Johnson Matthey

News release

For Release at 7.00 am Wednesday 21st November 2012

Half year results for the six months ended 30th September 2012

Summary Results

	Half Year to 30th September 2012	2011	% change
Revenue	**£4,892m**	**£5,900m**	**-17**
Sales excluding precious metals	**£1,310m**	**£1,293m**	**+1**
Profit before tax	**£183.4m**	**£195.1m**	**-6**
Earnings per share	**70.4p**	**70.3p**	**-**
Underlying*:			
Profit before tax	**£191.2m**	**£203.0m**	**-6**
Earnings per share	**72.9p**	**72.8p**	**-**
Dividend per share	**15.5p**	**15.0p**	**+3**

*before amortisation of acquired intangibles, major impairment and restructuring charges, profit or loss on disposal of businesses and, where relevant, related tax effects

- Sales excluding precious metals (sales) 1% ahead at £1.3 billion
- Despite difficult market environment, underlying profit before tax down 6% and underlying earnings per share were flat
- Return on invested capital (ROIC) at 21.7%
- Balance sheet remains strong with net debt (including post tax pension deficits) / EBITDA of 1.4 times
- Interim dividend up 3% to 15.5 pence

Business Overview

- Environmental Technologies Division continued to make good progress with sales up 3% and underlying operating profit 17% ahead

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- Emission Control Technologies' sales grew by 4%, benefiting from good growth in North America and Asia which was partly offset by weaker market conditions in Europe

- Steady progress in Process Technologies with sales 1% up in the first half

- Precious Metal Products Division's sales were down by 5% and operating profit was down 33%

    - Significant decline in our Services businesses principally due to the impact of lower volumes and lower average precious metal prices

    - Sales in our Manufacturing businesses slightly down

- Fine Chemicals Division performed well with sales slightly down but underlying operating profit well ahead driven by good demand for higher margin products

Commenting on the results, Neil Carson, Chief Executive of Johnson Matthey said:

"Against a difficult market environment, particularly the impact of lower average precious metal prices, Johnson Matthey delivered growth in operating profit from Environmental Technologies and Fine Chemicals, although this was more than offset by the weaker performance of Precious Metal Products. Underlying earnings per share were maintained at 72.9p.

Whilst precious metal prices have improved from their lows during the summer, largely due to the labour unrest in South Africa, the outlook in some of our other markets has weakened and visibility remains limited. We therefore expect that the group's performance in the second half will be similar to the first half of the year."

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Report to Shareholders

Review of Results

Against a difficult market environment, particularly the impact of lower average precious metal prices, Johnson Matthey delivered growth in operating profit from Environmental Technologies and Fine Chemicals, although this was more than offset by the weaker performance of Precious Metal Products.

Sales excluding precious metals (sales) were 1% ahead at £1.3 billion led by Environmental Technologies which was 3% higher. At constant exchange rates, the group's sales grew by 2%.

Underlying operating profit was down 6% at £202.8 million. As a result of the adverse impact of lower average precious metal prices on our Precious Metal Services businesses, the group's underlying return on sales fell from 16.6% to 15.5%.

The group's ROIC declined to 21.7% (year ended 31st March 2012 22.3%) principally as a result of the substantial fall in operating profit in Precious Metal Products Division in the half year. However, the ROIC in both Environmental Technologies and Fine Chemicals Divisions increased.

Underlying profit before tax was 6% down at £191.2 million and profit before tax also decreased by 6% to £183.4 million.

Underlying earnings per share were flat at 72.9 pence. Basic earnings per share were also flat at 70.4 pence.

Dividend

The Board of Directors has increased the interim dividend by 3% to 15.5 pence and this will be paid on 5th February 2013 to ordinary shareholders on the register as at 30th November 2012, with an ex-dividend date of 28th November 2012.

Operations

Environmental Technologies

	Half Year to 30th September			% at
	2012	2011	%	constant
	£ million	£ million	change	rates
Revenue	**1,416**	**1,533**	**-8**	**-6**
Sales (excl. precious metals)	**918**	**888**	**+3**	**+4**
Underlying operating profit	**106.6**	**90.9**	**+17**	**+20**
Return on sales	**11.6%**	**10.2%**		
Return on invested capital (ROIC)	**15.5%**	**12.6%**		

Environmental Technologies Division, which comprises Emission Control Technologies (ECT), Process Technologies and Fuel Cells, made further progress in the first half of 2012/13, particularly in our ECT business which benefited from good growth in North America and Asia although sales were lower in Europe. The division's sales were up 3% at £918 million and underlying operating profit was 17% ahead at £106.6 million. Environmental Technologies' return on sales increased by 1.4% to 11.6% principally as a result of the removal of circa £15 million of higher rare earth material costs which impacted ECT's autocatalyst business in the same period last year.

Emission Control Technologies' sales grew by 4% to £720 million with sales of light duty vehicle catalysts up £1 million at £464 million and heavy duty diesel (HDD) catalyst sales 19% ahead at £234 million. Operating profit growth in both light duty and HDD catalysts was well above growth in sales.

Light Duty Vehicle (LDV) Catalysts

Sales in our LDV catalyst business, which accounted for 64% of ECT's sales in the period, were slightly ahead at £464 million.

During our first half, global light duty vehicle sales increased by 7% to 39.8 million vehicles. Global production also grew, up 6%, with continued strong recovery in North America and good growth in Asia partly offset by a decline in Europe as a result of the continuing economic uncertainty in the region.

Estimated Light Vehicle Sales and Production

		Half Year to 30th September		
		2012 millions	2011 millions	% change
North America	Sales	8.7	7.8	+11.5
	Production	7.4	6.3	+17.5
Total Europe	Sales	9.2	9.7	-5.2
	Production	8.9	9.9	-10.1
Asia	Sales	16.4	14.4	+13.9
	Production	19.7	17.6	+11.9
Global	Sales	39.8	37.2	+7.0
	Production	39.3	37.2	+5.6

Source: IHS Automotive

Johnson Matthey's Light Duty Vehicle Catalyst Sales by Region

	1H 2012 £ million	1H 2011 £ million	% change	% change at constant currency
North America	93	78	+18	+15
Europe	264	289	-9	-7
Asia	107	96	+12	+11
Total	464	463	-	+1

Our sales in Europe of £264 million, which represented 57% of our total LDV catalyst sales, were 9% down, 7% down at constant currency, as vehicle markets in the region remained subdued. Our performance was helped by our strong market share with some of the more successful car companies in the region and by an increase in demand for our petrol catalysts, despite the overall decline in petrol vehicle production, as we gained some new business. The proportion of diesel vehicles produced in Western Europe fell by 1% during the period, representing 55% of all vehicles produced, and the number of diesel cars produced was 12% lower than in the first half of last year. Demand for our diesel products fell broadly in line with this.

