Johnson Matthey

News release

For Release at 7.00 am Thursday 19th November 2015

Half year results for the six months ended 30th September 2015

Strong growth in emission control; outlook for full year in line with market expectations

	Underlying[1]	Underlying H1 on actual	H1 change constant rates[2]	Reported
Revenue	**£5,755m**	**+20%**	**+18%**	**£5,755m**
Sales excluding precious metals (sales)	**£1,588m**	**+5%**	**+4%**	**£1,588m**
Profit before tax (PBT)	**£208.3m**	**-4%**	**-4%**	**£330.2m**
Earnings per share (EPS)	**86.3p**	**-3%**		**137.9p**
Ordinary dividend per share	**19.5p**	**+5%**		**19.5p**
Special dividend per share	**150.0p**			**150.0p**
Lost time injury and illness rate[3]	**0.44**	**-30%**		**0.44**

Group Summary

- Sales up 5% and underlying PBT 4% lower
  - Strong growth in Emission Control Technologies (ECT) and good progress in New Businesses
  - Challenging conditions in Process Technologies (PT) and Precious Metal Products
- Actions being taken to reduce costs since half year end, mainly in PT; expect ~£30 million p.a. cost savings starting in Q4
- Underlying EPS down 3%
- PBT of £330.2m and EPS of 137.9p due to profit of £130.9m on sale of Research Chemicals
- Strong balance sheet – net debt (including post tax pension deficits) / EBITDA of 0.7 times
- Working capital improved by £386 million and cash flow conversion was 71%
- Interim dividend of 19.5p, up 5%
- Special dividend of 150.0p (£305 million) following sale of businesses
- Full year performance for continuing businesses[4] expected to be similar to 2014/15

Divisional Summary (at constant rates)

ECT – strong performance; sales up 8% and underlying operating profit up 16%

- Strong growth in Europe driven by tighter legislation (Euro 6b) to control emissions of oxides of nitrogen (NOx) in diesel cars
- Good sales growth in Asian light duty markets
- Continued strong heavy duty diesel truck catalyst sales in North America, well ahead of growth in production, supported by good demand for large (Class 8) trucks

Process Technologies – sales broadly flat but underlying operating profit 28% lower

- Good sales to catalyst customers in our Chemicals businesses but a less favourable catalyst product mix and a reduction in licensing activity both weighed on performance

Email: jmpr@matthey.com Web: www.matthey.com

Issued by: Johnson Matthey Public Limited Company
5th Floor 25 Farringdon Street London EC4A 4AB
Tel +44 (0) 207 269 8400 Fax +44 (0) 207 269 8433

- Oil and Gas catalyst sales were ahead; slowdown in upstream oil and gas markets significantly impacted performance in Diagnostic Services

Precious Metal Products – sales fell by 15% and underlying operating profit 31% lower

- Performance in Platinum group metal (Pgm) Refining and Recycling significantly impacted as a result of a decline of over 20% in average pgm prices
- Mixed performance in Manufacturing businesses
- Excluding Gold and Silver Refining business, sales down 6% and operating profit 25% lower

Fine Chemicals – sales 3% down and underlying operating profit 8% lower

- Good demand for catalysts, chiral technologies and custom services offset by lower sales of active pharmaceutical ingredients (APIs)
- Performance adversely impacted by safety shutdown in the USA
- Sale of Research Chemicals business for £255 million completed on 30th September 2015

New Businesses – good progress; sales more than doubled to £72 million

- Excluding £30 million contribution from acquisitions, division's sales were 27% ahead
- Good growth in Battery Technologies, supported by contribution from two recent acquisitions
- Division's underlying operating loss reduced

Commenting on the results, Robert MacLeod, Chief Executive of Johnson Matthey said:

"I am pleased to report that Emission Control Technologies grew strongly in the first half and New Businesses made good progress. Challenging conditions in several of our other business areas have adversely impacted our performance and since the half year end we have taken action to reduce costs, particularly in Process Technologies.

We continued to focus on health and safety and our lost time injury and illness rate reduced. However, this was overshadowed by a tragic accident in July of this year when an employee at our Fine Chemicals' facility in Riverside, USA suffered fatal injuries. This incident has further reinforced our efforts to achieve a world class health and safety culture across Johnson Matthey.

Despite the current environment of low platinum group metal and oil prices, and the more muted outlook in the chemicals markets that we supply, we expect the underlying performance of the group's continuing businesses[4] in 2015/16 to be similar to 2014/15. The full year outlook for the group is in line with current market expectations.

As a result of the group's strong financial position following the two recent disposals, the board has agreed a special dividend of 150.0 pence per share in addition to the interim dividend of 19.5 pence per share.

Johnson Matthey remains well placed to benefit from major global sustainability drivers such as the continued drive to improve air quality, energy security, urbanisation and the increasing need for healthcare. The restructuring actions we are taking in the second half will benefit the group's results towards the end of our financial year and this, together with attractive key end markets, position the group to return to growth in 2016/17."

Enquiries:

Sally Jones	Director, IR and Corporate Communications	020 7269 8407
David Allchurch	Tulchan Communications	020 7353 4200
www.matthey.com		

[1] Before amortisation of acquired intangibles, major impairment and restructuring charges, profit or loss on disposal of businesses, significant tax rate changes and, where relevant, related tax effects.
[2] At constant rates (if H1 2014/15 results are converted at average exchange rates for H1 2015/16).
[3] Number of lost workday cases per 200,000 hours worked in a rolling year.
[4] 2014/15 and 2015/16 adjusted to exclude contribution of Gold and Silver Refining and Research Chemicals businesses.

Report to Shareholders

Review of Results

	Half Year to 30th September 2015 £ million	2014 £ million	% change	% at constant rates
Revenue	**5,755**	**4,800**	**+20**	**+18**
Sales (excluding precious metals)				
Emission Control Technologies	939	869	+8	+8
Process Technologies	283	283	-	-1
Precious Metal Products	165	193	-15	-15
Fine Chemicals	157	155	+1	-3
New Businesses	72	37	+98	+116
Eliminations	(28)	(23)		
Group sales	**1,588**	**1,514**	**+5**	**+4**
Underlying operating profit				
Emission Control Technologies	136.0	118.1	+15	+16
Process Technologies	35.9	49.7	-28	-28
Precious Metal Products	36.1	52.0	-31	-31
Fine Chemicals	40.6	41.8	-3	-8
New Businesses	(9.9)	(12.0)	+18	+19
Corporate	(13.7)	(15.5)	+12	
Group underlying operating profit	**225.0**	**234.1**	**-4**	**-4**
Interest	(16.8)	(17.9)	+6	
Share of profit of joint venture	0.1	0.2		
Underlying profit before tax	**208.3**	**216.4**	**-4**	**-4**
Tax on underlying profit before tax	(33.7)	(37.2)		
Underlying profit after tax	**174.6**	**179.2**	**-3**	
Underlying EPS (pence)	**86.3**	**88.7**	**-3**	
EPS (pence)	**137.9**	**85.6**	**+61**	
Ordinary dividend per share (pence)	**19.5**	**18.5**	**+5**	
Special dividend per share (pence)	**150.0**	**-**		
Total research and development expenditure	**91.6**	**80.1**	**+14**	
Net cash flow from operating activities	**545.2**	**163.2**		
Capital expenditure	**98.1**	**71.3**		
Net debt	**441.2**	**802.0**		
Return on invested capital (ROIC)	**17.7%**	**20.3%**		
Health and safety – Lost time injury and illness rate	**0.44**	**0.63**		

Summary

Johnson Matthey delivered 5% sales growth in the first half. Emission Control Technologies (ECT) grew strongly and New Businesses made good progress. Challenging conditions in several of our other business areas adversely impacted performance and since the half year end we have taken action to reduce costs, particularly in Process Technologies (PT).

ECT continued to perform strongly, benefiting from the introduction of new legislation in Europe and growth in our Asian and North American businesses. PT, on the other hand, had a very challenging first half as the slowdown in activity in the chemicals sector in China and sustained low oil prices adversely impacted the division's performance. In Precious Metal Products, trading has also been difficult as a result of the substantially lower average platinum group metal (pgm) prices which were over 20% down on last year. Trading in Fine Chemicals was steady, although the division's performance was impacted in the first half as a result of a safety shutdown of our US Active Pharmaceutical Ingredient (API) Manufacturing facilities following a fatal accident. On 30th September, the sale of the Research Chemicals business for £255 million was completed. New Businesses made good progress, especially in Battery Technologies, and the division's operating loss has reduced in line with our expectations.

On an underlying basis, sales grew by 5% to £1.6 billion, operating profit was 4% down at £225.0 million and profit before tax was also 4% lower at £208.3 million. Consequently, underlying return on sales was slightly lower than last year at 14.2%. Working capital improved by £386 million from the year end and for the 12 months to 30th September 2015 ROIC reduced to 17.7% as a result of higher average levels of working capital. Underlying earnings per share decreased by 3% to 86.3 pence.

The group's results in the first half were adversely impacted by the absence of income from the Gold and Silver Refining business and an increase of £7.1 million in the group's post-employment benefits cost. Excluding these headwinds, and at constant exchange rates, sales increased by 6%, underlying operating profit was flat and underlying profit before tax was 1% higher.

