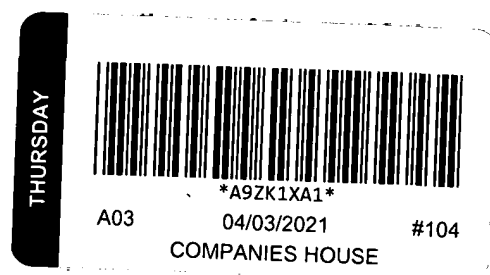

HALMA OVERSEAS FUNDING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



HALMA OVERSEAS FUNDING LIMITED

COMPANY INFORMATION

Directors	A J Williams M A Ronchetti
Company secretary	M A Jenkins
Registered number	06503844
Registered office	Misbourne Court Rectory Way Amersham Buckinghamshire HP7 0DE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place Charing Cross London United Kingdom WC2N 6RH

HALMA OVERSEAS FUNDING LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 25

HALMA OVERSEAS FUNDING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Introduction

The Directors present their Strategic Report for the year ended 31 March 2020 as follows:

Business review and future developments

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

During the year the company issued 7 (2019: 4) shares to its parent company for total consideration of \$185,129,000 (2019: \$50,057,000).

As a holding company, the company has minimal income and expenditure transactions other than income from its subsidiaries. The profit for the year increased by 34% to \$108,854,000 (2019: \$81,230,000). The company finished the year with net assets of \$1,231,949,000 (2019: \$1,051,641,000) and a positive cash balance.

During the year, linked to the acquisitions of businesses in the US sub-group, the company subscribed for share capital in a newly incorporated subsidiary Eiffel Investment Services Limited for \$171,500,000. As part of an internal group restructure the company subsequently received \$171,879,500 in dividend income from Eiffel Investment Services Limited. As a result of this distribution the company impaired its investment in Eiffel Investment Services Limited by \$171,500,000. As part of the same restructuring the company subscribed for additional share capital of \$167,477,000 in Eiffel APAC Pte. Ltd. The consideration for shares in Eiffel APAC Pte. was paid with the transfer of other loans with group undertakings.

Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the directors have considered the company's business activities, together with the main trends and factors likely to affect its future development, performance and position, and the financial position of the company as at 31 March 2020, its cash flows, liquidity position and borrowing facilities. The directors have also considered potential scenarios arising from the COVID-19 pandemic.

The company has net current liabilities due to amounts owed to its subsidiaries, it has net assets overall 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 £550m revolving credit facility running to November 2023, held with a core group of well-established banks, of which £313.6m was undrawn at 31 March 2020. The directors have a high level of confidence that despite the current economic uncertainty and the ongoing COVID-19 pandemic the company has access to 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. In making this conclusion, the directors have considered the letter of intention to support the company received from Halma plc (the ultimate parent company). Thus, the directors believe there is no material uncertainty in the use of the going concern assumption.

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 (KPIs)

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.

HALMA OVERSEAS FUNDING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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 27 to the Halma plc group financial statements. These can be obtained as disclosed in Note 18.

Directors' statement of compliance with duty to promote the success of the Company

The Companies (Miscellaneous Reporting) Regulations 2018 require that Directors explain how they have had regard to the matters set out in section 172(1) (a) to (f) (S.172(1)) of the Companies Act 2006 when performing their duty to promote the success of the Company. Throughout the year, while discharging their S.172(1) duty, the Directors have acted in a way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of shareholders, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term.
- the need to foster the Company's business relationships with suppliers and other.
- the impact of the Company's operations on the community and the environment.
- the desirability of the Company maintaining a reputation for high standards of business conduct.
- the need to act fairly between members of the Company.

The Directors also considered the interests of a wider set of stakeholders including its subsidiary undertakings and acquisition prospects.

During the year there were a number of acquisitions throughout the group and the Company was involved in funding acquisitions made in the USA. Acquisitions the Company was involved in funding are detailed in note 10 and further information on these acquisitions can be found in note 25 of the Halma plc group annual report.

Details of how the Directors of Halma plc group discharged their S.172(1) duty when taking principal decisions during the year are set out in the Strategic Report of the Halma plc group annual report which can be obtained as disclosed in Note 18.

This report was approved by the board on 27 August 2020 and signed on its behalf.



