Johnson Electric Holdings Limited

(Stock Code: 179)

JOHNSON ELECTRIC

innovating motion

Interim Report 2010

CONTENTS

CORPORATE AND SHAREHOLDER INFORMATION

Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

CORPORATE INFORMATION

Board of Directors

Executive Directors

Patrick Shui-Chung Wang *JP*
Chairman and Chief Executive
Winnie Wing-Yee Wang
Vice-Chairman
Austin Jesse Wang

Non-Executive Directors

Yik-Chun Koo Wang
Honorary Chairman
Peter Kin-Chung Wang
Peter Stuart Allenby Edwards*
Patrick Blackwell Paul*
Oscar de Paula Bernardes Neto*
Michael John Enright*
Joseph Chi-Kwong Yam *GBM, GBS, CBE, JP**

* *Independent Non-Executive Director*

Company Secretary

Susan Chee-Lan Yip

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Hong Kong Head Office

12 Science Park East Avenue, 6/F
Hong Kong Science Park
Shatin, New Territories
Hong Kong
Tel : (852) 2663 6688
Fax : (852) 2897 2054
Website : www.johnsonelectric.com

Auditor

PricewaterhouseCoopers

Registrar and Transfer Offices

Principal:
HSBC Securities Services
(Bermuda) Limited
6 Front Street
Hamilton HM 11
Bermuda

Hong Kong Branch:
Computershare Hong Kong
Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East,
Wan Chai
Hong Kong

American Depositary Receipt (ADR)

Ratio : 1 ADR : 10 Ordinary Shares
Exchange : OTC
Symbol : JELCY
CUSIP : 479087207

ADR Bank

JPMorgan Chase Bank
JPMorgan Service Center
P.O. Box 43013
Providence, RI 02940-3013
U.S.A.
Tel : Domestic Toll Free :
+1 (800) 990-1135
International :
+1 (781) 575-4328
Fax : +1 (781) 575-4088
Email : adr@jpmorgan.com

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
DBS Bank Ltd., Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited

LISTING INFORMATION

Share Listing

The Company's shares are listed on The Stock Exchange of Hong Kong Limited and are traded over the counter in the United States in the form of American Depositary Receipt.

Stock Code

The Stock Exchange of Hong Kong Limited	: 179
Bloomberg	: 179 : HK
Reuters	: 0179.HK

SHAREHOLDERS' CALENDAR

Register of Shareholders

Closure of Register (both dates inclusive)
29th December 2010 (Wednesday)
– 5th January 2011 (Wednesday)

Dividend (per Share)

Interim Dividend	: 3 HK Cents
Payable on	: 6th January 2011 (Thursday)

INTERIM REPORT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2010

HIGHLIGHTS

- Group sales US$1,031 million – up 27% compared to the first half of prior financial year
- Gross profit margin increased from 26.6 % to 28.7%
- EBITDA up 118% to US$166 million
- Operating profit US$124 million – up US$91 million or 276%
- Net profit attributable to shareholders US$93 million or 2.54 US Cents per share – an increase of US$78 million
- Interim dividend of 3 HK Cents per share (0.39 US Cents per share)

CHAIRMAN'S STATEMENT

OVERVIEW OF FINANCIAL RESULTS

In the six month period ended 30th September 2010 Johnson Electric delivered an exceptionally strong performance as a result of resurgent and sustained demand in its core markets and a comparatively lower cost base that had been restructured and streamlined during the global financial crisis.

Group sales for the first half of the 2010-11 financial year totaled US$1,031 million, an increase of 27% over the first half of the prior financial year and up 11% compared to the second half. Net profit attributable to shareholders increased by US$78 million to US$93 million.

The primary factor behind the sales improvement has been a marked increase in customer demand that began a year ago with government-led stimulus programs and has since led to a broader recovery in industrial output compared to the extraordinarily depressed levels at the height of the economic crisis. Johnson Electric has also capitalised on this recovery with new product introductions and more focused go-to-market strategies that have seen the Group win new business and gain market share in many of its key business segments.

All of the Group's business units, with the exception of the downsized trading operation, achieved year on year sales increases. Particularly encouraging performances were delivered in the Industry Products Group, which had originally been slower to emerge from the downturn but is now achieving excellent progress across its product line of motion subsystems, precision motors and actuators, switches and solenoids. The Automotive Products Group also performed well although the pace of growth in this division has slowed relative to the second half of the past financial year due to the ending of government-led incentive programs in some countries and the weaker average Euro to US Dollar exchange rate for most of the first half period. Offsetting this, however, was continued strong demand from developing markets, especially China where Johnson Electric is establishing itself as the clear market leader for many of its automotive components and subsystem products.

Meanwhile, the cost reduction programs and restructuring initiatives that have been put in place over the past two years are substantially completed. Those painful but essential actions are now providing superior operating leverage and higher gross margins – and delivering improved operating earnings which are unencumbered by restructuring charges.

Gross margins increased from 26.6% to 28.7% due to the increase in sales volumes, targeted price adjustments and better capacity utilisation and product mix. This was despite a significant rise in direct labour costs in China and increasing raw material expenses. The Group is also resuming growth in its headcount to meet increased demand and to invest in talent to drive growth in emerging markets and to strengthen our functional expertise.

Operating profits for the first half of 2010-11 amounted to US$124 million, compared to only US$33 million achieved in the prior half-year period when the results were also negatively affected by restructuring provisions and asset impairments of US$14 million.

After taking into account net financing costs and an increase in taxation and minority interests, the consolidated profit attributable to shareholders for the first half of the financial year amounted to US$93 million or 2.54 US Cents per share. Although total Group sales remain slightly below the pre-crisis level, this net profit figure for the first half represents a record high for the Company, and is testimony to a much-improved competitive position and the hard work of our people.

The Group's overall financial condition remains excellent with consistently strong operating cash flow and, taking into account cash reserves of US$386 million, a net debt level of less than US$19 million as of 30th September 2010.

INTERIM DIVIDEND

In consideration of the improved operating environment and profitability of the Company, the Directors have determined that a resumption of interim dividend payments is appropriate and have today declared an interim dividend of 3 HK Cents, equivalent to 0.39 US Cents per share payable on 6th January 2011 to shareholders registered on 5th January 2011.

DRIVING INNOVATION AND INVESTING TO GROW IN DEVELOPING MARKETS

The macro-economic environment in which Johnson Electric operates has undergone truly momentous shifts that in just the past five years has witnessed dramatic volatility in foreign exchange rates, a near-collapse of large sections of the US automotive industry, substantial increases in commodity prices and the most broad-based international economic downturn in more than sixty years.

To achieve and sustain success as a manufacturing enterprise in such conditions has required immense effort and necessitated that we constantly question the way we compete. Whilst it is clear that cost reductions and restructuring have helped the Group come through the global financial crisis in a robust condition, it is also evident to us as managers that we need to adapt our business model and re-tool to maintain our leadership position in the years ahead.

Two particular priorities top our agenda. First, we are committed to be the technology leader in our industry. Our aim is to work collaboratively with our customers to gain deep insight into what they and their customers value most. By leveraging our unrivalled application know-how, we seek to design and engineer unique technology solutions that differentiate our products and deliver tangible customer benefits. One recent example of our product innovation includes high power density motors used in anti-lock braking systems that reduce weight by 40%, improve fuel consumption and lower the carbon footprint impact to the environment. Another example is our patented Quattro Pole™ technology that enables the most optimised power performance in universal motors and delivers 30% higher power for kitchen blenders. These smaller but more efficient motors allow OEM designers greater flexibility to use less material in their end-products.

A second key priority is to build market leading positions in developing countries. Already Johnson Electric derives approximately one quarter of its sales from these markets with China, being the largest geographic source of demand.

China represents a distinct challenge for our Group. On the one hand it has emerged as the world's largest market for automobiles and is also gaining ground in other motion product markets. On the other hand, we maintain a significant part of our production capacity there and consequently must wrestle with the prospect of further increases in local operating costs and a strengthening Renminbi currency. Our response is a multi-pronged strategy of diversifying our manufacturing footprint into other parts of China and elsewhere in the world, selectively automating some parts of our production processes, hiring local engineering talent who understand local market needs and aggressively growing domestic China sales.

Beyond China, there are other emerging markets that represent major sources of future incremental growth for our Company – consequently we are investing in India and increasingly in Latin America for future domestic sales and to provide greater manufacturing flexibility to serve our customers locally and globally.

PROSPECTS

Whilst it is clearly pleasing to report such a positive first half performance, we have a somewhat cautious view of prospects for the remainder of the financial year. In large measure this is due to a prevailing global macro economic picture that is mixed and difficult to predict and to the seasonality of some of our businesses.

In most developed economies, households are reluctant to spend while unemployment remains high and property values depressed. At the same time, many businesses are benefiting from higher export sales to developing markets but they are still apparently hesitant to invest or, if they do seek to borrow, their banks are reportedly less willing to lend than in the past. It is therefore difficult to avoid the conclusion that an element of the recovery in demand has been driven by restocking and, even with sustained demand from developing markets, at some point we should expect a softening in sales volumes. The imposition of government-directed austerity measures in several European countries will likely also have a negative impact on consumer sentiment for some time to come.

Our own internal projections are presently for second half sales to be slightly lower compared to the first half. This, combined with increasing labour costs in China and high commodity prices, gives us reason to be cautious regarding the near term financial outlook. Nonetheless, we must emphasise that the Group has emerged from the global financial crisis stronger, fitter and particularly well-placed to continue to win a substantial share of business in the global motion systems industry.

Patrick Shui-Chung Wang
Chairman and Chief Executive

Hong Kong, 29th November 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW – FINANCIAL HIGHLIGHTS

	Six months ended	
US$ million	30th Sep 2010	30th Sep 2009
Sales	1,030.6	811.7
Gross profit	295.9	216.0
Gross margin%	*28.7%*	*26.6%*
Operating profit	124.0	33.0
Operating margin%	*12.0%*	*4.1%*
Profit attributable to shareholders	92.9	14.6
Earnings per share (US Cents)	2.54	0.40
Earnings before interest, tax, depreciation and amortisation (EBITDA)	165.6	75.9
Free cash flow from operations*	86.9	122.2

US$ million	30th Sep 2010	31st Mar 2010
Cash	385.8	367.1
Debt (Total borrowings)	(404.3)	(408.7)
Net debt	(18.5)	(41.6)
Total equity	1,280.0	1,166.6

Financial ratios**	30th Sep 2010	31st Mar 2010
Debt to EBITDA	1.4	2.1
Interest coverage (EBIT***/Interest expense)	19.5	12.4
Free cash flow from operations to debt	45%	53%
Debt to capital (Total equity + debt)	24%	26%

* *Net cash generated from operating activities plus interest received, less CAPEX net of proceeds from disposal of fixed assets*

** *EBITDA, EBIT, interest expense and free cash flow from operations in the financial ratios computation are based on last twelve months' figures*

*** *Earnings before interest and tax (EBIT) is defined as operating profit (per accounts) plus share of profit/(losses) of associated companies*

- Global demand showed an upward trend over the first six months of FY2010-11.
- Sales revenue across the regions continued to grow in our Automotive and Industry businesses.
- Gross margin improved due to increased capacity utilisation and a more favorable product-mix.
- Operating margin benefited from leverage of S&A expenses and gross margin improvements.
- Net debt (total non-current and current borrowings, net of cash) was reduced.
- The Group improved its creditworthiness ratio of debt to EBITDA as a result of profit growth. However, the ratio of free cash flow from operations to debt has declined with rising business levels requiring an increase in working capital and capital expenditure, especially to take advantage of growth opportunities in emerging markets and new products.

