

JOHNSON MATTHEY
INVESTMENTS LIMITED

DIRECTORS' REPORT AND
STATEMENT OF ACCOUNTS

YEAR ENDED 31ST MARCH 1990

JOHNSON MATTHEY INVESTMENTS LIMITED

A subsidiary company of
Johnson Matthey Public Limited Company

DIRECTORS

J A Stevenson
I G Thorburn

SECRETARY

D W R Wright

REGISTERED OFFICE

43 Hatton Garden,
London, EC1N 8EE

AUDITORS

KPMG Peat Marwick McLintock
1 Puddle Dock
Blackfriars
London, EC4V 3PD

DIRECTORS' REPORT AND
STATEMENT OF ACCOUNTS

For the year ended 31st March 1990

JOHNSON MATTHEY INVESTMENTS LIMITED

DIRECTORS' REPORT

For the year ended 31st March 1990

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 £6,276,103. A final dividend of £6,000,000 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 Resigned 15th October, 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 1990		1st April 1989	
	Ordinary Shares	Ordinary Share Options	Ordinary Shares	Ordinary Share Options
J A Stevenson	16,398	41,200	13,061	116,200
I G Thorburn	33,621	30,400	8,023	113,100

No director had an interest in either the Mortgage Debenture Stocks, the 3.5% Cumulative Preference Shares or the 8% Convertible Cumulative Preference Shares of Johnson Matthey PLC at 1st April 1989 or 31st March 1990. The options are generally exercisable at various times up to 1999 at prices between 381 pence and 432 pence per share.

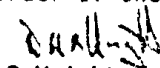
Directors' shareholdings at 1st June 1990 were unchanged from those listed above except that Settlement Trustees Limited, as trustee of the UK Employee Share Participation Scheme, have purchased on behalf of Messrs. J A Stevenson, and I G Thorburn a further 1198 and 632 shares respectively.

On 29th June 1989 J A Stevenson and I G Thorburn exercised options over £75,000 and £93,300 nominal value of the ordinary shares respectively, granted in accordance with the Johnson Matthey Executive Option scheme.

Auditors

On 1st January 1990 our auditors changed the name under which they practise to KPMG Peat Marwick McLintock, and accordingly have signed their report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution for re-appointment of KPMG Peat Marwick McLintock as auditors of the Company will be put to shareholders at the Annual General Meeting.

By order of the Board


D W R Wright
Secretary

London
26th June 1990

JOHNSON MATTHEY INVESTMENTS LIMITED

AUDITOR'S 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 1990 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.

KPMG Peat Marwick McLintock

KPMG Peat Marwick McLintock
Chartered Accountants

26th June 1990
London

JOHNSON MATTHEY INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31st March 1990**

	Notes	1990 £	1989 £
Administration expenses	2	(544,504)	(678,129)
Income from shares in subsidiary companies		5,664,763	(69,126)
Income from shares in associated companies		1,191,826	1,116,139
Interest receivable	3	270,518	76,867
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	6,582,603	445,751
Tax on profit on ordinary activities	5	(306,500)	68,836
Profit on ordinary activities after taxation		6,276,103	514,587
DIVIDENDS - proposed		(6,000,000)	(1,000,000)
Profit/(loss) retained	£	<u>276,103</u>	<u>£ (485,413)</u>
<u>Movement in reserves</u>			
Opening balance		740,717	1,226,130
Profit/(loss) retained		276,103	(485,413)
Exchange (losses) arising on borrowings to finance equity investments		(595,540)	(47,198)
Exchange gains arising on equity investments (including loans considered as equity)		595,540	47,198
	£	<u>1,016,820</u>	<u>£ 740,717</u>

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

JOHNSON MATTHEY INVESTMENTS LIMITED

BALANCE SHEET

as at 31st March 1990

	Notes	1990	1989
		£	£
FIXED ASSETS			
Investments in subsidiary companies	6	20,167,043	16,400,090
Investments in associated companies	7	1,216,129	1,216,122
Other investments	8	390	390
		<u>21,383,562</u>	<u>17,616,602</u>
CURRENT ASSETS			
Amounts owed by subsidiary companies		3,882,448	4,225,353
Amounts owed by associated companies		-	-
		<u>3,882,448</u>	<u>4,225,353</u>
CREDITORS: Amounts falling due within one year			
Amounts owed to parent company		17,205,248	19,559,073
Owing to subsidiary companies		539,004	102,030
Corporation and overseas taxes		503,538	434,735
Dividend payable		6,000,000	1,000,000
		<u>24,247,790</u>	<u>21,095,838</u>
NET CURRENT LIABILITIES		<u>(20,365,342)</u>	<u>(16,870,485)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,018,220</u>	<u>746,117</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	9	(1,300)	(5,300)
NET ASSETS		<u>£ 1,016,920</u>	<u>£ 740,817</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Other reserves	11	615,471	615,471
Profit and loss account	12	401,349	125,246
		<u>£ 1,016,920</u>	<u>£ 740,817</u>

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

These accounts were approved by the Board of Directors on 26th June 1990.