Profit before tax was 59% higher at £330.2 million and includes profit of £130.9 million from the sale of the Research Chemicals business which was excluded from underlying profit before tax. Basic earnings per share were 137.9 pence, 61% above last year.

Health and Safety

We continued to focus on health and safety and our lost time injury and illness rate reduced. However, this was overshadowed by the tragic accident in July of this year when an employee at our Fine Chemicals' facility in Riverside, USA suffered fatal injuries. This incident has further reinforced our efforts to achieve a world class health and safety culture across Johnson Matthey.

Restructuring Actions to Reduce Costs

As a result of the more challenging environments in several of our key markets we have, since the half year end, commenced a restructuring programme, particularly in PT. This restructuring programme is expected to reduce ongoing costs by around £30 million p.a. and have an associated one-off charge of around £40 million (of which approximately £35 million will be in cash); this charge will be excluded from our underlying results in the second half of 2015/16. Anticipated cost savings will commence within Q4 of the current financial year.

Return of Capital to Shareholders and Interim Dividend

In line with our long term strategy to focus the group on growth areas where we can apply our expertise in complex chemistry to create long term value for our shareholders, the group has disposed of its Gold and Silver Refining and Research Chemicals businesses which together have generated proceeds of approximately £380 million. At 30th September 2015 the group's net debt (including post tax pension deficits) to EBITDA ratio for the 12 months was 0.7 times.

As a result, the board carried out a detailed review of the group's balance sheet structure and concluded that there are ample resources to fund forecast research and development and capital expenditure. Therefore, the board has agreed a return of capital to shareholders by way of a special dividend of 150.0 pence per share, which represents a total payment of approximately £305 million. The special dividend will be accompanied by a share consolidation which is subject to shareholder approval. The consolidation factor will be announced to shareholders on 24th November 2015 in a circular and notice of general meeting.

The Board of Directors has also increased the interim dividend by 5% to 19.5 pence. The interim dividend will be paid on 2nd February 2016 to ordinary shareholders on the register as at 8th January 2016, with an ex-dividend date of 7th January 2016.

Financial Review

Corporate Costs

Corporate costs in the period were £13.7 million. This represents just under 1% of sales.

Research and Development (R&D)

Gross expenditure on R&D was £91.6 million, which was up 14% compared with the first half of 2014/15. In line with previous years, this represented just over 5% of group sales.

Profit Before Tax

The group's profit before tax increased by 59% to £330.2 million (2014/15 £207.8 million). The reconciliation of underlying profit before tax to profit before tax is:

	30th September 2015	**30th September 2014**
	£ million	**£ million**
Underlying profit before tax	208.3	216.4
Amortisation of acquired intangibles	(9.0)	(8.6)
Profit on sale of Research Chemicals	130.9	-
Profit before tax	**330.2**	**207.8**

Exchange Rates

The main impact of exchange rate movements on the group's results comes from the translation of foreign subsidiaries' profit into sterling as the group does not hedge the impact on the income statement of these translation effects.

Overall, the impact of foreign currency translation on the group's results for the first six months was limited, primarily as sterling's weakness against the US dollar and Chinese renminbi was offset by its strength against the euro.

The average exchange rates during the first half of 2015/16 compared to the same period last year were:

	Average exchange rate		**%**
	H1 2015/16	**H1 2014/15**	**change**
US dollar	**1.543**	**1.676**	**-8**
Euro	**1.389**	**1.244**	**+12**
Chinese renminbi	**9.64**	**10.39**	**-7**

If current exchange rates are maintained throughout the remainder of 2015/16, foreign currency translation will continue to have a limited impact on the group's reported underlying operating profit.

Return on Invested Capital

The group's return on invested capital (ROIC) fell from 20.3% to 17.7%, mainly due to the higher average levels of working capital during the 12 month period.

Interest

The group's net finance costs were slightly lower than last year at £16.8 million.

Taxation

The tax charge on underlying profit before tax was £33.7 million. This represents an effective tax rate of 16.2%, down from 17.0% at the year end, primarily due to the continued reduction in the headline rate of corporation tax in the UK from 21% for 2014/15 to 20% for 2015/16. The group's total tax charge for the period was £50.9 million, a tax rate of 15.4% on profit before tax (H1 2014/15 16.8%).

Cash Flow

During the six months ended 30th September 2015 net cash inflow from operating activities was £545.2 million (six months ended 30th September 2014 £163.2 million). The group's total working capital decreased by £386.4 million from the year end. Excluding the element that relates to precious metals, working capital decreased by £71.5 million, from 66 days at 31st March 2015 to 64 days. Working capital in respect of precious metals also fell, by £314.9 million, due primarily to lower inventories and pgm prices.

The group's cash flow conversion (adjusting for the effect of movements in precious metal working capital) was 71% compared with 50% for the six months ended 30th September 2014, reflecting the decrease in working capital. We anticipate that cash flow conversion will average around 70% over the next few years.

Capital Expenditure

Capital expenditure was £98.1 million. The principal projects were to:

- add further autocatalyst manufacturing capacity, primarily in the UK, to meet demand from the new light duty legislation;
- complete expansion of chemical catalyst manufacturing capacity in Europe; and
- upgrade core business systems.

We currently expect capital expenditure for the full year to be slightly below £280 million.

Pensions

The latest actuarial valuation of the group's principal UK pension scheme at 1st April 2015 has been completed. The valuation revealed a deficit of £69 million (1st April 2012 £214 million) in the legacy defined benefit career average section, or £28 million after taking account of the future additional deficit funding contributions from the special purpose vehicle set up in January 2013. The valuation also revealed a surplus of £2 million in the defined benefit cash balance section of the scheme, which was opened on 1st October 2012 when the defined benefit career average section was closed to new entrants.

The group's IAS 19 net liabilities associated with the pension and post-retirement medical benefit schemes, after taking account of the bonds held to fund the UK pension scheme deficit, at 30th September 2015 is estimated at £65.4 million (30th September 2014 £113.4 million).

The underlying cost of providing post-employment benefits for the period to 30th September 2015 was £28.9 million, up from £21.8 million last year. This increase, which is mainly non-cash, is predominantly due to discount rates being significantly lower at 31st March 2015 compared to the same point the year before. As noted in our results announcement on 4th June 2015, we expect the increase in the charge will be £15 million for 2015/16 as a whole and this will be included in the divisions' underlying operating profit.

Capital Structure

Net debt at the 30th September 2015 was £441.2 million, down £553.2 million since the year end. Net debt decreases to £431.0 million when adjusted for the bonds held to fund pensions less the post tax pension deficits. The group's net debt (including post tax pension deficits) / EBITDA for the 12 months to 30th September 2015 was 0.7 times (31st March 2015 1.7 times).

As described earlier on page 5, a special dividend of 150.0 pence per share, which represents a total payment of approximately £305 million, will be paid. Adjusting for this, the net debt (including post tax pension deficits) to EBITDA ratio for the 12 months ended 30th September 2015 would have been 1.2 times.

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 accounts on a going concern basis.

Operations

Emission Control Technologies (ECT)

	Half Year to 30th September 2015 £ million	2014 £ million	% change	% at constant rates
Revenue	**1,770**	**1,750**	**+1**	**+3**
Sales (excluding precious metals)				
LDV Europe	339	305	+11	+17
LDV Asia	136	123	+11	+9
LDV North America	99	89	+11	+2
Total Light Duty Vehicle (LDV) Catalysts	**574**	**517**	**+11**	**+12**
HDD North America (on road)	209	180	+16	+7
HDD Europe (on road)	93	94	-1	+7
HDD Asia (on road)	21	24	-10	-11
Other	42	54	-24	-24
Total Heavy Duty Diesel (HDD) Catalysts	**365**	**352**	**+3**	**+1**
Total sales	**939**	**869**	**+8**	**+8**
Underlying operating profit	**136.0**	**118.1**	**+15**	**+16**
Return on sales	**14.5%**	**13.6%**		
Return on invested capital (ROIC)	**25.2%**	**23.4%**		

Estimated LDV Sales and Production*

		Half Year to 30th September 2015 millions	2014 millions	% change
North America	**Sales**	**10.7**	**10.3**	**+5**
	Production	**9.0**	**8.4**	**+6**
Total Europe	**Sales**	**9.3**	**8.9**	**+4**
	Production	**10.0**	**10.3**	**-3**
Asia	**Sales**	**18.1**	**18.2**	**-**
	Production	**21.3**	**22.7**	**-6**
Global	**Sales**	**43.7**	**43.2**	**+1**
	Production	**42.9**	**44.1**	**-3**

Estimated HDD Truck Sales and Production*

		Half Year to 30th September 2015 thousands	2014 thousands	% change
North America	**Sales**	**283.3**	**257.4**	**+10**
	Production	**284.0**	**271.9**	**+4**
EU	**Sales**	**148.3**	**129.7**	**+14**
	Production	**206.0**	**185.4**	**+11**

*Source: LMC Automotive

ECT performed strongly with sales up 8% to £939 million and underlying operating profit 15% ahead at £136.0 million. Sales of LDV catalysts were buoyant, despite the 3% fall in global vehicle production, and increased by 11% to £574 million. In particular, the business benefited from the ramp up and full implementation of Euro 6b legislation in Europe and strong demand for its products in Asia. Sales in our on road HDD catalyst business were up 8% at £323 million, supported by continued strong demand for trucks in the US. On the other hand, demand for catalysts for non-road and stationary applications was well down.

