Johnson Matthey

News Release

For release at 7.00 am Wednesday 24th November 2010

Half year results for the six months ended 30th September 2010

Summary Results

	Half Year to 30th September 2010	2009	% change
Revenue	**£4,562m**	**£3,577m**	**+28%**
Sales excluding precious metals	**£1,104m**	**£883m**	**+25%**
Profit before tax	**£144.1m**	**£109.5m**	**+32%**
Total earnings per share	**49.2p**	**37.4p**	**+32%**
Underlying*:			
Profit before tax	**£164.3m**	**£114.4m**	**+44%**
Earnings per share	**56.3p**	**39.1p**	**+44%**
Dividend per share	**12.5p**	**11.1p**	**+13%**

*before amortisation of acquired intangibles, major impairment and restructuring charges and profit or loss on disposal of businesses

Johnson Matthey performed well in the first half with:

- Revenue up 28% at £4.6 billion
- Sales excluding precious metals (sales) 25% ahead at £1.1 billion
- Underlying profit before tax and earnings per share ahead of growth in sales, both up 44%
- Balance sheet remains strong with net debt of £525.9 million and net debt (including post tax pension deficit) to EBITDA of 1.5
- Interim dividend up 13% to 12.5p, reflecting continued confidence in the group's long term prospects

Business Overview:

- Environmental Technologies Division performed well with sales and underlying operating profit up 29% and 41% respectively

Issued by: Johnson Matthey Public Limited Company
40-42 Hatton Garden London EC1N 8EE Tel: +44 (0)20 7269 8400

- Emission Control Technologies' sales grew by 29% with good growth in both light duty and heavy duty diesel catalysts across all regions

- Further good growth in Process Technologies with sales up 25% driven principally by demand for methanol catalysts and continued good performance from Davy Process Technology

- Precious Metal Products Division saw good growth in all of its manufacturing businesses as their global markets recovered and also benefited from higher platinum group metal prices. Its sales were up by 25% and underlying operating profit was 65% ahead

- Fine Chemicals Division had a good first half with sales increasing by 8% and underlying operating profit, excluding the one-off benefit from the launch of the generic version of ADDERALL XR®, up by 25%

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

"Johnson Matthey performed well in the first half, a significant improvement on the results achieved in the comparable period last year. The group benefited from improved economic conditions and management actions taken within the business during the downturn. Underlying profit before tax of £164.3 million was 44% higher than that in the first half of last year and represents a record performance for the group.

The outlook for the second half of the year for the group is good and we expect that the results will be broadly in line with those of the first half."

Enquiries:

Ian Godwin	Director, IR and Corporate Communications	020 7269 8410
Robert MacLeod	Group Finance Director	020 7269 8484
Howard Lee	The HeadLand Consultancy	020 7367 5225
www.matthey.com		

Review of Results

Johnson Matthey performed well in the first half of 2010/11 benefiting from good growth in most of its markets, especially catalysts for light duty vehicles in North America and Asia and a steady recovery in catalysts for heavy duty diesel. The increased demand for our products was reflected in stronger platinum group metal prices which also benefited the group.

The group's revenue increased by 28% to £4.6 billion, as a result of increased levels of activity in all of its major markets and higher precious metal prices. Sales excluding the value of precious metals (sales) were up by 25% to £1.1 billion, with Environmental Technologies 29% ahead and Precious Metal Products 25% up on the first half of last year. Fine Chemicals' sales were up 8%. At constant exchange rates, sales for the group grew by 22%.

Underlying operating profit (before amortisation of acquired intangibles, major impairment and restructuring charges) increased by 40% to £174.0 million with all of our divisions benefiting from much higher levels of activity than in the first half of last year. At constant exchange rates, underlying operating profit was up by 37%. The group's underlying return on sales increased to 15.8% from 14.0% in the same period last year as the group benefited from the improved economic conditions and management actions to reduce costs taken during the downturn.

The group's net finance costs reduced by £0.5 million to £9.7 million mainly due to the effect of lower interest rates. Underlying profit before tax (before amortisation of acquired intangibles, major impairment and restructuring charges and profit or loss on disposal of businesses) was 44% higher at £164.3 million. Profit before tax increased by 32% to £144.1 million.

Total basic earnings per share grew by 32% to 49.2 pence. Underlying earnings per share increased by 44% to 56.3 pence.

Dividend

The interim dividend has been increased by 13% to 12.5 pence. This increase is in line with our long term policy of growing dividends in line with earnings, while at the same time rebuilding dividend cover, which declined last year to 2.2 times, to about two and a half times.

Operations

Environmental Technologies

	Half Year to 30th September 2010 £ million	2009 £ million	% change	% at constant rates
Revenue	**1,261**	**919**	**+37**	**+34**
Sales excl. precious metals	**724**	**564**	**+29**	**+26**
Underlying operating profit	**76.6**	**54.5**	**+41**	**+37**
Return on sales (ex pms)	**10.6%**	**9.7%**		

Environmental Technologies Division, which comprises our Emission Control Technologies (ECT), Process Technologies and Fuel Cells businesses, performed well in the first half benefiting from continued recovery in automotive markets and a good performance from Process Technologies. The division's revenue was up 37% to £1,261 million. Its sales were 29% ahead at £724 million and underlying operating profit was 41% up at £76.6 million.

Emission Control Technologies' sales grew by 29% to £567 million. This reflects good volume growth in both our light duty and heavy duty diesel (HDD) catalyst businesses worldwide. Despite the ramp up of production at our new facilities in Smithfield, USA and Macedonia, ECT's return on sales saw continued improvement in the first half.

In the six months to 30th September 2010, global light duty vehicle sales were 8.9% higher than those in the first half of last year. Vehicle sales in North America were 7.4% ahead. In Europe, sovereign debt issues undoubtedly had an effect on consumer confidence in many of its vehicle markets. However, with fleet buyers returning to the market and an increase in the proportion of larger vehicles being purchased, vehicle sales in Europe were only 3.2% down on the first half of 2009/10. Sales of diesel powered cars grew more rapidly than those of petrol vehicles and represented 52% of Western European light duty vehicle sales in the first half. This reversed the trend seen in 2009/10 where government scrappage schemes encouraged the sale of smaller engined vehicles, where the economic benefits of diesel are less attractive. Light duty vehicle sales in Asia during the period were 19% up on the first half of last year with continued strong growth in China and India, up 18% and 33% respectively, and a good recovery in Japan, where sales were 17% ahead of the first half of last year.

