

JOHNSON MATTHEY INVESTMENTS LIMITED

1004368

A subsidiary company of
Johnson Matthey Public Limited Company

DIRECTORS

J A Stevenson
I G Thorburn
S B Birkenhead

SECRETARY

D W R Wright

REGISTERED OFFICE

43 Hatton Garden,
London, EC1N 8EE

AUDITORS

Peat Marwick McLintock
1 Puddle Dock
Blackfriars
London EC4V 3PD

**DIRECTORS' REPORT AND
STATEMENT OF ACCOUNTS**

For the year ended 31st March 1989

jmi31m89 (19)

COMPANIES HOUSE

04 OCT 1989

M

71

JOHNSON MATTHEY INVESTMENTS LIMITED

DIRECTORS' REPORT

For the year ended 31st March 1989

Principal activities and review of business developments

The company is the holding company for certain overseas investments of the Johnson Matthey Group of Companies. No changes in the nature of the business occurred during the year.

Distribution and retention

The profit for the year after taxation and extraordinary item was £514,587. A final dividend of £1,000,000 is recommended.

Subsequent events and future developments

No important events have occurred since the end of the financial year.

Directors and their shareholders

The directors who served during the year were:-

J A Stevenson
I G Thorburn
S B Birkenhead
G G Robson

Resigned 28th February 1989

None of the directors had any beneficial interest in shares in the company at any time during the financial year. The directors' interest in shares of Johnson Matthey Public Limited Company, the parent company, including ordinary shares over which options have been granted under the terms of the parent company's employee share schemes, on the following dates were:-

	31st March 1989		1st April 1988	
	Ordinary Shares	Share Options	Ordinary Shares	Share Options
J A Stevenson	13,061	116,200	10,137	191,200
I G Thorburn	8,023	113,100	5,737	103,400
S B Birkenhead	1,762	47,000	1,000	36,200

No director had an interest in either the Mortgage Debenture Stocks, the 3.5% Cumulative Preference Shares or the 8% Cumulative Preference Shares of Johnson Matthey PLC at 1st April 1988 or 31st March 1989.

Directors' shareholdings at 27th May 1989 were unchanged from those listed above except that Settlement Trustees Limited, as trustee of the UK Employee Share Participation Scheme, have purchased on behalf of Messrs. J A Stevenson, I G Thorburn and S B Birkenhead a further 456, 350 and 136 shares respectively.

Auditors

A resolution to reappoint Peat Marwick McLintock as the company's auditors will be put to shareholders at the Annual General Meeting.

By order of the Board

D W R Wright

London
26th June 1989

D W R Wright
Secretary

JOHNSON MATTHEY INVESTMENTS LIMITED

AUDITORS' REPORT

To the members of Johnson Matthey Investments Limited

We have audited the financial statements on pages 3 to 10 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 1989 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Peat Marwick McLintock

Peat Marwick McLintock
Chartered Accountants

26th June 1989
London

JOHNSON MATTHEY INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31st March 1989**

	Notes	1989 £	1988 £
Administration expenses	2	(678,129)	(486,264)
Income from shares in subsidiary companies		(69,126)	6,070,486
Income from shares in associated companies		1,116,139	1,112,933
Interest receivable	3	76,867	104,101
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	445,751	6,801,256
Tax on profit on ordinary activities	5	68,836	(563,349)
Profit on ordinary activities after taxation		514,587	6,237,907
Extraordinary items	6	-	(1,627,788)
Profit after taxation and extraordinary item		514,587	4,610,119
DIVIDENDS - proposed		(1,000,000)	(5,000,000)
(Loss) retained		£ (485,413)	£ (389,881)
<u>Movement in reserves</u>			
Opening balance		1,226,130	1,616,011
(Loss) retained		(485,413)	(389,881)
Exchange (losses)/gains arising on borrowings to finance equity investments		(47,198)	46,529
Exchange gains/(losses) arising on equity investments (including loans considered as equity)		47,198	(46,529)
		£ 740,717	£ 1,226,130

The notes on pages 6 to 10 form an integral part of the accounts.

