



Johnson Matthey

News Release

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Preliminary Results for the year ended 31st March 2008

Summary Results

	Year to 31 st March		%
	2008	2007	change
Revenue	£7,499m	£6,152m	+22
Sales excluding precious metals	£1,750m	£1,454m	+20
Profit before tax	£262.3m	£226.5m	+16
Total earnings per share	88.5p	96.9p	-9
Underlying*:			
Profit before tax	£265.4m	£229.3m	+16
Earnings per share	89.5p	82.2p	+9
Dividend per share	36.6p	33.6p	+9

*before amortisation of acquired intangibles and profit on sale of Ceramics Division

- Sales revenue up 22% to £7.5 billion as a result of good underlying volume growth and higher precious metal prices
- Sales excluding precious metals up 20% at £1,750 million with good organic growth in all three divisions
- Profit before tax and amortisation of acquired intangibles up 16% to £265.4 million
- Underlying earnings per share up 9% to 89.5 pence
- Total earnings per share 9% below last year at 88.5 pence. Last year's earnings included the profit on sale of Ceramics Division
- Dividend up 9% to 36.6 pence in line with underlying earnings growth

Business Overview

- Environmental Technologies Division's sales excluding precious metals up 27% to £1,140 million and operating profit before amortisation of acquired intangibles up 20% at £147.3 million
- Emission Control Technologies' (ECT's) sales excluding precious metals up 32% with strong growth in sales of heavy duty diesel (HDD) catalysts, diesel particulate filters (DPFs) and autocatalysts in Asia
- Argillon Group, which has leading technology for control of emissions of oxides of nitrogen (NOx), was acquired for €214 million in February 2008. Argillon contributed £11.4 million to sales and £2.9 million to operating profit (before amortisation of acquired intangibles) in the first two months of ownership

- New factories completed in South Korea, Russia and Royston, UK. Two further factories under construction in Macedonia and Pennsylvania, USA to manufacture diesel catalysts to meet upcoming legislation in October 2009 in Europe and 2010 in North America
- Process Technologies' sales excluding precious metals 10% up. High oil price supports future growth with good demand for catalysts and purification materials. Sales of catalysts and technology for methanol production continue to grow
- Precious Metal Products Division's revenue up 23% to £4.7 billion boosted by higher average prices for precious metals. Sales excluding precious metals up 6% to £307 million and operating profit up 20% to £102.1 million
- Trading conditions for platinum group metals (pgms) remain favourable. The price of platinum averaged \$1,474/oz in 2007/08. High prices have increased demand for pgm recycling and the division has also benefited from continued strong growth in its manufacturing businesses
- Fine Chemicals & Catalysts Division's sales excluding precious metals up 13% to £303 million and operating profit 5% higher at £67.1 million (6% up at constant exchange rates). Sales growth was boosted by higher base metal prices, particularly nickel, used in catalysts sold into the division's end markets

Business Prospects

- ECT should continue to deliver double digit growth in sales and profits in 2008/09, despite some weakness in the US car market, with continued growth in DPFs in Europe and autocatalysts in Asia, together with growth in HDD catalysts in the final quarter. Process Technologies should also continue to benefit from high energy prices
- Precious Metal Products Division will benefit from the favourable conditions in the pgm markets. Fine Chemicals & Catalysts' growth in the coming year should be similar to 2007/08
- Overall, Johnson Matthey should achieve good growth in 2008/09 and future prospects are very encouraging

Commenting on the results, Neil Carson, Chief Executive of Johnson Matthey said:

"Johnson Matthey produced excellent results in 2007/08 with double digit growth in sales and operating profit. We expect that the group will perform strongly again in 2008/09 despite concerns about the state of the world economy and the slowdown in the US. We are increasing our investment in both R&D and new production facilities to meet the growth in demand for new products which is being driven by global concerns about the environment and high energy prices."

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Report to Shareholders

Introduction

Johnson Matthey achieved very good results in 2007/08, with revenue well ahead of last year as a result of strong underlying volume growth and rising precious metal prices. Sales excluding the value of precious metals increased by 20% with all three divisions achieving good growth. Demand for catalysts was strong with expanding sales of diesel particulate filters and a full year's sales of heavy duty diesel catalysts to original equipment manufacturers in Europe and North America. The group also achieved strong growth in Asia, particularly in China, both for emission control catalysts and process catalysts.

On 6th February 2008 we completed the acquisition of Argillon Group for €214 million. Argillon is an international group specialising in catalysts and advanced ceramic materials, with leading technology for the control of emissions of oxides of nitrogen (NOx). Within its portfolio Argillon has non catalyst businesses manufacturing ceramic insulators and alumina products which Johnson Matthey has offered for sale. Under International Financial Reporting Standards (IFRS) these businesses are classified as "assets held for sale" and their results shown in discontinued businesses below profit after tax in the income statement.

Also under IFRS we are required to capitalise certain intangible assets upon acquisition such as the fair value of customer relationships, technology and trademarks and then amortise their value through the income statement. In presenting the group's results we have focused on operating profit before amortisation of these "acquired intangibles" which we believe provides a better guide to the underlying performance of the group.

Review of Results

Revenue increased by 22% to £7.5 billion. Precious metal prices grew strongly over the year which boosted sales in both Environmental Technologies Division and Precious Metal Products Division. Sales excluding the value of precious metals rose by 20% to £1,750 million reflecting good underlying volume growth and increased non precious metal material costs, some of which are a pass through for Johnson Matthey.

Operating profit before amortisation of acquired intangibles rose by 16% to £296.8 million. Exchange translation was again adverse, reducing reported profit by £2.6 million. The group's interest charge rose by £3.5 million as a result of higher average borrowings. Profit before tax and amortisation of acquired intangibles rose by 16% to £265.4 million. After amortisation, profit before tax was also 16% up at £262.3 million.

Included in profit before tax is a loss of £1.1 million in associates compared with a profit of £0.9 million last year. This relates to AGR Matthey, the Australian gold refining business in which the group has a 20% stake, which is taking a restructuring charge to reduce the cost base of its business.

Underlying earnings per share were 9% up at 89.5 pence. The sale of the group's Ceramics Division in February 2007 and a slightly higher average tax rate have had the effect of slowing the growth in earnings per share in 2007/08 compared with growth in profit before tax. Total earnings per share were 88.5 pence, 9% below 2006/07 which included the profit on sale of Ceramics Division.

