JOHNSON ELECTRIC

Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 179)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2013

HIGHLIGHTS

- For the financial year ended 31 March 2013, total sales amounted to US$2,060 million – a decrease of 4% compared to the prior financial year. Excluding the effects of divestitures of non-core businesses and foreign currency changes, underlying sales increased by 1%
- Gross profit margins increased to 28.0% from 27.3% in the prior year
- EBITDA totalled US$304 million – down 3%
- Operating profits including the gain associated with the divestiture of a non-core business and other non-recurring items were US$213 million, a decrease of 4% compared to the prior year
- Operating profits excluding divestitures and non-recurring items were US$188 million or 9.1% of sales
- Net profit attributable to shareholders increased to a record US$191 million, an increase of 2.5%
- Earnings per share increased by 3.9% to 5.36 US cents
- Full year recommended dividend of HK$0.11 per share, a 10% increase over prior year (HK$0.10 per share)

The Directors announce that the audited consolidated profit attributable to shareholders for the year ended 31 March 2013 was US$191.3 million, an increase of US$4.6 million from US$186.7 million in the corresponding year ended 31 March 2012.

FINANCIAL RESULTS

The audited consolidated financial statements for the year ended 31 March 2013 together with comparative figures for the corresponding year ended 31 March 2012 are set out below:

CONSOLIDATED BALANCE SHEET

As of 31 March 2013

	Note	**2013 US$'000**	2012 US$'000
Assets			
Non-current assets			
Property, plant and equipment	5	**358,566**	374,668
Investment property	6	**63,214**	53,705
Land use rights	7	**3,800**	4,677
Intangible assets	8	**621,535**	757,783
Investment in associate		**2,064**	2,184
Deferred income tax assets	14	**35,694**	37,726
Available-for-sale financial assets		**1,081**	6,307
Other financial assets at fair value through profit and loss		**1,102**	1,093
Other financial assets	9	**32,593**	8,441
Deposits		**4,540**	5,859
		1,124,189	1,252,443
Current assets			
Inventories		**208,095**	240,103
Trade and other receivables	10	**411,666**	384,388
Other financial assets at fair value through profit and loss		**-**	3,359
Other financial assets	9	**15,934**	12,139
Income tax recoverable		**3,141**	2,382
Cash and deposits		**480,924**	385,117
		1,119,760	1,027,488
Current liabilities			
Trade and other payables	11	**341,652**	364,124
Current income tax liabilities		**40,491**	34,267
Other financial liabilities	9	**5,260**	8,535
Borrowings	12	**123,260**	203,104
Provision obligations and other liabilities	13	**27,435**	30,373
		538,098	640,403
Net current assets		**581,662**	387,085
Total assets less current liabilities		**1,705,851**	1,639,528

	Note	**2013 US$'000**	2012 US$'000
Non-current liabilities			
Other financial liabilities	9	**2,468**	2,056
Borrowings	12	**1,735**	2,258
Deferred income tax liabilities	14	**64,663**	78,192
Provision obligations and other liabilities	13	**38,222**	69,541
		107,088	152,047
NET ASSETS		**1,598,763**	1,487,481
Equity			
Share capital and share premium	15	**17,361**	36,422
Reserves		**1,514,526**	1,392,826
Proposed dividends	21	**36,625**	32,311
		1,568,512	1,461,559
Non-controlling interests		**30,251**	25,922
TOTAL EQUITY		**1,598,763**	1,487,481

COMPANY BALANCE SHEET

As of 31 March 2013

	Note	**2013 US$'000**	2012 US$'000
Assets			
Non-current assets			
Interest in subsidiaries		**997,708**	1,016,444
Available-for-sale financial assets		**1,081**	1,552
Other financial assets	9	**4,753**	-
		1,003,542	1,017,996
Current assets			
Amounts due from subsidiaries		**625,069**	340,272
Other receivables		**-**	217
Cash and deposits		**82**	807
		625,151	341,296
Current liabilities			
Amounts due to subsidiaries		**120,130**	211,131
Other payables	11	**2,052**	65
Borrowings	12	**-**	49,835
		122,182	261,031
Net current assets		**502,969**	80,265
NET ASSETS		**1,506,511**	1,098,261
Equity			
Share capital and share premium	15	**17,361**	36,422
Reserves		**1,452,525**	1,029,528
Proposed dividends	21	**36,625**	32,311
TOTAL EQUITY		**1,506,511**	1,098,261

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013

	Note	**2013 US$'000**	2012 US$'000
Sales	4	**2,059,689**	2,140,803
Cost of goods sold		**(1,481,975)**	(1,556,337)
Gross profit		**577,714**	584,466
Other income and gains, net	16	**28,370**	18,309
Selling and administrative expenses	17	**(393,169)**	(368,637)
Restructuring and other costs		**-**	(13,033)
Operating profit		**212,915**	221,105
Finance income	19	**7,464**	5,794
Finance costs	19	**(2,698)**	(6,858)
Share of profits of associate		**324**	468
Profit before income tax		**218,005**	220,509
Income tax expense	20	**(21,113)**	(31,618)
Profit for the year		**196,892**	188,891
Profit attributable to non-controlling interests		**(5,571)**	(2,191)
Profit attributable to owners		**191,321**	186,700
Basic earnings per share for profit attributable to the owners during the year (expressed in US Cents per share)	22	**5.36**	5.16
Diluted earnings per share for profit attributable to the owners during the year (expressed in US Cents per share)	22	**5.33**	5.15

Details of recommended final dividends of 1.03 US Cents per share (FY2011/12: 0.90 US Cents) equivalent to US$36.6 million (FY2011/12: US$32.3 million) are set out in Note 21.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Note	2013 US$'000	2012 US$'000
Profit for the year		**196,892**	188,891
Other comprehensive income/(expenses):			
Divestiture of non-core business		**(21,560)**	-
Release of reserves on disposal of a property based subsidiary		**8,544**	-
Available-for-sale financial assets			
– fair value losses, net		**(218)**	(348)
– release of reserves upon disposal		**152**	11
Hedging instruments			
– fair value gains, net		**35,862**	4,393
– deferred income tax effect	14	**(5,065)**	372
– transferred to income statement		**(5,548)**	(9,459)
Defined benefit plans			
– actuarial losses, net	13	**(2,463)**	(10,786)
– deferred income tax effect	14	**658**	417
Long service payment			
– actuarial gains/(losses), net	13	**656**	(1,595)
– deferred income tax effect	14	**76**	-
Investment property			
– revaluation gains on transfer of property, plant and equipment to investment property	6	**3,671**	-
– deferred income tax effect	14	**(918)**	-
Currency translations of subsidiaries and associate		**(33,503)**	5,352
Other comprehensive expenses for the year, net of tax		**(19,656)**	(11,643)
Total comprehensive income for the year, net of tax		**177,236**	177,248
Total comprehensive income attributable to:			
Owners		**170,156**	173,654
Non-controlling interests			
Share of profits for the year		**5,571**	2,191
Share of revaluation surplus on investment property		**1,101**	-
Currency translations		**408**	1,403
		177,236	177,248

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

		Attributable to owners of the Company					
	Note	Share capital and share premium US$'000	Other reserves * US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31 March 2012		36,422	96,622	1,328,515	1,461,559	25,922	1,487,481
Profit for the year		-	-	191,321	191,321	5,571	196,892
Other comprehensive income/(expenses):							
Divestiture of non-core business		-	(22,772)	1,212	(21,560)	-	(21,560)
Release of reserves on disposal of a property based subsidiary		-	7,188	1,356	8,544	-	8,544
Available-for-sale financial assets							
– fair value losses, net		-	(218)	-	(218)	-	(218)
– release of reserves upon disposal		-	152	-	152	-	152
Hedging instruments							
– fair value gains, net		-	35,862	-	35,862	-	35,862
– deferred income tax effect	14	-	(5,065)	-	(5,065)	-	(5,065)
– transferred to income statement		-	(5,548)	-	(5,548)	-	(5,548)
Defined benefit plans							
– actuarial losses, net	13	-	-	(2,463)	(2,463)	-	(2,463)
– deferred income tax effect	14	-	-	658	658	-	658
Long service payment							
– actuarial gains, net	13	-	-	656	656	-	656
– deferred income tax effect	14	-	-	76	76	-	76
Investment property							
– revaluation surplus realised upon disposal		-	(21)	21	-	-	-
– revaluation gains on transfer of property, plant and equipment to investment property	6	-	2,570	-	2,570	1,101	3,671
– deferred income tax effect	14	-	(918)	-	(918)	-	(918)
Currency translations of subsidiaries and associate		-	(33,911)	-	(33,911)	408	(33,503)
Total comprehensive income/ (expenses) for FY2012/13		-	(22,681)	192,837	170,156	7,080	177,236
Transactions with owners:							
Appropriation of retained earnings to statutory reserve		-	2,261	(2,261)	-	-	-
Cancellation of issued capital	15	(19,873)	-	-	(19,873)	-	(19,873)
Long-Term Incentive Share Scheme							
– shares vested	15	812	(812)	-	-	-	-
– reserve released upon transfer to cash settled share-based unit		-	(1,990)	-	(1,990)	-	(1,990)
– value of employee services	24	-	4,694	-	4,694	-	4,694
Dividends paid to non-controlling shareholders of a subsidiary		-	-	-	-	(2,751)	(2,751)
FY2011/12 final dividend paid		-	-	(32,263)	(32,263)	-	(32,263)
FY2012/13 interim dividend paid		-	-	(13,771)	(13,771)	-	(13,771)
Total transactions with owners		(19,061)	4,153	(48,295)	(63,203)	(2,751)	(65,954)
As of 31 March 2013		**17,361**	**78,094**	**1,473,057**	**1,568,512**	**30,251**	**1,598,763**

* *Other reserves mainly represent contributed surplus, capital reserve, property revaluation reserve, investment revaluation reserve, appropriation of retained earnings to statutory reserve, exchange reserve, share-based employee compensation reserve, hedging reserve and goodwill on consolidation.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Note	Share capital and share premium US$'000	Other reserves * US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
		Attributable to owners of the Company					
As of 31 March 2011		69,970	66,508	1,225,724	1,362,202	60,090	1,422,292
Profit for the year		-	-	186,700	186,700	2,191	188,891
Other comprehensive income/(expenses):							
Available-for-sale financial assets							
– fair value losses, net		-	(348)	-	(348)	-	(348)
– release of reserves upon disposal		-	11	-	11	-	11
Hedging instruments							
– fair value gains, net		-	4,393	-	4,393	-	4,393
– deferred income tax effect	14	-	372	-	372	-	372
– transferred to income statement		-	(9,459)	-	(9,459)	-	(9,459)
Defined benefit plans							
– actuarial losses, net	13	-	-	(10,786)	(10,786)	-	(10,786)
– deferred income tax effect	14	-	-	417	417	-	417
Actuarial losses of long service payment	13	-	-	(1,595)	(1,595)	-	(1,595)
Investment property							
– revaluation surplus realised upon disposal		-	(5,339)	5,339	-	-	-
Currency translations of subsidiaries and associate		-	3,949	-	3,949	1,403	5,352
Total comprehensive income/ (expenses) for FY2011/12		-	(6,421)	180,075	173,654	3,594	177,248
Transactions with owners:							
Appropriation of retained earnings to statutory reserve		-	35,382	(35,382)	-	-	-
Cancellation of issued capital	15	(31,884)	-	-	(31,884)	-	(31,884)
Long-Term Incentive Share Scheme							
– shares vested	15	959	(959)	-	-	-	-
– value of employee services	24	-	2,112	-	2,112	-	2,112
– purchase of shares	15	(2,623)	-	-	(2,623)	-	(2,623)
Divestiture of non-core business		-	-	-	-	(37,762)	(37,762)
FY2010/11 final dividend paid		-	-	(28,095)	(28,095)	-	(28,095)
FY2011/12 interim dividend paid		-	-	(13,807)	(13,807)	-	(13,807)
Total transactions with owners		(33,548)	36,535	(77,284)	(74,297)	(37,762)	(112,059)
As of 31 March 2012		36,422	96,622	1,328,515	1,461,559	25,922	1,487,481

* *Other reserves mainly represent contributed surplus, capital reserve, property revaluation reserve, investment revaluation reserve, appropriation of retained earnings to statutory reserve, exchange reserve, share-based employee compensation reserve, hedging reserve and goodwill on consolidation.*

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2013

	Note	**2013 US$'000**	2012 US$'000
Cash flows from operating activities			
Earnings before interest, taxes, depreciation and amortisation	24	**304,268**	314,318
Other non-cash items and adjustments	24	**(17,790)**	(5,244)
Change in working capital	24	**(87,206)**	(42,424)
Cash generated from operations	24	**199,272**	266,650
Interest paid		**(2,533)**	(5,934)
Income taxes paid		**(29,374)**	(27,567)
Net cash generated from operating activities		**167,365**	233,149
Investing activities			
Purchase of property, plant and equipment		**(82,634)**	(91,252)
Proceeds from disposal of property, plant and equipment, investment property and a property based subsidiary	24	**19,712**	18,356
Interest received		**7,464**	5,794
		(55,458)	(67,102)
Business combination	25	**(11,098)**	-
Proceeds from sale of available-for-sale financial assets and other financial assets at fair value through profit and loss		**3,660**	5,029
Proceeds from divestiture of non-core businesses, net of cash divested *	26	**137,767**	28,962
Decrease in time deposits		**-**	1,925
Net cash generated from/(used in) investing activities		**74,871**	(31,186)

** Proceeds from divestiture of non-core businesses are as follows:*

	2013 US$'000	*2012 US$'000*
Saia-Burgess Controls business (initiated in FY2012/13)	*133,012*	*-*
A non-core subsidiary (initiated in FY2011/12)	*4,755*	*28,962*
	137,767	*28,962*

	Note	**2013 US$'000**	2012 US$'000
Financing activities			
Purchase of shares for cancellation of issued capital	15	**(19,873)**	(31,884)
Purchase of shares held for			
Long-Term Incentive Share Scheme	15	**-**	(2,623)
Proceeds from borrowings		**14,543**	62,585
Repayments of borrowings		**(91,814)**	(159,438)
Dividends paid to owners		**(46,034)**	(41,902)
Dividends paid to non-controlling interests		**(2,751)**	-
Net cash used in financing activities		**(145,929)**	(173,262)
Net increase in cash and cash equivalents		**96,307**	28,701
Cash and cash equivalents at beginning of the year		**385,117**	352,790
Currency translations on cash and cash equivalents		**(500)**	3,626
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**480,924**	385,117

NOTES:

1. GENERAL INFORMATION

The principal operations of Johnson Electric Holdings Limited ("the Company") and its subsidiaries (together "the Group") are the manufacture and sale of motion systems. The Group has manufacturing plants and sales operations throughout the world.