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

Certified a true copy

Director

Secretary

JOHNSON MATTHEY INVESTMENTS LIMITED

SOURCE AND APPLICATION OF FUNDS

For the year ended 31st March 1990

	1990	1989
<u>Source of funds</u>	£	£
Profit on ordinary activities before taxation being total generated from operations	6,582,603	445,751
Funds from other sources:		
Net reduction of loans to subsidiaries	-	131,971
Loan from parent company	-	6,826
	<u>6,582,603</u>	<u>584,548</u>
<u>Application of funds</u>		
Net increase of loans to subsidiaries	1,361,011	-
Dividends paid	1,000,000	5,000,000
Overseas taxes paid	241,697	287,326
UK taxes paid	-	-
Investments in subsidiary and associated companies	2,173,995	1,557,144
Loan to parent company	231,954	-
	<u>5,008,657</u>	<u>6,844,470</u>
Increase in working capital	<u>£ 1,573,946</u>	<u>£ (6,259,922)</u>
<u>Movement in working capital</u>		
Owing by associated companies	-	(239,061)
Group indebtedness	<u>1,573,946</u>	<u>(6,020,861)</u>
	<u>£ 1,573,946</u>	<u>£ (6,259,922)</u>

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 1990

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

	1990 £	1989 £
Consultancy fees payable to subsidiary company	£ (544,504)	£ (678,129)

3. Interest receivable

Interest receivable from subsidiary companies	£ 270,518	£ 76,867
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JOHNSON MATTHEY INVESTMENTS LIMITED

NOTES ON THE ACCOUNTS (Continued)
For the year ended 31st March 1990

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 (1989 Nil).

Audit fees

Audit fees are borne by the parent company.

5. Taxation	1990 £	1989 £
Taxation on profit of the year at 10% (1989:10%)		
Corporation taxation	92,138	-
Deferred taxation	(4,000)	(82,400)
Prior year adjustment	-	(40,100)
	<hr/>	<hr/>
Overseas taxes	88,138	(122,500)
	218,362	53,664
	<hr/>	<hr/>
	£ 306,500	£ (68,836)

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 £3,286,248 (1989 £3,203,478), 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.

JOHNSON MATTHEY INVESTMENTS LIMITED**NOTES ON THE ACCOUNTS (Continued)**
For the year ended 31st March 1990**6. Investments in subsidiary companies**

	Total £	Equity £	Loans £
Cost or valuation			
At beginning of year	19,691,294	19,385,656	305,638
Exchange rate adjustments	231,954	-	231,954
Additions	3,534,999	2,173,988	1,361,011
Write off and repayments	-	-	-
At end of year	23,458,247	21,559,644	1,898,603
	Total £	Equity £	Loans £
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 1990	£ 20,167,043	£ 18,268,440	£ 1,898,603
Net book value at 31st March 1989	£ 16,400,090	£ 16,094,452	£ 305,638

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 - 40,000 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 DEM523,500, 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 1990

6. 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 - 190,000 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.

7. Investment in associated companies

	Equity £
Cost or valuation at beginning of year	1,216,122
Addition	7
Cost or valuation at end of year	<u>£ 1,216,129</u>

JOHNSON MATTHEY INVESTMENTS LIMITED

NOTES ON THE ACCOUNTS (Continued) For the year ended 31st March 1990

7. 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.

8. Other investment	1990	1989
Unlisted investment at cost	<u>£ 390</u>	<u>£ 390</u>
9. Deferred taxation		
Short term timing differences on interest and dividends receivable	<u>£ (1,300)</u>	<u>£ (5,300)</u>
10. Capital		
Authorised, allotted, issued and fully paid 100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>
11. Movements on other reserves		1990
At beginning of year		£ 615,471
Exchange losses arising on borrowings to finance equity investments		(595,540)
Exchange gains arising on equity investments (including long term loans considered as equity)		<u>595,540</u>
At end of year		<u>£ 615,471</u>
12. Movements on profit and loss account		1990
At beginning of year		£ 125,246
Retained profit for the year		<u>276,103</u>
At end of year		<u>£ 401,349</u>
13. 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.