

Delivering quality and growth

HALMA

In Summary

Financial Highlights

Revenue

£280mYear on year growth **+12%**Adjusted profit before
taxation**£57.5m**Year on year growth **+17%**

Return on Sales

20.5%Adjusted earnings
per share**11.75p**Year on year growth **+21%**

Continuing Operations

	Change	2011/12	2010/11
Revenue	+12%	£280m	£249.1m
Adjusted Profit before Taxation ¹	+17%	£57.5m	£49.3m
Statutory Profit before Taxation	+8%	£51.3m	£47.3m
Adjusted Earnings per Share ²	+21%	11.75p	9.75p
Statutory Earnings per Share	+12%	10.52p	9.38p
Interim Dividend per Share ³	+7%	3.79p	3.54p
Return on Sales ⁴		20.5%	19.8%
Return on Total Invested Capital ⁵		16.9%	15.5%
Return on Capital Employed ⁵		68.8%	72.3%

Pro-forma information:

¹ Adjusted to remove the amortisation of acquired intangible assets and acquisition costs (including transaction costs and movement on contingent consideration) of £6.2m (2010/11: £2.0m).

² Adjusted to remove the amortisation of acquired intangible assets and acquisition costs, and the associated tax. See note 6 for details.

³ Interim dividend declared per share.

⁴ Return on Sales is defined as adjusted¹ profit before taxation from continuing operations expressed as a percentage of revenue from continuing operations.

⁵ Organic growth rates, Return on Total Invested Capital (ROTIC) and Return on Capital Employed (ROCE) are non-GAAP performance measures used by management in measuring the returns achieved from the Group's asset base. See note 9 for details.

Investment Proposition

Halma has an impressive record of creating sustained shareholder value through the economic cycle. Our reputation is built on consistently delivering record profits, high returns, strong cash flows, low levels of balance sheet gearing and a 30+ year track record of growing dividend payments by 5% or more every year. We are one of only three companies quoted on the London Stock Exchange with this record of dividend increases.

Our ability to achieve record profits through the recent period of unprecedented economic turbulence is derived from our strategy of having a group of relatively small, autonomous businesses operating in diverse specialised global markets with resilient growth drivers. These include Health, Safety and Environmental regulation which stimulate 'non-discretionary' purchase of products whose technical, quality and reliability requirements enable us to build competitive advantage.

We maintain organic growth momentum by increasing levels of investment in people development, new product development and establishing platforms for growth in developing markets, where Health, Safety and Environmental regulation is starting to emerge.

Organic growth generates the financial and business resources we need to fund acquisitions. Through acquisitions we add value to our business by bringing new intellectual assets and a wider technological and geographic footprint.

Over the long term, we actively manage the mix of businesses in our Group to ensure we can continue to generate strong growth and returns. Whilst acquisitions accelerate entry into more attractive market niches, we also exit markets which promise to offer less attractive opportunities in the future through carefully planned disposals.

Halma's defensive market qualities, organic growth momentum and potential to acquire new businesses position us strongly to continue to create shareholder value and achieve even higher levels of performance in the future.

Chairman's Statement

Halma remains on track

3.79p^{+7%}

Interim Dividend per Share

Halma: what we do and our strategy

Our business is to make products which protect lives and improve the quality of life for people worldwide. We do this through continuous innovation in market-leading products, which meet the increasing demands for improvements to health, safety and the environment. We build strong positions in market niches where the demand is global. Our businesses are autonomous and highly entrepreneurial.

Results

For the first half, revenue from continuing operations of £280m was 12% up compared with the prior year (2010/11: £249m); organic revenue¹ growth was 4.7% and, at constant currency, was 5.8%.

Adjusted¹ profit before tax from continuing operations increased 17% to £57.5m (2010/11: £49.3m), with organic growth of 4.5% at constant currency. Statutory profit before tax increased by 8% to £51.3m.

Return on Total Invested Capital¹ was 16.9% (2010/11: 15.5%). Cash flow was solid in the half year and we completed two acquisitions for initial payments totalling £14.5m, including £1.1m of debt (2010/11: £nil). This contributed to net debt of £56m at the end of the period compared with £37m at 2 April 2011.

Dividends

The Board declares a 7% increase in the interim dividend to 3.79 pence per share, maintaining the higher rate of dividend increase established last year. This dividend will be paid on 8 February 2012 to shareholders on the register at 6 January 2012. This increase reflects the Board's continuing confidence in Halma's long-term growth prospects.

Progress

Halma's half year results reflect the continuing efforts of our employees to improve our effectiveness, controlling costs yet still delivering revenue growth.

In addition, we have acquired businesses over the past year which have strong product, market and

financial characteristics. This is demonstrated by the 0.7% improvement in the Group's half year Return on Sales¹ to 20.5% (2010/11: 19.8%).

We invest strongly in products, markets and people and expect to continue to see the results of these investments, particularly in new products and in China, in the short to medium term.

Acquisitions

During the first half, Halma purchased Kirk Key Interlock Company, LLC for \$14.5m (including \$1.8m of debt) and Avo Photonics, Inc. for \$9.1m (plus a contingent payment of up to \$11m based on future profit growth). These businesses add to our existing strength in the Safety Interlocks and Photonics markets respectively.

Governance

I am delighted that Daniela Barone Soares has joined the Halma Board.

The Board continually keeps the appropriateness of its composition under review particularly in terms of relevant experience and diversity in its widest sense. Daniela's experience demonstrates this commitment threefold – geographically, in terms of gender and by way of executive experience. Daniela will certainly add to the Board's debate on value creation with her unique perspective.

Outlook

Although there are significant global economic uncertainties, our structure of decentralised management and the underpinning of demand from fundamental growth drivers have proved to be resilient in difficult markets. Halma remains on track to make further progress in the second half.

¹ See Financial Highlights.



Geoff Unwin
Chairman

Chief Executive's Review

Record revenue and profit with increased returns



Andrew Williams
Chief Executive

£280m^{+12%}

Revenue

£57.5m^{+17%}

Adjusted profit before taxation¹

Halma made good progress during the first half year, achieving record revenue and profit in every sector. There was widespread growth geographically, with an especially strong performance in China where sales grew by 29%.

Revenue grew by 12% to £280m (2010/11: £249m) and adjusted¹ profit by 17% to £57.5m (2010/11: £49.3m). The organic growth rates of 5.8% for revenue and 4.5% for profit (at constant currency), reflected increased investment in our three pillars of strategic growth: Innovation, International Expansion and People Development. Return on Sales¹ increased to 20.5% (2010/11: 19.8%).

It was pleasing to see order intake growth maintained, resulting in an order book at the end of the period 5% higher than at the start.