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

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

These consolidated financial statements are presented in US Dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 16 May 2013.

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements of Johnson Electric Holdings Limited 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 and loss, and investment property, which are carried at fair value.

In FY2012/13, the Group adopted new/revised standards and interpretations of HKFRS effective for the first time in FY2012/13. The adoption of such revised and amended standards and interpretations do not have material impact on the consolidated financial statements.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are made based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Cont'd)*

(a) Assessment of goodwill impairment

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 8).

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues when management assesses that it is probable such issues will impact the current and deferred income tax assets and liabilities.

(c) Warranty and claims

The Group generally offers warranties for its motors and other products. Consequently, management uses historical warranty claims experience as well as recent trends to determine the need for warranty liability. On specific claims brought against the Group by customers, a provision is made based on the consideration of the merits of a warranty claim against the Group, the existence of any obligation under the warranty commitment and legal advice if appropriate.

(d) Useful lives and impairment of property, plant and equipment and other intangible assets

The Group's management determine the estimated useful lives, residual values and related depreciation and amortisation charges for property, plant and equipment and other intangible assets by reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation and amortisation charges where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic reviews could result in a change in depreciable lives and residual values and therefore depreciation and amortisation expense in the future periods.

The Group reviews tangibles and intangible assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recovered. Assessing the impairment loss requires a determination of fair value which is based on the best estimates and information available.

(e) Fair value of other financial assets/liabilities

The fair value of other financial assets/liabilities is determined using various valuation techniques such as discounted cash flow analysis. Copper, silver and aluminium prices and foreign currency exchange price are the key inputs in the valuation.

4. 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 management assesses the performance of the operating segments based on the measure of operating profit. The measure excludes items which are not directly related to the segment performance including non-operating income/(expenses) such as interest income and expense, rental income, fair value gains/(losses) on investment property and gains/(losses) on disposals of fixed assets and investments.

The Group had one operating segment in FY2012/13.

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

	2013	2012
	US$'000	US$'000
Operating profit presented to management	**182,309**	202,975
Gross rental income from investment property (Note 16)	**4,125**	4,232
Losses on investments, net (Note 16)	**(282)**	(207)
Gain on divestiture of non-core business, net (Note 16, 24 & 26)	**20,404**	-
Loss on disposal of a property based subsidiary (Note 16 & 24)	**(1,602)**	-
Gains on disposal of property, plant and equipment and investment property (Note 16 & 24)	**1,536**	1,586
Fair value gains on investment property (Note 6, 16 & 24)	**3,974**	12,269
Fair value gains on other financial assets/liabilities (Note 16)	**215**	429
Government grants	**1,526**	-
Miscellaneous income/(expenses)	**710**	(179)
Operating profit per consolidated income statement	**212,915**	221,105

4. SEGMENT INFORMATION *(Cont'd)*

Revenue from external customers by business unit was as follows:

	2013 **US$'000**	2012 US$'000
Automotive Products Group ("APG")	**1,303,896**	1,272,844
Industry Products Group ("IPG")	**685,937**	753,745
Divested businesses	**69,856**	114,214
	2,059,689	2,140,803

The Powertrain Cooling business (included in APG) is primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers. Revenues for this business unit, accounted for 22% of the total revenues of the Group for FY2012/13 (FY2011/12: 19%).

Revenue by geography

Revenue from external customers by country of destination was as follows:

	2013 **US$'000**	2012 US$'000
Hong Kong / People's Republic of China ("HK/PRC")	**554,689**	581,665
United States of America ("USA")	**421,161**	422,734
Germany	**259,467**	356,046
France	**106,863**	129,450
Poland	**78,726**	51,761
Italy	**75,483**	90,470
Czech Republic	**68,467**	44,973
Korea	**58,609**	58,945
United Kingdom	**51,185**	46,913
Japan	**44,771**	41,423
Spain	**32,454**	29,480
Brazil	**31,630**	22,570
Malaysia	**30,347**	26,481
Switzerland	**29,227**	36,844
Austria	**24,191**	7,893
Others	**192,419**	193,155
	2,059,689	2,140,803

In the prior year, sales to the European distribution channel were reported as sales to Germany. With the insourcing in place this year, they are now reported by the country of the ultimate customers.

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

4. SEGMENT INFORMATION *(Cont'd)*

Segment assets

For FY2012/13, the additions to non-current assets (other than deferred tax assets, available-for-sale financial assets, other financial assets at fair value through profit and loss and other financial assets) were US$82.2 million (FY2011/12: US$89.4 million).

As of 31 March 2013, excluding goodwill, the total of non-current assets (other than deferred tax assets, available-for-sale financial assets, other financial assets at fair value through profit and loss and other financial assets) located in HK/PRC was US$326.0 million (31 March 2012: US$320.0 million) and the total of these non-current assets located in other countries was US$291.1 million (31 March 2012: US$362.2 million).

5. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land, leasehold land and buildings US$'000	Machinery and equipment US$'000	Assets under construction US$'000	Moulds and tools US$'000	Other assets* US$'000	Total US$'000
As of 31 March 2011						
Cost	238,111	612,422	30,862	263,211	155,954	1,300,560
Accumulated depreciation and impairment	(108,402)	(475,035)	-	(203,234)	(109,904)	(896,575)
Net book amount	129,709	137,387	30,862	59,977	46,050	403,985
FY2011/12						
Opening net book amount	129,709	137,387	30,862	59,977	46,050	403,985
Currency translations	(76)	905	282	58	17	1,186
Divestiture of non-core business	(13,630)	(27,113)	(5,225)	(1,027)	(346)	(47,341)
Additions	9,226	32,156	27,684	17,017	5,553	91,636
Transfer	5,730	10,072	(21,851)	5,250	799	-
Transfer from investment property (Note 6)	402	-	-	-	-	402
Transfer to investment property	-	-	-	-	(131)	(131)
Disposals	(2,042)	(1,528)	(233)	(316)	(306)	(4,425)
Provision for impairment	(842)	(1,140)	-	(254)	(53)	(2,289)
Depreciation (Note 18)	(10,155)	(30,951)	-	(19,508)	(7,741)	(68,355)
Closing net book amount	118,322	119,788	31,519	61,197	43,842	374,668
As of 31 March 2012						
Cost	236,822	584,564	31,519	274,269	145,035	1,272,209
Accumulated depreciation and impairment	(118,500)	(464,776)	-	(213,072)	(101,193)	(897,541)
Net book amount	118,322	119,788	31,519	61,197	43,842	374,668

5. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

Group

	Freehold land, leasehold land and buildings US$'000	Machinery and equipment US$'000	Assets under construction US$'000	Moulds and tools US$'000	Other assets* US$'000	Total US$'000
FY2012/13						
Opening net book amount	118,322	119,788	31,519	61,197	43,842	374,668
Currency translations	(1,910)	(323)	(53)	(244)	(97)	(2,627)
Divestiture of non-core business (Note 26)	-	(2,180)	(187)	(152)	(1,839)	(4,358)
Additions	6,605	22,603	31,281	16,672	6,297	83,458
Transfer	12,074	12,260	(33,326)	3,651	5,341	-
Transfer to investment property	(2,005)	-	-	-	-	(2,005)
Disposals	(10,993)	(599)	(142)	(512)	(84)	(12,330)
Provision for impairment	(8,201)	(1,017)	-	(141)	(146)	(9,505)
Depreciation (Note 18)	(11,047)	(28,841)	-	(20,879)	(7,968)	(68,735)
Closing net book amount	**102,845**	**121,691**	**29,092**	**59,592**	**45,346**	**358,566**
As of 31 March 2013						
Cost	226,160	577,500	29,092	267,807	137,541	1,238,100
Accumulated depreciation and impairment	(123,315)	(455,809)	-	(208,215)	(92,195)	(879,534)
Net book amount	**102,845**	**121,691**	**29,092**	**59,592**	**45,346**	**358,566**

* *Other assets comprise computers, furniture and fixtures, motor vehicles and aircraft.*

Freehold land is located in Europe and North America.

The Group's interests in leasehold land were analysed as follows:

	2013 US$'000	2012 US$'000
In Hong Kong:		
On lease between 10 to 50 years	**8,241**	10,815
	8,241	10,815

6. INVESTMENT PROPERTY

Group

	2013 US$'000	2012 US$'000
At beginning of the year	**53,705**	44,142
Currency translations	**15**	(57)
Fair value gains (Note 4, 16 & 24)	**3,974**	12,269
Additions	**69**	-
Transfer from property, plant and equipment and land use right		
— Net book value	**2,767**	131
— Revaluation surplus	**3,671**	-
Transfer to property, plant and equipment (Note 5)	**-**	(402)
Disposals	**(987)**	(2,378)
At end of the year	**63,214**	53,705

The Group's investment property was valued on an open market basis as of 31 March 2013. The appraisals were performed by independent, professionally qualified valuers, Chung, Chan & Associates, Chartered Surveyors.

As of 31 March 2013, the Group's investment property has tenancies expiring in the period from April 2013 to May 2027 (31 March 2012: from April 2012 to December 2014).

The Group's interests in investment property were analysed as follows:

	2013 US$'000	2012 US$'000
In Hong Kong:		
On lease between 10 to 50 years	**55,847**	52,790
Outside Hong Kong:		
On lease between 10 to 50 years	**7,367**	915
	63,214	53,705

7. LAND USE RIGHTS

Group

	2013	2012
	US$'000	US$'000
At beginning of the year	**4,677**	9,346
Currency translations	**69**	246
Additions	**77**	-
Divestiture of non-core business	**-**	(4,525)
Transfer to investment property	**(762)**	-
Amortisation of prepaid operating lease payments (Note 18)	**(261)**	(390)
At end of the year	**3,800**	4,677

The Group's interests in land use rights represent prepaid operating lease payments and their net book value was analysed as follows:

	2013	2012
	US$'000	US$'000
In PRC:		
On lease between 10 to 50 years	**3,800**	4,677
	3,800	4,677

8. INTANGIBLE ASSETS

Group

	Goodwill US$'000	Technology, license rights, patents and development costs US$'000	Brands US$'000	Client relationships US$'000	Total intangible assets US$'000
As of 31 March 2011					
Cost	512,548	190,592	73,400	124,019	900,559
Accumulated amortisation and impairment	-	(74,143)	(15,537)	(36,191)	(125,871)
Net book amount	512,548	116,449	57,863	87,828	774,688
FY2011/12					
Opening net book amount	512,548	116,449	57,863	87,828	774,688
Currency translations	6,647	1,871	944	1,694	11,156
Divestiture of non-core business	(2,581)	(175)	-	(750)	(3,506)
Amortisation (Note 18)	-	(12,092)	(3,004)	(9,459)	(24,555)
Closing net book amount	516,614	106,053	55,803	79,313	757,783
As of 31 March 2012					
Cost	516,614	192,101	74,490	124,656	907,861
Accumulated amortisation and impairment	-	(86,048)	(18,687)	(45,343)	(150,078)
Net book amount	516,614	106,053	55,803	79,313	757,783
FY2012/13					
Opening net book amount	516,614	106,053	55,803	79,313	757,783
Currency translations	(20,133)	(3,838)	(2,424)	(3,577)	(29,972)
Acquisition (Note 25)	-	5,000	-	2,000	7,000
Divestiture of non-core business (Note 26)	(59,908)	(16,500)	(5,212)	(9,389)	(91,009)
Amortisation (Note 18)	-	(11,074)	(2,763)	(8,396)	(22,233)
Provision for impairment	-	(34)	-	-	(34)
Closing net book amount	**436,573**	**79,607**	**45,404**	**59,951**	**621,535**
As of 31 March 2013					
Cost	436,573	158,233	63,864	106,141	764,811
Accumulated amortisation and impairment	-	(78,626)	(18,460)	(46,190)	(143,276)
Net book amount	**436,573**	**79,607**	**45,404**	**59,951**	**621,535**

The amortisation charge was included in the “Selling and administrative expenses” in the consolidated income statement.

8. INTANGIBLE ASSETS *(Cont'd)*

Impairment tests for goodwill

The Group is one cash-generating unit ("CGU") for the purpose of testing goodwill. In accordance with HKAS 36 "Impairment of Assets", impairment test for goodwill is carried out by comparing the recoverable amount of the assets including goodwill belonging to a CGU to the carrying amount of those assets as of the balance sheet date. The recoverable amount of the Group is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the FY2013/14 financial budget.

Forecast profitability is based on past performance and expected future changes in costs and sales prices. Cash flow projections are based on long-range financial forecasts using the estimated sales growth rate of 6% till 2018 and a 2% perpetual growth rate thereafter (FY2011/12: 6% and 2% respectively). Future cash flows are discounted at a pre-tax rate of 11.6% (equivalent to post-tax weighted average cost of capital of 10%) (FY2011/12: pre-tax rate of 11.6%).

There was no evidence of impairment arising from tests of reasonable variations of the assumptions used for the manufacturing CGU.