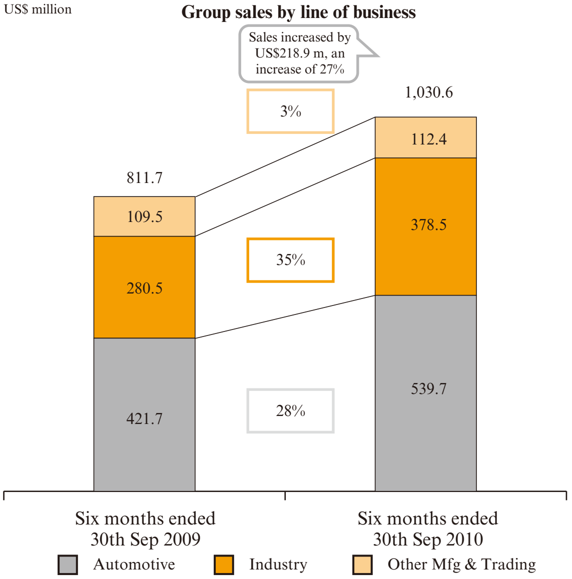
SALES ANALYSIS

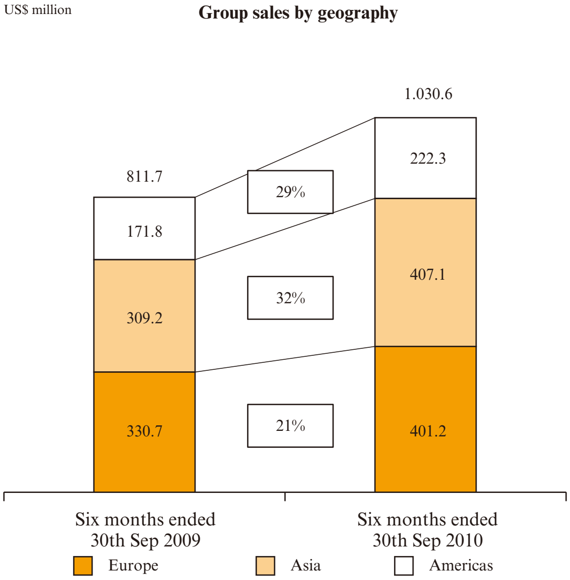
Operations in Johnson Electric (JE) share many common features in technology, manufacturing processes, supply chain management, brand and distribution channel management and the business model as a whole. This creates opportunities for revenue growth by leveraging the strength of the Group's technology and in cost reduction through the sharing of resources.

Group sales arise primarily from its manufacturing segment. Manufacturing is divided into Automotive Products Group, Industry Products Group and Other Manufacturing Businesses. Sales for the six months ended 30th September 2010 are analysed below:

GROUP SALES ANALYSIS

US$ million	Six months ended 30th Sep 2010 Sales	%	Six months ended 30th Sep 2009 Sales	%	Increase/(decrease)	%	Sales growth at constant exchange rates %
MANUFACTURING SEGMENT							
Motors	393.6	38.2%	302.4	37.3%	91.2	30%	33%
Motion systems	146.1	14.2%	119.3	14.7%	26.8	22%	28%
Automotive Products Group (APG)	**539.7**	**52.4%**	**421.7**	**52.0%**	**118.0**	**28%**	**32%**
Motors	291.7	28.3%	215.5	26.5%	76.2	35%	35%
Motion systems	86.8	8.4%	65.0	8.0%	21.8	34%	38%
Industry Products Group (IPG)	**378.5**	**36.7%**	**280.5**	**34.5%**	**98.0**	**35%**	**36%**
Other Manufacturing Businesses	**111.2**	**10.8%**	**96.9**	**11.9%**	**14.3**	**15%**	**16%**
TOTAL MANUFACTURING	**1,029.4**	**99.9%**	**799.1**	**98.4%**	**230.3**	**29%**	**31%**
TRADING SEGMENT	**1.2**	**0.1%**	**12.6**	**1.6%**	**(11.4)**	**(90%)**	**(90%)**
TOTAL SALES	**1,030.6**	**100.0%**	**811.7**	**100.0%**	**218.9**	**27%**	**29%**





Excluding currency effects sales growth for the first six months of FY2010-11 vs same period last year: Overall 29%, Europe 28%, Asia 31%, Americas 29%

SALES REVIEW

JE witnessed a continued recovery in sales over the first six months of FY2010-11. Group sales in the first half of FY2010-11 increased to US$1,030.6 million; an increase of 27% from US$811.7 million for the same period last year.

MANUFACTURING SEGMENT

Automotive Products

- Sales for the first half of FY2010-11 were US$539.7 million; a substantial increase of 28% from US$421.7 million in the same period last year. This increase resulted from an expansion in demand by OEMs in fast growing emerging markets, some recovery in North America and Europe and an increase in our market share driven by the launch of a number of new programs.

- Increasingly, the demand for comfort and convenience features is driving growth in power closure systems, power seat adjustments and climate control motion systems, resulting in higher demand for our products. Traditionally, these applications were only available on higher-end vehicles but demand for these options has resulted in increasing installation in all types of vehicles.

- Growth in environmentally friendly products continues. Government legislation to lower emissions and increase fuel efficiency has boosted demand for our products. Our innovative products for engine air and fuel management and transmission applications, are enabling higher performance from smaller engine sizes.

- The growing market requirement for improved vehicle safety is being met by our newly developed products for anti-lock braking systems, electronic stability control and electric parking brakes.

- China, Korea and India continued to be key growth markets. We benefited from rising demand in China and improved our market share with an increase in the electrification of vehicle accessories. Korean OEMs' expansion into India and China, with high local sourcing, contributed to our growth in these markets. We also gained market share from product launches leveraging the technology-driven product portfolio we developed for European markets.

- In Europe, improvements in the global economy buoyed the recovery of the automotive export market. We also benefited from the development of innovative products for braking, engine air and fuel management systems and power closure systems, as well as growth in new applications such as motors for lumbar support.

- In the Americas, sales for the first half of FY2010-11 returned in line with the market recovery, after being hit particularly hard in the same period last year by the economic downturn and extended OEM shutdowns. Sales also gained from significant growth in products supporting improved fuel efficiency and the shift towards smaller vehicles.

- We continue to see opportunities for the increased electrification of vehicle features in emerging markets. Building local capacity in these key markets to meet the specific needs of customers ensures our continued competitive advantage.

Industry Products

- Sales for the first half of FY2010-11 were US$378.5 million; a substantial increase of 35% from US$280.5 million for the same period last year. This increase came from a market rebound across all products, key business wins in the gaming and household appliance segment, innovative solutions for metering applications and significant inventory restocking.

- Sales increased as demand for inexpensive consumer products for food preparation, floor care and personal care applications rebounded sharply. Demand in the more expensive white goods segment is recovering more slowly due in large part to continued weakness in housing markets in many western economies. Office automation sales improved with the market shifting towards the laser printing segment, where we have a strong product offering.

- In Asia, we benefited from the launch of higher-power-density motors to deliver lighter weight without sacrificing performance. This has been particularly successful in the power tools segment. The recently launched motion subsystem for the gaming segment has helped our growth.

- Sales in Europe and the Americas grew as a result of a ramp-up in demand across the printer, gaming, power tool and food and beverage market segments, as well as significant restocking. New product launches to improve efficiency in the lawn and garden segment have helped grow sales. Also, we penetrated new markets with advanced and reliable solutions for electrical and gas metering systems.

- We continued to focus on the development of energy efficient products as well as products with higher density to reduce size and weight to meet government environmental regulations and customer expectations.

Other Manufacturing Businesses

- Sales for Parlex, a printed circuit board and interconnect solutions provider, were essentially flat at US$35.7 million for the first half of FY2010-11, compared to US$35.5 million for the same period last year. Asia witnessed marginal growth in sales for products in point-of-sales terminals and auto lighting markets offset by a slight decline in other markets.

- Sales for Saia-Burgess Controls, a supplier of programmable logic controllers and components whose primary activity is in Europe, increased to US$37.0 million for the first half of FY2010-11; an increase of 6% from US$34.8 million for the same period last year. This growth came mainly from increased market share in the infrastructure automation segment in Germany, aided by the recovery in demand for industrial machine applications.

- Tonglin Precision Parts, an independent supplier of iron cast and machined engine blocks to the domestic PRC automotive sector, had sales revenue of US$38.5 million for the first half of FY2010-11; an increase of 45% from US$26.6 million in the same period last year. This increase resulted mainly from the merger of China Autoparts, Inc. (a non-wholly owned subsidiary of Johnson Electric) with Tian Xi Auto Parts Group Co., Ltd. in July 2009 to form the Tonglin Precision Parts which is 52% owned by Johnson Electric.

TRADING SEGMENT

Sales in our Trading Segment for the first half of FY2010-11 reduced to US$1.2 million; a decrease of US$11.4 million from US$12.6 million in the same period last year. This decline is in line with our strategy of downsizing our metals and commodities trading business.

FINANCIAL REPORT

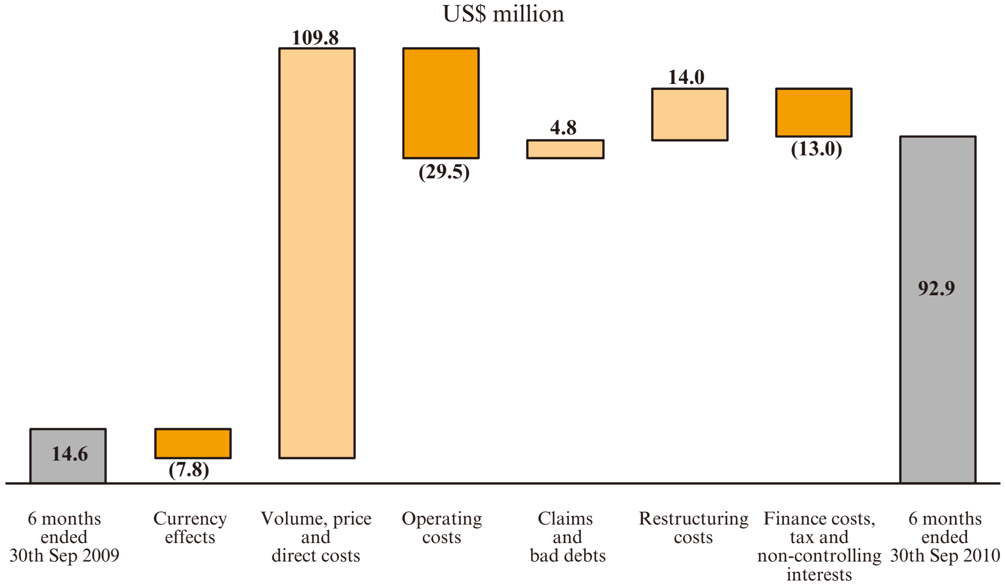
ANALYSIS OF PROFIT & LOSS

	Six months ended		
US$ million	30th Sep 2010	30th Sep 2009	Increase/ (decrease) in profit
Sales	1,030.6	811.7	218.9
Gross profit	295.9	215.9	80.0
Gross margin %	*28.7%*	*26.6%*	*2.1%*
Other income and gains/(losses)	–	(1.2)	1.2
Selling and administrative expenses ("S&A")	(171.9)	(167.7)	(4.2)
S&A %	*16.7%*	*20.7%*	*(4.0%)*
Operating profit before restructuring	124.0	47.0	77.0
Restructuring provision and asset impairments	–	(14.0)	14.0
Operating profit	124.0	33.0	91.0
Operating margin %	*12.0%*	*4.1%*	*7.9%*
Finance costs, net	(3.9)	(3.1)	(0.8)
Share of profits/(losses) of associated companies	–	(0.2)	0.2
Profit before income tax	120.1	29.7	90.4
Tax expenses	(22.0)	(10.4)	(11.6)
Effective tax rate %	*18.3%*	*35.0%*	
Profit for the period	98.1	19.3	78.8
Non-controlling interests	(5.2)	(4.7)	(0.5)
Profit attributable to shareholders	92.9	14.6	78.3

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders for the first half of FY2010-11 increased to US$92.9 million; an increase of US$78.3 million compared to the same period last year.