Return on Total Invested Capital¹ was excellent at 16.9% (2010/11: 15.5%) whilst Return on Capital Employed¹ was also strong at 69% (2010/11: 72%). Both these ratios reflect the good operational management by our subsidiary management teams as does the solid cash generation which continued throughout the period. We ended the first half with net debt of £56m (March 2011: net debt £37m).

Halma is in a strong financial position and we have acted to ensure that continues. In October 2011, we negotiated a new £260m syndicated revolving credit facility with a core group of well-established banks which runs to October 2016. It replaces the previous £165m facility which was due to end in February 2013.

Growth and higher returns in all three sectors

All three main sectors reported record revenue and profit and increased Return on Sales.

Health and Analysis saw revenue up by 17% to £121m (2010/11: £104m), and profit² up by 26% to £28.0m (2010/11: £22.1m). Return on Sales improved to 23.1% (2010/11: 21.3%). Water, Photonics, Health Optics and Fluid Technology all reported revenue and profit growth with the latter benefiting significantly from the impact of acquisitions. Water had a particularly strong performance in the UK, due to increased investment in water network monitoring devices by the UK water utilities. In Fluid Technology, further customer consolidation and some changes in the market shares amongst the major OEM players in medical diagnostic systems had an adverse impact on our organic performance. We expect to see the impact of these factors ease as we move through 2012.

Infrastructure Sensors had another solid performance, growing revenue by 5% to £101m (2010/11: £96m) and profit² by 8% to £19.4m (2010/11: £17.9m). Return on Sales was 19.2% (2010/11: 18.7%). Fire Detection and Automatic Door Sensors increased revenue whilst strengthening their global operations, particularly in Asia and the USA. Elevator Safety had flat revenue and Security Sensors reported revenue marginally lower than last year with tough conditions in Europe and the USA for both businesses.

Industrial Safety had a particularly impressive first half, increasing revenue by 17% to £58m (2010/11: £49m) and profit² by 20% to £13.6m (2010/11: £11.3m). Return on Sales improved to 23.4% (2010/11: 22.9%). Gas Detection, Bursting Disks, Safety Interlocks and Asset Monitoring all achieved double-digit growth in revenue and profit.

Revenues increased in all major geographic regions

UK revenue was up by 18% whilst Mainland Europe also performed strongly with growth of 15%. The challenges faced by our Fluid Technology and Elevator Safety sub-sectors contributed to lower growth in the USA of 6%. China continued to make good progress, growing by 29%, despite lower growth in Automatic Door Sensors caused by the recent disruption to the state-sponsored High Speed Train investment programme.

Halma completed two acquisitions in the period

In May 2011, we acquired Kirk Key Interlock Company, LLC based in Ohio, USA for \$14.5m (including \$1.8m of debt) to give us a stronger presence in the US Safety Interlock market. In July 2011, we acquired Avo Photonics, Inc. based in Pennsylvania, USA for an initial consideration of \$9.1m and a contingent payment of up to \$11m based on profit growth achieved up to March 2012. Avo adds advanced design and manufacturing capabilities to Halma's successful Photonics businesses. The integration of both businesses into the Group has proceeded well.

We remain focused on identifying acquisition opportunities that add value by strengthening our market positions and technological capabilities.

Increased investment in product innovation, international expansion and people development

R&D spend increased by 10% to £13.4m (2010/11: £12.2m) demonstrating our commitment to generating growth through product **Innovation**. As reported in our recent Annual Report, in May 2011 we held a successful Halma Innovation and Technology Exposition in Orlando, Florida, which gave all Halma companies the opportunity to share knowledge and technology. I am also encouraged by the steady increase in the number of products specifically designed for developing markets such as China. Our ability to tailor products for local markets is increasingly important in driving revenue growth and market share in developing regions.

Investment in our **International Expansion** strategic initiative continues apace with our five commercial offices in China now fully operational and our manufacturing hub in Shanghai attracting more Halma companies. Our headcount in India is growing steadily and we plan to move to larger offices in Mumbai with light assembly and technical support facilities in the second half. Two Halma sub-sectors now have a direct presence in South America, with a further four sub-sectors making progress towards that goal in 2012.

People Development is essential to our sustained success. We have launched new advanced training programmes for previous Halma Executive Development Programme delegates and we are increasing our focus on developing local management talent in Asia. We are making good progress towards the launch of the first Halma Graduate Development Programme in 2012. We are committed to increasing the diversity of our management talent and, in addition to our initiatives in Asia, we are identifying new ways in which we can encourage improvement in gender diversity.

Risks and uncertainties

There are no significant changes to the risks and uncertainties in the Annual Report and on our website, www.halma.com. These are summarised in note 12 of this Half Year Report.

Summary

Halma remains on track to make further progress in the second half. The diversity of our niche end-markets and our operational structure of locally managed, agile businesses have proved to be major strengths during challenging circumstances. We will continue to focus on achieving growth and high returns in the short term whilst maintaining investment to support growth in the medium term.

¹ See Financial Highlights.

² See note 2 to the Condensed Financial Statements.

Our Business Model

Our strategy

We aim to achieve high returns on invested capital and create shareholder value. We operate in relatively noncyclical, specialised global markets where technology and application know-how provide the opportunity to generate growth at sustainable high returns through strong competitive advantage. Our chosen markets have significant barriers to entry. Demand for our products is underpinned by long-term, resilient growth drivers.

We place our operational resources close to our customers through local, autonomous businesses.

Our values

Our values help to ensure a consistent set of standards and behaviours throughout the Group. This is particularly important given the Group's decentralised structure.

Our core values are Achievement, Innovation, Empowerment and Customer Satisfaction. We encourage our employees to act fairly in their dealings with fellow employees, customers, suppliers and business partners.

Our strategic priorities

We are making the following key strategic investments across the group to accelerate growth above market rates:

- Acquisitions
- Innovation (products and process)
- People development
- International expansion (especially Asia)

Our organisational structure

A small head office team focuses on setting the strategic framework and maintains a standard process of financial planning, reporting and control.

Halma's 12 sub-sectors are composed of 39 autonomous operating companies, each with their own board of directors. These sub-sectors are grouped into operating divisions, each chaired by a Halma Divisional Chief Executive (DCE), responsible for its own growth.

DCEs understand the market needs of their companies and contribute broadly to their strategies. Through regular interaction between Executive Board members, common challenges and opportunities are identified.

Our growth drivers

Demand in each of our markets is driven by one or more of the following long-term growth drivers:

- Increasing demand for healthcare
- Increasing demand for energy and water
- Increasing urbanisation of population
- Increasing health and safety regulation

Our operational culture

Our decentralised structure delivers real competitive advantage. Tactical decision making takes place at operating company level by managers closest to markets with the ability to allocate resources. This ensures quick and agile responses to market changes.