JOHNSON MATTHEY INVESTMENTS LIMITED

BALANCE SHEET as at 31st March 1989

	Notes	1989	1988
		£	£
FIXED ASSETS			
Investments in subsidiary companies	7	16,400,090	14,981,743
Investments in associated companies	8	1,216,122	1,216,122
Other investments	9	390	390
		<u>17,616,602</u>	<u>16,198,255</u>
CURRENT ASSETS			
Amounts owed by subsidiary companies		4,225,353	5,761,109
Amounts owed by associated companies		-	239,061
		<u>4,225,353</u>	<u>6,000,170</u>
CREDITORS: Amounts falling due within one year			
Amounts owed to parent company		19,559,073	15,024,360
Owing to subsidiary companies		102,030	151,638
Corporation and overseas taxes		434,735	708,497
Dividend payable		1,000,000	5,000,000
		<u>21,095,838</u>	<u>20,884,495</u>
NET CURRENT LIABILITIES		<u>(16,870,485)</u>	<u>(14,884,325)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>746,117</u>	<u>1,313,930</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	10	(5,300)	(87,700)
NET ASSETS		<u>£ 740,817</u>	<u>£ 1,226,230</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Other reserves	12	615,471	615,471
Profit and loss account	13	125,246	610,659
		<u>£ 740,817</u>	<u>£ 1,226,230</u>

Directors (J.A. Stevenson
(I.G. Thorburn

These accounts were approved by the Board of Directors on 26th June 1989.

Certified a true copy
Director
Secretary

The notes on pages 6 to 10 form an integral part of the accounts.

JOHNSON MATTHEY INVESTMENTS LIMITED

SOURCE AND APPLICATION OF FUNDS
For the year ended 31st March 1989

	1989	1988
Source of funds	£	£
Profit on ordinary activities before taxation	445,751	6,801,256
Items not involving the movement of funds: Exchange variations on equity investments and borrowings	-	-
Total generated from operations	445,751	6,801,256
Funds from other sources:		
Net reduction of loans to subsidiaries	131,971	69,663
Proceeds from disposal of investments	-	9,417
Loan from parent company	6,826	46,529
	584,548	6,926,865
<u>Application of funds</u>		
Dividends paid	5,000,000	6,921,000
Overseas taxes paid	287,326	473,002
UK taxes paid	-	17,000
Investments in subsidiary companies	1,557,144	120,510
	6,844,470	7,531,512
Increase in working capital	£(6,259,922)	£ (604,647)
<u>Movement in working capital</u>		
Owing by associated companies	(239,061)	(1,357,238)
Group indebtedness	(6,020,861)	752,591
	£(6,259,922)	£ (604,647)

The notes on pages 6 to 10 form an integral part of the accounts.

JOHNSON MATTHEY INVESTMENTS LIMITED

NOTES ON THE ACCOUNTS

For the year ended 31st March 1989

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention as modified by the revaluation of investments and translation of foreign currency accounts as explained below.

Associated Companies

Associated companies are 'related' companies as defined by the Companies Act 1985 and there are no other 'related companies'.

Foreign Currency Translation

Transactions in foreign currencies during the year are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange gains and losses arising on conversion of dividends and interest received are taken to profit and loss account and included in the profit before taxation.

Subject to the following paragraph, 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.

Where foreign currency borrowings have been used to finance foreign equity investments denominated in foreign currencies, any exchange differences arising on translation of such equity investments and the related foreign currency borrowings are taken to reserves, in accordance with SSAP 20.

Investments

Equity investments in overseas subsidiary and associated companies are recorded at the sterling cost of the foreign currency investment at the time it is made. Equity investments financed by foreign currency borrowings are recorded at the foreign currency cost and are translated to sterling at year end exchange rates.

Provision is made to reduce the cost of investment to underlying net asset value where, in the opinion of the directors, a permanent diminution in value of investment has occurred.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the foreseeable future.