In North America the light duty vehicle market showed good growth with production up 18% in response to continued economic recovery in the region. Our LDV catalyst sales also grew strongly, in line with vehicle production, and were 18% ahead of last year at £93 million. Our Asian light duty catalyst business also performed well, broadly in line with regional vehicle production, with sales 12% ahead in the first half of 2012/13. We continued to build on our position in China, securing new business and growing sales by 29%, well ahead of the 11% growth in vehicle production in the country. Our South East Asian business also had a strong first half as a result of the buoyant vehicle market and through gaining share. However, our sales in Japan were impacted as Japanese car companies moved production from the country to

North America and as a result of short term government incentives in Japan to purchase minicars in which we have a lower market share.

Heavy Duty Diesel Catalysts

Our sales of HDD catalysts continued to grow strongly in the first half, up 19% to £234 million.

Johnson Matthey's Heavy Duty Diesel Vehicle Catalyst Sales by Region

	1H 2012 £ million	1H 2011 £ million	% change	% change at constant currency
North America	**165**	**129**	**+28**	**+25**
Europe	**55**	**56**	**-2**	**+4**
Asia	**14**	**12**	**+22**	**+19**
Total	**234**	**197**	**+19**	**+19**

Estimated HDD Truck Sales and Production

		Half Year to 30th September 2012 thousands	2011 thousands	% change
North America	**Sales**	**221.4**	**192.3**	**+15.1**
	Production	**236.3**	**215.6**	**+9.6**
EU	**Sales**	**137.2**	**150.2**	**-8.7**
	Production	**184.5**	**205.9**	**-10.4**

Source: LMC Automotive

Our North American HDD business had a strong first half with sales 28% ahead of last year at £165 million as a result of customers restocking in the first quarter following supply chain issues last year. In the US, sales and production of heavy duty diesel trucks increased in the first half of 2012/13 although the rate of growth slowed in the second quarter. Demand for catalyst systems for non-road applications such as construction, mining and agricultural equipment also increased, albeit from a low base, and accounted for around 10% of our North American HDD catalyst sales.

The downturn in the EU truck market which began in the second half of last year has accelerated during the first six months of this year with truck sales down 9% and production 10% lower than in the first half of 2011/12. Our HDD catalyst business in Europe posted a creditable performance, despite the impact of the slower market and negative exchange rates. Its sales of £55 million were just 2% down on the first half of 2011/12 with export sales to Brazil of around £5 million and catalyst sales to non-road applications partly offsetting the impact of the difficult market environment for truck sales. Whilst HDD catalyst sales to Brazil were ahead of the first half of

2011/12, growth was held back by the impact of the pre-buying of trucks in advance of the introduction of Euro V legislation last year.

As legislation requiring the use of catalysts to control emissions from non-road engines in North America and Europe continues to be phased in up to 2015, our sales of catalysts to non-road original equipment manufacturers (OEMs), which are included in the HDD numbers above, have doubled to £21 million in the first half of the year.

We have continued to make progress in Asia with sales of HDD catalysts to customers in Japan. As other countries in the region prepare for the introduction of Euro IV legislation we continued to see demand for our products from OEMs in China and India. With China scheduled to introduce Euro IV in mid 2013 and India from April 2015, the HDD market in Asia will provide growth opportunities for Johnson Matthey.

ECT's major expansion project to double capacity at its plant in Macedonia continued in the first half and work to increase diesel particulate filter production capacity at its Royston, UK operations is now underway. Both projects will provide additional capacity for the high technology products that will be required to meet the tighter European light and heavy duty diesel legislation which comes into force from the latter part of 2013.

Process Technologies' sales in the first half of 2012/13 were up 1% at £196 million and operating profit was down.

In the Ammonia, Methanol, Oil and Gas (AMOG) business sales were 5% down at £114 million where good demand for ammonia catalysts, purification products and additives was more than offset by a decline in sales of methanol and hydrogen catalysts. Sales of ammonia catalysts were well ahead of last year but demand for methanol catalysts was impacted by the phasing of orders by some of our customers. The market for gas purification products, used to remove contaminants such as sulphur and mercury from gas streams, recovered in the first half of the year as activity in the oil and gas industry increased. This, together with catalyst sales to new gas purification projects, has benefited AMOG's performance in the first half.

Our sales of catalysts for the production of hydrogen were down in the period as a result of delays to new plant builds and catalyst change outs. The hydrogen produced is mostly used in the desulphurisation of transportation fuels, demand for

which has declined as a result of the economic slowdown, particularly in Europe, and the improved fuel efficiency of vehicles.

The Additives business continued to make a good contribution to AMOG, growing its sales of speciality products used to reduce emissions from and improve the performance of petroleum refining. We are continuing to develop and realise commercial opportunities resulting from the combination of our additives and refinery catalysts businesses and are investing in the expansion of our plant in Savannah, USA to increase production capacity for additives.

In the first half of this year Davy Process Technology (DPT) secured licence and engineering contracts for three new oxo alcohols plants and one methanol plant, all in China. Economic growth and the subsequent development of the petrochemical industry in China has been a major driver of DPT's recent strong performance across its current technology portfolio. However, as predicted, we have started to see a slowdown in the number of new plants and hence licences available to DPT and we expect this to level off in the second half of the year. Nevertheless DPT's sales in the first half were flat at £52 million as we commenced work on these new projects and continued with those won in previous years.

The outlook for DPT remains positive as global drivers such as increasing wealth in emerging markets and energy security offer long term opportunities and support demand for its technologies. The first half of the year saw the successful start up of Datang Energy Chemical Co. Ltd.'s new substitute natural gas (SNG) plant in Inner Mongolia which uses DPT's SNG process technology, the licence for which was announced in early 2010. This plant also uses Johnson Matthey's catalysts to convert coal derived synthesis gas into SNG which will be transported via a new gas pipeline to Beijing. The plant is one of three that Datang is building at the site. The second plant is in the detailed engineering phase and the third is in the final stages of government approval and represents a possible future licence for DPT. The plant brought on stream in the first half is one of six SNG facilities that we have licensed and supplied catalyst for in China and the first to start up and produce gas. Another SNG plant based on DPT technology and Johnson Matthey's catalysts is expected to start up in 2012 with two further plants coming on stream in 2013.

Energy security concerns in China continue to drive projects to monetise the country's coal reserves and in other parts of the world, particularly the USA, there is growing interest in projects utilising shale gas and other unconventional gas sources as a feedstock. These provide opportunities for our Process Technologies business

and in the first half, work has continued to expand capacity at our manufacturing plants in Panki, India and Clitheroe, UK to support future demand for our process catalysts.