Acquisition prospects are attracted by our operating culture which affords them the autonomy they are accustomed to while providing access, amongst other things, to new markets and technology via the Group's collective resources.

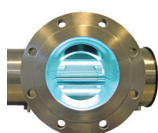
Our Sectors

Health and Analysis

Improving public and personal health; protecting the environment.

Revenue £121m 43% of Group
Profit¹ £28m 46% of Group

Sub-sectors



Water

Products to detect leaks in water pipes. UV technology for disinfecting water and water quality test kits.



Photonics

Opto-electronic technology for scientific, medical, environmental and other applications.



Health Optics

Devices used to assess eye health, diagnose disease, assist with eye surgery and general medical applications.



Fluid Technology

Critical components such as flow controllers, pumps, probes, valves, connectors and tubing used by scientific, environmental and medical diagnostic OEMs.

Infrastructure Sensors

Detecting hazards and protecting assets and people in buildings.

Revenue £101m 36% of Group
Profit¹ £19m 31% of Group

Sub-sectors



Fire Detection

Fire and smoke detectors and audible/visual warning devices.



Security Sensors

Security sensors and signals used in public and commercial property.



Automatic Door Sensors

Sensors used on automatic doors in commercial buildings, industrial sites and transportation.



Elevator Safety

Elevator/lift door safety sensors, emergency communication devices, displays and control panels for elevators.

Industrial Safety

Protecting assets and people at work.

Revenue £58m 21% of Group
Profit¹ £14m 23% of Group

Sub-sectors



Gas Detection

Portable instruments and fixed systems which detect flammable and hazardous gases.



Bursting Disks

'One time use' pressure relief devices to protect large vessels and pipework in process industries.



Safety Interlocks

Specialised mechanical, electrical and electromechanical locks which ensure that critical processes operate safely.



Asset Monitoring

Products for monitoring physical assets under water using sensors and communications technologies.

¹ See note 2 to the Condensed Financial Statements.

Consolidated Income Statement

		Unaudited 26 weeks to 1 October 2011			Unaudited 26 weeks to 2 October 2010			Audited 52 weeks to 2 April 2011
	Notes	Before amortisation of acquired intangibles and acquisition costs* £000	Amortisation of acquired intangibles and acquisition costs* £000	Total £000	Before amortisation of acquired intangibles and acquisition costs* £000	Amortisation of acquired intangibles and acquisition costs* £000	Total £000	Total £000
Continuing operations								
Revenue	2	279,997	–	279,997	249,080	–	249,080	518,428
Operating profit		58,158	(6,218)	51,940	49,645	(1,987)	47,658	99,449
Share of results of associates		(94)	–	(94)	–	–	–	(59)
Finance income	3	4,919	–	4,919	4,758	–	4,758	9,420
Finance expense	4	(5,482)	–	(5,482)	(5,144)	–	(5,144)	(10,518)
Profit before taxation		57,501	(6,218)	51,283	49,259	(1,987)	47,272	98,292
Taxation	5	(13,258)	1,612	(11,646)	(12,561)	596	(11,965)	(25,858)
Profit for the period attributable to equity shareholders		44,243	(4,606)	39,637	36,698	(1,391)	35,307	72,434
Earnings per share	6							
From continuing operations								
Basic		11.75p		10.52p	9.75p		9.38p	19.23p
Diluted				10.50p			9.36p	19.19p
Dividends in respect of the period	7							
Dividends (£000)				14,298			13,341	34,276
Per share				3.79p			3.54p	9.10p

* Acquisition costs include transaction costs and movement on contingent consideration.

Consolidated Statement of Comprehensive Income and Expenditure

	Unaudited 26 weeks to 1 October 2011 £000	Unaudited 26 weeks to 2 October 2010 £000	Audited 52 weeks to 2 April 2011 £000
Profit for the period	39,637	35,307	72,434
Exchange differences on translation of foreign operations	3,384	(5,762)	(4,268)
Actuarial (losses)/gains on defined benefit pension plans	(11,440)	(8,396)	857
Effective portion of changes in fair value of cash flow hedges	244	137	(311)
Tax relating to components of other comprehensive income	2,529	1,836	(887)
Other comprehensive expense for the period	(5,283)	(12,185)	(4,609)
Total comprehensive income for the period attributable to equity shareholders	34,354	23,122	67,825

Consolidated Balance Sheet

	Unaudited 1 October 2011 £000	Unaudited 2 October 2010 £000	Audited 2 April 2011 £000
Non-current assets			
Goodwill	273,049	194,203	259,954
Other intangible assets	80,665	30,849	73,490
Property, plant and equipment	72,508	65,923	69,891
Interests in associates	1,914	–	1,989
Deferred tax asset	11,148	13,095	10,779
	439,284	304,070	416,103
Current assets			
Inventories	63,310	51,325	54,540
Trade and other receivables	109,029	96,901	110,456
Tax receivable	448	97	237
Cash and cash equivalents	41,674	41,210	42,610
Derivative financial instruments	108	320	327
	214,569	189,853	208,170
Total assets	653,853	493,923	624,273
Current liabilities			
Borrowings	2,051	517	–
Trade and other payables	86,304	71,095	85,511
Provisions	2,691	2,138	2,887
Tax liabilities	12,627	15,014	14,997
Derivative financial instruments	380	247	858
	104,053	89,011	104,253
Net current assets	110,516	100,842	103,917
Non-current liabilities			
Borrowings	95,649	13,054	79,688
Retirement benefit obligations	44,590	48,497	36,237
Trade and other payables	14,971	3,858	22,848
Provisions	2,108	1,897	1,593
Deferred tax liabilities	24,927	13,329	24,269
	182,245	80,635	164,635
Total liabilities	286,298	169,646	268,888
Net assets	367,555	324,277	355,385
Equity			
Share capital	37,841	37,802	37,824
Share premium account	21,993	21,426	21,744
Treasury shares	(3,665)	(3,163)	(5,016)
Capital redemption reserve	185	185	185
Hedging and translation reserve	38,078	33,388	34,511
Other reserves	(96)	2,261	3,634
Retained earnings	273,219	232,378	262,503
Shareholders' funds	367,555	324,277	355,385