ECT's return on sales increased by 0.9% to 14.5%, helped by continued efforts across the division to improve operating efficiency. However, the increase was mainly due to certain one-off benefits and we therefore expect margins in the second half to be lower. ROIC improved from 23.4% to 25.2% as a result of higher underlying operating profit.

Light Duty Vehicle (LDV) Catalysts

Our European LDV catalyst business had a strong first half, growing its sales by 11% to £339 million (17% up at constant rates), outperforming vehicle production in the region which was 3% down. The main driver of growth was sales of higher value catalysts to meet Euro 6b legislation. This imposes tighter NOx emission standards for diesel vehicles, bringing them much closer to those already in place for gasoline cars. It requires additional catalyst technology and increases sales value per vehicle for Johnson Matthey by around 20%. Euro 6b was in place for new models of diesel car from 1st September 2014 and by the start of our 2015/16 financial year less than half of EU diesel car production comprised new models requiring Euro 6b catalysts. This has increased during our first half and since 1st September 2015 the new legislation has applied to all diesel cars produced in the EU.

There has been continued commentary around NOx emissions from diesel vehicles and speculation as to whether diesel's share of production in Europe may decline. The proportion of diesel vehicles produced in Western Europe was stable at 51% in our first half (H1 2014/15 50%).

We continue to expect diesel's share in Western Europe to gradually trend down due to the continuing fuel efficiency improvements in gasoline engines. That said, diesel engines offer fuel efficiency and CO_2 emission advantages over gasoline engines and, with continuing tightening legislation for NOx (Euro 6b) and, from September 2017, the introduction of real world driving emission standards (RDE), diesel vehicles are becoming cleaner. Furthermore, with the reduction in fleet average CO_2 limits from 130g/km to 95g/km in 2020, we still believe diesel will remain an important part of the mix going forward.

There has been renewed focus on vehicle emissions, particularly since mid-September, and we continue to monitor developments closely. The introduction of RDE in Europe for gasoline and diesel vehicles will bring the test cycle for vehicles in the EU more in line with how consumers actually drive their cars. Now that specific 'not to exceed' limits have been agreed for NOx emissions, more robust NOx control aftertreatment systems on diesel vehicles will be required. Consequently, we expect there will be increased focus on advanced selective catalytic reduction (SCR) NOx control systems for which Johnson Matthey already offers successful technologies. We have been working with our customers to develop solutions for RDE for some time and are confident that we have the technologies required to meet the legislation. At the same time, Euro 6c legislation will come into force to combat the emissions of harmful particles from gasoline engines. We currently anticipate that certain gasoline cars, such as those with direct injection, will require new, advanced coated particulate filter technology to meet the new standard. As a result, we expect our average sales value per vehicle to approximately double for those engines requiring additional particulate control, although the precise proportion of vehicles to which this will apply is not yet clear.

Emissions control remains an important agenda item in Europe, and across the globe, and as a leading supplier of catalyst technologies, Johnson Matthey remains well placed to benefit from the continued drive for cleaner air.

In Asia, our LDV catalyst business also had a good first half with sales up 11% to £136 million (9% at constant rates) despite a 6% fall in vehicle production in the region. Sales in all our major markets outpaced production. Our sales in China held up well, despite the market slowdown, benefiting from both a positive product and customer mix. In both Japan and South East Asia, vehicle production continued to weaken but our sales grew strongly as our customers have performed well. Sales in India grew in line with the increase in vehicle production.

In North America our catalyst sales increased by 11% to £99 million (up 2% at constant rates). Our volumes developed in line with the 6% market growth. However, our sales at constant rates were held back because of a less favourable product mix as our volumes included a greater proportion of less valuable catalysts.

Heavy Duty Diesel (HDD) Catalysts – On Road

Our North American on road HDD catalyst business continued to grow strongly with sales up 16% to £209 million (7% ahead at constant rates), outperforming the 4% growth in truck production in the region. Our business benefited from good sales of catalyst systems for large trucks (Class 8) which represent higher catalyst value per vehicle for Johnson Matthey. Following around 18 months of strong growth in truck production, which was driven by the continued recovery in the US economy and replacement of ageing fleets, growth in demand for Class 8 trucks has moderated somewhat from recent highs. However, the market is expected to remain robust during 2015/16 and Johnson Matthey is well positioned with a strong share in this sector.

In our European business, sales at constant rates grew well, up 7% to £93 million, but were 1% down at actual rates. In the EU, demand for our catalysts was strong, supported by the 11% growth in the truck market. On the other hand, our sales to South America were well down, impacted by a 36% decline in truck production in the region.

Sales in our business in Asia reduced by 10% from a low base to £21 million. In China, the Euro IV equivalent legislation is now extending beyond the major cities to areas where trucks are typically smaller with simpler engines. Consequently, this resulted in a higher proportion of our business comprising sales to smaller vehicles which require less catalyst content. As a result, our business in China saw strong growth in the number of catalyst units sold, despite the 29% fall in truck production. However, our sales were lower due to the reduction in average catalyst content per truck. We continue to believe that full fitment of trucks to meet Euro IV standards is unlikely to be achieved until well into the second half of the decade. Catalyst sales in Japan were robust, supported by the good growth in truck production in the country.

Heavy Duty Diesel (HDD) Catalysts – Other

Sales of catalyst systems for non-road and stationary applications were down 24% at £42 million. In the non-road market, this was mainly due to lower demand from the agricultural sector. Sales to stationary applications also reduced due to lower demand from US customers in the oil exploration industry.

Process Technologies

	Half Year to 30th September			
	2015 £ million	**2014 £ million**	**% change**	**% at constant rates**
Revenue	**289**	**286**	**+1**	**-**
Sales (excluding precious metals)				
Syngas	87	81	+6	+7
Oleo/biochemicals	26	35	-24	-23
Petrochemicals	46	43	+7	+6
Chemicals	**159**	**159**	**-**	**-**
Refineries	61	66	-7	-12
Gas Processing	31	21	+50	+50
Diagnostic Services	32	37	-13	-13
Oil and Gas	**124**	**124**	**+1**	**-2**
Total sales	**283**	**283**	**-**	**-1**
Underlying operating profit	**35.9**	**49.7**	**-28**	**-28**
Return on sales	**12.7%**	**17.6%**		
Return on invested capital (ROIC)	**12.3%**	**15.0%**		

As expected, trading conditions in many parts of Process Technologies were challenging. Whilst sales in the division were flat at £283 million, underlying operating profit reduced by 28% to £35.9 million. A less favourable product mix in catalysts and slower licensing activity adversely impacted performance in our Chemicals businesses. In addition, the impact of the slowdown in upstream oil and gas markets in our Diagnostic Services business also weighed heavily on the division's performance. As a result of the decline in underlying operating profit, the division's return on sales and ROIC declined to 12.7% and 12.3% respectively.

Chemicals

Sales in our Chemicals businesses were stable at £159 million with good demand from catalyst customers offset by lower licensing income. However, underlying operating profit was significantly down as a result of a more negative product mix for catalysts and a reduction in licensing activity. Sales derived from licensing, engineering and related activities were down 16% at £34 million and one new licence (H1 2014/15 two new licences) was secured in the period. Across our Chemicals businesses the slowdown in licensing activity in China continued as the country has sufficient capacity in place for many of our existing technologies. More broadly, ongoing projects globally have experienced delays and opportunities for new projects have reduced as a result of several factors. These include the impact of the lower oil price on investment sentiment and hence the technology decisions of our customers, lower demand for substitute natural gas (SNG) technology in China and the overall slower pace of economic growth in the country.

Sales of catalysts and licences in our Syngas business were up 6% at £87 million supported by strong sales of lower margin catalysts and licensed technology for the manufacture of formaldehyde. Sales of methanol and ammonia catalysts were slightly ahead although, as expected, demand for catalysts for the production of SNG were lower due to project delays. In addition, lower licensing activity further adversely impacted margins.

Sales in our Oleo/biochemicals business were down 24% at £26 million mainly as a result of lower licensing income. Demand for nickel based catalysts, which are used by our customers in the manufacture of food and personal care products, was stable. However, sales were held back slightly due to the lower average price for nickel which is a pass through cost to our customers.

Sales in our Petrochemicals business increased by 7% to £46 million. Demand for catalysts was steady as increased sales of catalysts for the production of speciality products was offset by delayed orders from some customers. Licensing activity remained subdued but sales in the first half were boosted following the close out of an oxo alcohols project in China. One new licence was secured in the period for an oxo alcohols plant in India.

Oil and Gas

Our Oil and Gas businesses had a mixed start to the year with sales steady at £124 million (2% down at constant rates). Underlying operating profit was well down impacted by the performance of our Diagnostic Services business.

In our Refineries business, sales fell by 7% to £61 million (down 12% at constant rates) as a result of lower demand for hydrogen catalysts following a strong year in 2014/15 which saw good new plant activity. In some regions, oil refineries are running past their scheduled shutdowns to take advantage of increased margins resulting from the availability of inexpensive feedstocks. Consequently, our customers, the refinery hydrogen suppliers, are postponing their planned catalyst change outs and our hydrogen catalyst refill business has been slower in the first half. That said, we expect refill business to increase in the second half together with good sales of catalysts to new plants. Demand for our refinery additives, which are used to reduce emissions and improve performance in the fluid catalytic cracking (FCC) unit of the refinery, was good.

