Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 179)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31ST MARCH 2008

HIGHLIGHTS

- Total sales were US$2,221 million – an increase of 6% compared to the 2007 financial year
- Operating cash flow amounted to US$316 million, an increase of 42%
- Operating profit, after restructuring charges and provisions of US$24 million, increased 20% to US$189 million
- Net earnings attributable to shareholders increased by 19% to US$131 million or 3.57 US cents per share
- Net debt as a percentage of total equity decreased to 26% from 44% a year earlier
- The Board has recommended a final dividend of 1.25 US cents per share, which together with the interim dividend of 0.58 US cents per share, represents a total dividend of 1.83 US cents per share

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The Directors announce that the audited consolidated profit attributable to equity holders for the year ended 31st March 2008 was US$130,849,000, an increase of 19% over the corresponding year in 2007.

FINANCIAL RESULTS

The audited consolidated profit and loss account for the year ended 31st March 2008 together with comparative figures for the corresponding year in 2007 is set out below:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2008

	Note	**2008**	2007
		US$'000	US$'000
Sales	2	**2,220,792**	2,086,628
Cost of goods sold		**(1,656,452)**	(1,574,401)
Gross profit		**564,340**	512,227
Other income and gains		**17,701**	7,336
Selling and administrative expenses		**(369,239)**	(349,558)
Restructuring provision and assets impairment	3	**(23,986)**	(12,245)
Operating profit	4	**188,816**	157,760
Finance costs, net		**(18,745)**	(21,523)
Share of profits / (losses) of jointly controlled entities / associated companies		**117**	(302)
Profit before income tax		**170,188**	135,935
Income tax expenses	5	**(31,939)**	(22,932)
Profit for the year		**138,249**	113,003
Attributable to:			
Equity holders of the Company		**130,849**	109,696
Minority interests		**7,400**	3,307
		138,249	113,003
Dividends	6	**67,353**	61,230
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in US cents per share)			
Basic	7	**3.57**	2.99
Diluted	7	**3.57**	2.99

CONSOLIDATED BALANCE SHEET
As at 31st March 2008

	Note	**2008** **US$'000**	2007 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**409,864**	390,019
Investment properties		**38,978**	24,208
Leasehold land and land use rights		**22,462**	24,805
Intangibles		**775,162**	667,154
Associated companies		**1,920**	2,364
Deferred income tax assets		**28,892**	30,918
Available-for-sale financial assets		**5,833**	5,131
Other financial assets at fair value through profit or loss		**8,813**	4,140
		1,291,924	1,148,739
Current assets			
Stocks and work in progress		**269,924**	251,170
Trade and other receivables	8	**505,561**	458,859
Derivative financial instruments		**15,111**	9,463
Other financial assets at fair value through profit or loss		**-**	995
Income tax recoverable		**4,126**	1,817
Bank balances and cash		**268,031**	149,282
		1,062,753	871,586
Current liabilities			
Trade and other payables	9	**352,286**	298,055
Current income tax liabilities		**25,642**	14,204
Derivative financial instruments		**24,979**	698
Borrowings		**37,796**	20,615
Provisions and other liabilities		**30,003**	25,539
		470,706	359,111
NET CURRENT ASSETS		**592,047**	512,475
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,883,971**	1,661,214
Non-current liabilities			
Borrowings		**526,686**	552,900
Derivative financial instruments		**84,639**	19,272
Deferred income tax liabilities		**96,500**	87,535
Provisions and other liabilities		**43,216**	38,117
		751,041	697,824
NET ASSETS		**1,132,930**	963,390
EQUITY			
Share capital		**77,704**	82,062
Reserves		**978,080**	818,568
Proposed dividends		**46,158**	40,035
		1,101,942	940,665
Minority interests		**30,988**	22,725
TOTAL EQUITY		**1,132,930**	963,390

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
For the year ended 31st March 2008

	2008	2007
	US$'000	US$'000
Gain on revaluation of property, plant and equipment transferred to investment properties	**4,346**	4,662
Deferred income tax effect on gain on revaluation of property, plant and equipment transferred to investment properties	**(760)**	(816)
Available-for-sale financial assets:		
- fair value (losses)/gains	**(660)**	304
- release of reserves upon disposal	**(159)**	217
Fair value losses on hedging instruments	**(13,875)**	(2,273)
Deferred income tax effect on fair value losses on hedging instruments	**2,747**	398
Actuarial (losses)/gains of defined benefit plan	**(6,688)**	1,798
Deferred income tax effect on actuarial gains/(losses) of defined benefit plan	**2,977**	(950)
Capital reserve released on disposal of subsidiaries	**(45)**	-
Exchange differences on translation of foreign subsidiaries and associated companies	**110,199**	41,880
Net income recognised directly in equity	**98,082**	45,220
Profit for the year	**138,249**	113,003
Total recognised income for the year	**236,331**	158,223

Note:

1. **Principal accounting policies**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

In 2007/08, the Group adopted the new / revised standards and interpretations of HKFRS below, which are relevant to its operations. The comparatives have been amended as required, in accordance with the relevant requirements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions

The adoption of new / revised HKASs, including HKFRS 7, HKAS 1 (amendment), HK(IFRIC)-Int 8, HK(IFRIC)-Int 9, HK(IFRIC)-Int 10 and HK(IFRIC)-Int 11, did not result in substantial changes to the Group's accounting policies. In summary:

- HKFRS 7, 'Financial Instruments: Disclosures' and the complementary amendment to HKAS 1, 'Presentation of financial statements - Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.

