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Interim Results for the Half Year Ended 30th September 2002

Growth businesses drive increase in earnings in first half

Results

- Operating profit before exceptional items and goodwill amortisation up 5% to £99.3 million
- Profit before tax, exceptional items and goodwill amortisation up 3% to £95.0 million
- Earnings per share before exceptional items and goodwill amortisation up 4% to 30.7 pence
- Interim dividend increased by 4% to 7.8 pence

Business Progress

- Good growth from Catalysts & Chemicals with profits up 7% to £48.3 million despite adverse exchange translation
- Acquisition of Syntex for £260 million will substantially strengthen Johnson Matthey's position in the global catalyst market and provides significant new opportunities for growth
- First phase of fuel cell component factory at Swindon complete
- Strong growth in Pharmaceutical Materials with profits up 45% to £19.0 million and all parts of the division performing well. Acquisition of Cascade Biochem will add to new product growth
- Precious Metals' profits reduced by 13% to £25.4 million as a result of lower average prices and subdued trading conditions for palladium and rhodium. Platinum demand remains strong
- Colours & Coatings' profits 8% down on the first half of last year at £13.3 million but 21% up on the second half as the benefits of the rationalisation programme announced in January come through

Commenting on the results, Chris Clark, Chief Executive of Johnson Matthey said:

“Johnson Matthey has again delivered increases in earnings per share and dividends. We expect the group, including a first-time contribution from the recently acquired Synetix business, to make continued progress year-on-year despite the weaker US dollar and lower prices for palladium and rhodium.”

Enquiries:

Chris Clark, Chief Executive, Johnson Matthey	020 7269 8435
John Sheldrick, Group Finance Director, Johnson Matthey	020 7269 8438
Howard Lee / Laura Hickman, Gavin Anderson & Co	020 7554 1400

www.matthey.com

Report to Shareholders

Introduction

Johnson Matthey made encouraging progress in the first half of 2002/03. Both Catalysts & Chemicals and Pharmaceutical Materials achieved good profits growth despite adverse exchange translation. In September 2002 we reached agreement to acquire Syntex from ICI plc which will substantially strengthen our position in the global catalyst market. Despite the slowdown in most of the world's major economies we continue to see good long term opportunities in our growth businesses. We will continue to invest in research and development and new production facilities in those parts of the group where we can see the best prospects.

Review of Results

In the six months to 30th September 2002 Johnson Matthey's profit before tax, exceptional items and goodwill amortisation rose by 3% to £95.0 million. Earnings per share before exceptional items and goodwill amortisation rose by 4% to 30.7 pence.

Total sales fell by 15% to £2.2 billion reflecting significantly lower prices for palladium and rhodium and the lower level of trading activity in those metals. Operating profit before exceptional items and goodwill amortisation rose by 5% to £99.3 million.

Goodwill amortisation increased by £2.4 million to £4.8 million as a result of the acquisitions undertaken last year. There were no exceptional items in the first half of this year. Interest rose by £2.1 million to £4.3 million, largely as a result of higher average borrowings.

Dividend

The interim dividend has been increased by 4% to 7.8 pence, in line with the growth in earnings per share before exceptional items and goodwill amortisation.

Operations

Catalysts & Chemicals Division's sales fell by 30% to £526 million, largely as a result of a sharp fall in the palladium price. Sales excluding the value of precious metals were very close to last year at £299 million. The division's operating profit rose by 7% to £48.3 million.

The **Catalytic Systems** business, which encompasses Johnson Matthey's worldwide autocatalyst, heavy duty diesel (HDD) and stationary source emission control business achieved good growth in profits. The market for new automobiles in the USA remained strong in the first half and whilst the European market declined a little, gains in market share for diesel cars helped ensure that the business achieved good operating profit growth.

Our HDD retrofit business has doubled its sales compared to the same period last year with large orders destined for buses in New York, Tokyo and Paris. Our joint development programmes with original equipment customers have also progressed, ahead of the arrival of emissions legislation in 2004/05 and 2007/08.