M A Ronchetti
Director

HALMA OVERSEAS FUNDING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and the audited financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 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 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 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.

Results and dividends

The profit for the year, after taxation, amounted to \$108,854,000 (2019 - \$81,230,000).

The directors have proposed and paid dividends of \$113,675,000 in the year (2019 - \$96,952,000). The directors do not propose the payment of a final dividend (2019 - \$NIL).

Directors

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

A J Williams
M A Ronchetti

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, financial risk management and compliance with duty to promote the success of the company is included in the Strategic Report.

HALMA OVERSEAS FUNDING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 27 August 2020 and signed on its behalf.



M A Ronchetti
Director

HALMA OVERSEAS FUNDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALMA OVERSEAS FUNDING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Halma Overseas Funding Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 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 2020; 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 where:

- 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.

HALMA OVERSEAS FUNDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALMA OVERSEAS FUNDING LIMITED

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.

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 2020 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, 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 intends 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 OVERSEAS FUNDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALMA OVERSEAS FUNDING 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
London

27 August 2020

HALMA OVERSEAS FUNDING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 \$000	2019 \$000
Administrative expenses		(3)	(3)
Operating loss		<u>(3)</u>	<u>(3)</u>
Income from shares in group undertakings	10	284,529	848,766
Amounts written off investments	10	(171,500)	(764,870)
Interest receivable and similar income	6	1,107	1,137
Interest payable and similar expenses	7	(2,129)	(66)
Profit before tax		<u>112,004</u>	<u>84,964</u>
Taxation	8	(3,150)	(3,734)
Profit and total comprehensive income for the financial year		<u><u>108,854</u></u>	<u><u>81,230</u></u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 11 to 25 form part of these financial statements.

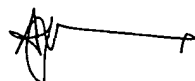
All amounts relate to continuing operations.

HALMA OVERSEAS FUNDING LIMITED
REGISTERED NUMBER:06503844

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 \$000	2019 \$000
Fixed assets			
Investments	10	1,275,179	1,090,050
		<u>1,275,179</u>	<u>1,090,050</u>
Current assets			
Debtors	11	20,421	16,521
Cash at bank and in hand	12	14,763	12,367
		<u>35,184</u>	<u>28,888</u>
Creditors: amounts falling due within one year	13	(78,414)	(67,297)
Net current liabilities		<u>(43,230)</u>	<u>(38,409)</u>
Total assets less current liabilities		<u>1,231,949</u>	<u>1,051,641</u>
Net assets		<u>1,231,949</u>	<u>1,051,641</u>
Capital and reserves			
Called up share capital	15	6	6
Share premium account	16	1,038,242	853,113
Profit and loss account	16	193,701	198,522
Total equity		<u>1,231,949</u>	<u>1,051,641</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 August 2020.



A J Williams
Director



M A Ronchetti
Director

The notes on pages 11 to 25 form part of these financial statements.

HALMA OVERSEAS FUNDING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$000	\$000	\$000	\$000
At 1 April 2019	6	853,113	198,522	1,051,641
Profit for the financial year	-	-	108,854	108,854
Total comprehensive income for the year	-	-	108,854	108,854
Dividends: Equity capital	-	-	(113,675)	(113,675)
Shares issued during the year	-	185,129	-	185,129
Total transactions with owners	-	185,129	(113,675)	71,454
At 31 March 2020	6	1,038,242	193,701	1,231,949

The notes on pages 11 to 25 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$000	\$000	\$000	\$000
At 1 April 2018	6	803,056	214,244	1,017,306
Profit for the financial year	-	-	81,230	81,230
Total comprehensive income for the year	-	-	81,230	81,230
Dividends: Equity capital	-	-	(96,952)	(96,952)
Shares issued during the year	-	50,057	-	50,057
Total transactions with owners	-	50,057	(96,952)	(46,895)
At 31 March 2019	6	853,113	198,522	1,051,641

The notes on pages 11 to 25 form part of these financial statements.

HALMA OVERSEAS FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

Halma Overseas Funding Limited is a private company limited by shares incorporated and domiciled in England, United Kingdom under the Companies Act 2006. 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 because it is included in the group accounts of Halma plc. The group accounts of Halma plc can be obtained as set out in note 18. 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 Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council.