- HK(IFRIC)-Int 8, 'Scope of HKFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.

- HK(IFRIC)-Int 9, 'Reassessment of Embedded Derivatives', requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As none of the group entities have changed the terms of their contracts, and the Group already assesses if embedded derivative should be separated using principles consistent with HK(IFRIC)-Int 9, the adoption of this interpretation does not have any impact on the Group's financial statements.

- HK(IFRIC)-Int 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

- HK(IFRIC)-Int 11, 'HKFRS 2 – Group and treasury share transactions', provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's share) should be accounted for as equity- settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. This interpretation has no material impact on the Group's accounting policies as the Group's existing accounting policy on share-based transactions comply with this interpretation.

2. Segment information

(a) Primary reporting format - business segments

Turnover of the Group consists of sales of goods.

The principal operations of the Group are the manufacture, sale, and trading of motors, electromechanical components, motion systems and sub-systems, and materials. The manufacturing segment comprised Automotive Products Group (APG), Industry Products Group (IPG) and other products manufactured by the Group. The trading segment is principally engaged in trading of goods not manufactured by the Group.

The segment results for the year ended 31st March 2008 are as follows:

	Manufacturing 2008 US$'000	Trading 2008 US$'000	Group 2008 US$'000
Sales	2,089,393	131,399	**2,220,792**
Segment operating profit	188,624	192	**188,816**
Finance costs	(17,990)	(755)	**(18,745)**
Share of profit of associated companies	117	-	**117**
Profit/ (loss) before income tax	170,751	(563)	**170,188**
Income tax expenses	(31,464)	(475)	**(31,939)**
Profit/(loss) for the year	139,287	(1,038)	**138,249**
Total assets			
Segment assets	2,238,150	81,589	**2,319,739**
Associated companies	1,920	-	**1,920**
Deferred income tax assets and income tax recoverable	33,000	18	**33,018**
	2,273,070	81,607	**2,354,677**
Total liabilities			
Segment liabilities	1,047,011	52,594	**1,099,605**
Deferred income tax liabilities and income tax liabilities	121,709	433	**122,142**
	1,168,720	53,027	**1,221,747**
Other information			
Restructuring provision and assets impairment	23,986	-	**23,986**
Capital expenditure:			
- Acquisition of property, plant and equipment and leasehold land	96,014	1,324	**97,338**
- Addition of intangible assets	2	1,553	**1,555**
Addition of property, plant and equipment from the acquisition of subsidiaries	-	34	**34**
Depreciation on property, plant and equipment	71,975	189	**72,164**
Amortisation charge on leasehold land and land use rights	684	-	**684**
Amortisation charge on intangibles	17,777	116	**17,893**

	Manufacturing 2007 US$'000	Trading 2007 US$'000	Group 2007 US$'000
Sales	1,989,907	96,721	2,086,628
Segment operating profit	155,052	2,708	157,760
Finance costs	(21,258)	(265)	(21,523)
Share of losses of jointly controlled entities and associated companies	(302)	-	(302)
Profit before income tax	133,492	2,443	135,935
Income tax expenses	(22,143)	(789)	(22,932)
Profit for the year	111,349	1,654	113,003
Total assets			
Segment assets	1,948,076	37,150	1,985,226
Associated companies	2,364	-	2,364
Deferred income tax assets and income tax recoverable	32,735	-	32,735
	1,983,175	37,150	2,020,325
Total liabilities			
Segment liabilities	940,104	15,092	955,196
Deferred income tax liabilities and income tax liabilities	101,202	537	101,739
	1,041,306	15,629	1,056,935
Other information			
Restructuring provision and assets impairment	12,245	-	12,245
Capital expenditure			
- Acquisition of property, plant and equipment and leasehold land	76,189	594	76,783
- Addition of intangible assets	6	278	284
Addition of property, plant and equipment from the acquisition of subsidiaries	10,029	-	10,029
Depreciation on property, plant and equipment	70,706	118	70,824
Amortisation charge on leasehold land and land use rights	689	-	689
Amortisation charge on intangibles	17,105	92	17,197

(b) Secondary reporting format - geographical segments

In presenting information on the basis of geographical segments, sales are attributed to the region from which the customer order originated. Segment assets and capital expenditure are based on the location of the assets.

