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Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 179)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31ST MARCH 2011

HIGHLIGHTS

- For the financial year ended 31st March 2011, total sales amounted to US$2,104 million – an increase of 21% compared to the prior financial year
- EBITDA increased 63% to US$323 million
- Operating profits were US$236 million – up 113%
- Profit attributable to shareholders increased by 136% to a record US$182 million (4.97 US Cents per share)
- Final dividend of 6 HK Cents per share (0.77 US Cents per share)
- The Group's gearing level remains modest with the debt to total capital ratio declining from 26% to 18%. At year end, the Group's cash reserves amounted to US$355 million

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The Directors announce that the audited consolidated profit attributable to shareholders for the year ended 31st March 2011 was US$181.7 million, an increase of US$104.7 million from US$77.0 million in the corresponding year ended 31st March 2010.

FINANCIAL RESULTS

The audited consolidated income statement for the year ended 31st March 2011 together with comparative figures for the corresponding year ended 31st March 2010 is set out below:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2011

	Note	**2011** **US$'000**	As restated 2010 US$'000
Sales	2	**2,104,029**	1,740,976
Cost of goods sold		**(1,524,370)**	(1,259,489)
Gross profit		**579,659**	481,487
Other income and gains/(losses)		**14,817**	5,737
Selling and administrative expenses		**(358,392)**	(350,840)
Restructuring provision and assets impairment		**(411)**	(25,813)
Operating profit	3	**235,673**	110,571
Finance income		**3,566**	2,165
Finance costs		**(12,970)**	(8,922)
Share of profits/(losses) of associate		**138**	(50)
Profit before income tax		**226,407**	103,764
Income tax expenses	4	**(36,046)**	(16,378)
Profit for the year		**190,361**	87,386
Attributable to:			
Owners		**181,728**	76,973
Non-controlling interests		**8,633**	10,413
		190,361	87,386
Basic and diluted earnings per share for profit attributable to the owners during the year (expressed in US Cents per share)	6	**4.97**	2.10

Details of recommended final dividends of 0.77 US Cents per share (FY2009/10: 0.64 US Cents) equivalent to US$28.3 million (FY2009/10: US$23.7 million) are set out in note 5.

CONSOLIDATED BALANCE SHEET

As of 31st March 2011

	Note	2011 US$'000	As restated 2010 US$'000	As restated 1st April 2009 US$'000
Assets				
Non-current assets				
Properties, plant and equipment		**403,985**	383,214	383,622
Investment properties		**44,142**	45,392	37,025
Land use rights		**9,346**	12,036	7,691
Intangibles		**774,688**	699,871	662,094
Investment in associate		**1,926**	1,527	1,672
Deferred income tax assets		**35,957**	39,833	36,463
Available-for-sale financial assets		**1,956**	2,386	3,525
Other financial assets at fair value through profit or loss		**4,499**	9,270	9,039
Deposits		**8,113**	3,205	4,814
		1,284,612	1,196,734	1,145,945
Current assets				
Inventories		**252,763**	196,345	202,772
Trade and other receivables	7	**421,735**	360,252	267,562
Non-current asset held for sale		**9,967**	-	-
Other financial assets		**9,534**	5,291	6,385
Income tax recoverable		**3,899**	5,101	8,159
Pledged deposits		**-**	-	17,122
Other financial assets at fair value through profit or loss		**5,148**	-	-
Cash and deposits		**354,715**	367,060	302,002
		1,057,761	934,049	804,002
Current liabilities				
Trade and other payables	8	**414,522**	341,144	225,952
Current income tax liabilities		**27,932**	17,029	12,937
Other financial liabilities		**393**	39,056	15,986
Borrowings		**134,248**	6,962	1,082
Provisions and other liabilities		**16,783**	32,975	20,167
		593,878	437,166	276,124
Net current assets		**463,883**	496,883	527,878
Total assets less current liabilities		**1,748,495**	1,693,617	1,673,823
Non-current liabilities				
Borrowings		**179,458**	401,727	527,827
Other financial liabilities		**-**	-	22,426
Deferred income tax liabilities		**78,160**	77,245	75,792
Provisions and other liabilities		**68,585**	41,509	44,559
		326,203	520,481	670,604
NET ASSETS		**1,422,292**	1,173,136	1,003,219
Equity				
Share capital and share premium		**69,970**	79,493	78,441
Reserves		**1,263,947**	1,018,516	891,036
Proposed dividends	5	**28,285**	23,659	-
		1,362,202	1,121,668	969,477
Non-controlling interests		**60,090**	51,468	33,742
TOTAL EQUITY		**1,422,292**	1,173,136	1,003,219

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2011

	2011	As restated 2010
	US$'000	US$'000
Profit for the year	**190,361**	87,386
Other comprehensive income/(expenses):		
Available-for-sale financial assets		
− fair value gains	**209**	319
− release of reserves upon disposal	**(101)**	(247)
Hedging instruments		
− fair value gains	**13,636**	12,837
− transferred to income statement	**(6,346)**	13,204
Deferred income tax effect on fair value change in hedging instruments	**(686)**	(1,752)
Actuarial (losses)/gains of defined benefit plans	**(5,361)**	7,595
Deferred income tax effect on actuarial (losses)/gains of defined benefit plans	**2,411**	(1,649)
Actuarial gains of long service payment	**317**	–
Gains on revaluation of properties, plant and equipment transferred to investment properties	**758**	–
Adjustment arising on translation of foreign subsidiaries and associate	**102,704**	44,241
Other comprehensive income for the year, net of tax	**107,541**	74,548
Total comprehensive income for the year, net of tax	**297,902**	161,934
Total comprehensive income attributable to:		
Owners	**287,333**	151,363
Non-controlling interests		
Share of profits for the year	**8,633**	10,413
Adjustment arising on translation of foreign subsidiaries	**1,936**	158
	297,902	161,934

Notes:

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 except that available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, and investment properties are carried at fair value.

In FY2010/11, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations.

HKAS 17 (amendment)	Leases
HKAS 27 (revised)	Consolidated and separate financial statements
HKAS 39 (amendment)	Eligible hedged items
HKFRS 2 (amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (revised)	Business combinations
HK(IFRIC) 17	Distribution of non-cash assets to owners
HK−Int 5	Presentation of financial statements – classification by the borrower of a term Loan that contains a repayment on demand clause
Annual Improvements Project	Improvements to HKFRS 2009

The adoption of such new and revised standards and interpretation does not have material impact on the consolidated financial statements except for HKAS 17 (Amendment), “Leases”, which is included in the 2009 Annual Improvements Project. A summary of these new standards and interpretation is as follows:

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 properties, plant and equipment.

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

		Balances as of	
	31st March 2011 US$'000	31st March 2010 US$'000	1st April 2009 US$'000
(Decrease) in land use rights	(12,558)	(14,605)	(15,479)
Increase in properties, plant and equipment	12,558	14,605	15,479

1. Principal accounting policies *(Cont'd)*

HKAS 27 (revised), "Consolidated and separate financial statements"

The revised standard requires the effects of all transactions with non−controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no significant impact on the current period.

HKAS 39 (amendment), "Eligible hedge items"

The amended standard prohibits designating inflation as a hedgeable component of a fixed rate debt. Inflation is not separately identifiable and reliably measurable as a risk or a portion of a financial instrument, unless it is a contractually specified portion of the cash flows of a recognised inflation-linked bond whose other cash flows are unaffected by the inflation portion. It also prohibits including time value in a one-sided hedged risk when designating options as hedges. An entity may only designate the change in the intrinsic value of an option as the hedging instrument of a one-sided risk arising from a forecast transaction in a hedging relationship. A one-sided risk is that changes in cash flows or fair value of a hedged item is above or below a specified price or other variable.

