

IFRS Restatement (Unaudited)

Introduction

Johnson Matthey currently prepares its results under UK Generally Accepted Accounting Principles (UK GAAP). Following a European Union Regulation issued in 2002, the group will be reporting its results in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union from 1st April 2005 and so in its annual report and accounts for the year ending 31st March 2006 all its financial information will be presented under IFRS. This restatement presents the group's results converted from UK GAAP to IFRS for the year ended 31st March 2005.

Overview of impact on results for the year ended 31st March 2005

	UK GAAP	IFRS	% change
Profit before tax	£131.0m	£167.4m	+28
Earnings per share	40.6p	53.0p	+31
Net assets	£868.7m	£929.1m	+7

Reconciliations of profit before tax and net assets

	Notes	£ million
Profit before tax under UK GAAP for the year ended 31st March 2005		131.0
Discontinued operations	a	14.9
Goodwill amortisation	b	20.9
Goodwill amortisation on associates	b	0.1
Development capitalised in the year	c	5.4
Amortisation of capitalised development	c	(1.1)
Share options and long term incentive plan	d	(4.1)
Employee benefits	e	0.3
Profit before tax under IFRS		167.4
Net assets under UK GAAP as at 31st March 2005		868.7
Goodwill amortisation	b	20.9
Goodwill amortisation on associates	b	0.1
Net capitalised development	c	15.5
Bid value adjustment for post-employment schemes' assets	e	(2.0)
Additional accruals for other short term and long term employee benefits	e	(3.5)
Deferred tax adjustments	g	(11.5)
Dividends	h	40.9
Net assets under IFRS		929.1

Basis of preparation

The restatement has been prepared on the basis of all IFRS and Standard Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations currently issued by the International Accounting Standards Board (IASB) effective for 2005/06 reporting and adopted by the European Union. In addition, the IASB issued an amendment to IAS 19 – 'Employee Benefits' in December 2004 which permits the full recognition of actuarial gains or losses that occur in the year outside the income statement in a similar way to FRS 17 under UK GAAP. Johnson Matthey has decided to adopt this amendment in 2005/06 and so has prepared this restatement on this basis. The IASB is still issuing standards and interpretations which Johnson Matthey may decide to adopt in 2005/06 and so there may be further adjustments to the restatement of the results for the year ended 31st March 2005 which do not appear in this restatement.