Consolidated Statement of Changes in Equity

For the 26 weeks ended 1 October 2011

	Share capital £000	Share premium account £000	Treasury shares £000	Capital redemption reserve £000	Hedging and translation reserve £000	Other reserves £000	Retained earnings £000	Total £000
At 2 April 2011 (audited)	37,824	21,744	(5,016)	185	34,511	3,634	262,503	355,385
Profit for the period	-	-	-	-	-	-	39,637	39,637
Other comprehensive income and expense:								
Exchange differences on translation of foreign operations	-	-	-	-	3,384	-	-	3,384
Actuarial losses on defined benefit pension plans	-	-	-	-	-	-	(11,440)	(11,440)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	244	-	-	244
Tax relating to components of other comprehensive income	-	-	-	-	(61)	-	2,590	2,529
Total other comprehensive income and expense	-	-	-	-	3,567	-	(8,850)	(5,283)
Share options exercised	17	249	-	-	-	-	-	266
Dividends paid	-	-	-	-	-	-	(20,935)	(20,935)
Share-based payments	-	-	-	-	-	(3,261)	-	(3,261)
Deferred tax on share-based payment transactions	-	-	-	-	-	(469)	-	(469)
Excess tax deductions related to share-based payments on exercised options	-	-	-	-	-	-	864	864
Net movement in treasury shares	-	-	1,351	-	-	-	-	1,351
At 1 October 2011 (unaudited)	37,841	21,993	(3,665)	185	38,078	(96)	273,219	367,555

Consolidated Statement of Changes in Equity

continued

For the 26 weeks ended 2 October 2010

	Share capital £000	Share premium account £000	Treasury shares £000	Capital redemption reserve £000	Hedging and translation reserve £000	Other reserves £000	Retained earnings £000	Total £000
At 3 April 2010 (audited)	37,765	20,959	(2,581)	185	39,013	4,178	222,974	322,493
Profit for the period	–	–	–	–	–	–	35,307	35,307
Other comprehensive income and expense:								
Exchange differences on translation of foreign operations	–	–	–	–	(5,762)	–	–	(5,762)
Actuarial losses on defined benefit pension plans	–	–	–	–	–	–	(8,396)	(8,396)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	137	–	–	137
Tax relating to components of other comprehensive income	–	–	–	–	–	–	1,836	1,836
Total other comprehensive income and expense	–	–	–	–	(5,625)	–	(6,560)	(12,185)
Share options exercised	37	467	–	–	–	–	–	504
Dividends paid	–	–	–	–	–	–	(19,550)	(19,550)
Share-based payments	–	–	–	–	–	(1,808)	–	(1,808)
Deferred tax on share-based payment transactions	–	–	–	–	–	(109)	–	(109)
Excess tax deductions related to share-based payments on exercised options	–	–	–	–	–	–	207	207
Net movement in treasury shares	–	–	(582)	–	–	–	–	(582)
At 2 October 2010 (unaudited)	37,802	21,426	(3,163)	185	33,388	2,261	232,378	324,277

Consolidated Statement of Changes in Equity

continued

For the 52 weeks ended 2 April 2011

	Share capital £000	Share premium account £000	Treasury shares £000	Capital redemption reserve £000	Hedging and translation reserve £000	Other reserves £000	Retained earnings £000	Total £000
At 3 April 2010 (audited)	37,765	20,959	(2,581)	185	39,013	4,178	222,974	322,493
Profit for the period	–	–	–	–	–	–	72,434	72,434
Other comprehensive income and expense:								
Exchange differences on translation of foreign operations	–	–	–	–	(4,268)	–	–	(4,268)
Actuarial gains on defined benefit pension plans	–	–	–	–	–	–	857	857
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	(311)	–	–	(311)
Tax relating to components of other comprehensive income	–	–	–	–	77	–	(964)	(887)
Total other comprehensive income and expense	–	–	–	–	(4,502)	–	(107)	(4,609)
Share options exercised	59	785	–	–	–	–	–	844
Dividends paid	–	–	–	–	–	–	(32,891)	(32,891)
Share-based payments	–	–	–	–	–	(764)	–	(764)
Deferred tax on share-based payment transactions	–	–	–	–	–	220	–	220
Excess tax deductions related to share-based payments on exercised options	–	–	–	–	–	–	93	93
Net movement in treasury shares	–	–	(2,435)	–	–	–	–	(2,435)
At 2 April 2011 (audited)	37,824	21,744	(5,016)	185	34,511	3,634	262,503	355,385

Consolidated Cash Flow Statement

	Notes	Unaudited 26 weeks to 1 October 2011 £000	Unaudited 26 weeks to 2 October 2010 £000	Audited 52 weeks to 2 April 2011 £000
Net cash inflow from operating activities	8	36,571	49,460	95,064
Cash flows from investing activities				
Purchase of property, plant and equipment		(7,658)	(5,906)	(14,399)
Purchase of computer software		(753)	(522)	(1,019)
Purchase of other intangibles		–	(17)	(6)
Proceeds from sale of property, plant and equipment		370	344	677
Development costs capitalised		(2,005)	(1,994)	(4,735)
Interest received		132	184	317
Acquisition of businesses, net of cash acquired	10	(18,729)	(241)	(82,093)
Acquisition of investments in associates		–	–	(1,708)
Net cash used in investing activities		(28,643)	(8,152)	(102,966)
Financing activities				
Dividends paid		(20,935)	(19,550)	(32,891)
Proceeds from issue of share capital		266	504	844
Purchase of treasury shares		(3,045)	(3,469)	(5,358)
Interest paid		(580)	(331)	(825)
Proceeds from borrowings		19,975	–	76,156
Repayment of borrowings		(4,305)	(8,348)	(18,152)
Net cash (used in)/from financing activities		(8,624)	(31,194)	19,774
(Decrease)/increase in cash and cash equivalents	8	(696)	10,114	11,872
Cash and cash equivalents brought forward		42,610	31,006	31,006
Exchange adjustments		(240)	(427)	(268)
Cash and cash equivalents carried forward		41,674	40,693	42,610

Notes to the Condensed Financial Statements

1 Basis of preparation

General information

The Half Year Report, which includes the Interim Management Report and Condensed Financial Statements for the 26 weeks to 1 October 2011, has not been audited or reviewed by the Group's auditors and was approved by the Directors on 22 November 2011.

The Report has been prepared in accordance with International Accounting Standard 34, applying the accounting policies and presentation that were applied in the preparation of the Group's statutory accounts for the 52 weeks to 2 April 2011.

The figures shown for the 52 weeks to 2 April 2011 are based on the Group's statutory accounts for that period and do not constitute the Group's statutory accounts for that period as defined in Section 434 of the Companies Act 2006. These statutory accounts, which were prepared under International Financial Reporting Standards, have been filed with the Registrar of Companies. The audit report on those accounts was not qualified, did not include a reference to any matters for which the auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under Sections 498 (2) or (3) of the Companies Act 2006.

The Report has been prepared solely to provide additional information to shareholders as a body to assess the Board's strategies and the potential for those strategies to succeed. It should not be relied on by any other party or for any other purpose.