Tracerco performed very well in the first half of 2012/13 with sales 32% ahead at £30 million. Increased activity in oil and gas markets, especially in the US and the Middle East, boosted demand for Tracerco's specialist measurement and process diagnostic services which enable our customers to optimise the performance of their assets and exploit more difficult to recover resources.

The net expense of our **Fuel Cells** business increased slightly in the first half of the year.

In October 2012 Johnson Matthey acquired the **Axeon** Group (Axeon) for £40.6 million in cash. Axeon is a specialist in the design, development and manufacture of integrated battery modules and systems for customers in the automotive industry and in high performance non-automotive applications such as cordless power tools and e-bikes. With the significant trend towards the increasing electrification of automotive drivetrains, not only via pure battery electric vehicles but also through a growing range of hybrid vehicles, there is a growing need for high performance battery systems that can meet the challenging energy storage demands placed on them.

The acquisition of Axeon marks an important step in our strategy to grow new business areas that build on our skills in advanced materials. It is the first significant investment resulting from the work of our new business development group that was set up following our ten year strategy review conducted in 2010/11. Axeon brings applications engineering expertise for battery systems to Johnson Matthey which will complement our materials science and research and development expertise, providing the base for further expansion in battery materials and technology into the developing market for electric vehicles.

Axeon had sales of £47 million in its financial year to 31st December 2011, which primarily relate to the design and assembly of battery packs for power tool applications from its factory in Poland. Axeon made a small operating loss in that year due to significant investment in development costs, principally for automotive applications. The business is forecast to make a small operating loss in the current year.

Further details on the progress of our new business development activities, including our strategy in battery materials and technologies, will be presented at our annual Investor Event to be held in Royston, UK in January 2013. The event will also be webcast and all materials posted on the website for those who are unable to attend.

Precious Metal Products

	Half Year to 30th September			% at
	2012	2011	%	constant
	£ million	£ million	change	rates
Revenue	**3,795**	**4,858**	**-22**	**-22**
Sales (excl. precious metals)	**282**	**298**	**-5**	**-4**
Underlying operating profit	**71.8**	**107.1**	**-33**	**-32**
Return on sales	**25.5%**	**35.9%**		
Return on invested capital (ROIC)	**42.2%**	**59.2%**		

Precious Metal Products Division (PMPD) had a poor first half with sales down 5% at £282 million. Underlying operating profit was however 33% down at £71.8 million. Whilst the division's Manufacturing businesses held up relatively well, its Services businesses were impacted by the effect of lower average precious metal prices, lower volumes across all of its activities compared to the same period last year and by some operational issues in our gold and silver refining business.

Sales in our **Services** businesses, which comprise the division's Platinum Marketing and Distribution and Refining activities, fell by 12% to £87 million, representing 31% of PMPD's total sales in the first half. These businesses have a high level of fixed costs and a significant proportion of their sales is influenced by precious metal prices. Operating profit from these businesses fell significantly.

Platinum Marketing and Distribution

The price of platinum fell in the first half until the middle of August due to generally weak demand, poor investor sentiment and little adjustment by producers in the face of expected oversupply. The tragic events that followed industrial action at Lonmin's Marikana mine and the ensuing turmoil in South Africa's platinum belt caused an immediate reversal, with platinum regaining its losses from earlier in the reporting period. The average price of platinum in our first half was $1,500/oz, down 16% on the same period last year.

The platinum market is expected to move into deficit in the calendar year 2012, with global demand broadly flat but supply expected to fall sharply due to labour

disruption in South Africa. Industrial demand is forecast to fall, although demand from the vehicle emission control catalyst sector will be down by only 1% as demand for HDD catalysts in North America outstrips the decline in demand from light duty diesel vehicle production in Europe. Demand from the jewellery sector remains robust and is expected to reach a three year high. The key Chinese market is expected to grow by around 10%, supported by lower platinum prices compared with the prior year. Physical investment demand is expected to be slightly higher than in 2011.

The palladium price has been relatively subdued in the first half with little sustained upside from the South African supply concerns. The average price for the first six months of 2012/13 was $622/oz, 18% lower than last year.

The palladium market is expected to move from a substantial surplus in 2011 to an equally substantial deficit in 2012. Supplies will fall significantly due to reduced mine output from South Africa and much lower sales of Russian state stocks. Demand has shown good growth in spite of economic headwinds felt particularly in Europe. Demand from the vehicle emission control catalyst sector is forecast to increase by 7% to record levels and investment demand from Exchange Traded Funds is expected to turn positive after a period of net disinvestment in 2011.

The rhodium market is forecast to be in a modest deficit in 2012 for the first time in five years. Supplies are expected to fall in line with lower South African production whereas demand will grow, benefiting in particular from the recovery of car production in Japan. However, the price has not reflected these slightly improved fundamentals with the average price falling by 38% to $1,250/oz in the first half of 2012/13 compared with the same period last year.

These lower precious metal prices and the impact of lower production volumes at Anglo American Platinum have adversely affected our Platinum Marketing and Distribution business. A continued lack of market volatility also impacted our trading margins in the period.

Refining

Our Refining businesses had a poor start to the year with lower intakes resulting from the significantly lower average precious metal prices in the period.

In our Platinum Group Metal (Pgm) Refining business, intake volumes in the first six months were well down on last year with key feeds such as autocatalyst scrap

impacted as collector networks and part processors retained material awaiting improved metal prices. Spent catalyst feeds from the global petrochemicals industry were also well down on the first half of last year as were the volumes of material received from other refiners.

Our Gold and Silver Refining business also had a difficult first half with lower demand for refining services and bullion products impacting both our Canadian and US refineries. Sales were down 12% and margins fell as the gold price stagnated and average silver prices fell. The average price of gold was 1% up at $1,630/oz in our first half and silver was 23% lower at $30/oz. Whilst the decline in feeds of primary material from mining operations was relatively small, volumes of secondary material, mostly jewellery scrap, where our margins are higher, were well down in the first half of the year as was demand for gold and silver bar products. Our Salt Lake City refinery was also impacted by some operational issues during the period.

Sales in our **Manufacturing** businesses, which consist of PMPD's Noble Metals, Colour Technologies and Catalysts and Chemicals activities, were 2% down on those in the first half of last year at £195 million. Weaker sales in Noble Metals and Colour Technologies were partially offset by some growth in Catalysts and Chemicals. Underlying operating profit fell in line with the reduction in sales.

Noble Metals

Our Noble Metals business experienced weaker demand in most of its major product areas. Sales declined by 4% to £62 million and operating profit was lower. Sales of industrial products such as thermocouple wire, iridium crucibles and other fabricated pgm products were down, mainly due to reduced demand from European customers. However, sales of products for the nitric acid manufacturing industry were ahead and our medical device components business grew slightly in the first half with progress in Europe and North America.

