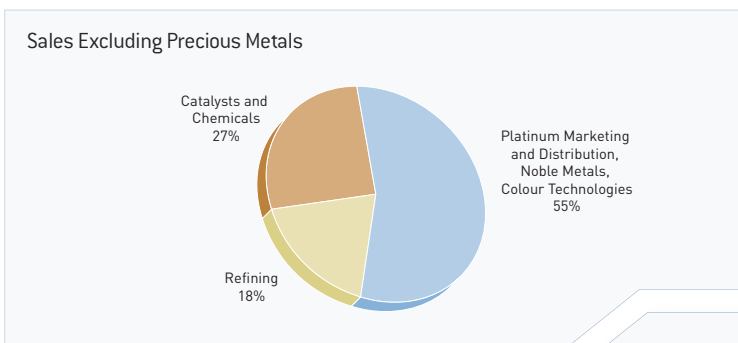


Operations Review → Precious Metal Products Division



Key Statistics

Return on sales excluding precious metals	27.8%
Return on invested capital (ROIC)	46.8%
Capital expenditure	£15.9m
Capex / depreciation	0.7
Average invested capital	£249m
Employees	2,594

	Year to 31st March			%
	2010	2009	%	
	£ million	£ million	change	at constant rates
Revenue	5,562	5,402	+3	-
Sales excluding precious metals	420	447	-6	-11
Underlying operating profit	116.7	143.0	-18	-22

Description of the Business

Precious Metal Products Division's activities comprise the marketing, distribution, refining and recycling of platinum group metals (pgms), fabrication of products using precious metals and related materials, pgm and base metal catalysts and pgm chemicals, and the refining of gold and silver. The division is organised into four businesses:

Platinum Marketing and Distribution

The business consists of our worldwide platinum marketing and distribution activities. Marketing is headquartered in Royston, UK with support facilities in Philadelphia, USA and Hong Kong. We are the world's leading distributor of pgms and the sole marketing agent for Anglo Platinum, the world's largest producer of platinum.

Noble Metals

Noble Metals produces a wide range of precious metal and other fabricated products for industrial and medical applications. Johnson Matthey is the market leader in pgm fabricated products for industrial applications. Manufacturing takes place in the UK and USA.

Catalysts, Chemicals and Refining

Catalysts, Chemicals and Refining manufactures precious and base metal catalysts, fine chemicals and electrochemical products. It also recovers pgms from spent catalysts and other secondary materials and refines primary pgms from global mining operations. The business also comprises our gold and silver refining and bullion manufacturing operations which serve the world's mining industries and recycle secondary scrap material.

Catalysts and chemicals manufacturing takes place in the UK, USA, Germany, India and China. Pgm refining facilities are in the UK and USA and gold and silver refining operations are located in the USA and Canada.