9. OTHER FINANCIAL ASSETS AND LIABILITIES

Group

	Assets		Liabilities	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
Commodity contracts (Note a)				
– copper hedging contracts (cash flow hedge)	**2,643**	9,494	**3,781**	2,767
– silver and aluminium hedging contracts (cash flow hedge)	**135**	579	**748**	73
Forward foreign currency exchange contracts (Note b)				
– cash flow hedge	**40,963**	10,449	**3,182**	7,718
– net investment hedge	**4,753**	-	**-**	-
– held for trading	**33**	-	**17**	33
Others – held for trading	**-**	58	**-**	-
Total (Note c)	**48,527**	20,580	**7,728**	10,591
Current portion	**15,934**	12,139	**5,260**	8,535
Non-current portion	**32,593**	8,441	**2,468**	2,056
Total	**48,527**	20,580	**7,728**	10,591

Company

	Assets		*Liabilities*	
	2013	*2012*	***2013***	*2012*
	US$'000	*US$'000*	***US$'000***	*US$'000*
Forward foreign currency exchange contracts (Note b)				
– net investment hedge	***4,753***	-	**-**	-
Total (non-current)	***4,753***	-	**-**	-

Note:

(a) Copper, silver and aluminium hedging contracts

Gains and losses on copper, silver and aluminium hedging contracts, including gains and losses recognised in the hedging reserve as of 31 March 2013, are recognised in the income statement in the period or periods in which the underlying hedged copper, silver and aluminium volumes are consumed. As of 31 March 2013, there were outstanding copper hedging contracts of US$115.3 million (31 March 2012: US$127.5 million) with maturities ranging from 1 month to 24 months and silver and aluminium hedging contracts of US$12.8 million (31 March 2012: US$10.0 million) with maturities ranging from 1 month to 24 months.

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

(b) Forward foreign currency exchange contracts

Gains and losses on Chinese Renminbi ("RMB"), Euro ("EUR"), Swiss Franc ("CHF"), Hungarian Forint ("HUF"), Polish Zloty ("PLN"), Israeli New Shekel ("ILS"), Mexican Peso ("MXN") and Japanese Yen ("JPY") forward foreign currency exchange contracts as per table below are designated as hedges, including gains and losses recognised in the hedging reserve as of 31 March 2013, are recognised in the income statement in the period or periods in which the underlying hedged transactions occurred. For currency contracts designated as held for trading, fair value gains and losses on the forward contracts are immediately recognised in the income statement. The net fair value changes recognised in the income statement were not material.

As of 31 March 2013, the Group had the following outstanding forward foreign currency exchange contracts:

	Settlement currency	Notional amount (million)	Remaining maturities ranging (months)
Cash flow hedge			
Chinese Renminbi forward purchase contracts	USD	RMB 6,359.5	1 – 60
Euro forward sales contracts	USD	EUR 520.5	1 – 60
Swiss Franc forward purchase contracts	EUR	CHF 85.2	1 – 22
Hungarian Forint forward purchase contracts	EUR	HUF 25,882.5	1 – 60
Polish Zloty forward purchase contracts	EUR	PLN 114.6	1 – 48
Israeli New Shekel forward purchase contracts	USD	ILS 38.5	1 – 19
Mexican Peso forward purchase contracts	USD	MXN 107.2	1 – 60
Japanese Yen forward sales contracts	USD	JPY 290	1 – 24
Net investment hedge			
Euro forward sales contracts	USD	EUR 100.0	21 - 57
Held for trading			
Indian Rupee forward purchase contracts	USD	INR 60.4	2 – 14

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

(d) The net hedging gain recognised in the income statement during the year was US$5.5 million (FY2011/12: net gain of US$9.5 million).

10. TRADE AND OTHER RECEIVABLES

Group

	2013 **US$'000**	2012 US$'000
Trade receivables – gross	**346,707**	321,731
Less: impairment of trade receivables	**(2,472)**	(1,910)
Trade receivables – net	**344,235**	319,821
Prepayments and other receivables	**67,431**	64,567
	411,666	384,388

The Company did not have trade and other receivables as of 31 March 2013 (31 March 2012: US$0.2 million).

All trade and other receivables were due within one year from the end of the reporting period. Accordingly, the fair value of the Group's trade and other receivables was approximately equal to the carrying value.

Ageing of gross trade receivables

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

Group	**2013** **US$'000**	2012 US$'000
Current	**329,807**	299,562
1–60 days	**12,986**	18,242
61–90 days	**584**	597
Over 90 days	**3,330**	3,330
Total	**346,707**	321,731

There was no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers and no single customer represents more than 10% of the total.

10. TRADE AND OTHER RECEIVABLES *(Cont'd)*

The carrying amounts of the Group's trade receivables were denominated in the following currencies:

Group	2013 US$'000	2012 US$'000
US Dollar	**143,410**	144,360
Euro	**128,047**	122,982
RMB	**64,340**	42,809
Others	**10,910**	11,580
Total	**346,707**	321,731

Ageing of overdue trade receivables but not impaired

The Group has credit policies in place to review the credit worthiness of all existing and potential customers. Credit terms range between 30 and 90 days. As of 31 March 2013, trade receivables of US$14.4 million (31 March 2012: US$20.3 million) were overdue but not impaired. Management assessed the credit quality of this US$14.4 million by reference to the repayment history and current financial position of the customers. Management believes that no provision for impairment is necessary and these balances are expected to be fully recovered. The ageing of these overdue trade receivables but not impaired is as follows:

Group	2013 US$'000	2012 US$'000
1-60 days	**12,978**	18,196
61-90 days	**502**	577
Over 90 days	**948**	1,486
Total	**14,428**	20,259

10. TRADE AND OTHER RECEIVABLES *(Cont'd)*

Impairment of trade receivables

Movements on the impairment of trade receivables were as follows:

Group	**2013 US$'000**	2012 US$'000
At beginning of the year	**1,910**	4,090
Currency translations	**(55)**	(57)
Divestiture of non-core business	**(420)**	(31)
Receivables written off during the year as uncollectible	**(118)**	(1,873)
Impairment of trade receivables / bad debt expense (Note 18)	**1,486**	26
Unused amounts reversed against bad debt expense (Note 18)	**(331)**	(245)
At end of the year	**2,472**	1,910

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

11. TRADE AND OTHER PAYABLES

Group	**2013 US$'000**	2012 US$'000
Trade payables	**184,655**	195,299
Accrued expenses and sundry payables	**156,997**	168,825
	341,652	364,124

Company	***2013 US$'000***	*2012 US$'000*
Accrued expenses and sundry payables	***2,052***	*65*
	2,052	*65*

The fair value of the Group's trade and other payables was approximately equal to the carrying value. The ageing analysis of trade payables based on invoice date was as follows:

Group	**2013 US$'000**	2012 US$'000
0-60 days	**137,953**	150,194
61-90 days	**31,048**	26,118
Over 90 days	**15,654**	18,987
Total	**184,655**	195,299

The carrying amounts of the Group's trade payables are denominated in the following currencies:

Group	**2013 US$'000**	2012 US$'000
US Dollar	**69,050**	76,514
RMB	**42,980**	35,437
Euro	**36,814**	35,440
HK Dollar	**28,797**	35,898
Others	**7,014**	12,010
Total	**184,655**	195,299

12. BORROWINGS

	Group		Company	
	2013	2012	***2013***	*2012*
	US$'000	US$'000	***US$'000***	*US$'000*
Three-year term loan				
(due on 26 February 2013) (Note a)	**-**	50,000	**-**	*50,000*
Unamortised upfront fees	**-**	(165)	**-**	*(165)*
Carrying value	**-**	49,835	**-**	*49,835*
Loans based on trade receivables (Note b)	**121,860**	142,836	**-**	-
Other borrowings – Non-current	**1,735**	2,258	**-**	-
– Current	**1,400**	10,433	**-**	-
Total borrowings	**124,995**	205,362	**-**	*49,835*
Current borrowings	**123,260**	203,104	**-**	*49,835*
Non-current borrowings	**1,735**	2,258	**-**	-

Note:

(a) As of 31 March 2012, the three-year term loan was classified as a current borrowing. The Company repaid the remaining US$50.0 million outstanding term loan on 31 May 2012.

(b) Subsidiary companies have borrowed US$121.9 million in the USA, Europe and Hong Kong as of 31 March 2013 (as of 31 March 2012: US$142.8 million) based on trade receivables. These loans are placed such that the interest expense will match the geography of the operating income:

- Unsecured borrowings in the USA of US$50.0 million, with a covenant that trade receivables shall not be pledged to other parties (31 March 2012: US$55.0 million).
- Borrowings in Europe of US$57.5 million (EUR45.0 million) (31 March 2012: US$73.4 million (EUR55.0 million)), which are secured by trade receivables require an over-collateralisation level of 20% of the amount loaned (US$69.0 million as of 31 March 2013 and US$88.1 million as of 31 March 2012).
- Unsecured borrowings in Hong Kong of US$14.4 million based on trade receivables (31 March 2012: US$14.4 million).

12. BORROWINGS *(Cont'd)*

The maturity of borrowings was as follows:

	Group				Company	
	Bank borrowings		Other loans		*Bank borrowings*	
	2013	2012	**2013**	2012	***2013***	*2012*
	US$'000	US$'000	**US$'000**	US$'000	***US$'000***	*US$'000*
Within one year	**122,833**	202,671	**427**	433	**-**	*49,835*
In the second year	**-**	-	**440**	446	**-**	-
In the third to fifth year	**-**	-	**1,105**	1,420	**-**	-
After the fifth year	**-**	-	**190**	392	**-**	-
	122,833	202,671	**2,162**	2,691	**-**	*49,835*

As of 31 March 2013, the interest rate charged on outstanding balances ranged from 0.6% to 3.2% per annum (31 March 2012: 0.7% to 3.2% per annum) and the weighted average effective interest rate of the borrowings was approximately 0.8% (31 March 2012: 1.2%). Net interest income/expense is discussed in Note 19.

As of 31 March 2013, borrowings of subsidiary companies amounting to US$122.8 million (31 March 2012: US$152.8 million) were guaranteed by the Company. The Group has two key financial covenants as part of its various borrowing agreements. These covenants are the net debt outstanding compared to EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) test and a net worth (Total Equity) test. The Group was in compliance with all covenants as of 31 March 2013 and expects to remain compliant in future periods.

The carrying amounts of the borrowings (bank borrowings and other loans) were denominated in the following currencies:

	Group		Company	
	2013	2012	***2013***	*2012*
	US$'000	US$'000	***US$'000***	*US$'000*
US Dollar	**65,107**	129,235	**-**	*49,835*
Euro	**59,672**	76,127	**-**	-
ILS	**216**	-	**-**	-
Total borrowings	**124,995**	205,362	**-**	*49,835*

13. PROVISION OBLIGATIONS AND OTHER LIABILITIES

Group

	Retirement benefit obligations US$'000	Other pension costs US$'000	Finance lease liabilities US$'000	Restructuring US$'000	Legal and warranty US$'000	Long service payment and sundries US$'000	Total US$'000
As of 31 March 2011	25,753	1,249	6,845	13,788	35,682	2,051	85,368
Currency translations	(784)	(8)	(17)	(843)	(209)	(11)	(1,872)
Divestiture of non-core business	-	-	-	-	(356)	-	(356)
Provisions (Note 17)	3,446	3,742	21	11,774	8,403	553	27,939
Utilised	(6,615)	(3,408)	(729)	(4,164)	(8,610)	(20)	(23,546)
Actuarial losses recognised in equity	10,786	-	-	-	-	1,595	12,381
As of 31 March 2012	32,586	1,575	6,120	20,555	34,910	4,168	99,914
Current portion	-	348	702	17,867	11,456	-	30,373
Non-current portion	32,586	1,227	5,418	2,688	23,454	4,168	69,541
As of 31 March 2012	32,586	1,575	6,120	20,555	34,910	4,168	99,914
As of 31 March 2012	32,586	1,575	6,120	20,555	34,910	4,168	99,914
Currency translations	(1,253)	(8)	(2)	(713)	(616)	129	(2,463)
Divestiture of non-core business	(5,651)	(43)	-	-	4,928	-	(766)
Provisions (Note 17)	2,710	3,790	-	-	11,660	99	18,259
Utilised	(7,577)	(4,893)	(700)	(9,517)	(28,300) *	(107)	(51,094)
Actuarial losses/(gains) recognised in equity	2,463	-	-	-	-	(656)	1,807
As of 31 March 2013	**23,278**	**421**	**5,418**	**10,325**	**22,582**	**3,633**	**65,657**
Current portion	-	413	800	9,856	16,366	-	27,435
Non-current portion	23,278	8	4,618	469	6,216	3,633	38,222
As of 31 March 2013	**23,278**	**421**	**5,418**	**10,325**	**22,582**	**3,633**	**65,657**

* *The Group reached a settlement of US$20.0 million for product recall claims relating to its power cooling product line for parts produced in 2005 - 2006. The design of the application as well as the customer's system design were modified in 2007 - 2008 to remove the problem. This settlement occurred in November 2012.*

13. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

13.1 Retirement benefit plans and obligations

Defined benefit pension plans

The Group's defined benefit plans provide employees coverage related to old age pension, early retirement pension, disability pension, and widow's pension. Defined benefit plans are valued by independent external actuaries.

The Group's defined benefit plans provide pensions to employees after meeting certain age/service conditions. Pensions are based on specific pension rates applied to the employees' years of service and pensionable earnings.

The assets of funded plans are held independently of the Group's assets in separate trustee administered funds. The Group's major plans were valued by qualified actuaries using the projected unit credit method to account for the Group's pension accounting costs.