Global light duty vehicle production was 20.6% up in our first half, with all regions strongly ahead of the same period last year. Global vehicle production in the first half was ahead of global sales as there was a modest element of restocking as economies emerged from recession. In North America, production was 46.3% up and in Europe it was 10.5% ahead, partly assisted by strong exports of premium vehicles to Asia, particularly China. Production in Asia was 22.1% up on the first half of last year with continued strong growth in China and India, up 19% and 33% respectively. Production was also well ahead of the first half of last year in Japan and Korea, both 20% up, benefiting from recovery of demand in their key export markets in North America and Europe.

Estimated Light Duty Vehicle Sales and Production

		Half Year to 30th September 2010 millions	2009 millions	Change
North America	**Sales**	**7.3**	**6.8**	**+7.4%**
	Production	**6.0**	**4.1**	**+46.3%**
Europe	**Sales**	**9.1**	**9.4**	**-3.2%**
	Production	**9.5**	**8.6**	**+10.5%**
Asia	**Sales**	**14.4**	**12.1**	**+19.0%**
	Production	**17.7**	**14.5**	**+22.1%**
Global	**Sales**	**35.5**	**32.6**	**+8.9%**
	Production	**36.3**	**30.1**	**+20.6%**

Source: IHS Global Insight

Sales in our light duty emission control catalyst business were up 22% in the first half at £419 million, benefiting from good growth in vehicle production during the period, and in line with sales in the second half of last year. These represented 74% of ECT's sales. Sales in Europe of £256 million, some 61% of light duty catalyst sales, were up 12%, ahead of growth in vehicle production as sales of filters grew disproportionately reflecting increased fitment and diesel taking a higher share of total vehicles produced. Sales in North America were up by 41% at £84 million, slightly lower than growth in vehicle production in the region due to a change in our customer mix. Sales in Asia were up 45% at £79 million as our sales throughout the region continued to grow strongly and we improved our market share.

On 30th September 2010, our new, highly efficient emission control catalyst manufacturing facility in Skopje, Macedonia manufactured its millionth catalyst, having commenced shipments less than a year earlier. We are making good progress with ramping up production at this new facility and it is currently operating at close to 50% of its initial design capacity.

Quotas imposed by the Chinese Government on exports of rare earth materials in recent months have resulted in significant increases in their prices as China has been the dominant producer since the 1990s. Certain rare earth oxides are used in three way gasoline catalysts, chiefly for oxygen storage. While significant amounts of these materials are used by the autocatalyst industry, their use is comparatively low compared with other industrial applications of rare earths. We are having no difficulty in obtaining supplies of these materials but there has been some impact on our costs. With further restrictions on Chinese exports expected next year, prices are likely to continue to rise. We are mitigating the situation by working on thrifting and substitution of these materials in our latest products.

Our HDD catalyst business also had a good first half compared with the same period in 2009/10 when the business was severely impacted by recession. Sales of HDD vehicles are historically more volatile than those of light duty vehicles as haulage and construction companies respond more rapidly to changes in the economic environment and adjust levels of investment accordingly. Our unit sales of HDD catalysts in the first half were almost double those in the same period last year. Growth was particularly strong in North America where the much tighter US 2010 HDD emission standards came into force at the beginning of this year requiring the use of more catalysts per vehicle. Sales for our HDD catalyst business grew by 72% in the first half to £128 million, of which £41 million was in Europe and £83 million was in North America. In the first half of last year, our HDD business was loss making but in the first half of this year it generated a modest profit benefiting from the expected operational leverage as its markets began to recover.

Estimated HDD Truck Sales and Production

		Half Year to 30th September		
		2010 thousands	**2009 thousands**	**Change**
North America	**Sales**	**137.6**	**117.2**	**+17.4%**
	Production	**132.4**	**105.9**	**+25.0%**
EU	**Sales**	**110.5**	**104.9**	**+5.3%**
	Production	**151.1**	**89.6**	**+68.6%**

Source: JD Power

Currently we maintain a greater than 65% share of the HDD catalyst market and are in a strong position to benefit from continued recovery in HDD vehicle production and sales. The market for HDD catalysts is expected to show substantial growth over the next decade driven by tightening legislation in the developed markets of North America, Europe and Japan, the spread of legislation to developing markets, such as China, India and Brazil, and legislation covering non-road vehicles in Europe and North America which starts to be phased in from

next year. It is still our expectation that the market for HDD catalysts will grow from around US $600 million today to about US $2.5 billion in sales excluding the value of precious metals by the end of our 2014/15 financial year.

Our Stationary Emissions Control (SEC) business, which manufactures catalysts and systems for reducing emissions in a wide range of applications including power generation, industrial processes and marine applications, had a difficult first half. It continues to be impacted by the deferral of major projects, particularly in the US and Europe, and by price competition. As a result the business made a small operating loss in the period. Its Powerplants business, which manufactures catalysts used to reduce emissions of oxides of nitrogen (NOx) from power stations, commissioned and opened its new manufacturing facility in Shanghai during the first half and has shipped its first orders of catalysts to coal fired power stations in China.

Process Technologies' sales were 25% ahead of those in the first half of the last financial year at £153 million. The first half has seen continued improvement in the business' major markets, some of which were impacted in the first half of last year by delays in projects due to the recession.

The Ammonia, Methanol, Oil and Gas (AMOG) business has had a good first half with sales 28% up on prior year at £86 million. It has seen particularly good demand for its methanol catalysts, especially in China where a number of new methanol plants using technology licensed by Davy Process Technology are coming on stream. One of these is the Shenhua Baotou methanol plant near Baotou City, Inner Mongolia which recently started production. This is currently the largest methanol plant in the world and uses coal feed gas. Demand for ammonia catalysts has also been strong, particularly in the Middle East where there has been continued expansion of ammonia production capacity to meet demand for fertiliser manufacturing. Sales of catalysts to generate hydrogen, primarily used in oil refineries to remove sulphur and to improve the quality of gasoline and diesel, were also ahead of those in the first half of last year as demand for transportation fuels and other refinery products began to recover from the recession.