Dividend

The board is recommending to shareholders a final dividend of 26.0 pence, making a total dividend for the year of 36.6 pence, an increase of 9%, which is in line with the growth in underlying earnings per share.

Operations

Our new **Environmental Technologies Division**, which comprises Emission Control Technologies (ECT), Process Technologies and Fuel Cells, achieved strong growth in the year. Revenue rose by 23% to £2,290 million; sales excluding precious metals were 27% up at £1,140 million; and underlying operating profit (before amortisation of acquired intangibles) increased by 20% to £147.3 million. Translated at constant exchange rates, sales excluding precious metals increased by 29% and underlying operating profit was 21% higher.

Emission Control Technologies' sales excluding precious metals grew by 32% to £903 million. Sales of heavy duty diesel (HDD) catalysts to original equipment manufacturers (OEMs) accounted for £105 million of the increase rising from £54 million in 2006/07 to £159 million in 2007/08. Sales of light duty products were

also well ahead with good growth in Asia and increasing fitment of particulate filters on new diesel cars in Europe. The acquisition of Argillon added £11.4 million to sales and £2.9 million to operating profit before amortisation of acquired intangibles in the last two months of the year. Profit growth was stronger in the second half of the year than the first with the division benefiting from improved efficiencies.

Return on sales (operating profit / sales excluding precious metals) for ECT in 2007/08 was lower than in 2006/07 reflecting the change in product mix with rapid growth in products using expensive filter substrates (which are a pass through cost for Johnson Matthey). The cost of substrates for these new products is now beginning to come down. Going forward, ECT's return on sales is expected to stabilise at current levels despite the continued growth in sales of new products.

In Johnson Matthey's financial year to 31st March 2008 global light duty vehicle sales increased by 4.5% to 70.0 million. Production rose by 5.7% reflecting an overall increase in inventories. Around half of the growth in production came in Asia, which was 8.4% up on last year. Within Asia, sales grew by 20% in China and 12% in India. Other markets showing strong growth include South America, Eastern Europe and Russia. ECT is well represented in all these locations. Light duty vehicle sales in North America were 3.9% down in our financial year.

Estimated Light Vehicle Sales and Production

		Year to 31 st March		change %
		2008 millions	2007 millions	
North America	Sales	19.6	20.4	-3.9%
	Production	14.7	15.0	-2.0%
Total Europe	Sales	22.4	21.4	+4.7%
	Production	22.3	21.2	+5.2%
Asia	Sales	17.9	16.4	+9.1%
	Production	27.0	24.9	+8.4%
Global	Sales	70.0	67.0	+4.5%
	Production	70.4	66.6	+5.7%

Source: Global Insight

We continue to see increasing demand from many of the leading car companies in Europe for diesel particulate filters (DPFs) to remove particulates from diesel exhaust emissions. Although legislation requiring such emission control devices does not come into full force in Europe until October 2010, most car manufacturers have started to fit these devices earlier. Nearly 8 million diesel cars were sold in Western

Europe last year of which less than half were fitted with DPFs. Over the next two and a half years the DPF market is set to double as all new diesel cars will require fitment. In 2007/08 we constructed a new factory in Royston, UK to manufacture catalysed DPFs, doubling our existing capacity to meet the anticipated market growth.

During the year we also completed construction of a new autocatalyst manufacturing facility in the Russian Federation. This plant will produce catalysts to meet demand from both local and global car manufacturers following the introduction of emissions legislation requiring autocatalyst fitment in Russia in the spring of 2006.

Our business in Asia continues to perform very well. Over the next decade we expect that most of the growth in world car production will take place in the Asian region. In 2007/08 we achieved strong volume growth in China, India and Japan and our operation in Malaysia also continued to perform well. Our new plant in South Korea (our fifth in the Asian region) was opened in February 2008. This new plant will manufacture catalysts for both diesel and petrol powered vehicles and will carry out research and development activities to support the rapidly growing Korean motor industry. Further capacity expansions are planned for each of our factories in China, India and Japan.

Despite continued weakness in the domestic car market, our North American business achieved good growth in the year with the introduction of new diesel products. Most of the growth was for HDD products but light duty diesel catalyst sales for pick up trucks also increased significantly.

We expect the value of the global market for HDD catalysts to grow from an estimated US \$700 million (excluding precious metals) by the end of 2008 to approximately US \$3 billion by the end of 2014. New standards are scheduled to be introduced in Europe in October 2009 and North America and Japan in 2010 which will require the use of additional catalysts. Legislation is also planned in South Korea, China, India and Brazil. In 2011 legislation will start for non road vehicles in Europe and North America. To meet this rapid growth in demand, and further expansion in the light duty diesel market, Johnson Matthey is constructing new factories in Macedonia and Pennsylvania, USA which should be operational by the end of 2009.

The acquisition of Argillon in February 2008 adds valuable technology to ECT's existing emission control capabilities for controlling oxides of nitrogen (NOx). As well

as products for the HDD truck market, Argillon manufactures catalysts for power plants, industrial applications and waste incineration plants. These products have application in coal fired power stations to reduce harmful NOx emissions. This could become a major market in a few years' time as coal is increasingly used to produce electricity and people around the world become more concerned about air quality. The acquisition of Argillon also adds to ECT's existing business selling NOx control systems for large stationary engines and in marine applications.

Process Technologies' sales excluding precious metals grew by 10%. The Ammonia, Methanol, Oil and Gas (AMOG) business was well ahead of last year with continued strong demand for catalysts and purification materials for industries where hydrogen or synthesis gas are key intermediates. Demand for methanol catalysts was strong and, with new capacity for methanol coming on stream or under construction, the outlook for future growth of catalyst sales continues to be encouraging. In China a significant number of projects are based on utilising the country's large coal reserves and thereby reducing its reliance on expensive imported oil.

The high price of oil is encouraging the use of more catalysts for hydrogen production in oil refineries and increased sales of purification materials to remove pollutants such as sulphur and mercury. Sales of ammonia catalysts were also buoyant in 2007/08 with growth stimulated by significantly increased demand for ammonia used in the production of fertiliser.

Davy Process Technology, which develops and licenses chemical process technologies, had another good year. Major licensing contracts included oxo alcohol projects in China and India, a methylamine and choline chloride project in Thailand and a methanol licence for a coal to methanol project in the USA.