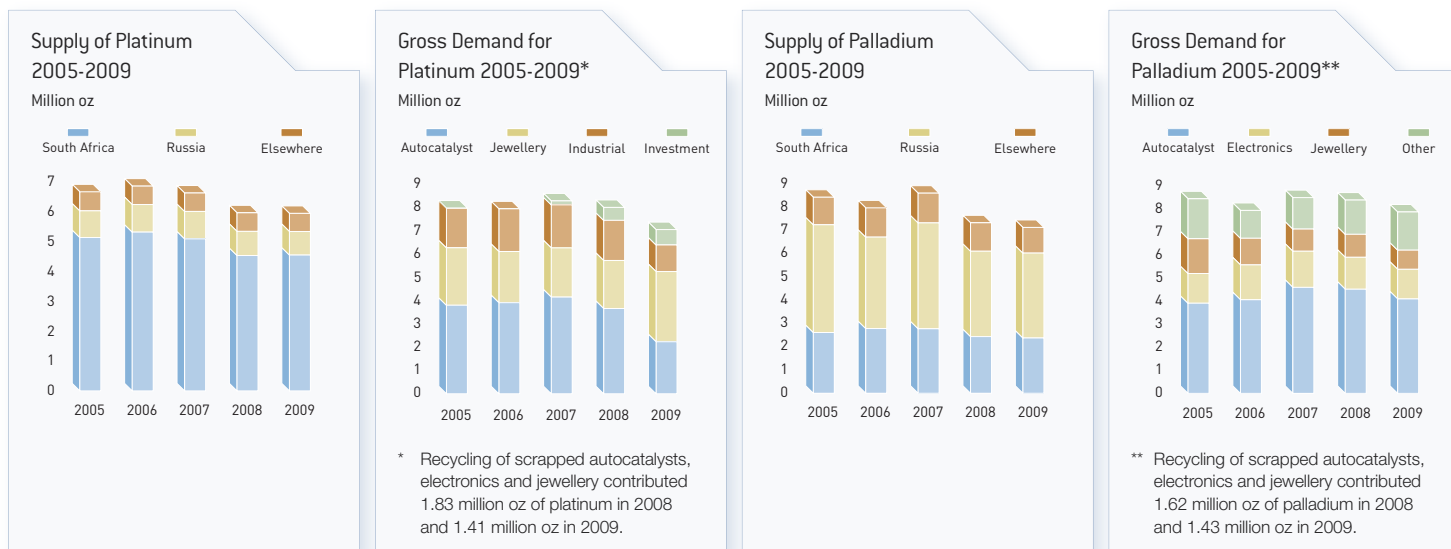
Colour Technologies

Headquartered in the Netherlands, our Colour Technologies business manufactures black obscuration enamels and silver conductive materials for automotive glass. It also makes colours, enamels and decorative precious metal products for other glass applications such as bottles and architectural glass as well as for tableware and other ceramic applications. Manufacturing takes place in the Netherlands, USA and South Korea.

Performance in 2009/10

Precious Metal Products Division's revenue increased by 3% to £5,562 million, boosted by higher platinum group metal prices in the second half of the year. Sales excluding the value of precious metals were 6% lower at £420 million with reductions across most of the division's businesses due to the effect of lower metal prices in the first half and the impact of the economic slowdown on its manufacturing businesses. Operating profit was also lower, down 18% at £116.7 million, following a difficult first half. Translated at constant exchange rates, sales excluding precious metals decreased by 11% and operating profit was 22% lower than last year.

BUSINESS REVIEW



Platinum Marketing and Distribution

Profit in our Platinum Marketing and Distribution business fell in 2009/10 with performance improving in the second half of the financial year as precious metal prices increased.

Global demand for platinum fell by 11% in the calendar year 2009. Demand from the autocatalyst sector fell by 38% to a nine year low due to the global reduction in car production and a sharp decline in diesel market share in Europe. Jewellery demand increased in response to lower platinum prices, with a significant increase in stock rebuilding and retail sales in the key Chinese market. Buoyant jewellery demand was supported by an increase in physical investment through Exchange Traded Funds (ETFs). Supplies of platinum fell slightly with the output of new South African mines balanced by the closure of some existing production in the face of weaker platinum group metal prices in rand terms. The production environment in South Africa continued to be challenging with production interruptions due to safety closures and industrial action.

The substantial fall in platinum demand outweighed the more modest decline in production, moving the market into an oversupply position. The price of platinum nonetheless increased for much of the financial year with increasing investor positions having a more significant impact on the price than supply / demand fundamentals. After starting the year at \$1,133/oz, platinum closed the financial year at a high point of \$1,644/oz, averaging \$1,343/oz for the year.

Palladium demand fell by 6% in 2009. Demand from the autocatalyst sector was 9% down, much less than for platinum, as car scrappage schemes in Europe favoured sales of small engined gasoline powered vehicles fitted with palladium catalysts. Although affected by the global fall in car production, palladium demand benefited from the rising production of cars in China which are mostly fitted with palladium catalysts. Physical investment in ETFs was also strong. Supplies of palladium declined slightly but the market remained in fundamental oversupply due to continuing sales of Russian state stocks.

Like platinum, the price of palladium increased for much of 2009/10. It also reached its high point of \$479/oz at the end of the year, having averaged \$325/oz which was 10% up on 2008/09.

The price of rhodium recovered slowly after a precipitous decline in 2008/09. Rhodium demand fell by around 20% in calendar year 2009 due to weak demand from the automotive sector. Although rhodium moved into a position of oversupply, the price more than doubled from \$1,175/oz to \$2,575/oz in thin trading. The average price of \$1,936/oz was nonetheless only 40% of the level seen in 2008/09.

Noble Metals

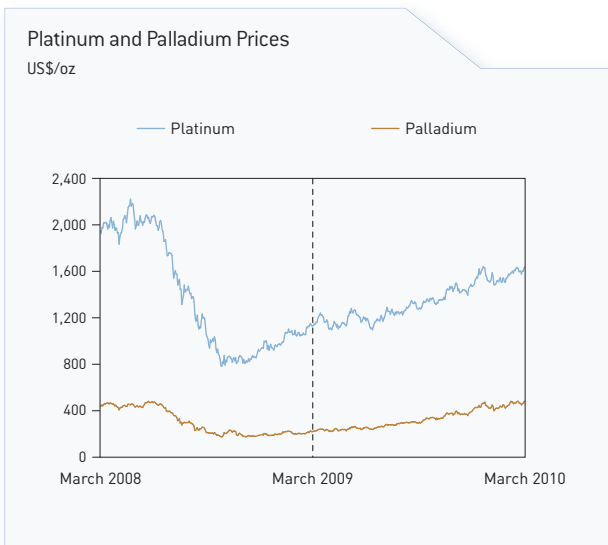
Our Noble Metals business was affected by the general global downturn with sales excluding precious metals down by 5%. Demand for fabricated pgms was adversely impacted as the world economy slowed but we began to see recovery during the second half of the year. The year ended strongly for its European operations and whilst demand for products from its US business has been slower to pick up, industrial markets began to improve in the final quarter.