	Sales		Capital expenditure		Segment assets	
	2008	2007	**2008**	2007	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Asia	**709,689**	686,181	**69,991**	54,484	**907,503**	728,358
America	**524,096**	504,685	**6,443**	3,851	**203,699**	229,174
Europe	**987,007**	895,762	**22,459**	18,732	**1,208,537**	1,027,694
	2,220,792	2,086,628	**98,893**	77,067	**2,319,739**	1,985,226

3. Restructuring provision and asset impairment

Restructuring provision and assets impairment relate mainly to activities in the US and Europe. In the US, these costs included some consolidation of manufacturing and distribution facilities in our Automotive Products Group and the resizing of our Parlex operations. In Europe, costs related primarily to early stage work in new initiatives to simplify the European manufacturing, supply chain, and legal entity footprints.

	2008	2007
	US$'000	US$'000
Restructuring provision	**12,800**	11,241
Assets impairment relating to restructuring	**11,186**	1,004
Total provision	**23,986**	12,245

4. Depreciation and amortisation

During the year, depreciation of US$71,952,000 (2007 : US$70,325,000) in respect of property, plant and equipment, amortisation of US$684,000 (2007: US$689,000) in respect of leasehold land and land use rights and amortisation of US$17,893,000 (2007: US$17,197,000) in respect of intangibles were charged in the profit and loss account.

5. Income tax expenses

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year. Overseas tax has been provided at the applicable rates on the estimated assessable profit in respective countries of operations for the year.

	2008	2007
	US$'000	US$'000
Current taxation		
Hong Kong profits tax	**11,339**	9,715
Overseas taxation	**17,271**	22,210
Under/(over) provisions in prior years	**137**	(4,919)
	28,747	27,006
Deferred income tax	**3,192**	(4,074)
	31,939	22,932

6. Dividends

	2008	2007
	US$'000	US$'000
Interim, paid, of 0.58 US cents per share (2007 : 0.58 US cents)	**21,195**	21,195
Final, proposed, of 1.25 US cents per share (2007 : 1.09 US cents)	**46,158**	40,035
	67,353	61,230

7. 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 year.

	2008	2007
Profit attributable to equity holders of the Company (thousands US dollar)	**130,849**	109,696
Weighted average number of ordinary shares in issue (thousands)	**3,667,897**	3,671,883
Basic earnings per share (US cents per share)	**3.57**	2.99

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 year ended 31st March 2008.

8. Trade and other receivables

The trade and other receivables include trade receivables of US$437,842,000 (2007: US$408,178,000). The Group normally grants credit terms ranging from 30 to 90 days to its trade customers. The ageing analysis of trade receivables based on invoice date was as follows:

	0-60 days	61-90 days	Over 90 days	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 31st March 2008	**343,956**	**46,714**	**47,172**	**437,842**
Balance at 31st March 2007	326,703	35,693	45,782	408,178

9. Trade and other payables

The trade and other payables include trade payables of US$227,425,000 (2007: US$182,976,000). The ageing analysis of trade payables based on invoice date was as follows:

	0-60 days	61-90 days	Over 90 days	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 31st March 2008	**181,501**	**32,550**	**13,374**	**227,425**
Balance at 31st March 2007	148,275	11,454	23,247	182,976

10. Commitments

10.1 Capital Commitments

Group	**2008**	2007
	US$'000	US$'000
Capital commitment for property, plant and equipment		
Authorised but not contracted for	**5,598**	3,935
Contracted for	**9,473**	7,600
	15,071	11,535

10.2 Operating Lease Commitments

(i) At 31st March 2008, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2008		2007	
	Land and buildings	**Others**	Land and buildings	Others
	US$'000	**US$'000**	US$'000	US$'000
Not later than one year	**15,703**	**1,961**	14,088	1,197
Later than one year and not later than five years	**36,802**	**1,395**	34,547	1,197
Later than five years	**23,286**	**-**	10,733	8
	75,791	**3,356**	59,368	2,402

(ii) At 31st March 2008, the Group had future aggregate minimum lease rental receivable under non-cancellable operating leases on land and buildings as follows:

	2008	2007
	US$'000	US$'000
Not later than one year	**2,397**	1,820
Later than one year and not later than five years	**634**	1,759
	3,031	3,579

CHAIRMAN'S STATEMENT

To Our Shareholders,

Johnson Electric achieved very satisfactory results for the 2008 financial year in the context of operating conditions that continue to be difficult for global component manufacturers. In fact, the headwinds that constrained performance in 2006-07 remain prevalent and, in some aspects, have become stronger over the course of the past twelve months.

Despite the generally tougher economic environment, the Group's underlying operating cash generation improved significantly compared to the prior year. And, while we still have work to do in raising the performance of some of the smaller, newer businesses in the portfolio, the overall competitive and financial position of the Group is very sound.

Summary of 2007-08 Results

- For the financial year ended 31st March 2008, total sales were US$2,221 million – an increase of 6% compared to the 2007 financial year
- Operating cash flow amounted to US$316 million, an increase of 42%
- Operating profit, after restructuring charges and provisions of US$24 million, increased 20% to US$189 million
- Net earnings attributable to shareholders increased by 19% to US$131 million or 3.57 US cents per share
- Net debt as a percentage of total equity decreased to 26% from 44% a year earlier
- The Board has recommended a final dividend of 1.25 US cents per share, which together with the interim dividend of 0.58 US cents per share, represents a total dividend of 1.83 US cents per share

Sales Performance

The increase in total sales by US$134 million to US$2.22 billion reflected the combination of the strength of the Euro and other currencies against the US Dollar, strong growth in cooling fan module sales in North America and China, and continued expansion of the Group's trading activities. Partially offsetting this growth was lower sales of micromotors to the power tools market and weaker than expected sales to the computer equipment segment by Parlex, the Group's flexible printed circuits business.