HKFRS 2 (amendment), "Group cash−settled share−based payment transactions"

(effective from 1st January 2010)

In addition to incorporating HK(IFRIC) 8, 'Scope of HKFRS 2', and HK(IFRIC) 11, 'HKFRS 2 − Group and treasury share transactions', the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of group arrangements that were not covered by that interpretation.

HKFRS 3 (revised), "Business combinations"

'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

1. Principal accounting policies *(Cont'd)*

HK(IFRIC) 17, "Distribution of non−cash assets to owners"
(effective on or after 1st July 2009)
The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

HK−Int 5, "Presentation of financial statements – classification by the borrower of a term Loan that contains a repayment on demand clause"
This interpretation requires that the classification of a term loan as a current or a non-current liability in accordance with paragraph 69(d) of HKAS 1 "Presentation of financial statements" should be determined by reference to the rights and obligations of the lender and borrower, as contractually agreed between the two parties and in force as of the reporting date. Therefore, the interpretation requires that amount payable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time should be classified by the borrower as current liabilities in the balance sheet.

Amendment early adopted by the Group

The Group has early adopted the revised standards of HKFRS below, which are relevant to its operations.

HKAS 12 (amendment)	Deferred Tax: Recovery of Underlying Assets

HKAS 12 (amendment), "Deferred Tax: Recovery of Underlying Assets"
In December 2010, the HKICPA amended HKAS 12, 'Deferred Tax: Recovery of Underlying Assets', to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1st January 2012 with early adoption permitted.

The Group has early adopted this amendment retrospectively for the financial year ended 31st March 2011 and the effects of adoption are disclosed as follows.

1. Principal accounting policies *(Cont'd)*

The Group had investment properties measured at their fair values amounting to US$45.4 million as of 1st April 2010 (31st March 2009: US$37.0 million). As required by the amendment, the Group has re-measured retrospectively the deferred tax relating to these investment properties on the presumption that they are recovered entirely by sale retrospectively. The comparative figures for 2010 have been restated to reflect the change in accounting policy, as summarised below.

Effect of balance sheet	31st March 2011 US$'000	31st March 2010 US$'000	1st April 2009 US$'000
(Decrease) in deferred tax liabilities	(7,884)	(6,532)	(5,071)
Increase in other reserve	2,494	2,377	2,377
Increase in retained earnings	5,390	4,155	2,694

Effect on Income statement	2011 US$'000	2010 US$'000
Decrease in income tax expenses	1,235	1,461
Increase in net profit attributable to the owners of the Company	1,235	1,461
Increase in basic and diluted EPS	0.03 US Cents	0.04 US Cents

2. 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 motion 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.

2. Segment information *(Cont'd)*

The segment information presented to management for the reportable segments for the year ended 31st March 2011 was as follows:

	2011 Manufacturing US$'000	2011 Trading US$'000	2011 Group US$'000
External sales	2,102,792	1,237	2,104,029
Gross profit	579,536	123	579,659
Other operating income	11,503	–	11,503
Selling and administrative (expenses)/income	(367,328)	400	(366,928)
Operating profit before restructuring	223,711	523	224,234
Restructuring provision and asset impairments	(411)	–	(411)
Operating profit after restructuring	223,300	523	223,823
Non–operating income	15,171	245	15,416
Finance costs	(12,970)	–	(12,970)
Share of profits of associate	138	–	138
Profit before income tax	225,639	768	226,407
Income tax expenses			(36,046)
Profit for the year			190,361
Other information			
Depreciation and amortisation	86,789	–	86,789
Interest income	3,566	–	3,566
As of 31st March 2011			
Total assets	2,342,015	358	2,342,373
Total assets include:			
Investment in associate	1,926	–	1,926
Additions to non–current assets (other than financial assets and deferred tax assets)	93,618	–	93,618
Total liabilities	918,801	1,280	920,081

2. Segment information *(Cont'd)*

The segment information presented to management for the reportable segment for the year ended 31st March 2010 was as follows:

	As restated 2010 Manufacturing US$'000	As restated 2010 Trading US$'000	As restated 2010 Group US$'000
External sales	1,720,905	20,071	1,740,976
Gross profit	479,919	1,568	481,487
Other operating income	3,366	1	3,367
Selling and administrative expenses	(349,733)	(3,451)	(353,184)
Operating profit/(loss) before restructuring	133,552	(1,882)	131,670
Restructuring provision and asset impairments	(25,813)	–	(25,813)
Operating profit/(loss) after restructuring	107,739	(1,882)	105,857
Non-operating income/(expenses)	7,310	(431)	6,879
Finance costs	(8,904)	(18)	(8,922)
Share of losses of associate	(50)	–	(50)
Profit/(loss) before income tax	106,095	(2,331)	103,764
Income tax expenses			(16,378)
Profit for the year			87,386
Other information			
Depreciation and amortisation	87,258	111	87,369
Interest income	2,080	85	2,165
As of 31st March 2010			
Total assets	2,126,895	3,888	2,130,783
Total asset include:			
Investment in associate	1,527	–	1,527
Additions to non−current assets (other than financial assets and deferred tax assets)	39,975	–	39,975
Total liabilities	954,717	2,930	957,647

2. 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 incomes and expenses, rental income, fair value gains/(losses) on investment property, gains/(losses) on disposal of investment properties, land use rights, properties, plant and equipment, gains/(losses) on disposal of investments.

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

	2011 US$'000	2010 US$'000
Operating profit after restructuring	223,823	105,857
Rental income	4,265	4,392
Gains/(losses) on sale of investments	832	(2,410)
Gains/(losses) on disposal of investment properties, land use rights, properties, plant and equipment	2,959	(113)
Fair value gains on investment properties	7,988	8,314
Fair value losses on currency contracts	(283)	−
Fair value losses on copper contracts	(36)	−
Fair value losses on interest rate swap	(908)	(4,446)
Miscellaneous expenses	(2,967)	(1,023)
Operating profit per consolidated income statement	235,673	110,571
Interest income	3,566	2,165
Interest expense	(12,970)	(8,922)
Finance costs, net	(9,404)	(6,757)
Share of profits/(losses) of associate	138	(50)
Profit before income tax	226,407	103,764

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.

2. Segment information *(Cont'd)*

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

	2011	2010
	US$'000	US$'000
Automotive Products Group ("APG")	1,149,624	933,746
Industry Products Group ("IPG")	726,760	578,969
Other Manufacturing Businesses and Trading Segment	227,645	228,261
	2,104,029	1,740,976

Geographical information disclosure in accordance with HKFRS 8

The Company is incorporated in Bermuda. Revenue from external customers by country for the year ended 31st March 2011 was as follows:

	2011	2010
	US$'000	US$'000
Hong Kong/ People's Republic of China ("HK/PRC")	636,044	468,350
United States of America ("USA")	392,638	323,798
Germany	343,811	271,160
France	122,987	115,382
Italy	90,001	84,260
Others	518,548	478,026
	2,104,029	1,740,976

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

As of 31st March 2011, 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$342.6 million (31st March 2010: US$330.5 million) and the total of these non−current assets located in other countries was US$387.1 million (31st March 2010: US$360.6 million).

3. Depreciation and amortisation

During the year, depreciation of US$67.0 million (FY2009/10: US$68.1 million) in respect of properties, plant and equipment, amortisation of US$0.6 million (FY2009/10: US$0.4 million) in respect of land use rights and amortisation of US$19.6 million (FY2009/2010: US$18.8 million) in respect of intangibles were charged in the income statement.

4. Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% (FY2009/10: 16.5%) on the estimated assessable profit for the year. Overseas tax has been provided at the applicable rates on the estimated assessable profit in the respective countries of operations for the year. The overall global effective tax rate for the year ended 31st March 2011 was 15.9% (FY2009/10: 15.8%).

	2011	As restated 2010
	US$'000	US$'000
Current income tax		
Hong Kong profits tax	(11,532)	(11,024)
Overseas taxation	(28,313)	(19,533)
Over provisions in prior years	1,328	4,368
	(38,517)	(26,189)
Deferred income tax	2,471	12,383
Deferred income tax assets written off	–	(2,572)
Total income tax expenses	(36,046)	(16,378)
Effective tax rate	15.9%	15.8%

5. Dividends

	2011	2010
	US$'000	US$'000
Interim, of 0.39 US Cents (3 HK Cents) per share (FY2009/10: nil)	14,203	–
Final, proposed, of 0.77 US Cents (6 HK Cents) per share (FY2009/10: 0.64 US Cents or 5 HK Cents)	28,285	23,659
	42,488	23,659

Total dividend per share for the year is 9 HK Cents (FY2009/10: 5 HK Cents).

At a meeting held on 31st May 2011 the directors recommended a final dividend of 0.77 US Cents (6 HK Cents) per share. The recommended final dividend will be reflected as an appropriation of retained earnings for the year ending 31st March 2012.

6. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners by the weighted average number of ordinary shares in issue during the year.

	2011	As restated 2010
Profit attributable to owners (thousands US Dollar)	181,728	76,973
Weighted average number of ordinary shares in issue (thousands)	3,659,782	3,664,826
Basic earnings per share (US Cents per share)	4.97	2.10
Basic earnings per share (HK Cents per share)	38.60	16.29

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 2011.

7. Trade and other receivables

The trade and other receivables include gross trade receivables of US$362.9 million (31st March 2010: US$309.7 million). The Group normally grants credit terms ranging from 30 to 90 days to its trade customers. The aging of gross trade receivables based on overdue date was as follows:

Group	2011 US$'000	2010 US$'000
Current	328,334	275,240
1-60 days	26,122	25,741
61-90 days	2,039	1,901
Over 90 days	6,361	6,852
Total	362,856	309,734

8. Trade and other payables

The trade and other payables include trade payables of US$244.8 million (31st March 2010: US$206.6 million). The aging analysis of trade payables based on invoice date was as follows:

Group	2011 US$'000	2010 US$'000
0-60 days	177,446	151,903
61-90 days	44,522	34,423
Over 90 days	22,856	20,239
Total	244,824	206,565

9. Commitments

9.1 Capital commitments

	2011 US$'000	2010 US$'000
Capital commitments for properties, plant and equipment		
Authorised but not contracted for	6,226	7,068
Contracted but not yet accrued	18,403	6,944
	24,629	14,012

9.2 Operating lease commitments

(i) As of 31st March 2011, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2011		2010	
	Land and buildings US$'000	Others US$'000	Land and buildings US$'000	Others US$'000
Not later than one year	14,859	1,164	11,993	1,246
Later than one year and not later than five years	41,382	796	24,216	1,002
Later than five years	30,173	16	16,719	–
	86,414	1,976	52,928	2,248

9.2 Operating lease commitments *(Cont'd)*

(ii) As of 31st March 2011, the Group had future aggregate minimum lease rental receivable under non-cancellable operating leases on land and buildings as follows:

	2011	2010
	US$'000	US$'000
Not later than one year	1,850	2,370
Later than one year and not later than five years	45	258
	1,895	2,628

A MESSAGE FROM PATRICK WANG

To Our Shareholders,

I am pleased to report that Johnson Electric achieved strong performance in the 2010-11 financial year as it benefited from a broad-based recovery across all of its major end markets.

The past two years have been marked by a quite extraordinary sense of uncertainty and instability in the macro-economic environment which continues to prevail. First, the speed and strength of the recovery from the depths of the Global Financial Crisis was as unexpected as it was welcome. Second, predictions that the rebound in customer demand would be short-lived as government incentives and restocking programs came to an end also proved largely inaccurate with sales demand continuing to remain generally buoyant. However, economic recovery has brought with it significant inflationary pressures on Johnson Electric's cost base – with labour rates in China rising steeply and global commodity prices resurging to levels seen before the financial crisis.

In the context of these fast-changing and unpredictable operating conditions, the Company has been undergoing a profound evolution. Our businesses are now more streamlined and, despite higher input costs, are succeeding in executing a more focused product development and marketing strategy that has helped underpin our positive financial results in the past year.

Highlights of FY2010/11 Results

- For the financial year ended 31st March 2011, total sales amounted to US$2,104 million – an increase of 21% compared to the prior financial year
- EBITDA increased 63% to US$323 million
- Operating profits were US$236 million – up 113%
- Profit attributable to shareholders increased by 136% to a record US$182 million (4.97 US Cents per share)
- The Group's gearing level remains modest with the debt to total capital ratio declining from 26% to 18%. At year end, the Group's cash reserves amounted to US$355 million

Dividends

The Board has recommended a final dividend of 0.77 US Cents per share (compared to 0.64 US Cents per share for prior financial year), which together with the interim dividend of 0.39 US Cents per share, represents a total dividend of 1.16 US Cents per share.

Sales Performance

The 21% increase in total sales to US$2.1 billion reflected a sustained recovery in demand from European and North American customers and continued growth in emerging markets, particularly China. All of the Group's core business units achieved positive sales improvements.

The Automotive Products Group ("APG"), the largest operating division, achieved sales of US$1,150 million – an increase of 23% compared to a year earlier. The major growth driver was China's continued emergence as the world's largest automotive market where Johnson Electric has established a leading position in several motion subsystem and component categories. Sales to European customers benefited from the recovery in global demand for luxury vehicles, which typically utilise above average numbers of our Company's products, and this more than offset the effects of the ending of government-led stimulus programs. The North American automotive industry also enjoyed a positive rebound in demand though the rate of growth slowed somewhat

in the second half of the year as overall sales volumes stabilised and to some extent began to be affected by rising gasoline prices.

The Industry Products Group ("IPG") recorded sales of US$727 million – an increase of 26% compared to the prior year. The division's sales benefited from successful new product launches and market share gains in domestic appliances, power equipment, and entertainment and gaming applications. In addition, the motor actuators, solenoids and switches business units all made significant advances as a result of the efforts to streamline and re-focus these businesses over the past two years. Overall, IPG's performance was especially encouraging in light of the fact that weak housing markets and high unemployment levels in several markets continue to dampen consumer confidence.

Other manufacturing businesses within the Group contributed a combined US$227 million to total sales – an increase of 9% over the prior year. Tonglin Precision Parts benefited from a full year of sales as an integrated castings and machining business though also experienced a softening in demand in the last quarter as China ended a number of government-led incentive programs for the domestic automotive sector. Saia-Burgess Controls made steady progress in developing its position as a successful niche player in Europe's infrastructure and building automation sector. And Parlex Corporation achieved a small sales increase as it continued to make advances in profitability and operational effectiveness.

A Return to Double Digit Operating Profit Margins

The significant improvement in the Group's profit levels reflected a mix of business-specific factors and an external operating environment that changed rapidly over the course of the past twelve months.

Gross profit increased by 20% to US$580 million compared to the prior year due to the combination of higher sales volumes, better capacity utilisation, and product mix changes, which was offset in part by a steep rise in direct labour rates in China and increased raw materials expenses. Management is actively working to implement appropriate price increases targeted to address these inflationary cost pressures. Since there is typically a lag effect to amending the terms of sale in many sectors where Johnson Electric operates, these higher input costs (combined with a strengthening of the Chinese Renminbi and Swiss Franc relative to the US Dollar) caused gross margins to decline in the second half of the financial year.