2. Administration expenses	1989	1988
Consultancy fees payable to subsidiary company	£ (678,129)	£ (486,264)
	<u> </u>	<u> </u>
3. Interest receivable		
Interest receivable from subsidiary companies	£ 76,867	£ 104,101
	<u> </u>	<u> </u>

JOHNSON MATTHEY INVESTMENTS LIMITED

NOTES ON THE ACCOUNTS (Continued) For the year ended 31st March 1989

4. Profit on ordinary activities before taxation has been arrived at after charging:-

Directors' remuneration

None of the directors received emoluments for their services as a director of the company during the year (1988 Nil).

Audit fees

Audit fees are borne by the parent company.

5. Taxation	1989 £	1988 £
Taxation on profit of the year at 10% (1988:8%)		
Corporation taxation	-	75,500
Deferred taxation	(82,400)	61,900
Prior year adjustment	(40,100)	-
	<hr/> (122,500)	<hr/> 137,400
Overseas taxes	53,664	425,949
	<hr/> £ (58,836)	<hr/> £ 563,349

Corporation tax has been provided on the profit for the year at 10% after adjusting for ACT relief to be surrendered for nil payment by the parent company. This taxation charge is after deducting double taxation relief amounting to £3,203,478 (1988 £4,377,366), on overseas income. Deferred taxation has been provided in the year at the rate of 10% after adjusting for ACT relief to be surrendered for nil payment by the parent company.

6. Extraordinary items

	1989 £	1988 £
Loss on recapitalisation of overseas subsidiary	-	337,788
Provision for permanent impairment of investments in overseas subsidiaries	-	1,290,000
	<hr/> £ -	<hr/> £1,627,788

JOHNSON MATTHEY INVESTMENTS LIMITED**NOTES ON THE ACCOUNTS (Continued)**
For the year ended 31st March 1989**7. Investments in subsidiary companies**

	Total £	Equity £	Loans £
Cost or valuation			
At beginning of year	18,272,947	17,828,512	444,435
Exchange rate adjustments	(6,826)	-	(6,826)
Additions	1,799,021	1,557,144	241,877
Write off and repayments	(373,848)	-	(373,848)
At end of year	19,691,294	19,385,656	305,636
	<u>Total</u> £	<u>Equity</u> £	<u>Loans</u> £
Provisions			
At beginning of year	3,291,204	3,291,204	-
Additions	-	-	-
At end of year	3,291,204	3,291,204	-
Net book value at 31st March 1989	£ 16,400,090	£ 15,094,452	£ 305,638
Net book value at 31st March 1988	£ 14,981,743	£ 14,537,308	£ 444,435

Principal Subsidiary Companies**(a) Australasia:**

Johnson Matthey Holdings Ltd., registered in Australia - 6,836,000 Ordinary Shares of \$1 Australian each, being the whole of the issued share capital.

Johnson Matthey Ltd., registered in New Zealand - 22,500 shares of NZ \$2 each, being the whole of the issued share capital.

(b) Americas:

The Argent Insurance Co. Ltd., registered in Bermuda - 3,200,000 ordinary shares of £1 each, being the whole of the issued share capital.

(c) Europe:

Johnson Matthey Ltd., registered in Ireland - 1,000,000 ordinary shares of IR £1 each, being the whole of the issued share capital.

Metalli Preziosi S.p.A., registered in Italy - 640,000 shares of Lire 6,250 each, being the whole of the issued share capital.

S.A. Johnson Matthey N.V., registered in Belgium - 1,200 shares of B.Fr. 81,667 each, being the whole of the issued share capital.

Matthey Beyrand et Cie S.A., registered in France - 30,000 of the 50,000 shares of FFr. 100 each, which is the whole of the issued share capital.

Blythe Colours B.V., registered in the Netherlands - 1,200 shares of Dfl 1,000 each, being the whole of the issued share capital.

Johnson Matthey GmbH, registered in West Germany - 1 share of DEM98,000, 1 share of DEM2,000, 1 share of DEM 523,500, 1 share of DEM126,500 and 1 share of DEM2,000,000, being the whole of the issued share capital.