13.1.1 The amounts recognised as a net liability in the balance sheet were determined as follows:

	2013 US$'000	2012 US$'000
Present value of obligations that are funded	**(153,073)**	(185,449)
Present value of obligations that are unfunded	**(15,469)**	(13,007)
Gross present value of obligations (Note (a))	**(168,542)**	(198,456)
Less : Fair value of plan assets (Note (b))	**145,264**	165,870
Total retirement benefit obligations (net liability)	**(23,278)**	(32,586)

(a) Present value of defined benefit obligations

The movement in the present value of defined benefit obligations recognised in the balance sheet was as follows:

	2013 US$'000	2012 US$'000
At beginning of the year	**198,456**	180,993
Current service cost (Note 13.1.2)	**3,547**	4,045
Interest cost (Note 13.1.2)	**4,973**	5,951
Actuarial losses (Note 13.1.3)	**10,019**	9,764
Currency translations	**(10,111)**	928
Divestiture of non-core business	**(34,268)**	-
Contributions by plan participants	**4,409**	4,376
Benefits paid	**(8,346)**	(7,601)
Settlement	**(137)**	-
At end of the year (Note 13.1.1)	**168,542**	198,456

13. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

13.1 Retirement benefit plans and obligations *(Cont'd)*

Defined benefit pension plans *(Cont'd)*

13.1.1 (b) Fair value of plan assets

The movement in the fair value of plan assets for the year was as follows:

	2013 US$'000	2012 US$'000
At beginning of the year	**165,870**	155,240
Expected return on plan assets (Note 13.1.2)	**5,741**	6,551
Actuarial gains/(losses) (Note 13.1.3)	**7,556**	(1,022)
Currency translations	**(8,858)**	1,712
Divestiture of non-core business	**(28,617)**	-
Employer contributions	**6,314**	5,922
Employee contributions	**4,409**	4,376
Benefits paid	**(7,083)**	(6,909)
Settlement	**(68)**	-
At end of the year (Note 13.1.1)	**145,264**	165,870

The actual gains on plan assets were US$13.3 million (FY2011/12: US$5.5 million).

13.1.2 The amounts recognised in the income statement were as follows:

	2013 US$'000	2012 US$'000
Current service cost (Note 13.1.1.(a))	**3,547**	4,045
Interest cost (Note 13.1.1.(a))	**4,973**	5,951
Expected return on plan assets (Note 13.1.1.(b))	**(5,741)**	(6,551)
Past service cost	**(47)**	25
Gain on settlement	**(69)**	**-**
Expensed in income statement for pensions benefits included in staff costs	**2,663**	3,470

13.1.3 The amounts recognised through equity were as follows:

	2013 US$'000	2012 US$'000
Actuarial losses on obligations (Note 13.1.1.(a))	**(10,019)**	(9,764)
Actuarial gains/(losses) on plan assets (Note 13.1.1.(b))	**7,556**	(1,022)
Net actuarial losses	**(2,463)**	(10,786)
Deferred income tax effect (Note 14)	**658**	417
Total losses, included in equity	**(1,805)**	(10,369)

13. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

13.1 Retirement benefit plans and obligations *(Cont'd)*

Defined benefit pension plans *(Cont'd)*

Plan assets

The plan asset mix is established through consideration of many factors, including assumptions of tolerance for fluctuations in market values, portfolio diversification and the targeted long term rate of return for the assets. Foreign exchange risk is inherent in the asset mix policy and foreign currency fluctuations may significantly affect the return on the assets held by the trustees of the funds.

Over the past 8 years, the weighted average rate of return for the defined benefits pension plans was 3.6% per annum (FY2011/12: 2.7% per annum).

Plan assets comprised the following:

	2013		2012	
	US$'000	**Percentage**	US$'000	Percentage
Equities	**57,651**	**40%**	61,572	37%
Bonds	**53,815**	**37%**	64,628	39%
Property investment	**25,880**	**18%**	31,475	19%
Others	**7,918**	**5%**	8,195	5%
	145,264	**100%**	165,870	100%

Experience adjustments were as follows:

	2013	2012	2011	2010	2009
	US$'000	US$'000	US$'000	US$'000	US$'000
As of 31 March					
Present value of funded defined benefit obligations	**153,073**	185,449	168,349	135,303	114,112
Less: Fair value of plan assets	**(145,264)**	(165,870)	(155,240)	(131,220)	(103,907)
Deficit in funded plan	**7,809**	19,579	13,109	4,083	10,205
Present value of unfunded defined benefit obligations	**15,469**	13,007	12,644	18,385	22,059
Total deficit	**23,278**	32,586	25,753	22,468	32,264
(Gains)/losses in period related to:					
Experience adjustments on plan liabilities	**(4,128)**	862	(289)	2,073	926
Experience adjustments on plan assets	**(2,808)**	337	2,827	(2)	41

13. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

13.1 Retirement benefit plans and obligations *(Cont'd)*

Defined benefit pension plans *(Cont'd)*

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as of the balance sheet date. Expected returns on equity and property investments reflect long term real rates of return experienced in the respective markets where these assets are based.

The Group will make contributions of US$4.9 million to post-employment benefit plans for the year ending 31 March 2014.

The principal actuarial assumptions used were as follows:

	2013 Percentage	2012 Percentage
Discount rate	**2% - 5%**	2% - 5%
Expected return on plan assets	**4% - 5%**	4% - 5%
Future salary increases	**0% - 4%**	0% - 3%
Future pension increases	**0% - 3%**	0% - 3%

Excluding the divestiture of non-core business, the increase in the present value of funded defined benefit obligations was primarily due to a decrease in the discount rate:

	2013	2012
Switzerland	**2.1%**	2.3%
United Kingdom	**4.7%**	4.5%
Germany	**3.8%**	4.7%

The most significant driver of present value of the defined benefit obligations is the discount rate. As of 31 March 2013, a 0.5% increase in the discount rate would reduce the present value of defined benefit obligations by 7%.

13. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

13.1 Retirement benefit plans and obligations *(Cont'd)*

Defined benefit pension plans *(Cont'd)*

Mortality rates

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in each territory.

The life expectancy in years of a pensioner retiring at the age of 65 on the balance sheet date was as follows:

	2013	2012
Male	**20.7**	19.5
Female	**24.5**	22.9

13.2 Pensions – Defined contribution plans

The largest defined contribution schemes are in Hong Kong and the Group operates two defined contribution schemes which comply with all the respective requirements under the Occupational Retirement Schemes Ordinance ("ORSO") and the Mandatory Provident Fund ("MPF") Ordinance. All the assets under the schemes are held separately from the Group under independently administered funds. Contributions to the MPF Scheme follow the MPF Ordinance while contributions made by the employer to the ORSO Scheme range between 5% and 12% of basic salary depending on level and years of service.

Contributions are charged to the income statement as incurred and may be reduced by contributions forfeited from those employees who leave the ORSO scheme prior to the contributions fully vesting. As of 31 March 2013, the balance of the forfeited contributions was US$1.2 million (31 March 2012: US$1.2 million).

The Group also operates other defined contribution retirement schemes which are available to certain employees in the United States of America, PRC, United Kingdom and France.

13. PROVISION OBLIGATIONS AND OTHER LIABILITIES *(Cont'd)*

13.3 Finance lease liabilities

Property, plant and equipment included the following amounts held under finance leases:

	2013 US$'000	2012 US$'000
Cost – capitalised finance leases	**10,658**	10,780
Accumulated depreciation and impairment	**(7,667)**	(7,401)
Net book amount	**2,991**	3,379

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Gross finance lease obligation – minimum lease payments:

	2013 US$'000	2012 US$'000
Less than 1 year	**1,392**	1,377
1 - 5 years	**5,600**	5,592
Over 5 years	**262**	1,662
	7,254	8,631
Future finance charges on finance leases	**(1,836)**	(2,511)
Present value of finance lease liabilities	**5,418**	6,120

The present value of finance lease liabilities was as follows:

	2013 US$'000	2012 US$'000
Less than 1 year	**800**	702
1 - 5 years	**4,360**	3,872
Over 5 years	**258**	1,546
	5,418	6,120

14. DEFERRED INCOME TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Income tax expense is discussed in Note 20.

The following amounts, determined after appropriate offsetting within a tax return, are shown in the consolidated balance sheet:

	2013 **US$'000**	2012 US$'000
Deferred income tax assets	**35,694**	37,726
Deferred income tax liabilities	**(64,663)**	(78,192)
Deferred income tax liabilities, net	**(28,969)**	(40,466)

The gross differences between book and tax accounting, before netting were as follows:

	2013 **US$'000**	2012 US$'000
Gross deferred income tax assets	**46,422**	48,415
Gross deferred income tax liabilities	**(75,391)**	(88,881)
Deferred income tax liabilities, net	**(28,969)**	(40,466)

The details of the change in components of book and tax accounting differences are shown in the next section.

14. DEFERRED INCOME TAX *(Cont'd)*

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accrued liabilities		Accelerated tax depreciation		Tax losses		Fair value gains/(losses)		Others		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Deferred income tax assets												
At beginning of the year	**18,180**	12,441	**1,254**	1,481	**18,411**	20,304	**649**	1,211	**9,921**	13,803	**48,415**	49,240
Currency translations	**(386)**	(131)	**1**	(43)	**(67)**	(37)	**-**	56	**(329)**	(74)	**(781)**	(229)
Divestiture of non-core business	**-**	(89)	**-**	-	**-**	-	**-**	-	**(1,173)**	-	**(1,173)**	(89)
Credited/(charged) to income statement	**(5,514)**	5,951	**1,056**	(184)	**2,917**	(1,230)	**-**	(1,260)	**1,181**	(1,381)	**(360)**	1,896
Impairment of deferred income tax assets (Note 20)	**(223)**	-	**-**	-	**(24)**	(626)	**-**	-	**-**	(2,836)	**(247)**	(3,462)
Credited/(charged) to equity	**(24)**	8	**-**	-	**-**	-	**(175)**	642	**767**	409	**568**	1,059
Assets at end of the year	**12,033**	18,180	**2,311**	1,254	**21,237**	18,411	**474**	649	**10,367**	9,921	**46,422**	48,415
Deferred income tax (liabilities)												
At beginning of the year	**(6,487)**	(2,383)	**(14,448)**	(15,410)	**-**	-	**(59,241)**	(63,804)	**(8,705)**	(9,846)	**(88,881)**	(91,443)
Currency translations	**284**	73	**199**	(121)	**-**	-	**2,699**	(1,131)	**6**	(25)	**3,188**	(1,204)
Divestiture of non-core business	**477**	-	**-**	-	**-**	-	**-**	-	**-**	-	**477**	-
Credited/(charged) to income statement	**131**	(4,177)	**3,377**	1,083	**-**	-	**13,350**	5,964	**(1,216)**	1,166	**15,642**	4,036
(Charged) to equity	**-**	-	**-**	-	**-**	-	**(5,816)**	(270)	**(1)**	-	**(5,817)**	(270)
(Liabilities) at end of year	**(5,595)**	(6,487)	**(10,872)**	(14,448)	**-**	-	**(49,008)**	(59,241)	**(9,916)**	(8,705)	**(75,391)**	(88,881)
Deferred income tax assets/ (liabilities), net	**6,438**	11,693	**(8,561)**	(13,194)	**21,237**	18,411	**(48,534)**	(58,592)	**451**	1,216	**(28,969)**	(40,466)

Deferred income tax liabilities of US$12.8 million (FY2011/12: US$7.7 million) have not been recognised in respect of the tax payable upon the distribution of these undistributed profits as the Company controls the dividend policy of its subsidiaries and it has been determined that these undistributed profits will not be distributed in the foreseeable future.

14. DEFERRED INCOME TAX *(Cont'd)*

The movement table describes component parts of the deferred income tax assets and liabilities which are shown on the Balance Sheet.

Accrued liabilities:
Certain tax authorities do not allow accounting accrued liabilities as deductions against current taxable profit, which gives rise to a different basis for calculating accounting and taxable profit.

Accelerated tax depreciation:
This represents the difference between the rate of depreciation which is charged against accounting profit and the accelerated rate of depreciation which is charged against taxable profit.

Tax losses:
This represents the value of current losses which can be offset against future profits to reduce future taxation charges. As of 31 March 2013, the Group's US subsidiaries have net operating losses carried forward of US$52.6 million (31 March 2012: US$44.6 million) to offset future taxable income.

Fair value gains/(losses):
The extent to which a change in value resulting from the reassessment of an asset's carrying value is not treated as current year taxable income.

Others:
These represent all other differences between the bases of valuation of assets and liabilities for accounting and taxation purposes which give rise to a difference in accounting and taxable profit.

The recoverability of the deferred tax assets and liabilities is as follows:

	2013 US$'000	2012 US$'000
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than twelve months	**34,567**	36,658
Deferred income tax assets to be recovered within twelve months	**11,855**	11,757
Deferred income tax assets	**46,422**	48,415
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than twelve months	**(68,413)**	(82,295)
Deferred income tax liabilities to be settled within twelve months	**(6,978)**	(6,586)
Deferred income tax liabilities	**(75,391)**	(88,881)
Deferred income tax liabilities, net	**(28,969)**	(40,466)

14. DEFERRED INCOME TAX *(Cont'd)*

The movement on the deferred income tax account, net is as follows:

	2013 US$'000	2012 US$'000
At beginning of the year, net (liability)	**(40,466)**	(42,203)
Currency translations	**2,407**	(1,433)
Divestiture of non-core business	**(696)**	(89)
Transfer to income statement (Note 20)	**15,282**	5,932
Impairment of deferred income tax assets (Note 20)	**(247)**	(3,462)
(Charged)/credited to equity - other reserves	**(5,249)**	789
At end of the year, net (liability)	**(28,969)**	(40,466)

The deferred income tax (charged)/credited to equity during the year was as follows:

	2013 US$'000	2012 US$'000
Net fair value gains of hedging instruments	**(5,065)**	372
Actuarial losses of long service payment	**76**	-
Actuarial losses of defined benefit plans (Note 13.1.3)	**658**	417
Revaluation gains on transfer of property, plant and equipment to investment property	**(918)**	-
	(5,249)	789

Deferred income tax assets are recognised for tax losses carried forward to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

The Group did not recognise deferred income tax assets in respect of cumulative tax losses amounting to US$101.9 million (FY2011/12: US$115.9 million) that can be carried forward against future taxable income.