The first half also saw the first commercial sales of Apico, our new patented methanol synthesis catalyst, which delivers a number of substantial performance benefits to customers. These included sales to a world scale methanol production plant in the Middle East.

Davy Process Technology, which develops and licenses chemical processes, had a strong first half with good licensing income, particularly from the substantial flow of projects won in

China over the last few years. During the first six months of 2010/11 we have agreed two new licensing contracts in China, a further substitute natural gas (SNG) plant and a speciality chemicals plant for Sinopec Yizheng Fibres. A third licence was agreed for a natural detergent alcohols (NDA) plant in Indonesia.

During the first half we announced that, following consultation with employees on the future of our Vertec business which has been loss making for several years, subject to regulatory clearance we had agreed to sell the business' order book to Dorf Ketal Chemicals AG, a subsidiary of Dorf Ketal Chemicals (India) Pvt Limited for £4.6 million. As a consequence, our Haverton manufacturing site would close on 31st March 2011. On 19th November the Office of Fair Trading announced that it proposed to refer the transaction to the UK Competition Commission for further review. As a result we have terminated our agreement with Dorf Ketal and will now begin a structured closure of the Haverton site, which should be completed by the end of the financial year. The closure of the site gives rise to a loss of £15.8 million.

At the beginning of October we announced that we had agreed to acquire Intercat, Inc. and its subsidiaries from its private stockholders for approximately £34 million in cash plus acquired debt of approximately £20 million. Intercat is a leading supplier of fluid catalytic cracking (FCC) additives and addition systems, specialising in the development, manufacture, sale and technical support of both additives and addition systems for the refinery industry. This acquisition will strengthen Johnson Matthey's position in the refinery catalysts sector, which continues to grow strongly driven by increasing demand for transportation fuels, the technical requirements resulting from the use of dirtier feedstocks and tightening environmental legislation. The acquisition of Intercat was completed on 1st November.

Precious Metal Products

	Half Year to 30th September			**%**
	2010	**2009**	**%**	**at constant**
	£ million	**£ million**	**change**	**rates**
Revenue	**3,175**	**2,544**	**+25**	**+22**
Sales excl. precious metals	**258**	**206**	**+25**	**+22**
Underlying operating profit	**81.2**	**49.2**	**+65**	**+63**
Return on sales (ex pms)	**31.5%**	**23.9%**		

Precious Metal Products Division's revenue increased by 25% to £3,175 million. Precious metal prices were significantly higher than in the same period last year when they were affected by the global recession. Sales also increased by 25% to £258 million, with good growth across all of the division's businesses. Operating profit was 65% ahead of the first half of last year at £81.2 million.

The division's Platinum Marketing and Distribution business achieved good growth, with sales up 40%, broadly in line with the improvement in platinum group metal (pgm) prices.

The platinum market is forecast to be in a small surplus in calendar year 2010, with recovering industrial demand largely offset by increased recycling, whilst mine production remained relatively flat. In this environment, supply-demand fundamentals were of secondary importance to the activity of investors who reacted to other events such as the soaring gold price, sovereign debt issues and the strength of the US dollar. The average price of platinum in the first half was $1,595/oz, up 32% compared to the same period last year.

The palladium market is expected to be close to balance in 2010, a significant change in the market after many years of substantial surpluses. Net demand is forecast to increase by 12% supported by strong automotive and industrial demand. The strong car market in China is particularly supportive of palladium demand as it is dominated by gasoline engines that use palladium based emission control catalysts. Industrial consumption has benefited from the modest recovery of global demand for consumer products, particularly in the electronics sector where palladium is a key component. Supply is expected to remain almost flat, with Russia continuing to sell significant quantities of palladium from state stocks. The price of palladium has responded to these favourable market fundamentals, averaging $497/oz for the first half of the financial year, up 95% compared to the same period last year.

The rhodium market is anticipated to be in modest surplus in 2010 as demand from the automobile industry has increased. Rhodium supply from mine sources is expected to fall, which has helped to tighten the market. Although the average rhodium price has increased by 63% to $2,460/oz compared to the same period last year, the market has not seen the volatility which took the price over $10,000/oz in 2008.

The division's fabrication business, Noble Metals, grew its sales by 20% benefiting from strong industrial demand for its products. Sales to the agrochemical sector, for products used in the production of nitric acid for fertilisers which account for about 20% of Noble Metals' sales, showed good growth as did sales to the medical components industry which represent approximately a third of sales. Noble Metals' results also benefited from the

acquisition of the fabricated products business of our Australian partnership, AGR Matthey, on the dissolution of that partnership in March 2010. Colour Technologies' sales were also well ahead of the same period last year, up 19%, reflecting strong automotive demand. Automotive products account for over 40% of Colour Technologies' sales. Sales of decorative enamels were also robust. Overall, operating profit for the division's manufacturing businesses was significantly higher than in the first half of last year.

The performance of our Pgm Refining and Recycling business is affected by metal prices. When metal prices are high, intakes and refining margins increase as customers seek to recover metal that is in demand; the reverse is true when metal prices fall. Our Pgm Refining and Recycling business performed well in the first half of this year, with sales up 35% to £27 million, as the higher pgm prices seen in the first half boosted intakes, continuing the upward trend that commenced in the second half of 2009/10. Material from autocatalyst scrap continues to be a major part of our refining intake and while car scrappage schemes around the world have now largely come to an end, intakes of this material have remained strong.

For the division's gold refineries based in North America, the continued rise in gold and silver prices (up 29% and 32% respectively over those in the first half of last year) has meant that sales have continued to grow, up by 30% to £21 million, with good growth both from primary (mining) refining customers and from the secondary (jewellery scrap) refining market. A number of new gold and silver mines are scheduled to come on stream over the next five years which will support future growth of our business. Operating profit for all our precious metal refineries was well ahead of that in the first half of last year and initiatives are underway to improve plant efficiency and to make their performance more robust in the face of changes in metal prices.

Our Catalysts and Chemicals business manufactures precious and base metal catalysts and chemicals for a wide range of customers across many industries including automotive, chemical and pharmaceutical. During the first half, with growth in many of its end use markets, sales grew by 15% to £67 million and operating profit was substantially higher than the equivalent period of last year. This growth has been helped, in part, by restocking by some of our customers.