Our Gas Processing business, which supplies purification products used to remove mercury and sulphur impurities from natural gas, saw strong demand with sales up 50% to £31 million. The business benefited from some customers bringing forward refills from the second half.

Our Diagnostic Services business, which mainly serves the upstream oil and gas market, was significantly impacted by a slowdown in activity at its customers due to the low oil price. The business saw a fall in demand for its services across all regions as customers reduced their operating expenditure and our sales decreased by 13% to £32 million. However, the business' relatively high fixed cost base weighed more heavily on performance and as a result the business made an operating loss in the first half.

Precious Metal Products

	Half Year to 30th September 2015 £ million	2014 £ million	% change	% at constant rates
Revenue	**4,218**	**3,432**	**+23**	**+19**
Sales (excluding precious metals)				
Precious Metals Management	9	9	+3	+1
Refining	31	52	-40	-42
Services	**40**	**61**	**-34**	**-36**
Noble Metals	64	69	-6	-7
Advanced Glass Technologies	36	41	-15	-10
Chemical Products	25	22	+15	+10
Manufacturing	**125**	**132**	**-5**	**-5**
Total sales	**165**	**193**	**-15**	**-15**
Underlying operating profit	**36.1**	**52.0**	**-31**	**-31**
Return on sales	**21.9%**	**26.9%**		
Return on invested capital (ROIC)	**19.3%**	**32.9%**		

The performance of Precious Metal Products (PMP) was impacted by substantially lower average pgm prices and from the absence of income from Gold and Silver Refining which was sold in March 2015. Sales were down 15% to £165 million and underlying operating profit was 31% lower at £36.1 million. Sales in the continuing businesses were down 5% and underlying operating profit was 25% lower. Return on sales and ROIC both decreased, to 21.9% and 19.3% respectively.

Services

Sales in the continuing businesses of PMP Services, which comprise its Precious Metals Management (PMM) and Pgm Refining and Recycling activities, reduced by 5% to £40 million but operating profit was significantly down. PMM saw steady trading activity and sales in the period were stable. In our first half, platinum and palladium prices fell substantially, averaging $1,064/oz (down 26%) and $691/oz (down 19%) respectively. This impacted sales in our Pgm Refining and Recycling business, which were 7% down at £31 million despite benefiting from slightly higher intake volumes compared to the same period last year. Whilst pricing was stable, a higher proportion of lower grade intakes together with the lower pgm prices adversely impacted margins. We have made good progress on resolving the processing issues associated with some intakes and we continue to anticipate that this will be resolved by the end of the financial year. As pgm prices continued to fall throughout the first half this resulted in lower intakes compared to the second half of last year and the outlook for intakes and pgm prices remains subdued.

Manufacturing

Sales in our Manufacturing businesses were 5% lower at £125 million and underlying operating profit was also down.

Our Noble Metals business, which supplies high technology products to the industrial, medical device and automotive sectors experienced slower markets with sales down 6% to £64 million. Sales of industrial products decreased 16% to £39 million with reduced demand for pgm alloy catalysts used in fertiliser manufacture following strong demand in Europe last year. Sales of other industrial products were also down. On the other hand, sales of medical components were up 16% at £25 million, boosted by good demand from customers in the US and favourable exchange rates.

Sales in our Advanced Glass Technologies business were 15% lower at £35 million (10% down at constant rates), primarily as a result of lower sales of decorative ceramic colour products following our exit from that market. The business saw steady demand for its black obscuration enamels for automotive glass applications, especially in Europe and the US, whilst demand from other industries was somewhat soft.

Chemical Products had a good first half with sales up 15% at £25 million supported by good demand for pgm salts for the pharmaceutical industry.

Fine Chemicals

	Half Year to 30th September			
	2015 £ million	**2014 £ million**	**% change**	**% at constant rates**
Revenue	**173**	**174**	**-1**	**-4**
Sales (excluding precious metals)				
API Manufacturing	98	100	-2	-7
Catalysis and Chiral Technologies	21	18	+18	+17
Research Chemicals	38	37	+2	-
Total sales	**157**	**155**	**+1**	**-3**
Underlying operating profit	**40.6**	**41.8**	**-3**	**-8**
Return on sales	**25.9%**	**26.9%**		
Return on invested capital (ROIC)	**17.6%**	**18.4%**		

Sales in Fine Chemicals were steady at £157 million, up 1% on last year (3% down at constant rates), as good demand for catalysts, chiral technologies and custom services was offset by lower sales of active pharmaceutical ingredients (APIs). Underlying operating profit was down 3% at £40.6 million (8% lower at constant rates). This was primarily due to a safety shutdown following a fatal accident in July at our API Manufacturing plant in Riverside, USA. Return on sales decreased by 1.0% to 25.9% and ROIC also fell, by 0.8% to 17.6%.

API Manufacturing

Our API Manufacturing business' sales were down 2% at £98 million (7% down at constant rates) and operating profit was also lower due to the safety shutdown. Bulk opiate volumes reduced, primarily due to increased imports of finished drug products from outside the UK. Lower volumes as a result of the safety shutdown adversely impacted sales of APIs for Attention Deficit Hyperactivity Disorder (ADHD) treatments. However, sales of speciality opiates remained steady as lower demand for pain relief APIs, due to timing of orders, was offset by growth in demand for other speciality APIs, such as those used in the treatment of drug addiction. There was good demand for the provision of custom services for API development and manufacturing including a ramp up of sales to a customer for the development and production of a new API.

We have continued to expand our European API and clinical supply services and on 1st October completed a small acquisition, the Pharmorphix® business, which brings complementary specialist skills in material science. Refurbishment of the API manufacturing site in Annan, Scotland, which we acquired in November 2014, is progressing to plan and is expected to be regulatory compliant in mid 2016.

Catalysis and Chiral Technologies (CCT)

CCT grew sales by 18% to £21 million and operating profit was also ahead supported by good demand for homogeneous catalysts and other speciality products used to enhance the efficiency of our pharmaceutical customers' reactions and processes.

Research Chemicals

Sales in our Research Chemicals business were 2% ahead at £38 million (flat at constant rates) and operating profit was stable. On 30th September we completed the sale of this business to Thermo Fisher Scientific Inc. for £255 million. This divestment is a further step in delivering our long term strategy to focus the group on areas where we can use our expertise in complex chemistry and its applications to deliver value adding sustainable technologies for our customers.

New Businesses

	Half Year to 30th September			**% at**
	2015	**2014**	**%**	**constant**
	£ million	**£ million**	**change**	**rates**
Revenue	**74**	**37**	**+101**	**+119**
Sales (excluding precious metals)				
Battery Technologies	62	35	+79	+97
Fuel Cells	4	2	+169	+169
Other	6	-		
Total sales	**72**	**37**	**+98**	**+116**
Underlying operating profit / (loss)	**(9.9)**	**(12.0)**	**+18**	**+19**

New Businesses continued to make good progress with sales at constant rates more than doubling to £72 million and underlying operating loss reducing by 18% to £9.9 million. The division benefited from the contribution from recently acquired businesses in Battery Technologies and Atmosphere Control Technologies (ACT). Excluding acquisitions the division's sales were 16% ahead (27% up at constant rates). We continued to invest in research and development to support other long term new business areas.

Battery Technologies

Our Battery Technologies business made very good progress in the first half, with sales up 79% to £62 million (97% at constant rates) boosted by the contribution from the two battery materials acquisitions completed during 2014/15. Excluding these acquisitions, sales were 9% higher. Overall, excluding acquisition-related costs, Battery Technologies broke even in the period.

Demand for battery systems for non-automotive applications such as e-bikes was strong, although sales of battery systems to automotive customers were slower. Johnson Matthey has also made good progress in battery materials where our focus is on materials for highly demanding applications such as for the automotive sector. We are a leading supplier of lithium iron phosphate (LFP) cathode material, which is used in power dense automotive applications such as hybrid buses, and sales of these materials have been strong, especially in China. Integration of the acquired businesses is progressing in line with our expectations and we have begun to realise benefits from R&D, manufacturing and commercial synergies.

We have continued to work on next generation battery materials and on developing relationships with key partners in the supply chain. We are working closely with LG Chemicals, a global leading independent provider of batteries for automotive use, regarding technical development and supply of advanced battery materials for passenger cars. In addition, we have recently signed a memorandum of understanding with Canada based Nemaska Lithium Inc. relating to the long term supply of lithium salts.

Fuel Cells

Sales in our Fuel Cells business were £4 million, supported by demand from non-automotive customers for applications including combined heat and power (CHP), backup power and materials handling.

For transport applications, the phased emissions regulation in California, USA and the impact of Japan's Basic Energy Plan continue to incentivise the introduction of small numbers of fuel cell powered cars and we have continued to work with a number of original equipment manufacturers on their development programmes.

The net expense of our Fuel Cells business reduced to £4.9 million and we are reviewing our level of ongoing investment.

New Business Development

Our ACT business is progressing in line with expectations following the acquisition of the StePac Modified Atmosphere Packaging business in May 2015. We continue to expect ACT to deliver sales of around £20 million in 2015/16 and to make a small operating profit in the year after taking account of integration costs.

We invested just under £5 million in other new opportunities, the most advanced being our Water Purification business.