Colour Technologies

Colour Technologies' sales were down 8% in the first half at £40 million and operating profit was lower. Demand for its obscuration enamels for automotive glass fell, mostly due to the slowdown in car manufacturing in Southern Europe. However, sales of silver pastes used mainly for heated rear windscreens, which is currently a small part of the business, increased chiefly due to growth in China and South Korea. In August we purchased a silver paste manufacturing facility in China to further develop our market position in the country. Sales of products for decorative applications continued to decline.

Catalysts and Chemicals

Catalysts and Chemicals' sales grew by 3% to £93 million in the first half and operating profit was strongly ahead. Sales of catalysts for chemical manufacturing applications were well up on the first half of last year. However, despite robust demand, catalyst sales to the edible oils and oleochemicals sector were impacted by lower nickel prices in the period; nickel is a pass through raw material which is included in our sales. Sales of products to fine chemical and pharmaceutical manufacturers were significantly ahead and demand for pgm chemicals from both internal and external autocatalyst producers also increased in the period.

Fine Chemicals

	Half Year to 30th September			% at
	2012	2011	%	constant
	£ million	£ million	change	rates
Revenue	**143**	**146**	**-2**	**-3**
Sales (excl. precious metals)	**138**	**142**	**-2**	**-3**
Underlying operating profit	**37.2**	**32.5**	**+14**	**+14**
Return on sales	**26.9%**	**23.0%**		
Return on invested capital (ROIC)	**17.4%**	**14.6%**		

Fine Chemicals Division performed well in the first half. Whilst sales were 2% down at £138 million, underlying operating profit was 14% ahead at £37.2 million. The division's return on sales in the half year increased from 23.0% to 26.9% due to an improvement in product mix.

Sales from the division's **Active Pharmaceutical Ingredient (API) Manufacturing** businesses, which comprise Macfarlan Smith based in the UK and Pharmaceutical Materials and Services in the US, fell 3% to £99 million. However, operating profit grew strongly in the first half. Lower margin legacy business associated with the November 2010 purchase of the Conshohocken, USA plant from Lonza came to an end during the period. This was offset by sales of higher margin speciality products such as those used for pain management and attention deficit hyperactivity disorder (ADHD) treatment, where the business also benefited from some drug shortage issues in the US and inventory building by a major customer.

The business was, however, impacted by lower sales of buprenorphine, used in drug addiction treatments, due to price pressure in Europe and delays to the launch of the generic product in the United States. Sales of chiral methylphenidate used in a specialist ADHD treatment, where we gained market share last year due to a

competitor's inability to supply, also declined in the first half as the competitor returned to the market. Whilst good progress has been made in the US, changes in the competitive landscape in the UK have impacted Macfarlan Smith's performance and a review to optimise resources across our API Manufacturing businesses is underway.

Sales in our **Research Chemicals** business were broadly flat across all regions. However, underlying operating profit was slightly ahead due to an improvement in product mix.

Financial Review

Exchange Rates

The group's results in the first half were principally impacted by the weakness of the euro against sterling. In the period the euro averaged €1.25/£ compared with €1.14/£ last year. This reduced reported underlying operating profit by £3.6 million.

Interest

The group's net finance cost was £11.6 million, broadly the same as last year.

Taxation

The underlying tax rate for the group reduced from 24% to 21% (23.5% for the year ended 31st March 2012). The decrease was due to the further reduction in the main rate of UK corporation tax from 26% to 24% with effect from 1st April 2012 and from the resolution of certain open tax years' positions.

Cash Flow

In the six months to 30th September 2012 the group generated net cash flow from operating activities of £143 million (six months to 30th September 2011 £172 million). The group's working capital (excluding the component that relates to precious metals) increased by £23 million compared with the year end. The working capital balance of £468 million at 30th September 2012 represents 65 days' sales. This compares with 69 days at the same time last year and 54 days at the year end. The increase in working capital since the year end was principally due to higher

inventories in Fine Chemicals Division which grew on the back of increased demand in North America.

Working capital in relation to precious metals increased by £35 million since the year end to £359 million. An increase in our precious metal inventories, as customer metal balances decreased, was offset partly by lower metal related balances within receivables.

During the period capital expenditure was £57.1 million (£60.3 million cash spent in the period) which represents 0.9 times depreciation. Major ongoing projects include the expansion of our ECT manufacturing plants in the UK and Macedonia and the completion of the expansion of our Process Technologies capacity in India and the UK.

Pensions

The group's total pension charge for the period to 30th September 2012 was £18.9 million, up from £13.8 million in the same period last year, due to the effect of lower discount rates.

The latest actuarial valuation of the group's principal UK pension scheme at 1st April 2012 has been agreed with the Trustees at £217 million (1st April 2009 £173 million). This increase of £44 million is after taking account of deficit funding contributions since 1st April 2009 of approximately £50 million. As a result of the increase in the actuarial deficit, the company has agreed:

- to establish an asset backed special purpose vehicle (SPV) which will primarily hold £50 million of third party corporate bonds financed by a one-off cash payment that is expected to be made in the second half of this year. The annual income generated by this SPV will be paid to the UK pension scheme while it remains in deficit. In addition, cash deficit contributions payable directly to the scheme will be maintained at £23.1 million per annum until 2020;

- with effect from 1st October 2012, to close the career average defined benefit section of the pension scheme to new entrants. From that date new employees will be enrolled in a new contributory cash balance defined benefit scheme; and

- to require, from 1st April 2013, an increase in employee contributions for those who remain in the career average defined benefit section to help fund the increase in cost of providing these benefits.

The IAS 19 post tax pension deficit of the group's pension schemes at 30th September 2012 is estimated at £82.6 million (30th September 2011 £140.2 million; 31st March 2012 £97.0 million). A decrease in the IAS 19 deficit of the UK scheme of £37.4 million was mainly offset by an increase in the US pension schemes' deficit.

Net Debt

Net debt at 30th September 2012 increased by £240.9 million since the year end and was £695.1 million. The principal reason for this increase was the payment of the special dividend to shareholders of £212 million in August 2012.

The group's net debt (including post tax pension deficits) to EBITDA for the 12 months to 30th September 2012 was 1.4 times, compared with 1.0 times at 31st March 2012.

Going Concern

The directors have assessed the future funding requirements of the group and are of the opinion that the group has adequate resources to fund its operations for the foreseeable future. Therefore they believe that it is appropriate to prepare the half year accounts on a going concern basis.

Outlook

In the first half of the year the group's results were substantially impacted by lower average precious metal prices. Whilst metal prices have improved from their lows during the summer, largely due to the labour unrest in South Africa, the outlook in some of our other markets has weakened and visibility remains limited. We therefore expect that the group's performance in the second half will be similar to the first half of the year.