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).

New standards and interpretations not yet applied are disclosed on page 119 of the consolidated financial statements of the ultimate parent Halma plc. New standards applied for the first time are disclosed in section 2.4 and on pages 118 to 119 of the consolidated financial statements of the ultimate parent. These statements can be obtained as disclosed in note 18 below.

The following principal accounting policies have been applied:

HALMA OVERSEAS FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the directors have considered the company's business activities, together with the main trends and factors likely to affect its future development, performance and position, and the financial position of the company as at 31 March 2020, its cash flows, liquidity position and borrowing facilities. The directors have also considered potential scenarios arising from the COVID-19 pandemic.

The company has net current liabilities due to amounts owed to its subsidiaries, it has net assets overall 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 £550m revolving credit facility running to November 2023, held with a core group of well-established banks, of which £313.6m was undrawn at 31 March 2020. The directors have a high level of confidence that despite the current economic uncertainty and the ongoing COVID-19 pandemic the company has access to 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. In making this conclusion, the directors have considered the letter of intention to support the company received from Halma plc (the ultimate parent company). Thus, the directors believe there is no material uncertainty in the use of the going concern assumption.

HALMA OVERSEAS FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations

There has been no material impact on the Company's financial statements as a result of adopting IFRS 16 from 1 April 2019.

2.5 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.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss 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.

2.8 Taxation

Tax is recognised in profit or loss 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.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 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.

HALMA OVERSEAS FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 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 and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition

HALMA OVERSEAS FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.13 Financial instruments (continued)

inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.14 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.

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.

Key sources of estimation uncertainty

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.

Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical judgements in the preparation of the financial statements.

HALMA OVERSEAS FUNDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

4. Auditors' remuneration

	2020 \$000	2019 \$000
Fees payable to the Company's auditors for the audit of the Company's financial statements	2	2

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019 - \$NIL).

6. Interest receivable and similar income

	2020 \$000	2019 \$000
Interest receivable from group companies	1,106	1,137
Bank interest receivable	1	-
	<u>1,107</u>	<u>1,137</u>

7. Interest payable and similar expenses

	2020 \$000	2019 \$000
Interest on loans from group undertakings	2,129	66

8. Taxation

	2020 \$000	2019 \$000
Corporation tax		
Current tax	2,620	2,903
Adjustments in respect of previous periods	530	831
Total current tax	<u>3,150</u>	<u>3,734</u>

HALMA OVERSEAS FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 \$000	2019 \$000
Profit on ordinary activities before tax	112,004	84,964
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	21,281	16,143
Effects of:		
Non-tax deductible impairment of investments in subsidiaries	32,585	145,325
Adjustments to tax charge in respect of prior periods	530	831
Non-taxable income	(54,061)	(161,266)
Other differences	2,818	2,703
Transfer pricing adjustments	(3)	(2)
Total tax charge for the year	3,150	3,734

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

9. Dividends

	2020 \$000	2019 \$000
Dividends paid on equity capital	113,675	96,952

Dividends paid during the year amounted to \$18,029 (2019: \$15,394) per share.

HALMA OVERSEAS FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

10. Investments

	Investments in subsidiary companies \$000
Cost	
At 1 April 2019	1,854,920
Additions	356,629
At 31 March 2020	<u>2,211,549</u>
Impairment	
At 1 April 2019	764,870
Charge for the period	171,500
At 31 March 2020	<u>936,370</u>
Net book value	
At 31 March 2020	<u><u>1,275,179</u></u>
At 31 March 2019	<u><u>1,090,050</u></u>

HALMA OVERSEAS FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

10. Investments (continued)

During the year the company subscribed for additional share capital in Halma Holdings Inc. for \$17,652,000. Halma Holdings Inc. used these funds to make the following investments:

On 2 October 2019, through its indirect subsidiary, Halma Investment Holdings Limited, the company acquired the entire share capital of Infowave Solutions Inc., based in USA, for an initial cash consideration of \$8,285,000.

On 4 October 2019, through its indirect subsidiary, MicroSurgical Technology, Inc, the company acquired the trade and certain assets of NeoMedix Inc., based in USA, for an initial cash consideration of \$8,128,000.