Outlook

The group's results in the first half of 2015/16 benefited from the strong performance in ECT and good progress in New Businesses. The group delivered 5% sales growth but its performance was impacted by the more challenging environments in several of our other key markets. These more difficult conditions are expected to continue and, as described on page 5, we are taking action to reduce our costs. A charge of around £40 million (of which approximately £35 million will be in cash) will be excluded from our underlying results in the second half and anticipated annual cost savings of around £30 million will commence within Q4 of the current financial year.

Looking ahead, on a reported currency basis and including the initial cost benefits from our restructuring programme, the outlook for the divisions is as follows:

Emission Control Technologies

After a strong first half, the outlook for ECT remains positive. We expect the division to continue its strong performance, benefiting from the full introduction of Euro 6b legislation from September 2015 and from good demand for our HDD catalysts in the USA. Consequently, we anticipate ECT's performance in the second half to be similar to that in the first half.

Process Technologies

Challenging trading conditions had an adverse impact on performance in many of Process Technologies' markets and we expect that these markets will remain subdued. The continuing low oil price has significantly reduced business opportunities in our Diagnostic Services business and further impacted investment sentiment and hence the technology decisions of our customers in the chemicals sector. Consequently, anticipated demand in a number of our key markets has deteriorated further in our first half, exacerbated by the lower growth outlook in China. On the other hand, demand for refill catalysts is expected to be stronger in the second half, especially in the final quarter, as a result of timing of catalyst replacements at our customers' plants. As a result, despite a weak order book for Q3, we anticipate the underlying performance in Process Technologies in the second half should be ahead of the first half. However, performance for the year as a whole is expected to be significantly lower than that in 2014/15.

Precious Metal Products

The outlook for intakes in our Pgm Refining and Recycling business remains weak and if current pgm prices prevail, the business' performance will continue to be adversely impacted in the second half. We expect our Manufacturing businesses to remain steady. Taken together, at current pgm prices, the division's performance is expected to be lower in the second half compared to the first half of the year.

Fine Chemicals

The outlook for Fine Chemicals' continuing businesses is positive, supported by anticipated strong growth in API Manufacturing due to timing of orders and higher production volumes from the Riverside plant. Despite the absence of income from Research Chemicals for the remainder of the year, we expect the division's performance in the second half to be ahead of the first half.

New Businesses

New Businesses' sales in the second half will continue to benefit from the contribution of the recently acquired battery materials businesses. We anticipate good demand for our battery materials in the second half and our Battery Technologies business remains on track to break even for the year, excluding integration costs. We expect that the level of investment in the division will be lower in the second half compared to the first half such that the operating loss for the year as a whole will reduce modestly.

Overall

For the second half, we expect the group to deliver good underlying growth on a continuing basis* compared with the first half of the year, although timing of refill catalyst orders in Process Technologies are strongly weighted towards Q4 and hence some risk in its outlook remains. In the current environment of low pgm and oil prices, and the more muted outlook in the chemicals markets that we supply, the outlook for Process Technologies and Precious Metal Products is expected to be weaker than we had previously anticipated. Despite this, the underlying performance of the group's continuing businesses* in 2015/16 is expected to be similar to 2014/15. The full year outlook for the group is in line with current market expectations.

Johnson Matthey remains well placed to benefit from major global sustainability drivers such as the continued drive to improve air quality, energy security, urbanisation and the increasing need for healthcare. The restructuring actions taken in the second half will benefit the group's results towards the end of the financial year and this, together with attractive key end markets, position the group to return to growth in 2016/17.

*2014/15 and 2015/16 adjusted to exclude contribution of Gold and Silver Refining and Research Chemicals businesses.

Risks and Uncertainties

The principal risks and uncertainties to which the group is exposed are unchanged from those identified in our 2015 annual report. The principal risks and uncertainties, together with the group's strategies to manage them, are set out on pages 22 to 27 of the annual report. They are:

STRATEGIC

- Responding to, identifying or capitalising on appropriate growth opportunities within our existing business or new growth opportunities
- Technological change

MARKET

- Responding to changes in global political and economic conditions or future environmental legislation

OPERATIONAL

- Operating safely, including in line with changes in health, safety, environmental and other regulations and standards
- Supply chain (including availability of strategic materials)
- Security of assets
- Ethics and compliance
- The effective recruitment, retention and development of high quality staff to support the growth of our business
- Intellectual property and know-how
- Failure of significant sites
- Business transition

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 Financial Conduct Authority's Disclosure 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 Financial Conduct Authority's Disclosure 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
Odile Desforges	Non-executive director
Alan Ferguson	Non-executive director, Senior Independent Director and Chairman of the Audit Committee
Den Jones	Group Finance Director
Robert MacLeod	Chief Executive
Colin Matthews	Non-executive director
Chris Mottershead	Non-executive director
Larry Pentz	Executive director
Dorothy Thompson	Non-executive director, Chairman of the Remuneration Committee
John Walker	Executive director

The responsibility statement was approved by the Board of Directors on 18th November 2015 and is signed on its behalf by:

Tim 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 2015 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 Conduct Authority (UK FCA). 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 FCA.

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 conducted 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 2015 are not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Stephen Oxley
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square, London E14 5GL

18th November 2015

Condensed Consolidated Income Statement
for the six months ended 30th September 2015

	Notes	Six months ended 30.9.15 £ million	Six months ended 30.9.14 £ million	Year ended 31.3.15 £ million
Revenue	2	**5,755.1**	4,799.9	10,059.7
Cost of sales		**(5,351.6)**	(4,403.4)	(9,242.0)
Gross profit		**403.5**	396.5	817.7
Operating expenses		**(178.5)**	(162.4)	(340.6)
Profit on sale or liquidation of businesses	4	**130.9**	-	73.0
Amortisation of acquired intangibles	5	**(9.0)**	(8.6)	(17.3)
Operating profit	2	**346.9**	225.5	532.8
Finance costs		**(20.3)**	(23.1)	(47.0)
Finance income		**3.5**	5.2	9.5
Share of profit of joint venture		**0.1**	0.2	0.5
Profit before tax		**330.2**	207.8	495.8
Income tax expense		**(50.9)**	(35.0)	(68.5)
Profit for the period		**279.3**	172.8	427.3
Attributable to:				
Owners of the parent company		**280.0**	173.7	428.7
Non-controlling interests		**(0.7)**	(0.9)	(1.4)
		279.3	172.8	427.3
		pence	pence	pence
Earnings per ordinary share attributable to the equity holders of the parent company				
Basic	7	**137.9**	85.6	211.2
Diluted	7	**137.8**	85.3	210.7

Condensed Consolidated Statement of Total Comprehensive Income
for the six months ended 30th September 2015

	Notes	Six months ended 30.9.15 £ million	Six months ended 30.9.14 £ million	Year ended 31.3.15 £ million
Profit for the period		**279.3**	172.8	427.3
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurements of post-employment benefits assets and liabilities	11	**74.0**	(13.6)	(52.1)
Tax on above items taken directly to or transferred from equity		**(19.0)**	3.6	13.7
		55.0	(10.0)	(38.4)
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences		**(39.1)**	(16.3)	(11.6)
Cash flow hedges		**6.7**	(1.8)	(16.2)
Fair value gain on net investment hedges		**4.7**	10.0	26.5
Fair value (loss) / gain on available-for-sale investments		**(3.9)**	2.5	6.1
Tax on above items taken directly to or transferred from equity		**(3.0)**	0.3	2.3
		(34.6)	(5.3)	7.1
Other comprehensive income / (expense) for the period		**20.4**	(15.3)	(31.3)
Total comprehensive income for the period		**299.7**	157.5	396.0
Attributable to:				
Owners of the parent company		**300.4**	158.3	397.2
Non-controlling interests		**(0.7)**	(0.8)	(1.2)
		299.7	157.5	396.0