Changes in profit attributable to shareholders



Profitability was impacted by the following:

- Currency effects: the translation of costs and revenues in foreign currencies reduced operating profit by US$7.8 million, mainly caused by the Euro weakening against the US Dollar.
- Volume, price and direct costs: increased sales generated an increased contribution margin of approximately US$75.3 million. This included US$13.3 million increase in direct labor costs arising from increased PRC direct labor rates. Additionally, favorable product-mix and improved capacity utilisation resulted in increased profits of US$40.0 million. This was partially offset by increased commodity costs of US$10.8 million. A further contributing factor was US$5.3 million arising from increased scrap recovery from higher volumes and prices.
- Operating costs increased by US$29.5 million. This included an increase of US$14.7 million in staff costs and US$14.8 million in other operational costs. The increase in staff costs arose mainly from staff replenishment, in the response to the overall business recovery.
- Claims and bad debts decreased by US$4.8 million, primarily due to a non-recurring litigation settlement of US$17.6 million made last year.
- Restructuring costs were nil in the first half of FY2010-11, a decrease of US$14.0 million compared to the same period last year.
- Finance costs, tax and non-controlling interests increased by US$13.0 million primarily as a result of an increase in taxation of US$11.6 million. The effective tax rate was 18.3% for the period. Finance costs increased by US$0.8 million due to higher rates of interest.

ANALYSIS OF CASH FLOW AND LIQUIDITY

	Six months ended		
US$ million	30th Sep 2010	30th Sep 2009	Change
Operating profit	124.0	33.0	91.0
Depreciation, amortisation and associates	41.6	42.9	(1.3)
EBITDA	***165.6***	***75.9***	***89.7***
Other non-cash items in profit before tax	4.5	4.3	0.2
Working capital change	(33.9)	64.6	(98.5)
Cash flows from operating activities	***136.2***	***144.8***	***(8.6)***
Tax paid	(9.6)	(5.9)	(3.7)
Interest paid	(4.9)	(3.5)	(1.4)
Net cash generated from operating activities	***121.7***	***135.4***	***(13.7)***
Interest received	1.7	1.2	0.5
Capital expenditure	(38.9)	(14.8)	(24.1)
Proceeds from disposal of fixed assets	2.4	0.4	2.0
Free cash flow from operations	***86.9***	***122.2***	***(35.3)***
Cost of acquisition of subsidiaries and non-controlling interests	(0.4)	(28.8)*	28.4
Dividend paid	(23.7)	–	(23.7)
Currency swap unwound	(35.1)	–	(35.1)
Others	(7.1)	–	(7.1)
Cash generated	***20.6***	***93.4***	***(72.8)***
Exchange gains on cash and borrowings	2.5	3.4	(0.9)
Net movement in cash, overdrafts and borrowings (Net debt)	***23.1*** *(a)*	***96.8***	***(73.7)***

Net debt analysis	30th Sep 2010	31st Mar 2010	Decrease/ (increase)
Cash	385.8 **	367.1 ***	18.7
Current borrowings	(5.1)	(7.0)	1.9 ***
Non-current borrowings	(399.2)	(401.7)	2.5 ***
Net debt outstanding	***(18.5)***	***(41.6)***	***23.1*** *(a)*

* *Includes two acquisitions: (i) acquisition of Tian Xi Auto Parts Group Co., Ltd. for a total consideration of US$21.9 million, comprised of US$7.8 million purchase cost, net of cash acquired, plus debt assumed of US$14.1 million; (ii) acquisition of non-controlling interests in Nanomotion Ltd. at a consideration of US$6.9 million*

** *Includes time deposit of US$3.3 million as of 30th September 2010 and US$3.9 million as of 31st March 2010*

*** *Repayment of current and non-current borrowings of US$5.3 million for the six months ended 30th September 2010 offset by amortisation of upfront fee of US$0.8 million and exchange gains of US$0.1 million*

WORKING CAPITAL CHANGE

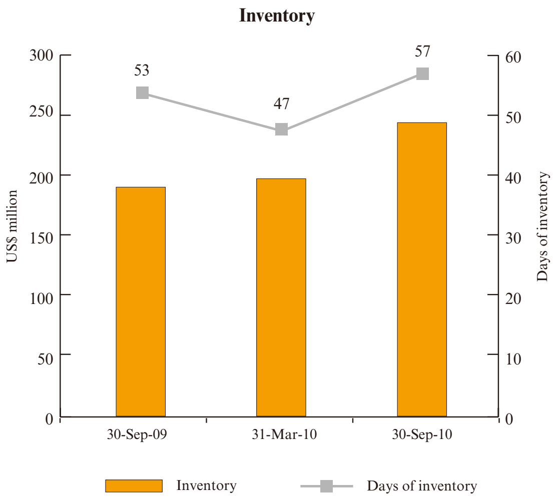
US$ million	31st Mar 2010	Currency translation	Currency swap unwound	Pension, hedging & interest payable	Increase/ (decrease) in operating working capital net of exchange	30th Sep 2010
Stocks and work in progress	196.3	(1.8)	–	–	49.9	244.4
Trade and other receivables	360.3	3.5	–	–	48.2	412.0
Deposits – non current	3.2	–	–	–	3.2	6.4
Trade and other payables	(341.1)	(3.1)	–	–	(67.0)	(411.2)
Provisions and other liabilities#	(74.5)	(1.0)	–	(12.8)	(0.5)	(88.8)
Other financial assets/ (liabilities), net	(33.8)	0.1	35.1	2.3	0.1	3.8
Total working capital per balance sheet	110.4	(2.3)	35.1	(10.5)	**33.9** ##	166.6

\# *Current and non current*

\## *Denotes the working capital change for the six months ended 30th September 2010 as reflected in the cash flow on previous page*

Stocks and work in progress

- Stocks increased to US$244.4 million as of 30th September 2010; an increase of US$48.1 million from US$196.3 million as of 31st March 2010. Excluding currency effects, stocks increased by US$49.9 million.
- Days of inventory increased from 47 as of 31st March 2010 to 57 as of 30th September 2010. This was mainly due to seasonal growth in inventory levels.

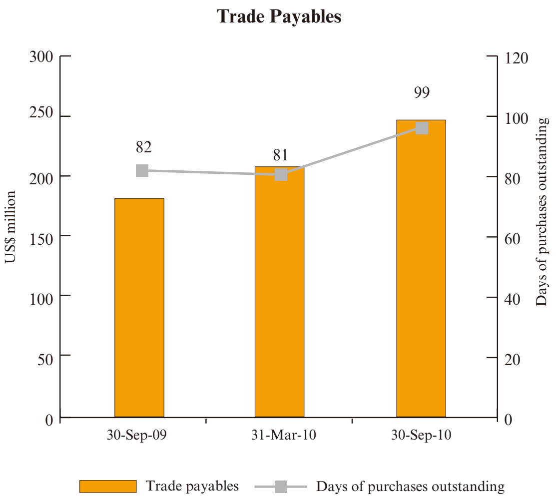


Trade and other receivables

- Trade and other receivables increased to US$412.0 million as of 30th September 2010; an increase of US$51.7 million from US$360.3 million as of 31st March 2010. Excluding currency effects, receivables increased by US$48.2 million.
- Days of sales outstanding of trade receivables, increased from 58 as of 31st March 2010 to 61 as of 30th September 2010. We continue our focus on tight credit policy and receivables collection efforts.

Trade and other payables

- Trade and other payables increased to US$411.2 million as of 30th September 2010; an increase of US$70.1 million from US$341.1 million as of 31st March 2010. Excluding currency effects, payables increased by US$67.0 million.
- Days of purchases outstanding increased from 81 as of 31st March 2010 to 99 as of 30th September 2010, partly due to the seasonal increase in inventory.



Provisions and other liabilities

Provisions and other liabilities increased to US$88.8 million as of 30th September 2010; an increase of US$14.3 million from US$74.5 million as of 31st March 2010, mainly due to actuarial losses on pension funds recognised in equity and increase in provision for claims and compensation.

Tax paid

Tax paid, net of refunds, in the period increased by US$3.7 million from US$5.9 million to US$9.6 million, mainly due to increasing profits generated in China.

Interest paid

Interest paid increased by US$1.4 million from US$3.5 million to US$4.9 million due to higher average interest rate for the term loan with banks.

Interest received

Interest received in the first half of FY2010-11 increased to US$1.7 million; an increase of US$0.5 million from US$1.2 million in the same period last year.

Capital expenditure net of proceeds from disposal of fixed assets

Capital expenditure, net of proceeds from disposal of fixed assets, in the first half of FY2010-11 increased substantially to US$36.5 million; an increase of US$22.1 million from US$14.4 million in the same period last year. This reflects increased capacity for new products, improved process flow and efficiency and the ongoing replacement of assets.

Free cash flow from operations

Free cash flow from operations in the first half of FY2010-11 was US$86.9 million; a decrease of US$35.3 million from US$122.2 million in the same period last year. The increase in EBITDA was offset by increased working capital due to rising business levels and capital expenditures. Free cash flow from operations as a percentage of gross debt for the twelve months ended 30th September 2010 decreased to 44.5%, from 52.6% for the year ended 31st March 2010.

Acquisitions and mergers

The cash outlay in the first half of FY2010-11 was to acquire shares of non-controlling stakeholders in Nanomotion Ltd. at US$0.4 million.

The cash outlay of US$28.8 million in the same period last year was due to two acquisitions: (i) acquisition of Tian Xi Auto Parts Group Co., Ltd. for a total consideration of US$21.9 million, comprised of US$7.8 million purchase cost, net of cash acquired, plus debt assumed of US$14.1 million; (ii) acquisition of non-controlling interests in Nanomotion Ltd. at a consideration of US$6.9 million.

Dividend payments

A final dividend payment of US$23.7 million for FY2009-10 was paid in the first half of FY2010-11. No dividends for FY2008-09 were paid in FY2009-10 in line with the board's policy of retaining cash within the business in the near term, during the poor economic conditions at that time.

An interim dividend of US$14.2 million has been recommended for the first half of FY2010-11, to be paid in the second half of FY2010-11.

Currency swap

The Group paid US$35.1 million to unwind cross-currency swaps of Swiss Franc 200 million to US$152.6 million. The cross-currency swaps were entered in March 2006 to finance the acquisition of Saia-Burgess group based in Switzerland. For details, please refer to Note 8 to the condensed interim financial information on cross-currency interest rate swaps.

Others

Cash outflows from other investment increased by US$7.1 million due to the repurchase of US$4.6 million treasury shares (10 million shares) from the market and the payment of dividends of US$2.5 million to non-controlling shareholders.

Exchange gains on cash and borrowings

Exchange differences on cash and borrowings moved by US$0.9 million from US$3.4 million profit in the first half of FY2009-10 to a US$2.5 million profit in the same period of FY2010-11.

Net movement in cash, overdrafts and borrowings (Net debt)

The Group's debt to capital ratio was 23.9% as of 30th September 2010, compared to 25.9% as of 31st March 2010.

- Net debt (total non-current and current borrowings, net of cash) fell by US$23.1 million from US$41.6 million as of 31st March 2010 to US$18.5 million as of 30th September 2010.

