

Activities

Halma p.l.c. is a holding company. A list of its principal subsidiary companies and their activities is set out on pages 70 and 71.

Results of the period

The Consolidated Profit and Loss Account for the 52 weeks to 1 April 2000 is set out on page 42. The Group profit before taxation, exceptional items and goodwill amortisation is £43,751,000. The profit after taxation, exceptional items and goodwill amortisation amounts to £22,007,000.

Ordinary dividends

The Directors will submit a resolution at the Annual General Meeting proposing a final dividend of 2.423p per share and if approved this dividend will be paid on 21 August 2000 to shareholders on the register at the close of business on 21 July 2000. Together with the interim dividend of 1.570p per share already paid, this will make a total of 3.993p per share for the financial year.

Review

A review of activities together with business and future developments is included on pages 4 to 9 and pages 12 to 23 inclusive. A summary of acquisitions by the Group is included on page 10.

Share capital

Details of share capital issued in the financial year are set out in note 18 on the accounts.

The 1999 Annual General Meeting approved a special resolution to cancel and repay the Company's entire preference share capital. On 20 October 1999 the High Court confirmed the cancellation of the entire 11% cumulative preference share capital consisting of 343,511 shares of £1 each, and on 29 October 1999 the preference shareholders were repaid at 175 pence per share. The aggregate consideration paid, excluding expenses, was £601,144.

Pursuant to the authority granted to the Company at the 1999 Annual General Meeting, the Company purchased 1,850,000 ordinary shares of 10p each (0.5% of the issued ordinary share capital) for an aggregate consideration, excluding expenses and stamp duty, of £2,017,500.

Share option plans

The Directors will propose a resolution at the Annual General Meeting recommending the amendment of the 1999 Company Share Option Plan (Part B) ("Part B") to permit the Company to recover from option holders any secondary Class 1 National Insurance Contributions ("NICs") arising on the exercise of share options granted pursuant to the Rules of Part B, once the legislation permitting the transfer of the liability to pay such NICs from employer to employee has been enacted (and then only to the extent permitted by such legislation). Such recovery will be subject to employee consent and employees must be informed of the method by which payment of the NICs is to be made.

Allotment authority

The special business of the Annual General Meeting includes a special resolution to disapply Section 89(1) of the Companies Act 1985 with respect to certain allotments. The effect of this special resolution, if approved, will be to give the Directors authority until the date of the next Annual General Meeting, firstly to issue shares to employees under share plans previously approved in general meeting, and secondly, to allot up to 5% of the issued ordinary share capital for cash otherwise than pro-rata to existing shareholders.

Purchase of own shares

The Company was authorised at the 1999 Annual General Meeting to purchase up to 36,000,000 (approximately 10%) of its own 10p ordinary shares in the market. This authority expires at the end of the 2000 Annual General Meeting. In accordance with the Directors' stated intention to seek annual renewal, a special resolution will be proposed at the Annual General Meeting to renew this authority until the end of the next Annual General Meeting. The Directors consider it desirable that the possibility of making such purchases, under appropriate circumstances, is available. The Directors have no present intention of using this authority. In reaching a decision to purchase shares, the Directors will take into account the Company's cash resources, capital requirements and the effect of any purchase on the Company's earnings per share. It is anticipated that renewal of the authority will be requested at subsequent Annual General Meetings.

Millennium and Economic and Monetary Union

Following each Group company's review of the impact of the millennium software issue and the implications of the Economic and Monetary Union, including the introduction of the Euro, on information systems and other aspects of their operations, no adverse consequences arose and there were no interruptions to the Group's operations. The Audit Committee continues to monitor progress and contingency plans have remained in place to ensure continuity of business.

The total incremental costs to the Group to address all identified issues were not significant.

Supplier payment policy

The Company does not follow any particular supplier payment code of practice. The Company has due regard to the payment terms of suppliers and generally settles all undisputed accounts within 30 days of the due date for payment. At 1 April 2000 the Company's trade creditors represented 29 days of annual purchases.

Employees

Matters which affect the Group are communicated to employees through formal and informal meetings, internal announcements and regular contact with Directors, Sectoral Managing Directors and Divisional Chief Executives.

The Employee Share Scheme is open to all UK employees of the Group following a qualifying period and has been operating since 1980.

The Company is an equal opportunity employer and gives disabled people the same consideration as other individuals.

The environment

The Group plays a very positive and proactive role in the monitoring and improvement of the environment through its commitment to the development and promotion of products which protect the environment. The Group is widely recognised as being amongst the leading companies in the field of environmental control and monitoring. Through its manufacturing companies, the Group has a long-term involvement in the production of equipment designed to monitor changes in the environment and also to control industrial activities which generate pollution. Given the autonomous structure of the Group, operational responsibility for compliance with relevant local environmental regulations is delegated to the board of directors of each Group company.

Research and development

Group companies have continuous research and development programmes established with the objective of the improvement of their product ranges and increasing the profitability of their operations.

Donations

Group companies made charitable donations amounting to £2,373 during the financial year. There were no political donations.

Directors

The Directors of the Company are listed on page 24. Brief biographies are set out on pages 25 to 27.

Retirement of Director

On 30 April 2000 Mr P A Tett retired from service with the Group and resigned as a Director of the Company.

Directors proposed for re-election

Mr C Q Summerhayes, Lord McGowan and Mr H M J Ritchie retire by rotation and being eligible offer themselves for re-election.

Shareholdings

As at 8 June 2000 the Company had been notified under Section 198 of the Companies Act 1985 of the following notifiable holdings of the Company's ordinary shares:

	shares	per cent
Silchester International Investors Limited	44,480,910	12.3
Mr D S Barber	13,203,056	3.6

No other notification has been received in respect of a holding of 3% or more of the Company's ordinary share capital.

The Company is also aware of the following non-notifiable holdings of its ordinary shares in relation to funds managed by:

	shares	per cent
Baillie Gifford & Co	23,565,799	6.5
Oppenheimer Funds Inc.	23,238,500	6.4
Perpetual Unit Trust Management	21,173,007	5.8
F P Asset Management	18,545,000	5.1
Prudential Group of Companies	18,357,136	5.0
Phillips & Drew Fund Management	18,146,760	5.0

Auditors

Resolutions will be proposed at the Annual General Meeting to re-appoint PricewaterhouseCoopers as Auditors and to authorise the Directors to determine their remuneration.

By Order of the Board
 E C Tredway Secretary
 Misbourne Court Rectory Way Amersham Bucks HP7 0DE
 20 June 2000