Condensed Consolidated Balance Sheet

as at 30th September 2015

	Notes	30.9.15 £ million	30.9.14 £ million	31.3.15 £ million
Assets				
Non-current assets				
Property, plant and equipment		**1,075.9**	1,035.4	1,081.0
Goodwill		**553.6**	566.7	548.0
Other intangible assets		**202.7**	176.8	187.5
Deferred income tax assets		**22.6**	33.8	21.6
Investments and other receivables		**94.1**	77.2	82.0
Interest rate swaps	8	**17.2**	11.1	19.0
Post-employment benefits net assets	11	**6.2**	8.5	6.9
Total non-current assets		**1,972.3**	1,909.5	1,946.0
Current assets				
Inventories		**639.4**	634.2	859.4
Current income tax assets		**26.3**	33.6	20.6
Trade and other receivables		**967.4**	1,009.5	1,130.9
Cash and cash equivalents — cash and deposits	8	**481.2**	133.0	59.4
Interest rate swaps		**-**	2.1	-
Other financial assets		**13.6**	9.9	14.4
Non-current assets classified as held for sale		**-**	-	149.0
Total current assets		**2,127.9**	1,822.3	2,233.7
Total assets		**4,100.2**	3,731.8	4,179.7
Liabilities				
Current liabilities				
Trade and other payables		**(761.9)**	(751.1)	(799.5)
Current income tax liabilities		**(113.7)**	(112.1)	(95.9)
Cash and cash equivalents — bank overdrafts	8	**(17.3)**	(25.1)	(55.5)
Other borrowings, finance leases and related swaps	8	**(29.3)**	(172.1)	(234.7)
Other financial liabilities		**(10.9)**	(5.8)	(25.5)
Provisions		**(23.6)**	(18.6)	(36.4)
Liabilities classified as held for sale		**-**	-	(49.8)
Total current liabilities		**(956.7)**	(1,084.8)	(1,297.3)
Non-current liabilities				
Borrowings, finance leases and related swaps	8	**(893.0)**	(751.0)	(782.6)
Deferred income tax liabilities		**(96.9)**	(90.9)	(70.0)
Employee benefits obligations	11	**(125.3)**	(177.1)	(203.4)
Provisions		**(26.0)**	(27.9)	(20.8)
Other payables		**(5.8)**	(4.4)	(5.5)
Total non-current liabilities		**(1,147.0)**	(1,051.3)	(1,082.3)
Total liabilities		**(2,103.7)**	(2,136.1)	(2,379.6)
Net assets		**1,996.5**	1,595.7	1,800.1
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)		**(54.9)**	(54.6)	(54.7)
Other reserves		**(55.6)**	(33.3)	(21.0)
Retained earnings		**1,749.3**	1,324.6	1,517.3
Total equity attributable to owners of the parent company		**2,007.8**	1,605.7	1,810.6
Non-controlling interests		**(11.3)**	(10.0)	(10.5)
Total equity		**1,996.5**	1,595.7	1,800.1

Condensed Consolidated Cash Flow Statement
for the six months ended 30th September 2015

	Notes	Six months ended 30.9.15 £ million	Six months ended 30.9.14 £ million	Year ended 31.3.15 £ million
Cash flows from operating activities				
Profit before tax		**330.2**	207.8	495.8
Adjustments for:				
Share of profit of joint venture		**(0.1)**	(0.2)	(0.5)
Profit on sale of continuing activities		**(130.9)**	-	(69.7)
Depreciation, amortisation, impairment losses and (profit) / loss on sale of non-current assets and investments		**77.1**	73.9	153.2
Share-based payments		**1.2**	4.1	7.7
Changes in working capital and provisions		**294.0**	(92.4)	(416.0)
Changes in fair value of financial instruments		**(7.6)**	(2.2)	(0.7)
Net finance costs		**16.8**	17.9	37.5
Income tax paid		**(35.5)**	(45.7)	(81.5)
Net cash inflow from operating activities		**545.2**	163.2	125.8
Cash flows from investing activities				
Dividends received from joint venture		**-**	0.4	0.4
Purchases of non-current assets and investments		**(119.3)**	(79.8)	(212.1)
Proceeds from sale of non-current assets and investments		**0.2**	0.1	3.8
Purchases of businesses		**(15.5)**	(29.0)	(76.8)
Net proceeds from sale of businesses		**251.1**	-	113.7
Net cash inflow / (outflow) from investing activities		**116.5**	(108.3)	(171.0)
Cash flows from financing activities				
Net cost of ESOT transactions in own shares		**(3.1)**	(17.1)	(17.1)
(Repayment of) / proceeds from borrowings and finance leases		**(83.0)**	(2.7)	49.1
Dividends paid to owners of the parent company	6	**(100.5)**	(92.3)	(129.9)
Settlement of currency swaps for net investment hedging		**(0.1)**	-	2.8
Interest paid		**(17.3)**	(20.1)	(40.9)
Interest received		**2.2**	4.1	7.4
Net cash outflow from financing activities		**(201.8)**	(128.1)	(128.6)
Increase / (decrease) in cash and cash equivalents in period		**459.9**	(73.2)	(173.8)
Exchange differences on cash and cash equivalents		**0.1**	(1.5)	-
Cash and cash equivalents at beginning of period		**3.9**	182.6	182.6
Transferred to current assets classified as held for sale		**-**	-	(4.9)
Cash and cash equivalents at end of period	8	**463.9**	107.9	3.9

	Notes	Six months ended 30.9.15 £ million	Six months ended 30.9.14 £ million	Year ended 31.3.15 £ million
Reconciliation to net debt				
Increase / (decrease) in cash and cash equivalents in period		**459.9**	(73.2)	(173.8)
Repayment of / (proceeds from) borrowings and finance leases		**83.0**	2.7	(49.1)
Change in net debt resulting from cash flows		**542.9**	(70.5)	(222.9)
Transferred to assets classified as held for sale		**-**	-	(4.9)
Exchange differences on net debt		**10.3**	(2.3)	(37.4)
Movement in net debt in period		**553.2**	(72.8)	(265.2)
Net debt at beginning of period		**(994.4)**	(729.2)	(729.2)
Net debt at end of period	8	**(441.2)**	(802.0)	(994.4)

Condensed Consolidated Statement of Changes in Equity
for the six months ended 30th September 2015

	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 2014	220.7	148.3	(52.7)	(27.9)	1,271.1	(6.3)	1,553.2
Total comprehensive income for the period	-	-	-	(5.4)	163.7	(0.8)	157.5
Dividends paid (note 6)	-	-	-	-	(92.3)	(0.1)	(92.4)
Purchase of non-controlling interests	-	-	-	-	(6.6)	(2.8)	(9.4)
Purchase of shares by ESOT	-	-	(17.1)	-	-	-	(17.1)
Share-based payments	-	-	-	-	7.5	-	7.5
Cost of shares transferred to employees	-	-	15.2	-	(18.6)	-	(3.4)
Tax on share-based payments	-	-	-	-	(0.2)	-	(0.2)
At 30th September 2014	220.7	148.3	(54.6)	(33.3)	1,324.6	(10.0)	1,595.7
Total comprehensive income for the period	-	-	-	12.3	226.6	(0.4)	238.5
Dividends paid (note 6)	-	-	-	-	(37.6)	(0.1)	(37.7)
Share-based payments	-	-	-	-	7.1	-	7.1
Cost of shares transferred to employees	-	-	(0.1)	-	(3.6)	-	(3.7)
Tax on share-based payments	-	-	-	-	0.2	-	0.2
At 31st March 2015	220.7	148.3	(54.7)	(21.0)	1,517.3	(10.5)	1,800.1
Total comprehensive income for the period	-	-	-	(34.6)	335.0	(0.7)	299.7
Dividends paid (note 6)	-	-	-	-	(100.5)	(0.1)	(100.6)
Purchase of shares by ESOT	-	-	(3.2)	-	-	-	(3.2)
Share-based payments	-	-	-	-	5.0	-	5.0
Cost of shares transferred to employees	-	-	3.0	-	(6.6)	-	(3.6)
Tax on share-based payments	-	-	-	-	(0.9)	-	(0.9)
At 30th September 2015	**220.7**	**148.3**	**(54.9)**	**(55.6)**	**1,749.3**	**(11.3)**	**1,996.5**

Notes on the Accounts
for the six months ended 30th September 2015

1 Basis of preparation

The half-yearly accounts were approved by the Board of Directors on 18th November 2015, 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 Conduct Authority. The accounting policies applied are set out in the Annual Report and Accounts for the year ended 31st March 2015. 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 2015 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 auditor drew attention by way of emphasis without qualifying its report and did not contain any statement under sections 498(2) or 498(3) of the Companies Act 2006.

2 Segmental information by business segment

	Emission Control Technologies £ million	Process Technologies £ million	Precious Metal Products £ million	Fine Chemicals £ million	New Businesses £ million	Eliminations £ million	Total £ million
Six months ended 30th September 2015							
Revenue from external customers	**1,656.4**	**283.1**	**3,574.1**	**168.3**	**73.2**	**-**	**5,755.1**
Inter-segment revenue	**113.9**	**5.9**	**644.0**	**4.2**	**0.7**	**(768.7)**	**-**
Total revenue	**1,770.3**	**289.0**	**4,218.1**	**172.5**	**73.9**	**(768.7)**	**5,755.1**
External sales excluding precious metals	**938.7**	**277.3**	**146.1**	**154.1**	**71.4**	**-**	**1,587.6**
Inter-segment sales	**0.2**	**5.8**	**18.9**	**2.8**	**0.7**	**(28.4)**	**-**
Sales excluding precious metals	**938.9**	**283.1**	**165.0**	**156.9**	**72.1**	**(28.4)**	**1,587.6**
Segmental underlying operating profit / (loss)	**136.0**	**35.9**	**36.1**	**40.6**	**(9.9)**	**-**	**238.7**
Unallocated corporate expenses							**(13.7)**
Underlying operating profit							**225.0**
Profit on sale or liquidation of businesses (note 4)							**130.9**
Amortisation of acquired intangibles (note 5)							**(9.0)**
Operating profit							**346.9**
Net finance costs							**(16.8)**
Share of profit of joint venture							**0.1**
Profit before taxation							**330.2**
Segmental net assets	**932.2**	**768.6**	**312.7**	**421.1**	**152.3**	**-**	**2,586.9**