- This overall reduction in net debt resulted from a US$18.7 million increase in cash, a US$1.9 million reduction in current borrowings and a US$2.5 million reduction in non-current borrowings.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The management of financial risk within the Group is the responsibility of the Group's treasury function, based at the corporate centre in Hong Kong. Policies are established by senior management.

Liquidity

As of 30th September 2010, the Group had a term loan of US$400.0 million, subject to the usual terms and conditions by a bank group for an industrial credit. The Group was in compliance with all covenants and expects to be compliant going forward.

Other loans of US$8.2 million are held with maturity dates ranging from Feb 2011 to May 2018.

As of 30th September 2010 the Group had cash on hand of US$385.8 million. The Group has approximately US$290.0 million of uncommitted lines of credit provided by its relationship banks. We believe that the combination of our ongoing free cash flow from operations, cash balances and available credit facilities will be sufficient to satisfy our cash needs for our current level of operations and our planned operations for the foreseeable future.

Foreign exchange risk

The Group operates globally and is therefore exposed to foreign exchange risk.

- The Group's sales are principally denominated in US Dollar, the Euro and the Chinese Renminbi.

- In the Group's businesses, for the first half of FY2010-11, 51% of the sales (49% in the same period last year) were in US Dollars, 30% in Euros (32% in the same period last year), 13% in Chinese Renminbi (12% in the same period last year) and the rest in other currencies including Japanese Yen.

- The major currencies used for purchases of materials and services are the US Dollar, the Euro, the Hong Kong Dollar and the Chinese Renminbi.

- The Group mitigates some of its foreign exchange risk through forward contracts, based on forecasts of net cash flows from operations denominated in foreign currency.

RISK MANAGEMENT

The company identifies and manages its Strategic, Operation, Financial and Compliance risks through responsive management oversight and business processes. Specific areas of focus include:

- Ensuring the suitability of our operational footprint to respond quickly and cost-effectively to market changes.
- Seeking product differentiation through technology and innovation to be the safe choice for our customers.
- Continuously improving our engineering and manufacturing processes.
- Attracting and retaining high-calibre management and key personnel and building effective networks of key employees and partners to safeguard our business success.
- Evaluating customer credit risk and maintaining a low tolerance for delinquent payments.
- Applying appropriate hedging strategies to manage foreign exchange risks, commodity cost risks and interest rate risks.
- Meeting expectations on energy efficiency, environmental responsibilities and employee safety.

INVESTING IN PEOPLE

The first six months of FY2010-11 were characterised by headcount increases at our large manufacturing campus in Shajing, China. These increases were driven by strong demand in our markets for products from both our APG and IPG business units.

During the period, we opened a new manufacturing location in Bei Hai, Guanxi Province, China. We have established a local management team and total headcount at the site now stands at approximately 1,200.

Our Chennai, India manufacturing location, is growing from the small base established in FY2009-10. Local management is in place and this site will continue to expand, initially focusing on the Indian automotive market. A training and development program for young graduates from Indian technical colleges is being established to provide depth to the technology and maintenance requirements at this site.

During the period, our Nihon Mini Motors location in Saku, Nagano Prefecture, Japan was closed. Some employees from this location were successfully relocated to our Tokyo office. Saku production has been redistributed throughout the Company. During October, the Tokyo office will relocate to new facilities in the Ariake, Koto-ku area, to better serve customers and provide an excellent work environment.

In Hong Kong and China, we responded to the strong market conditions present in Asia. In China, direct labor costs rose both in line with required statutory wage increases, but also to meet increasing wage/benefit expectations by the workforce. Currently, the direct labour workforce is demonstrating greater stability and commitment to the company than in the past. The Shajing Human Resources team, along with operating management, has developed and installed a number of effective programs to encourage this trend.

In the Americas, attention has been directed to Brazil where business opportunities have led the Company to add management capability both in-country and by providing support from the United States. Whether in the Americas or elsewhere in the Company, managers and technical staffs are increasingly gaining cross-border experience, strengthening the Company's operating and technology know-how.

In the United States, the Human Resources team focused on optimising benefit structures and administration.

In Europe, activity levels continued to strengthen in Hungary and operating and management personnel at Ózd and Hatvan responded well to the demands.

For various locations in Europe, our engineering competence centres are being further developed to foster environments of "efficient innovation" where technical personnel can contribute to the development of customer-focused solutions.

As of 30th September 2010, total employment including subcontract workers of the Group stood at approximately 41,000 located in Asia, the Americas and Europe.

HUMAN RESOURCES MANAGEMENT

Human Resources, Environmental Health and Safety and Training and Development are corporate-wide functions, provided via a Shared Service structure. Key initiatives continue to be equitable and competitive compensation, benefit and incentive structures, a system-based approach to Environmental Health and Safety requirements and a growing commitment to Training and Development activities. All of these contribute to differentiating Johnson Electric from its competitors for business and people.

Executive management has a noteworthy commitment to these key Human Resources initiatives. As has characterised the history of Johnson Electric, people-centered programs such as these continue to be encouraged and invested in at all of the Company's locations.

DISCLOSURE OF INTERESTS

DIRECTORS

As of 30th September 2010, the interests of each Director and Chief Executive of the Company in the shares of the Company or any of the Company's associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO were as follows:

	Shares of HK$0.0125 each of the Company		
Name	Personal Interests	Other Interests	
Yik-Chun Koo Wang	–	2,178,860,880	*(Notes 1 & 2)*
Peter Kin-Chung Wang	–	577,000	*(Note 3)*
Peter Stuart Allenby Edwards	–	114,000	*(Note 4)*
Patrick Blackwell Paul	84,000	–	
Oscar de Paula Bernardes Neto	14,000	–	
Michael John Enright	14,000	–	

NOTES

1. *These shares were held, directly or indirectly, by the trustees of various trusts associated with the Wang family.*

2. *Duplications of shareholdings occurred among and between the parties shown below under Substantial Shareholders.*

3. *These shares were held beneficially by Peter Kin-Chung Wang's spouse.*

4. *These shares were held under a trust of which Peter Stuart Allenby Edwards was one of the beneficiaries.*

Save as disclosed herein, as of 30th September 2010, the register maintained by the Company pursuant to Section 352 of the SFO recorded no other interests or short positions of the Directors and Chief Executive in any shares of the Company or its associated corporations (within the meaning of Part XV of the SFO).

At no time during the period, the Directors and Chief Executive (including their spouses and children under 18 years of age) had any interests in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations required to be disclosed pursuant to the SFO.

SUBSTANTIAL SHAREHOLDERS

As of 30th September 2010, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital:

Name of shareholder	Capacity	Number of shares held	Approximate % of shareholding
Yik-Chun Koo Wang	Beneficiary of family trusts	2,178,860,880 *(Notes 1 & 2)*	59.31
Ansbacher (Bahamas) Limited	Trustee	887,040,000 *(Note 1)*	24.15
HSBC International Trustee Limited	Trustee	734,801,228 *(Note 1)*	20.00
Great Sound Global Limited	Interest of controlled corporation	718,755,360 *(Note 3)*	19.56
Winibest Company Limited	Beneficial owner	718,755,360 *(Note 4)*	19.56
Federal Trust Company Limited	Trustee	337,901,440 *(Note 1)*	9.20
HSBC Trustee (Guernsey) Limited	Trustee	223,014,080 *(Note 1)*	6.07
Ceress International Investment (PTC) Corporation	Trustee	223,014,080 *(Note 5)*	6.07
Merriland Overseas Limited	Trustee	211,943,040 *(Note 6)*	5.77
Capital Research and Management Company	Investment Manager	185,051,000	5.04

NOTES

1. *The shares in which Ansbacher (Bahamas) Limited, HSBC Trustee (Guernsey) Limited and Federal Trust Company Limited were interested and 730,905,360 of the shares in which HSBC International Trustee Limited was interested were held, directly or indirectly, by them as the trustees of various trusts associated with the Wang family and were included in the shares in which Ms. Yik-Chun Koo Wang was interested as referred to above under Directors' Interests of Disclosure of Interests.*

2. *The shares in which Ms. Yik-Chun Koo Wang was interested as referred to above formed part of the shares referred to in Note 1.*

3. *The interests of Great Sound Global Limited in the Company were duplicated by the interests in the Company held by HSBC International Trustee Limited.*

4. *The interests of Winibest Company Limited in the Company were duplicated by the interests in the Company held by Great Sound Global Limited.*

5. *The interests of Ceress International Investment (PTC) Corporation in the Company were duplicated by the interests in the Company held by HSBC Trustee (Guernsey) Limited.*

6. *The interests of Merriland Overseas Limited in the Company were duplicated by the interests in the Company held by Federal Trust Company Limited.*

Save as disclosed herein, as of 30th September 2010, the register maintained by the Company pursuant to Section 336 of the SFO recorded no other interests or short positions in the shares of the Company.

SHARE SCHEME

SHARE OPTION SCHEME

The Company had on 29th July 2002 adopted a share option scheme (the "Option Scheme"). The directors may at their discretion grant share options to eligible persons to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

Details of the share options granted under the Option Scheme up to the date of this report were as follows:

Type of Grantees	Options held at 01/04/2010 and 30/09/2010	Subscription price per share (HK$)	Date of grant	Exercisable from	Exercisable until
Employees	350,000	8.02	17/09/2002	01/08/2004	16/09/2012
	350,000	8.02	17/09/2002	01/08/2005	16/09/2012
	262,500	9.65	31/07/2003	01/07/2005	30/07/2013
	262,500	9.65	31/07/2003	01/07/2006	30/07/2013
	100,000	7.40	28/12/2004	01/01/2007	27/12/2014
	100,000	7.40	28/12/2004	01/01/2008	27/12/2014
	1,425,000				

LONG-TERM INCENTIVE SHARE SCHEME

The Long-Term Incentive Share Scheme was initially approved by the shareholders on 26th July 1999 and expired on 31st July 2009. Such scheme was replaced by a new Long-Term Incentive Share Scheme (the "Incentive Share Scheme") approved by the shareholders on 24th August 2009. The Directors may grant shares to such eligible employees and Directors as the Directors may select in its absolute discretion under the Incentive Share Scheme.

Details of the shares vested in the eligible employees and Directors under the Incentive Share Scheme as of the date of this report were as follows:

Number of shares purchased	Average purchase price (HK$)	Total shares granted in FY2005–FY2011	Total shares vested in FY2006–FY2011	Shares to be vested				
				FY2012	FY2013	FY2014	FY2015	FY2016
16,170,517	4.21	16,884,000	6,364,000	2,424,000	1,196,000	6,040,000	360,000	500,000

Apart from the Option Scheme and the Incentive Share Scheme mentioned above, there were no other arrangements to which the Company or its subsidiaries was a party to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE

Johnson Electric is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders and devotes considerable effort to identifying and formalising best practices of corporate governance.

During the six months ended 30th September 2010, Mr. Joseph Chi-Kwong Yam was appointed as an Independent Non-Executive Director of the Company with effect from 30th September 2010. Save for the above, the composition of the Board of Directors remains the same as set out in the Corporate Governance Report in the Company's Annual Report 2010.

During the six months ended 30th September 2010, the Company continued to abide by the corporate governance practices set out in the Corporate Governance Report in the Company's Annual Report 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th September 2010, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the following deviations:

Code Provision A.2.1

Code A.2.1 provides, inter alia, that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Neither the Company's Bye-Laws nor The Johnson Electric Holdings Limited Company Act, 1988 (a private act of Bermuda) contains any requirement as to the separation of these roles.

Dr. Patrick Shui-Chung Wang is the Chairman and Chief Executive of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company at its present stage of development that Dr. Wang should hold both these offices. The Board believes that it is able effectively to monitor and assess management in a manner that properly protects and promotes the interests of shareholders.