Environmental Technologies

Our sales of light duty vehicle catalysts held up well in the first six months of the year. The outlook in Europe has, however, weakened in recent months but the prospects

for growth in Asia remain. Whilst our heavy duty diesel catalyst business grew in the first half, the potential for continued growth in the second half is less clear.

In our Process Technologies business we expect that continued growth in Davy Process Technology and other areas will offset the impact of reduced demand for hydrogen catalysts.

Precious Metal Products

Although precious metal prices have increased slightly from their lows, we have yet to see a substantial improvement in volumes across our Precious Metal Services businesses and the short term outlook in South Africa is difficult to assess. Our Manufacturing businesses are trading in line with last year.

Fine Chemicals

The outlook for the business remains relatively stable and we anticipate a return to sales growth in the second half.

Risks and Uncertainties

The principal risks and uncertainties to which the group is exposed are unchanged from those identified in our 2012 annual report. The principal risks and uncertainties, together with the group's strategies to manage them, are set out on pages 20 to 23 of the annual report. They are:

STRATEGIC

- Failure to grow in the longer term, to take advantage of new opportunities or to have sufficient capacity to meet demand
- Changes to future environmental legislation
- Technological change
- Inability to deliver anticipated benefits from acquisitions, capital projects and other initiatives

OPERATIONAL

- Changes to health, safety, environmental and other regulations and standards
- Employees and the recruitment and retention of high quality staff
- Availability of raw materials
- Security
- Intellectual property

MARKET

- Commercial relationships and reputation
- Global political and economic conditions

FINANCIAL

- Pension scheme funding

Responsibility Statement of the Directors in respect of the Half-Yearly Report

The Half-Yearly Report is the responsibility of the directors. Each of the directors as at the date of this responsibility statement, whose names and functions are set out below, confirms that to the best of their knowledge:

- the condensed consolidated accounts have been prepared in accordance with International Accounting Standard (IAS) 34 – 'Interim Financial Reporting'; and
- the interim management report included in the Half-Yearly Report includes a fair review of the information required by:
  a) DTR 4.2.7R of the United Kingdom Listing Authority Disclosure Rules and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated accounts; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
  b) DTR 4.2.8R of the United Kingdom Disclosure Rules and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the company during that period; and any changes in the related party transactions described in the last annual report that could do so.

The names and functions of the directors of Johnson Matthey Plc are as follows:

Tim Stevenson	Chairman
Neil Carson	Chief Executive
Alan Ferguson	Non-executive Director, Chairman of the Audit Committee
Robert MacLeod	Group Finance Director
Colin Matthews	Non-executive Director
Larry Pentz	Executive Director, Environmental Technologies
Michael Roney	Non-executive Director, Senior Independent Director and Chairman of the Management Development and Remuneration Committee
Bill Sandford	Executive Director, Precious Metal Products
Dorothy Thompson	Non-executive Director

The responsibility statement was approved by the Board of Directors on 20th November 2012 and is signed on its behalf by:

T E P Stevenson

Chairman

INDEPENDENT REVIEW REPORT

to Johnson Matthey Plc

Introduction

We have been engaged by the company to review the condensed consolidated accounts in the Half-Yearly Report for the six months ended 30th September 2012 which comprise the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Total Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity and the related explanatory notes. We have read the other information contained in the Half-Yearly Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated accounts.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules (DTR) of the UK's Financial Services Authority (UK FSA). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The Half-Yearly Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half-Yearly Report in accordance with the DTR of the UK FSA.

The annual accounts of the group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU). The condensed consolidated accounts included in this Half-Yearly Report have been prepared in accordance with IAS 34 - 'Interim Financial Reporting' as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated accounts in the Half-Yearly Report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 -'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated accounts in the Half-Yearly Report for the six months ended 30th September 2012 are not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

D V Matthews
for and on behalf of KPMG Audit Plc
Chartered Accountants
15 Canada Square, London E14 5GL

20th November 2012

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30th September 2012

	Notes	Six months ended 30.9.12 £ million	Six months ended 30.9.11 £ million	Year ended 31.3.12 £ million
Revenue	2	**4,892.2**	5,900.2	12,023.2
Cost of sales		**(4,553.8)**	(5,545.4)	(11,270.2)
Gross profit		**338.4**	354.8	753.0
Operating expenses		**(135.6)**	(140.1)	(302.9)
Amortisation of acquired intangibles	4	**(7.8)**	(7.9)	(16.7)
Operating profit	2, 3	**195.0**	206.8	433.4
Finance costs		**(15.8)**	(17.8)	(35.4)
Finance income		**4.2**	6.1	11.3
Profit before tax		**183.4**	195.1	409.3
Income tax expense		**(37.7)**	(46.1)	(93.9)
Profit for the period		**145.7**	149.0	315.4
Attributable to:				
Owners of the parent company		**146.3**	149.4	315.9
Non-controlling interests		**(0.6)**	(0.4)	(0.5)
		145.7	149.0	315.4

		pence	pence	pence
Earnings per ordinary share attributable to the equity holders of the parent company				
Basic	6	**70.4**	70.3	148.7
Diluted	6	**69.8**	69.6	146.9

CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
for the six months ended 30th September 2012

	Notes	Six months ended 30.9.12 £ million	Six months ended 30.9.11 £ million	Year ended 31.3.12 £ million
Profit for the period		**145.7**	149.0	315.4
Other comprehensive income:				
Currency translation differences		**(29.1)**	(17.6)	(53.7)
Cash flow hedges		**0.6**	(2.0)	6.1
Fair value gains on net investment hedges		**13.0**	8.0	23.7
Actuarial gain / (loss) on post-employment benefits assets and liabilities	10	**4.6**	(103.3)	(70.6)
Tax on above items taken directly to or transferred from equity		**(4.6)**	24.6	18.7
Other comprehensive expense for the period		**(15.5)**	(90.3)	(75.8)
Total comprehensive income for the period		**130.2**	58.7	239.6
Attributable to:				
Owners of the parent company		**130.8**	59.1	240.1
Non-controlling interests		**(0.6)**	(0.4)	(0.5)
		130.2	58.7	239.6