At the operating profit level, the Group was no longer heavily burdened with the restructuring charges that had reduced profitability in the prior year. Continued tight control of Sales and Administrative expenses combined with generally positive year-on-year changes to a number of non-recurring or non-operational items, resulted in operating profit margins increasing from 6.4% to 11.2%.

Investing in Technology, Quality and Assurance of Supply

Johnson Electric is engaged in a multi-year effort to adapt its business model to compete successfully in a global economy that itself has undergone a fundamental shift over the past decade.

From a product development and marketing perspective, we are committed to working intimately with our customers to understand *their* customers' needs and to design unique high-quality motion system solutions for their flagship products. The result is the emergence of an exciting pipeline of new products that offer a range of important customer benefits including lower energy consumption, lower weight, lower noise, and longer product life. We firmly believe that

these types of product attributes based on innovative technology and designed-in quality will form the basis for sustaining advantage in our industry in the years ahead.

From a manufacturing and supply chain perspective, we also see a world requiring a more flexible global footprint that can provide assurance of supply in the face of sharp foreign exchange rate fluctuations or even unanticipated disruptions caused by natural disasters. Johnson Electric already produces in more than a dozen countries on four continents and we are continuing to explore new options to improve responsiveness, reduce cost, and diversify our operating risk profile. In this regard, we are expanding a new manufacturing operation in Beihai, Guangxi Province and are set to invest further to serve the increasingly important domestic markets of Brazil and India.

Looking Ahead

The Group has made excellent progress over the past twelve months and I am confident that Johnson Electric's business overall is in a strong position to achieve further gains.

Nonetheless, the near-term operating environment presents a real challenge. Although customer demand is presently holding up relatively well in the context of high oil prices, political turmoil in the Middle East, and stubbornly high unemployment in several western economies, we cannot expect a repeat of the "recovery" effect on sales growth rates in the year ahead. The effect of high raw material costs is also requiring a significant effort to renegotiate prices and drive for further efficiency gains.

We are optimistic that, over time, our increasing emphasis on technological innovation, quality, and assurance of supply will generate an attractive and enduring return on the investments we are making.

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

Patrick Shui-Chung Wang

Chairman and Chief Executive

Hong Kong, 31st May 2011

FINAL DIVIDEND

The Board has resolved to recommend at the forthcoming Annual General Meeting to be held on 20th July 2011 payment of a final dividend of 6 HK Cents equivalent to 0.77 US Cents per share (2010: 5 HK Cents or 0.64 US Cents) payable on 21st July 2011 to persons who are registered shareholders of the Company on 20th July 2011 making a total distribution of 9 HK Cents equivalent to 1.16 US Cents per share for the year ended 31st March 2011 (2010: 5 HK Cents or 0.64 US Cents).

CLOSING REGISTER OF SHAREHOLDERS

The Register of Shareholders of the Company will be closed from Wednesday, 13th July 2011 to Wednesday, 20th July 2011, 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 Tuesday, 12th July 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW – FINANCIAL HIGHLIGHTS

US$ million	FY2010/11	FY2009/10
Sales	2,104.0	1,741.0
Gross profit	579.7	481.5
Gross margin%	*27.6%*	*27.7%*
Operating profit	235.7	110.6
Operating margin%	*11.2%*	*6.4%*
Profit attributable to shareholders	181.7	77.0
Earnings per share (US Cents)	4.97	2.10
Earnings before interest, tax, depreciation and amortisation (EBITDA)	322.5	197.9
Free cash flow from operations*	169.6	215.1

US$ million	31st Mar 2011	31st Mar 2010
Cash	354.7	367.1
Debt (Total borrowings)	(313.7)	(408.7)
Net cash/(debt)	41.0	(41.6)
Total equity	1,422.3	1,173.1

Financial Ratios**	31st Mar 2011	31st Mar 2010
Free cash flow from operations to debt	54%	53%
Debt to EBITDA	1.0	2.1
Interest coverage (EBIT***/Interest expense)	18.2	12.4

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

** *Financial ratios relating to EBITDA, EBIT, interest expense and free cash flow from operations based on the last twelve months' figures*

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

Continuing economic recovery positively impacted sales and operating margins for the year.

- Robust sales growth experienced across all regions, in both our Automotive and Industry businesses.
- Improved gross profit due to increased volumes, productivity improvements and a more favourable product mix.
- Operating margin benefited from gross profit improvements, leverage of S&A expenses and avoidance of restructuring charges incurred in the previous year.
- "Free cash flow from operations to debt" ratio was maintained as increased earning power was invested in working capital and fixed assets to support rising business levels. "Debt to EBITDA" ratio was improved, reflecting both increased earning power and reduced debt levels.

SALES AND PROFITABILITY

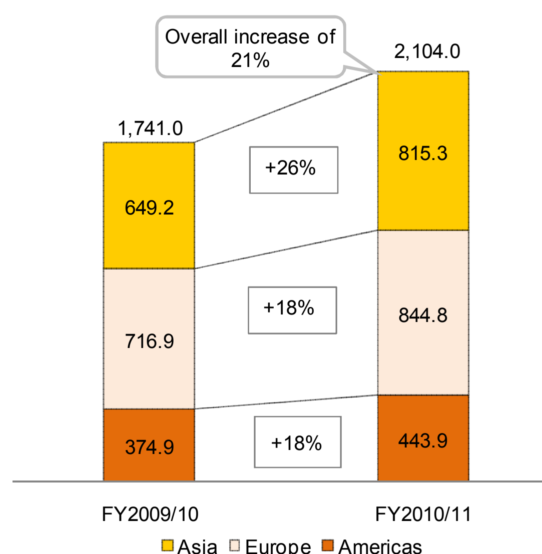
Operations in Johnson Electric (JE) share many common features including technology, manufacturing processes, supply chain management, brand and distribution channel management and the business model as a whole. This creates opportunities for revenue growth by leveraging the strength of the Group's technology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

SALES REVIEW

US$ million	FY2010/11	%	FY2009/10	%	Increase/(decrease)	%	Sales growth at constant exchange rates %
MANUFACTURING SEGMENT							
Automotive Products Group (APG)	1,149.6	54.6%	933.7	53.6%	215.9	23%	26%
Industry Products Group (IPG)	726.8	34.5%	579.0	33.2%	147.8	26%	26%
Other Manufacturing Businesses	226.4	10.8%	208.2	12.0%	18.2	9%	9%
SUBTOTAL	**2,102.8**	**99.9%**	**1,720.9**	**98.8%**	**381.9**	**22%**	**24%**
TRADING SEGMENT	**1.2**	**0.1%**	**20.1**	**1.2%**	**(18.9)**	**(94%)**	**(94%)**
TOTAL SALES	**2,104.0**	**100.0%**	**1,741.0**	**100.0%**	**363.0**	**21%**	**23%**

As shown in the table above, the Group's sales arise primarily from its manufacturing segment. Manufacturing is divided into Automotive Products Group, Industry Products Group and Other Manufacturing Businesses.

Group sales were US$2,104.0 million, up 21% or US$363.0 million in FY2010/11 compared to US$1,741.0 million the previous year. Excluding currency effects, sales grew by 23% year-on-year. The Automotive and Industry businesses contributed to the sales growth across the three regions.