Code Provision A.4.1 and A.4.2

Code A.4.1 provides, inter alia, that non-executive directors should be appointed for a specific term, subject to re-election.

Code A.4.2 also provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The independent non-executive directors were appointed for a specific term while the non-executive directors do not have a specific term of appointment. However, under Section 3(e) of The Johnson Electric Holdings Limited Company Act, 1988 and the Company's Bye-Law 109(A), one-third of the directors who have served longest on the Board must retire thus becoming eligible for re-election at each Annual General Meeting. Accordingly, no director has a term of appointment longer than three years. Bye-Law 109(A) states that the executive chairman is not subject to retirement by rotation and shall not be counted in determining the number of directors to retire.

In the opinion of the Board, it is important for the stability and beneficial to the growth of the Company that there is, and is seen to be, continuity of leadership in the role of the Chairman of the Company and, in consequence, the Board is of the view that the Chairman should not be subject to retirement by rotation or hold office for a limited term at the present time.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Group has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. Specific confirmation has been obtained from all directors to confirm compliance with the Model Code throughout the six months ended 30th September 2010. No incident of non-compliance was noted by the Company to date in FY2010-11.

Employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code.

AUDIT COMMITTEE

The Audit Committee is comprised of two independent non-executive directors (including the Committee Chairman) and one non-executive director who together have substantial experience in the fields of accounting, business, corporate governance and regulatory affairs. The current members are Mr. Patrick Paul (Chairman), Prof. Michael Enright and Mr. Peter Wang.

The Committee is responsible for monitoring the reporting, accounting, financial and control aspects of the executive management's activities. It has full access to the Group's Global Head of Internal Audit to hear directly any concerns of the internal audit department that may have arisen during the course of the department's work. The Committee also monitors the appointment and function of the Group's external auditor. The Committee's authority and duties are set out in written terms of reference and are posted on the Company's website.

REMUNERATION COMMITTEE

The Remuneration Committee is comprised of two independent non-executive directors (including the Committee Chairman) and one executive director. The current members are Prof. Michael Enright (Chairman), Mr. Oscar Bernardes and Ms. Winnie Wang.

The Committee determines the compensation structure and rewards for the Chief Executive and other executive directors and monitors the policies being applied in remunerating other senior executives in the Group.

In addition, it has responsibility for reviewing and making appropriate recommendations to the Board on management development and succession plans for executive directors and senior management. The Committee's authority and duties are set out in written terms of reference and are available on the Company's website.

The fundamental policy underlying Johnson Electric's remuneration and incentive schemes is to link total compensation for senior management with the achievement of annual and long term performance goals. By providing total compensation at competitive industry levels for delivering on-target performance, the Company seeks to attract, motivate and retain key executives essential to its long term success. To this end, the Committee stays abreast of remuneration practices among comparator companies around the world. Senior management incentive schemes include an equity component that is designed to align the long term interests of management with those of shareholders.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The Nomination And Corporate Governance Committee is comprised of two independent non-executive directors (including the Committee Chairman) and one executive director. The current members are Mr. Peter Edwards (Chairman), Mr. Patrick Paul and Dr. Patrick Wang.

The Committee is responsible for the identification and evaluation of candidates for appointment or re-appointment as a director, as well as the development and maintenance of the Group's overall corporate governance policies and practices. The Committee's authority and duties are set out in written terms of reference and are posted on the Company's website.

BOARD COMMITTEE

The Board Committee is comprised of two executive directors, Dr. Patrick Wang and Ms. Winnie Wang. Its primary function is to undertake and supervise the day to day management and operating affairs of the Group. It exercises leadership and develops and keeps under review strategy and business development initiatives of the Group and supervises their implementation.

REVIEW OF INTERIM RESULTS

The Company's interim report for the six months ended 30th September 2010 has been reviewed by the Audit Committee and the auditor of the Company, PricewaterhouseCoopers.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company purchased 10,000,000 shares of the Company at a cost of US$4.6 million during the period in connection with the Long-Term Incentive Share Scheme for eligible employees and Directors. Other than this purchase, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period. The Company has not redeemed any of its shares during the period.

CONDENSED CONSOLIDATED BALANCE SHEET

As of 30th September 2010

	Note	**Unaudited 30th September 2010 US$'000**	As restated 31st March 2010 US$'000
Assets			
Non-current assets			
Property, plant and equipment	4	**389,095**	383,214
Investment properties	4	**45,410**	45,392
Land use rights	4	**12,331**	12,036
Intangibles	4	**744,718**	699,871
Associated companies		**1,775**	1,527
Deferred income tax assets		**34,676**	39,833
Available-for-sale financial assets		**2,042**	2,386
Other financial assets at fair value through profit or loss		**8,149**	9,270
Deposits		**6,415**	3,205
		1,244,611	1,196,734
Current assets			
Stocks and work in progress		**244,435**	196,345
Trade and other receivables	5	**411,957**	360,252
Other financial assets	8	**7,502**	5,291
Income tax recoverable		**2,461**	5,101
Other financial assets at fair value through profit or loss		**1,315**	–
Bank balances and cash		**385,796**	367,060
		1,053,466	934,049
Current liabilities			
Trade and other payables	6	**411,174**	341,144
Current income tax liabilities		**28,671**	17,029
Other financial liabilities	8	**3,729**	39,056
Borrowings	7	**5,165**	6,962
Provisions and other liabilities	9	**35,543**	32,975
		484,282	437,166
Net current assets		**569,184**	496,883
Total assets less current liabilities		**1,813,795**	1,693,617

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 30th September 2010 US$'000**	As restated 31st March 2010 US$'000
Non-current liabilities			
Borrowings	7	**399,180**	401,727
Deferred income tax liabilities		**81,341**	83,777
Provisions and other liabilities	9	**53,281**	41,509
		533,802	527,013
NET ASSETS		**1,279,993**	1,166,604
Equity			
Share capital and share premium	10	**75,955**	79,493
Reserves	11	**1,134,452**	1,011,984
Proposed dividends	11	**14,203**	23,659
		1,224,610	1,115,136
Non-controlling interests		**55,383**	51,468
TOTAL EQUITY		**1,279,993**	1,166,604

The notes on pages 34 to 56 form an integral part of this condensed interim financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2010

	Note	Unaudited Six months ended 30th September 2010 US$'000	2009 US$'000
Sales	3	**1,030,641**	811,715
Cost of goods sold		**(734,719)**	(595,753)
Gross profit		**295,922**	215,962
Other income and gains/(losses)	12	**(42)**	(1,229)
Selling and administrative expenses	13	**(171,895)**	(167,725)
Restructuring provision and asset impairments	14	**–**	(14,038)
Operating profit	15	**123,985**	32,970
Finance costs, net	16	**(3,957)**	(3,070)
Share of profits/(losses) of associated companies		**91**	(185)
Profit before income tax		**120,119**	29,715
Tax expenses	17	**(21,992)**	(10,395)
Profit for the period		**98,127**	19,320
Attributable to:			
Equity holders of the Company		**92,883**	14,616
Non-controlling interests		**5,244**	4,704
		98,127	19,320
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in US Cents per share)	18	**2.54**	0.40

The notes on pages 34 to 56 form an integral part of this condensed interim financial information. Details of recommended interim dividends of 0.39 US Cents per share (30th September 2009: nil) equivalent to US$14.2 million (30th September 2009: nil) are set out in Note 19 to the interim accounts.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September 2010

	Note	Unaudited Six months ended 30th September 2010 US$'000	2009 US$'000
Profit for the period		**98,127**	19,320
Other comprehensive income/(expenses):			
Available-for-sale financial assets			
– fair value gains	11	**–**	94
Hedging instruments			
– fair value gains	11	**3,204**	6,174
– transferred to income statement	11	**(865)**	11,849
Deferred income tax effect on fair value gains in hedging instruments	11	**(238)**	(709)
Actuarial losses of defined benefit plans	11	**(12,802)**	(503)
Deferred income tax effect on actuarial losses of defined benefit plans	11	**1,595**	(845)
Adjustment arising on translation of foreign subsidiaries and associated companies		**54,262**	61,704
Other comprehensive income for the period, net of tax		**45,156**	77,764
Total comprehensive income for the period, net of tax		**143,283**	97,084
Total comprehensive income attributable to:			
Equity holders of the Company		**136,939**	92,363
Non-controlling interests			
Share of profit for the period		**5,244**	4,704
Adjustment arising on translation of foreign subsidiaries		**1,100**	17
		143,283	97,084

The notes on pages 34 to 56 form an integral part of this condensed interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2010

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital and share premium US$'000	Other reserves US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31st March 2010	79,493	(44,853)	1,080,496	1,115,136	51,468	1,166,604
Profit for the period	–	–	92,883	92,883	5,244	98,127
Other comprehensive income:						
Hedging instruments						
– fair value gains	–	3,204	–	3,204	–	3,204
– transferred to income statement	–	(865)	–	(865)	–	(865)
Deferred income tax effect on fair value gains in hedging instruments	–	(238)	–	(238)	–	(238)
Actuarial losses of defined benefit plans	–	–	(12,802)	(12,802)	–	(12,802)
Deferred income tax effect on actuarial losses of defined benefit plans	–	–	1,595	1,595	–	1,595
Adjustment arising on translation of foreign subsidiaries and associated companies	–	53,162	–	53,162	1,100	54,262
Total comprehensive income for the period ended 30th September 2010	–	55,263	81,676	136,939	6,344	143,283
Transactions with owners in their capacity as owners:						
Employees share option scheme						
– value of employee services	–	838	–	838	–	838
Dividends paid to non-controlling shareholders of a subsidiary	–	–	–	–	(2,429)	(2,429)
Purchase of treasury shares	(4,644)	–	–	(4,644)	–	(4,644)
Treasury shares vested	1,106	(1,106)	–	–	–	–
FY2009-10 Final dividend paid	–	–	(23,659)	(23,659)	–	(23,659)
Total transactions with owners in their capacity as owners	(3,538)	(268)	(23,659)	(27,465)	(2,429)	(29,894)
As of 30th September 2010	**75,955**	**10,142**	**1,138,513**	**1,224,610**	**55,383**	**1,279,993**

The notes on pages 34 to 56 form an integral part of this condensed interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2009

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital and share premium US$'000	Other reserves US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31st March 2009	78,441	(114,047)	1,000,012	964,406	33,742	998,148
Profit for the period	–	–	14,616	14,616	4,704	19,320
Other comprehensive income:						
Available-for-sale financial assets						
– fair value gains	–	94	–	94	–	94
Hedging instruments						
– fair value gains	–	6,174	–	6,174	–	6,174
– transferred to income statement	–	11,849	–	11,849	–	11,849
Deferred income tax effect on fair value gains in hedging instruments	–	(709)	–	(709)	–	(709)
Actuarial losses of defined benefit plans	–	–	(503)	(503)	–	(503)
Deferred income tax effect on actuarial gains of defined benefit plans	–	–	(845)	(845)	–	(845)
Adjustment arising on translation of foreign subsidiaries and associated companies	–	61,687	–	61,687	17	61,704
Total comprehensive income for the period ended 30th September 2009	–	79,095	13,268	92,363	4,721	97,084
Transactions with owners in their capacity as owners:						
Employees share option scheme						
– value of employee services	–	1,009	–	1,009	–	1,009
Acquisitions of non-controlling interests and subsidiaries	–	–	–	–	7,349	7,349
Treasury shares vested	908	(907)	–	1	–	1
Total transactions with owners in their capacity as owners	908	102	–	1,010	7,349	8,359
As of 30th September 2009	79,349	(34,850)	1,013,280	1,057,779	45,812	1,103,591