Tracerco, Process Technologies' oil services business, also achieved good growth in the year, successfully integrating Quest TruTec which was acquired in April 2006. The high oil price continued to stimulate strong demand for Tracerco's specialist diagnostic services and equipment for oil production platforms and refineries.

A major expansion programme is underway at our UK factory in Clitheroe to manufacture the latest generation of catalysts for AMOG. We are also continuing to invest heavily in research and development on new products including novel catalysts and technologies for converting gas and coal into petrochemical intermediates and fuels.

The net expense of our **Fuel Cells** business continues to fall as demand for its products grows. In 2007/08 the net expense fell by £0.9 million to £6.4 million. The order book for its products is strong and reflects an increasing range of applications as customers start to commercialise niche fuel cell products. Sales of membrane electrode assemblies (MEAs) grew over a broad base to companies that are commercialising fuel cells using hydrogen, methanol and natural gas as fuels.

Fuel cells fuelled directly by methanol (DMFC) sustained the growth seen last year and the number of companies supplying this type of technology also grew. Applications include portable power supplies and battery rechargers that remove the dependence of batteries on mains charging. This is useful not only in areas remote from the grid but also in situations when the time taken to recharge a battery offline affects productivity.

During the year many automotive companies were publicly robust in their view that hydrogen-powered fuel cell cars were the way forward and the California Authorities have confirmed that the timescale for zero emission vehicle introduction is unchanged. The combination of fuel cells with batteries that can be recharged from the mains is attractive to car companies and legislators alike.

In a significant development, the use of natural gas powered fuel cells to provide combined heat and power to commercial buildings has progressed well and we have seen growth in sales of both catalysts and MEA components to this sector this year. Interest in these products is supported by the increasing concern over carbon dioxide emissions from buildings and the sensitivity of developers and major companies to this issue.

Precious Metal Products Division's revenue increased by 23% to £4,688 million, boosted by higher prices for platinum group metals (pgms). In sterling terms the average price of platinum rose by 20%. Sales excluding the value of precious metals were 6% up at £307 million with good growth in the division's manufacturing businesses. Operating profit grew by 20% to £102.1 million. Translated at constant exchange rates, sales excluding precious metals increased by 7% and operating profit grew by 21%.

The Platinum Marketing and Distribution business achieved strong profit growth in favourable market conditions. Global demand for platinum in volume terms rose by 9% in the calendar year 2007. The price of platinum was greatly influenced by supply side concerns in 2007/08. The first nine months of the financial year saw a steadily

rising price supported by a series of production problems in South Africa. In January 2008, the price began to increase dramatically as power shortages threatened to severely curtail South African platinum production. Platinum peaked at an all time high of \$2,276/oz in early March, averaging \$1,474/oz for the year. Supplies of platinum declined in 2007/08 due to these production problems in South Africa. The platinum market was therefore in significant supply / demand deficit, adding to the pressure on the price.

The palladium price also reached its peak in March 2008, touching \$588/oz. Although South Africa is only the world's second largest palladium producer, the bullish platinum sentiment arising from production problems spilled over to its sister metal. The average price for the year was \$381/oz. Physical demand for palladium rose by 4% in 2007. Autocatalyst demand increased due to higher gasoline vehicle production outside Europe. However, demand from Chinese jewellery manufacturers fell after pipeline filling in previous years. Palladium supply was higher than in 2006 due to an increase in Russian sales, increasing the substantial surplus of supply over demand.

The price of rhodium rose sharply in 2007/08, touching a peak of \$9,425/oz in March 2008. The average price increased significantly for a third successive year to reach \$6,753/oz. Steady demand from the automotive and glass fabrication industries left little metal to be offered in the spot market. Supply showed a slight increase as South African producers sold more metal from refined rhodium stocks, but this was insufficient to eliminate a supply / demand deficit and relieve pressure on a market which was already illiquid.

Johnson Matthey's Noble Metals business, which fabricates a range of pgm products for industrial and medical applications, had a very good year. Our operations in the UK and USA both enjoyed good demand for high quality wires and fabricated products. Sales of catalyst gauzes for nitric acid production also grew. Sales to the medical industry from our three sites in California were slightly down as customers experienced lower demand. The market for catalysts used in the abatement of nitrous oxide, a powerful greenhouse gas produced as a by product in the manufacture of nitric acid, has continued to develop. Early sales have been made and we have developed a strong position in this market which should generate good revenue growth in the future.

Our Pgm Refining and Recycling business had another good year assisted by higher pgm prices and increased intakes of secondary material, especially autocatalyst

scrap. Due to process improvements and better utilisation of global refining capacities the business delivered further reductions in the amount of pgms held in the refining circuit.

Colour Technologies, which manufactures a range of colours, enamels, frits and pastes for the decorative and automotive markets, achieved further good growth in 2007/08. The business maintained its reputation for innovation by commercialising several new products during the year. These included some highly chemically resistant obscuration enamels for the automotive industry and a range of environmentally friendly decorative enamels and porcelain colours. New products for the fire retardant and photovoltaic markets also achieved initial sales and these are expected to continue to grow strongly in the near future.

On 4th May 2007 we sold our small Hong Kong gold refinery to Metalor Technologies. The group's remaining gold and silver refining operations are now located in Salt Lake City, USA and Brampton, Canada. These operations had a good year, benefiting from the high gold and silver prices which stimulated good flows of primary and secondary materials.

Our new **Fine Chemicals & Catalysts Division**, which manufactures and sells catalysts and fine chemicals to the pharmaceutical, speciality chemical, research chemicals and other markets, achieved good growth in the year. Revenue increased by 13% to £521 million, sales excluding precious metals rose by 13% to £303 million and operating profit grew by 5% to £67.1 million. Translated at constant exchange rates, sales excluding precious metals increased by 15% and operating profit grew by 6%.

Return on sales (operating profit / sales excluding precious metals) was below last year but still satisfactory at 22.1%. The division achieved good growth in sales of nickel containing catalysts, where the high price of nickel boosted sales value but reduced the overall percentage return on sales.

The integration of the new division has gone well with a number of initiatives to cross sell products and services as well as to capitalise on the common, key competencies that run across the division which should support future sales growth. The majority of the speciality chemicals markets into which the division sells continue to expand and most of the division's pharmaceutical industry customers are generic drug manufacturers who are also currently enjoying good sales growth.

