

	Change	2004 £m	2003 £m
Turnover	+9%	292.6	267.3
Overseas sales	+10%	206.1	188.2
Profit before taxation ⁽¹⁾	+8%	50.3	46.5
Earnings per share ⁽²⁾	+10%	9.44p	8.55p
Earnings per share – statutory		6.09p	7.76p
Dividend per share	+7%	6.19p	5.812p
Return on sales ⁽³⁾		17.2%	17.4%
Turnover to net tangible assets		3.05 times	3.08 times
Return on capital employed ⁽⁴⁾		52.4%	53.5%

¹ Before goodwill amortisation of £4,220,000 (2003: £3,235,000) and exceptional items on disposal of non-core businesses of £9,149,000 (2003: £nil).

² Before goodwill amortisation of 1.07p (2003: 0.79p) and exceptional items of 2.28p (2003: nil) per share.

³ Return on sales is defined as profit before taxation⁽¹⁾ expressed as a percentage of turnover.

⁴ Return on capital employed is defined as profit before taxation⁽¹⁾ expressed as a percentage of net tangible assets (being equity shareholders' funds less intangible assets).

Highlights

- Organic and acquisition growth contribute to record pre-tax profit⁽¹⁾
- Widespread improvement in sales performance across the Group's businesses and regions produced 9% turnover growth
- Return on capital employed⁽⁴⁾ above 50% delivered cash generation of £22m during the year
- Quality of Halma's operations strengthened by the sale of three non-core businesses in the year followed by two acquisitions since the year end
- Progressive dividend policy maintained with 7% growth

Business profile

Halma is a strongly cash generative and highly profitable group which develops, makes and markets products worldwide that are used to enhance public safety and minimise hazards at work.

Our six specialist business groupings are:

Fire and Gas detection

Water leak detection and UV treatment

Elevator and Door Safety

Bursting discs and sequential locking for Process Safety

High power electrical Resistors

Optics and Specialist technology

Value creation strategy

Our over-riding objective is to create shareholder value by:

Building global businesses that sustain a leading position in specialised markets in areas of long-term sales growth

Concentrating on high margin activities where products and services are differentiated on the basis of performance, not price, and where barriers to entry are high

Tightly managing our asset base in order to maintain our outstanding operating ratios and powerful cash generation

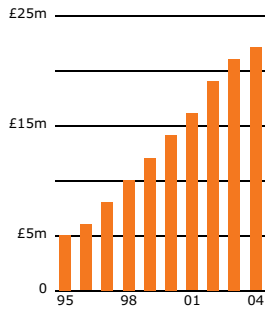
Investing in marketing, new product development and innovation to maintain high organic growth

Acquiring businesses and intellectual assets that extend our existing activities, add value, contribute to growth and will produce our exceptional operating ratios

Maintaining a high return on capital employed to self-fund organic growth, acquisition activity and rising dividends

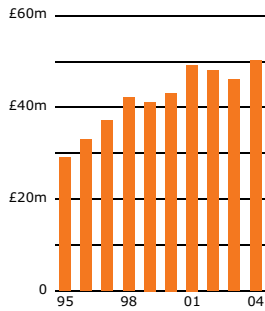
Recruiting and retaining top quality management by preserving an entrepreneurial culture within a framework of rigorous financial planning, reporting and control

Dividend growth



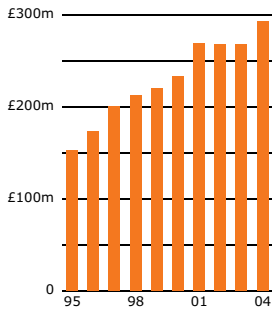
An exceptional record of unbroken dividend growth over more than 20 years

Profit growth
(before goodwill amortisation and exceptional items)*



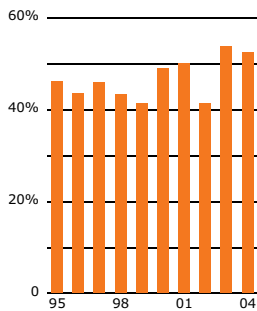
Long-term profit growth accompanied by excellent cash generation.

Sales



Growing sales in tough world markets.

ROCE*



ROCE consistently above 40% delivering real shareholder value.

*see Financial Highlights