On 15 October 2019, the company made an additional investment in its direct subsidiary, Halma Holdings Inc, of \$689,000 in order for another subsidiary to settle a deferred contingent consideration arrangement on a previous acquisition.

On 12 February 2020, through its indirect subsidiary, CenTrak Inc, the company acquired the trade and certain assets of Spreo for an initial cash consideration of \$550,000.

During the year, linked to the acquisitions of NovaBone Products, LLC, Sensit Technologies, LLC and Maxtec, LLC by the company's indirect subsidiary, Halma Investment Holdings Limited, the company subscribed for share capital in a newly incorporated subsidiary Eiffel Investment Services Limited for \$171,500,000. As part of an internal group restructure the company subsequently received \$171,879,500 in dividend income from Eiffel Investment Services Limited. As a result of this distribution the company impaired its investment in Eiffel Investment Services Limited by \$171,500,000. As part of the same restructuring the company subscribed for additional share capital of \$167,477,000 in Eiffel APAC Pte. Ltd. The consideration for shares in Eiffel APAC Pte. was paid with the transfer of other loans with group undertakings.

HALMA OVERSEAS FUNDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Halma Holdings Inc*	8060 Bryan Dairy Road, Largo, FL, 33777	Ordinary	100%
Eiffel Investments Limited*	Grand Canal Square, Grand Canal Harbour, Dublin 2	Ordinary	100%
Eiffel Investment Services Limited*	2nd Floor, Block 5, Irish Life Centre, Abbey Street Lower, Dublin 1	Ordinary	100%
Rohrback Cosasco International Limited*	OIL (Offshore Inc Limited) PO Box 957, Offshore Incorporations Centre, RoadTown, Tortola	Ordinary	100%
RCS International Limited*	Misbourne Court, Rectory Way, Amersham, Buckinghamshire HP7 0DE	Ordinary	100%
Eiffel APAC PTE. Ltd*	4 Shenton Way, #15-01, SGX Centre II, Singapore	Ordinary	100%
Eiffel Holdings Limited**	Misbourne Court, Rectory Way, Amersham, Buckinghamshire HP7 0DE	Ordinary	100%
Eiffel Investments UK Limited	Misbourne Court, Rectory Way, Amersham, Buckinghamshire HP7 0DE	Ordinary	100%
Halma Resistors Unlimited	Misbourne Court, Rectory Way, Amersham, Buckinghamshire HP7 0DE	Ordinary	100%
Halma Financing Limited	Misbourne Court, Rectory Way, Amersham, Buckinghamshire HP7 0DE	Ordinary	100%
Halma Investment Holdings Limited	Misbourne Court, Rectory Way, Amersham, Buckinghamshire HP7 0DE	Ordinary	100%
Halma Do Brasil –Equipamentos DeSegurança Ltda	Av. Tancredo Neves 620, Salas 1003/1004, Caminho das Árvores, Salvador, Bahia, 41.820-020	Ordinary	100%
Accutome, Inc	3222 Phoenixville Pike, Malvern PA 19355	Ordinary	100%
Advanced Fire Systems Inc.	100 South Street, Hopkinton MA 01748	Common Stock	100%
ADI Holdings LLC	240 Kenneth Welch Drive, Lakeville MA 02347	Ordinary	100%
Alicat Scientific, Inc.	7641 N Business Park Drive, Tucson AZ 85743	Common Stock	100%
Apollo America, Inc.	25 Corporate Drive, Auburn Hills MI 48326	Common Stock	100%
Aquionics, Inc.	1455 Jamike Avenue, Suite 100, Erlanger Kentucky 41018	Ordinary	100%
Avire Inc.	415 Oser Avenue, Suite Q, Hauppauge NY 11788	Ordinary	100%
Avo Photonics, Inc.	700 Business Center Drive, Suite125, Horsham PA 19044	A & B Preferred Stock & Common Stock	100%
Avo Photonics (Canada) Inc.	20 Mural Street, Unit 7, Richmond Hill, Ontario L4B 1K3	A & B Shares	100%

