

Matthey Holdings Limited

Directors' Report and Accounts

For the year ended 31 March 2016

Registered number: 3130188



Matthey Holdings Limited

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Matthey Holdings Limited

Strategic report

Principal activity

The company is the holding company for certain UK investments of the Johnson Matthey group.

Performance during and position at the end of the year and future developments

The company's profit for the year ended 31 March 2016 is £17,975,000 (2015 £6,139,000). The profit and loss account is set out on page 4. The directors recommend the payment of a final ordinary dividend for the year ended 31 March 2016 of £17,975,000 (2015 £79,020,000) which will be paid during the year ending 31 March 2017.

Principal risks and uncertainties

Business activity is dependent on the performance of the investments it holds.

By order of the board



S Farrant

Secretary

27 October 2016

Matthey Holdings Limited

Directors' report

The directors present their report and audited accounts for the year ended 31 March 2016.

Principal activity

The company is the holding company for certain UK investments of the Johnson Matthey group.

Results and dividends

The company's profit for the year ended 31 March 2016 is £17,975,000 (2015 £6,139,000). The profit and loss account is set out on page 4. The directors recommend the payment of a final ordinary dividend for the year ended 31 March 2016 of £17,975,000 (2015 £79,020,000) which will be paid during the year ending 31 March 2017.

Directors

The directors who served during the year were D G Jones (resigned 31 July 2016), S Farrant and S P Robinson.

Directors' indemnity

Under a Deed Poll dated 20 July 2005 the ultimate parent company has granted indemnities in favour of each director of its subsidiaries in respect of any liability that he or she may incur to a third party in relation to the affairs of any group member. Such indemnities were in force during the year ended 31 March 2016 for the benefit of all persons who were directors of the subsidiaries at any time during the year ended 31 March 2016 and remain in force for the benefit of all persons who are directors of the subsidiaries at the date when this report was approved.

Disclosure of information to auditor

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 auditor is unaware and each director hereby confirms that he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Statement of Directors' responsibilities in respect 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 – Financial Reporting Standard (FRS) 101 – 'Reduced Disclosure Framework' and applicable law. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards – FRS 101 – 'Reduced Disclosure Framework' have been followed; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. 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

27 October 2016

Independent auditor's report to the members of Matthey Holdings Limited

We have audited the accounts of Matthey Holdings Limited for the year ended 31 March 2016 set out on pages 4 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 – 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

A description of the scope of an audit of accounts is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Rebecca Pett (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London E14 5GL

27 October 2016

Matthey Holdings Limited

Profit and loss account

For the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Administrative expenses		(3)	(3)
Operating loss		(3)	(3)
Income from shares in subsidiaries		29,820	7,054
Interest receivable from parent company		160	197
Interest payable to subsidiary undertakings		(13,740)	(1,352)
Profit on ordinary activities before taxation	1	16,237	5,896
Taxation	2	1,738	243
Profit for the year		17,975	6,139

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

The accompanying notes set out on pages 8 to 12 are an integral part of the accounts.

Matthey Holdings Limited

Balance sheet

As at 31 March 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Investments in subsidiaries	4	<u>1,572,579</u>	<u>1,369,906</u>
Current assets			
Debtors: amounts owed by parent company		-	60,199
Corporation tax receivable		<u>1,738</u>	<u>243</u>
		<u>1,738</u>	<u>60,442</u>
Creditors: amounts falling due within one year			
Amounts owed to subsidiary undertakings		(2,692)	(1,353)
Amounts owed to parent company		(997)	-
Other accruals and deferred income		<u>(7)</u>	<u>(4)</u>
		<u>(3,696)</u>	<u>(1,357)</u>
Net current (liabilities) / assets		<u>(1,958)</u>	<u>59,085</u>
Total assets less current liabilities		<u>1,570,621</u>	<u>1,428,991</u>
Creditors: amounts falling due after more than one year			
Amounts owed to subsidiary undertakings		<u>(461,734)</u>	<u>(259,059)</u>
Net assets		<u><u>1,108,887</u></u>	<u><u>1,169,932</u></u>
Capital and reserves			
Called up share capital	5	1,090,842	1,090,842
Share premium account		70	70
Profit and loss account		<u>17,975</u>	<u>79,020</u>
Shareholders' funds		<u><u>1,108,887</u></u>	<u><u>1,169,932</u></u>

The accounts were approved by the board on 27 October 2016 and signed on its behalf by:

S P Robinson
Director

Company registration number: 3130188

The accompanying notes set out on pages 8 to 12 are an integral part of the accounts.

