

THE GROUP AT A GLANCE

Johnson Matthey is a speciality chemicals company and a world leader in advanced materials technology. The group focuses on its core skills in catalysis, precious metals, fine chemicals and process technology, developing products that enhance the quality of life for millions of people around the world. The group has operations in over 30 countries and employs around 8,700 people. Johnson Matthey's operations are organised into three global divisions: Environmental Technologies; Precious Metal Products and Fine Chemicals & Catalysts.



Johnson Matthey

Environmental Technologies

Emission Control Technologies
Process Technologies
Fuel Cells

Precious Metal Products

Platinum Marketing and Distribution
Noble Metals
Pgm Refining and Recycling
Colour Technologies
Gold and Silver

Fine Chemicals & Catalysts

Catalysts and Chemicals
Macfarlan Smith
Pharmaceutical Materials and Services
Research Chemicals



Environmental Technologies Division is a global supplier of catalysts and related technologies for applications which benefit the environment such as pollution control, cleaner fuel, more efficient use of hydrocarbons and the hydrogen economy.

Johnson Matthey has a longstanding international reputation as a leader in the application of precious metals. Precious Metal Products Division is at the heart of these activities focused on the marketing, distribution, fabrication, refining and recycling of precious metals and their products.

Fine Chemicals & Catalysts Division is a global supplier of fine chemicals, catalysts and other speciality chemical products and services to a wide range of chemical and pharmaceutical industry customers and research institutes.

Revenue	£2,290m
Sales excluding precious metals	£1,140m

Revenue	£4,688m
Sales excluding precious metals	£307m

Revenue	£521m
Sales excluding precious metals	£303m

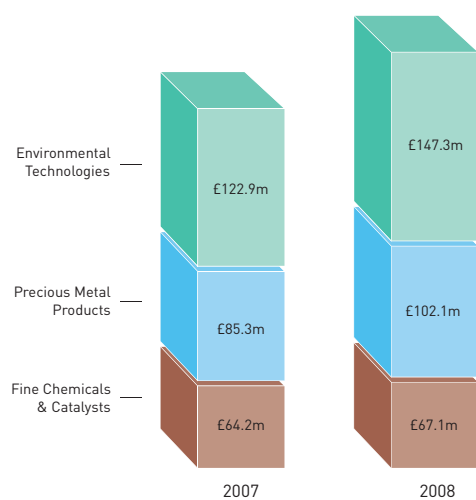
FINANCIAL HIGHLIGHTS – 2008

Johnson Matthey performed very well in 2007/08 with sales, profit before tax and underlying earnings per share all well ahead of last year. All three divisions achieved good growth.

	Year to 31st March		% change
	2008	2007	
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

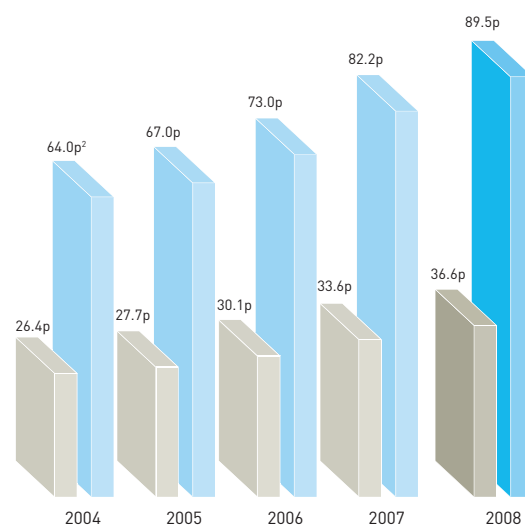
Divisional Operating Profit¹



¹ Before amortisation of acquired intangibles

Underlying Earnings per Share

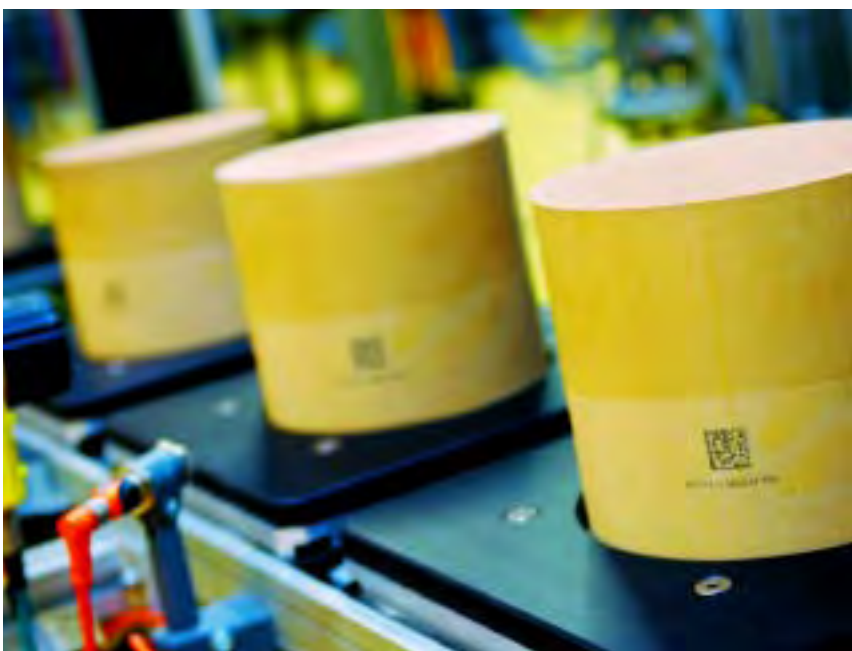
Dividend per Share



² UK GAAP basis earnings per share before exceptional items and goodwill amortisation

CHAIRMAN'S STATEMENT

Sir John Banham
Chairman



Catalysed diesel particulate filters.