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2010

	Note	Unaudited Six months ended 30th September 2010 US$'000	2009 US$'000
Cash flows from operating activities	23	**136,209**	144,792
Other operating cash flows			
Tax paid		**(9,631)**	(5,913)
Interest paid		**(4,911)**	(3,493)
		(14,542)	(9,406)
Net cash generated from operating activities		**121,667**	135,386
Investing activities			
Interest received		**1,745**	1,220
Purchase of property, plant and equipment and land use rights		**(38,872)**	(14,785)
Proceeds from disposal of fixed assets		**2,372**	404
		(34,755)	(13,161)
Acquisition of subsidiaries, net of cash acquired		**–**	(7,773)
Acquisition of non-controlling interests		**(350)**	(6,894)
Proceeds from sale of other financial assets at fair value through profit and loss		**–**	16
Decrease in time deposit		**664**	–
Net cash used in investing activities		**(34,441)**	(27,812)
Financing activities			
Purchase of treasury shares		**(4,644)**	–
Repayments of borrowings		**(5,356)**	(2,042)
Dividends paid to equity holders		**(23,659)**	–
Dividends paid to non-controlling interests		**(2,429)**	–
Currency swap unwound		**(35,113)**	–
Net cash used in financing activities		**(71,201)**	(2,042)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited Six months ended 30th September 2010 US$'000	2009 US$'000
Net increase in cash and cash equivalents		**16,025**	105,532
Cash and cash equivalents at beginning of the period		**363,133**	302,002
Exchange gains on cash and bank overdrafts		**3,375**	4,206
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**382,533**	411,740
Analysis of the balances of cash and cash equivalents			
Deposits and bank balances		**385,796**	412,864
Less: Time deposits with maturities over three months		**(3,263)**	(1,124)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**382,533**	411,740

The notes on pages 34 to 56 form an integral part of this condensed interim financial information.

NOTES TO THE INTERIM ACCOUNTS

1. GENERAL INFORMATION

The principal operations of Johnson Electric Holdings Limited (the Company) and its subsidiaries (together the Group) are primarily the manufacture and sale of motors, electromechanical components, motion systems and sub-systems and materials. The Group has global reach, with manufacturing plants and sales operations throughout the world.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited and are traded over the counter in the United States in the form of American Depositary Receipts.

This condensed consolidated interim financial information is presented in US Dollar, unless otherwise stated and was approved for issue by the Board of Directors on 29th November 2010.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information is prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31st March 2010, except that the Group adopted all new standards, amendments to standards and interpretations of HKFRS which are effective for the accounting period commencing 1st April 2010.

Except for the revised disclosure to the accounts as stated below, the adoption of these new/revised HKFRS did not have a material impact on the condensed consolidated interim financial information of the Group.

HKAS 17 (amendment), "Leases" – The amendment deletes specific guidance in the standard which previously required the land element in a lease to be classified as an operating lease unless title to the land was expected to be passed to the lessee by the end of the lease term.

Under the amended HKAS 17, a lease of land is classified as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of the leasehold land to the lessee. The amendments to HKAS 17 are required to be applied retrospectively. Comparative information has been restated to reflect this change in accounting policy. The effect of this change is a reclassification of certain leasehold land to property, plant and equipment.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Cont'd)*

The effect of the adoption of this amendment is as below:

		Balances as of	
	31st March 2010 USD'000	30th September 2009 USD'000	31st March 2009 USD'000
Decrease in land use rights	14,605	15,283	15,480
Increase in property, plant and equipment	14,605	15,283	15,480

3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (as defined in HKFRS). The chief operating decision maker has been identified as the Group's Executive Committee.

The Group's business is managed in two operating segments – Manufacturing and Trading.

The manufacturing operating segment derives its revenue primarily from the manufacturing and sale of motors, electromechanical components, motion systems and sub-systems.

The trading operating segment is principally engaged in trading of goods and materials not manufactured by the Group and it is the strategy of the Group to downsize the trading business.

NOTES TO THE INTERIM ACCOUNTS

3. SEGMENT INFORMATION *(Cont'd)*

The segment information presented to management for the reportable segments for the six months ended 30th September 2010 was as follows:

	Six months ended 30th September 2010		
	Manufacturing US$'000	**Trading US$'000**	**Group US$'000**
External sales	1,029,439	1,202	1,030,641
Gross profit	295,736	186	295,922
Other operating income	4,500	–	4,500
Selling and administrative expenses	(175,242)	(46)	(175,288)
Operating profit	124,994	140	125,134
Non-operating income	426	170	596
Finance costs	(5,702)	–	(5,702)
Share of profits of associated companies	91	–	91
Profit before income tax	119,809	310	**120,119**
Tax expenses			**(21,992)**
Profit for the period			**98,127**
Other information			
Depreciation and amortisation	41,774	–	41,774
Interest income	1,744	1	1,745
As of 30th September 2010			
Total assets	2,297,281	796	2,298,077
Total assets include:			
Investment in associated companies	1,775	–	1,775
Additions to non-current assets (other than financial assets and deferred tax assets)	42,082	–	42,082
Total liabilities	1,016,204	1,880	1,018,084

3. SEGMENT INFORMATION *(Cont'd)*

The segment information presented to management for the reportable segments for the six months ended 30th September 2009 was as follows:

	Six months ended 30th September 2009		
	Manufacturing US$'000	Trading US$'000	Group US$'000
External sales	799,046	12,669	811,715
Gross profit	214,620	1,342	215,962
Other operating income	714	1	715
Selling and administrative expenses	(166,954)	(1,081)	(168,035)
Operating profit before restructuring	48,380	262	48,642
Restructuring costs	(14,038)	–	(14,038)
Operating profit after restructuring	34,342	262	34,604
Non-operating income/(expense)	1,077	(1,491)	(414)
Finance costs	(4,273)	(17)	(4,290)
Share of losses of associated companies	(185)	–	(185)
Profit/(loss) before income tax	30,961	(1,246)	29,715
Tax expenses			(10,395)
Profit for the period			19,320
Other information			
Depreciation and amortisation	42,765	66	42,831
Interest income	1,215	5	1,220
As of 31st March 2010			
Total assets	2,126,895	3,888	2,130,783
Total assets include:			
Investment in associated companies	1,527	–	1,527
Additions to non-current assets (other than financial assets and deferred tax assets)	39,975	–	39,975
Total liabilities	961,249	2,930	964,179

3. SEGMENT INFORMATION *(Cont'd)*

The Group's management assesses the performance of the operating segments based on the measure of operating profit. The measure excludes items which are not directly related to the segment performance including non-operating income/(expenses) such as interest income, rental income, fair value gain/(loss) on revaluation of investment property, profit/(loss) on disposal of fixed assets, profit/(loss) on disposal of investments.

A reconciliation of the operating profit presented to management to the consolidated income statement is as follows:

	Six months ended 30th September	
	2010 US$'000	2009 US$'000
Operating profit after restructuring	125,134	34,604
Rental income	2,383	2,194
Loss on sale of investments	(322)	(1,777)
Loss on disposal of fixed assets	(205)	(19)
Fair value losses on currency contracts	(1,049)	–
Fair value gains on copper contracts	22	–
Fair value losses on interest rate swap	(871)	(1,627)
Miscellaneous expenses	(1,107)	(405)
Operating profit per consolidated income statement	123,985	32,970
Interest expense	(5,702)	(4,290)
Interest income	1,745	1,220
Finance costs, net	(3,957)	(3,070)
Share of profits/(losses) of associated companies	91	(185)
Profit before income tax	120,119	29,715

The amounts provided to the Group's management with respect to total assets and liabilities are measured in a manner consistent with that presented in the financial statements. These assets and liabilities are allocated based on the operations of the segment.

3. SEGMENT INFORMATION *(Cont'd)*

Revenue from external customers are analysed by product applications. Breakdown of the revenue is as follows:

	Six months ended 30th September	
	2010	2009
	US$'000	US$'000
Automotive Products Group (APG)	539,667	421,671
Industry Products Group (IPG)	378,506	280,506
Other Businesses	112,468	109,538
	1,030,641	811,715

Geographical information disclosure in accordance with HKFRS 8

The Company is incorporated in Bermuda. Revenue from external customers by country for the period ended 30th September 2010 was as follows:

	Six months ended 30th September	
	2010	2009
	US$'000	US$'000
Hong Kong/People's Republic of China ("HK/PRC")	315,493	235,854
United States of America ("USA")	195,706	157,354
Germany	165,692	130,878
France	59,601	52,030
Italy	44,921	42,753
Others	249,228	192,846
	1,030,641	811,715

No single external customer contributed more than 10% of the total Group revenue.

As of 30th September 2010, excluding goodwill held centrally, the total of non-current assets other than deferred tax assets, available-for-sale financial assets and other financial assets at fair value through profit and loss located in HK/PRC was US$341.3 million (as of 31st March 2010: US$330.5 million) and the total of these non-current assets located in other countries was US$369.6 million (as of 31st March 2010: US$360.6 million).

NOTES TO THE INTERIM ACCOUNTS

4. CAPITAL EXPENDITURE

	Goodwill US$'000	Technology, patents and development costs US$'000	Brands US$'000	Client relationships US$'000	**Total intangibles US$'000**	**Property, plant and equipment US$'000**	**Investment properties US$'000**	**Land use rights US$'000**
					Per condensed consolidated balance sheet			
As of 31st March 2010, as previously reported	454,155	110,399	52,997	82,320	699,871	368,609	45,392	26,641
Adoption of amendment to HKAS 17	–	–	–	–	–	14,605	–	(14,605)
As of 31st March 2010, as restated	454,155	110,399	52,997	82,320	699,871	383,214	45,392	12,036
Currency translations	34,361	8,289	4,449	6,645	53,744	5,343	18	222
Additions	350	–	–	–	350	38,687	–	317
Disposals	–	–	–	–	–	(2,583)	–	–
Depreciation/amortisation	–	(5,129)	(1,224)	(2,894)	(9,247)	(32,283)	–	(244)
Provision for impairment	–	–	–	–	–	(3,283)	–	–
As of 30th September 2010	488,866	113,559	56,222	86,071	**744,718**	**389,095**	**45,410**	**12,331**
As of 31st March 2009, as previously reported	418,098	111,957	51,414	80,625	662,094	368,143	37,025	23,170
Adoption of amendment to HKAS 17	–	–	–	–	–	15,480	–	(15,480)
As of 31st March 2009, as restated	418,098	111,957	51,414	80,625	662,094	383,623	37,025	7,690
Currency translations	38,927	10,448	5,345	8,273	62,993	11,692	606	483
Additions	6,894	–	–	–	6,894	14,909	–	–
Acquisition of subsidiaries	–	46	–	1,287	1,333	28,688	–	1,568
Disposals	–	–	–	–	–	(423)	–	–
Depreciation/amortisation	–	(4,840)	(1,196)	(2,749)	(8,785)	(33,897)	–	(149)
Provision for impairment	–	–	–	–	–	(3,480)	–	–
As of 30th September 2009	463,919	117,611	55,563	87,436	724,529	401,112	37,631	9,592

5. TRADE AND OTHER RECEIVABLES

	30th September 2010 US$'000	31st March 2010 US$'000
Trade receivables – gross	356,486	309,734
Less: provision for impairment of receivables	(6,162)	(5,596)
Trade receivables – net	350,324	304,138
Prepayments and other receivables	61,633	56,114
	411,957	360,252

Ageing of gross trade receivables

The Group normally grants credit terms ranging from 30 to 90 days to its trade customers. The ageing of gross trade receivables based on overdue date was as follows:

	30th September 2010 US$'000	31st March 2010 US$'000
Current	313,648	275,240
0 – 60 days	29,820	25,741
61 – 90 days	2,991	1,901
Over 90 days	10,027	6,852
Total	356,486	309,734

All overdue balances are reviewed by management and the provision is considered to be adequate.

