdings, Inc. for total consideration of \$4,500,000.

19. Reserves

Share premium account

The premium on shares issued represents the residual value of total consideration received in respect of shares issued less the nominal value of share capital issued.

20. Related party transactions

The company is exempt under the terms of FRS 101 from disclosing related party transactions entered into between two or more members of a group, provided any subsidiary that is party to the transaction is wholly owned by such a member.

21. Post balance sheet events

Subsequent to the year end the company invested a further \$6,655,329 in the shares of its subsidiary Halma Investments Holdings Limited.

22. Controlling party

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