The Catalysts and Chemicals business performed well in the year generating about 40% of the division's sales excluding precious metals. The business experienced strong growth in the Asian region, notably in China, and in heterogeneous catalyst sales in India, supporting the rapidly expanding pharmaceutical industry there. We completed an expansion of capacity in China for platinum chemicals and catalysts and we are investing in a number of other new facilities: in China for manufacturing sponge nickel catalysts for the local market; in India to provide improved service levels; and also in Germany for catalyst production.

Our facilities in Germany achieved good volume growth with increased sales of catalysts used in the manufacture of edible oils and chemical products. Our business developing chiral ligands, which are used in highly specialised catalysts for the pharmaceutical industry, also showed good growth from a low base and offers good prospects for the future.

Macfarlan Smith, based in Edinburgh, manufactures active pharmaceutical ingredients (APIs) which are sold to the generic pharmaceutical industry. Sales of specialist opiates, particularly oxycodone, showed good growth, more than offsetting a decline in hydromorphone as a result of increased competition. The world market for opiate drugs, which are primarily used to treat pain, continues to grow. Use of these products increases as the world's population ages and health care improves in developing economies. In addition growth is supported by the introduction of new applications and new dosage forms, particularly for specialist opiates, which enable broader, more controlled use of these medications.

In North America, the division's Pharmaceutical Materials and Services business achieved steady growth in revenue. Sales of platinum based anticancer APIs were slightly below last year but sales of opiate products showed good growth. Revenue from contract research also continued to increase. There is an opportunity for additional growth from the launch of new products, including the agreed launch in April 2009 of Barr's generic version of ADDERALL XR[®]. We expect to see steady growth in sales of APIs for generic controlled drugs, particularly those used in the treatment of pain which is a growing market, and in speciality niches like prostaglandins. Prostaglandin APIs manufactured by the business have been used by customers in developing new generic products and several of these are in the process of review for regulatory approval.

Research Chemicals, which is a globally integrated catalogue based supplier of chemicals to a wide spectrum of laboratories and research institutes, achieved good

growth in the year with increased sales in North America, Europe and Asia. The business received a good contribution from its joint venture in China, which started operation last year, achieving rapid growth from a low base. With increasing demand for its products, the business is investing in the expansion of facilities in India and in Europe and launched a new, expanded global catalogue during the year.

Finance

Exchange Rates

The main impact of exchange rate movements on the group's results comes from the translation of foreign subsidiaries' profits into sterling. Around a quarter of the group's profits are made in North America, mainly in the USA. The average rate for the US dollar was \$2.007/£ compared with \$1.896/£ for 2006/07. Each one cent change in the average rate for the dollar has just under a £0.4 million effect on operating profit in a full year. The fall of 11 cents in the average exchange rate for the dollar in 2007/08 reduced reported group operating profit by £4.1 million. The South African rand also weakened, from R13.4/£ to R14.3/£. However, the catalysts manufactured by our South African business are ultimately for export and the benefit of a weaker rand on margins more than offsets the translational effect.

Sterling weakened against a number of other currencies, particularly the euro, which partly offset the translation loss on the US dollar. Overall, excluding the rand, exchange translation reduced group profits by £2.6 million compared with 2006/07.

Interest

The group's net finance costs rose by £3.5 million to £30.3 million as a result of higher average borrowings, partly offset by the benefit of lower US dollar interest rates towards the end of the year. Average borrowings were higher than last year when net debt fell towards the end of the year following the sale of Ceramics Division. In 2007/08 net debt increased by £245.6 million with most of the rise occurring in February 2008 following the acquisition of Argillon Group. Interest rates for short term US dollar borrowing fell towards the end of the year as the US government tried to stimulate the US economy.

Taxation

The group's tax charge for the year was £77.2 million, an increase of £12.5 million on 2006/07 reflecting the growth in profit before tax and a slightly higher overall average tax rate. The average tax rate for the continuing businesses was 29.4%, an increase of 0.8% on last year. The increase in the rate partly reflected higher taxable profits in countries where marginal tax rates are above the group average, such as Japan and the USA.

Tax paid was £71.5 million which was below tax payable and less than tax paid in 2006/07. The difference arises from timing of tax payments. We are expecting tax paid to rise again in 2008/09.

Cash Flow

Johnson Matthey had a net cash outflow of £239.0 million in 2007/08. After taking into account the impact of exchange translation on foreign currency borrowings and debt acquired with subsidiaries the group's net debt increased by £245.6 million to £610.4 million.

The group spent £159.9 million on acquisitions and disposals in the year and a net £44.6 million on share buy-backs. Excluding these items the group had a free cash outflow of £34.5 million.

This outflow was the result of major investments in the year on capital expenditure and working capital to support the growth of Environmental Technologies Division, particularly Emission Control Technologies. In addition, working capital grew as a result of the sharp rise in precious metal prices towards the end of the financial year which affected both inventories and receivables. In total, the cash outflow on working capital was £90.5 million, although the ratio of working capital to revenue fell once again.

Capital expenditure for the year was £145.0 million which was 1.9 times depreciation (before amortisation of acquired intangibles). Most of the investment was focused on Environmental Technologies Division where capex was 2.4 times depreciation.

Environmental Technologies spent £105.8 million in 2007/08 with major investments in new capacity. Emission Control Technologies completed three new factories in

the year: in South Korea; the Russian Federation; and Royston UK. Two new factories are now under construction in Macedonia and Pennsylvania, USA to manufacture diesel catalysts. Additional capacity is being installed in India, China and Japan. Process Technologies is investing in additional capacity in Clitheroe, UK to manufacture the latest generation of synthesis gas catalysts. Fine Chemicals & Catalysts Division increased its capital expenditure in the year to 1.4 times depreciation with the investment above depreciation focused on Catalysts and Chemicals, where a new factory was completed in Shanghai, China, and on Research Chemicals for a new facility in Germany.

Pensions

The surplus on the group's UK pension schemes increased by £19.6 million to £65.1 million on an IFRS basis at 31st March 2008. This increase was attributable to the rise in the discount rate from 5.4% to 6.5% which reflected market rates applying at 31st March 2008. Long term inflation expectations have also risen, from 3.1% p.a. to 3.5% p.a., giving an increase in "real" interest rates (i.e. inflation adjusted) from 2.3% to 3.0% which has resulted in a reduction in the actuarial valuation of the pension scheme's liabilities under IFRS.