Fine Chemicals

	Half Year to 30th September 2010 £ million	2009 £ million	% change	% at constant rates
Revenue	**126**	**114**	**+10**	**+8**
Sales excl. precious metals	**122**	**113**	**+8**	**+5**
Underlying operating profit	**28.8**	**30.7**	**-6**	**-9**
Return on sales (ex pms)	**23.7%**	**27.2%**		

Fine Chemicals Division had a good first half with revenue increasing by 10% to £126 million. Its sales were up 8% at £122 million and underlying operating profit, if the one-off benefit in the first half of 2009/10 of US $12 million from the launch of the generic version of ADDERALL XR® is excluded, was 25% higher than last year. If that one-off benefit is included in last year's comparator, underlying operating profit was 6% lower at £28.8 million.

Our active pharmaceutical ingredients (APIs) manufacturing businesses, Macfarlan Smith in the UK and Pharmaceutical Materials and Services in the USA, had a good first half with sales of £88 million, 5% up on the first half of last year. Operating profit was strongly ahead if the one-off benefit of the launch of ADDERALL XR® in the first half of last year is excluded.

Growth at Macfarlan Smith was led by sales of bulk opiates and other controlled APIs. Pharmaceutical Materials and Services' strong performance was mainly due to continued good growth in sales of specialist opiates, amphetamines and platinum anticancer APIs. At the beginning of November, the business acquired a dedicated APIs manufacturing facility in Conshohocken, Pennsylvania, USA together with certain ongoing businesses, near its facility in West Deptford, New Jersey, from Lonza Inc. This facility will provide additional capacity and greater flexibility to continue to grow our North American controlled substances business.

Research Chemicals, which supplies speciality inorganic and organic chemicals to research institutes and other customers through a global catalogue, also had a good first half with sales up 15% to £34 million. Operating profit was also well ahead of last year.

Finance

Exchange Rates

The main impact of exchange rates on the group's results comes from the translation of foreign subsidiaries' profits into sterling.

Around a quarter of the group's underlying operating profit is made in North America, mainly in the USA. The average rate for the US dollar for the six months to 30th September 2010 was $1.52/£ compared with $1.60/£ for the same period last year. This increased reported underlying operating profit by £1.5 million. A further 15% of the group's underlying operating profit comes from euro based countries. The euro was slightly weaker in the period averaging €1.19/£ compared with €1.14/£ in the first half of 2009 and this decreased the group's underlying operating profit by £0.5 million.

Interest

The group's net finance cost for the six months to 30th September 2010 decreased slightly from £10.2 million to £9.7 million as a result of lower average interest rates during the period.

Taxation

The group's underlying tax charge increased by £11.6 million to £43.6 million. This is equivalent to an underlying tax rate for the year of 26.5%, down from 28.0% last year. This decrease in tax rate is primarily due to the reduction of 1% in UK corporate tax rates enacted this year and a further increase in the proportion of profits from lower tax countries.

Cash Flow

In the six months to 30th September 2010, the group generated a net cash flow from operating activities of £47.7 million compared with £77.6 million in the first half of last year. This reduction was due to a further increase in working capital as the businesses grew strongly and higher tax payments. We continue to focus upon working capital management and the group's working capital days, excluding the component that relates to precious metals, reduced from 57 days at the start of the year to 55 days at 30th September 2010. Working capital in respect of precious metal increased by £121.5 million due to increased activity and higher precious metal prices.

The cash outflow on capital expenditure was £56.9 million, which represents 0.9 times depreciation. Capital expenditure in the second half of the year is expected to increase as we invest in our manufacturing and R&D facilities, particularly in China and India. Nevertheless, we still expect that the ratio of capital expenditure to depreciation for the year as a whole will not exceed 1.2 times.

The group's free cash outflow (i.e. net cash inflow from operating activities less net purchases of non-current assets and investments and net interest paid) was £18.9 million compared with an outflow of £1.0 million in the same period last year. The cost of last year's final dividend payment was £59.4 million.

After taking account of the impact of exchange translation on foreign currency borrowings, net debt increased since the year end by £52.5 million to £525.9 million. The group's net debt (including the group's post tax pension deficit) to EBITDA for the last 12 months at 30th September 2010 was 1.5 times compared to 1.6 times at 31st March 2010.

Pensions

Despite the closure of the final salary section of the group's UK defined benefit pension scheme with effect from 1st April 2010, the total pension charge for the period increased by £2.4 million to £15.7 million.

In order to reduce the UK pension scheme's actuarial deficit, which was estimated to be approximately £173.4 million as at 1st April 2009, the company contributed £11.6 million in the period, the first tranche under the agreed funding plan. This plan requires the company to contribute £23.1 million each year for the next ten years.

Going Concern

The directors have assessed the future funding requirements of the group and are of the opinion that the group has adequate resources to fund its operations for the foreseeable future. Therefore they believe that it is appropriate to prepare the accounts on a going concern basis.

Outlook

The results for the group for the six months to 30th September 2010 were good, driven by the continued economic recovery in our developed markets and further growth in emerging markets, particularly China. On a like-for-like basis, the group also benefited from reasonably easy comparatives due to the difficult external economic environment faced in the same period last year. The outlook for the second half of the year for the group is good and we expect that performance will be broadly in line with that of the first half, although the comparatives will be tougher as vehicle sales in the second half of last year benefited from government incentive schemes, particularly in Europe.

Environmental Technologies Division's performance in the second half of this year is currently expected to be ahead of the same period last year and broadly in line with the first half of this year. Global light duty vehicle demand remains stable but short term visibility continues to be limited. In the second half of the year we currently anticipate that vehicle demand in Europe will continue the slight downward trend seen in the first half, but this is expected to be balanced by growth in the emerging markets, particularly China. Heavy duty diesel vehicle sales in Europe and North America have improved over the last six months, but the dramatic recovery expected by some external commentators has yet to materialise. Whilst there are signs that point to an upcoming strong recovery in demand in North America, it is still difficult to predict when this pick up in demand will occur. We currently expect a gradual improvement in sales to continue throughout the second half of the year. Process Technologies is positioned for further growth in the second half of this year and will benefit from the inclusion of the newly acquired Intercat business. The order book continues to strengthen with demand for methanol catalysts and for refinery based catalysts, as demand for petroleum products has improved.