2 Segmental information by business segment (continued)

	Emission Control Technologies £ million	Process Technologies £ million	Precious Metal Products £ million	Fine Chemicals £ million	New Businesses £ million	Eliminations £ million	Total £ million
Six months ended 30th September 2014							
Revenue from external customers	1,622.1	282.5	2,688.5	170.7	36.1	-	4,799.9
Inter-segment revenue	127.7	3.4	743.2	3.3	0.6	(878.2)	-
Total revenue	1,749.8	285.9	3,431.7	174.0	36.7	(878.2)	4,799.9
External sales excluding precious metals	868.7	279.1	176.7	153.3	36.0	-	1,513.8
Inter-segment sales	0.4	3.4	16.3	2.0	0.5	(22.6)	-
Sales excluding precious metals	869.1	282.5	193.0	155.3	36.5	(22.6)	1,513.8
Segmental underlying operating profit / (loss)	118.1	49.7	52.0	41.8	(12.0)	-	249.6
Unallocated corporate expenses							(15.5)
Underlying operating profit							234.1
Amortisation of acquired intangibles (note 5)							(8.6)
Operating profit							225.5
Net finance costs							(17.9)
Share of profit of joint venture							0.2
Profit before taxation							207.8
Segmental net assets	993.8	719.4	324.7	473.4	93.7	-	2,605.0
Year ended 31st March 2015							
Revenue from external customers	3,321.4	593.3	5,690.2	362.6	92.2	-	10,059.7
Inter-segment revenue	256.3	6.3	1,487.8	7.7	1.1	(1,759.2)	-
Total revenue	3,577.7	599.6	7,178.0	370.3	93.3	(1,759.2)	10,059.7
External sales excluding precious metals	1,781.2	585.1	346.8	322.0	89.6	-	3,124.7
Inter-segment sales	0.7	6.1	32.5	4.6	0.9	(44.8)	-
Sales excluding precious metals	1,781.9	591.2	379.3	326.6	90.5	(44.8)	3,124.7
Segmental underlying operating profit / (loss)	236.9	106.0	101.5	88.8	(22.1)	-	511.1
Unallocated corporate expenses							(34.0)
Underlying operating profit							477.1
Profit on sale or liquidation of businesses							73.0
Amortisation of acquired intangibles (note 5)							(17.3)
Operating profit							532.8
Net finance costs							(37.5)
Share of profit of joint venture							0.5
Profit before taxation							495.8
Segmental net assets	1,033.8	778.3	554.2	509.5	134.0	-	3,009.8

Notes on the Accounts
for the six months ended 30th September 2015

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

Average exchange rates used for translation of results of foreign operations	Six months ended 30.9.15	30.9.14	Year ended 31.3.15
US dollar / £	**1.543**	1.676	1.613
Euro / £	**1.389**	1.244	1.275
Chinese renminbi / £	**9.64**	10.39	9.99

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.

	Six months ended 30.9.15 £ million	Six months ended 30.9.14 At last year's rates £ million	At this year's rates £ million	Change at this year's rates %
Sales excluding precious metals				
Emission Control Technologies	**938.9**	869.1	872.2	+8
Process Technologies	**283.1**	282.5	285.0	-1
Precious Metal Products	**165.0**	193.0	194.0	-15
Fine Chemicals	**156.9**	155.3	161.2	-3
New Businesses	**72.1**	36.5	33.4	+116
Elimination of inter-segment sales	**(28.4)**	(22.6)	(23.3)	
Sales excluding precious metals	**1,587.6**	1,513.8	1,522.5	+4
Underlying operating profit				
Emission Control Technologies	**136.0**	118.1	117.6	+16
Process Technologies	**35.9**	49.7	49.7	-28
Precious Metal Products	**36.1**	52.0	52.1	-31
Fine Chemicals	**40.6**	41.8	43.9	-8
New Businesses	**(9.9)**	(12.0)	(12.2)	+19
Unallocated corporate expenses	**(13.7)**	(15.5)	(15.8)	
Underlying operating profit	**225.0**	234.1	235.3	-4

4 Profit on sale or liquidation of businesses

On 30th September 2015 the group sold its Fine Chemicals' Research Chemicals business to Thermo Fisher Scientific Inc, a world leader in providing services to the scientific community, for £255.0 million resulting in a profit of £130.9 million which is excluded from underlying operating profit. The sale of the Research Chemicals business is a further step in delivering the group's long term strategy to focus on areas where it can use its expertise in complex chemistry and its applications to deliver value adding sustainable technologies for its customers.

5 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.

6 Dividends

An interim dividend of 19.5 pence per ordinary share has been proposed by the board which will be paid on 2nd February 2016 to shareholders on the register at the close of business on 8th January 2016. The estimated amount to be paid is £39.6 million and has not been recognised in these accounts. The board is also recommending a special dividend to shareholders of 150.0 pence per ordinary share which will be paid on 2nd February 2016 to shareholders on the register at the close of business on 8th January 2016. The amount to be paid is approximately £305 million and has not been recognised in these accounts.

	Six months ended		Year ended
	30.9.15	30.9.14	31.3.15
	£ million	£ million	£ million
2013/14 final ordinary dividend paid — 45.5 pence per share	**-**	92.3	92.3
2014/15 interim ordinary dividend paid — 18.5 pence per share	**-**	-	37.6
2014/15 final ordinary dividend paid — 49.5 pence per share	**100.5**	-	-
Total dividends	**100.5**	92.3	129.9

7 Earnings per ordinary share

The calculation of earnings per ordinary share is based on a weighted average of 203,050,798 shares in issue (six months ended 30th September 2014 202,949,119 shares, year ended 31st March 2015 202,993,386 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 96,194 shares (six months ended 30th September 2014 621,712 shares, year ended 31st March 2015 500,635 shares).

Underlying earnings per ordinary share are calculated as follows:

	Six months ended		Year ended
	30.9.15	30.9.14	31.3.15
	£ million	£ million	£ million
Profit for the year attributable to equity holders of the parent company	**280.0**	173.7	428.7
Profit on sale or liquidation of businesses (note 4)	**(130.9)**	-	(73.0)
Amortisation of acquired intangibles (note 5)	**9.0**	8.6	17.3
Tax thereon	**17.2**	(2.2)	(6.4)
Underlying profit for the year	**175.3**	180.1	366.6
	pence	pence	pence
Basic underlying earnings per share	**86.3**	88.7	180.6

8 Net debt

	30.9.15 £ million	30.9.14 £ million	31.3.15 £ million
Cash and deposits	**481.2**	133.0	59.4
Bank overdrafts	**(17.3)**	(25.1)	(55.5)
Cash and cash equivalents	**463.9**	107.9	3.9
Other current borrowings, finance leases and related swaps	**(29.3)**	(172.1)	(234.7)
Current interest rate swaps	**-**	2.1	-
Non-current interest rate swaps	**17.2**	11.1	19.0
Non-current borrowings, finance leases and related swaps	**(893.0)**	(751.0)	(782.6)
Net debt	**(441.2)**	(802.0)	(994.4)

Offset arrangements across group businesses have been applied to arrive at the cash and deposits and bank overdrafts figures. At 30th September 2015 the offsets were £158.8 million (30th September 2014 £122.7 million, 31st March 2015 £63.1 million).

9 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 2015 precious metal leases were £55.4 million (30th September 2014 £53.1 million, 31st March 2015 £18.7 million).

10 Transactions with related parties

There have been no material changes in related party relationships in the six months ended 30th September 2015 and no other related party transactions have taken place which have materially affected the financial position or performance of the group during that period.

11 Post-employment benefits

The group has updated the valuation of its main post-employment benefit plans, which are its UK and US pension plans and US post-retirement medical benefits plan, at 30th September 2015.

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 2015	(77.2)	(11.0)	(26.6)	(46.6)	(32.3)	(193.7)
Current service cost	(19.0)	-	(5.1)	(0.7)	(0.8)	(25.6)
Net interest	(1.5)	(0.2)	(0.5)	(0.9)	(0.2)	(3.3)
Curtailment gain	-	-	1.1	-	-	1.1
Past service cost	-	-	(0.2)	-	-	(0.2)
Remeasurements	66.9	-	5.1	2.0	-	74.0
Company contributions	25.4	-	4.2	-	1.2	30.8
Exchange adjustments	-	-	0.8	1.1	(1.1)	0.8
At 30th September 2015	**(5.4)**	**(11.2)**	**(21.2)**	**(45.1)**	**(33.2)**	**(116.1)**

These are included in the balance sheet as:

	30.9.15 Post-employment benefits net assets £ million	**30.9.15 Employee benefits obligations £ million**	30.9.14 Post-employment benefits net assets £ million	30.9.14 Employee benefits obligations £ million	31.3.15 Post-employment benefits net assets £ million	31.3.15 Employee benefits obligations £ million
UK pension plan	**-**	**(5.4)**	-	(77.7)	-	(77.2)
UK post-retirement medical benefits plan	**-**	**(11.2)**	-	(9.6)	-	(11.0)
US pension plans	**-**	**(21.2)**	-	(16.8)	-	(26.6)
US post-retirement medical benefits plan	**5.2**	**(50.3)**	5.1	(45.6)	6.1	(52.7)
Other plans	**1.0**	**(34.2)**	3.4	(24.9)	0.8	(33.1)
Total post-employment plans	**6.2**	**(122.3)**	8.5	(174.6)	6.9	(200.6)
Other long term employee benefits		**(3.0)**		(2.5)		(2.8)
Total long term employee benefits obligations		**(125.3)**		(177.1)		(203.4)

12 Acquisitions

On 18th May 2015 the group acquired 100% of Stepac L.A. Ltd. and its subsidiaries plus related assets for £20.3 million.