The Report contains certain forward-looking statements which have been made by the Directors in good faith using information available up until the date they approved the Report. Forward-looking statements should be regarded with caution as by their nature such statements involve risk and uncertainties relating to events and circumstances that may occur in the future. Actual results may differ from those expressed in such statements, depending on the outcome of these uncertain future events.

The Directors believe the Group is well placed to manage its business risks successfully. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current committed facilities (the existing £165m loan facility was replaced by a £260m loan facility on 20 October 2011). The Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the half-year Condensed Financial Statements.

2 Segmental analysis

Sector analysis

The Group has three main reportable segments (Health and Analysis, Infrastructure Sensors and Industrial Safety), which are defined by markets rather than product type. Each segment includes businesses with similar operating and market characteristics. These segments are consistent with the internal reporting as reviewed by the Chief Executive Officer.

During the second half of the previous year, Radio-Tech Limited was moved from the Group's Industrial Safety segment to its Health and Analysis segment. The prior year segment analysis has therefore been restated to reflect this change and to ensure that the presentation is on a consistent basis.

These reportable segments remain unchanged from the 2 April 2011 consolidated accounts.

Segment revenue and results

	Revenue [all continuing operations]		
	Unaudited 26 weeks to 1 October 2011 £000	(Restated) Unaudited 26 weeks to 2 October 2010 £000	Audited 52 weeks to 2 April 2011 £000
Health and Analysis	121,070	103,723	218,330
Infrastructure Sensors	101,102	96,008	197,209
Industrial Safety	58,007	49,463	103,058
Inter-segmental sales	(182)	(114)	(169)
Revenue for the period	279,997	249,080	518,428

Inter-segmental sales are charged at prevailing market prices and have not been disclosed separately by segment as they are not considered material. The Group does not analyse revenue by product group.

	Profit [all continuing operations]		
	Unaudited 26 weeks to 1 October 2011 £000	(Restated) Unaudited 26 weeks to 2 October 2010 £000	Audited 52 weeks to 2 April 2011 £000
<i>Segment profit before allocation of amortisation of acquired intangible assets, acquisition and central administration costs</i>			
Health and Analysis	27,953	22,113	46,108
Infrastructure Sensors	19,364	17,911	39,023
Industrial Safety	13,596	11,341	24,435
	60,913	51,365	109,566
<i>Segment profit after allocation of amortisation of acquired intangible assets and acquisition costs</i>			
Health and Analysis	22,024	20,405	40,170
Infrastructure Sensors	19,364	17,911	38,981
Industrial Safety	13,307	11,062	24,156
Segment profit	54,695	49,378	103,307
Central administration costs	(2,849)	(1,720)	(3,917)
Net finance expense	(563)	(386)	(1,098)
Group profit before taxation	51,283	47,272	98,292
Taxation	(11,646)	(11,965)	(25,858)
Profit for the period	39,637	35,307	72,434

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit before acquisition costs (comprising acquisition transaction costs and adjustments to contingent purchase consideration) and amortisation of acquired intangible assets is disclosed separately above as this is the measure reported to the Chief Executive Officer for the purpose of allocation of resources and assessment of segment performance.

Notes to the Condensed Financial Statements

continued

2 Segmental analysis continued

The amortisation of acquired intangibles and acquisition costs (comprising acquisition transaction costs and adjustments to contingent purchase consideration, which includes any arising from foreign exchange revaluation) are analysed as follows:

	Unaudited 26 weeks to 1 October 2011 £000			Unaudited 26 weeks to 2 October 2010 £000			Audited 52 weeks to 2 April 2011 £000		
	Amortisation of acquired intangibles	Acquisition costs*	Total	Amortisation of acquired intangibles	Acquisition costs*	Total	Amortisation of acquired intangibles	Acquisition costs*	Total
Health and Analysis	4,901	1,028	5,929	1,708	–	1,708	4,481	1,457	5,938
Infrastructure Sensors	–	–	–	–	–	–	–	42	42
Industrial Safety	244	45	289	279	–	279	279	–	279
Total Group	5,145	1,073	6,218	1,987	–	1,987	4,760	1,499	6,259

* Of the £1,073,000 (26 weeks to 2 October 2010: £nil; 52 weeks to 2 April 2011: £1,499,000) acquisition costs, £111,000 (26 weeks to 2 October 2010: £nil; 52 weeks to 2 April 2011: £1,268,000) related to transaction costs, the remainder to changes in contingent purchase consideration and related foreign exchange.

The total assets have not been disclosed as there have been no material changes to those disclosed in the 2011 Annual Report.

Geographical information

The Group's revenue from external customers (by location of customer) is as follows:

	Revenue by destination		
	Unaudited 26 weeks to 1 October 2011 £000	Unaudited 26 weeks to 2 October 2010 £000	Audited 52 weeks to 2 April 2011 £000
United States of America	78,598	74,400	150,280
Mainland Europe	75,264	65,404	138,313
United Kingdom	60,638	51,220	106,131
Asia Pacific and Australasia	41,611	35,061	76,207
Africa, Near and Middle East	13,024	14,037	28,756
Other countries	10,862	8,958	18,741
Group revenue	279,997	249,080	518,428

3 Finance income

	Unaudited 26 weeks to 1 October 2011 £000	Unaudited 26 weeks to 2 October 2010 £000	Audited 52 weeks to 2 April 2011 £000
Interest receivable	132	184	317
Expected return on pension assets	4,772	4,539	9,103
	4,904	4,723	9,420
Fair value movement on derivative financial instruments	15	35	–
	4,919	4,758	9,420

4 Finance expense

	Unaudited 26 weeks to 1 October 2011 £000	Unaudited 26 weeks to 2 October 2010 £000	Audited 52 weeks to 2 April 2011 £000
Interest payable on bank loans and overdrafts	543	313	690
Interest charge on pension scheme liabilities	4,845	4,760	9,525
Other interest payable	37	18	135
	5,425	5,091	10,350
Fair value movement on derivative financial instruments	–	–	121
Unwinding of discount on provisions	57	53	47
	5,482	5,144	10,518

5 Taxation

The total Group tax charge for the 26 weeks to 1 October 2011 of £11,646,000 (26 weeks to 2 October 2010: £11,965,000; 52 weeks to 2 April 2011: £25,858,000) comprises a current tax charge of £11,457,000 (26 weeks to 2 October 2010: £12,245,000; 52 weeks to 2 April 2011: £25,110,000) and a deferred tax charge of £189,000 (26 weeks to 2 October 2010: credit of £280,000; 52 weeks to 2 April 2011: charge of £748,000). The tax charge is based on the estimated effective tax rate for the year.

The tax charge includes £7,903,000 (26 weeks to 2 October 2010: £7,202,000; 52 weeks to 2 April 2011: £14,154,000) in respect of overseas tax.