The Automotive Products Group (APG), the largest operating division, generated sales of US$1,157 million – an increase of 10% over the prior year. European-based automotive industry customers contribute more than 60% of APG's sales and consequently the division benefited from the sustained strength of the Euro currency and generally positive economic conditions in the Euro zone during the year. In addition, the North American cooling fan module business continued to grow market share from a relatively small base; while the same product line in mainland China achieved a healthy double-digit sales increase in a rapidly growing automotive market that is now the second largest in the world.

The Industry Products Group (IPG) recorded sales of US$716 million – a decrease of almost 1% compared to the prior year. Modest sales gains by most IPG business units were more than offset by a decline in sales to power tools motor applications reflecting both the sharp downturn in the North American housing market and competitive price pressures in Asia. To confront the competitive threat at the lower end of some segments where IPG operates, Johnson Electric has recently established a separately managed operating unit to supply standardized "no frills" micromotors to selected customers whose requirements for a low price point outweighs the need for customized engineering and service. The initial results of this innovative, complementary business model have been encouraging.

Other smaller businesses within the Group contributed a combined US$348 million to total sales, an increase of 11% compared to the previous financial year. Johnson Electric Trading, in particular, experienced strong demand for its specialty and recycled metals trading services from an extensive and growing base of small to medium sized customers in mainland China. Parlex Corporation, on the other hand, experienced a slight decline in overall sales due to lower orders from a key computer equipment customer that offset continued strong demand from other industry segments for the company's high quality flexible printed circuit board technology.

Improving Profitability and Operating Cash Flow despite Strong Headwinds from High Raw Material Prices

Gross profit margins increased by 0.9% to 25.4%, reflecting a combination of internal operating improvements and external macro-economic factors. Internally, the profitability of the two main operating divisions benefited from volume and mix improvements as well as better execution of price increases – especially in IPG – to reflect higher input costs. Externally, the business continues to be buffeted by rising copper and steel costs, higher labour costs in China, and the appreciation of the Reminbi currency. However, more than offsetting these negative external factors was the strength of the Euro and other currencies against the US Dollar which was positive for Johnson Electric given the substantial presence that it has developed in Europe over the past several years.

Selling and administrative expenses as a percent of sales reduced slightly and, with higher other income and gains from asset disposals largely offsetting higher restructuring charges and provisions, operating profits increased by 20% to US$189 million. The restructuring provisions of US$24 million related to ongoing initiatives to optimise the Group's global manufacturing footprint as well as a non-cash impairment charge against the book value of an under-utilized US manufacturing facility.

As highlighted earlier, the operating cash flow performance of the Group was particularly encouraging with higher operating profits supplemented by better working capital management. This enabled the Group to further reduce its borrowings and increase its cash reserves to the extent that net debt at the financial year end amounted to US$298 million or 26% of total equity (compared to US$424 million or 44% of total equity a year ago).

Building a Stronger, More Adaptable Business Model

The acceleration of global economic integration combined with advances in technology has meant that manufacturing businesses today are required to cope with change that is unprecedented in terms of its pace and breadth of impact. Sticking to a single tried and tested formula that worked well in the past is increasingly a high risk strategy for corporate success.

For the first four decades in its history, Johnson Electric pursued a strategy focused on building a large-scale manufacturing platform in mainland China to export small precision motors to international customers. While that low-cost manufacturing platform remains a critical source of competitive advantage for the Group, over the most recent decade the strategy has evolved to embrace a broader base of capabilities and technologies that we believe provides Johnson Electric with much stronger, more balanced business model with greater potential to sustain longer term value creation.

Whereas ten years ago the Group operated just two factories in Asia, today we have some thirty manufacturing and assembly plants in fourteen countries on five continents. Our range of motor and motion-related products has expanded dramatically as well – and now extends from the most basic DC motor to sophisticated sub-systems incorporating geared motors, pumps, switches and flexible interconnections.

Some of our plants are geared to serving customers whose particular engineering requirements and lower production volumes demand close geographic proximity; other plants focus on higher volumes and an efficient global supply chain to flow-ship finished goods across continents to a customer’s warehouse or assembly plant. Plants located in higher cost countries tend to feature greater degrees of industrial automation; while plants in lower cost countries such as China, Hungary or Poland naturally tend to use more labour-intensive production processes.

The point of this increased scope and breadth to our business is that it enables Johnson Electric to navigate through exceptionally volatile and unpredictable external market conditions with more confidence and lower risk than if we were dependent on a narrower product line or span of operation. In addition, it offers us the potential to deliver a range of solutions to customers across the entire product life cycle that no other competitor can match.