Matthey Holdings Limited

Statement of changes in equity

For the year ended 31 March 2016

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 April 2014	1,090,842	70	72,881	1,163,793
Profit for the year	-	-	6,139	6,139
Total comprehensive income	-	-	6,139	6,139
At 31 March 2015	1,090,842	70	79,020	1,169,932
Profit for the year	-	-	17,975	17,975
Total comprehensive income	-	-	17,975	17,975
Dividends paid (note 3)	-	-	(79,020)	(79,020)
At 31 March 2016	1,090,842	70	17,975	1,108,887

The accompanying notes set out on pages 8 to 12 are an integral part of the accounts.

Matthey Holdings Limited

Accounting policies

For the year ended 31 March 2016

Basis of preparation

The accounts are prepared in accordance with Financial Reporting Standard (FRS) 101 – ‘Reduced Disclosure Framework’. In preparing these accounts, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of FRS 101 disclosure exemptions has been taken.

The accounts are prepared on the historical cost basis.

The company has applied the exemptions under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliation for share capital;
- capital management policy;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of compensation of key management;
- disclosures in relation to new standards not yet applied; and
- a third balance sheet when restating comparative information.

The company has applied the exemption from consolidation under IAS 27 – ‘Separate Financial Statements’. The ultimate parent company (note 7) prepares accounts that comply with IFRS and have been produced for public use.

These are the company’s first accounts prepared in accordance with FRS 101. On transition, the company has applied IFRS 1 – ‘First-time Adoption of International Financial Reporting Standards’ while ensuring that its assets and liabilities are measured in compliance with FRS 101 for the year ended 31 March 2016, the comparative information for the year ended 31 March 2015 and in preparation of the opening balance sheet at 1 April 2004, the company’s date of transition to FRS 101. There are no changes on transition to FRS 101 to the reported financial position or financial performance of the company.

Interest receivable and payable

Interest receivable and payable is recognised in the profit and loss account in the year incurred.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provisions for impairment. If a distribution is received then the investment is assessed for an indication of impairment.

Taxation

Current tax payable is recognised in the profit and loss account and is the amount of income tax expected to be paid in respect of taxable profits using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Matthey Holdings Limited

Notes to the accounts

For the year ended 31 March 2016

1. Profit on ordinary activities before taxation

The directors are remunerated by the ultimate parent company (note 7). No remuneration (2015 £ nil) was paid to the directors in respect of services to this company. During the year none of the directors (2015 none) exercised share options in the ultimate parent company and three of the directors (2015 three) received shares under the ultimate parent company long term incentive plan.

Audit fees payable to the company's auditor for the audit of the company's annual accounts were £3,000 (2015 £2,000).

2. Taxation

	2016 £'000	2015 £'000
Current tax		
UK corporation tax credit on losses for the year	(1,835)	(243)
Adjustment for prior years	97	-
Total tax credit	(1,738)	(243)

No provision for deferred tax is required.

The tax charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	16,237	5,896
Tax charge at UK corporation tax rate of 20% (2015 21%)	3,247	1,238
Effects of:		
Non-taxable dividends	(5,964)	(1,481)
Taxable profits of controlled foreign company	882	-
Adjustments for prior years	97	-
Total tax credit for the year	(1,738)	(243)

In October 2015 the UK government substantively enacted changes in the UK corporation tax rate from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020.

3. Dividends

	2016 £'000	2015 £'000
2014/15 Final ordinary dividend	79,020	-

The directors recommend the payment of a final ordinary dividend of £17,975,000 for the year ended 31 March 2016 which will be paid during the year ending 31 March 2017.

Matthey Holdings Limited

Notes to the accounts

For the year ended 31 March 2016

4. Investments in subsidiaries

	£'000
Cost	
At beginning of year	1,369,906
Additions	202,673
At end of year	<u>1,572,579</u>

On 11 December 2015 the company subscribed for 185,480,580 new £1 ordinary shares and on 8 January 2016 subscribed for a further 17,191,828 new £1 ordinary shares in Johnson Matthey Investments Limited.