Deferred tax assets have been recognised at the rate at which they are expected to reverse. In the UK, this is at the standard rate of corporation tax, which from 1 April 2012 will reduce from 26% to 25%. This reduction in rate has resulted in a debit to deferred tax of £392,000, of which £446,000 was taken to Other Comprehensive Income and £54,000 credited to the Income Statement.

6 Earnings per ordinary share

Basic earnings per ordinary share are calculated using the weighted average of 376,659,210 (2 October 2010: 376,493,113; 2 April 2011: 376,608,974) shares in issue during the period (net of shares purchased by the Company and held as treasury shares). Diluted earnings per ordinary share are calculated using 377,319,197 (2 October 2010: 377,361,172; 2 April 2011: 377,365,635) shares which includes dilutive potential ordinary shares of 659,987 (2 October 2010: 868,059; 2 April 2011: 756,661). Dilutive potential ordinary shares are calculated from those exercisable share options where the exercise price is less than the average price of the Company's ordinary shares during the period.

Adjusted earnings are calculated as earnings from continuing operations excluding the amortisation of acquired intangible assets and acquisition costs after tax. The Directors consider that adjusted earnings represent a more consistent measure of underlying performance. A reconciliation of earnings and the effect on basic earnings per share figures is presented below:

	Unaudited 26 weeks to 1 October 2011 £000	Unaudited 26 weeks to 2 October 2010 £000	Audited 52 weeks to 2 April 2011 £000
Earnings from continuing operations	39,637	35,307	72,434
Add back amortisation of acquired intangibles (after tax)	3,783	1,391	3,315
Acquisition transaction costs (after tax)	111	–	1,268
Adjustments to contingent consideration (after tax)	712	–	167
Adjusted earnings	44,243	36,698	77,184

	Per ordinary share		
	Unaudited 26 weeks to 1 October 2011 pence	Unaudited 26 weeks to 2 October 2010 pence	Audited 52 weeks to 2 April 2011 pence
Earnings from continuing operations	10.52	9.38	19.23
Add back amortisation of acquired intangibles (after tax)	1.01	0.37	0.88
Acquisition transaction costs (after tax)	0.03	–	0.34
Adjustments to contingent consideration (after tax)	0.19	–	0.04
Adjusted earnings	11.75	9.75	20.49

Notes to the Condensed Financial Statements

continued

7 Dividends

	Per ordinary share		
	Unaudited 26 weeks to 1 October 2011 pence	Unaudited 26 weeks to 2 October 2010 pence	Audited 52 weeks to 2 April 2011 pence
Amounts recognised as distributions to shareholders in the period			
Final dividend for the year to 2 April 2011 (3 April 2010)	5.56	5.19	5.19
Interim dividend for the year to 2 April 2011	–	–	3.54
	5.56	5.19	8.73
Dividends in respect of the period			
Interim dividend for the year to 31 March 2012 (2 April 2011)	3.79	3.54	3.54
Final dividend for the year to 2 April 2011	–	–	5.56
	3.79	3.54	9.10

	Unaudited 26 weeks to 1 October 2011 £000	Unaudited 26 weeks to 2 October 2010 £000	Audited 52 weeks to 2 April 2011 £000
Amounts recognised as distributions to shareholders in the period			
Final dividend for the year to 2 April 2011 (3 April 2010)	20,935	19,550	19,550
Interim dividend for the year to 2 April 2011	–	–	13,341
	20,935	19,550	32,891
Dividends in respect of the period			
Interim dividend for the year to 31 March 2012 (2 April 2011)	14,298	13,341	13,341
Final dividend for the year to 2 April 2011	–	–	20,935
	14,298	13,341	34,276

8 Notes to the Consolidated Cash Flow Statement

	Unaudited 26 weeks to 1 October 2011 £000	Unaudited 26 weeks to 2 October 2010 £000	Audited 52 weeks to 2 April 2011 £000
Reconciliation of profit from operations to net cash inflow from operating activities			
Profit from continuing operations before finance income and expense and share of results of associates	51,940	47,658	99,449
Depreciation of property, plant and equipment	6,077	5,665	11,523
Amortisation of computer software	588	616	1,217
Amortisation of capitalised development costs and other intangibles	1,879	2,142	4,230
Retirement/disposals of capitalised development costs	–	30	83
Amortisation of acquired intangible assets	5,145	1,987	4,760
Share-based payment expense in excess of amounts paid	1,250	1,162	2,015
Additional payments to pension scheme	(3,160)	(3,191)	(6,399)
Profit on sale of property, plant and equipment and computer software	(64)	(114)	(55)
Operating cash flows before movement in working capital	63,655	55,955	116,823
Increase in inventories	(7,504)	(4,934)	(5,369)
Decrease/(increase) in receivables	3,140	(181)	(7,944)
(Decrease)/increase in payables	(9,553)	2,852	9,670
Cash generated from operations	49,738	53,692	113,180
Taxation paid	(13,167)	(4,232)	(18,116)
Net cash inflow from operating activities	36,571	49,460	95,064
Reconciliation of net cash flow to movement in net (debt)/cash			
(Decrease)/increase in cash and cash equivalents	(696)	10,114	11,872
Cash (inflow)/outflow from (drawdowns)/repayment of borrowings	(15,670)	8,348	(58,004)
Bank loan acquired	(1,144)	–	–
Exchange adjustments	(1,438)	95	(28)
	(18,948)	18,557	(46,160)
Net (debt)/cash brought forward	(37,078)	9,082	9,082
Net (debt)/cash carried forward	(56,026)	27,639	(37,078)
Analysis of net (debt)/cash			
Cash and bank balances	41,674	41,210	42,610
Bank overdraft	–	(517)	–
Cash and cash equivalents	41,674	40,693	42,610
Bank loans falling due within one year	(2,051)	–	–
Bank loans falling due after more than one year	(95,649)	(13,054)	(79,688)
	(56,026)	27,639	(37,078)

Notes to the Condensed Financial Statements

continued

9 Non-GAAP measures

Return on Capital Employed

	Unaudited 26 weeks to 1 October 2011 £000	Unaudited 26 weeks to 2 October 2010 £000	Audited 52 weeks to 2 April 2011 £000
Operating profit from continuing operations before amortisation of acquired intangible assets and acquisition costs, but after share of results of associates	58,064	49,645	105,649
Computer software costs within intangible assets	2,948	2,907	2,734
Capitalised development costs within intangible assets	9,823	8,997	9,653
Other intangibles within intangible assets	216	177	252
Property, plant and equipment	72,508	65,923	69,891
Inventories	63,310	51,325	54,540
Trade and other receivables	109,029	96,901	110,456
Trade and other payables	(86,304)	(71,095)	(85,511)
Provisions	(2,691)	(2,138)	(2,887)
Net tax liabilities	(12,179)	(14,917)	(14,760)
Non-current trade and other payables	(14,971)	(3,858)	(22,848)
Non-current provisions	(2,108)	(1,897)	(1,593)
Add back accrued contingent purchase consideration	29,142	5,047	27,037
Capital employed	168,723	137,372	146,964
Return on Capital Employed (annualised)	68.8%	72.3%	71.9%