14. DEFERRED INCOME TAX *(Cont'd)*

The movement on the Group's unrecognised tax losses for FY2012/13 and FY2011/12 is presented below:

	2013 **US$'000**	2012 US$'000
At beginning of the year	**115,890**	125,565
Currency translations	**(3,699)**	(3,327)
(Utilised)/addition during the year	**(9,970)**	5,172
Reductions for tax positions of prior years	**(56)**	(274)
Liquidation, divestiture and other reductions	**(232)**	(11,246)
At end of the year	**101,933**	115,890

The ageing of unrecognised tax losses by their expiry dates was as follows:

	2013 **US$'000**	2012 US$'000
Less than 1 year	**2,397**	1,559
1-2 years	**833**	1,352
3-5 years	**1,316**	410
5-20 years	**54,803**	57,834
Unlimited	**42,584**	54,735
	101,933	115,890

Deferred income tax assets have also not been recognised with respect to other deductible temporary differences amounting to US$5.2 million (FY2011/12: US$6.7 million), for which no taxable profit is probable to be available to offset the deductible temporary difference.

The Company files income tax returns in Hong Kong and its subsidiaries file income tax returns in Hong Kong or various foreign jurisdictions.

The Company and/or its subsidiaries are no longer subject to income tax examinations by tax authorities in its major tax jurisdictions as follows:

	Years no longer subject to standard audit
Hong Kong	Fiscal year 2006 and prior
China	2007 and prior
U.S. Federal	Fiscal year 2009 and prior
Switzerland	Fiscal year 2010 and prior
Germany	2002 and prior
Italy	Fiscal year 2007 and prior
Hungary	2005 and prior

15. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (thousands)		
	Ordinary shares	Shares held for the Share Scheme	Total
As of 31 March 2011	3,673,789	(26,171)	3,647,618
Repurchase and cancellation of issued capital	(60,848)	-	(60,848)
Shares purchased by trustee for the Long-Term Incentive Share Scheme ("Share Scheme")	-	(5,499)	(5,499)
Shares vested to employees and Independent Non-Executive Directors ("INED") for the Share Scheme	-	2,480	2,480
As of 31 March 2012	3,612,941	(29,190)	3,583,751
Repurchase and cancellation of issued capital	(31,185)	-	(31,185)
Shares vested to employees and INED for the Share Scheme	-	1,636	1,636
As of 31 March 2013	**3,581,756**	**(27,554)**	**3,554,202**

	Ordinary shares US$'000	Shares held for the Share Scheme US$'000	Share premium US$'000	Total US$'000
As of 31 March 2011	5,925	(13,454)	77,499	69,970
Repurchase and cancellation of issued capital	(98)	-	(31,786)	(31,884)
Shares purchased by trustee for the Share Scheme	-	(2,623)	-	(2,623)
Shares vested to employees and INED for the Share Scheme	-	1,336	(377)	959
As of 31 March 2012	5,827	(14,741)	45,336	36,422
Repurchase and cancellation of issued capital	(50)	-	(19,823)	(19,873)
Shares vested to employees and INED for the Share Scheme	-	892	(80)	812
As of 31 March 2013	**5,777**	**(13,849)**	**25,433**	**17,361**

As of 31 March 2013, the total authorised number of ordinary shares was 7,040.0 million (31 March 2012: 7,040.0 million) with a par value of HK$0.0125 per share (31 March 2012: HK$0.0125 per share). All issued shares were fully paid.

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

Cancellation of issued capital

A general mandate was approved and given to the Board by shareholders at the Company's Annual General Meeting held on 11 July 2012 empowering the Board to repurchase shares up to 10% (360.7 million shares) of the aggregate nominal amount of the issued share capital of the Company. This mandate which had also existed the previous year and was extended to the next 12 month period. 31.2 million shares have been repurchased and cancelled at a total cost including brokerage and cancellation fees of US$19.9 million (HK$154.1 million) in FY2012/13 (FY2011/12: 60.8 million shares at a total cost of US$31.9 million).

Long-Term Incentive Share Scheme

Share awards under the Long-Term Incentive Share Scheme ("Share Scheme") were granted to directors, senior management and other employees as recommended by the Chairman and Chief Executive and approved by the Remuneration Committee of the Company.

The Share Scheme was initially approved by the shareholders on 26 July 1999 and expired on 31 July 2009. This scheme was replaced by a new Long-Term Incentive Share Scheme approved by the shareholders on 24 August 2009. The Share Scheme was further amended, with its amendments being approved by the shareholders, on 20 July 2011. The directors may grant shares to such eligible employees and directors as the directors may select in their absolute discretion under the Share Scheme.

Senior management of the Company regularly receive annual grants of time-vested units (Restricted Stock Units or RSUs) and performance-vested units (Performance Stock Units or PSUs). Time-vested units vest after three years. Performance-vested units vest after three years, subject to achievement of the performance conditions over the three-year vesting period. The performance conditions consist of a combination of a three-year cumulative earnings per share target set at the time of grant and a series of one-year earnings per share targets set at the beginning of each year of the three-year vesting period. The full vesting of performance-vested units is subject to achievement of the three-year cumulative earnings per share target; partial vesting occurs if one or more of the one-year earnings per share targets are met.

Prior to April 2010, the Company only granted time-vested units (RSUs), with 20% of the grant vesting each year for the five years following the date of the grant.

The Company makes grants of time-vested units to key staff below the senior management level. These are subject to a three-year vesting period.

Once vested, the directors have the discretion to deliver either shares or the cash equivalent of the vested shares to eligible employees.

The Company makes annual grants of fully-vested shares to the Independent Non-Executive Directors ("INED"). The shares granted must be held by each director for the remainder of the board term in which the grant was made. Each year, the Company grants each of the INED shares equivalent in value to US$6,000.

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

Movements in the number of unvested shares granted were as follows:

	Number of unvested shares granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
Unvested shares granted, as of 31 March 2011	8,035	2,150	10,185
Shares granted to employees and INED during the year	3,751	4,430	8,181
Shares vested to employees and INED during the year	(2,480)	-	(2,480)
Forfeited during the year	(825)	(670)	(1,495)
Unvested shares granted, as of 31 March 2012	8,481	5,910	14,391
Shares granted to employees and INED during the year	6,015	6,100	12,115
Shares vested to employees and INED during the year	(1,636)	-	(1,636)
Forfeited during the year	(275)	(310)	(585)
Unvested shares granted, as of 31 March 2013	**12,585**	**11,700**	**24,285**

The weighted average fair value of the unvested shares granted during the year was HK$4.85.

As of 31 March 2013, the number of unvested shares to be vested in the next three financial years is as follows:

	Number of unvested shares granted (thousands)		
Vesting period	Restricted Stock Units	Performance Stock Units	Total
FY2013/14	3,275	1,900	5,175
FY2014/15	3,505	3,870	7,375
FY2015/16	5,805	5,930	11,735
Total unvested shares to be vested	**12,585**	**11,700**	**24,285**

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

Share Options

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

Under the Scheme, the Company granted options to purchase the Company's shares at the subscription price which was set at the higher of the closing price on the date of the grant and the average closing price for the five trading days immediately preceding the date of the offer of grant. No option may be exercised more than 10 years after it has been granted.

As of 31 March 2013, share options granted to employees under the Scheme were as follows:

Held at 31/03/2012	Options lapsed during the year	Held at 31/03/2013	Subscription price per share (HK$)	Date of grant	Exercisable from	Exercisable until
350,000	(350,000)	-	8.02	17/09/2002	01/08/2004	16/09/2012
350,000	(350,000)	-	8.02	17/09/2002	01/08/2005	16/09/2012
262,500	-	262,500	9.65	31/07/2003	01/07/2005	30/07/2013
262,500	-	262,500	9.65	31/07/2003	01/07/2006	30/07/2013
100,000	-	100,000	7.40	28/12/2004	01/01/2007	27/12/2014
100,000	-	100,000	7.40	28/12/2004	01/01/2008	27/12/2014
1,425,000	(700,000)	725,000				

No share option was granted or exercised in FY2012/13 (FY2011/12: nil).

The fair value of the options was determined using binomial valuation method at the date of grant; no subsequent revaluation at the year end is required. The significant inputs into the model were dividend yield of 1.5%, sub optimal early exercise factor of 1.5, withdrawal rate of 5% post the vesting period, volatility of 40% and the risk-free rate which varied depending on the grant date.

The aggregate fair value of the options as of 31 March 2013 was US$0.3 million (31 March 2012: US$0.3 million).

There was no profit and loss impact relating to the Scheme in FY2012/13 (FY2011/12: nil).

16. OTHER INCOME AND GAINS, NET

	2013 **US$'000**	2012 US$'000
Gross rental income from investment property (Note 4)	**4,125**	4,232
Losses on investments, net (Note 4)	**(282)**	(207)
Gain on divestiture of non-core business, net (Note 4, 24 & 26)	**20,404**	-
Loss on disposal of a property based subsidiary (Note 4 & 24)	**(1,602)**	-
Gains on disposal of property, plant and equipment and investment property (Note 4 & 24)	**1,536**	1,586
Fair value gains on investment property (Note 4, 6 & 24)	**3,974**	12,269
Fair value gains on other financial assets/liabilities (Note 4)	**215**	429
	28,370	18,309

17. SELLING AND ADMINISTRATIVE EXPENSES

	2013 **US$'000**	2012 US$'000
Selling expenses	**113,714**	112,479
Administrative expenses	**273,260**	258,714
Legal and warranty (Note 13)	**11,660**	8,403
Net exchange gains on revaluation of monetary assets and liabilities (Note 18)	**(5,465)**	(10,959)
	393,169	368,637

Note: Selling and administrative expenses included operating lease payments for the year of US$7.0 million (FY2011/12: US$6.5 million).

18. EXPENSES BY NATURE

Operating profit is stated after crediting and charging the following:

	2013 US$'000	2012 US$'000
Depreciation		
Depreciation of property, plant and equipment (Note 5)	**68,735**	68,355
Less: amounts capitalised in assets under construction	**(350)**	(384)
	68,385	67,971
Employee compensation	**506,651**	479,907
Less: amounts capitalised in assets under construction	**(3,260)**	(2,450)
	503,391	477,457
Impairment of property, plant and equipment and intangibles (excluding the divestiture of non-core business)		
– Relating to restructuring	**-**	850
– Included in selling and administrative expenses and cost of goods sold	**1,733**	1,439
	1,733	2,289
Other items:		
Cost of goods sold*	**1,481,975**	1,556,337
Auditors' remuneration**	**2,300**	1,661
Amortisation of land use rights (Note 7)	**261**	390
Amortisation of intangible assets (Note 8)	**22,233**	24,555
Net exchange gains on revaluation of monetary assets and liabilities (Note 17)	**(5,465)**	(10,959)
Impairment of trade receivables / bad debt expense (Note 10)	**1,486**	26
Unused amounts of impairment of trade receivables reversed against bad debt expense (Note 10)	**(331)**	(245)

* *Cost of goods sold comprised materials, direct labour costs (including their social costs) and production overheads including operating lease payments of US$15.7 million (FY2011/12: US$17.2 million).*

** *FY2011/12 excluded US$0.5 million of contracted fees for work to be performed subsequent to 31 March.*

19. FINANCE (INCOME)/COSTS, NET

	2013 US$'000	2012 US$'000
Interest expense on borrowings wholly repayable within five years and overdrafts	**2,693**	6,847
Interest expense on borrowings wholly repayable later than five years	**5**	11
Interest income	**(7,464)**	(5,794)
Net interest (income)/expense on borrowings and overdrafts (Note 24)	**(4,766)**	1,064

See Note 12 for a discussion on Borrowings.

20. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (FY2011/12: 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 FY2012/13 was 9.7% (FY2011/12: 14.3%).

	2013 US$'000	2012 US$'000
Current income tax		
Hong Kong profits tax	**10,985**	11,997
Overseas taxation	**24,451**	21,345
Under provision in prior years	**712**	746
	36,148	34,088
Deferred income tax (Note 14)	**(15,282)** *	(5,932)
Impairment of deferred income tax assets (Note 14)	**247**	3,462
Total income tax expense	**21,113**	31,618
Effective tax rate	**9.7%**	14.3%

* *The deferred income tax of US$15.3 million represents the release of deferred tax liabilities in relation to the divestiture of Saia-Burgess Controls business of US$8.0 million, amortisation of intangibles of US$5.4 million and the reversal of other timing differences of US$1.9 million.*

The effective tax rate of the Group of 9.7% differed from the statutory tax rate of Hong Kong of 16.5% as follows:

	2013	2012	**2013 US$'000**	2012 US$'000
Profit before income tax			**218,005**	220,509
Tax charged at Hong Kong profits tax rate	**16.5%**	16.5%	**35,971**	36,384
Effect of different tax rates in other countries				
– Countries with taxable profit	**0.6%**	2.3%	**1,332**	5,023
– Countries with loss	**(2.2)%**	(1.8)%	**(4,790)**	(3,854)
Income, net of expenses not subject to tax	**(3.9)%**	(6.1)%	**(8,496)**	(13,413)
Under/(over) provisions in prior years	**0.2%**	(0.1)%	**488**	(289)
Tax losses and other timing differences not recognised as an asset and other tax, net of (utilisation)	**(1.6)%**	2.0%	**(3,639)**	4,305
Impairment of deferred income tax assets	**0.1%**	1.5%	**247**	3,462
	9.7%	14.3%	**21,113**	31,618

The effective tax rate for FY2012/13 excluding the tax effect of the divestitures was 12.5%.

See Note 14 for a discussion of deferred income tax assets and liabilities.

21. DIVIDENDS

	2013 US$'000	2012 US$'000
Interim, of 0.38 US Cents (3 HK Cents) per share, paid in January (FY2011/12: 0.38 US Cents or 3 HK Cents)	**13,771**	13,807
Final, proposed, of 1.03 US Cents (8 HK Cents) per share, to be paid in July (FY2011/12: 0.90 US Cents or 7 HK Cents)	**36,625**	32,311
	50,396	46,118

Total dividend per share for the year is 11 HK Cents (FY2011/12: 10 HK Cents).