Current Trading Conditions and Outlook

The global economy is presently projected to weaken during the second half of calendar 2008 due in large part to the twin crises in the US housing and credit markets, combined with soaring fuel and food prices, which are causing consumers and businesses to curtail expenditure. Although most countries in the Euro zone, especially Germany, still appear to be resisting the worst effects of the US slowdown and financial turmoil, the expectations are that economic activity in Europe will also slow in the coming months.

On the other hand, growth in emerging economies remains extremely robust, helping to support strong exports from developed countries and thus partially cushioning global manufacturers from weaker domestic demand.

At Johnson Electric, as noted earlier, the diversified nature of our customer base is beneficial in mitigating the effects of economic downturns in a particular country or market. Indeed, even in the first weeks of the new 2008-09 financial year, we have yet to see any material weakness in sales trends compared to a year ago – except in power tool motor applications which continues to be soft. In automotive applications – and this is one sector of the US economy which is unquestionably already in recession – we are continuing to achieve modest overall sales gains at the present time.

Management will continue to press forward in aggressively tackling the underperforming business units within our portfolio through tighter cost control, smarter pricing decisions, and ongoing restructuring of the manufacturing footprint. In other areas, we will be working hard to capture more revenue synergies from the thousands of our customers who currently purchase one particular product from one Johnson Electric business but who also recognize the value in being provided with a one-stop, engineered solution that draws on the unique range of innovative technologies that exist across the whole Group. In the coming year, we also plan to increase our focus on and direct resources towards the rapidly developing “BRIC” countries (Brazil, Russia, India and China) and the Middle East.

Inevitably, should the current weakening in the global economy become a more severe and prolonged recession than is presently anticipated or should commodity prices rise substantially above current levels, then Johnson Electric’s well-diversified operations will be negatively impacted. Our business units are accordingly taking a relatively conservative and prudent stance in terms of planning and capital budgeting for the year ahead. Based on current trading conditions, however, we are cautiously optimistic that the Group is positioned to deliver sales growth in the range of 5% to 7% in the 2008-09 financial year. Our ability to grow profits, on the other hand, will be made difficult by the ongoing turmoil in commodity prices, currency fluctuations, and other external factors.

On behalf of the Board, I would like to thank all of our customers, shareholders, suppliers, and employees for their continued support.

FINAL DIVIDEND

The Board has resolved to recommend at the forthcoming Annual General Meeting to be held on 24th July 2008 payment of a final dividend of 9.8 HK cents equivalent to 1.25 US cents per share (2007: 8.5 HK cents or 1.09 US cents) payable on 30th July 2008 to persons who are registered shareholders of the Company on 24th July 2008 making a total distribution of 14.3 HK cents equivalent to 1.83 US cents per share for the year ended 31st March 2008 (2007: 13 HK cents or 1.67 US cents).

CLOSING REGISTER OF SHAREHOLDERS

The Register of Shareholders of the Company will be closed from Monday, 21st July 2008 to Thursday, 24th July 2008, both dates inclusive, during which no transfer of shares will be registered.

In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (not the Registrar in Bermuda) for registration, not later than 4:30 p.m. on Friday, 18th July 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Segmental Profit & Loss Accounts

US$m	2008			2007		
	Manufacturing	Trading	Total	Manufacturing	Trading	Total
Sales	2,090	131	2,221	1,990	97	2,087
Gross Profit	555	9	564	503	9	512
	26.6%	6.8%	25.4%	25.3%	8.8%	24.5%
Other Income & Gains	19	(1)	18	7	0	7
Selling and Administrative	(361)	(8)	(369)	(343)	(6)	(349)
	(17.3%)	(6.1%)	(16.6%)	(17.2%)	(6.0%)	(16.8%)
Op. Profit before Restructuring	213	0	213	167	3	170
Restructuring	(24)	0	(24)	(12)	0	(12)
Operating Profit	189	0	189	155	3	158
	9.0%	0.0%	8.5%	7.8%	3.1%	7.6%
Finance Costs	(18)	(1)	(19)	(21)	(1)	(22)
Profit Before Income Tax	171	(1)	170	134	2	136
Income Tax	(32)	(0)	(32)	(22)	(1)	(23)
Profit for the year	139	(1)	138	112	1	113
Minority Interest			(7)			(3)
Profit Attr. To Shareholders			131			110

Sales

Total Group Sales for the financial year ended 31st March 2008 increased by US$134.2 million, 6.4%, from US$2,086.6 million to US$2,220.8 million, in line with the sales analysis above.

Gross Profit

Gross profit increased by US$52.1 million, 10.2%, from US$512.2 million to US$564.3 million. As a percentage of sales, gross margin increased by 0.9% of sales from 24.5% to 25.4%.

During the year, changes in the relative value of currencies significantly impacted the reported results and, beyond currencies, there were other shifts in external market factors which had major impacts on our cost base, as detailed below. To help mitigate the adverse impacts on our cost structure which resulted from these currency and market factors, and to improve profitability, we continued to focus on operational improvements throughout the business.

