

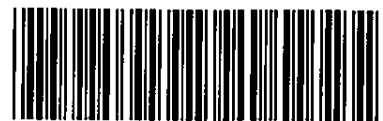
Johnson Matthey (CM) Limited

Directors' Report and Accounts

For the year ended 31 March 2008

Registered number: 2885614

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Johnson Matthey (CM) Limited

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Johnson Matthey (CM) Limited

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Directors' report

The directors present their report and audited accounts for the year ended 31 March 2008.

Principal activity, business review and future developments

The company was previously the holding company of Johnson Matthey Ceramics Overseas Limited which it sold on 28 February 2007.

Results and dividends

The company's profit for the year ended 31 March 2008 is £14.4 million (2007 £91.1 million). The profit and loss account is set out on page 3. The directors do not recommend payment of a dividend (2007 £ nil).

Directors

The directors who served during the year were I B C Huddart, D W Morgan and J N Sheldrick.

Directors' indemnities

The ultimate parent company, Johnson Matthey Plc, has granted indemnities in favour of the directors under Deed Polls. These provisions were in force during the year ended 31 March 2008 and remain in force at the date of this report.

Disclosure of information to auditors

So far as each person currently serving as a director of the company at the date this report is approved is aware, there is no relevant audit information of which the company's auditors are unaware and each director hereby confirms that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Responsibility of the directors for the preparation of the directors' report and the accounts

The directors are responsible for preparing the directors' report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with UK accounting standards. The accounts are required to give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board



S Farrant
Company Secretary
22 December 2008

Independent auditors' report

to the members of Johnson Matthey (CM) Limited

We have audited the accounts of Johnson Matthey (CM) Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet, and the related notes. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the accounts in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 1.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

KAT76 Audit Plc

22 December 2008

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London EC4Y 8BB

Johnson Matthey (CM) Limited

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Profit and loss account

For the year ended 31 March 2008

	Notes	2008 £ million	2007 £ million
Income from shares in group undertakings		-	52.3
Net interest	1	19.6	10.6
Profit on sale of investments		0.7	-
Profit on disposal of subsidiary undertakings		-	31.4
Profit on ordinary activities before taxation	2	20.3	94.3
Taxation	3	(5.9)	(3.2)
Profit for the year	8	14.4	91.1

There were no other recognised gains or losses during the year.

The accompanying notes are an integral part of the accounts.

Johnson Matthey (CM) Limited

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Balance sheet

As at 31 March 2008

	Notes	2008 £ million	2007 £ million
Current assets			
Debtors: amounts owed by ultimate parent company		345.4	334.4
Short term investments	4	<u>0.1</u>	<u>0.5</u>
		345.5	334.9
Creditors: amounts falling due within one year			
Current corporation tax		(5.9)	(9.0)
Other creditors		<u>-</u>	<u>(0.7)</u>
		(5.9)	(9.7)
Total assets less current liabilities		339.6	325.2
Creditors: amounts falling due after more than one year	5	<u>(130.0)</u>	<u>(130.0)</u>
Net assets		<u>209.6</u>	<u>195.2</u>
Capital and reserves			
Called up share capital	6	199.0	199.0
Profit and loss account	7	<u>10.6</u>	<u>(3.8)</u>
Shareholders' funds	8	<u>209.6</u>	<u>195.2</u>

The accounts were approved by the Board on 22 December 2008 and signed on its behalf by:



J N Sheldrick
Director

The accompanying notes are an integral part of the accounts.

Accounting policies

For the year ended 31 March 2008

Accounting convention

The accounts are prepared in accordance with applicable accounting standards under the historical cost convention.

Basis of preparation

The company has taken advantage of the exemption from preparing consolidated accounts afforded by section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Johnson Matthey Plc which prepares consolidated accounts that are publicly available (note 10). Accordingly, these accounts present information about the company as an individual undertaking and not about its group.