In the last few months, pgm prices have increased driven by continued investor activity and the steady improvement in industrial demand. Since 1st October 2010, the price of platinum has averaged around $1,700/oz and if this price is maintained profit from our Platinum Marketing and Distribution business in the second half of the year is likely to be slightly ahead of the first half. Our manufacturing, refining and catalysts and chemicals businesses are performing well and this is expected to continue throughout the rest of the year. At current pgm prices, therefore, results for Precious Metal Products Division are expected to be slightly ahead of the first half.

Fine Chemicals Division continues to perform well but it will be impacted in the second half of the year by delays to customers' launch of new products. For the full year, the results for the

division are, however, still expected to exceed last year's even if the one-off benefit associated with the launch of ADDERALL XR® received in 2009/10 is included.

Risks and Uncertainties

The principal risks and uncertainties to which the group is exposed are unchanged from those identified in our 2010 Annual Report. The principal risks and uncertainties, together with the group's strategies to manage them, are set out on pages 26 and 27 of the Annual Report and cover the following areas:

- Technological change and patents
- Legislation
- Global, political and economic conditions
- Environment, health and safety
- Commercial relationships
- Foreign exchange
- Precious metal prices and controls
- Pensions
- Customer market dynamics
- Competitor risk
- Litigation and investigations
- Credit risk

Responsibility Statement of the Directors in respect of the Half-Yearly Report

The Half-Yearly Report is the responsibility of the directors. Each of the directors as at the date of this responsibility statement, whose names and functions are indicated below, confirms that to the best of their knowledge:

a) the condensed consolidated accounts have been prepared in accordance with International Accounting Standard (IAS) 34 – 'Interim Financial Reporting';

b) the interim management report included in the Half-Yearly Report on pages 3 to 15 includes a fair review of the information required by DTR 4.2.7 R of the United Kingdom Listing Authority Disclosure Rules and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed consolidated accounts; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

c) the interim management report (note 10 on page 26) included in the Half-Yearly Report includes a fair review of the information required by DTR 4.2.8 R of the United Kingdom Listing Authority Disclosure Rules and Transparency Rules, being disclosure of related

parties transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the company during that period; and any changes in the related parties transactions described in the last annual report that could have a material effect on the financial position or performance of the company in the first six months of the current financial year.

The names and functions of the directors of Johnson Matthey Plc are as follows:

Sir John Banham	Chairman
N A P Carson	Chief Executive
Sir Thomas Harris	Non-executive Director
R J MacLeod	Group Finance Director
L C Pentz	Executive Director, Environmental Technologies
M J Roney	Non-executive Director
W F Sandford	Executive Director, Precious Metal Products
D C Thompson	Non-executive Director
A M Thomson	Non-executive Director, Senior Independent Director and Chairman of the Audit Committee
R J W Walvis	Non-executive Director, Chairman of the Management Development and Remuneration Committee

This responsibility statement was approved by the Board of Directors on 23rd November 2010 and is signed on its behalf by:

Sir John Banham
Chairman

INDEPENDENT REVIEW REPORT

to Johnson Matthey Plc

Introduction

We have been engaged by the company to review the condensed consolidated accounts in the Half-Yearly Report for the six months ended 30th September 2010 which comprise the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Total Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity and the related explanatory notes. We have read the other information contained in the Half-Yearly Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated accounts.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules (DTR) of the UK's Financial Services Authority (UK FSA). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The Half-Yearly Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half-Yearly Report in accordance with the DTR of the UK FSA.

The annual accounts of the group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU). The condensed consolidated accounts included in this Half-Yearly Report have been prepared in accordance with IAS 34 - 'Interim Financial Reporting' as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated accounts in the Half-Yearly Report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 - 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated accounts in the Half-Yearly Report for the six months ended 30th September 2010 are not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

D V Matthews
for and on behalf of KPMG Audit Plc
Chartered Accountants
15 Canada Square, London
23rd November 2010

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30th September 2010

	Notes	Six months ended 30.9.10 £ million	Six months ended 30.9.09 £ million	Year ended 31.3.10 £ million
Revenue	2	**4,562.3**	3,576.6	7,839.4
Cost of sales		**(4,255.9)**	(3,343.1)	(7,325.4)
Gross profit		**306.4**	233.5	514.0
Operating expenses		**(132.4)**	(109.6)	(242.2)
Major impairment and restructuring charges	4	**(15.8)**	-	(11.3)
Amortisation of acquired intangibles	5	**(4.5)**	(4.9)	(9.9)
Operating profit	2,3	**153.7**	119.0	250.6
Finance costs		**(16.2)**	(18.6)	(30.5)
Finance income		**6.5**	8.4	11.1
Share of profit of associate		**-**	0.7	1.7
Dissolution of associate	10	**0.1**	-	(4.4)
Profit before tax		**144.1**	109.5	228.5
Income tax expense		**(38.6)**	(30.7)	(64.3)
Profit for the period		**105.5**	78.8	164.2
Attributable to:				
Owners of the parent company		**104.7**	79.0	164.2
Non-controlling interests		**0.8**	(0.2)	-
		105.5	78.8	164.2
		pence	pence	pence
Earnings per ordinary share attributable to the equity holders of the parent company				
Continuing operations				
Basic	6	**49.2**	37.4	77.6
Diluted	6	**48.9**	37.3	77.3
Total				
Basic	6	**49.2**	37.4	77.6
Diluted	6	**48.9**	37.3	77.3

CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

for the six months ended 30th September 2010

	Six months ended 30.9.10 £ million	Six months ended 30.9.09 £ million	Year ended 31.3.10 £ million
Profit for the period	**105.5**	78.8	164.2
Other comprehensive income:			
Currency translation differences	**(21.7)**	(27.2)	(5.7)
Cash flow hedges	**8.4**	19.5	27.0
Fair value gains on net investment hedges	**10.4**	27.2	32.8
Actuarial loss on post-employment benefits assets and liabilities	**-**	-	(124.6)
Share of other comprehensive income of associate	**-**	0.2	0.2
Tax on above items taken directly to or transferred from equity	**(4.8)**	(0.4)	34.1
Other comprehensive (expense) / income for the period	**(7.7)**	19.3	(36.2)
Total comprehensive income for the period	**97.8**	98.1	128.0
Attributable to:			
Owners of the parent company	**97.1**	98.4	127.9
Non-controlling interests	**0.7**	(0.3)	0.1
	97.8	98.1	128.0