Chemicals experienced mixed trading conditions. Platinum group metal (pgm) refining demand was weaker with lower palladium and rhodium prices being key factors. Catalyst sales to the fine chemicals industry were strong but were weaker to other end markets. Research Chemicals, our catalogue business, achieved excellent growth, benefiting from strong results from our existing operations and a good contribution from Avocado Research Chemicals which was acquired in February 2002.

The **Fuel Cells** business has continued to make excellent progress. The first phase of our membrane electrode assembly (MEA) manufacturing plant at Swindon has been completed in time to supply a number of key customers who have plans to commercialise fuel cell products in the medium term. First generation MEA products have met our customers' performance targets and are now being supplied to beta test units prior to commercial sales into the premium power sector.

Precious Metals Division's sales fell by 12% to £1.5 billion reflecting lower average prices for palladium and rhodium and subdued trading activity. The division's operating profit fell by 13% to £25.4 million. The platinum price averaged \$543 per oz in the first half, very similar to the average for same period last year. Demand for platinum reached a new record, spurred by increased jewellery purchases, especially from China. The use of platinum in autocatalysts also grew, as diesel cars captured further market share in Europe and car manufacturers continue to increase platinum usage at the expense of palladium in response to earlier high prices.

The markets for palladium and rhodium were much less buoyant. The switch away from palladium in autocatalysts was further exacerbated as car manufacturers continued to run down excess inventories. Total palladium demand was down significantly causing the price to fall 40% to an average of \$339 per oz. During the same period the rhodium price declined 50% to \$840 per oz as supplies exceeded demand. With reduced volumes and volatility, trading margins for palladium and rhodium were subdued.

Our platinum fabrication businesses achieved further growth as strong demand from the medical industry more than offset weaker sales of traditional products. Profits from our gold and silver businesses were weaker reflecting continued pressure on margins.

Colours & Coatings Division increased its sales by 1% to £132 million. Operating profit fell by 8% to £13.3 million compared with the first half of last year but showed a 21% increase on the second half as the benefits of the rationalisation programme announced in January started to come through.

The Structural Ceramics sector, which sells largely to the tile industry, achieved good sales growth but margins continued to be under pressure, particularly in Asia due to the weakness of the dollar against the euro, and profits were down on the first half of last year. Glass performed very well with strong growth in sales and market share. Speciality Coatings also performed well with continuing weakness in the tableware market offset by strong sales into the plastics and surface coatings industries. The rationalisation programme in Staffordshire is on track and will save approaching £4 million in the current year and £7 million next year.

Pharmaceutical Materials Division's sales increased by 63% to £66.3 million. This rise included a full six months' contribution from Macfarlan Smith (Meconic) compared with three months' contribution last year. It also reflected strong growth in all parts of the division. Operating profit rose by 45% to £19.0 million.

The division's US manufacturing business achieved strong growth in sales and profits benefiting from the success of the new products launched towards the end of the last financial year. Macfarlan Smith achieved good results with strong sales of bulk opiates. Pharm-Eco, the division's US-based contract research business, achieved excellent growth both in contract chemistry services and also contract manufacturing of products in clinical trials.

Finance

Exchange Rates

Exchange translation reduced the group's profits by £7.4 million compared with last year. This included a £4.8 million impact from the South African rand, which averaged R15.7/£ compared with R11.8/£ in the first half of last year. The products which the group manufactures in South Africa are generally for export and the group was able to achieve higher prices in rand which largely compensated for this adverse translation effect.

Over 40% of the group's profits are earned in the USA. The US dollar weakened significantly from \$1.43/£ in the first half of last year to an average of \$1.51/£ for the six months to 30th September 2002. Overall, excluding the South African rand, exchange translation reduced group profits by £2.6 million compared with last year, largely as the result of US dollar weakness.

Interest

In the six months to 30th September 2002, the group's interest charge rose by £2.1 million to £4.3 million. The major reason was higher average borrowings used to finance the acquisitions and share buy-backs undertaken last year. Funding costs for platinum rose significantly in the period reflecting high platinum borrowing rates. Gold and silver interest fell by £1.2 million as lease rates on those metals returned to normal levels.