The company is also on this basis exempt from the requirement of Financial Reporting Standard (FRS) 1 (Revised) – “Cash Flow Statements” to present a cash flow statement.

Investments

Short term investments are stated at the lower of cost, option price and net realisable value.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Foreign currencies

Transactions in foreign currencies during the year are translated into sterling at the rate of exchange ruling at the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated into sterling at year end exchange rates and any exchange differences arising thereon are taken to the profit and loss account.

Notes to the accounts

For the year ended 31 March 2008

1. Net interest

	2008 £ million	2007 £ million
Interest receivable from group companies	19.6	10.6
Net interest	19.6	10.6

2. Profit on ordinary activities before taxation

The directors are remunerated by the ultimate parent company. During the year all the directors exercised share options in the ultimate parent company and received shares under the ultimate parent company long term incentive plan.

Audit fees are borne by the ultimate parent company.

3. Taxation

	2008 £ million	2007 £ million
Analysis of tax charge in the year		
UK corporation tax on profits for the year	5.9	3.2
Factors affecting tax charge for the year		
Profit on ordinary activities before taxation	20.3	94.3
Taxation charge at UK corporation tax rate of 30% (2007 30%)	6.1	28.3
Effects of:		
Dividends covered by double tax relief/ non taxable dividend	-	(15.7)
Tax free disposal of subsidiaries	(0.2)	(9.4)
Current tax charge for the year	5.9	3.2

Factors that may affect future tax charges

In July 2007 the UK government enacted a change in the UK corporation tax rate from 30% to 28% effective from 1 April 2008 which will impact the current tax charge in future years.

No provision for deferred tax is required.

Johnson Matthey (CM) Limited

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Notes to the accounts

For the year ended 31 March 2008

4. Short term investments

	2008 £ million	2007 £ million
Employee share ownership trust (ESOT)	0.1	0.5

The ESOT holds 23,689 shares in its ultimate parent company (2007 92,104 in its ultimate parent company and Cookson Group plc) which have not yet vested unconditionally in employees.

The shares were purchased in the open market and are held in trust for employees who were granted share options in September 1997 under the company's executive share option scheme. The purchase of the shares was financed by loans from the company. At 31 March 2008 the market value of the shares was £0.5 million (2007 £1.2 million).

The shares are valued at the lower of cost, option price and net realisable value. Administration costs of the ESOT are expensed as incurred. Computershare Trustees (CI) Limited, as trustee for the ESOT, has waived its dividend entitlement on the shares in the ultimate parent company.

Since the year end the remaining shares in the ultimate parent company have been gifted to the ultimate parent company's Employee Share Ownership Trust.

5. Creditors: amounts falling due after more than one year

	2008 £ million	2007 £ million
Loan stock, due after five years	130.0	130.0

The loan stock is denominated in sterling and is not subject to interest.

6. Called up share capital

	Authorised		Allotted, called up and fully paid	
	Number	£ million	Number	£ million
Ordinary shares of £1 each				
At beginning and end of year	369,000,000	369.0	199,000,000	199.0
Preference shares of £1 each				
At beginning and end of year	231,000,000	231.0	-	-

Notes to the accounts

For the year ended 31 March 2008

7. Profit and loss account

	£ million
At beginning of year	(3.8)
Profit for the year	14.4
At end of year	<u>10.6</u>

8. Movement in shareholders' funds

	2008 £ million	2007 £ million
Profit for the year	14.4	91.1
Opening shareholders' funds	<u>195.2</u>	<u>104.1</u>
Closing shareholders' funds	<u>209.6</u>	<u>195.2</u>

9. Related party transactions

As the company is a wholly owned subsidiary of Johnson Matthey Plc, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the Johnson Matthey group.

There were no other related party transactions during the year.

10. Ultimate parent company

The company's ultimate parent company is Johnson Matthey Plc. The consolidated accounts of Johnson Matthey Plc, are available to the public and may be obtained from 40-42 Hatton Garden, London EC1N 8EE.