The business has established a market leading position in the supply of a nitrous oxide (N₂O) abatement catalyst to the nitric acid industry and last year saw continued good growth in demand for these products driven by incentives provided through the Kyoto agreement for plant operators to reduce their greenhouse gas emissions. N₂O is a powerful greenhouse gas with a global warming potential of 310 times that of CO₂. As western countries begin to introduce legislation to limit the emissions of greenhouse gases, we expect continued growth in demand for N₂O abatement technologies.

Whilst demand for our components for medical devices was mixed, our sophisticated machining capability in San Diego, USA has enabled us to become a leading supplier of high technology parts for several growing medical applications.

Catalysts, Chemicals and Refining

The Catalysts, Chemicals and Refining business was formed following the transfer of our Catalysts and Chemicals operations to Precious Metal Products Division on 1st April 2009. It also includes the division's Gold and Silver and Pgm Refining and Recycling activities. The business is organised into two businesses; Catalysts and Chemicals, and Refining.



Catalysts and Chemicals

Catalysts and Chemicals had a difficult year with sales excluding precious metals falling by 14% to £114 million as a consequence of the global recession which impacted a number of end use markets, especially the automotive, construction and petrochemical sectors. The second half of the year saw some improvement, particularly in demand for precious metal salts for the automotive sector as car sales picked up driven by the government stimulus packages. Demand in China steadily improved throughout the year as a result of various government actions to stimulate the economy and in the year represented some 9% of the business' global sales. During the year we commissioned a new sponge nickel catalyst manufacturing facility in Shanghai, China to serve the local market. Further expansion is planned on the Shanghai site during 2010/11 to manufacture pgm catalysts for the growing pharmaceutical industry in China.

Refining

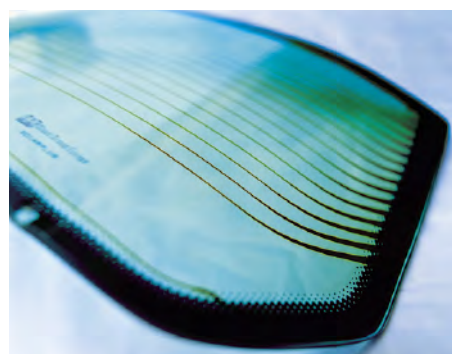
Our Refining business as a whole had a challenging year. Sales excluding precious metals fell by 6% to £77 million. The Pgm Refining and Recycling business was impacted, particularly in the first half, by reduced intakes as the result of lower pgm prices and a decline in the overall level of economic activity. Results improved in the second half as the effects of higher pgm prices and various automotive scrappage schemes around the world began to boost intakes of secondary material. During the year, the business continued to focus on capacity management and operational improvements at both its UK and US refineries to reduce the amount of metal in the refining circuit with improvements in the volume of residues processed through its arc furnaces.

In our Gold and Silver business, however, both our refineries had a very strong year with throughputs at record levels and improved margins. The gold price climbed steadily throughout the year, averaging over \$1,000/oz, which had the effect of stimulating demand for the refining of secondary material, particularly jewellery scrap. Demand for gold investment bars was also very high. The business introduced a number of operational improvements in the year to reduce bottlenecks in the plant and improve metal throughput.

Colour Technologies

Colour Technologies performed well in difficult market conditions. Sales in our traditional businesses were flat but the acquisition of a small order book in March 2009 and good cost control resulted in profit being slightly higher than last year. Demand for our automotive glass enamel products continued to grow strongly in Asia throughout 2009/10. Sales in other parts of the world suffered in the first half in line with the downturn in vehicle production, however, we saw recovery in the second half as the European and North American automotive markets picked up. Colour Technologies increased its share of the automotive silver paste market, but demand for decorative precious metal products was impacted during the year by the high gold price.

The business opened a new technology centre in Maastricht, the Netherlands during the year to support the development of new products for its global markets.



→ Automotive glass enamel products manufactured by our Colour Technologies business.