A full list of subsidiary undertakings at 31 March 2016 is set out below, split between those held directly by the Company and those held indirectly by the Company (through the Company's subsidiary undertakings).

Subsidiary undertakings held directly by the Company are wholly owned unless otherwise stated. Subsidiary undertakings held indirectly by the Company are wholly owned by the Company's subsidiary undertakings unless otherwise stated. The share class of each subsidiary undertaking comprises ordinary shares only unless otherwise stated. In some jurisdictions in which the subsidiary undertakings operate, share classes are not defined and in these instances, for the purpose of disclosure, these holdings have been classified as ordinary shares.

	Country of incorporation
<i>Owned directly</i>	
Matthey Finance Limited	England
Johnson Matthey Investments Limited	England
Johnson Matthey Finance GmbH	Switzerland
<i>Owned directly by Johnson Matthey Investments Limited</i>	
Johnson Matthey Argentina SA (71.47%)	Argentina
Johnson Matthey Holdings Limited (73.87%)	Australia
Johnson Matthey Belgium BVBA	Belgium
Tracerco Europe BVBA	Belgium
The Argent Insurance Co. Limited	Bermuda
Tracerco do Brasil - Diagnosticos de Processos Industriais Ltda	Brazil
Johnson Matthey Battery Materials Ltd	Canada
Tracerco Radioactive Diagnostic Services Canada Inc.	Canada
Johnson Matthey Battery Materials (Changzhou) Co., Limited	China
Johnson Matthey Chemical Process Technologies (Shanghai) Company Limited	China
Johnson Matthey (Zhangjiagang) Precious Metal Technology Co., Limited	China
Johnson Matthey A/S	Denmark
Johnson Matthey South Africa Holdings Limited	England
Johnson Matthey Tianjin Holdings Limited	England
Johnson Matthey Finland Oy	Finland
Johnson Matthey SAS	France
Johnson Matthey Management GmbH	Germany
Johnson Matthey Pacific Limited ⁱ	Hong Kong
Johnson Matthey Limited	Ireland
Stepac L.A. Ltd	Israel

ⁱ Ordinary and non-cumulative redeemable preference shares

Matthey Holdings Limited

Notes to the accounts

For the year ended 31 March 2016

4. Investments in subsidiaries (continued)

Owned directly by Johnson Matthey Investments Limited (continued)

Johnson Matthey Italia S.r.l	Italy
Johnson Matthey DOOEL Skopje	Macedonia
Tracerco Asia Sdn Bhd	Malaysia
Matthey Finance B.V. ⁱ	Netherlands
Tracerco Norge AS	Norway
Johnson Matthey Battery Systems Spółka z ograniczoną odpowiedzialnością	Poland
Macfarlan Smith Portugal, Lda (89%)	Portugal
Johnson Matthey Singapore Private Limited	Singapore
Johnson Matthey Catalysts Korea Limited	South Korea
Johnson Matthey Formox AB	Sweden
Johnson Matthey & Brandenberger AG	Switzerland
LifePO4+C Licensing AG	Switzerland
Johnson Matthey Services (Trinidad and Tobago) Limited	Trinidad and Tobago
Johnson Matthey Holdings, Inc.	USA

Owned directly by Matthey Finance Limited

Johnson Matthey Brasil Ltda	Brazil
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Owned by subsidiaries of Johnson Matthey Investments Limited