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30th September 2012

	Notes	**30.9.12 £ million**	30.9.11 £ million	31.3.12 £ million
Assets				
Non-current assets				
Property, plant and equipment		**897.2**	890.1	909.5
Goodwill		**513.7**	526.4	519.5
Other intangible assets		**114.5**	141.5	127.8
Deferred income tax assets		**16.9**	52.8	25.4
Investments and other receivables		**11.6**	11.2	11.0
Interest rate swaps	7	**28.0**	33.1	29.3
Post-employment benefits net assets	10	**2.0**	3.7	2.0
Total non-current assets		**1,583.9**	1,658.8	1,624.5
Current assets				
Inventories		**715.7**	613.2	630.8
Current income tax assets		**16.8**	12.9	11.5
Trade and other receivables		**774.2**	884.5	847.1
Cash and cash equivalents - cash and deposits	7	**83.1**	96.3	139.1
Other financial assets		**12.4**	14.1	11.6
Non-current assets classified as held for sale		**-**	7.7	-
Total current assets		**1,602.2**	1,628.7	1,640.1
Total assets		**3,186.1**	3,287.5	3,264.6
Liabilities				
Current liabilities				
Trade and other payables		**(665.2)**	(678.5)	(710.7)
Current income tax liabilities		**(100.5)**	(108.3)	(103.1)
Cash and cash equivalents - bank overdrafts	7	**(48.8)**	(57.6)	(35.8)
Other borrowings and finance leases	7	**(182.1)**	(100.7)	(56.4)
Other financial liabilities		**(4.5)**	(9.4)	(4.5)
Provisions		**(23.9)**	(42.7)	(34.0)
Total current liabilities		**(1,025.0)**	(997.2)	(944.5)
Non-current liabilities				
Borrowings, finance leases and related swaps	7	**(575.3)**	(588.2)	(530.4)
Deferred income tax liabilities		**(50.6)**	(55.8)	(53.4)
Employee benefits obligations	10	**(156.7)**	(227.0)	(171.4)
Provisions		**(29.0)**	(28.8)	(28.8)
Other payables		**(4.3)**	(5.3)	(4.3)
Total non-current liabilities		**(815.9)**	(905.1)	(788.3)
Total liabilities		**(1,840.9)**	(1,902.3)	(1,732.8)
Net assets		**1,345.2**	1,385.2	1,531.8
Equity				
Share capital		**220.7**	220.7	220.7
Share premium account		**148.3**	148.3	148.3
Shares held in employee share ownership trust (ESOT)		**(52.3)**	(40.1)	(50.2)
Other reserves		**27.4**	57.4	43.0
Retained earnings		**1,001.4**	998.3	1,169.6
Total equity attributable to owners of the parent company		**1,345.5**	1,384.6	1,531.4
Non-controlling interests		**(0.3)**	0.6	0.4
Total equity		**1,345.2**	1,385.2	1,531.8

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30th September 2012

	Notes	Six months ended 30.9.12 £ million	Six months ended 30.9.11 £ million	Year ended 31.3.12 £ million
Cash flows from operating activities				
Profit before tax		**183.4**	195.1	409.3
Adjustments for:				
Depreciation, amortisation, impairment losses and profit on sale of non-current assets and investments		**69.8**	73.6	146.8
Share-based payments		**4.2**	6.2	12.8
Changes in working capital and provisions		**(83.9)**	(65.8)	(59.1)
Changes in fair value of financial instruments		**(0.3)**	(6.2)	(0.7)
Net finance costs		**11.6**	11.7	24.1
Income tax paid		**(41.5)**	(42.5)	(68.8)
Net cash inflow from operating activities		**143.3**	172.1	464.4
Cash flows from investing activities				
Purchases of non-current assets and investments		**(60.3)**	(54.6)	(150.7)
Proceeds from sale of non-current assets and investments		**0.7**	0.2	8.3
Purchases of businesses		**(2.3)**	1.1	0.6
Net cash outflow from investing activities		**(61.9)**	(53.3)	(141.8)
Cash flows from financing activities				
Net cost of ESOT transactions in own shares		**(23.6)**	(11.0)	(25.7)
Proceeds from / (repayment of) borrowings and finance leases		**182.0**	(81.9)	(166.4)
Dividends paid to owners of the parent company	5	**(297.0)**	(71.2)	(103.1)
Settlement of currency swaps for net investment hedging		**3.5**	1.6	8.8
Interest paid		**(17.6)**	(18.0)	(34.0)
Interest received		**4.2**	6.0	11.4
Net cash outflow from financing activities		**(148.5)**	(174.5)	(309.0)
(Decrease) / increase in cash and cash equivalents in period		**(67.1)**	(55.7)	13.6
Exchange differences on cash and cash equivalents		**(1.9)**	-	(4.7)
Cash and cash equivalents at beginning of period		**103.3**	94.4	94.4
Cash and cash equivalents at end of period	7	**34.3**	38.7	103.3

	Notes	Six months ended 30.9.12 £ million	Six months ended 30.9.11 £ million	Year ended 31.3.12 £ million
Reconciliation to net debt				
(Decrease) / increase in cash and cash equivalents in period		**(67.1)**	(55.7)	13.6
(Proceeds from) / repayment of borrowings and finance leases		**(182.0)**	81.9	166.4
Change in net debt resulting from cash flows		**(249.1)**	26.2	180.0
Borrowings acquired with subsidiaries		**(0.5)**	-	-
Exchange differences on net debt		**8.7**	(3.9)	5.2
Movement in net debt in period		**(240.9)**	22.3	185.2
Net debt at beginning of period		**(454.2)**	(639.4)	(639.4)
Net debt at end of period	7	**(695.1)**	(617.1)	(454.2)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th September 2012

	Share capital £ million	Share premium account £ million	Shares held in ESOT £ million	Other reserves £ million	Retained earnings £ million	Non-controlling interests £ million	Total equity £ million
At 1st April 2011	220.7	148.3	(35.8)	68.3	1,001.2	1.1	1,403.8
Total comprehensive income for the period	-	-	-	(10.9)	70.0	(0.4)	58.7
Dividends paid (note 5)	-	-	-	-	(71.2)	(0.1)	(71.3)
Purchase of shares by ESOT	-	-	(13.4)	-	-	-	(13.4)
Share-based payments	-	-	-	-	9.0	-	9.0
Cost of shares transferred to employees	-	-	9.1	-	(9.4)	-	(0.3)
Tax on share-based payments	-	-	-	-	(1.3)	-	(1.3)
At 30th September 2011	220.7	148.3	(40.1)	57.4	998.3	0.6	1,385.2
Total comprehensive income for the period	-	-	-	(14.4)	195.4	(0.1)	180.9
Dividends paid (note 5)	-	-	-	-	(31.9)	(0.1)	(32.0)
Purchase of shares by ESOT	-	-	(23.6)	-	-	-	(23.6)
Share-based payments	-	-	-	-	9.8	-	9.8
Cost of shares transferred to employees	-	-	13.5	-	(8.0)	-	5.5
Tax on share-based payments	-	-	-	-	6.0	-	6.0
At 31st March 2012	220.7	148.3	(50.2)	43.0	1,169.6	0.4	1,531.8
Total comprehensive income for the period	-	-	-	(15.6)	146.4	(0.6)	130.2
Dividends paid (note 5)	-	-	-	-	(297.0)	(0.1)	(297.1)
Purchase of shares by ESOT	-	-	(28.6)	-	-	-	(28.6)
Share-based payments	-	-	-	-	7.2	-	7.2
Cost of shares transferred to employees	-	-	26.5	-	(24.5)	-	2.0
Tax on share-based payments	-	-	-	-	(0.3)	-	(0.3)
At 30th September 2012	**220.7**	**148.3**	**(52.3)**	**27.4**	**1,001.4**	**(0.3)**	**1,345.2**