As detailed below, currency contributed to a net increase in gross profit by US$27.7 million, other external factors decreased gross profit by US$20.2 million, and operations initiatives and cost control helped strengthen margins by US$44.6 million in the year.

Currency

The relative strength of the Euro and other European trading currencies against the US dollar in the year favourably impacted gross profit by US$38.1 million, net. Sales were favourably impacted by US$80.4 million as a result of sales denominated in Euros and other European trading currencies, which reflected the significant proportion of business conducted by the Group in Europe. However, costs were adversely impacted by US$42.3 million as a result of operating costs denominated in Euros.

In Asia, the relative strength of the Chinese renminbi and other Asian currencies against the US dollar in the year adversely impacted gross profit by US$10.4 million, net. Sales were favourably impacted by US$7.5 million as a result of sales denominated in renminbi and other Asian currencies but costs were adversely impacted by US$17.9 million as a result of costs denominated in renminbi which were incurred in our China operations.

In summary, the net benefit derived from the Euro and other European trading currencies of US$38.1 million was offset by the US$10.4 million of net renminbi and other Asian currency effects to result in an overall currency benefit to gross profit of USS$27.7 million. This benefit amounted to 1.2% of sales.

Other External Factors

Gross profit was adversely impacted by ongoing pressures in a number of key ingredients in the cost structure including the costs of copper, steel, and PRC labour rates. Combined, this “headwind” reduced gross profit by a total of US$20.2 million in comparison to the prior year, equivalent to 0.9% of sales.

Operations

In our industrial and automotive businesses, increases in volume and improvements in product and market mix as well as improved inventory management and manufacturing yield have contributed to improved gross margins. In addition, pricing actions provided some relief from the adverse effect of rapidly increasing material costs on gross margin. Together, these actions generated US$44.3 million of additional gross profit compared to last year.

In our Parlex business, gross profits were down by US$3.6 million compared to last year. This is primarily due to delays which had occurred in rationalizing the global manufacturing footprint of this business and in improving operational performance. Nevertheless, during the year, progress has been made in re-shaping the business and moving towards profitability.

In the Group’s other manufacturing businesses, gross profits grew by US$3.9 million primarily due to a strong performance from the Saia Burgess Controls operation.

In the Trading business gross profit was broadly in line with last year. Gross margin decreased from 8.8% to 6.8% primarily as a result of low margins on our start up recycled metals business.

Other Income and Gains

Other income and gains increased by US$10.4 million, from US$7.3 million to US$17.7 million. The majority of the income and gains results from two non-recurring transactions: a gain on the disposal of land and buildings and a profit on the disposal of a non-core associated company (MiCS MicroChemical Systems SA).

Selling, General and Administrative Expenses ("SG&A")

SG&A expenses increased by US$19.6 million, or 5.6%, from US$349.6 million to US$369.2 million. As a percentage of sales, SG&A reduced to 16.6% from 16.8% in the prior year.

The impact of a weaker US dollar on SG&A costs denominated in other currencies amounted to US$16.3 million in the year. Without this, SG&A increased by 1.0% year on year, and would have been 15.9% of sales. The primary causes of this currency impact relate to the Euro. First, a significant part of SG&A in Europe is denominated in Euro and was translated into US$ at higher rates than last year and, second, SG&A includes the impact of forward currency contracts which were settled during the year.

Lower claims, warranty, bad debt and VAT related costs this year accounted for a total improvement of US$8.1 million but this was largely offset by cost increases of US$5.2 million resulting mainly from salary increases and additional freight costs. In addition, a non-recurring litigation and site clean-up related charge of US$4.0 million was incurred to settle actions for environmental contamination from our closed site in Columbus, Mississippi. Although settlement with the majority of plaintiffs was made in February 2007, a further settlement was made this year regarding action taken against the Company by a co-defendant in the case. This litigation is now closed. In our Trading business SG&A increased by US$2.2 million as a result of start up costs related to our recycled metals business.

Restructuring Costs

The Group's restructuring charges of US$24.0 million in the year related to restructuring activities and asset impairments in the US, Europe and Asia.

In the US, these costs included some consolidation of manufacturing and distribution facilities in our Automotive Products Group and the resizing of our Parlex operations. In Europe, costs related primarily to early stage work in new initiatives to simplify the European manufacturing, supply chain, and legal entity footprints. This new initiative seeks to leverage the Group's presence in Europe and to maximize synergies in the Group's infrastructure. In Asia, the costs related primarily to relocation of manufacturing facilities in PRC.

Operating Profit

Operating profit increased by US$31.0 million, 19.7%, from US$157.8 million to US$188.8 million. Excluding the non-recurring contribution of US$11.3 million included in other income and gains, operating profit increased by US$19.7 million, or 12.5%, over the prior year.

The combined currency effects on gross margin and SG&A detailed above resulted in a favourable net impact on profit before tax of US$11.4 million. This benefit amounted to 0.5% of sales.

Finance Costs, net

Net interest expense for the year decreased by US$2.7 million from US$21.5 million to US$18.8 million due to the reduction in net debt levels throughout the year and the decline in interest rates which positively impacted the variable rate loans which make up the majority of the Group's borrowings.