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30th September 2010

	Notes	30.9.10 £ million	30.9.09 £ million	31.3.10 £ million
Assets				
Non-current assets				
Property, plant and equipment		**893.7**	913.4	921.6
Goodwill		**507.9**	507.8	513.8
Other intangible assets		**128.2**	129.8	131.6
Deferred income tax assets		**51.6**	24.0	57.1
Investments and other receivables		**10.8**	18.6	14.0
Swaps related to borrowings	8	**30.0**	20.1	19.3
Post-employment benefits net assets		**4.5**	2.4	4.6
Total non-current assets		**1,626.7**	1,616.1	1,662.0
Current assets				
Inventories		**562.3**	451.3	390.1
Current income tax assets		**13.1**	30.6	12.9
Trade and other receivables		**677.8**	518.4	639.3
Cash and cash equivalents - cash and deposits	8	**140.9**	85.7	179.1
Other financial assets		**8.3**	9.3	6.5
Total current assets		**1,402.4**	1,095.3	1,227.9
Total assets		**3,029.1**	2,711.4	2,889.9
Liabilities				
Current liabilities				
Trade and other payables		**(610.6)**	(482.4)	(527.2)
Current income tax liabilities		**(92.1)**	(69.5)	(91.0)
Cash and cash equivalents - bank overdrafts	8	**(14.8)**	(2.1)	(14.7)
Other borrowings and finance leases	8	**(128.6)**	(77.6)	(98.8)
Other financial liabilities		**(6.0)**	(15.0)	(8.0)
Provisions		**(13.3)**	(6.6)	(8.7)
Total current liabilities		**(865.4)**	(653.2)	(748.4)
Non-current liabilities				
Borrowings, finance leases and related swaps	8	**(553.4)**	(610.4)	(558.3)
Deferred income tax liabilities		**(55.9)**	(64.1)	(56.5)
Employee benefits obligations		**(237.9)**	(142.6)	(250.3)
Provisions		**(19.5)**	(15.0)	(19.6)
Other payables		**(7.3)**	(2.4)	(6.0)
Total non-current liabilities		**(874.0)**	(834.5)	(890.7)
Total liabilities		**(1,739.4)**	(1,487.7)	(1,639.1)
Net assets		**1,289.7**	1,223.7	1,250.8
Equity				
Share capital		**220.7**	220.7	220.7
Share premium account		**148.3**	148.3	148.3
Shares held in employee share ownership trust (ESOT)		**(32.3)**	(53.7)	(30.7)
Other reserves		**68.4**	37.9	73.4
Retained earnings		**883.1**	869.8	837.7
Total equity attributable to owners of the parent company		**1,288.2**	1,223.0	1,249.4
Non-controlling interests		**1.5**	0.7	1.4
Total equity		**1,289.7**	1,223.7	1,250.8

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30th September 2010

	Notes	Six months ended 30.09.10 £ million	Six months ended 30.9.09 £ million	Year ended 31.3.10 £ million
Cash flows from operating activities				
Profit before tax		**144.1**	109.5	228.5
Adjustments for:				
Share of profit in associate		**-**	(0.7)	(1.7)
Dissolution of associate		**(0.1)**	-	4.4
Depreciation, amortisation, impairment losses and profit on sale of non-current assets and investments		**71.4**	61.4	140.3
Share-based payments		**4.0**	0.7	4.7
Changes in working capital and provisions		**(148.2)**	(106.3)	(120.5)
Changes in fair value of financial instruments		**4.5**	(1.9)	1.3
Net finance costs		**9.7**	10.2	19.4
Income tax (paid) / received		**(37.7)**	4.7	(0.7)
Net cash inflow from operating activities		**47.7**	77.6	275.7
Cash flows from investing activities				
Dividends received from associate	10	**3.5**	0.6	0.6
Purchases of non-current assets and investments		**(56.9)**	(66.8)	(131.8)
Proceeds from sale of non-current assets and investments		**0.1**	0.1	0.3
Purchases of businesses and non-controlling interests		**(2.5)**	(0.3)	(5.7)
Net cash outflow from investing activities		**(55.8)**	(66.4)	(136.6)
Cash flows from financing activities				
Net proceeds on ESOT transactions in own shares		**(3.3)**	3.3	18.4
Proceeds from borrowings and finance leases		**31.2**	68.4	30.1
Dividends paid to owners of the parent company	7	**(59.4)**	(54.9)	(78.4)
Dividends paid to non-controlling interests		**(0.5)**	-	-
Settlement of currency swaps for net investment hedging		**12.1**	(30.6)	(25.3)
Proceeds from non-controlling interests on share issue		**-**	0.3	0.3
Interest paid		**(16.3)**	(17.6)	(31.5)
Interest received		**6.5**	5.7	10.4
Net cash outflow from financing		**(29.7)**	(25.4)	(76.0)
(Decrease) / increase in cash and cash equivalents in period		**(37.8)**	(14.2)	63.1
Exchange differences on cash and cash equivalents		**(0.5)**	(2.0)	1.5
Cash and cash equivalents at beginning of period		**164.4**	99.8	99.8
Cash and cash equivalents at end of period	8	**126.1**	83.6	164.4

Reconciliation to net debt				
(Decrease) / increase in cash and cash equivalents in period		**(37.8)**	(14.2)	63.1
Proceeds from borrowings and finance leases		**(31.2)**	(68.4)	(30.1)
Change in net debt resulting from cash flows		**(69.0)**	(82.6)	33.0
Borrowings acquired with subsidiaries		**(0.1)**	-	-
Exchange differences on net debt		**16.6**	32.7	28.0
Movement in net debt in period		**(52.5)**	(49.9)	61.0
Net debt at beginning of period		**(473.4)**	(534.4)	(534.4)
Net debt at end of period	8	**(525.9)**	(584.3)	(473.4)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th September 2010