6. TRADE AND OTHER PAYABLES

	30th September 2010 US$'000	31st March 2010 US$'000
Trade payables	254,883	206,565
Accrued expenses and sundry payables	156,291	134,579
	411,174	341,144

6. TRADE AND OTHER PAYABLES *(Cont'd)*

The ageing of trade payables based on invoice date was as follows:

	30th September 2010 US$'000	31st March 2010 US$'000
0 – 60 days	186,178	151,903
61 – 90 days	44,336	34,423
Over 90 days	24,369	20,239
Total	**254,883**	206,565

7. BORROWINGS

	30th September 2010 US$'000	31st March 2010 US$'000
Three-year term loan (due on 26th February 2013)	400,000	400,000
Unamortised upfront fees	(3,826)	(4,618)
	396,174	395,382
Other loans (due in 2011 to 2018)	3,006	6,345
Non-current borrowings	**399,180**	401,727
Current borrowings	**5,165**	6,962
Total borrowings	404,345	408,689

At the balance sheet date, the interest rate charged on the outstanding balances ranged from 1.5% to 5.3% per annum (31st March 2010: 2.2% to 8.2% per annum).

The weighted average effective interest rate of the borrowings as of 30th September 2010, adjusted for interest rate swaps, is approximately 2.8% (31st March 2010: 3.3%)

As of 30th September 2010, bank borrowings of US$4.7 million (31st March 2010: US$9.6 million) were secured by property, plant and equipment and land use rights with a carrying amount of US$7.8 million (31st March 2010: US$13.3 million).

8. OTHER FINANCIAL ASSETS AND LIABILITIES

	Other financial assets		Other financial liabilities	
	30th September 2010 US$'000	31st March 2010 US$'000	30th September 2010 US$'000	31st March 2010 US$'000
Cross-currency interest rate swaps				
– net investment hedge *(note a)*	–	48	–	35,113
Interest rate swaps *(note b)*	–	–	2,006	3,107
Commodity contracts *(note c)*				
– copper hedging contracts (cash flow hedge)	7,189	4,588	–	–
– held for trading	–	135	42	159
Forward foreign exchange contracts *(note d)*				
– cash flow hedge	135	–	82	–
– held for trading	172	365	1,599	677
Others – held for trading *(note e)*	6	155	–	–
Total – current portion *(note f)*	**7,502**	5,291	**3,729**	39,056

Note:

(a) Cross-currency interest rate swaps

Under a cross-currency interest rate swaps, entered in March 2006 to finance the acquisition of Saia-Burgess group based in Switzerland, the Company contracted to swap US$258.9 million into CHF339.0 million. In February 2009, cross-currency swap of CHF139.0 million was unwound with a net cash outflow of US$13.2 million.

During the six months ended 30th September 2010, the remaining portion of the swaps of CHF200.0 million were also unwound and a net cash outflow of US$35.1 million was incurred.

The cumulative loss of US$48.3 million (US$35.1 million plus US$13.2 million) included in equity under exchange reserve will remain in equity as long as the underlying net investment is held. No deferred tax benefit (asset) has been recognised for these losses.

(b) Interest rate swaps

The Group entered into an interest rate swap (principal US$372.0 million) in February 2009 to fix the interest rate of the majority of the Group's borrowings. This interest rate swap will mature in March 2011. As of 30th September 2010, the fixed interest rate under the interest rate swap was at a weighted average cost of 1.34% (2009: 1.34%) against the receipt of 30 day LIBOR (0.26% for a 30 day LIBOR as of 30th September 2010) . The interest rate swap was recorded as a liability of US$2.0 million as of 30th September 2010 (as shown above) and it generated losses in the income statement during the period of US$0.9 million (2009: US$1.6 million). For reference, see Note 12 Other income and gains/(losses).

8. OTHER FINANCIAL ASSETS AND LIABILITIES *(Cont'd)*

Note:

(c) Copper hedging contracts

Gains and losses on copper hedging contracts including copper forward contracts recognised in the hedging reserve in equity as of 30th September 2010 are recognised in the income statement in the period or periods that the underlying copper volume is consumed. As of 30th September 2010, there were outstanding copper hedging contracts of US$54.5 million (as of 31st March 2010: US$41.2 million) with maturities ranging from 1 month to 13 months from the balance sheet date, with a favorable fair value of US$7.2 million as of 30th September 2010 as compared to US$4.6 million as of 31st March 2010. The spot price of copper price, on the London metal exchange, rose from US$7,830 per metric ton as of 31st March 2010 to US$8,054 as of 30th September 2010.

(d) Forward foreign currency exchange contracts

For RMB contracts designated as hedges, the gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 30th September 2010 are recognised in the income statement in the period or periods that the underlying RMB is consumed. This is generally within 24 months from the balance sheet date. As of 30th September 2010, there were outstanding RMB forward purchase contracts of RMB590.0 million with maturities ranging from 5 months to 21 months.

For other currency contracts (mainly RMB and EUR) designated as held for trading, fair value gains and losses of the forward contracts are recognised in the income statement. This is generally within 24 months from the balance sheet date. As of 30th September 2010, there were outstanding RMB forward purchase contracts of RMB499.0 million with maturities ranging from 2 months to 17 months. Fair value loss of US$1.0 million was recognised in the income statement during the period (2009: nil).

(e) Others – held for trading

This represents the mark-to-market value for a credit default swap maturing on 20th March 2012 on a notional amount of US$25.0 million of sovereign debt of China (maturing of 2013) bought by the Group.

(f) The maximum exposure to credit risk at the reporting date is the fair value of other financial assets in the balance sheet.

9. PROVISIONS AND OTHER LIABILITIES

	Other pension costs US$'000	Restructuring US$'000	Retirement benefit obligations US$'000	Finance lease liabilities US$'000	Legal and warranty US$'000	Sundries US$'000	**Total US$'000**
As of 31st March 2010	1,058	20,110	22,468	7,845	21,797	1,206	74,484
Currency translations	–	188	723	23	152	18	1,104
Provisions	61	–	1,546	24	13,660	19	15,310
Utilised	–	(5,276)	(4,208)	(607)	(4,710)	(75)	(14,876)
Actuarial losses recognised in equity	–	–	12,802*	–	–	–	12,802
As of 30th September 2010	1,119	15,022	33,331	7,285	30,899	1,168	88,824
Balance represented by current and non-current portion per condensed consolidated balance sheet							
Current portion	–	6,591	–	546	28,399	7	**35,543**
Non-current portion	1,119	8,431	33,331	6,739	2,500	1,161	**53,281**
As of 30th September 2010	1,119	15,022	33,331	7,285	30,899	1,168	88,824
As of 31st March 2009	936	11,990	32,264	7,624	10,415	1,497	64,726
Currency translations	8	1,410	3,493	14	787	33	5,745
Acquisition of subsidiaries	–	–	–	1,130	–	–	1,130
Provisions	150	10,752	(63)	223	4,209	(310)	14,961
Utilised	(34)	(6,368)	(1,772)	(215)	(4,950)	(38)	(13,377)
Actuarial losses recognised in equity	–	–	503	–	–	–	503
As of 30th September 2009	1,060	17,784	34,425	8,776	10,461	1,182	73,688

* *Note:*

The actuarial loss recognised in equity of US$12.8 million is mainly due to a reduction in the benchmark discount rate from 3.8% as of 31st March 2010 to 2.7% as of 30th September 2010 for our defined benefit plans in Switzerland.

10. SHARE CAPITAL AND SHARE PREMIUM

	Number of issued shares (thousands)	Ordinary shares US$'000	Share premium US$'000	Treasury shares US$'000	Total US$'000
As of 31st March 2010	3,664,928	5,925	77,859	(4,291)	79,493
Treasury shares purchased for the Long-Term Incentive Share Scheme	(10,000)	-	-	(4,644)	(4,644)
Treasury shares vested	2,690	-	(339)	1,445	1,106
As of 30th September 2010 per condensed consolidated balance sheet	3,657,618	5,925	77,520	(7,490)	**75,955**
As of 31st March 2009	3,663,599	5,925	77,855	(5,339)	78,441
Treasury shares vested	1,230	–	5	903	908
As of 30th September 2009	3,664,829	5,925	77,860	(4,436)	79,349

The total authorised number of ordinary shares is 7,040,000,000 shares (31st March 2010: 7,040,000,000) with a par value of HK$0.0125 per share (31st March 2010: HK$0.0125 per share). All issued shares are fully paid.

Long-Term Incentive Share Scheme

The Long-Term Incentive Share Scheme was initially approved by the shareholders on 26th July 1999 and expired on 31st July 2009. Such scheme was replaced by a new Long-Term Incentive Share Scheme (the "Incentive Share Scheme") approved by the shareholders on 24th August 2009. The Directors may grant shares to such eligible employees and Directors as the Directors may select in its absolute discretion under the Incentive Share Scheme.

Details of the shares vested in the eligible employees and Directors under the Incentive Share Scheme as of 30th September 2010 are as follows:

Number of shares purchased	Average purchase price (HK$)	Total shares granted in FY2005-FY2011	Total shares vested in FY2006-FY2011	Shares to be vested				
				FY2012	FY2013	FY2014	FY2015	FY2016
16,170,517	4.21	16,884,000	6,364,000	2,424,000	1,196,000	6,040,000	360,000	500,000

The Company granted 5,946,000 shares (30th September 2009: 5,544,000) under the Long-Term Incentive Share Scheme, during the period.

10. SHARE CAPITAL AND SHARE PREMIUM *(Cont'd)*

Share Options

Pursuant to the Share Option Scheme (the "Scheme") approved at an Annual General Meeting of the Group held on 29th July 2002 and adopted by the Company on the same day, the Board of Directors may, at its discretion, grant options to any qualifying participants (including but not limited to any employee, whether full time or part time employees including any executive or non-executive Directors, of the Company or any affiliate as defined in the Scheme).

As of 30th September 2010, share options granted to employees under the Scheme were as follows:

Held at 31/03/2010 and 30/09/2010	Subscription price per share (HK$)	Date of grant	Exercisable from	Exercisable until
350,000	8.02	17/09/2002	01/08/2004	16/09/2012
350,000	8.02	17/09/2002	01/08/2005	16/09/2012
262,500	9.65	31/07/2003	01/07/2005	30/07/2013
262,500	9.65	31/07/2003	01/07/2006	30/07/2013
100,000	7.40	28/12/2004	01/01/2007	27/12/2014
100,000	7.40	28/12/2004	01/01/2008	27/12/2014
1,425,000				

No share option was granted or exercised during the period (30th September 2009: nil).

The fair value of options granted or forfeited, net, during the six months ended 30th September 2010 was determined using the Binomial valuation model, and there was no profit and loss impact related to the Scheme in the period (30th September 2009: nil). The significant inputs into the model were dividend yield of 1.5%, sub optimal early exercise factor of 1.5, withdrawal rate of 5% post the vesting period, volatility of 40% and the risk-free rate which varied depending on the grant date.

The aggregate fair value of these options granted was US$0.3 million (30th September 2009: US$0.4 million). This was recognised, together with a corresponding increase in equity, over the vesting period in accordance with the Group's accounting policy pursuant to HKFRS 2 "Share-based Payments".