13 Post balance sheet event

After 30th September 2015 the group has commenced a restructuring programme, particularly in Process Technologies. The estimated cost is around £40 million and will be excluded from underlying profit.

14 Financial Instruments

Fair values are measured using a hierarchy where the inputs are:

- Level 1 — quoted prices in active markets for identical assets or liabilities.
- Level 2 — not level 1 but are observable for that asset or liability either directly or indirectly. The fair values are estimated by discounting the future contractual cash flows using appropriate market sourced data at the balance sheet date.
- Level 3 — not based on observable market data (unobservable).

Financial instruments measured at fair value are:

	30.9.15 Level 1 £ million	**30.9.15 Level 2 £ million**	30.9.14 Level 1 £ million	30.9.14 Level 2 £ million	31.3.15 Level 1 £ million	31.3.15 Level 2 £ million
Quoted bonds purchased to fund pension deficit included in:						
Non-current investments	**50.7**	**-**	52.7	-	54.4	-
Quoted available-for-sale investments included in:						
Non-current investments	**1.0**	**-**	-	-	-	-
Interest rate swaps included in:						
Non-current assets	**-**	**17.2**	-	11.1	-	19.0
Current assets	**-**	**-**	-	2.1	-	-
Current liabilities	**-**	**(0.4)**	-	(0.8)	-	(0.5)
Non-current liabilities	**-**	**-**	-	(5.8)	-	-
Forward foreign exchange and precious metal price contracts and currency swaps included in:						
Current other financial assets	**-**	**13.6**	-	10.0	-	14.4
Current other financial liabilities	**-**	**(10.9)**	-	(5.8)	-	(25.5)

The fair value of financial instruments is approximately equal to book value except for:

	30.9.15 Carrying amount £ million	**30.9.15 Fair value £ million**	30.9.14 Carrying amount £ million	30.9.14 Fair value £ million	31.3.15 Carrying amount £ million	31.3.15 Fair value £ million
US Dollar Bonds 2015, 2016, 2022, 2023, 2025 and 2028	**(522.1)**	**(518.6)**	(606.0)	(603.0)	(536.9)	(536.7)
Euro Bonds 2021 and 2023	**(88.9)**	**(103.8)**	(93.5)	(110.6)	(87.4)	(104.0)
Euro EIB loans 2019	**(91.9)**	**(94.7)**	(96.6)	(101.0)	(90.3)	(94.6)
Sterling Bonds 2024	**(65.0)**	**(67.1)**	(65.0)	(65.8)	(65.0)	(69.8)
Other bank loans repayable from two to three years	**(1.6)**	**(1.2)**	-	-	(1.9)	(1.3)

Unquoted investments included in non-current available-for-sale investments are held at cost at 30th September 2015 of £8.4 million (30th September 2014 £8.5 million, 31st March 2015 £8.4 million) as their fair value cannot be measured reliably. There is no active market for these investments since they are investments in a company that is in the start up phase and in investment vehicles that invest in start up companies and are categorised as level 3.

Financial Calendar

2015

16th December
General Meeting

2016

7th January
Ex dividend date (interim dividend)

8th January
Record date (interim dividend, special dividend and share consolidation)

11th January
Ex dividend date (special dividend)
Share consolidation takes effect (subject to approval at the General Meeting)

2nd February
Payment of interim dividend
Payment of special dividend (subject to approval at the General Meeting)

2nd June
Announcement of results for the year ending 31st March 2016

9th June
Ex dividend date

10th June
Final dividend record date

20th July
125th Annual General Meeting (AGM)

2nd August
Payment of final dividend subject to declaration at the AGM

Johnson Matthey Public Limited Company
Registered Office: 5th Floor, 25 Farringdon Street, London EC4A 4AB
Telephone: 020 7269 8400
Internet address: www.matthey.com
E-mail: jmpr@matthey.com

Registered in England – Number 33774

Registrars
Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Telephone: 0871 384 2344
Internet address: www.shareview.co.uk

Key Financial Data

for the six months ended 30th September 2015

Group Highlights (Underlying Results)

	Six months ended 30.9.15 £ million	Six months ended 30.9.14 £ million	%	% at constant rates
Sales excluding precious metals	**1,588**	1,514	+5	+4
Operating profit	**225.0**	234.1	-4	-4
Net finance costs	**(16.8)**	(17.9)	+6	
Share of profit of joint venture	**0.1**	0.2		
Profit before tax	**208.3**	216.4	-4	
Income tax expense	**(33.7)**	(37.2)		
Profit after tax	**174.6**	179.2	-3	

	Six months ended 30.9.15 £ million	Six months ended 30.9.14 £ million	%
Earnings per share (pence)	**86.3**	88.7	-3
Dividend per share (pence)	**19.5**	18.5	+5
Total research and development	**91.6**	80.1	+14
Pension costs	**28.9**	21.8	+33
Net cash flow from operating activities	**545.2**	163.2	
Capital expenditure	**98.1**	71.3	
Net debt	**(441.2)**	(802.0)	

Divisional Highlights

	ECT Six months ended 30.9.15 £ million	ECT 30.9.14 £ million	%	Process Technologies Six months ended 30.9.15 £ million	Process Technologies 30.9.14 £ million	%	PMP Six months ended 30.9.15 £ million	PMP 30.9.14 £ million	%	Fine Chemicals Six months ended 30.9.15 £ million	Fine Chemicals 30.9.14 £ million	%	New Businesses Six months ended 30.9.15 £ million	New Businesses 30.9.14 £ million	%
Sales excl. precious metals	**939**	869	+8	**283**	283	-	**165**	193	-15	**157**	155	+1	**72**	37	+98
Underlying operating profit	**136.0**	118.1	+15	**35.9**	49.7	-28	**36.1**	52.0	-31	**40.6**	41.8	-3	**(9.9)**	(12.0)	+18
Return on sales	**14.5%**	13.6%		**12.7%**	17.6%		**21.9%**	26.9%		**25.9%**	26.9%		**n/a**	n/a	
Return on invested capital	**25.2%**	23.4%		**12.3%**	15.0%		**19.3%**	32.9%		**17.6%**	18.4%		**n/a**	n/a	

Divisional Sales Excluding Precious Metals Detail

	Six months ended 30.9.15 £ million	Six months ended 30.9.14 £ million	%	% at constant rates
LDV Europe	**339**	305	+11	+17
LDV Asia	**136**	123	+11	+9
LDV North America	**99**	89	+11	+2
LDV	**574**	517	+11	+12
HDD North America (on road)	**209**	180	+16	+7
HDD Europe (on road)	**93**	94	-1	+7
HDD Asia (on road)	**21**	24	-10	-11
Other	**42**	54	-24	-24
HDD	**365**	352	+3	+1
ECT	**939**	869	+8	+8
Syngas	**87**	81	+6	+7
Oleo/biochemicals	**26**	35	-24	-23
Petrochemicals	**46**	43	+7	+6
Chemicals	**159**	159	-	-
Refineries	**61**	66	-7	-12
Gas Processing	**31**	21	+50	+50
Diagnostic Services	**32**	37	-13	-13
Oil and Gas	**124**	124	+1	-2
Process Technologies	**283**	283	-	-1
Precious Metals Management	**9**	9	+3	+1
Refining	**31**	52	-40	-42
Services	**40**	61	-34	-36
Noble Metals	**64**	69	-6	-7
Advanced Glass Technologies	**36**	41	-15	-10
Chemical Products	**25**	22	+15	+10
Manufacturing	**125**	132	-5	-5
PMP	**165**	193	-15	-15
API Manufacturing	**98**	100	-2	-7
Catalysis and Chiral Technologies	**21**	18	+18	+17
Research Chemicals	**38**	37	+2	-
Fine Chemicals	**157**	155	+1	-3
Battery Technologies	**62**	35	+79	+97
Fuel Cells	**4**	2	+169	+169
Other	**6**	-	n/a	n/a
New Businesses	**72**	37	+98	+116
Eliminations	**(28)**	(23)	-26	-22
Group	**1,588**	1,514	+5	+4

Average Exchange Rates

	Six months ended 30.9.15	Six months ended 30.9.14	%
USD/GBP	**1.54**	1.68	-8
EUR/GBP	**1.39**	1.24	+12
RMB/GBP	**9.64**	10.39	-7

Average Metal Prices

	Six months ended 30.9.15 $/oz	Six months ended 30.9.14 $/oz	%
Platinum	**1,064**	1,447	-26
Palladium	**691**	849	-19

Market Data

Estimated LDV Sales and Production *

		Six months ended 30.9.15 million	Six months ended 30.9.14 million	%
North America	Sales	**10.7**	10.3	+5
	Production	**9.0**	8.4	+6
Europe	Sales	**9.3**	8.9	+4
	Production	**10.0**	10.3	-3
Asia	Sales	**18.1**	18.2	-
	Production	**21.3**	22.7	-6
Global	Sales	**43.7**	43.2	+1
	Production	**42.9**	44.1	-3

Estimated HDD Truck Sales and Production *

		Six months ended 30.9.15 thousand	Six months ended 30.9.14 thousand	%
North America	Sales	**283.3**	257.4	+10
	Production	**284.0**	271.9	+4
EU	Sales	**148.3**	129.7	+14
	Production	**206.0**	185.4	+11

* Source: LMC Automotive