1 Basis of preparation

The half-yearly accounts were approved by the Board of Directors on 20th November 2012, and are unaudited but have been reviewed by the auditors. These condensed consolidated accounts do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, but have been prepared in accordance with International Accounting Standard (IAS) 34 – 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the UK's Financial Services Authority. The accounting policies applied are set out in the Annual Report and Accounts for the year ended 31st March 2012. None of the amendments to standards and interpretations which the group has adopted during the period has had a material effect on the reported results or financial position of the group. Information in respect of the year ended 31st March 2012 is derived from the company's statutory accounts for that year which have been delivered to the Registrar of Companies. The auditor's report on those statutory accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain any statement under sections 498(2) or 498(3) of the Companies Act 2006.

Cost of sales and operating expenses for the six months ended 30th September 2011 have been represented by £4.4 million following the reclassification last year of certain employee costs out of distribution costs in one of the group's businesses to better reflect the nature of the costs.

2 Segmental information by business segment

	Environmental Technologies £ million	Precious Metal Products £ million	Fine Chemicals £ million	Eliminations £ million	Total £ million
Six months ended 30th September 2012					
Revenue from external customers	**1,412.3**	**3,337.8**	**142.1**	**-**	**4,892.2**
Inter-segment revenue	**3.6**	**457.1**	**0.9**	**(461.6)**	**-**
Total revenue	**1,415.9**	**3,794.9**	**143.0**	**(461.6)**	**4,892.2**
External sales excluding the value of precious metals	**914.5**	**257.9**	**137.3**	**-**	**1,309.7**
Inter-segment sales	**3.5**	**24.2**	**0.9**	**(28.6)**	**-**
Sales excluding the value of precious metals	**918.0**	**282.1**	**138.2**	**(28.6)**	**1,309.7**
Segmental underlying operating profit	**106.6**	**71.8**	**37.2**	**-**	**215.6**
Unallocated corporate expenses					**(12.8)**
Underlying operating profit					**202.8**
Amortisation of acquired intangibles (note 4)					**(7.8)**
Operating profit					**195.0**
Net finance costs					**(11.6)**
Profit before taxation					**183.4**
Segmental net assets	**1,395.4**	**441.0**	**434.1**	**-**	**2,270.5**

2 Segmental information by business segment (continued)

	Environmental Technologies £ million	Precious Metal Products £ million	Fine Chemicals £ million	Eliminations £ million	Total £ million
Six months ended 30th September 2011					
Revenue from external customers	1,528.8	4,226.9	144.5	-	5,900.2
Inter-segment revenue	4.4	631.2	1.3	(636.9)	-
Total revenue	1,533.2	4,858.1	145.8	(636.9)	5,900.2
External sales excluding the value of precious metals	884.0	268.2	140.4	-	1,292.6
Inter-segment sales	4.3	30.0	1.2	(35.5)	-
Sales excluding the value of precious metals	888.3	298.2	141.6	(35.5)	1,292.6
Segmental underlying operating profit	90.9	107.1	32.5	-	230.5
Unallocated corporate expenses					(15.8)
Underlying operating profit					214.7
Amortisation of acquired intangibles (note 4)					(7.9)
Operating profit					206.8
Net finance costs					(11.7)
Profit before taxation					195.1
Segmental net assets	1,542.6	342.7	420.6	-	2,305.9
Year ended 31st March 2012					
Revenue from external customers	3,123.6	8,609.4	290.2	-	12,023.2
Inter-segment revenue	131.0	1,232.0	2.2	(1,365.2)	-
Total revenue	3,254.6	9,841.4	292.4	(1,365.2)	12,023.2
External sales excluding the value of precious metals	1,861.9	534.3	282.4	-	2,678.6
Inter-segment sales	13.8	47.7	2.3	(63.8)	-
Sales excluding the value of precious metals	1,875.7	582.0	284.7	(63.8)	2,678.6
Segmental underlying operating profit	211.8	200.8	69.7	-	482.3
Unallocated corporate expenses					(32.2)
Underlying operating profit					450.1
Amortisation of acquired intangibles (note 4)					(16.7)
Operating profit					433.4
Net finance costs					(24.1)
Profit before taxation					409.3
Segmental net assets	1,448.6	324.6	418.8	-	2,192.0

3 Effect of exchange rate changes on translation of foreign subsidiaries' sales excluding the value of precious metals and operating profits

Average exchange rates used for translation of results of foreign operations	**Six months ended**		Year ended
	30.9.12	30.9.11	31.3.12
US dollar / £	**1.581**	1.619	1.597
Euro / £	**1.249**	1.138	1.160
Chinese renminbi / £	**10.03**	10.45	10.21
South African rand / £	**12.97**	11.30	11.85

The main impact of exchange rate movements on the group's sales and operating profit comes from the translation of foreign subsidiaries' results into sterling. The one significant exception is the South African rand where the translational impact is more than offset by the impact of movements in the rand on operating margins. Consequently the analysis below excludes the translational impact of the rand.

	Six months ended 30.9.12 £ million	Six months ended 30.9.11		Change at this year's rates %
		At last year's rates £ million	At this year's rates £ million	
Sales excluding the value of precious metals				
Environmental Technologies	**918.0**	888.3	884.4	+4
Precious Metal Products	**282.1**	298.2	294.4	-4
Fine Chemicals	**138.2**	141.6	142.5	-3
Elimination of inter-segment sales	**(28.6)**	(35.5)	(35.4)	
Sales excluding the value of precious metals	**1,309.7**	1,292.6	1,285.9	+2
Underlying operating profit				
Environmental Technologies	**106.6**	90.9	89.2	+20
Precious Metal Products	**71.8**	107.1	106.3	-32
Fine Chemicals	**37.2**	32.5	32.7	+14
Unallocated corporate expenses	**(12.8)**	(15.8)	(14.9)	
Underlying operating profit	**202.8**	214.7	213.3	-5

4 Amortisation of acquired intangibles

The amortisation of intangible assets which arise on the acquisition of businesses, together with any subsequent impairment of these intangible assets, is shown separately on the face of the income statement. It is excluded from underlying operating profit.