HALMA OVERSEAS FUNDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
B.E.A. Holdings, Inc	100 Enterprise Drive, RIDC West, Pittsburgh PA 15275	Ordinary	100%
B.E.A. Investments, Inc	100 Enterprise Drive, RIDC West, Pittsburgh PA 15275	Ordinary	100%
B.E.A., Inc.	100 Enterprise Drive, RIDC West, Pittsburgh PA 15275	Ordinary	100%
Bio-Chem Fluidics, Inc.	85 Fulton Street, Boonton New Jersey 07005	Ordinary	100%
Business Marketers Group, Inc (trading as Rath Communications) Castell Interlocks, Inc.	24720 N Corporate Cir, Sussex WI 53089	Ordinary	100%
CenTrak, Inc.	Suite 865, 150 N Michigan Avenue, Chicago Illinois 60601	Ordinary	100%
Clinical Patents, LLC	125 Pheasant Run, Newton PA 18940	Common Stock	100%
Cosasco MiddleEast(FZE)	125 Pheasant Run, Newton PA 18940	Common Stock	100%
Diba Industries, Inc.	PO Box 8186, SAIF Zone, Sharjah	Ordinary	100%
Fiberguide Industries, Inc.	4 Precision Road, Danbury CT 06810	Ordinary	100%
F.I.R.E. Panel, LLC	1 Bay Street, Stirling NJ 07980	Ordinary	100%
Firetrace Aerospace, LLC	8435 N. 90th Street, Scottsdale AZ 85258	Ordinary	100%
Firetrace International Asia Pte. Ltd	15690 N 83rd Way #B, Scottsdale AZ 85260-1844	Ordinary	100%
Firetrace USA, LLC	16 Collyer Quay, #11-01, Hitachi Tower, Singapore, 049318	Ordinary	100%
Fluid Conservation Systems, Inc.	8435 N. 90th Street, Scottsdale AZ 85258	Ordinary	100%
FluxData Inc.	502 Technecenter Drive, Suite B, Milford OH 45150	Ordinary	100%
Infowave Solutions Inc.	176 Anderson Ave, STE F304, Rochester, NY 14607	Ordinary	100%
Keeler Instruments, Inc.	11495 N. Pennsylvania Street, Suite 240, Carmel, IN, 46032	Common Stock	100%
Kirk Key Interlock Company, LLC	456 Parkway, Lawrence Park Ind. Estate, Broomall PA 19008	Ordinary	100%
Labsphere, Inc.	9048 Meridian Circle NW, North Canton OH 44720	Ordinary	100%
Maxtec, LLC	231 Shaker Street, North Sutton NH 03260	Ordinary	100%
MicroSurgical Technology, Inc.	2305 South, 1070 West, Salt Lake City, UT, 84119	Common Stock	100%
NovaBone Products Export Sales Co., Inc	8415 154th Avenue NE, Redmond WA 98052	Common Stock	100%
NovaBone Products, LLC	1551 Atlantic Blvd, Suite 105, Jacksonville, FL, 32207	Common Stock	100%
NB Products, LLC	13510 NW US Highway, 441 Alachua, FL, 32207	Common Stock	100%
	1551 Atlantic Blvd, Suite 105, Jacksonville, FL, 32207	Common Stock	100%