Income Tax Expenses

The Income Tax expense increased by US$9.0 million compared to last year, from US$22.9 million to US$31.9 million. This resulted in an effective tax rate for the year of 18.8%, compared to 16.9% for the prior year. Last year's tax charge had included a tax provision release of US$4.9 million without which the rate would have been 20.5%. Each year, the effective tax rate is impacted by changes in the geographic mix of our taxable profits, changes in our supply chain, changes in tax rates in the jurisdictions in which we operate, adjustments to tax provisions from time to time as a result of tax audits, and changes in our deferred tax position.

Profit after Tax

Profit after tax increased by US$25.2 million from the prior year, 22.4%, from US$113.0 million to US$138.2 million. Excluding the non-recurring after-tax contribution of US$9.0 million included in other income and gains and adjusted for tax, profit after tax increased by US$16.2 million, or 14.3%, over the prior year.

Minority Interest

Profits attributable to minority interests increased by US$4.1 million, from US$3.3 million to US$7.4 million, primarily due to increased profits in Ri-Yong derived from a non-recurring gain on the disposal of land and buildings.

Profit Attributable to Shareholders

Profit attributable to shareholders increased by US$21.1 million from the prior year,19.3%, from US$109.7 million to US$130.8 million. Earnings per share increased from 2.99 US cents per share to 3.57 US cents per share.

FINANCIAL POSITION AND LIQUIDITY

ANALYSIS OF CASH FLOWS

Simplified Cash Flow
US$millions

	2008	2007	Change
Profit Before Interest and Tax*	188.8	157.8	31.0
Depreciation and Amortization	90.5	88.2	2.3
EBITDA	**279.3**	**246.0**	**33.3**
Other Non Cash Items in Profit Before Tax	1.1	(3.9)	5.0
Working Capital Change	35.4	(19.7)	55.1
Cash from Operating Activities	**315.8**	**222.4**	**93.4**
Capital Expenditure	(98.7)	(67.7)	(31.0)
Proceeds from sale of assets and investments	17.7	14.7	3.0
Operating Cash Flow less Operating Investment Activities	**234.8**	**169.4**	**65.4**
Interest paid less interest received	(23.3)	(25.6)	2.3
Tax paid less tax refunds	(22.7)	(30.1)	7.4
Dividends Paid	(61.2)	(61.2)	-
Treasury Shares, Liquid Securities, Dividends Received	(12.3)	(3.8)	(8.5)
Net Cash Flow	**115.3**	**48.7**	**66.6**
Use of Cash			
Used to repay debt	9.6	142.3	
Net increase/(decrease) in cash and cash equivalents	105.4	(91.9)	
Movement in short term investments	0.3	(1.7)	
	115.3	**48.7**	
Reconciliation to Net Debt			
Exchange Gains on Cash, Overdrafts & Borrowings	11.5	(5.0)	
Net Movement in Cash, Overdrafts and Borrowings (Net Debt)	**126.8**	**43.7**	

* *Operating Profit per accounts*

The Group’s ability to generate cash from operations continues to be one of its principal strengths. During the year, cash generated from operating activities (before capital expenditure and before proceeds from the sale of fixed assets), as shown above, increased by US$93.4 million from US$222.4 million to US$315.8 million, an increase of 42%.

This stronger cash flow was primarily due to the increase of US$31.0 million in Profit before Interest and Tax and to the improvement in working capital management. In the year, cash flow was improved by a reduction in working capital (excluding currency effects) by US$35.4 million and this, compared to an increase in working capital (excluding currency effects) of US$19.7 million last year, resulted in a total year-on-year cash flow improvement of US$55.1 million.

Working Capital and Provisions

Overall, working capital and provisions (excluding interest payable which reduced by US$7.2 million in the year) reduced by US$5.6 million, from US$356.8 million to US$351.2 million. This can be explained as follows:

$ millions	Increase/ (Decrease)
Exchange rate impact	31.2
Other Movements	(1.4)
Increase/(decrease) in working capital	(35.4)
Net increase/(decrease) in working capital	(5.6)

Trade and other receivables increased by US$46.7 million, from US$458.9 million to US$505.6 million. US$41.3 million of this increase was due to currency translation changes. Excluding currency translation effects and an increase of US$0.7 million due to a receivable from the sale of an associate company, trade and other receivables increased by US$4.7 million. Trade receivables amounted to US$430.7 million at 31st March 2008, of which 97% was current or aged less than 60 days past due. Daily Sales Outstanding for the Group decreased from 69 days to 68 days reflecting, in particular, improved receivables management in the North American operations.

Trade and other payables, excluding interest payable, increased by US$61.4 million, from US$289.7 million to US$351.1 million. Included in the increase is US$26.0 million of currency translation changes. Excluding currency translation effects, trade and other payables increased by US$35.4 million, mainly due to improved payment terms negotiated with suppliers.

