

# JOHNSON MATTHEY AMERICA HOLDINGS LIMITED

A member of the Johnson Matthey Group of companies

## DIRECTORS

J N Sheldrick  
D W Morgan  
M J L Henkel

## SECRETARY

S Farrant

## REGISTERED IN ENGLAND

Number 3642634

## REGISTERED OFFICE

2-4 Cockspur Street  
Trafalgar Square  
London, SW1Y 5BQ

## AUDITOR

KPMG Audit Plc  
8 Salisbury Square  
Blackfriars  
London, EC4Y 8BB



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## DIRECTORS' REPORT AND STATEMENT OF ACCOUNTS

For the year ended 31st March 2002

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**JOHNSON MATTHEY AMERICA HOLDINGS LIMITED****DIRECTORS' REPORT**

For the year ended 31st March 2002

Principal activities and review of business developments

The company is the holding company for certain investments of the Johnson Matthey Group of Companies in the United States of America.

Distribution and retention

The profit for the year on ordinary activities before and after taxation was £45,000. The directors do not recommend payment of a dividend. The retained loss for the year has been taken to reserves.

Subsequent events and future developments

There have been no changes to the nature of the company's operations since the end of the year.

Directors and their shareholdings

The directors who served throughout the year were J N Sheldrick, D W Morgan and M J L Henkel.

None of the directors had any beneficial interest in shares in the Company at any time during the year. The interests of the directors in the shares of Johnson Matthey Public Limited Company, the ultimate parent undertaking, according to the register required to be kept by Section 325(1) of the Companies Act 1985, at 31st March 2002 were:

**Johnson Matthey Ordinary Shares**

	31 3 2002	31 3 2001
J N Sheldrick	35,378	33,673
D W Morgan	18,586	16,930
M J L Henkel	9,914	9,488

As at 31st March 2002 individual holdings under executive share option schemes were:

	31 March 2001	Granted in year	Exercised in year	31 March 2002	Average grant price
J N Sheldrick	98,664	25,854	-	124,518	£6.62
D W Morgan	120,301	18,098	-	138,399	£6.20
M J L Henkel	38,981	6,129	10,304	34,806	£7.22

Between 1st April 2001 and 31st March 2002 the following options were exercised:

	Date of grant	Date of exercise	Options exercised	Exercise price	Market price on exercise
M J L Henkel	17 07 1997	29 06 2001	10,304	£5.56	£10.72

Gains made on exercise of options during the year totalled £53,000 (2001 £328,000).

Long Term Incentive Plan (LTIP) allocations were:

	31 March 2001	Allocations during year	Shares released during year	31 March 2002
J N Sheldrick	109,884	27,001	38,676	98,209
D W Morgan	55,261	18,901	8,761	65,401
M J L Henkel	17,124	3,879	6,291	14,712

**JOHNSON MATTHEY AMERICA HOLDINGS LIMITED**

**DIRECTORS' REPORT**

For the year ended 31st March 2002

Long Term Incentive Plan (LTIP) allocations continued:

On 31st July 2001 100% of the 1998 LTIP was released to participants in accordance with the rules of the LTIP. This resulted in the following gains:

	Number of shares released	Share price when released pence	Gain £
J N Sheldrick	38,676	1,028.82	397,906
D W Morgan	8,761	1,028.82	90,135
M J L Henkel	6,291	1,028.82	64,723

**Auditor**

In accordance with section 384 of the Companies Act 1985, a resolution is to be proposed at the next Annual General Meeting of the company for the reappointment of KPMG Audit Plc as auditor of the company.

By order of the Board



London  
18th October 2002

S Farrant  
Company Secretary

**Responsibility of the Directors for the preparation of the accounts**

Company law requires the directors to prepare accounts for each financial year which 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,
- \* 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.

**Report of the Independent Auditors**  
to the members of Johnson Matthey America Holdings Limited

We have audited the financial statements on pages 4 to 8.

**Respective Responsibilities of Directors and Auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

**Basis of Audit Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

**Opinions**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

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

18th October 2002

**JOHNSON MATTHEY AMERICA HOLDINGS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**For the year ended 31st March 2002**

	<b>Note</b>	<b>Year ended 31 3 2002 £'000</b>	<b>Year ended 31 3 2001 £'000</b>
Exchange gains		-	-
Profit on ordinary activities before interest		-	-
Interest received		45	39
Profit on ordinary activities before taxation	2	45	39
Taxation	3	-	-
Profit for the financial period		45	39
Dividends paid		-	-
Profit retained for the period		45	39

The notes on pages 7 and 8 form an integral part of the accounts.