Taxation

The group's tax charge for the six months period fell by £1.2 million to £28.2 million. Before exceptional items and goodwill amortisation the average tax rate increased slightly to 29.7%.

Cash Flow

Johnson Matthey's net cash flow from operations was £115.7 million, which was slightly ahead of last year. Capital expenditure was slightly lower than last year at £53.4 million but this still represents 2.1 times depreciation and reflects the group's continuing strategy of investing in its growth businesses.

The group's net cash flow was broadly neutral. The group issued £6.8 million of promissory notes in the period relating to the purchase of Avocado Research Chemicals Limited which was acquired at the end of last year. Despite this acquisition expenditure, net borrowings at 30th September fell by £9.6 million to

£149.4 million as a result of favourable exchange translation. Shareholders' funds rose to £ 848.4 million giving gearing (debt/equity) at 30th September 2002 of 18%.

The acquisition of Syntex for £260 million will be funded out of borrowings using existing bank lines. Gearing will rise to around 50%. We intend to refinance some of this borrowing with longer term debt at a later date.

Business Developments

Catalysts & Chemicals Division has continued to perform well and has seen a number of important developments in the first half. Growing concerns that emissions from diesel engines can cause health problems are driving more city governments to require the retrofit of emission control systems to buses and trucks. Johnson Matthey's patented continuously regenerating trap (CRT®) continues to win the majority of this growing business. The first signs are also emerging that the US car manufacturers will follow the European trend and begin to fit diesel engines into light duty vehicles in order to meet fuel consumption targets and reduce US dependence on oil imports. These are positive trends for Johnson Matthey's business as we have a strong position in both light and heavy duty diesel technology.

The end of this financial year will see the completion of our three year programme to refit all of our plants with our benchmark precision coating process equipment. Our customers have welcomed the benefits that this innovation has delivered in terms of raw material control as well as catalyst performance.

On 23rd September 2002 we announced that Johnson Matthey had agreed to buy the Syntex division of ICI for £260 million in cash. Syntex is a global catalyst business which serves a range of market segments including ammonia, methanol, fine chemicals, edible oils, oleochemicals, oil and gas and polymerisation. These activities, which mainly use base metal catalysts, complement Johnson Matthey's strong position in precious metal process catalysts for a wide range of markets.

The catalyst industry is consolidating and Syntex is an excellent fit with our Chemicals business, elevating Johnson Matthey to a strong second position in the global catalyst market. The combination of these businesses provides us with the resources and the full range of technologies to challenge for leadership of this rapidly growing market. It also presents exciting opportunities for future growth, especially in new and expanding market sectors such as Gas to Liquids, manufacturing ultra clean diesel fuel from natural gas, and Chiral catalysis, particularly for the pharmaceutical and fine chemical industries.

During the first half the Chemicals business constructed a pgm chemicals manufacturing facility in Shanghai to serve the rapidly growing market in China. This is currently being commissioned and has been very well received by our customers. The new facility is adjacent to Johnson Matthey's Chinese autocatalyst manufacturing plant, which opened in the summer of 2001 and is now generating profits.

The first phase of our fuel cell factory investment at Swindon has been completed to plan. This has increased our capacity to manufacture MEAs ten fold and has significantly enhanced our process capability.

Further expenditure at Swindon has been approved by the Johnson Matthey board and this will be spent in a phased programme over the next two years as production orders are ramped up. The early commercial applications for fuel cells will be in the premium niche markets of reliable and back up power and our customers are forecasting increased numbers of sample and test stacks in 2003 and 2004, with true commercial sales in 2005.

Later in the decade other stationary market niches will begin to be exploited and by 2010 car companies will be making fuel cell cars in limited production runs.