	Share capital £ million	Share premium account £ million	Shares held in ESOT £ million	Other reserves £ million	Retained earnings £ million	Non-controlling interests £ million	Total equity £ million
At 1st April 2009	220.7	148.3	(61.8)	18.5	849.6	0.8	1,176.1
Total comprehensive income for the period	-	-	-	19.4	79.0	(0.3)	98.1
Dividends paid (note 7)	-	-	-	-	(54.9)	(0.1)	(55.0)
Share issue to non-controlling interest	-	-	-	-	-	0.3	0.3
Share-based payments	-	-	-	-	0.7	-	0.7
Cost of shares transferred to employees	-	-	8.1	-	(4.8)	-	3.3
Tax on share-based payments	-	-	-	-	0.2	-	0.2
At 30th September 2009	220.7	148.3	(53.7)	37.9	869.8	0.7	1,223.7
Total comprehensive income for the period	-	-	-	35.5	(6.0)	0.4	29.9
Dividends paid (note 7)	-	-	-	-	(23.5)	(0.1)	(23.6)
Acquisition of non-controlling interest	-	-	-	-	-	0.4	0.4
Share-based payments	-	-	-	-	9.7	-	9.7
Cost of shares transferred to employees	-	-	23.0	-	(13.6)	-	9.4
Tax on share-based payments	-	-	-	-	1.3	-	1.3
At 31st March 2010	220.7	148.3	(30.7)	73.4	837.7	1.4	1,250.8
Total comprehensive income for the period	-	-	-	(5.0)	102.1	0.7	97.8
Dividends paid (note 7)	-	-	-	-	(59.4)	(0.6)	(60.0)
Share-based payments	-	-	-	-	6.8	-	6.8
Cost of shares transferred to employees	-	-	4.3	-	(4.5)	-	(0.2)
Purchase of shares by ESOT	-	-	(5.9)	-	-	-	(5.9)
Tax on share-based payments	-	-	-	-	0.4	-	0.4
At 30th September 2010	**220.7**	**148.3**	**(32.3)**	**68.4**	**883.1**	**1.5**	**1,289.7**

NOTES ON THE ACCOUNTS

for the six months ended 30th September 2010

1 Basis of preparation

The half-yearly accounts were approved by the Board of Directors on 23rd November 2010, and are unaudited but have been reviewed by the auditors. These condensed consolidated accounts do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, but have been prepared in accordance with International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the UK's Financial Services Authority. The accounting policies applied are set out in the Annual Report and Accounts for the year ended 31st March 2010 except as detailed below. Information in respect of the year ended 31st March 2010 is derived from the company's statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors' report on those statutory accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain any statement under sections 498(2) or 498(3) of the Companies Act 2006.

The group has adopted the January 2008 revision to International Financial Reporting Standard (IFRS) 3 - 'Business Combinations' and amendment to IAS 27 - 'Consolidated and Separate Financial Statements'. These change the accounting for business combinations, transactions with non-controlling interests and the accounting in event of the loss of control over a subsidiary which occur from 1st April 2010. These changes and the other amendments to standards and new interpretations which the group has adopted do not have a material impact on the reported results or financial position of the group.

2 Segmental information by business segment

	Environmental Technologies £ million	Precious Metal Products £ million	Fine Chemicals £ million	Eliminations £ million	Total £ million
Six months ended 30th September 2010					
Sales to external customers	**1,261.3**	**3,175.1**	**125.9**	**-**	**4,562.3**
Inter-segment sales	**2.5**	**518.9**	**0.7**	**(522.1)**	**-**
Total revenue	**1,263.8**	**3,694.0**	**126.6**	**(522.1)**	**4,562.3**
External sales excluding the value of precious metals	**724.3**	**257.7**	**121.6**	**-**	**1,103.6**
Segmental underlying operating profit	**76.6**	**81.2**	**28.8**	**-**	**186.6**
Unallocated corporate expenses					**(12.6)**
Underlying operating profit					**174.0**
Major impairment and restructuring charges (note 4)					**(15.8)**
Amortisation of acquired intangibles (note 5)					**(4.5)**
Operating profit					**153.7**
Net finance costs					**(9.7)**
Dissolution of associate (note 10)					**0.1**
Profit before taxation					**144.1**
Segmental total assets	**1,758.6**	**578.2**	**435.0**	**(71.0)**	**2,700.8**

2 Segmental information by business segment (continued)

	Environmental Technologies £ million	Precious Metal Products £ million	Fine Chemicals £ million	Eliminations £ million	Total £ million
Six months ended 30th September 2009					
Sales to external customers	918.6	2,544.0	114.0	-	3,576.6
Inter-segment sales	2.6	250.1	1.0	(253.7)	-
Total revenue	921.2	2,794.1	115.0	(253.7)	3,576.6
External sales excluding the value of precious metals	563.6	206.0	113.0	-	882.6
Segmental underlying operating profit	54.5	49.2	30.7	-	134.4
Unallocated corporate expenses					(10.5)
Underlying operating profit					123.9
Amortisation of acquired intangibles (note 5)					(4.9)
Operating profit					119.0
Net finance costs					(10.2)
Share of profit of associate					0.7
Profit before taxation					109.5
Segmental total assets	1,590.0	396.8	432.8	(40.6)	2,379.0
Year ended 31st March 2010					
Sales to external customers	2,056.4	5,561.8	221.2	-	7,839.4
Inter-segment sales	5.2	636.5	1.8	(643.5)	-
Total revenue	2,061.6	6,198.3	223.0	(643.5)	7,839.4
External sales excluding the value of precious metals	1,246.5	419.9	219.1	-	1,885.5
Segmental underlying operating profit	120.9	116.7	55.8	-	293.4
Unallocated corporate expenses					(21.6)
Underlying operating profit					271.8
Major impairment and restructuring charges					(11.3)
Amortisation of acquired intangibles (note 5)					(9.9)
Operating profit					250.6
Net finance costs					(19.4)
Share of profit of associate					1.7
Dissolution of associate (note 10)					(4.4)
Profit before taxation					228.5
Segmental total assets	1,710.6	456.2	433.0	(80.6)	2,519.2

NOTES ON THE ACCOUNTS

for the six months ended 30th September 2010

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	Six months ended 30.9.10	Six months ended 30.9.09	Year ended 31.3.10
US dollar / £	**1.520**	1.595	1.595
Euro / £	**1.186**	1.142	1.129
South African rand / £	**11.31**	12.94	12.46

The main impact of exchange rate movements on the group's sales and operating profit comes from the translation of foreign subsidiaries' profits 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.