Worldwide, including provisions for the group's post-retirement healthcare schemes, the group had a net surplus of £17.2 million on employee benefit obligations at 31st March 2008 compared with £0.9 million at 31st March 2007.

Capital Structure

Johnson Matthey has excellent growth prospects in its major markets. The board's policy is to maintain a strong balance sheet to ensure that the group always has sufficient resources to be able to invest in future growth. We have a long term target range for gearing (net debt / equity) of 50% to 60% although in any given year gearing may fall outside this range depending on future plans.

In February 2007 we sold Ceramics Division for £146.0 million. Gearing fell to 33.8% at the end of the 2006/07 financial year. In the first half of 2007/08 the group purchased 2.4 million shares into treasury for £39.1 million taking the total number of shares acquired over two years to 6 million at a total cost of £91.7 million (an average price of £15.28 a share). In 2007/08 a further £5.5 million was spent on purchasing shares for the group's employee share ownership trust (net of proceeds

of option exercises). On 10th December we announced we had reached agreement to acquire Argillon Group for €214 million. That acquisition took us over the 50% gearing threshold and we suspended the share buy-back programme. With continued heavy investment in capital expenditure and working capital, net debt increased by £245.6 million to £610.4 million and gearing rose to 52.6% at 31st March 2008. Despite the increased investment, return on invested capital (ROIC) for the group improved by 0.9% to 18.5%.

In 2008/09 we plan to spend about 1.8 times depreciation on capital expenditure, with further increases in working capital likely to be needed to support sales growth. We are also planning to sell the Insulators and Alumina businesses acquired with Argillon and expect to reinvest the proceeds in further bolt-on acquisitions.

Outlook

Environmental Technologies achieved strong growth in 2007/08. We are currently seeing a slowdown in the US economy which might have an adverse effect on growth in the rest of the world. Despite this more difficult economic backdrop we still expect Emission Control Technologies to deliver another year of double digit growth in sales and profits. Global car sales are expected to grow, with weakness in the USA more than offset by growth in Asia, Eastern Europe and South America. In Europe, fitment of diesel particulate filters will also continue to rise ahead of the legislation. We expect sales of trucks to grow again in the USA in the second half of our financial year, particularly in the final quarter, partly as a result of pre-buying ahead of the introduction of the next level of emissions legislation. ECT's operating profit should also benefit from a continuation of the improved efficiencies achieved in the second half of 2007/08.

Our Process Technologies business is also experiencing strong demand, particularly for catalysts for synthesis gas, methanol, ammonia and hydrogen production. Prospects for Process Technologies are encouraging, driven by the very high oil price and the need to make cleaner and more sophisticated hydrocarbon products from dirtier and more intractable feedstocks.

Precious Metal Products Division enjoyed strong growth in 2007/08, benefiting from buoyant trading conditions in platinum group metals and good growth in its manufacturing businesses. If the current favourable market conditions continue we expect the division to show further growth in 2008/09. Fine Chemicals & Catalysts

should deliver another year of steady growth. Many of the markets in which the division operates, such as generic pharmaceuticals, are unlikely to be particularly adversely affected by a general economic slowdown.

Overall, the group should continue to perform well in 2008/09. Although Johnson Matthey is not immune to the effects of a recession, prospects for all our businesses are good, particularly for Environmental Technologies where global concerns about pollution, climate change and making the most efficient use of energy resources will continue to create significant opportunities for future growth.

Consolidated Income Statement

for the year ended 31st March 2008

		2008	2007
	Notes	£ million	restated £ million
Revenue	1	7,498.7	6,151.7
Cost of sales		(7,006.7)	(5,713.7)
Gross profit		492.0	438.0
Distribution costs		(89.2)	(81.8)
Administrative expenses		(106.0)	(101.0)
Amortisation of acquired intangibles	2	(3.1)	(2.8)
Operating profit	1,3	293.7	252.4
Finance costs		(39.9)	(36.0)
Finance income		9.6	9.2
Share of (loss) / profit of associate		(1.1)	0.9
Profit before tax		262.3	226.5
Income tax expense	4	(77.2)	(64.7)
Profit for the year from continuing operations		185.1	161.8
Profit for the year from discontinued operations		0.3	43.7
Profit for the year		185.4	205.5
Attributable to:			
Equity holders of the parent company		186.2	206.5
Minority interests		(0.8)	(1.0)
		185.4	205.5
		pence	pence
Earnings per ordinary share attributable to the equity holders of the parent company			
Continuing operations			
Basic	5	88.3	76.5
Diluted	5	86.9	75.3
Total			
Basic	5	88.5	96.9
Diluted	5	87.1	95.4

Consolidated Balance Sheet

as at 31st March 2008

	Notes	2008 £ million	2007 £ million
Assets			
Non-current assets			
Property, plant and equipment		706.3	600.7
Goodwill		482.8	399.2
Other intangible assets		110.3	40.1
Deferred income tax assets		22.3	8.9
Investments and other receivables		9.3	10.0
Swaps related to borrowings	7	12.6	-
Post-employment benefits net assets		68.5	49.2
Total non-current assets		1,412.1	1,108.1
Current assets			
Inventories		380.4	362.7
Current income tax assets		6.2	7.0
Trade and other receivables		654.9	527.3
Cash and deposits	7	102.1	73.2
Investments and other financial assets		6.0	3.4
Other current assets		-	7.1
Assets classified as held for sale		44.6	0.4
Total current assets		1,194.2	981.1
Total assets		2,606.3	2,089.2
Liabilities			
Current liabilities			
Trade and other payables		(481.6)	(416.0)
Current income tax liabilities		(76.5)	(52.7)
Borrowings and finance leases	7	(122.0)	(27.5)
Other financial liabilities		(19.2)	(2.0)
Provisions		(5.1)	(7.7)
Liabilities classified as held for sale		(21.5)	-
Total current liabilities		(725.9)	(505.9)
Non-current liabilities			
Borrowings, finance leases and related swaps	7	(603.1)	(410.5)
Deferred income tax liabilities		(49.4)	(36.5)
Employee benefits obligations		(51.3)	(48.3)
Provisions		(13.3)	(8.7)
Other payables		(3.0)	(1.2)
Total non-current liabilities		(720.1)	(505.2)
Total liabilities		(1,446.0)	(1,011.1)
Net assets		1,160.3	1,078.1
Equity			
Share capital		220.7	220.5
Share premium account		148.3	146.3
Shares held in employee share ownership trusts		(68.6)	(61.9)
Other reserves		(20.6)	(12.9)
Retained earnings		879.1	783.7
Total equity attributable to equity holders of the parent company		1,158.9	1,075.7
Minority interests		1.4	2.4
Total equity	11	1,160.3	1,078.1