On 8th November 2002 we announced the further strengthening of our important strategic partnership with Anglo Platinum who have taken a 17.5% stake in our fuel cell components subsidiary, Johnson Matthey Fuel Cells Limited. In return for the 17.5% stake Anglo Platinum has contributed its share of the intellectual property

rights (IPR) and know-how developed under a long term collaboration agreement announced in May 1993, along with a £20 million payment.

On 3rd October 2002 we announced that we had merged Precious Metals Division's Australian gold operations with those of AGR, a gold refining joint venture between the Western Australian government and Australian Gold Alliance Pty Ltd. The new company, which is to be known as AGR Matthey, will focus its combined refining operations on the former AGR site in Perth and consolidate its fabricated product activities on the former Johnson Matthey site in Melbourne. This rationalisation will both reduce costs and improve efficiencies. Johnson Matthey will hold a 20% stake in the new company.

Colours & Coatings Division continues to make good progress with the rationalisation programme in its UK business announced in January 2002. The benefits of this programme started to come through during the first half. The closure of its major site at Meir is on schedule for completion by the end of the financial year.

Pharmaceutical Materials Division, which became a stand alone division in 2001 following the acquisitions of Pharm-Eco and Macfarlan Smith, continues to perform very well. The benefits of these acquisitions to the division are already apparent, most notably with the opportunity to manufacture morphine and codeine at West Deptford in the US. We are expanding the business at Pharm-Eco both through the recruitment of additional scientists to meet growing customer demand and through investment in additional manufacturing capacity. At Macfarlan Smith, our major project to convert the galantamine extraction facility to the production of concentrated poppy straw, a key intermediate in opiate production, has progressed very well and will soon be fully operational.

In October 2002 we announced the acquisition of Cascade Biochem Limited, a small company focused on the manufacture and supply of prostaglandins and other complex molecules as active pharmaceutical ingredients (APIs) for the pharmaceutical industry. With its focus on low volume, high value APIs Cascade represents an excellent fit with our existing business.

Outlook

Johnson Matthey has again delivered increases in earnings per share and dividends. We expect the group, including a first-time contribution from the recently acquired Synetix business, to make continued progress year-on-year despite the weaker US dollar and lower prices for palladium and rhodium.

Consolidated Profit and Loss Account

for the six months ended 30th September 2002

	Notes	Six months to					Year to
		30.9.02 Before exceptional items and goodwill amortisation £ million	30.9.02 Exceptional items and goodwill amortisation £ million	30.9.02 Total £ million	30.9.01 Before exceptional items and goodwill amortisation £ million	30.9.01 Total £ million	31.3.02 Total £ million
Turnover	2						
Continuing operations		2,246.6	-	2,246.6	2,645.8	2,645.8	4,828.9
Discontinued operations		-	-	-	1.2	1.2	1.2
Group turnover		2,246.6	-	2,246.6	2,647.0	2,647.0	4,830.1
Operating profit	3						
Continuing operations before goodwill amortisation		99.3	-	99.3	94.8	94.8	193.9
Goodwill amortisation		-	(4.8)	(4.8)	-	(2.4)	(6.8)
Continuing operations before exceptional items		99.3	(4.8)	94.5	94.8	92.4	187.1
Exceptional items		-	-	-	-	7.2	(18.1)
Total continuing operations		99.3	(4.8)	94.5	94.8	99.6	169.0
Discontinued operations		-	-	-	(0.5)	(0.5)	(0.5)
Group operating profit		99.3	(4.8)	94.5	94.3	99.1	168.5
Share of profit in associates		-	-	-	0.1	0.1	(0.1)
Total operating profit		99.3	(4.8)	94.5	94.4	99.2	168.4
Profit on sale / closure of discontinued operations		-	-	-	-	(5.6)	(5.6)
Profit on ordinary activities before interest		99.3	(4.8)	94.5	94.4	93.6	162.8
Net interest		(4.3)	-	(4.3)	(2.2)	(2.2)	(6.1)
Profit on ordinary activities before taxation		95.0	(4.8)	90.2	92.2	91.4	156.7
Taxation	4	(28.2)	-	(28.2)	(27.2)	(29.4)	(50.2)
Profit after taxation		66.8	(4.8)	62.0	65.0	62.0	106.5
Equity minority interests		(0.2)	-	(0.2)	(0.1)	(0.1)	0.3
Profit attributable to shareholders		66.6	(4.8)	61.8	64.9	61.9	106.8
Dividends	5	(17.0)	-	(17.0)	(16.2)	(16.2)	(53.2)
Retained profit		49.6	(4.8)	44.8	48.7	45.7	53.6
					pence	pence	pence
Earnings per ordinary share (EPS)							
Basic	6			28.5		28.2	49.0
Diluted	6			28.3		27.8	48.5
EPS before exceptional items and goodwill amortisation							
Basic	6	30.7			29.5		60.4
Diluted	6	30.5			29.2		59.7
Dividend per ordinary share	5	7.8		7.8	7.5	7.5	24.6