Johnson Matthey (Aust.) Ltd.	Australia
Stepac Brazil Ltda	Brazil
Johnson Matthey Argillon (Shanghai) Emission Control Technologies Limited	China
Johnson Matthey Formox (Beijing) Trading Limited	China
Johnson Matthey Process Technologies (Beijing) Co., Limited	China
Johnson Matthey Research & Development (Yantai) Co., Limited	China
Johnson Matthey (Shanghai) Catalyst Co., Ltd	China
Johnson Matthey (Shanghai) Chemicals Limited	China
Johnson Matthey (Shanghai) Trading Limited	China
Johnson Matthey (Tianjin) Chemical Co., Ltd	China
Johnson Matthey Trading (Shenzhen) Limited	China
Shanghai Johnson Matthey Applied Materials Technologies Co., Ltd	China
Tracerco China Process Diagnostics & Instrumentation (Shanghai) Co. Limited	China
Johnson Matthey Battery Materials GmbH	Germany
Johnson Matthey Catalysts (Germany) GmbH	Germany
Johnson Matthey Chemicals GmbH	Germany
Johnson Matthey GmbH & Co. KG ⁱⁱ	Germany
Johnson Matthey Holding GmbH	Germany
Johnson Matthey Piezo Products GmbH	Germany
Johnson Matthey Redwitz Real Estate (Germany) B.V. & Co. KG ⁱⁱ	Germany
X-Zyme GmbH	Germany
Johnson Matthey Argillon Power Plant Catalysts Holdings (Hong Kong) Limited	Hong Kong
Johnson Matthey Hong Kong Limited	Hong Kong
Johnson Matthey Process Technologies Holdings Hong Kong Limited	Hong Kong
Johnson Matthey Tracerco Holdings Hong Kong Limited	Hong Kong
Johnson Matthey Yantai Holdings (Hong Kong) Limited	Hong Kong
Macfarlan Smith (Hong Kong) Limited	Hong Kong
Johnson Matthey Chemicals India Private Limited	India

ⁱ Ordinary and preference shares

ⁱⁱ Limited partnership. No share capital.

Matthey Holdings Limited

Notes to the accounts

For the year ended 31 March 2016

4. Investments in subsidiaries (continued)

Owned by subsidiaries of Johnson Matthey Investments Limited (continued)

Johnson Matthey India Private Limited	India
Intercat Equipment (Mumbai) Private Limited	India
Johnson Matthey Japan Godo Kaisha	Japan
Tracerco Asia Services Sdn Bhd	Malaysia
Johnson Matthey de Mexico, S. de R.L. de C.V	Mexico
Johnson Matthey Servicios, S. de R.L. de C.V.	Mexico
Johnson Matthey Advanced Glass Technologies BV	Netherlands
Johnson Matthey BV	Netherlands
Johnson Matthey Holdings BV	Netherlands
Johnson Matthey Netherlands BV	Netherlands
Johnson Matthey Netherlands 2 BV	Netherlands
Intercat Europe BV	Netherlands
Johnson Matthey Catalysts LLC	Russia
Johnson Matthey (Proprietary) Limited	South Africa
Johnson Matthey Research South Africa (Proprietary) Limited	South Africa
Johnson Matthey Salts (Proprietary) Limited	South Africa
Johnson Matthey Korea Limited	South Korea
Johnson Matthey AB	Sweden
Johnson Matthey Holdings (Thailand) Limited	Thailand
Johnson Matthey (Thailand) Limited	Thailand
Stepac Ambalaj Malzemeleri Sanayi Ve Ticaret Anonim Sirketi	Turkey
JM Holdings UK LLC	USA
JM Holdings US LLC	USA
Johnson Matthey Inc. ⁱ	USA
Johnson Matthey Japan Inc.	USA
Johnson Matthey Materials, Inc.	USA
Johnson Matthey North America Inc.	USA
Johnson Matthey Overseas Holdings Inc.	USA
Johnson Matthey Pharmaceutical Materials, Inc.	USA
Johnson Matthey Process Technologies, Inc.	USA
Johnson Matthey Stationary Emissions Control LLC	USA
Johnson Matthey US 2 LLC	USA
Johnson Matthey Vehicle Testing & Development, LLC	USA
Matthey Pharmaceutical Alkaloids LLC (50%)	USA
Red Maple LLC (50%)	USA

ⁱ Ordinary and series A preferred stock.

The principal activities of the subsidiary undertakings include the manufacture of speciality chemicals, catalysts and pollution control systems as well as the refining, fabrication and marketing of precious metals and their products.

5. Called up share capital

	Number	£'000
Allotted, called up and fully paid ordinary shares of £1 each		
At beginning and end of year	<u>1,090,842,472</u>	<u>1,090,842</u>

Matthey Holdings Limited

Notes to the accounts

For the year ended 31 March 2016

6. Related party transactions

There were no related party transactions during the year other than between the company and other Johnson Matthey group companies.

7. 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 5th Floor, 25 Farringdon Street, London EC4A 4AB.