5 Dividends

An interim dividend of 15.5 pence per ordinary share has been proposed by the board which will be paid on 5th February 2013 to shareholders on the register at the close of business on 30th November 2012. The estimated amount to be paid is £31.4 million and has not been recognised in these accounts.

	Six months ended		Year ended
	30.9.12 £ million	30.9.11 £ million	31.3.12 £ million
2010/11 final ordinary dividend paid - 33.5 pence per share	**-**	71.2	71.2
2011/12 interim ordinary dividend paid - 15.0 pence per share	**-**	-	31.9
2011/12 final ordinary dividend paid - 40.0 pence per share	**84.9**	-	-
Special dividend paid - 100.0 pence per share	**212.1**	-	-
Total dividends	**297.0**	71.2	103.1

6 Earnings per ordinary share

Following approval at the Annual General Meeting held on 25th July 2012 and in connection with the special dividend also approved, a share consolidation under which shareholders received 21 new ordinary shares of 104 16/21 pence for every 22 existing ordinary shares of 100 pence each, became effective on 6th August 2012. The calculation of earnings per ordinary share is based on a weighted average of 207,978,737 shares in issue including the effect of the share consolidation (six months ended 30th September 2011 212,540,201 shares, year ended 31st March 2012 212,431,522 shares). 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 plans. These adjustments give rise to an increase in the weighted average number of shares in issue of 1,540,303 shares (six months ended 30th September 2011 2,094,941 shares, year ended 31st March 2012 2,567,460 shares).

Underlying earnings per ordinary share are calculated as follows:

	Six months ended		Year ended
	30.9.12	30.9.11	31.3.12
	£ million	£ million	£ million
Profit for the year attributable to equity holders of the parent company	**146.3**	149.4	315.9
Amortisation of acquired intangibles (note 4)	**7.8**	7.9	16.7
Tax thereon	**(2.5)**	(2.6)	(6.1)
Underlying profit for the year	**151.6**	154.7	326.5
	pence	pence	pence
Basic underlying earnings per share	**72.9**	72.8	153.7

7 Net debt

	30.9.12	30.9.11	31.3.12
	£ million	£ million	£ million
Cash and deposits	**83.1**	96.3	139.1
Bank overdrafts	**(48.8)**	(57.6)	(35.8)
Cash and cash equivalents	**34.3**	38.7	103.3
Other current borrowings and finance leases	**(182.1)**	(100.7)	(56.4)
Non-current interest rate swaps	**28.0**	33.1	29.3
Non-current borrowings, finance leases and related swaps	**(575.3)**	(588.2)	(530.4)
Net debt	**(695.1)**	(617.1)	(454.2)

8 Precious metal operating leases

The group leases, rather than purchases, precious metals to fund temporary peaks in metal requirements provided market conditions allow. These leases are from banks for specified periods (typically a few months) and for which the group pays a fee. These arrangements are classified as operating leases. The group holds sufficient precious metal inventories to meet all the obligations under these lease arrangements as they fall due. At 30th September 2012 precious metal leases were £72.4 million (30th September 2011 £147.2 million, 31st March 2012 £9.1 million).

9 Transactions with related parties

There have been no material changes in related party relationships in the six months ended 30th September 2012 and no other related party transactions have taken place which have materially affected the financial position or performance of the group during that period.

10 Post-employment benefits

The group has updated the valuation of its main post-employment benefit plans, which are its UK and US pension plans, at 30th September 2012.

Movements in the net post-employment benefits assets and liabilities were:

	UK pension £ million	UK post-retirement medical benefits £ million	US pensions £ million	US post-retirement medical benefits £ million	Other £ million	Total £ million
At 1st April 2012	(84.8)	(11.7)	(26.0)	(26.7)	(17.9)	(167.1)
Current service cost	(13.2)	-	(4.3)	(0.5)	(1.2)	(19.2)
Interest on plan liabilities	(27.9)	(0.3)	(4.4)	(0.7)	(1.1)	(34.4)
Expected return on plan assets	28.7	-	4.7	-	0.8	34.2
Expected return on reimbursement rights	-	-	-	0.2	-	0.2
Past service cost — vested	-	-	-	0.1	-	0.1
Past service cost — non-vested	-	-	-	0.2	-	0.2
Actuarial gain / (loss)	26.9	-	(22.3)	-	-	4.6
Company contributions	22.9	-	2.9	0.3	1.3	27.4
Exchange adjustments	-	-	0.8	0.3	0.4	1.5
At 30th September 2012	**(47.4)**	**(12.0)**	**(48.6)**	**(26.8)**	**(17.7)**	**(152.5)**

These are included in the balance sheet as:

	30.9.12	**30.9.12**	30.9.11	30.9.11	31.3.12	31.3.12
	Post-employment benefits net assets £ million	**Employee benefits obligations £ million**	Post-employment benefits net assets £ million	Employee benefits obligations £ million	Post-employment benefits net assets £ million	Employee benefits obligations £ million
UK pension plan	**-**	**(47.4)**	-	(148.8)	-	(84.8)
UK post-retirement medical benefits plan	**-**	**(12.0)**	-	(12.9)	-	(11.7)
US pension plans	**-**	**(48.6)**	-	(20.3)	-	(26.0)
US post-retirement medical benefits plan	**-**	**(26.8)**	-	(25.1)	-	(26.7)
Other plans	**2.0**	**(19.7)**	3.7	(17.6)	2.0	(19.9)
Total post-employment plans	**2.0**	**(154.5)**	3.7	(224.7)	2.0	(169.1)
Other long term employee benefits		**(2.2)**		(2.3)		(2.3)
Total long term employee benefits obligations		**(156.7)**		(227.0)		(171.4)

11 Post balance sheet event

On 19th October 2012 the group acquired 100% of AG Holding Limited and its subsidiaries (Axeon) for approximately £40.6 million. Axeon is a specialist in the design, development and manufacture of integrated battery modules and systems for customers in the automotive industry and in high performance non-automotive applications. The acquisition of Axeon brings applications engineering expertise for battery systems which will complement the group's materials science and research and development expertise, providing the base for further expansion in battery materials and technology. The assessment of the fair values is not yet complete.

FINANCIAL CALENDAR

2012

28th November
Ex dividend date

30th November
Interim dividend record date

2013

5th February
Payment of interim dividend

6th June
Announcement of results for the year ending 31st March 2013

12th June
Ex dividend date

14th June
Final dividend record date

25th July
122nd Annual General Meeting (AGM)

6th August
Payment of final dividend subject to declaration at the AGM

Cautionary Statement

This announcement contains forward looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries and sectors in which the group operates. It is believed that the expectations reflected in this announcement are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.

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