Return on Total Invested Capital

	Unaudited 26 weeks to 1 October 2011 £000	Unaudited 26 weeks to 2 October 2010 £000	Audited 52 weeks to 2 April 2011 £000
Post-tax profit before amortisation of acquired intangible assets and acquisition costs	44,243	36,698	77,184
Total shareholders' funds	367,555	324,277	355,385
Add back retirement benefit obligations	44,590	48,497	36,237
Less associated deferred tax assets	(11,148)	(13,095)	(9,422)
Cumulative amortisation of acquired intangible assets	31,663	23,723	26,642
Goodwill on disposals	5,441	5,441	5,441
Goodwill amortised prior to 3 April 2004	13,177	13,177	13,177
Goodwill taken to reserves prior to 3 April 1998	70,931	70,931	70,931
Total invested capital	522,209	472,951	498,391
Return on Total Invested Capital (annualised)	16.9%	15.5%	15.5%

Organic growth

Organic growth measures the change in revenue and profit from continuing operations. The effect of acquisitions and disposals during the current and prior financial periods has been equalised by adjusting for their contributions based on their revenue and profit at the dates of acquisition and disposal.

10 Acquisitions

The Group made two acquisitions during the period. Below are summaries of the assets and liabilities acquired and the purchase consideration of:

- a) the total of both acquisitions and adjustments to prior year acquisitions;
- b) the two acquisitions, namely Kirk Key Interlock Company, LLC and Avo Photonics, Inc.

(A) Total of both acquisitions and adjustments to prior year acquisitions

	Book value £000	Provisional fair value adjustments £000	Total £000
Non-current assets			
Intangible assets	9	9,979	9,988
Property, plant and equipment	518	405	923
Current assets			
Inventories	738	2	740
Trade and other receivables	1,564	(89)	1,475
Cash and cash equivalents	49	–	49
Deferred tax	–	2,054	2,054
Total assets	2,878	12,351	15,229
Current liabilities			
Trade and other payables	(763)	(190)	(953)
Bank loans	(1,144)	–	(1,144)
Provisions	–	(245)	(245)
Corporation tax	(41)	(23)	(64)
Non-current liabilities			
Deferred tax	–	(3,679)	(3,679)
Total liabilities	(1,948)	(4,137)	(6,085)
Net assets of businesses acquired	930	8,214	9,144
Cash consideration			13,383
Contingent purchase consideration (current year acquisitions)			6,464
Contingent purchase consideration (revisions to prior year estimates)			(96)
Total consideration			19,751
Goodwill arising on current year acquisitions			10,648
Goodwill arising on prior year acquisitions			(41)
Goodwill arising on acquisitions			10,607

Due to their contractual dates, the fair value of receivables acquired (shown above) approximates to the gross contractual amounts receivable. The amount of gross contractual receivables not expected to be recovered is immaterial.

There are no material contingent liabilities recognised in accordance with paragraph 23 of IFRS 3 (Revised).

£3,108,000 of the goodwill arising on acquisitions in the year is expected to be deductible for tax purposes.

Together, both acquisitions contributed £3,655,000 of revenue and £790,000 of profit after tax for the 26 weeks ended 1 October 2011. If these acquisitions had been held since the start of the financial year, it is estimated the Group's reported revenue and profit after tax would have been £1,755,000 and £222,000 higher respectively.

Adjustments were made to the book values of the net assets of the companies acquired to reflect their provisional fair values to the Group. Acquired inventories were valued at the lower of cost and net realisable value adopting Group bases and any liabilities for warranties relating to past trading were recognised. Other previously unrecognised assets and liabilities at acquisition were included and accounting policies were aligned with those of the Group where appropriate.

Adjustments to prior year acquisitions resulted in reductions to net assets and contingent consideration payable of £55,000 and £96,000 respectively leading to a reduction in goodwill of £41,000.

Notes to the Condensed Financial Statements

continued

10 Acquisitions continued

Analysis of cash outflow in the Consolidated Cash Flow Statement

	Unaudited 26 weeks to 1 October 2011 £000	Unaudited 26 weeks to 2 October 2010 £000	Audited 52 weeks to 2 April 2011 £000
Cash consideration in respect of current period acquisitions	13,383	236	82,063
Cash acquired on acquisitions	(49)	–	(2,672)
Contingent consideration paid in relation to prior year acquisitions*	5,395	5	2,702
Net cash outflow relating to acquisitions (per cash flow statement)	18,729	241	82,093
Bank loans acquired	1,144	–	–
Net cash outflow, including repayment of acquired bank loans	19,873	241	82,093

* Of the £5,395,000 (26 weeks to 2 October 2010: £5,000; 52 weeks to 2 April 2011: £2,702,000) contingent purchase consideration payment £5,395,000 (26 weeks to 2 October 2010: £5,000; 52 weeks to 2 April 2011: £1,122,000) has been provided in the prior year's financial statements.

(Bi) Kirk Key Interlock Company, LLC

	Book value £000	Provisional fair value adjustments £000	Total £000
Non-current assets			
Intangible assets	9	5,555	5,564
Property, plant and equipment	290	410	700
Current assets			
Inventories	598	(77)	521
Trade and other receivables	738	1	739
Cash and cash equivalents	47	–	47
Deferred tax	–	2,054	2,054
Total assets	1,682	7,943	9,625
Current liabilities			
Trade and other payables	(443)	(103)	(546)
Bank loans	(1,144)	–	(1,144)
Provisions	–	(42)	(42)
Non-current liabilities			
Deferred tax	–	(2,111)	(2,111)
Total liabilities	(1,587)	(2,256)	(3,843)
Net assets of businesses acquired	95	5,687	5,782
Cash consideration			7,679
Contingent purchase consideration			–
Total consideration			7,679

Goodwill arising on acquisition

1,897

On 9 May 2011, the Group acquired 100% of the issued share capital of Kirk Key Interlock Company, LLC (Kirk). Kirk is based in Ohio, USA and manufactures interlocking systems to protect personnel and equipment in industrial applications. Kirk forms part of the Industrial Safety sector and was acquired to give Halma greater market strength in the USA. The excess of the fair value of the consideration paid over the fair value of the assets acquired is represented by customer related intangibles of £4,571,000 and brand intangibles of £984,000 with residual goodwill arising of £1,897,000. The goodwill represents the value of the acquired workforce, cross-selling opportunities and the ability to exploit the Group's existing distribution arrangements, particularly in the Americas.