Consolidated Balance Sheet

as at 30th September 2002

	30.9.02 £ million	30.9.01 £ million	31.3.02 £ million
Fixed assets			
Goodwill	176.3	160.6	182.6
Tangible fixed assets	500.0	454.5	495.1
Investments	2.2	3.5	2.7
	<u>678.5</u>	<u>618.6</u>	<u>680.4</u>
Current assets			
Stocks	397.6	357.2	414.3
Debtors: due within one year	327.6	404.4	345.2
Debtors: due after more than one year	110.3	106.1	108.8
Short term investments	15.8	17.4	16.6
Cash at bank and in hand	89.1	66.1	92.6
	<u>940.4</u>	<u>951.2</u>	<u>977.5</u>
Creditors: Amounts falling due within one year			
Borrowings and finance leases	(85.4)	(80.5)	(65.8)
Precious metal leases	(122.1)	(111.7)	(131.0)
Other creditors	(321.8)	(376.2)	(359.2)
	<u>411.1</u>	<u>382.8</u>	<u>421.5</u>
Net current assets			
	<u>411.1</u>	<u>382.8</u>	<u>421.5</u>
Total assets less current liabilities	1,089.6	1,001.4	1,101.9
Creditors: Amounts falling due after more than one year			
Borrowings and finance leases	(153.1)	(93.7)	(185.8)
Other creditors	(0.5)	(0.4)	(0.4)
Provisions for liabilities and charges	(84.1)	(104.5)	(98.1)
Net assets	851.9	802.8	817.6
Capital and reserves			
Called up share capital	219.3	218.4	218.7
Share premium account	131.1	126.4	128.2
Capital redemption reserve	4.9	4.9	4.9
Associates' reserves	(0.3)	-	(0.2)
Profit and loss account	493.4	448.6	462.1
Shareholders' funds	848.4	798.3	813.7
Equity minority interests	3.5	4.5	3.9
	<u>851.9</u>	<u>802.8</u>	<u>817.6</u>

Consolidated Cash Flow Statement

for the six months ended 30th September 2002

	Six months to		Year to
	30.9.02	30.9.01	31.3.02
	£ million	£ million	£ million
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit	94.5	99.1	168.5
Depreciation and amortisation charges	29.9	25.4	55.1
Profit on disposal of tangible fixed assets and investments	(0.1)	(2.5)	(1.4)
Increase in owned stocks	(3.6)	(46.6)	(83.6)
(Increase) / decrease in debtors	(2.1)	12.9	73.9
(Decrease) / increase in creditors and provisions	(2.9)	26.1	11.6
Net cash inflow from operating activities	115.7	114.4	224.1