Consolidated Cash Flow Statement

for the year ended 31st March 2008

	Notes	2008 £ million	2007 £ million
Cash flows from operating activities			
Profit before tax		262.3	226.5
Adjustments for:			
Share of loss / (profit) of associate		1.1	(0.9)
Discontinued operations		0.3	15.9
Depreciation, amortisation and profit on sale of non-current assets and investments		82.0	77.7
Share-based payments		4.3	6.9
Decrease / (increase) in inventories		8.3	(82.5)
Increase in receivables		(87.1)	(136.5)
(Decrease) / increase in payables		(11.7)	104.6
(Decrease) / increase in provisions		(3.1)	5.9
Employee benefits obligations charge less contributions		(6.8)	(9.1)
Changes in fair value of financial instruments		2.3	5.2
Net finance costs		30.3	26.8
Income tax paid		(71.5)	(81.4)
Net cash inflow from operating activities		210.7	159.1
Cash flows from investing activities			
Dividends received from associate		0.4	0.5
Purchases of non-current assets and investments		(145.1)	(125.0)
Proceeds from sale of non-current assets and investments		1.5	3.5
Purchases of businesses and minority interests		(158.1)	(8.6)
Net proceeds from sale of businesses and minority interests		(1.8)	127.1
Net cash outflow from investing activities		(303.1)	(2.5)
Cash flows from financing activities			
Net purchase of own shares		(44.6)	(50.4)
Proceeds from / (repayment of) borrowings and finance leases		208.0	(71.8)
Dividends paid to equity holders of the parent company	6	(72.3)	(66.0)
Interest paid		(39.4)	(31.3)
Interest received		9.7	4.9
Net cash outflow from financing activities		61.4	(214.6)
Decrease in cash and cash equivalents in the year		(31.0)	(58.0)
Exchange differences on cash and cash equivalents		9.5	(7.1)
Cash and cash equivalents at beginning of year		60.0	125.1
Cash and cash equivalents at end of year	7	38.5	60.0
Reconciliation to net debt			
Decrease in cash and cash equivalents in the year		(31.0)	(58.0)
(Proceeds from) / repayment of borrowings and finance leases		(208.0)	71.8
Change in net debt resulting from cash flows		(239.0)	13.8
Borrowings acquired with subsidiaries		(3.6)	-
Borrowings disposed of with subsidiaries		-	19.1
Exchange differences on net debt		(3.0)	14.3
Movement in net debt in year		(245.6)	47.2
Net debt at beginning of year		(364.8)	(412.0)
Net debt at end of year	7	(610.4)	(364.8)

Consolidated Statement of Recognised Income and Expense

for the year ended 31st March 2008

	2008 £ million	2007 £ million
Currency translation differences on foreign currency net investments and related loans	30.7	(67.3)
Currency translation differences - transferred to profit on sale of discontinued operations	-	(3.8)
Fair value gain on available-for-sale investments transferred to profit on sale	(0.1)	-
Cash flow hedges - (losses) / gains taken to equity	(12.2)	3.1
Cash flow hedges - transferred to income statement in the year	(0.1)	1.2
Fair value (losses) / gains on net investment hedges	(37.5)	23.3
Fair value gains on net investment hedges - transferred to profit on sale of discontinued operations	-	(2.0)
Actuarial gain / (loss) on post-employment benefits assets and liabilities	16.2	(32.3)
Tax on above items taken directly to or transferred from equity	6.9	13.5
Net income / (expense) recognised directly in equity	3.9	(64.3)
Profit for the year	185.4	205.5
Total recognised income and expense relating to the year	189.3	141.2
Total recognised income and expense attributable to:		
Equity holders of the parent company	190.1	142.2
Minority interests	(0.8)	(1.0)
	189.3	141.2

Notes on the Preliminary Accounts

for the year ended 31st March 2008

1 Segmental information by business segment

As described in the Annual Report and Accounts for the year ended 31st March 2007, the group reorganised its divisional structure on 1st April 2007 creating a new Environmental Technologies Division and a new Fine Chemicals & Catalysts Division. Fine Chemicals & Catalysts was created by adding the businesses which serve the speciality chemicals and pharmaceutical markets previously reported in Catalysts to Pharmaceutical Materials. Environmental Technologies is made up of the remaining Catalysts' businesses. The segmental information below reflects the new divisional structure.

	Environmental Technologies £ million	Precious Metal Products £ million	Fine Chemicals & Catalysts £ million	Eliminations £ million	Total £ million
Year ended 31st March 2008					
Sales to external customers	2,289.7	4,688.1	520.9	-	7,498.7
Inter-segment sales	6.6	1,170.3	101.3	(1,278.2)	-
Total revenue	2,296.3	5,858.4	622.2	(1,278.2)	7,498.7
External sales excluding precious metals	1,139.6	307.4	303.2	-	1,750.2
Underlying segment result	147.3	102.1	67.1	-	316.5
Amortisation of acquired intangibles (note 2)	(3.1)	-	-	-	(3.1)
Segment result	144.2	102.1	67.1	-	313.4
Unallocated corporate expenses					(19.7)
Operating profit					293.7
Net finance costs					(30.3)
Share of loss of associate		(1.1)			(1.1)
Profit before tax					262.3
Income tax expense					(77.2)
Profit for the year from continuing operations					185.1
Profit for the year from discontinued operations					0.3
Profit for the year					185.4
Segment assets	1,486.5	281.4	543.9	(78.1)	2,233.7
Investment in associate	-	3.7	-	-	3.7
Cash, deposits and swaps related to borrowings					114.7
Current and deferred income tax assets					28.5
Post-employment benefits net assets					68.5
Assets classified as held for sale					44.6
Unallocated corporate assets					112.6
Total assets					2,606.3
Segment liabilities	346.6	111.5	63.0	(78.1)	443.0
Borrowings, finance leases and related swaps					725.1
Current and deferred income tax liabilities					125.9
Employee benefits obligations					51.3
Liabilities classified as held for sale					21.5
Unallocated corporate liabilities					79.2
Total liabilities					1,446.0
Segment capital expenditure	105.8	12.0	25.0	-	142.8
Corporate capital expenditure					2.2
Total capital expenditure					145.0
Segment depreciation and amortisation	47.6	13.5	17.3	-	78.4
Corporate depreciation					2.0
Total depreciation and amortisation					80.4
Significant non-cash expenses other than depreciation	-	-	-	-	-