HALMA OVERSEAS FUNDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
Ocean Optics Asia LLC	Suite 601, Kirin Tower, 666 Gubei Road, Shanghai, 200336	Ordinary	100%
Ocean Optics, Inc.	8060 Bryan Dairy Road, Largo, FL, 33777	Ordinary	100%
Oklahoma Safety Equipment Co, Inc.	PO Box 1327, 1701 West Tacoma, Broken Arrow OK 74013	Ordinary	100%
Perma Pure, LLC	1001 New Hampshire Ave., Lakewood NJ 08701	Ordinary	100%
Pixelteq, Inc.	8060A Bryan Dairy Road, Largo Florida 33777	Ordinary	100%
Riester USA, LLC	507 Airport Blvd Ste 113, Morrisville NC 27560-8200	Ordinary	100%
RCS Corrosion Servcies Sdn. Bhd	Level 21, Suite 21.01, The Garden South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan	Ordinary	100%
Rohrback Cosasco Systems, Inc	11841 Smith Ave, Santa Fe Springs, CA 90670	Common Stock	100%
Rohrback Cosasco System China Corporation	No. A, Apartment 15F, Building 1, Tianchen Plaza, Yi-12 Chaoyangmen North Street, Chaoyang District, Beijing, 100020	Ordinary	100%
Rohrback Cosasco Systems Pte Ltd	Ardent Business Advisory, 146, Robinson Road, #12-01, Singapore, 068909	Ordinary	100%
Rohrback Cosasco Systems Pty Ltd	Unit 5, 17 Caloundra Road, Clarkson WA	Ordinary	100%
Sensit Technologies, LLC	851 Trasnport Drive, Valparaiso, IN, 46383	Common Stock	100%
Sensit Technologies EMEA, S.r.l	Via Tortona, n.33 Milan, 20144, Italy	Ordinary	100%
Sensorex Corporation	11751 Markon Drive, Garden Grove CA 92841	Common Stock	100%
Smith Flow Control, Inc	1390 Donaldson Rd, Suite B, Erlanger Kentucky 41018	Ordinary	100%
SunTech Medical (USA). LLC	507 Airport Boulevard, Suite 117, Morrisville NC 27560-8200	Common Stock	100%
SunTech Medical, Inc	507 Airport Boulevard, Suite 117, Morrisville NC 27560-8200	Common Stock	100%
Value Added Solutions LLC	26 Duane Lane, Burlington CT 06013	Common Stock	100%
Visual Performance Diagnostics, Inc.	26895 Aliso Creek Rd, Suite B223, Aliso Viejo CA 92656	Common Stock	100%
Volk Optical Inc.	7893 Enterprise Drive, Mentor Ohio 44060	Common Stock	100%

* Directly held by the company

** 10% directly held by the company

HALMA OVERSEAS FUNDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. Debtors

	2020 \$000	2019 \$000
Due after more than one year		
Amounts owed by group undertakings	16,521	16,521
Due within one year		
Amounts owed by group undertakings	3,900	-
	<u>20,421</u>	<u>16,521</u>

Amounts owed by group undertakings due after more than one year comprise \$16,500,000 plus accrued interest in promissory loan notes from Halma Holdings Inc. which accrue interest at 4.25% above 6 month US LIBOR and are repayable in 2022.

12. Cash and cash equivalents

	2020 \$000	2019 \$000
Cash at bank and in hand	<u>14,763</u>	<u>12,367</u>

13. Creditors: Amounts falling due within one year

	2020 \$000	2019 \$000
Amounts owed to group undertakings	61,520	53,554
Corporation tax	16,894	13,743
	<u>78,414</u>	<u>67,297</u>

Amounts owed to group undertakings comprise \$20,712,000 (2019: \$19,692,000) in promissory loan notes to Halma Investment Holdings Ltd, \$20,712,000 (2019: 19,692,000) in promissory loan notes to Rohrbach Cosasco System International Ltd and \$1,000,000 (2019: \$999,000) in promissory loan notes to Halma International Ltd. These loan notes accrue interest at 2.5% (2019: 2.5%).

The Company also has loans from two other subsidiaries totalling \$14,545,000 which incur interest at 0.73% (2019: \$11,720,000 which incur interest at 0.73%).

Other amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand except as disclosed above.

HALMA OVERSEAS FUNDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

14. Financial instruments

	2020 \$000	2019 \$000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>31,284</u>	<u>28,888</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(61,520)</u>	<u>(53,554)</u>

Financial assets measured at amortised cost comprise bank at cash and in hand and amounts owed by group undertakings.

Financial Liabilities measured at amortised cost comprise amounts owed to group undertakings.

15. Called up share capital

	2020 \$000	2019 \$000
Allotted, called up and fully paid		
6,305 (2019 - 6,298) Ordinary shares of \$1.00 each	<u>6</u>	<u>6</u>

Concurrently with the investments described in Note 10, the Company issued seven ordinary shares for total consideration of \$185,129,000 (2019: four ordinary shares for total consideration of \$50,057,000).

16. Reserves

Share premium account

Share premium comprises the excess consideration received for shares issued over par value.

17. 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.

HALMA OVERSEAS FUNDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

18. Controlling party

The immediate parent company of Halma Overseas Funding Limited is Halma International Limited, a company incorporated in England & Wales. The ultimate parent company and the 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 or at www.halma.com.