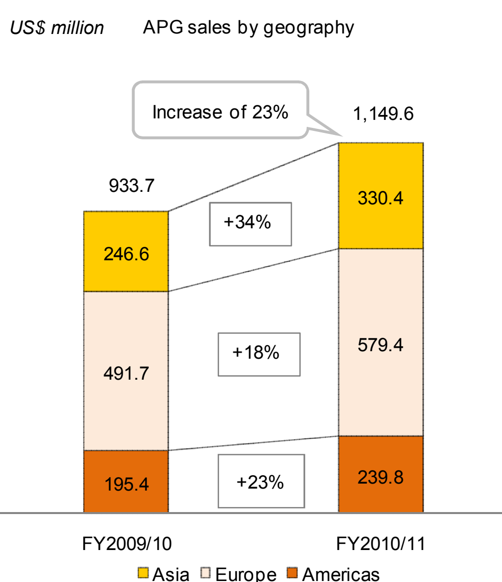


Excluding currency effects, sales growth from FY2009/10 to FY2010/11:
Overall 23%, Asia 24%, Europe 24%, Americas 18%

MANUFACTURING SEGMENT

Automotive Products Group

Sales in FY2010/11 were US$1,149.6 million, up 23% from US$933.7 million the previous year. Excluding currency effects, sales grew by 26% year-on-year. This was the result of expanded demand from Original Equipment Manufacturers (OEMs) in fast-growing emerging markets, particularly China, the market recovery in North America, increased global demand for German luxury vehicles and the successful launch of leading edge programs targeting improved engine efficiency and reduced emissions. These factors more than offset the adverse impact on revenue from the discontinuation of government stimulus measures.



Excluding currency effects, sales growth from FY2009/10 to FY2010/11:
Overall 26%, Asia 32%, Europe 24%, Americas 23%

- In China, market demand for comfort, convenience and green features expanded to mass vehicles segments. Our products for doorlocks, window-lifts, engine air and fuel management were particularly successful in this market.

- We increased our presence in other Asian countries as well. For example, we achieved higher sales to fast-growing Korean tier one suppliers and OEMs. We accomplished this by establishing focused engineering teams that helped improve our responsiveness to the needs of this market.

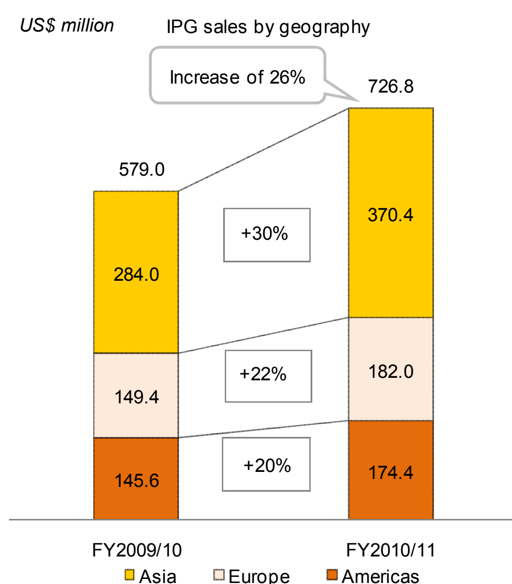
- European exports of luxury vehicles more than offset flat domestic sales. We capitalised on these growth opportunities with programs focused on fuel efficiency, lower emissions and electric vehicle development.

- Maintaining the trend from the previous year, we continued strong growth in North America with a resurgence in the truck and sport utility automotive segments. In addition, we launched a number of new projects for engine air and fuel management and transmission applications.

- In emerging markets, we continue to see opportunities for the increase of electric-powered features in vehicles (e.g. window-lift). By building local capacity in these key markets to meet the specific needs of customers, we ensure our continued competitive advantage.

Industry Products Group

Sales in FY2010/11 were US$726.8 million, up 26% from US$579.0 million the previous year. The net effect of currency changes did not significantly impact sales. This increase was a result of market recovery, as well as key business wins in the areas of entertainment and gaming, home technologies and electric metering.



Excluding currency effects, sales growth from FY2009/10 to FY2010/11:
Overall 26%, Asia 29%, Europe 26%, Americas 20%

- Improved product solutions offering longer life and higher power coupled with reductions in size and weight helped increase market share in the power equipment and home technology markets across all regions. This was despite the sluggishness of housing markets in developed economies. We achieved these improvements through the development of brushless technologies and the replacement of AC motors with higher efficiency, high voltage DC motors.

- In Asia, we achieved substantial growth in products for entertainment and gaming applications, as we enlarged our product range and partnered with customers to design and execute highly successful and innovative new products.

- In Europe, our switch business benefitted from the launch of green, energy-saving products. Our switch business also gained from one-time re-stocking by distributors.

- Our electric metering business in the Americas grew significantly; this market is going through considerable renewal and expansion driven by the implementation of a smart grid.

- Our focus continues to be on developing leading edge, energy-efficient products that fulfil consumer demand for products that offer reduced noise and weight with increased power. We have seen favourable market response to our recent developments in this area, including our quattro-pole motor, powerpod, brushless AC dishwasher pump and high-power-density DC motors.

Other Manufacturing Businesses

Other manufacturing business comprises Parlex, Saia-Burgess Controls and Tonglin Precision Parts. Sales in FY2010/11 were US$226.4 million, up 9% from US$208.2 million in the previous year.

- Sales of Parlex, a printed circuit board and interconnect solutions provider, were essentially flat at US$69.4 million of FY2010/11, compared to US$68.7 million in the previous year. Growth in sales of products for printer, point-of-sales terminals and electrosurgical segments were partially offset by reductions in product sales for medical biosensor and smartcard segments.

- Sales of Saia-Burgess Controls, a supplier of programmable logic controllers and components whose primary activity is in Europe, increased to US$78.6 million for FY2010/11, up 8% from US$72.7 million in the previous year. This growth came from increased market share in the infrastructure automation segment in Germany, as well as from the recovery of demand in the machine making industry in Switzerland and Italy.

- Tonglin Precision Parts, a supplier of iron cast and machined engine blocks to the domestic PRC automotive sector, had sales revenue of US$78.4 million for FY2010/11, up 17% from US$66.8 million in the previous year. This increase was due to the full year effect of the merger of China Autoparts, Inc. (a non-wholly owned subsidiary of Johnson Electric) with Tian Xi Auto Parts Group Co., Ltd. to form Tonglin Precision Parts, 52% owned by Johnson Electric.

TRADING SEGMENT

Sales in our Trading Segment reduced to US$1.2 million for FY2010/11, down US$18.9 million from US$20.1 million in the previous year. This decline was in line with our strategy of downsizing our metals and commodities trading business.