Notes on the Preliminary Accounts

for the year ended 31st March 2008

1 Segmental information by business segment (continued)

	Environmental Technologies £ million	Precious Metal Products £ million	Fine Chemicals & Catalysts £ million	Eliminations £ million	Total £ million
Year ended 31st March 2007 (restated)					
Sales to external customers	1,864.3	3,824.4	463.0	-	6,151.7
Inter-segment sales	2.4	1,162.6	73.4	(1,238.4)	-
Total revenue	1,866.7	4,987.0	536.4	(1,238.4)	6,151.7
External sales excluding precious metals	896.2	290.0	268.0	-	1,454.2
Underlying segment result	122.9	85.3	64.2	-	272.4
Amortisation of acquired intangibles (note 2)	(2.8)	-	-	-	(2.8)
Segment result	120.1	85.3	64.2	-	269.6
Unallocated corporate expenses					(17.2)
Operating profit					252.4
Net finance costs					(26.8)
Share of profit of associate		0.9			0.9
Profit before tax					226.5
Income tax expense					(64.7)
Profit for the year from continuing operations					161.8
Profit for the year from discontinued operations					43.7
Profit for the year					205.5
Segment assets	1,097.0	298.4	538.1	(54.9)	1,878.6
Investment in associate	-	4.8	-	-	4.8
Cash and deposits					73.2
Current and deferred income tax assets					15.9
Post-employment benefits net assets					49.2
Unallocated corporate assets					67.5
Total assets					2,089.2
Segment liabilities	297.8	92.1	53.2	(54.9)	388.2
Borrowings, finance leases and related swaps					438.0
Current and deferred income tax liabilities					89.2
Employee benefits obligations					48.3
Unallocated corporate liabilities					47.4
Total liabilities					1,011.1
Segment capital expenditure	82.4	11.2	19.8	-	113.4
Capital expenditure on discontinued operations					4.5
Corporate capital expenditure					1.9
Total capital expenditure					119.8
Segment depreciation and amortisation	39.3	13.4	17.2	-	69.9
Depreciation on discontinued operations					5.5
Corporate depreciation					2.1
Total depreciation and amortisation					77.5
Significant non-cash expenses other than depreciation	1.5	1.3	-	-	2.8

Notes on the Preliminary Accounts

for the year ended 31st March 2008

2 Amortisation of acquired intangibles

The amortisation of intangible assets which arise on the acquisition of businesses has been separated from administrative expenses and is now shown separately on the face of the income statement. It is excluded from underlying operating profit.

3 Effect of exchange rate changes on translation of foreign subsidiaries' external sales excluding the value of precious metals and operating profits

Average exchange rates used for translation of results of foreign operations	2008	2007
US dollar / £	2.007	1.896
Euro / £	1.417	1.476
South African rand / £	14.30	13.37

The main impact of exchange rate movements on the group's sales and operating profit comes from the translation of foreign subsidiaries' results into sterling. The one significant exception is the South African rand where the translational impact is more than offset by the impact of movements in the rand on operating margins. Consequently the analysis below excludes the translational impact of the rand.

	Year ended 31st March 2008 £ million	Year ended 31st March 2007 At last year's rates £ million	Year ended 31st March 2007 At this year's rates £ million	Change at this year's rates %
External sales excluding the value of precious metals				
Environmental Technologies	1,139.6	896.2	882.9	+29
Precious Metal Products	307.4	290.0	286.9	+7
Fine Chemicals & Catalysts	303.2	268.0	263.5	+15
External sales excluding the value of precious metals	1,750.2	1,454.2	1,433.3	+22
Underlying operating profit				
Environmental Technologies	147.3	122.9	121.9	+21
Precious Metal Products	102.1	85.3	84.6	+21
Fine Chemicals & Catalysts	67.1	64.2	63.4	+6
Unallocated corporate expenses	(19.7)	(17.2)	(17.3)	
Underlying operating profit	296.8	255.2	252.6	+17

4 Income tax expense

	2008 £ million	2007 £ million
United Kingdom	11.5	24.3
Overseas	65.7	40.4
	77.2	64.7

The group's share of the associate's taxation for the year ended 31st March 2008 was £ nil (2007 £ nil).

Notes on the Preliminary Accounts

for the year ended 31st March 2008

5 Earnings per ordinary share

The calculation of earnings per ordinary share is based on a weighted average of 210,502,894 shares in issue (2007 - 213,219,273 shares). The calculation of diluted earnings per ordinary share is based on the weighted average number of shares in issue adjusted by the dilutive outstanding share options and long term incentive plans. These adjustments give rise to an increase in the weighted average number of shares in issue of 3,313,868 shares (2007 restated - 3,398,990 shares).

Underlying earnings per ordinary share are calculated as follows:

	2008 £ million	2007 restated £ million
Profit for the year attributable to equity holders of the parent company	186.2	206.5
Amortisation of acquired intangibles	3.1	2.8
Profit on disposal of discontinued operations	-	(34.4)
Tax thereon	(0.9)	0.3
Underlying profit for the year	<u>188.4</u>	<u>175.2</u>
	<u>pence</u>	<u>pence</u>
Basic underlying earnings per share	<u>89.5</u>	<u>82.2</u>

6 Dividends

A final dividend of 26.0 pence per ordinary share has been proposed by the board which will be paid on 5th August 2008 to shareholders on the register at the close of business on 13th June 2008. The estimated amount to be paid is £54.7 million and has not been recognised in these accounts.

	2008 £ million	2007 £ million
2005/06 final ordinary dividend paid - 21.0 pence per share	-	44.9
2006/07 interim ordinary dividend paid - 9.9 pence per share	-	21.1
2006/07 final ordinary dividend paid - 23.7 pence per share	50.0	-
2007/08 interim ordinary dividend paid - 10.6 pence per share	<u>22.3</u>	<u>-</u>
	<u>72.3</u>	<u>66.0</u>

7 Net debt

	2008 £ million	2007 £ million
Cash and deposits	102.1	73.2
Bank overdrafts	<u>(63.6)</u>	<u>(13.2)</u>
Cash and cash equivalents	38.5	60.0
Current other borrowings and finance leases	(58.4)	(14.3)
Non-current borrowings, finance leases and related swaps	<u>(603.1)</u>	<u>(410.5)</u>
Swaps related to borrowings	12.6	-
Net debt	<u>(610.4)</u>	<u>(364.8)</u>

8 Share purchases

During the year the company purchased 2,397,877 shares at a cost of £39.1 million. These shares are being held as treasury shares, bringing the total number of treasury shares to 5,997,877 at a total cost of £91.7 million.