Stocks and work in progress increased by US$18.8 million, from US$251.1 million to US$269.9 million. Included in the increase was US$22.9 million of currency translation changes. Excluding currency translation effects, stocks and work in progress reduced by US$4.1 million, or 1.6%. After adjusting for the currency effects, the sales to stock ratio was improved from 8.3 last year to 8.6 due mainly to improved inventory management in the North American operations and Parlex.

Long-term and short-term provisions were increased by US$9.6 million in the year, from US$63.6 million to US$73.2 million. US$6.9 million of this increase was due to currency translation changes, and US$2.1 million was due to movements in pension and hedging reserves.

Overall the reduction in working capital can be summarized as follows:

$ millions	Increase/ (Decrease)
Debtors	4.7
Creditors	(35.4)
Stock	(4.1)
Provisions	(0.6)
Net increase/(decrease) in working capital	(35.4)

Capital Expenditure (and proceeds from sale of assets and investments)

Capital Expenditure increased by US$31.0 million in the year, from US$67.7 million to US$98.7 million. The Group's initiative to set up new facilities and practices related to a new Corporate and Business Unit operating model resulted in some one-time costs. The underlying recurring rate of capital expenditure remained close to depreciation levels.

Proceeds from the sale of assets and investments were US$17.7 million, US$3.0 million higher than last year, primarily due to the disposal of land and buildings and the sale of MiCS MicroChemical Systems SA, a non-core business.

Interest and Tax

Interest paid less interest received was US$23.3 million. This reduction from prior year results mainly from the increase in net cash balances and the reduction in interest rates on debt.

Taxes paid, net of refunds, amounted to US$22.7 million, US$7.4 million lower than last year. Tax refunds were received in the year which relate to the businesses in Germany and Switzerland for prior tax years.

Dividends

The Final Dividend of US$40.0 million for the fiscal year 2006-2007 was paid in the year as well as the current year's interim dividend of US$21.2 million.

Net Movement in Cash and Borrowings

The Group's debt to equity ratio (calculated on the total borrowings net of cash and other financial assets at fair value through profit or loss, to total equity) was 26%, down from 44% at 31st March 2007.

The lowering of the net borrowings position this year has been enabled mainly by an improved profit performance and by improvements in working capital management, as shown in the table and noted in the comments above.

Net borrowings (total long and short term borrowings net of cash and other financial assets at fair value through profit or loss) reduced overall by US$126.8 million during the year, from US$423.3 million to US$296.5 million. This overall reduction in the net borrowings position results from an increase of US$105.4 million in cash and cash equivalents, a US$9.6 million reduction in borrowings, a US$0.3 million increase in short term investments and an increase of US$11.5 million due to the translation effect of a strong Euro and other currencies on our bank balances and borrowings held in foreign currency.

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

Liquidity

For day-to-day liquidity management and to maintain flexibility in funding, the Group also has access to significant unutilized short-term borrowing facilities provided by its principal relationship banks, which exceed US$240.0 million.

Foreign Currency

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

For APG and IPG the major sales generating currencies continue to be the US dollar, the Euro and the Japanese yen. For the period to 31st March 2008, 45% of the sales of these business units were in US dollars, 38% in Euro and the rest in other currencies such as Japanese yen. The major currencies used for purchases of materials and services are the US dollar, the Euro, the Hong Kong dollar and the Japanese yen. Aside from the US dollar and the Hong Kong dollar (which is pegged to the US dollar), material open foreign exchange exposures in Euro are hedged with currency contracts, including forward and options contracts, with a view to reducing the net exposure to currency fluctuations.

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.

The monitoring and assessment of certain governance matters are allocated to four committees: Audit Committee, Remuneration Committee, Nomination And Corporate Governance Committee and Board Committee which operate under defined terms of reference and are required to report to the full board on a regular basis.

Full details of the Corporate Governance Report are set out in the Annual Report 2008 of the Company.

Code on Corporate Governance Practices

During the year ended 31st March 2008, 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 year ended 31st March 2008. No incident of non-compliance was noted by the Company to date in 2007/08.

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.

REVIEW OF ANNUAL RESULTS

The Company's annual results for the year ended 31st March 2008 has been reviewed by the Audit Committee and the auditor of the Company, PricewaterhouseCoopers.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year except in connection with the share purchase for the Long-Term Incentive Share Scheme for eligible employees.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.johnsonelectric.com) and the Stock Exchange (www.hkex.com.hk). The Company's Annual Report 2008 will be despatched to the shareholders and available on the same websites on or about 30th June 2008.

BOARD OF DIRECTORS

As at the date of this announcement, the board of directors of the Company comprises Patrick Shui-Chung Wang, Winnie Wing-Yee Wang, Richard Li-Chung Wang, being the Executive Directors, and Yik-Chun Koo Wang, Peter Kin-Chung Wang, being the Non-Executive Directors, and Peter Stuart Allenby Edwards, Patrick Blackwell Paul, Michael John Enright, Laura May-Lung Cha and Oscar de Paula Bernardes Neto, being the Independent Non-Executive Directors.

On behalf of the board of directors
Patrick Shui-Chung Wang
Chairman and Chief Executive

Hong Kong, 6th June 2008

Website: www.johnsonelectric.com