NOTES TO THE INTERIM ACCOUNTS

11. RESERVES

	Unaudited								
	Contributed surplus US$'000	Capital reserve US$'000	Goodwill on consolidation US$'000	Exchange reserve US$'000	Share-based employee benefit reserve US$'000	Hedging reserve US$'000	Other reserves* US$'000	Retained earnings US$'000	Total US$'000
As of 31st March 2010	15,499	38,904	(233,885)	114,030	2,228	5,145	13,226	1,080,496	1,035,643
Currency translations	–	–	–	53,162	–	–	–	–	53,162
Cash flow hedge									
– fair value gains on hedging instruments	–	–	–	–	–	3,204	–	–	3,204
– transferred to income statement	–	–	–	–	–	(865)	–	–	(865)
– deferred income tax on fair value gains	–	–	–	–	–	(238)	–	–	(238)
Actuarial losses of defined benefit plan	–	–	–	–	–	–	–	(12,802)	(12,802)
Deferred income tax effect on actuarial losses of defined benefit plan	–	–	–	–	–	–	–	1,595	1,595
Net income/(expense) recognised directly in equity	–	–	–	53,162	–	2,101	–	(11,207)	44,056
Profit for the period	–	–	–	–	–	–	–	92,883	92,883
Total comprehensive income for the period	–	–	–	53,162	–	2,101	–	81,676	136,939
2009/2010 Final dividend paid	–	–	–	–	–	–	–	(23,659)	(23,659)
Long-Term Incentive Share Scheme									
– shares vested	–	–	–	–	(1,106)	–	–	–	(1,106)
– value of employee services	–	–	–	–	838	–	–	–	838
	–	–	–	–	(268)	–	–	(23,659)	(23,927)
As of 30th September 2010	15,499	38,904	(233,885)	167,192	1,960	7,246	13,226	1,138,513	1,148,655
Interim dividend proposed	–	–	–	–	–	–	–	14,203	**14,203**
Other	15,499	38,904	(233,885)	167,192	1,960	7,246	13,226	1,124,310	**1,134,452**
As of 30th September 2010 per condensed consolidated balance sheet	15,499	38,904	(233,885)	167,192	1,960	7,246	13,226	1,138,513	1,148,655

* *Note:* Other reserves mainly represent property revaluation reserve, investment revaluation reserve and appropriation of retained earnings to statutory reserve.

NOTES TO THE INTERIM ACCOUNTS

11. RESERVES *(Cont'd)*

	Unaudited								
	Contributed surplus US$'000	Capital reserve US$'000	Goodwill on consolidation US$'000	Exchange reserve US$'000	Share-based employee benefit reserve US$'000	Hedging reserve US$'000	Other reserves* US$'000	Retained earnings US$'000	Total US$'000
As of 31st March 2009	15,499	38,904	(233,885)	69,947	2,452	(19,144)	12,180	1,000,012	885,965
Currency translations	–	–	–	61,687	–	–	–	–	61,687
Available-for-sale financial assets									
– fair value gains	–	–	–	–	–	–	94	–	94
Cash flow hedge									
– fair value gains on hedging instruments	–	–	–	–	–	6,174	–	–	6,174
– transferred to income statement	–	–	–	–	–	11,849	–	–	11,849
– deferred income tax on fair value losses	–	–	–	–	–	(709)	–	–	(709)
Actuarial losses of defined benefit plan	–	–	–	–	–	–	–	(503)	(503)
Deferred income tax effect on actuarial gains of defined benefit plan	–	–	–	–	–	–	–	(845)	(845)
Net income/(expense) recognised directly in equity	–	–	–	61,687	–	17,314	94	(1,348)	77,747
Profit for the period	–	–	–	–	–	–	–	14,616	14,616
Total comprehensive income for the period	–	–	–	61,687	–	17,314	94	13,268	92,363
Long-Term Incentive Share Scheme									
– shares vested	–	–	–	–	(907)	–	–	–	(907)
– value of employee services	–	–	–	–	1,009	–	–	–	1,009
	–	–	–	–	102	–	–	–	102
As of 30th September 2009	15,499	38,904	(233,885)	131,634	2,554	(1,830)	12,274	1,013,280	978,430

* *Note:* Other reserves mainly represent property revaluation reserve and investment revaluation reserve.

NOTES TO THE INTERIM ACCOUNTS

12. OTHER INCOME AND GAINS/(LOSSES)

	Six months ended 30th September	
	2010 US$'000	2009 US$'000
Gross rental income from investment properties	2,383	2,194
Losses on investments, net	(322)	(1,777)
Losses on disposal of property, plant and equipment	(205)	(19)
Fair value losses on currency contracts	(1,049)	–
Fair value losses on interest rate swap	(871)	(1,627)
Fair value gains on copper contracts	22	–
	(42)	(1,229)

13. SELLING AND ADMINISTRATIVE EXPENSES

	Six months ended 30th September	
	2010 US$'000	2009 US$'000
Selling expenses	56,158	44,231
Administrative expenses	108,660	102,917
Claims and compensation	13,660	22,277
Hedging gains	–	(403)
Net exchange gains on revaluation of monetary assets and liabilities	(6,583)	(1,297)
	171,895	167,725

14. RESTRUCTURING PROVISION AND ASSET IMPAIRMENTS

	Six months ended 30th September	
	2010 US$'000	2009 US$'000
Restructuring provision	–	10,752
Asset impairments relating to restructuring	–	3,286
	–	14,038

Note: The restructuring provision and asset impairments for the prior period related to activities in Europe, US and Asia. The restructuring provision mainly consisted of provision for severance payment in relation to initiatives to simplify the European manufacturing, supply chain and legal entity footprint.

15. EXPENSES BY NATURE

Operating profit is stated after crediting and charging the following:

	Six months ended 30th September	
	2010 US$'000	2009 US$'000
Depreciation		
Depreciation on property, plant and equipment	32,283	33,897
Less: amounts capitalised for assets under construction	(132)	(124)
	32,151	33,773
Impairment of property, plant and equipment (Note 4)		
– Relating to restructuring (Note 14)	–	3,286
– Included within selling and administrative expenses and cost of goods sold	3,283	194
Cost of goods sold*	734,719	595,753
Amortisation of land use rights (Note 4)	244	149
Amortisation of intangibles (Note 4)	9,247	8,785
Staff costs (direct and indirect labor plus staff costs included within selling and administrative expenses)	248,589	181,499

* *Note:* Cost of goods sold includes material, production overheads and direct labour costs.

16. FINANCE COSTS, NET

	Six months ended 30th September	
	2010	2009
	US$'000	US$'000
Interest on bank loans and overdrafts	(5,702)	(4,290)
Interest income	1,745	1,220
Net interest	**(3,957)**	(3,070)

17. TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the period. Overseas tax has been provided on the estimated assessable profit at the applicable rates for the period in the respective countries of operations.

	Six months ended 30th September	
	2010	2009
	US$'000	US$'000
Current income tax		
Hong Kong profits tax	(8,884)	(5,378)
Overseas taxation including PRC	(15,318)	(5,258)
Over/(under) provisions in prior periods	984	(1,447)
	(23,218)	(12,083)
Deferred income tax	1,226	1,688
	(21,992)	(10,395)
Effective tax rate	18.3%	35.0%

18. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30th September	
	2010	2009
Profit attributable to equity holders of the Company (thousands US Dollar)	92,883	14,616
Weighted average number of ordinary shares in issue (thousands)	3,663,083	3,664,822
Basic earnings per share (US Cents per share)	**2.54**	0.40

The Company has share options that could dilute basic earnings per share in the future. Diluted earnings per share equals basic earnings per share because there were no potential dilutive ordinary shares outstanding during the period ended 30th September 2010.

19. INTERIM DIVIDEND

	Six months ended 30th September	
	2010 US$'000	2009 US$'000
FY2010-11 Interim, proposed, of 0.39 US Cents (3 HK Cents) per share (2009: nil)	14,203	–

20. CAPITAL COMMITMENTS

	30th September 2010 US$'000	31st March 2010 US$'000
Capital commitments for property, plant and equipment		
Authorised but not contracted for	3,583	7,068
Contracted but not yet accrued	13,049	6,944
	16,632	14,012

21. RELATED-PARTY TRANSACTIONS

21.1 Directors' emoluments

Directors' emoluments amounted to US$0.9 million for the period ended 30th September 2010 (30th September 2009: US$0.9 million).

	Six months ended 30th September	
	2010 US$'000	2009 US$'000
Salaries, allowances, fees and other benefits	847	811
Retirement scheme contributions	50	47
	897	858

21.2 Key management compensation

Other than the directors' emoluments disclosed above, emoluments paid to key management were as follows:

	Six months ended 30th September	
	2010 US$'000	2009 US$'000
Salaries, allowances and other benefits	2,633	2,459
Retirement scheme contributions	234	147
Share-based payment	442	119
Bonus	1,977	355
	5,286	3,080

22. BUSINESS COMBINATIONS

22.1 The Group acquired additional shares of Nanomotion Ltd., at a consideration of US$0.4 million during the period.

22.2 In the prior year, the Group acquired additional equity interests in China Autoparts, Inc. (China Autoparts) from non-controlling shareholders on 18th June 2009 and entered into an agreement with third parties in relation to the merger and reorganisation of China Autoparts and Tian Xi Auto Parts Group Co., Ltd. (Tian Xi). In consideration for the acquisition of a 52% equity interest in Tian Xi, the Group reduced its effective equity interest in China Autoparts by 35.6%. After the merger, the Group holds 52% of the shares in the enlarged group (Tonglin Precision Parts Limited) comprising China Autoparts and Tian Xi.

The acquired business contributed revenue of US$37.8 million and net gain of US$1.8 million to the Group for period from the date of acquisition to 31st March 2010.

Details of net assets acquired and goodwill were as follows:

	For the year ended 31st March 2010 US$'000
Purchase consideration	
Cash	13,534
Increase in non-controlling interest in China Autoparts in exchange for shares in Tian Xi	2,053
	15,587
Fair value of net assets acquired, after non-controlling interests	(15,718)
Negative goodwill	(131)

23. CASH GENERATED FROM OPERATIONS

	Six months ended 30th September	
	2010	2009
	US$'000	US$'000
Profit before income tax	120,119	29,715
Add: Depreciation of property, plant and equipment and amortisation of land use rights	32,395	33,922
Amortisation of intangible assets	9,247	8,785
Net interest expense	3,957	3,070
Share of (profits)/losses of associated companies	(91)	411
EBITDA*	165,627	75,903
Other non-cash items and adjustments		
Losses on disposals of land use rights, property, plant and equipment	205	19
Provision for impairment of property, plant and equipment	3,283	3,480
Negative goodwill from acquisitions	–	(338)
Net realised and unrealised (gains)/losses on disposals of other financial assets at fair value through profit or loss	(194)	116
Share based compensation	838	1,009
Impairment of available-for-sale financial assets	364	–
	4,496	4,286
EBITDA* net of other non-cash items and adjustments	170,123	80,189
Change in working capital		
(Increase)/decrease in stocks and work in progress	(49,884)	18,783
Increase in trade and other receivables	(48,238)	(41,436)
Increase in non-current deposits	(3,209)	–
Increase in trade and other payables	67,037	76,321
Increase in provisions and other liabilities	434	1,581
(Decrease)/increase in net financial liabilities	(54)	9,354
	(33,914)	64,603
Cash generated from operations	136,209	144,792

* EBITDA: Earnings before interest, tax, depreciation and amortisation

JOHNSON ELECTRIC

JOHNSON ELECTRIC HOLDINGS LIMITED
12 Science Park East Avenue, 6/F
Hong Kong Science Park
Shatin, New Territories
Hong Kong
Tel : (852) 2663 6688
Fax : (852) 2897 2054
Website : www.johnsonelectric.com