The initial consideration was US\$12,583,000 (US\$14,458,000 including repayment of US\$1,875,000 bank loans). There are no contingent consideration payment arrangements.

The Kirk acquisition contributed £2,558,000 of revenue and £534,000 of profit after tax for the 26 weeks ended 1 October 2011.

10 Acquisitions continued

(Bii) Avo Photonics, Inc.

	Book value £000	Provisional fair value adjustments £000	Total £000
Non-current assets			
Intangible assets	–	4,424	4,424
Property, plant and equipment	228	(5)	223
Current assets			
Inventories	140	50	190
Trade and other receivables	826	(68)	758
Cash and cash equivalents	2	–	2
Total assets	1,196	4,401	5,597
Current liabilities			
Trade and other payables	(320)	(25)	(345)
Provisions	–	(203)	(203)
Corporation tax	(41)	(23)	(64)
Non-current liabilities			
Deferred tax	–	(1,568)	(1,568)
Total liabilities	(361)	(1,819)	(2,180)
Net assets of businesses acquired	835	2,582	3,417
Cash consideration			5,704
Contingent purchase consideration			6,464
Total consideration			12,168
Goodwill arising on acquisition			8,751

On 8 July 2011, the Group acquired 100% of the issued share capital of Avo Photonics, Inc. (Avo). Avo, based in Pennsylvania, USA, designs and manufactures advanced, miniaturised photonic components and subsystems for OEM customers serving a wide range of end-markets. Avo forms part of the Health and Analysis sector and was acquired to give Halma's Photonics businesses access to additional technologies and manufacturing processes. The excess of the fair value of the consideration paid over the fair value of the assets acquired is represented by customer related intangibles of £4,424,000 with residual goodwill arising of £8,751,000. The goodwill represents the engineering expertise of the acquired workforce, the opportunity to leverage this expertise across all Halma's Photonics businesses and the ability to exploit the Group's existing customer base.

The initial consideration was US\$9,126,000 followed by contingent consideration payable on or around June 2012 of between US\$nil and US\$11,000,000 dependent on the profits of the acquired business for the year up to March 2012. The Directors estimate that contingent consideration of US\$10,341,000 will be paid.

The Avo acquisition contributed £1,097,000 of revenue and £256,000 of profit after tax for the 26 weeks ended 1 October 2011.

Notes to the Condensed Financial Statements

continued

11 Other matters

Seasonality

The Group's financial results have not historically been subject to significant seasonal trends.

Equity and borrowings

Issues and repurchases of Halma p.l.c.'s ordinary shares and drawdowns and repayments of borrowings are shown in the Consolidated Cash Flow Statement.

Related party transactions

There were no significant changes in the nature and size of related party transactions for the period to those reported in the 2011 Annual Report.

Events after the Balance Sheet date

On 20 October 2011, the Group signed a new five-year syndicated revolving credit facility for £260m. This replaced the previous £165m facility which was due to expire in February 2013.

12 Principal risks and uncertainties

A number of potential risks and uncertainties exist which could have a material impact on the Group's performance over the second half of the financial year and could cause actual results to differ materially from expected and historical results. The Group has in place processes for identifying, evaluating and managing key risks. These risks, together with a description of the approach to mitigating them, are set out in the 2011 Annual Report on pages 42 and 43 which is available on the Group's website at www.halma.com.

The principal risks and uncertainties relate to:

- Operational risk
- Organic growth, supplier risk and competition
- Research and Development
- Intangible resources
- Laws and regulations
- Acquisitions
- Information Technology/Business Interruption
- Financial irregularities and international expansion
- Cash
- Treasury risks
- Economic conditions
- Pension deficit.

The Directors do not consider that the principal risks and uncertainties have changed since the publication of the 2011 Annual Report.

13 Responsibility statement

We confirm that to the best of our knowledge:

- (a) these Condensed Financial Statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union;
- (b) this Half Year Report includes a fair review of the information required by Disclosure and Transparency Rule (DTR) 4.2.7R (indication of important events during the period and description of principal risks and uncertainties for the remainder of the financial year); and
- (c) this Half Year Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Andrew Williams
Chief Executive
22 November 2011

Kevin Thompson
Finance Director

Directors, Executive Team and Advisers

Registered office

Misbourne Court
Rectory Way
Amersham
Bucks HP7 0DE
Tel: +44 (0)1494 721111
Fax: +44 (0)1494 728032
Email: halma@halma.com
Website: www.halma.com
Registered in England and Wales, No. 40932

Board of Directors

E Geoffrey Unwin *Chairman*
Andrew J Williams *Chief Executive*
E Jane Aikman*
Daniela Barone Soares*
Norman R Blackwell*
Steven Marshall*
Adam J Meyers
Stephen R Pettit*
Neil Quinn
Kevin J Thompson
*Non-executive

Secretary

Carol T Chesney

Executive Board

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Mark Lavelle *Process Safety and Asset Monitoring*
Adam J Meyers *Health Optics*
Neil Quinn *Safety Sensors*
Rob Randelman *Photonics*
Allan Stamper *Water*
Nigel J B Trodd *Fire, Security and Elevator Safety*
Martin Zhang *Halma China*

Investor relations contacts

Andrew Williams	Rachel Hirst/Andrew Jaques
Halma p.l.c.	MHP Communications
Misbourne Court	60 Great Portland Street
Rectory Way	London W1W 7RT
Amersham	Tel: +44 (0)20 3128 8100
Bucks HP7 0DE	Fax: +44 (0)20 3128 8171
Tel: +44 (0)1494 721111	Email: halma@mhpc.com
Fax: +44 (0)1494 728032	E-mail: investor.relations@halma.com

Auditors

Deloitte LLP
PO Box 3043
Abbots House, Abbey Street
Reading RG1 3BD

Brokers

J.P. Morgan Cazenove Limited
10 Aldermanbury
London EC2V 7RF

Bankers

The Royal Bank of Scotland plc
280 Bishopsgate
London EC2M 4RB

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Tel: +44 (0)870 707 1046
Fax: +44 (0)870 703 6101
Website: www.investorcentre.co.uk

Financial advisers

Lazard & Co., Limited
50 Stratton Street
London W1J 8LL

Solicitors

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London EC1A 4DD

HALMA

Halma p.l.c.
Misbourne Court
Rectory Way
Amersham
Bucks HP7 0DE

Tel: +44 (0)1494 721111
Fax: +44 (0)1494 728032
Web: www.halma.com

Designed and produced by radley yeldar www.ry.com

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