I am very pleased to report that 2007/08 was another good year for Johnson Matthey. Your company has continued to build on its strong position in environmental technologies and is seeing the benefit of the investments that it has made over many years in research and development and in manufacturing facilities to serve growing markets around the world.

During the year we have continued to make substantial investments to ensure future growth. These have included new production facilities that have been completed in South Korea, the Russian Federation and in the UK and the acquisition of Argillon which has complemented our existing technology for controlling harmful emissions of oxides of nitrogen, or NO_x, from both mobile and stationary sources. This will provide opportunities in new markets as future legislation focuses on emissions from power generation and other large scale sources such as ships. As you will read later in this report we have also announced the construction of additional manufacturing facilities and the expansion of existing plants to serve growing demand for our high technology products around the world.

Most importantly, the year has seen us continue to make excellent progress towards achieving the board's main objective, that of delivering superior value to you, our shareholders.

Your board is fully committed to reporting on Johnson Matthey's sustainability performance. In my statement last year I wrote to you about the work that the management team had been doing to develop a sustainability strategy for the company. This year has seen a great deal of work being undertaken to define our vision for a sustainable future for our business and to begin to embed this in all of our operations around the world. A review of our performance and activities in this important area during the year is included in pages 29 to 35 of this Annual Report. Our first full Sustainability Report will be published on our website at www.matthey.com this July.

Our non-executive directors play a vital role in the governance of your company. Johnson Matthey is extremely fortunate to benefit from the knowledge and many years of experience of its strong team of independent directors. During 2007/08 we welcomed two new non-executive directors to the board, Dorothy Thompson, who is currently the Chief Executive of Drax Group plc, and Michael Roney, who is currently Chief Executive of Bunzl plc. Biographical details of Mrs Thompson and Mr Roney are presented in the Board of Directors information on pages 36 and 37 of this Annual Report.

As I announced in my statement last year, Charles Mackay and Mike Dearden retired from the board on 31st March 2008, having both served nine years as non-executive directors of Johnson Matthey. Charles Mackay joined the board in January 1999 and served as our Senior Independent Director from July 2003 until his retirement. He was also Chairman of the Management Development and Remuneration Committee. Mike Dearden joined the board in April 1999. During their time on the board Charles and Mike both made invaluable contributions to the strategic development of the company as the group was refocused on its core skills in catalysis, precious metals, fine chemicals and process technology and emerged as a world leading speciality chemicals company. We are very fortunate to have had the benefit of their vast experience of business in the UK and around the world and we will miss their strong contribution to the work of the board and their wise counsel. On behalf of all of us at Johnson Matthey, I would like to thank both Charles and Mike for the important contributions that they have made to the success of Johnson Matthey and to wish them all the very best for their retirement.

Following Charles Mackay's retirement, Alan Thomson has been appointed as Senior Independent Director and Robert Walvis as Chairman of the Management Development and Remuneration Committee. Alan Thomson remains Chairman of the Audit Committee.

Our employees at all levels of the organisation never fail to impress me with their enthusiasm, professionalism and dedication. On your behalf, I would like to thank all of them around the world for their contribution to the success of the company during the past year.

In conclusion, Johnson Matthey is in excellent shape and continues to make good progress towards delivering superior shareholder value. Our strategy has placed us in a very strong position to maintain growth despite the challenges presented by the state of many of the world's economies. Indeed, I believe that the company is exceptionally well positioned to make a significant contribution as rapidly developing economies such as China and India seek to tackle the major issues that they face in reducing air pollution and in responding to the escalating price of oil.

I am confident that Johnson Matthey will continue to achieve good growth for many years ahead and I look forward to reporting on further success in 2008/09.



Sir John Banham
Chairman

CHIEF EXECUTIVE'S STATEMENT

Neil Carson
Chief Executive



Johnson Matthey's new manufacturing facility and technical centre in South Korea.

Johnson Matthey performed very well in 2007/08. Revenue and sales excluding precious metals were more than 20% up on last year at £7.5 billion and £1.8 billion respectively. Profit before tax and amortisation of acquired intangibles was 16% higher at £265.4 million.

All three of our divisions achieved good results. Our new Environmental Technologies Division increased its operating profit before amortisation of acquired intangibles by 20% to £147.3 million. Despite the slowdown in the US economy and the likely impact on the rest of the world, we believe that the division will continue to deliver strong growth over the next few years. The division's Emission Control Technologies (ECT) business performed very well with sales excluding the value of precious metals 32% up on last year. This performance was driven by strong growth in sales of catalysts for heavy duty diesel vehicles, diesel particulate filters in Europe and autocatalysts in Asia. The Process Technologies business also had a good year. Sales excluding the value of precious metals were 10% up with high energy prices continuing to underpin demand for our catalysts, purification materials and process technologies.

Precious Metal Products Division's operating profit was 20% up at £102.1 million. The division's Platinum Marketing and Distribution business achieved strong growth, benefiting from high platinum group metal (pgm) prices and good demand for the pgms. Its manufacturing businesses also saw good growth and high metal prices boosted demand for our pgm recycling services.