At a meeting held on 16 May 2013 the directors recommended a final dividend of 1.03 US Cents (8 HK Cents) per share to be paid out in July 2013. The recommended final dividend will be reflected as an appropriation of retained earnings for FY2013/14.

22. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share was calculated by dividing the profit attributable to owners by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held for the Long-Term Incentive Share Scheme.

	2013	2012
Profit attributable to owners (thousands US Dollar)	**191,321**	186,700
Weighted average number of ordinary shares in issue (thousands)	**3,571,644**	3,614,874
Basic earnings per share (US Cents per share)	**5.36**	5.16
Basic earnings per share (HK Cents per share)	**41.55**	40.17

22. EARNINGS PER SHARE *(Cont'd)*

Diluted earnings per share

Diluted EPS was calculated by adjusting the weighted average number of ordinary shares as per basic EPS, to include the weighted average number of all the dilutive potential ordinary shares.

	2013	2012
Weighted average number of ordinary shares issued and outstanding (thousands)	**3,571,644**	3,614,874
Adjustments for restricted shares granted:		
– Share Scheme (Time vesting)	**12,585**	8,481
– Share Scheme (Performance earned)	**5,318**	1,953
Weighted average number of ordinary shares (diluted) (thousands)	**3,589,547**	3,625,308
Diluted earnings per share (US Cents per share)	**5.33**	5.15
Diluted earnings per share (HK Cents per share)	**41.34**	40.05

23. COMMITMENTS

23.1 Capital commitments

Group	**2013 US$'000**	2012 US$'000
Capital commitments for property, plant and equipment		
Authorised but not contracted for *	**22,500**	24,658
Contracted but not yet accrued	**6,749**	9,568
	29,249	34,226

** As of the balance sheet date, capital commitment authorised but not contracted for represented the management's budget for the coming quarter.*

The Company did not have capital commitments as of 31 March 2013 (31 March 2012: nil).

23. COMMITMENTS *(Cont'd)*

23.2 Operating lease commitments

(i) As of 31 March 2013, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2013		2012	
	Land and buildings US$'000	**Others US$'000**	Land and buildings US$'000	Others US$'000
Less than 1 year	**17,534**	**1,269**	16,521	1,580
1 - 5 years	**55,411**	**1,445**	58,386	2,532
Over 5 years	**26,044**	**-**	34,360	-
	98,989	**2,714**	109,267	4,112

(ii) As of 31 March 2013, the Group had future aggregate minimum lease rental receivable under non-cancellable operating leases on land and buildings as follows:

	2013 US$'000	2012 US$'000
Less than 1 year	**2,326**	2,963
1 - 5 years	**3,680**	1,624
Over 5 years	**7,843**	-
	13,849	4,587

The Company did not have any operating lease commitments as of 31 March 2013 (31 March 2012: nil).

24. CASH GENERATED FROM OPERATIONS

	2013	2012
	US$'000	US$'000
Profit before income tax	**218,005**	220,509
Add: Depreciation of property, plant and equipment and amortisation of land use rights	**68,646**	68,361
Amortisation of intangible assets	**22,233**	24,555
Finance (income)/cost, net (Note 19)	**(4,766)**	1,064
Associate dividend receipts less share of profits	**150**	(171)
EBITDA*	**304,268**	314,318
Other non-cash items and adjustments		
Gain on divestiture of non-core business, net (Note 4, 16 & 26)	**(20,404)**	-
Loss on disposal of a property based subsidiary (Note 4 & 16)	**1,602**	-
Gains on disposal of property, plant and equipment and investment property (Note 4 & 16)	**(1,536)**	(1,586)
Provision for impairment on property, plant and equipment and intangibles	**1,733**	2,289
Insourcing of a European distribution channel	**-**	3,732
Net realised and unrealised (gains)/losses on disposals of other financial assets at fair value through profit and loss	**(57)**	223
Share-based compensation	**4,694**	2,112
Fair value gains on investment property (Note 4, 6 & 16)	**(3,974)**	(12,269)
Net realised losses on available-for-sale financial assets	**152**	255
	(17,790)	(5,244)
EBITDA* net of other non-cash items and adjustments	**286,478**	309,074
Change in working capital		
Insourcing of a European distribution channel	**(49,462)**	-
Decrease in inventories	**39,835**	7,267
Increase in trade and other receivables	**(28,410)**	(1,221)
Decrease/(increase) in non-current deposits	**1,258**	(299)
Decrease in trade and other payables	**(18,206)**	(45,584)
(Decrease)/increase in provision obligations and other liabilities	**(31,769)**	3,327
Increase in net financial assets	**(452)**	(5,914)
	(87,206)	(42,424)
Cash generated from operations	**199,272**	266,650

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

24. CASH GENERATED FROM OPERATIONS *(Cont'd)*

In the cash flow statement, proceeds from disposal of property, plant and equipment, investment property and a property based subsidiary comprises:

	2013 **US$'000**	2012 US$'000
Net book amount	**21,861**	16,770
Gains on disposal of property, plant and equipment and investment property (Note 4 & 16)	**1,536**	1,586
Loss on disposal of a property based subsidiary (Note 4 & 16)	**(1,602)**	-
Less: receivable from disposal of property	**(2,083)**	-
Proceeds from disposal of property, plant and equipment, investment property and a property based subsidiary	**19,712**	18,356

25. BUSINESS COMBINATION

On 2 July 2012, the Group entered into an agreement with Dialight Europe Limited to acquire certain assets, to expand the market share in the smart meter segment for electric utilities.

The aggregate revenue and net profit contributed by this acquisition are insignificant to the Group's results for the year. The acquisition does not have any significant impact to the Group's revenue and profit for the year if it had occurred on 1 April 2012.

The following table summarises the consideration paid for the fair value of the assets.

	2013 **US$'000**
Consideration	**11,098**

	Provisional fair value **US$'000**
Assets acquired	
Intangibles (Note 8)	**7,000**
Inventories	**4,098**
Total identifiable net assets	**11,098**
Goodwill	**-**
	11,098

The above does not include US$1 million contingent consideration, which is considered unlikely based on management's current assessment on future performance.

The purchase price allocations for this acquisition are preliminary. Adjustments to the allocations may occur as a result of obtaining more information on the asset valuations.

26. PROCEEDS FROM DIVESTITURE OF NON-CORE BUSINESSES

On 24 October 2012, the Group entered into a conditional shares and asset purchase agreement to sell the Saia-Burgess Controls business to Honeywell International, Inc. Completion occurred on 1 February 2013 as all conditions precedent set out in the agreement were satisfied.

Details of net assets of divested non-core businesses at date of disposal are set out below:

	2013 US$'000
Saia-Burgess Controls:	
Gross consideration received	133,897
Adjustment to consideration	(5,072)
Net consideration	128,825
Aggregate net assets disposed:	
Property, plant and equipment (Note 5)	(4,358)
Goodwill and intangibles (Note 8)	(91,009)
Inventory	(9,692)
Trade and other receivables	(13,115)
Exchange reserve	23,441
Others	8,988
	(85,745)
Disposal gain on divestiture of non-core business	43,080
Less: transactions costs	(3,554)
Net disposal gain on divestiture of non-core business	39,526
Less: impairment of property and other costs	(19,122)
Total pre-tax gain in relation to divestiture of non-core business, impairments and other costs (Note 4, 16 & 24)	**20,404**
Income taxes - benefit from release of liability assigned to intangibles, net of tax expense on the disposal gain	4,209
Net gain after-tax	24,613
Analysis of net inflow of cash and cash equivalents directly attributable to divestiture of non-core businesses:	
Gross consideration received	133,897
Less: cash and cash equivalents divested	(885)
Gross proceeds from divestiture of Saia-Burgess Controls, net of cash divested	**133,012**
Proceeds from divestiture of other non-core business, net of cash divested	**4,755**
Combined proceeds	**137,767**

Post-closing adjustments for the divestiture of Saia-Burgess Controls will result in cash outlays in FY2013/14. For the period 1 April through 16 May 2013, cash outlays were about US$5.5 million.

LETTER TO SHAREHOLDERS

Johnson Electric achieved satisfactory results in the financial year 2012/13. Overall sales and profit levels were broadly flat compared to the prior year reflecting the combination of mixed economic conditions in the markets where the Group operates, foreign exchange rate fluctuations, and the divestiture of a non-core business unit.

Beneath the stable headline results, Johnson Electric continued to make sustained progress in reshaping its business model to compete successfully in an unpredictable and currently difficult world economy. Our business strategy is focused on ensuring that we invest our sales and engineering resources in motion product applications with favourable long term growth prospects. Our pipeline of innovative and differentiated new products is stronger than ever. Our manufacturing footprint continues to evolve into the most global and flexible in our industry. And our on-going initiatives to eliminate waste, improve quality and enhance the effectiveness of our operations remain critical foundations upon which Johnson Electric seeks to create value over time.

Highlights of 2012/13 Results

- For the financial year ended 31 March 2013, total sales amounted to US$2,060 million – a decrease of 4% compared to the prior financial year. Excluding the effects of divestitures of non-core businesses and foreign currency changes, underlying sales increased by 1%
- Gross profit margins increased to 28.0% from 27.3% in the prior year
- EBITDA totalled US$304 million – down 3%
- Operating profits including the gain associated with the divestiture of a non-core business and other non-recurring items were US$213 million, a decrease of 4% compared to the prior year
- Operating profits excluding divestitures and non-recurring items were US$188 million or 9.1% of sales
- Net profit attributable to shareholders increased to a record US$191 million, an increase of 2.5%
- Earnings per share increased by 3.9% to 5.36 US cents
- The Group's gearing level remained low with a debt to total capital ratio declining from 12% to 7%. At financial year end, the Group had total borrowings of US$125 million and total cash reserves of US$481 million

Dividends and Share Repurchases

The Board has recommended increasing the final dividend to 8 HK cents (1.03 US cents) per share, which together with the interim dividend of 3 HK cents (0.38 US cents) per share, represents a total dividend of 11 HK cents (1.41 US cents) per share – a 10% increase in total dividends for the year.

The Company repurchased and cancelled 31.2 million of its ordinary shares during the course of the year at a total cost of US$19.9 million.

Sales Performance

The 4% decrease in total sales to US$2,060 million reflected the combination of higher sales to automotive customers, weaker demand from industrial customers and the effects of foreign exchange rate movements and divestitures of non-core businesses. Assuming constant exchange rates and excluding the one-time effects of divestitures, Johnson Electric's underlying sales increased by 1%.

The Automotive Products Group ("APG"), the largest operating division, achieved sales of US$1,304 million – an increase of 2% compared to a year earlier. In constant currency terms, APG's sales increased by 6% with all major geographic regions delivering positive results.

In the US, the automotive market has continued on its path to recovery with consumers feeling more confident about replacing ageing vehicles in a gradually improving economy and manufacturers providing a range of sales incentives to stimulate demand. This contrasts with the situation in Europe where several depressed economies and record levels of unemployment is resulting in new car sales collapsing to levels last seen twenty years ago. Against this very difficult backdrop, Johnson Electric sales to European customers actually increased by 5% in constant currency terms as we continue to win business by providing innovative technology solutions to the functional requirements most critical to automotive OEMs today: better fuel economy, reduced emissions, greater comfort, and higher safety. APG also performed well in Asia, where we benefited from our strong market position in China and from increasing sales in South Korea and India.

The Industry Products Group ("IPG") had a more difficult year with sales down 9% (8% in constant currency terms) to US$686 million. Each of the three main geographic regions experienced a decrease in sales. In part this reflected generally subdued economic conditions and poor consumer sentiment in many end markets in Europe and North America. In addition, we have sought to maintain pricing discipline and have been prepared to exit from selected lower margin product applications that do not meet our profitability criteria.

As we have noted in previous reports, IPG is undergoing a significant evolution in its product application and go-to-market strategies. Fundamentally, we are shifting the focus of IPG towards serving distinct market applications which demand the type of precision motor and motion subsystem solutions that Johnson Electric is uniquely placed to deliver.

Underpinning this strategy is a robust pipeline of new products that variously address market needs for energy efficiency, precision and improved functionality. One example of this approach is a recently launched platform of disconnect relays designed for residential electricity meters. This patent-protected technology delivers a safe and highly durable disconnect function to "smart" meters that enables utility operators to manage customer connections remotely and more efficiently.

Improved Gross Margins

The main factors affecting the cost base of the business were lower raw material expenditure over the course of the year, further increases in wage rates in China (exacerbated by the strengthening of the RMB against the US Dollar), and on-going initiatives to both improve operational efficiency and invest in people and processes to support the long-term development of the Group.

Rising labour rates in China have been a particularly strong headwind for the Group to cope with over the past several years. In response, considerable effort has been made to redesign assembly processes and increase the levels of automation in our operations. This has resulted in significant productivity gains that helped to underpin an improvement in gross profit margins to 28.0% of sales (compared to 27.3% in FY2011/12).

During the year, Johnson Electric completed the divestiture of a non-core business unit manufacturing programmable logic controllers for a gross cash consideration of Euro 100 million and recorded an after-tax gain on the sale of nearly US$25 million. The effect of this disposal, combined with other income, charges and non-recurring items that varied on a year-on-year basis, as well as increased selling and administrative expenses, was that operating profits decreased to US$213 million (compared to US$221 million in FY2011/12). Excluding divestitures and other non-recurring items, operating profits were US$188 million or 9.1% of sales.

Investments to Strengthen Operating Footprint and Technology Offering

The key goals of Johnson Electric's manufacturing strategy are to be global, flexible and cost competitive. In doing so, we aim to support our customers by being close to where they are operating and being able to ensure fast, reliable supplies and highly responsive levels of service.