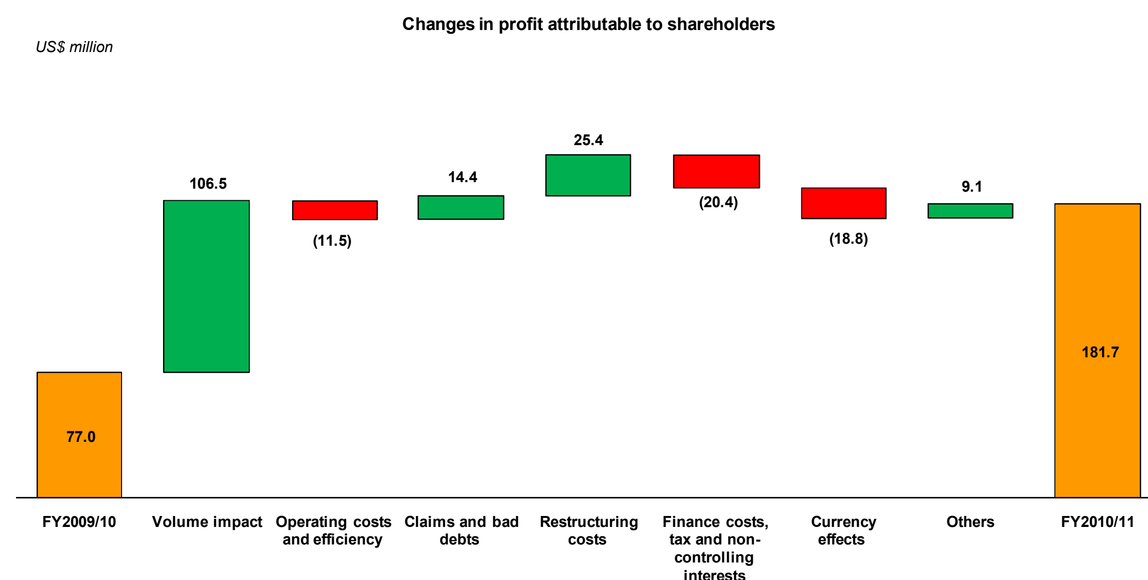
FINANCIAL REPORT

ANALYSIS OF PROFIT & LOSS

US$ million	FY2010/11	FY2009/10	Increase/ (decrease) in profit
Sales	2,104.0	1,741.0	363.0
Gross profit	579.7	481.5	98.2
Gross margin %	*27.6%*	*27.7%*	*(0.1)%*
Other income and gains/(losses)	14.8	5.7	9.1
Selling and administrative expenses ("S&A")	(358.4)	(350.8)	(7.6)
S&A %	*17.0%*	*20.1%*	*3.1%*
Operating profit before restructuring	236.1	136.4	99.7
Restructuring provision and assets impairment	(0.4)	(25.8)	25.4
Operating profit	235.7	110.6	125.1
Operating margin %	*11.2%*	*6.4%*	*4.8%*
Finance costs, net	(9.4)	(6.8)	(2.6)
Share of profits/(losses) of associate	0.1	(0.1)	0.2
Profit before income tax	226.4	103.7	122.7
Income tax expenses	(36.1)	(16.3)	(19.8)
Effective tax rate	*15.9%*	*15.8%*	*(0.1)%*
Profit for the year	190.3	87.4	102.9
Non-controlling interests	(8.6)	(10.4)	1.8
Profit attributable to shareholders	181.7	77.0	104.7

The Profit & Loss statement for FY2009/10 has been restated to reflect the amendment of Hong Kong Financial Reporting Standards relating to deferred income taxes on investment properties. The change reduced the deferred tax liability and therefore increased the net profit by US$1.5 million.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS



Profit attributable to shareholders increased to US$181.7 million in FY2010/11, up US$104.7 million from the previous year. As shown in the chart above, profitability was impacted by the following factors:

- Volume impact: Increased sales volume improved profit by US$106.5 million.

- Operating costs and efficiency: Increases in commodity prices, labour and staff costs adversely affected our profitability. These cost increases were partially offset by efficiency gains including cost leverages, productivity improvements, tooling assistance recoveries and a favourable product mix.

- Claims and bad debts decreased by US$14.4 million year-on-year. This was primarily due to a nonrecurring litigation settlement of US$17.6 million made the previous year, partially offset by a marginal increase in claim provisions due to rising business levels this year.

- Restructuring costs amounted to US$0.4 million for FY2010/11, down US$25.4 million from the previous year.

- Finance costs, tax and non-controlling interests increased by a net amount of US$20.4 million, largely a result of increased taxation. Finance costs increased by US$2.6 million due to the write-off of unamortised up-front fees of the term loan caused by early repayment. The effective tax rate was 15.9% for FY2010/11 compared to 15.8% the previous year.

- Currency effects: The effect of movements in foreign currency on revenues and costs reduced operating profit by US$18.8 million. This was mainly caused by a lower average rate for the Euro against the US Dollar for FY2010/11 as compared to the previous year. Additionally, there was some impact on our Chinese and Swiss manufacturing sites from rising average exchange rates for the Chinese Renminbi and the Swiss Franc versus the US Dollar.

- Others: The profit on disposal of fixed assets and benefit of exiting the interest rate swap and other short term investments made in the previous year, resulted in a favourable net impact of US$9.1 million.

PROFIT PRESSURES IN THE SECOND HALF OF FY2010/11

US$ million	FY2010/11 2nd half	FY2010/11 1st half	Increase /(decrease) 2H vs 1H FY2010/11	Percentage increase /(decrease) in profit
Sales	1,073.4	1,030.6	42.8	4.2%
Cost of goods sold	(789.6)	(734.7)	(54.9)	(7.5)%
Gross profit	283.8	295.9	(12.1)	(4.1)%
Gross margin%	*26.4%*	*28.7%*		

- Whilst sales for the Group in the second half of FY2010/11 increased by US$42.8 million or 4.2% to US$1,073.4 million from US$1,030.6 million in the first half of FY2010/11, the gross profit in the corresponding periods declined by US$12.1 million or 4.1% to US$283.8 from US$295.9 million.

- Gross profit in the second half of FY2010/11 was adversely impacted by ongoing pressures on a number of cost items including a significant increase in the cost of key materials such as copper, steel and plastic resins, as well as labour wages and benefits in the PRC.

- Also, the strengthening (relative to the US Dollar) of the Chinese Renminbi and the Swiss Franc, being the functional currency of certain manufacturing sites, contributed towards the reduction in gross margin in the second half of FY2010/11.

- Margins in the second half of FY2010/11 were also impacted by seasonality in capacity utilisation due to production slowdowns during the holiday periods of Christmas and Chinese New Year.

- These adverse impacts were offset to some extent by initiatives to improve production efficiency as well as other operational actions. The Group also partially mitigated its exposure to certain commodity prices and foreign currencies by entering into fixed-price agreements or forward contracts. Another action is to negotiate customer price increases for certain products, the benefits of which typically have a time lag.

ANALYSIS OF CASH FLOW

Simplified Cash Flow

US$ million	FY2010/11	FY2009/10	Change
Operating profit	235.7	110.6	125.1
Depreciation, amortisation and associated company	86.8	87.3	(0.5)
EBITDA	***322.5***	***197.9***	***124.6***
Other non cash items in profit before tax	(5.4)	13.9	(19.3)
Working capital change	(39.0)	63.9	(102.9)
Interest paid	(9.4)	(8.3)	(1.1)
Income tax paid	(27.6)	(18.9)	(8.7)
Net cash generated from operating activities	***241.1***	***248.5***	***(7.4)***
Capital expenditure net of proceeds from disposal of fixed assets	(75.0)	(35.6)	(39.4)
Interest received	3.5	2.2	1.3
Free cash flow from operations	***169.6***	***215.1***	***(45.5)***

Free cash flow from operations decreased to US$169.6 million in FY2010/11, down US$45.5 million from the previous year. This reduction in free cash flow was a result of the following:

- Operating profits increased by US$125.1 million to US$235.7 million for FY2010/11.
- Increased working capital and capital expenditures were required to meet rising business levels. Working capital and capital expenditures are further explained in the next section

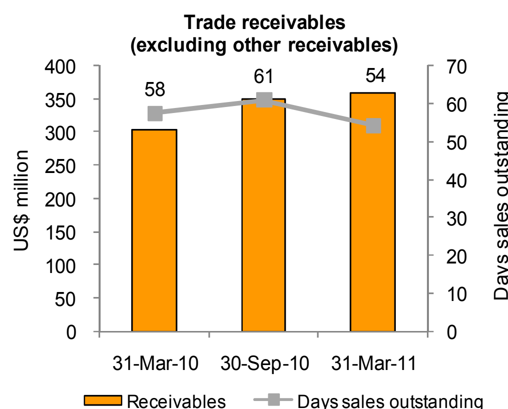
Working Capital Change

US$ million	31st Mar 2010	Currency translation	Currency swap unwound	Pension, hedging & interest payable	Increase/ (decrease) in working capital net of exchange	31st Mar 2011
Inventories	196.3	4.7	-	-	51.8	252.8
Trade and other receivables	360.3	13.4	-	-	48.0	421.7
Deposits - non-current	3.2	-	-	-	4.9	8.1
Trade and other payables	(341.1)	(9.6)	-	-	(63.8)	(414.5)
Provisions and other liabilities#	(74.5)	(3.6)	-	(5.0)	(2.3)	(85.4)
Other financial assets/(liabilities), net	(33.8)	0.1	35.1	7.3	0.4	9.1
Total working capital per balance sheet	110.4	5.0	35.1	2.3	**39.0** ##	191.8

 # Current and non-current
Denotes the working capital change in the FY2010/11 as reflected in the cash flow on previous page

Working capital increased to US$191.8 million in FY2010/11, up US$81.4 million from last year. As shown above, total working capital when adjusted for non-operating issues and currency rose by US$39.0 million. Currency adjustments contributed US$5.0 million. The increased investment in working capital represented a 12% ratio to the increase in sales. The change in the currency swap is included within Other financing activities in the cash flow.