Notes on the Preliminary Accounts

for the year ended 31st March 2008

9 Acquisition of Argillon Group

On 6th February 2008 the group acquired 100% of the issued share capital of Argillon Group (Argillon). Argillon specialises in catalysts and advanced ceramic materials and sells a range of products into a number of different industries.

The net assets acquired were:

	Carrying amounts under IFRS immediately prior to acquisition £ million	Fair value adjustments £ million	Fair value at time of acquisition £ million
Property, plant and equipment	21.5	9.9	31.4
Intangible assets - capitalised software	0.4	-	0.4
Intangible assets - patents and trademarks	1.6	6.3	7.9
Intangible assets - customer contracts and relationships	-	35.0	35.0
Intangible assets - research and technology	-	16.6	16.6
Intangible assets - capitalised development	0.4	5.0	5.4
Assets classified as held for sale (note 10)	39.6	(0.6)	39.0
Liabilities classified as held for sale (note 10)	(16.0)	(8.1)	(24.1)
Inventories	11.5	-	11.5
Trade and other receivables	22.4	7.7	30.1
Cash and cash equivalents	2.3	-	2.3
Current other borrowings	(3.6)	-	(3.6)
Trade and other payables	(26.0)	-	(26.0)
Current income tax liabilities	(4.8)	-	(4.8)
Deferred income tax liabilities	(1.1)	(20.9)	(22.0)
Employee benefits obligations	(5.1)	-	(5.1)
Provisions	(2.8)	(1.8)	(4.6)
Total net assets acquired	<u>40.3</u>	<u>49.1</u>	<u>89.4</u>
Goodwill on acquisition			<u>72.5</u>
			<u>161.9</u>

Satisfied by:

	£ million
Purchase consideration - cash	159.4
Costs incurred - cash	0.9
Costs incurred - accrued	1.6
	<u>161.9</u>

Net cash outflow arising on acquisition was:

	£ million
Cash consideration and costs	160.3
Less cash and cash equivalents acquired	2.3
Net cash outflow	<u>158.0</u>
Borrowings acquired	3.6
Increase in net debt	<u>161.6</u>

Notes on the Preliminary Accounts

for the year ended 31st March 2008

9 Acquisition of Argillon Group (continued)

From 6th February 2008 Argillon's results (excluding the held for sale business (note 10)) are included in Environmental Technologies and were:

	£ million
Operating profit before amortisation of intangible assets recognised on acquisition by Johnson Matthey	2.9
Amortisation of intangible assets recognised on acquisition by Johnson Matthey	<u>(1.8)</u>
Profit before tax	1.1
Income tax expense	<u>(0.4)</u>
Net profit	<u>0.7</u>

10 Profit for the year from discontinued operations

The results of the discontinued operations included in the consolidated income statement were:

	2008 £ million	2007 £ million
Ceramics Division's profit for the year	-	10.6
Profit on disposal of Ceramics Division	-	33.3
Profit for the year from Ceramics Division	-	43.9
Additional environmental warranty obligations retained on sale of Pigments & Dispersions	-	(0.2)
Profit of the insulators and alumina business	<u>0.3</u>	-
Profit for the year from discontinued operations	<u>0.3</u>	<u>43.7</u>

As part of the acquisition of Argillon the group acquired an insulators and alumina business which it is actively marketing and expects to sell during 2008. It has been classified as held for sale.

On 28th February 2007 the group sold its Ceramics Division to the Endeka Ceramics group established by Pamplona Capital Partners I, LP, a private equity investment fund.

11 Changes in equity

	2008 £ million	2007 £ million
Equity at beginning of year	<u>1,078.1</u>	1,044.5
Total recognised income and expense relating to the year	189.3	141.2
Dividends paid to equity holders of the parent company	(72.3)	(66.0)
Dividends payable to minority interests	(0.4)	(0.3)
Minority interest arising on formation of subsidiary	0.2	0.3
Share capital reduction in minority interest	-	(0.3)
Disposal of minority interest	-	(2.7)
New share capital subscribed	2.2	2.2
Purchase of treasury shares	(39.1)	(52.6)
Purchase of shares for employee share ownership trusts	(45.9)	-
Share-based payments	9.8	11.8
Cost of shares transferred to employees	32.7	(4.5)
Tax on items taken directly to or transferred from equity	<u>5.7</u>	4.5
Equity at end of year	<u>1,160.3</u>	<u>1,078.1</u>

Notes on the Preliminary Accounts

for the year ended 31st March 2008

12 Precious metal operating leases

The group leases precious metals from banks for specified periods (typically a few months) and for which the group pays a fee. These arrangements are classified as operating leases. The group holds sufficient precious metal inventories to meet all the obligations under these lease arrangements as they fall due. At 31st March 2008 precious metal leases were £86.1 million (2007 £93.2 million).

13 Basis of preparation

The financial information contained in this release does not constitute the company's statutory accounts for the years ended 31st March 2008 or 31st March 2007 but is derived from those accounts. Statutory accounts for 2007 have been delivered to the Registrar of Companies and those for 2008 will be delivered following the company's Annual General Meeting. The auditors' reports on those accounts were unqualified and did not contain any statement under sections 237(2) and 237(3) of the Companies Act 1985. The accounts for the year ended 31st March 2008 were approved by the Board of Directors on 3rd June 2008.

As described in note 2 amortisation of acquired intangibles is now shown separately and so the income statement and segmental information for the year ended 31st March 2007 have been restated accordingly.

Financial Calendar

11th June

Ex dividend date

13th June

Final dividend record date

22nd July

117th Annual General Meeting (AGM)

5th August

Payment of final dividend subject to declaration at the AGM

26th November

Announcement of results for the six months ending 30th September 2008

3rd December

Ex dividend date

5th December

Interim dividend record date

Cautionary Statement

This announcement contains forward looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries and sectors in which the group operates. It is believed that the expectations reflected in this announcement are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.

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