To execute this strategy, the Group is progressively building out its operating footprint in the three main geographic regions of Asia, the Americas and Europe. In Asia, we have expanded production in our plant in Beihai, Guangxi Province and anticipate further growth for our operations in India. In the Americas, we recently opened a new plant in Mexico that will become a key production hub for Johnson Electric in the region. And in Europe, we are actively exploring the feasibility of building additional production capacity in Eastern Europe to support new business growth.

Parallel to capital investments to strengthen our business model, we are also evaluating potential acquisitions that can complement our strategy, broaden our technology offering and accelerate growth. During the course of the financial year, the Group acquired intellectual property and other assets of a leading player in the field of disconnect relays to extend and strengthen Johnson Electric's own capabilities in this growing market segment. Given the Group's low gearing and strong cash position, we are well placed to make further such investments and acquisitions should suitable opportunities arise.

Outlook

In the aftermath of the Global Financial Crisis, the task of predicting the prospects of global industrial manufacturing businesses shows no sign of getting any easier. Many economic commentators presently describe a "three-speed" world economy characterised by above average growth in most developing countries, a gradual but hesitant recovery in the United States, and prolonged gloom in Europe. However, it is also evident that considerable downside risks remain, especially in Europe where politicians and economists are sharply divided over whether austerity or continued deficit spending is the best medicine for the region's ills.

Johnson Electric's current sales levels are broadly stable with encouraging customer demand for our new motion subsystem solutions offset by persistent price competition in lower end applications, especially in IPG. Visibility on overall demand much beyond the first quarter is low, with the recent weakness in the German automotive market an area of concern.

In such circumstances, we believe the most prudent approach for Johnson Electric is to remain focused on executing our long-term strategy and tightly manage the factors over which we can exercise greatest control. This includes continuing to invest in innovative technology in our chosen markets, improving product quality, adapting our manufacturing footprint to enhance our operating risk profile, and maintaining a strong balance sheet.

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 *JP*
Chairman and Chief Executive

Hong Kong, 16 May 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW – FINANCIAL HIGHLIGHTS

US$ million	FY2012/13	FY2011/12
Sales	2,059.7	2,140.8
Gross profit	577.7	584.4
Gross margin	*28.0%*	*27.3%*
Profit attributable to shareholders	191.3	186.7
Diluted earnings per share (US Cents)	5.33	5.15
EBITDA	304.3	314.3
EBITDA margin	*14.8%*	*14.7%*
Free cash flow from operations [1]	161.4	166.0

US$ million	31 Mar 2013	31 Mar 2012
Cash	480.9	385.1
Total debt (borrowings)	(125.0)	(205.4)
Net cash	355.9	179.7
Total equity	1,598.8	1,487.5
Market capitalisation at balance sheet date [2]	2,646.2	2,229.5
Enterprise value [3]	2,320.5	2,075.6
Enterprise value to EBITDA [4]	7.6	6.6

Credit Quality - Financial Ratios [4]	31 Mar 2013	31 Mar 2012
Free cash flow from operations (annualised) to debt	129%	81%
Total debt to EBITDA (annualised)	0.4	0.7
Total debt to capital (total equity + debt)	7%	12%

1 Net cash generated from operating activities plus interest received, less Cap-Ex net of proceeds from disposal of fixed assets. FY2012/13 excludes cash outflow due to insourcing a European distribution channel

2 Outstanding number of shares multiplied by the closing share price (HK$5.78 as of 31 March 2013 and HK$4.83 as of 31 March 2012) converted at the closing exchange rate

3 Enterprise value calculated as market capitalisation plus non-controlling interests plus total debt less cash

4 EBITDA and free cash flow from operations were annualised using last twelve months' results

- Gross margin improved to 28.0% from 27.3% despite a 4% reduction in reported sales. Sales increased by 1% excluding currency effects and divested businesses.
- Sales increased 6% in our Automotive Products Group, excluding currency effects. Sales growth across all regions was driven by innovation, new platform launches and the growth of our targeted customers.
- Sales decreased 8% in our Industry Products Group, excluding currency effects, due to weak demand in home entertainment and gaming, and across Europe, as well as our exit from certain low-margin applications, offset somewhat by the uptake of innovative new products.
- The Saia-Burgess Controls business was divested on 1 February 2013 for EUR100.0 million, before final post-closing adjustments. Such post-closing adjustments will result in cash outlays in FY2013/14. See Note 26 for details.

SALES AND PROFITABILITY

JOHNSON ELECTRIC'S OPERATING MODEL

Johnson Electric is one of the world's largest providers of motion subsystems, motors, solenoids, micro-switches and flexible printed circuits. The Group has an annual production capacity of over one billion units and manufactures products in more than a dozen countries on four continents.

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

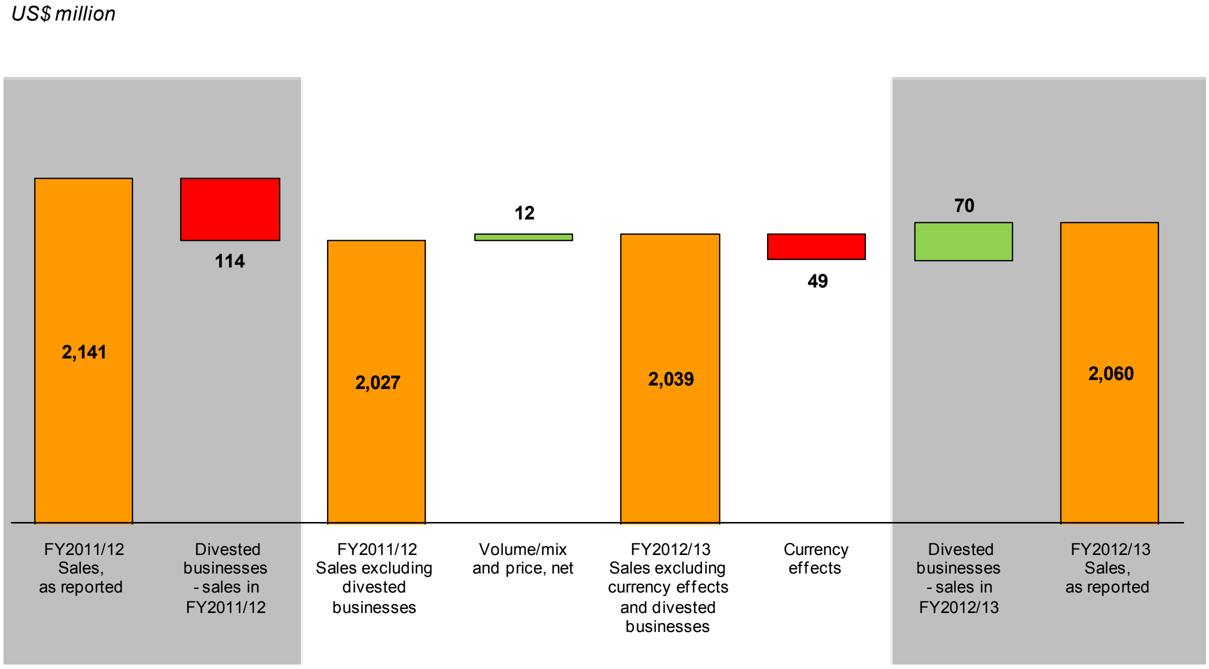
SALES REVIEW

Group sales in FY2012/13 were US$2,059.7 million, a decrease of US$81.1 million, 4%, compared to US$2,140.8 million for FY2011/12.

Sales, excluding currency effects and non-recurring items, increased by US$12.3 million, 1%, compared to FY2011/12, as shown below:

US$ million	FY2012/13	%	FY2011/12	%	Sales growth/ (decline)
Automotive Products Group ("APG")					
- Sales, excluding currency effects	1,346.1	66%	1,272.8	63%	**6%**
- Currency effects	(42.2)		n/a		
APG sales, as reported	1,303.9		1,272.8		
Industry Products Group ("IPG")					
- Sales, excluding currency effects	692.8	34%	753.8	37%	**(8%)**
- Currency effects	(6.9)		n/a		
IPG sales, as reported	685.9		753.8		
Group					
- Sales, excluding currency effects and divested businesses	**2,038.9**	100%	**2,026.6**	100%	**1%**
- Currency effects	(49.1)		n/a		
- Divested businesses	69.9		114.2		
Group sales, as reported	**2,059.7**		**2,140.8**		**(4%)**

FY2012/13 SALES VS. FY2011/12



Note: Numbers do not add across due to the effect of rounding

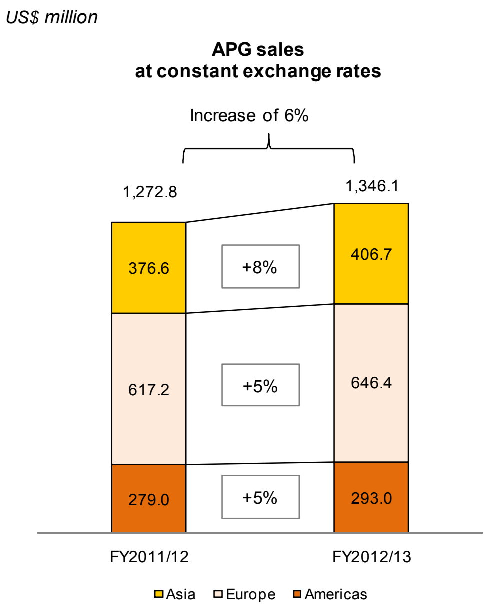
Currency effects and divested businesses impacting sales were as follows:

- **Currency effects:** The Group's sales are largely denominated in the US Dollar, the Euro and the Chinese Renminbi. Currency movements, primarily the weakening of the Euro against the US Dollar, over FY2012/13 adversely affected sales by US$49.1 million compared to FY2011/12.

- **Divested businesses:** On 1 February 2013, the Group divested Saia-Burgess Controls, a non-core business based in Europe and engaged in the manufacture of programmable logic controllers and components. FY2012/13 included ten months of sales of this business amounting to US$69.9 million (FY2011/12: US$93.1 million, a full year's sales).

  At the end of July 2011, the Group divested a controlling stake in a non-core subsidiary. FY2011/12 included four months sales for this business amounting to US$21.1 million.

AUTOMOTIVE PRODUCTS GROUP



Sales, excluding currency effects, increased 6% compared to FY2011/12 (Asia: 8% growth, Europe: 5% growth, Americas: 5% growth) as we benefited from new platform launches and the growth of our targeted customers.

- In Asia, we increased sales of our powertrain cooling products. We also saw higher demand for our products for engine air management and doorlock applications, and benefited from new platform launches utilising our products for sunroof applications. This was partially offset by reduced sales of window-lift products.

- In Europe, we increased sales of our cooling fan products and geared motor drive systems for window-lift applications following successful product launches in FY2011/12. This was largely offset by weakness in demand impacting products for heating, ventilation and air conditioning ("HVAC "), power-lift gate and locking applications, as well as weakness in demand from certain French and Italian customers.

- In the Americas, new platform launches during FY2012/13 together with the continued recovery of market demand drove sales growth for many of our products including brushless powertrain cooling systems, stepper actuators for HVAC applications, as well as products for doorlock, and seat adjuster applications.

- The Powertrain Cooling business, primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers, accounted for 22% of our overall business in FY2012/13. Sales for this business unit, excluding currency effects, increased by 14% in FY2012/13 compared to FY2011/12. This was driven by strong growth in revenues in China and Europe, whilst sales in the Americas grew marginally.

- We continue to invest in developing cost-effective, low-weight, high-power-density motors and subsystems for advanced applications that increase safety and fuel efficiency and reduce emissions.

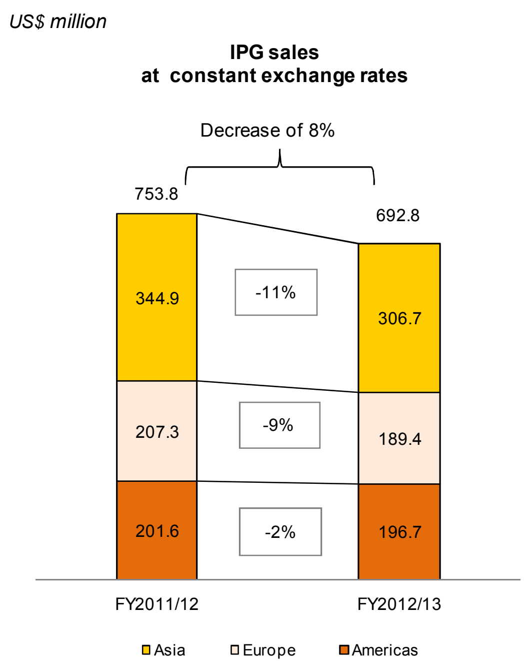
Recent product launches include:

- A new motor product family that improves exhaust gas recirculation ("EGR") to meet EU engine emission standards. These EGR motors employ unique technology to deliver high torque, provide high vibration resistance and high temperature performance to enable fast and precise control and reliable operation;
- Low-weight, energy efficient coolant valve actuators that help maintain optimum engine temperature and improve fuel efficiency, reduce emissions, and increase driving range for electric and hybrid cars; and
- A new compact motor product line for power seat adjustment that provides lower weight and smaller size.

Additionally, the Group is maintaining its commitment to global innovation tailored to local markets. We are expanding our engineering footprint in key geographic markets. We are also ensuring our manufacturing sites are well-placed to support regional customers by increasing responsiveness and reducing delivery lead times whilst minimising our logistics costs and inventory levels, as well as reducing our exposure to Chinese Renminbi appreciation.

INDUSTRY PRODUCTS GROUP

Sales, excluding currency effects, declined by 8% compared to FY2011/12 (Asia: 11% decline, Europe: 9% decline, Americas: 2% decline).



In FY2012/13, IPG focused on developing and launching differentiated, leading-edge products and subsystems. This includes products for point-of-sale, smart meter applications, and tactile feedback applications, whilst at the same time exiting certain traditional lower-margin applications. In certain high-potential segments, sales of our new products can be expected to gradually increase over time as customers undertake extensive product trials and pilot programs to ensure durability and suitability.