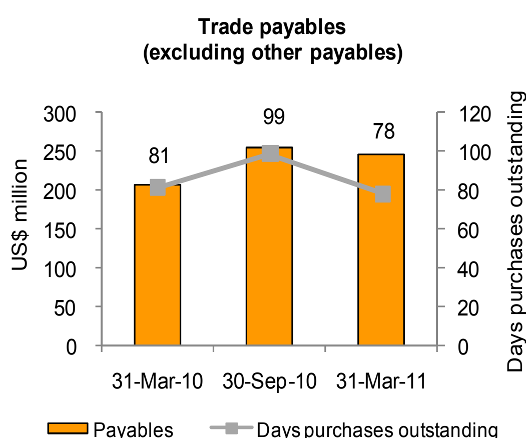
- **Inventories** increased to US$252.8 million as of 31st March 2011, up US$56.5 million from US$196.3 million as of 31st March 2010. Excluding currency effects, inventories increased by US$51.8 million.
- Days inventory on-hand increased moderately from 47 days as of 31st March 2010 to 50 days as of 31st March 2011. This increase is partially due to the opening of new facilities in China requiring safety stock for the changeover.
- **Trade and other receivables** increased to US$421.7 million as of 31st March 2011, up US$61.4 million from US$360.3 million as of 31st March 2010. Excluding currency effects, receivables increased by US$48.0 million.



- Days sales outstanding decreased from 58 days as of 31st March 2010 to 54 days as of 31st March 2011 reflecting our collection efforts and our management of credit exposure.

- The Group considered its receivables to be of high quality; current receivables and overdues of less than 30 days remained at about 97% of net trade receivables.

- **Trade and other payables** increased to US$414.5 million as of 31st March 2011, up US$73.4 million from US$341.1 million as of 31st March 2010. Excluding currency effects, payables increased by US$63.8 million in line with business activity.



- Days purchases outstanding decreased slightly from 81 days as of 31st March 2010 to 78 days as of 31st March 2011.

- **Provisions and other liabilities** increased to US$85.4 million as of 31st March 2011, up US$10.9 million from US$74.5 million as of 31st March 2010. This was largely due to an increase in the provision for claims, estimated using historical trends. Management continues to focus on improving product quality and minimise warranty claims.

Interest paid increased by US$1.1 million from US$8.3 million in FY2009/10 to US$9.4 million in FY2010/11. This was caused by rising interest rates, partially mitigated by reduced debt levels in the second half of FY2010/11.

Income tax paid, net of refunds, increased by US$8.7 million from US$18.9 million for FY2009/10 to US$27.6 million for FY2010/11 due to increased profits.

Capital expenditure, net of proceeds from the disposal of fixed assets, increased substantially to US$75.0 million in FY2010/11, up US$39.4 million from US$35.6 million the previous year. This represents a return to our normal sustained levels of investment. For the first time in the past three years, the Group invested at a rate greater than its depreciation expense as economic conditions improved in all regions. Investment in fixed assets was lower during FY2009/10 in line with the difficult economic conditions prevailing at that time.

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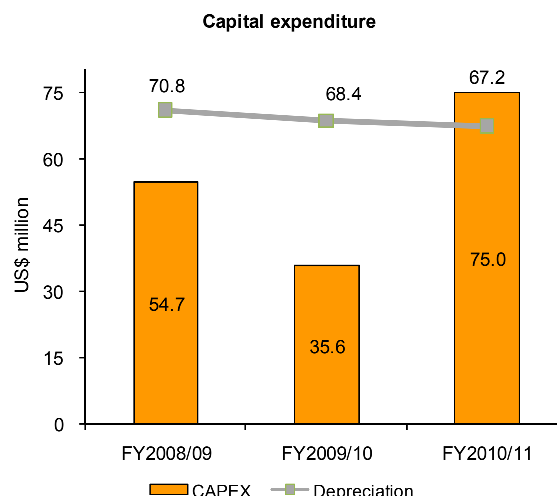


Interest received in FY2010/11 increased to US$3.5 million, up US$1.3 million from US$2.2 million the previous year. This was due to increased interest rates on cash deposits and a shift from cash held in Swiss Franc to Chinese Renminbi.

Other cash flows

US$ million	FY2010/11	FY2009/10	Change
Free cash flow from operations	***169.6***	***215.1***	***(45.5)***
Other investing activities	(2.6)	(30.9) *	28.3
Dividend paid	(37.9)	-	(37.9)
Currency swap unwound	(35.1)	-	(35.1)
Other financing activities	(12.8)	-	(12.8)
Cash generated	***81.2***	***184.2***	***(103.0)***
Exchange gains on cash and borrowings	1.4	1.1	0.3
Net movement in cash, and borrowings (Net debt)	***82.6*** (a)	***185.3***	***(102.7)***

Net debt analysis	31st Mar 2011	31st Mar 2010	Decrease/ (increase)
Cash	354.7 **	367.1 **	(12.4)
Current borrowings	(134.2)	(7.0)	(127.2) ***
Non-current borrowings	(179.5)	(401.7)	222.2 ***
Net debt outstanding	**41.0**	**(41.6)**	**82.6** (a)

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

** *Includes time deposit of US$1.9 million as of 31st March 2011 and US$3.9 million as of 31st March 2010*

*** *Repayment of current and non-current borrowings, US$99.0 million, net, in FY2010/11 offset by amortisation of upfront fee of US$3.5 million and exchange loss of US$0.5 million*

The Group generated US$81.2 million cash in FY2010/11, excluding exchange gains, down US$103.0 million from US$184.2 million in FY2009/10. Cash generation was impacted by the following:

- **Other investing activities** reduced by US$28.3 million, from US$30.9 million in the previous year.
  - In FY2010/11, we paid US$3.0 million for purchasing technology licenses for the manufacture of a critical component and US$0.4 million to acquire shares of non-controlling stakeholders in Nanomotion Ltd., offset by US$0.8 million proceeds from sales of available-for-sale financial assets.
  - In FY2009/10, we acquired Tian Xi Auto Parts Group Co., Ltd. for a total consideration of US$21.9 million and acquired non-controlling interests in Nanomotion Ltd. for consideration of US$6.9 million.
- A final **dividend** of US$23.7 million relating to FY2009/10 and an interim dividend of US$14.2 million for FY2010/11 were paid as we entered a period of sustained business improvement.
  - No dividend pertaining to FY2008/09 was paid in FY2009/10, in line with the Board's policy of retaining cash within the business during the poor economic conditions at that time.
  - The Board has recommended a final dividend of US$28.3 million for FY2010/11, to be paid in FY2011/12.
- The Group paid US$35.1 million to unwind **cross-currency swaps** of Swiss Franc 200 million to US$152.6 million. These cross-currency swaps were entered in March 2006 during the acquisition of the Saia-Burgess group based in Switzerland. For further information, please see Note 16 (a) to the financial statement on cross-currency interest rate swaps. There were no such activities in the previous year.