Cash Flow Statement

Net cash inflow from operating activities	115.7	114.4	224.1
Dividends received from associates	-	-	0.1
Returns on investments and servicing of finance	(4.7)	(1.8)	(4.9)
Taxation	(18.7)	(17.6)	(55.8)
Capital expenditure and financial investment	(58.3)	(67.2)	(131.0)
Acquisitions	0.1	(139.6)	(143.5)
Disposals	0.9	(1.4)	(2.2)
Equity dividends paid	(37.1)	(35.9)	(52.1)
Net cash flow before use of liquid resources and financing	(2.1)	(149.1)	(165.3)
Management of liquid resources	12.3	12.9	0.2
Financing			
Issue and purchase of share capital	1.7	(39.6)	(44.1)
Increase / (decrease) in borrowings and finance leases due within one year	23.5	24.6	(45.9)
(Decrease) / increase in borrowings due after one year	(21.1)	(4.5)	103.4
Net cash inflow / (outflow) from financing	4.1	(19.5)	13.4
Increase / (decrease) in cash in the period	14.3	(155.7)	(151.7)

Reconciliation of net cash flow to movement in net debt

Increase / (decrease) in cash in the period	14.3	(155.7)	(151.7)
Cash inflow from movement in borrowings and finance leases	(2.4)	(20.1)	(57.5)
Cash inflow from term deposits included in liquid resources	(12.3)	(12.9)	(0.2)
Change in net funds / debt resulting from cash flows	(0.4)	(188.7)	(209.4)
Borrowings acquired with subsidiaries	-	(46.6)	(46.8)
Loan notes issued to acquire subsidiaries	(6.8)	(18.7)	(40.6)
New finance leases	-	-	(4.3)
Translation difference	16.8	6.0	2.2
Movement in net funds / debt in period	9.6	(248.0)	(298.9)
Net (debt) / funds at beginning of period	(159.0)	139.9	139.9
Net debt at end of period	(149.4)	(108.1)	(159.0)

Total Recognised Gains and Losses

for the six months ended 30th September 2002

	Six months to 30.9.02 £ million	30.9.01 £ million	Year to 31.3.02 £ million
Profit attributable to shareholders	61.8	61.9	106.8
Currency translation differences on foreign currency net investments and related loans	(23.8)	(10.1)	(8.0)
Taxation on translation differences on foreign currency loans	10.2	(3.2)	0.5
Total recognised gains and losses relating to the period	48.2	48.6	99.3
Prior year adjustment	-	(43.6)	(44.3)
Total gains and losses recognised since previous annual report	48.2	5.0	55.0

Movement in Shareholders' Funds

for the six months ended 30th September 2002

	Six months to 30.9.02 £ million	30.9.01 £ million	Year to 31.3.02 £ million
Profit attributable to shareholders	61.8	61.9	106.8
Dividends	(17.0)	(16.2)	(53.2)
Retained profit	44.8	45.7	53.6
Other recognised gains and losses relating to the period	(13.6)	(13.3)	(7.5)
New share capital subscribed	3.5	3.9	6.1
Rollover of share options on acquisitions	-	-	0.7
Purchase of own shares	-	(45.4)	(45.9)
Net movement in shareholders' funds	34.7	(9.1)	7.0
Opening shareholders' funds	813.7	807.4	806.7
Closing shareholders' funds	848.4	798.3	813.7

Notes on the Accounts

for the six months ended 30th September 2002

1 Basis of preparation

The interim accounts were approved by the Board of Directors on 26th November 2002, and are unaudited but have been reviewed by the auditors. They do not constitute statutory accounts, but have been prepared on the basis of the accounting policies set out in the annual report for the year ended 31st March 2002. Information in respect of the year ended 31st March 2002 is derived from the company's statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under 237(2) and 237(3) of the Companies Act 1985.

2 Group turnover

Activity analysis	Six months to		Year to
	30.9.02 £ million	30.9.01 £ million	31.3.02 £ million
Catalysts & Chemicals	526.1	746.3	1,302.6
Precious Metals	1,522.6	1,729.1	3,167.4
Colours & Coatings	131.6	129.8	253.4
Pharmaceutical Materials	66.3	40.6	105.5
	2,246.6	2,645.8	4,828.9
Discontinued operations	-	1.2	1.2
	2,246.6	2,647.0	4,830.1