	Six months ended 30.9.10 £ million	Six months ended 30.9.09 At last year's rates £ million	Six months ended 30.9.09 At this year's rates £ million	Change at this year's rates %
External sales excluding the value of precious metals				
Environmental Technologies	**724.3**	563.6	576.6	+26
Precious Metal Products	**257.7**	206.0	210.9	+22
Fine Chemicals	**121.6**	113.0	115.7	+5
External sales excluding the value of precious metals	**1,103.6**	882.6	903.2	+22
Underlying operating profit				
Environmental Technologies	**76.6**	54.5	55.9	+37
Precious Metal Products	**81.2**	49.2	49.9	+63
Fine Chemicals	**28.8**	30.7	31.5	-9
Unallocated corporate expenses	**(12.6)**	(10.5)	(10.4)	
Underlying operating profit	**174.0**	123.9	126.9	+37

4 Major impairment and restructuring charges

On 27th May 2010 the group entered into consultation with employees of its Vertec business to look at the future options for that business. On 16th August 2010 the group announced it had agreed to sell Vertec's order book to Dorf Ketal Chemicals AG for £4.6 million which was conditional upon regulatory clearance. As a consequence, the group's Haverton manufacturing site in Billingham, UK would close on 31st March 2011. On 19th November 2010 the Office of Fair Trading announced that it proposed to refer the transaction to the UK Competition Commission for further review. As a result, the group has terminated its agreement with Dorf Ketal and will begin a structured closure of the Haverton site which should be completed by 31st March 2011. The closure of the site gives rise to an impairment and restructuring charge which is estimated to be £15.8 million. It is excluded from underlying operating profit.

5 Amortisation of acquired intangibles

The amortisation of acquired intangible assets which arise on the acquisition of businesses is shown separately on the face of the income statement. It is excluded from underlying operating profit.

6 Earnings per ordinary share

The calculation of earnings per ordinary share is based on a weighted average of 212,930,024 shares in issue (six months ended 30th September 2009 - 211,172,503 shares, year ended 31st March 2010 - 211,639,326 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 1,088,449 (six months ended 30th September 2009 - 722,174 shares, year ended 31st March 2010 - 885,913 shares).

Underlying earnings per ordinary share are calculated as follows:

	Six months ended		Year ended
	30.9.10	30.9.09	31.3.10
	£ million	£ million	£ million
Profit for the period attributable to owners of the parent company	**104.7**	79.0	164.2
Major impairment and restructuring charges (note 4)	**15.8**	-	11.3
Amortisation of acquired intangibles (note 5)	**4.5**	4.9	9.9
Dissolution of associate (note 10)	**(0.1)**	-	4.4
Tax thereon	**(5.0)**	(1.3)	(6.9)
Underlying profit	**119.9**	82.6	182.9
	pence	pence	pence
Basic underlying earnings per share	**56.3**	39.1	86.4

7 Dividends

An interim dividend of 12.5 pence per ordinary share will be paid on 1st February 2011 to shareholders on the register at the close of business on 3rd December 2010. The estimated amount to be paid is £26.6 million and has not been recognised in these accounts.

	Six months ended		Year ended
	30.9.10	30.9.09	31.3.10
	£ million	£ million	£ million
2008/09 final ordinary dividend paid - 26.0 pence per share	**-**	54.9	54.9
2009/10 interim ordinary dividend paid - 11.1 pence per share	**-**	-	23.5
2009/10 final ordinary dividend paid - 27.9 pence per share	**59.4**	-	-
	59.4	54.9	78.4

8 Net debt

	30.9.10	30.9.09	31.3.10
	£ million	£ million	£ million
Cash and deposits	**140.9**	85.7	179.1
Bank overdrafts	**(14.8)**	(2.1)	(14.7)
Cash and cash equivalents	**126.1**	83.6	164.4
Current other borrowings and finance leases	**(128.6)**	(77.6)	(98.8)
Non-current swaps related to borrowings	**30.0**	20.1	19.3
Non-current borrowings, finance leases and related swaps	**(553.4)**	(610.4)	(558.3)
Net debt	**(525.9)**	(584.3)	(473.4)

NOTES ON THE ACCOUNTS

for the six months ended 30th September 2010

9 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 30th September 2010 precious metal leases were £96.3 million (30th September 2009 £69.3 million, 31st March 2010 £55.8 million).

10 Transactions with related parties

The group's associate, AGR Matthey, was a related party and amounts payable to it of £0.7 million were outstanding at 31st March 2010. An agreement between the partners of AGR Matthey to dissolve the partnership became effective on 29th March 2010. As part of this dissolution the group acquired a metal products business and a 20% ownership of a plot of land from AGR Matthey. This dissolution resulted in a charge of £4.4 million in the year ended 31st March 2010. Some residual current assets and liabilities were left in the partnership whilst they were converted into cash. The group received £3.5 million in relation to these assets during the six months ended 30th September 2010 and so has recognised a gain of £0.1 million. The AGR Matthey partnership dissolution was completed on 14th September 2010. There have been no other material changes in these related party relationships in the six months ended 30th September 2010 and no other related party transactions have taken place which have materially affected the financial position or the performance of the group during that period.

11 Post balance sheet events

On 1st November 2010 the group completed the acquisition of Intercat, Inc. and its subsidiaries for approximately £34 million plus repayments of debt acquired of approximately £20 million. Also on 1st November 2010 the group acquired a manufacturing facility based in Pennsylvania, USA together with certain ongoing business from Lonza Inc. for £17 million.

FINANCIAL CALENDAR

2010

1st December
Ex dividend date

3rd December
Interim dividend record date

2011

1st February
Payment of interim dividend

2nd June
Announcement of results for the year ending 31st March 2011

8th June
Ex dividend date

10th June
Final dividend record date

19th July
120th Annual General Meeting (AGM)

2nd August
Payment of final dividend subject to declaration at the AGM

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.

Johnson Matthey Public Limited Company
Registered Office to 28th November 2010: 40-42 Hatton Garden, London EC1N 8EE
Registered Office from 29th November 2010: 5th Floor, 25 Farringdon Street, London EC4A 4AB
Telephone: 020 7269 8400
Internet address: www.matthey.com
E-mail: jmpr@matthey.com

Registered in England - Number 33774

Registrars
Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Telephone: 0871 384 2344
Internet address: www.shareview.co.uk