JOHNSON MATTHEY INVESTMENTS LIMITED

NOTES ON THE ACCOUNTS (Continued) For the year ended 31st March 1989

7. Investments in subsidiary companies continued

Principal Subsidiary Companies

(c) Europe: (Continued)

Colores Blythe S.A., registered in Spain - 7,533 out of 8,733 shares of Pesetas 10,000 each, being the whole of the issued share capital.

Johnson Matthey & Brandenberger A.G., registered in Switzerland - 500 shares of S.Fr. 1,000 each, being the whole of the issued share capital.

Johnson Matthey A.B., registered in Sweden - 50,000 ordinary shares of 100 Krona each and 30,000 10% preference shares of Krona 100 each, being the whole of the issued share capital.

Johnson Matthey A/S., registered in Denmark - 11 shares of Krone 20,000 each, 6 shares of Krone 5,000 each, 1 share of Krone 1,250,000 and 1 share of Krone 1,500,000, being the whole of the issued share capital.

Johnson Matthey & Co. G.m.b.H., registered in Austria - 100% of Austrian Schillings 1,800,000, being the whole of the issued share capital.

Johnson Matthey S.A., registered in Spain - 1,230 shares of Pesetas 100,000 each, being the whole of the issued share capital.

Matthey Finance B.V., registered in the Netherlands - 70 shares of D.Fl. 500 each being the whole of the issued share capital.

Johnson Matthey S.A., registered in France - 90,000 shares of FFr. 100 each, being the whole of the issued share capital.

Blythe Karel S.p.A., registered in Italy - 5,200 shares of Lire 50,000 each, being 11.3% of the issued share capital.

(d) South Africa

Johnson Matthey (Pty) Ltd., registered in the Republic of South Africa - 600,000 shares of Rands 2 each, being the whole of the issued share capital.

(e) Asia

Johnson Matthey Pacific Ltd., registered in Hong Kong - 650 shares of H.K.\$10,000 each, being the whole of the issued share capital.

In the opinion of the Directors the aggregate value of the Company's interests in subsidiary companies is not less than the amounts stated in the balance sheet.

The Company, being a wholly owned subsidiary of another body corporate which is incorporated in England, is not required to submit group accounts.

8. Investment in associated companies

	Equity £
Cost or valuation at beginning of year	1,216,122
Disposal	-
Cost or valuation at end of year	<u>£ 1,216,122</u>

JOHNSON MATTHEY INVESTMENTS LIMITED

NOTES ON THE ACCOUNTS (Continued) For the year ended 31st March 1989

8. Investment in associated companies (Continued)

Details of investments in associated companies are as follows:

(a) South Africa:
Matthey Rustenburg Refiners (Pty) Ltd., registered in the Republic of South Africa - 666,400 out of 1,360,000 shares of 1 Rand each, which is the total issued share capital.

(b) Asia:
Tanaka Matthey K.K., registered in Japan - 280,000 out of the 560,000 shares of 500 Yen each, which is the total issued share capital.

Arora Matthey Ltd., registered in India - 19,920 of the 49,800 shares of 100 Rupees each, which is the total issued share capital.

9. Other investment	1989	1988
Unlisted investment at cost	<u>£ 390</u>	<u>£ 390</u>
10. Deferred taxation		
Short term timing differences on interest and dividends receivable	<u>£ 5,300</u>	<u>£ 87,700</u>
11. Capital		
Authorised, allotted, issued and fully paid 100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>
12. Movements on other reserves		1989
At beginning of year		£ 615,471
Exchange losses arising on borrowings to finance equity investments		(47,198)
Exchange gains arising on equity investments (including long term loans considered as equity)		<u>47,198</u>
At end of year		<u>£ 615,471</u>
13. Movements on profit and loss account		1989
At beginning of year		£ 610,659
Retained (loss) for the year		<u>(485,413)</u>
At end of year		<u>£ 125,246</u>
14. Ultimate holding company		

Johnson Matthey Public Limited Company, which is incorporated in England, is the Company's ultimate holding company. The trading results and reserves of the subsidiary and associated companies have been dealt with in the accounts of the ultimate holding company.