Geographical analysis by origin	Six months to		Year to
	30.9.02 £ million	30.9.01 £ million	31.3.02 £ million
Europe	1,491.6	1,825.1	3,304.1
North America	576.8	709.6	1,280.1
Asia	488.4	487.7	955.5
Rest of the World	129.6	154.6	271.3
	2,686.4	3,177.0	5,811.0
Discontinued operations	-	2.0	2.0
	2,686.4	3,179.0	5,813.0
Less inter-segment sales	(439.8)	(532.0)	(982.9)
	2,246.6	2,647.0	4,830.1

Notes on the Accounts

for the six months ended 30th September 2002

3 Total operating profit

Activity analysis	Six months to		Year to
	30.9.02	30.9.01	31.3.02
	£ million	£ million	£ million
Catalysts & Chemicals	48.3	45.1	94.7
Precious Metals	25.4	29.3	55.9
Colours & Coatings	13.3	14.5	25.5
Pharmaceutical Materials	19.0	13.1	31.3
Corporate	(6.7)	(7.1)	(13.6)
	99.3	94.9	193.8
Discontinued operations	-	(0.5)	(0.5)
Goodwill amortisation	(4.8)	(2.4)	(6.8)
Exceptional items included in total operating profit	-	7.2	(18.1)
	94.5	99.2	168.4

Geographical analysis	Six months to		Year to
	30.9.02	30.9.01	31.3.02
	£ million	£ million	£ million
Europe	34.2	41.1	75.3
North America	44.1	37.8	84.6
Asia	6.1	6.9	13.3
Rest of the World	14.9	9.1	20.6
	99.3	94.9	193.8
Discontinued operations	-	(0.5)	(0.5)
Goodwill amortisation	(4.8)	(2.4)	(6.8)
Exceptional items included in total operating profit	-	7.2	(18.1)
	94.5	99.2	168.4

4 Taxation

	Six months to		Year to
	30.9.02	30.9.01	31.3.02
	£ million	£ million	£ million
United Kingdom	10.8	11.4	24.1
Overseas	17.4	15.7	31.8
Associates	-	0.1	0.1
Tax on ordinary activities before exceptional items and goodwill amortisation	28.2	27.2	56.0
Tax on exceptional items included in total operating profit	-	2.2	(5.2)
Tax on profit on sale / closure of discontinued operations	-	-	(0.6)
	28.2	29.4	50.2

Notes on the Accounts

for the six months ended 30th September 2002

5 Dividends

An interim dividend of 7.8 pence per ordinary share will be paid on 5th February 2003 to shareholders on the register at the close of business on 6th December 2002.

6 Earnings per ordinary share

The calculation of earnings per ordinary share is based on a weighted average of 216,714,951 shares in issue (six months to 30th September 2001 - 219,340,776 shares, year to 31st March 2002 - 217,829,287). The calculation of diluted earnings per ordinary share is based on the weighted average number of shares in issue adjusted by the dilutive outstanding share options and long term incentive plan.

Before exceptional items, the tax thereon and goodwill amortisation, basic earnings per ordinary share were 30.7 pence (six months to 30th September 2001 - 29.5 pence, year to 31st March 2002 - 60.4 pence), and diluted earnings per ordinary share were 30.5 pence (six months to 30th September 2001 - 29.2 pence, year to 31st March 2002 - 59.7 pence).

7 Synetix

On 23rd September 2002 the group announced that it had signed an agreement to buy the Synetix division of ICI for £260 million in cash. The majority of the acquisition was completed on 1st November 2002, with the Indian part due to be completed on 2nd December 2002. This will be accounted for by acquisition accounting in the year to 31st March 2003.

Financial Calendar

2002

4th December

Ex dividend date

6th December

Interim ordinary dividend record date

2003

5th February

Payment of interim dividend on ordinary shares

5th June

Announcement of results for the year ending 31st March 2003

16th July

112th Annual General Meeting

Johnson Matthey Public Limited Company

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

Telephone: 020 7269 8400

Internet address: www.matthey.com

E-mail: [jmpmr@matthey.com](mailto:jmpr@matthey.com)

Registered in England - Number 33774

Registrars

Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA

Telephone: 01903 502541