**JOHNSON MATTHEY AMERICA HOLDINGS LIMITED****BALANCE SHEET**

as at 31st March 2002

	Note	31 3 2002 £'000	31 3 2001 £'000
<b>FIXED ASSETS</b>			
Investment in subsidiary undertakings	4	<u>251,855</u>	<u>253,206</u>
<b>CURRENT ASSETS</b>			
DEBTORS: Amounts falling due within one year			
Amounts owed by ultimate parent undertaking		238,527	236,285
ACT recoverable		-	846
		<u>238,527</u>	<u>237,131</u>
CREDITORS: Amounts falling due within one year			
Corporation tax		-	-
<b>NET CURRENT ASSETS</b>		<u>238,527</u>	<u>237,131</u>
<b>NET ASSETS</b>		<u>490,382</u>	<u>490,337</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	4	4
Share premium account	6	251,621	251,621
Other reserves	6	2,560	2,560
Profit and loss account	6	<u>236,197</u>	<u>236,152</u>
Shareholders' funds		<u>490,382</u>	<u>490,337</u>

The accounts were approved by the Board of Directors on 18th October 2002 and signed on its behalf by:



J N Sheldrick  
Director

The notes on pages 7 and 8 form an integral part of the accounts.

**JOHNSON MATTHEY AMERICA HOLDINGS LIMITED****Total recognised gains and losses**  
**For the year ended 31st March 2002**

	Year ended 31 3 2002 £'000	Year ended 31 3 2001 £'000
Profit for the financial period	45	39
Exchange (losses) / gains arising on equity investments	-	2,560
Exchange gains / (losses) on borrowings to finance equity investments	1,351	2,459
Exchange (losses) arising on hedged equity investments	(1,351)	(2,459)
Total recognised gains and losses relating to the period	<u>1,396</u>	<u>2,599</u>

**Note of historical cost profits and losses**  
**For the year ended 31st March 2002**

Reported profit on ordinary activities before taxation	<u>45</u>	<u>39</u>
Historical cost profit before taxation	<u>45</u>	<u>39</u>
Historical cost retained profit	<u>45</u>	<u>39</u>

**Movement in shareholders' funds**  
**For the year ended 31st March 2002**

Profit for the financial period	45	39
Dividends	-	-
Retained profit for the year	<u>45</u>	<u>39</u>
Other recognised gains and losses relating to the year	-	2,560
Net addition to shareholders' funds	<u>45</u>	<u>2,599</u>
Opening shareholders' funds	<u>490,337</u>	<u>487,738</u>
Closing shareholders' funds	<u>490,382</u>	<u>490,337</u>

**Cash flow statement**

Under Financial Reporting Standard 1, as revised, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

The notes on pages 7 and 8 form an integral part of the accounts.

## NOTES ON THE ACCOUNTS

For the year ended 31st March 2002

1. Accounting policiesAccounting convention

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

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 are taken to the 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 undertakings are recorded at the sterling cost of the foreign currency investment at the time it is made. Certain equity investments are recorded in foreign currencies and are translated into sterling at year end exchange rates. Foreign currency loans to finance such investments are also translated into 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.

2. Profit on ordinary activities before taxation

None of the directors received emoluments during the year (2001 £ nil).

3. Taxation

	Year ended 31 3 2002 £'000	Year ended 31 3 2001 £'000
3a. <u>Analysis of tax charge in the year</u>		
Corporation tax	-	-
3b. <u>Factors affecting tax charge for the year</u>		
Profit on ordinary activities before taxation	45	39
Taxation charge at UK corporation tax rate of 30% (2001 30%)	14	12
Effects of:		
Non-taxable income	(14)	(12)

4. Fixed Assets - Investment in subsidiary undertakings

<u>Cost</u>	£'000
At beginning of year	253,206
Exchange adjustments	(1,351)
At end of year	251,855

The investment in subsidiary undertakings comprises:

USA

Johnson Matthey Holdings Inc., registered in Delaware, USA, - 4,063 shares of common stock of \$1 par value, being the whole of the issued share capital.



# JOHNSON MATTHEY AMERICA HOLDINGS LIMITED

## **NOTES ON THE ACCOUNTS**

For the year ended 31st March 2002

### **5. Called up share capital**

	Authorised £'000	Allotted, issued, fully paid £'000
Ordinary shares of £1 each	<u>10</u>	<u>4</u>

The number of ordinary shares in issue at 31st March 2002 was 4,163 (2001 4,163).

### **6. Reserves**

	Share premium account £'000	Other reserves £'000	Profit & loss account £'000
At beginning of year	251,621	2,560	236,152
Exchange (losses) arising on equity investments	-	(1,351)	-
Exchange gains on borrowings to finance equity investments	-	1,351	-
Retained profit for the year	-	-	45
At end of year	<u>251,621</u>	<u>2,560</u>	<u>236,197</u>

### **7. Related Party Transactions**

Related party transactions with other members of the Johnson Matthey Group controlled by Johnson Matthey PLC are not disclosed in accordance with the exemption allowed under Financial Reporting Standard 8.

### **8. Parent undertaking and group accounts**

Johnson Matthey America Holdings Limited is a subsidiary undertaking of Matthey Finance Limited, a company registered in England. Johnson Matthey Public Limited Company, whose accounts are available from 2-4 Cockspur Street, Trafalgar Square, London, SW1Y 5BQ., is considered to be the ultimate parent undertaking of Matthey Finance Limited and Johnson Matthey America Holdings Ltd.

Johnson Matthey America Holdings Limited is exempt (under Section 228 of the Companies Act 1985) from the obligation to prepare and deliver group accounts. The accounts present information about the undertaking as an individual undertaking and not about its group.