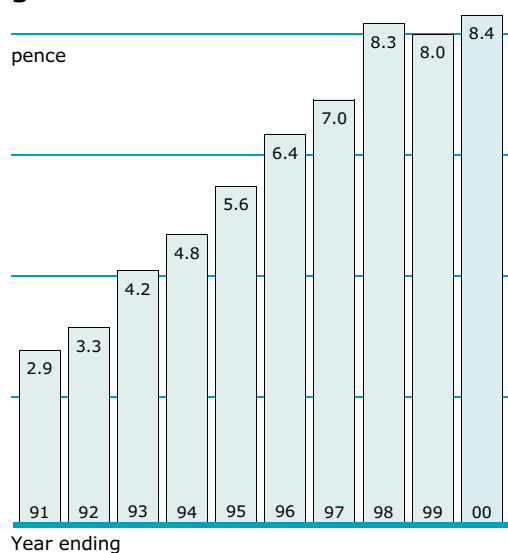


Financial Highlights

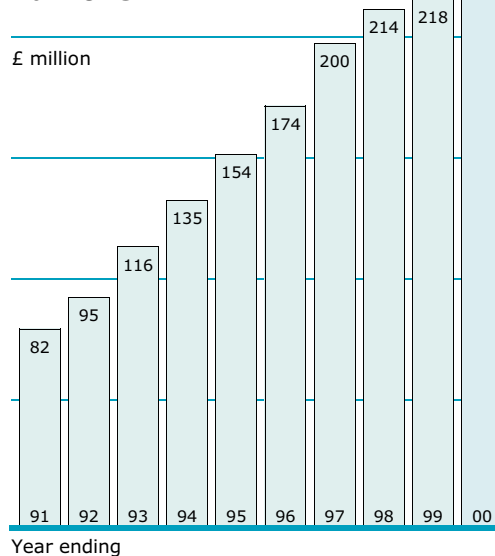
	Change	2000 £000	1999 £000
Turnover	+7%	233,485	217,758
Overseas sales	+12%	150,727	134,189
Profit before taxation, exceptional items and goodwill amortisation	+5%	43,751	41,823
Ordinary dividends	+20%	14,413	12,021
Net tangible assets	-12%	89,755	102,101
Earnings per ordinary share before exceptional items and goodwill amortisation	+5%	8.41p	7.99p
Net tangible assets per ordinary share	-12%	24.9p	28.2p
Profit before taxation, exceptional items and goodwill amortisation as a % of turnover		18.7%	19.2%
Turnover to net tangible assets		2.60 _{times}	2.13 _{times}
Return on capital employed*		48.7%	41.0%

*Return on capital employed is defined as profit before taxation, exceptional items and goodwill amortisation expressed as a % of net tangible assets

Earnings per share before exceptional items and goodwill amortisation



Turnover



Summary

Halma is a strongly cash generative and profitable manufacturing group. It develops unique electronic products which are used worldwide to enhance safety and to reduce hazards. It has subsidiary companies in the UK, continental Europe, North America, Asia and Australasia.

Growth policy

The Group's product strength has enabled it to maintain a high rate of return on capital employed. This supports not only organic growth but also an exceptionally successful and dynamic acquisition activity. For many years this has been self-funded, with virtually no recourse to shareholders.

Business sectors

Halma is best understood as comprising six world-class businesses. In this context the phrase "world-class" is meant to indicate that each such business is a clear market leader in its specialist field and, in a number of cases, is the dominant world supplier.

These businesses are:

- Fire and Gas detection
- Water leak detection and UV treatment
- Elevator Electronics
- Bursting discs and sequential locking for Process Safety
- High power electrical Resistors
- Ophthalmic Optics

Organisation

The above specialist businesses comprise over 80% of Group sales and profits. For managerial purposes they, together with other Group companies, are allocated to divisions, each of which is responsible for its own profit growth organically and by acquisition. There is significant delegation to divisional and company level so as to encourage freedom of entrepreneurial action. A small head office team sets strategy guidelines and maintains an overall framework of financial planning, reporting and control.