- **Other financing activities** of US$12.8 million were primarily due to the purchase of 20.0 million treasury shares for US$10.7 million from the market and dividend payments to non-controlling shareholders.

- **Net debt**: Strong cash generation enabled the Group to repay debt of US$99.0 million, net (borrowed US$161.0 million, repaid US$260.0 million).

  - The majority of the US$161 million of new borrowings were raised at the subsidiary level in USA and Europe, reducing debt at the parent level as follows:

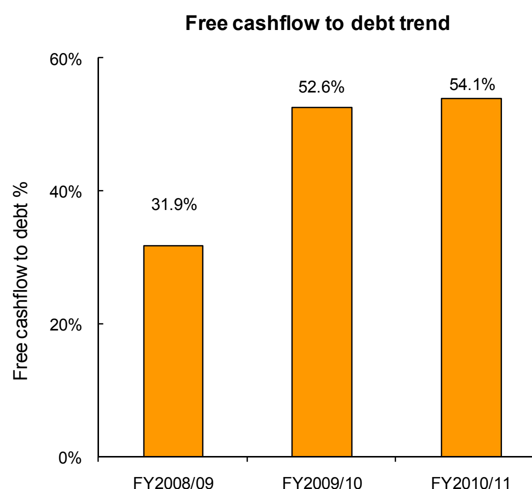
    - Unsecured borrowing in USA of US$55.0 million was with a loan covenant that receivables shall not be pledged to other parties.

    - Also in USA, we borrowed US$27.7 million on a long term basis (3-year committed line of credit of $35.0 million).

    - Borrowings in Europe of US$63.6 million (EUR45.0 million) were secured by trade receivables.

- **Net movement in cash, overdrafts and borrowings (net debt)**: Cash net of debt, increased by US$82.6 million to US$41.0 million as of 31st March 2011, compared to net debt of US$41.6 million as of 31st March 2010.

  - In spite of investment in working capital and capital expenditure to support increased business levels, **"free cash flow from operations to debt"** improved slightly from 52.6% in FY2009/10 to 54.1% in FY2010/11.



FINANCIAL MANAGEMENT AND TREASURY POLICY

Financial risk within the Group is managed by the Group's treasury function, based at the corporate headquarters in Hong Kong. Policies are established by senior management.

Liquidity

The combination of cash on hand, credit lines available to our subsidiaries and expected future cash flows are believed to be sufficient to satisfy our cash needs for our current level of operations and our planned operations for the foreseeable future.

- The Group has approximately US$270.0 million of uncommitted and unutilised short term borrowing facilities provided by its principal bankers.

- The Group had cash on hand of US$354.7 million as of 31st March 2011, comprised by currency as follows:

	FY2010/11 US'$000	FY2009/10 US'$000
US Dollar	29,339	70,315
Euro	34,109	24,003
RMB	266,939	135,128
CHF	2,051	125,052
Others	22,277	12,562
Total	354,715	367,060

Foreign exchange risk

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

- The Group's sales are mainly denominated in the US Dollar, the Euro and the Chinese Renminbi.
- In FY2010/11, 49% of the Group's sales (49% in the previous year) were in US Dollars, 31% in Euros (33% in the previous year), 14% in Chinese Renminbi (12% in the previous year) with the rest being in other currencies including the Japanese Yen.
- The major currencies used for purchases of materials, labour and services are the US Dollar, the Euro, the Hong Kong Dollar, the Chinese Renminbi and the Swiss Franc.
- The Group mitigates some of its foreign exchange risk through forward contracts, based on specific cash flow forecasts from operations denominated in that foreign currency (e.g. Euro, Chinese Renminbi and Swiss Franc).

RISK MANAGEMENT

The Group identifies and manages its strategic, operational, financial and compliance risks through proactive 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.
- Continuously improving our engineering and manufacturing processes to be the safe choice for our customers.
- Seeking product differentiation through technology and innovation to be the definitive supplier of our customers' solutions.
- Attracting and retaining high-calibre management and other key personnel and building effective networks of our employees and partners to safeguard the business success.
- Managing 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 responsibility and employee safety.

INVESTING IN PEOPLE

Human Resources Management

Human Resources, Environmental, Health and Safety (EHS) and Training and Development are corporate-wide functions provided via a shared service structure. Key initiatives are equitable and competitive compensation, benefit and incentive structures, a system-based approach to EHS 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. Such people-centred programs have characterised the history of Johnson Electric and the Group continues to encourage and invest in these programs across all of the Group's locations.

Total global headcount including contract employees now stands at over 44,000 individuals.

Regional Initiatives

FY2010/11 saw progress in all areas with time and effort invested in attracting, developing and retaining the people who are Johnson Electric. There was also increased emphasis on good environmental governance at our operating facilities.

This year, like the prior one, saw heavy recruiting in the direct and indirect labour group in Shajing, China. This group, which now numbers approximately 31,000 individuals, is demonstrating more stability and commitment to the workplace than has been the case in the past.

Salaried recruiting in Asia was active throughout the year and added many significantly new or newly expanded roles in the business. In particular, there has been and continues to be a significant focus on adding professionals in the technology areas of the business. Also during the year, a number of senior-level leaders were added to the business to enhance the Group's position as the safe choice to our customers.

Over the last year, the Group expanded its manufacturing location in Bei Hai, Guanxi Province, China. The local management team is in place and headcount at the site now stands at approximately 1,350. The headcount at the new site in Chennai, India site has now increased to 130.

In Europe, the year has been one of steady improvement in people-centred activities across all the major operating facilities.

In the Americas, changing health insurance laws in the United States have, so far, had little plan design or cost impact. The Group maintains a competitive benefit structure in the US resulting in few changes being necessary to meet current Health Care Reform Act requirements. In South America, management strength was increased via adding strong operations and sales leadership.

Corporate Initiatives

During the year, notable initiatives were taken in training both newly hired direct labour staff in China and programs for technical staff at the Group's large manufacturing and engineering campus in Shajing.

- A global leader for EHS joined the Group and is directing programs and systems to raise our in-house competency. Global implementation of an EHS management system continues as a major objective.

- The Compensation & Benefits group successfully installed and now operates global salary & incentive structures that enhance internal equity and external competitiveness for staff positions.

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 2011 of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st March 2011, 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 Company 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 2011. No incident of non-compliance was noted by the Company in 2010/11.

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.

REVIEW OF ANNUAL RESULTS

The Company's annual results for the year ended 31st March 2011 has been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company purchased 20,000,000 shares of the Company at a cost of US$10.7 million during the year 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 year. The Company has not redeemed any of its shares during the year.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company *(www.johnsonelectric.com)* and HKExnews website *(www.hkexnews.hk)*. The Company's Annual Report 2011 will be despatched to the shareholders and available on the same websites on or about 16th June 2011.

BOARD OF DIRECTORS

As of the date of this announcement, the Board of Directors of the Company comprises Patrick Shui-Chung Wang, Winnie Wing-Yee Wang, Austin Jesse 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, Oscar de Paula Bernardes Neto, Michael John Enright and Joseph Chi-Kwong Yam, being the Independent Non-Executive Directors.

On behalf of the Board of Directors
Patrick Shui-Chung Wang
Chairman and Chief Executive

Hong Kong, 31st May 2011

Website: www.johnsonelectric.com