

Johnson Matthey (CM) Limited

Directors' Report and Accounts For the year ended 31 March 2009

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 2009.

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 2009 is £14,700,000 (2008 £14,400,000). The profit and loss account is set out on page 3.

The directors recommend the payment of a final dividend of £14,700,000. On 30 January 2009 the directors recommended the payment of a final dividend for the year ended 31 March 2008 of £10,600,000 which was paid on 30 January 2009.

Directors

The directors who served during the year were I B C Huddart, D W Morgan and J N Sheldrick. On 1 July 2009 I B C Huddart resigned and S P Robinson and S Farrant were appointed. On 21 July 2009 D W Morgan resigned. On 7 September 2009 J N Sheldrick resigned and R J MacLeod was appointed.

Directors' indemnity

The ultimate parent company, Johnson Matthey Plc, has granted an indemnity in favour of the directors under a Deed Poll, the provisions of which were in force during the year ended 31 March 2009 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 Robinson
Director

7 December 2009

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 2009 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 2009 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.

KPMG Audit Plc

7 December 2009

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 2009

	Notes	2009 £ million	2008 £ million
Interest receivable from ultimate parent company		14.8	19.6
(Loss) / profit on sale of investments		(0.1)	0.7
Profit on ordinary activities before taxation	1	14.7	20.3
Taxation	2	-	(5.9)
Profit for the year	8	14.7	14.4

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

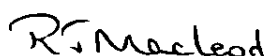
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Balance sheet

As at 31 March 2009

	Notes	2009 £ million	2008 £ million
Current assets			
Debtors: amounts owed by ultimate parent company		343.7	345.4
Short term investments	4	-	0.1
		<u>343.7</u>	<u>345.5</u>
Creditors: amounts falling due within one year			
Current corporation tax		-	(5.9)
		<u>-</u>	<u>(5.9)</u>
Total assets less current liabilities		343.7	339.6
Creditors: amounts falling due after more than one year	5	(130.0)	(130.0)
Net assets		<u>213.7</u>	<u>209.6</u>
Capital and reserves			
Called up share capital	6	199.0	199.0
Profit and loss account	7	14.7	10.6
Shareholders' funds	8	<u>213.7</u>	<u>209.6</u>

The accounts were approved by the Board on 7 December 2009 and signed on its behalf by:



R MacLeod
Director

Company registration number: 2885614

The accompanying notes are an integral part of the accounts.

Accounting policies

For the year ended 31 March 2009

Accounting convention

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

Basis of preparation

The company is exempt from the requirement of Financial Reporting Standard (FRS) 1 (Revised) – “Cash Flow Statements” to present a cash flow statement because it is a wholly owned subsidiary of Johnson Matthey Plc which prepares consolidated accounts that are publicly available (note 10).

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.

Notes to the accounts

For the year ended 31 March 2009

1. Profit on ordinary activities before taxation

The directors are remunerated by the ultimate parent company. No remuneration (2008 nil) was paid to the directors in respect of services to this company. During the year no director (2008 three) exercised share options in the ultimate parent company and all of the directors (2008 three) received shares under the ultimate parent company long term incentive plan.

Audit fees are borne by the ultimate parent company.

2. Taxation

	2009 £ million	2008 £ million
Analysis of tax charge in the year		
UK corporation tax on profits for the year	-	5.9
Factors affecting tax charge for the year		
Profit on ordinary activities before taxation	14.7	20.3
Taxation charge at UK corporation tax rate of 28% (2008 30%)	4.1	6.1
Effects of:		
Tax free disposal of subsidiaries	-	(0.2)
Losses claimed from other group undertakings for nil payment	(4.1)	-
Current tax charge for the year	-	5.9

No provision for deferred tax is required.

3. Dividends

	2009 £ million	2008 £ million
2007/08 Final ordinary dividend	10.6	-

The directors recommend the payment of a final ordinary dividend of £14,700,000 for the year ended 31 March 2009 which will be paid during the year ending 31 March 2010.

4. Short term investments

	2009 £ million	2008 £ million
Employee share ownership trust (ESOT)	-	0.1

On 14 April 2008, the Company gifted its remaining 23,689 ESOT shares to its ultimate parent company's Employee Share Ownership Trust. At 31 March 2008, the ESOT held 23,689 shares in its ultimate parent company which had not yet vested unconditionally to employees.

The shares were purchased in the open market and were held in trust for employees who were granted share options in September 1997 under the company's executive share option scheme. These options lapsed in September 2007. The purchase of the shares was financed by loans from the company. At 31 March 2008 the

Notes to the accounts

For the year ended 31 March 2009

4. Short term investments (continued)

market value of the shares was £0.5 million.

The shares were valued at the lower of cost, option price and net realisable value. Administration costs of the ESOT were expensed as incurred. Computershare Trustees (CI) Limited, as trustee for the ESOT, had waived its dividend entitlement on the shares in the ultimate parent company. On 6 June 2008 the ESOT was terminated.

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

	2009 £ million	2008 £ million
Loan stock, due after five years	<u>130.0</u>	<u>130.0</u>

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	<u>369,000,000</u>	<u>369.0</u>	<u>199,000,000</u>	<u>199.0</u>
Preference shares of £1 each				
At beginning and end of year	<u>231,000,000</u>	<u>231.0</u>	<u>-</u>	<u>-</u>

7. Profit and loss account

	£ million
At beginning of year	10.6
Profit for the year	14.7
Dividends paid to parent company	(10.6)
At end of year	<u>14.7</u>

8. Movement in shareholders' funds

	2009 £ million	2008 £ million
Profit for the year	14.7	14.4
Dividends	(10.6)	-
Movement in shareholders' funds	<u>4.1</u>	<u>14.4</u>
Opening shareholders' funds	<u>209.6</u>	<u>195.2</u>
Closing shareholders' funds	<u>213.7</u>	<u>209.6</u>

Notes to the accounts

For the year ended 31 March 2009

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 immediate and 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.