Lower demand for home entertainment and gaming products, our exit from low margin applications in the personal care and office equipment market segments, as well as continued economic uncertainty in Europe adversely affected sales.

- Sales in Asia declined due to lower demand for home entertainment and gaming products and dimple-flex technology and our exit from selected low margin applications. This was offset somewhat by increased demand for products for food and beverage applications as well as sales from recent product launches for tactile feedback applications. Sales in other market segments were largely flat.

- In Europe, sales declined in several segments due to overall market weakness offset slightly by demand for powertools and certain flexible-circuit products as well as demand for floorcare and HVAC products.

- In the Americas, sales declined due to weakness in demand for products for medical, office equipment and metering applications. This was partially offset by growth across other product lines, including continued recovery of demand in the white goods and HVAC segments reflecting an improving housing market.

- IPG is focused on developing and launching differentiated, leading-edge products and subsystems that offer reduced noise and weight and increased power efficiency and durability. Additionally, our product technology enables us to satisfy increasingly stringent regulations in several key markets.

  Recent product launches include:

  - Patented designs for disconnect relays for smart meters for electricity, gas and water utilities offering high tamper-resistance and long-life;
  - A new motor product family of low-weight, high-power-density long-life motors for professional hair-dryers; and
  - High performance flux-multiplier drives for washing machines that offer the industry's highest energy efficiency, combined with the widest spinning-to-washing speed range.

PROFITABILITY REVIEW

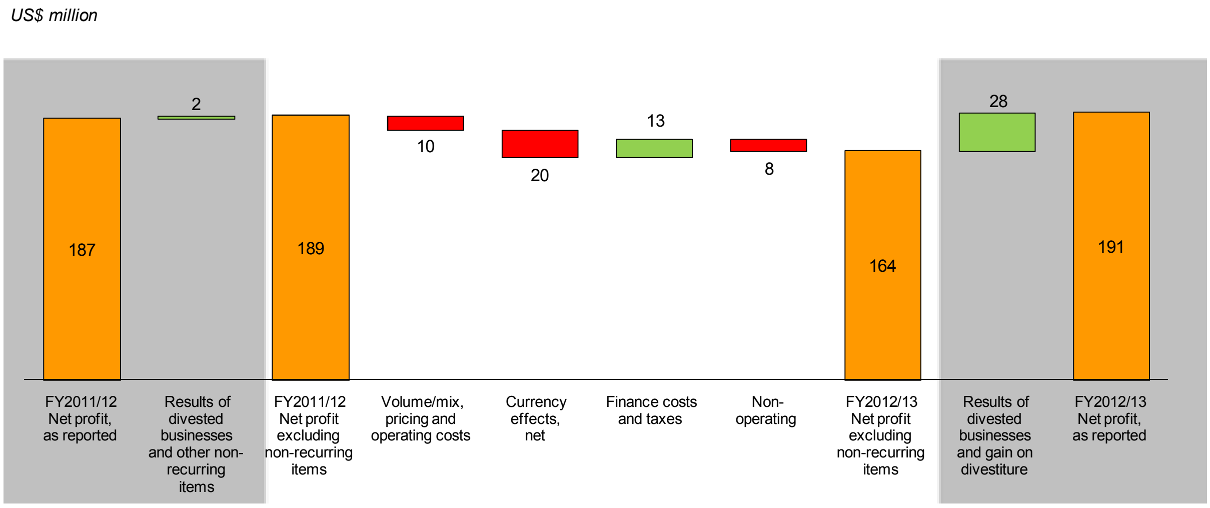
US$ million	FY2012/13	FY2011/12	Increase/ (decrease) in profit
Sales	2,059.7	2,140.8	(81.1)
Gross profit	577.7	584.4	(6.7)
Gross margin %	*28.0%*	*27.3%*	
Other income and gains, net	28.4	18.3	10.1
Selling and administrative expenses ("S&A")	(393.2)	(368.6)	(24.6)
S&A %	*19.1%*	*17.2%*	
Restructuring and other costs	-	(13.0)	13.0
Operating profit	212.9	221.1	(8.2)
Net interest income/(expense)	4.8	(1.1)	5.9
Share of profits of associate	0.3	0.5	(0.2)
Profit before income tax	218.0	220.5	(2.5)
Income tax expense	(21.1)	(31.6)	10.5
Effective tax rate	*9.7%*	*14.3%*	
Profit for the year	196.9	188.9	8.0
Non-controlling interests	(5.6)	(2.2)	(3.4)
Profit attributable to shareholders, as reported	191.3	186.7	4.6

Our operating profit of US$212.9 million benefited from the inclusion of US$24.7 million of non-recurring items (FY2011/12: operating profit of US$221.1 million after deducting US$1.9 million non-recurring items). This is shown in the table below:

US$ million	FY2012/13	FY2011/12	Increase/ (decrease) in profit
Operating profit, as reported	212.9	221.1	(8.2)
Operating margin %	*10.3%*	*10.3%*	
Non-recurring items:			
Operating profit of divested businesses	5.9	11.1	
Gain on divestitures, net	18.8	- (a)	
Restructuring and other costs	-	(13.0)	
Less: Non-recurring items - income/(expense)	24.7	(1.9)	
Operating profit excluding non-recurring items	188.2	223.0	(34.8)
Operating margin %, excluding non-recurring items	*9.1%*	*10.4%*	

Note:
(a) The net effect of the divestiture of a controlling stake in a non-core subsidiary in FY2011/12 was negligible.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS



Note: Numbers do not add across due to the effect of rounding

Total profit attributable to shareholders increased to a record US$191.3 million (FY2011/12: US$186.7 million).

Excluding the results of divested businesses and other non-recurring items, profit attributable to shareholders declined to US$163.6 million for FY2012/13, a decrease of US$25.5 million, 13.5%, from US$189.1 million for FY2011/12. The drivers underlying this change were:

- **Volume/mix, pricing and operating costs:** Profitability was adversely affected by a combination of reduced leverage of fixed costs due to lower sales volumes, wage inflation, especially in China, and increased headcount (e.g. we invested in engineering and quality functions).

  However, this was substantially offset by cost reduction activities that increased productivity and efficiency, as well as selectively implemented price increases, and savings from lower commodity prices.

  The net effect of these changes to volume/mix, pricing, operating costs was to reduce operating profit by approximately US$10 million.

- **Currency effects, net:** Johnson Electric has operations in more than 20 countries around the world, including sales and support offices, manufacturing and assembly plants, and engineering and product design centres. Currency movements therefore affect sales, costs and profits of these operations and create a foreign exchange risk, which the Group partially mitigates through the use of foreign currency hedge contracts.

  A significant part of our operations are based in Europe and are therefore subject to movements in the Euro against the US Dollar. In FY2012/13, the average rate for the Euro against the US Dollar weakened by 7% compared to the average rate in FY2011/12 (FY2012/13: average rate 1.29, FY2011/12: average rate 1.38).

  The overall effect of currency movements in FY2012/13, net of applicable hedges, reduced operating profit by approximately US$20 million.

- **Finance costs and taxes:** Interest expense decreased in line with reduced borrowing levels and the replacement of higher-cost debt with tax efficient, lower-cost debt. Additionally, the Group benefited from increased income from interest bearing deposits in Chinese Renminbi.

  The effective tax rate ("ETR") for FY2012/13 was 9.7%. This is analysed further in the notes to the accounts on page 48. The divestitures had the effect of reducing the ETR by 2.8%. The ETR excluding the tax effect of the divestitures was 12.5%. These divestitures are discussed in the next section.

  Overall, changes to finance costs and taxes increased profit by approximately US$13 million.

- **Non-operating:** The Group's investment property increased in value but at a lower rate than in FY2011/12, resulting in an approximate US$8 million lower mark-to-market gain compared to the gain in FY2011/12.

Divested businesses and other non-recurring items

- The Group divested Saia-Burgess Controls, a non-core business to Honeywell International, Inc. for a gross cash consideration of EUR100.0 million on 1 February 2013, before final closing adjustments, which will occur in FY2013/14 and beyond.

  Additionally, a non-operating company, holding a non-core property asset was divested.

  The net impact of these divestitures on the Group's results for FY2012/13 is shown in the table below.

US$ million	Operating profit	Income tax (expense) / benefit	Net profit
Results of divested businesses in FY2012/13	5.9	(1.2)	4.7
Gain on divestitures, net	18.8	(3.8)	15.0
Deferred tax liabilities released on divestitures	-	8.0	8.0
Effect of divestitures in FY2012/13	24.7	3.0	27.7

- In FY2011/12, profits were impacted by approximately US$2 million being the net effect of restructuring charges offset by profits relating to divested businesses.

ANALYSIS OF CASH FLOW

Free Cash Flow

US$ million	FY2012/13	FY2011/12	Change
Operating profit *	213.4	221.4	(8.0)
Depreciation and amortisation	90.9	92.9	(2.0)
EBITDA	304.3	314.3	(10.0)
Other non-cash items in profit before taxes	(17.8)	(5.2)	(12.6)
Working capital changes	(37.8)	(42.4)	4.6
Interest paid	(2.5)	(6.0)	3.5
Income taxes paid	(29.4)	(27.6)	(1.8)
Net cash generated from operating activities	216.8	233.1	(16.3)
Capital expenditure	(82.6)	(91.3)	8.7
Proceeds from disposal of fixed assets	19.7	18.4	1.3
Interest received	7.5	5.8	1.7
Free cash flow from operations excluding insourcing	161.4	166.0	(4.6)
Working capital change due to insourcing a European distribution channel	(49.5)	-	(49.5)
Free cash flow from operations including insourcing	111.9	166.0	(54.1)

** Operating profit as reported plus dividend received from associate of US$0.5 million for FY2012/13 (FY2011/12: US$0.3 million)*

The Group's free cash flow from operations excluding the insourcing of a European distribution channel was US$161.4 million in FY2012/13 (US$111.9 million including insourcing), compared to US$166.0 million in FY2011/12.

- Working capital increased by US$37.8 million, excluding the impact of insourcing a European distribution channel.
- This insourcing further increased working capital requirements by US$49.5 million.

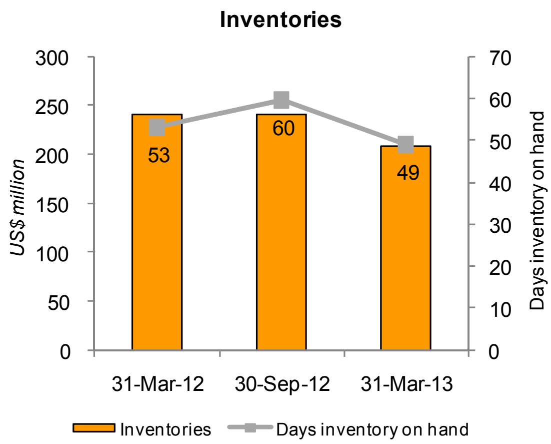
These changes are explained in the following sections.

Working Capital Changes

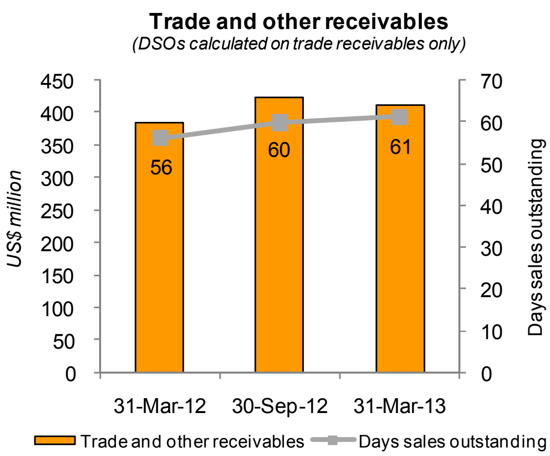
US$ million	Balance sheet as of 31 Mar 2012	Currency translations	Divestiture	Acquisition	Hedging and others	Investing activity	Working capital changes per cash flow		Balance sheet as of 31 Mar 2013
							Insourcing of a European distribution channel	Other working capital changes	
Inventories	240.1	(2.1)	(9.7)	4.1	-	-	15.5	(39.8)	208.1
Trade and other receivables	384.4	(9.7)	(13.1)	-	-	2.1	19.6	28.4	411.7
Deposits - non-current	5.9	(0.2)	-	-	-	-	-	(1.2)	4.5
Trade and other payables	(364.1)	2.9	(9.4)	-	(2.0)	(0.6)	13.3	18.2	(341.7)
Provision obligations and other liabilities *	(99.9)	2.5	0.8	-	(1.8)	-	1.1	31.7	(65.6)
Other financial assets/ (liabilities), net *	10.0	-	-	-	30.3	-	-	0.5	40.8
Total working capital per balance sheet	176.4	(6.6)	(31.4)	4.1	26.5	1.5	49.5	37.8	257.8

* *Current and non-current*

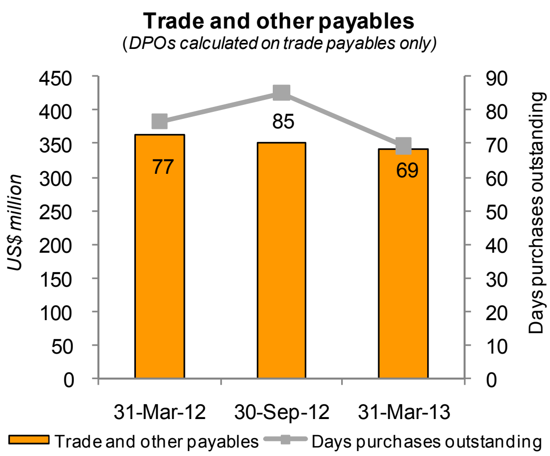
- **Inventories** were reduced by US$32.0 million, from US$240.1 million as of 31 March 2012 to US$208.1 million as of 31 March 2013. Excluding non-recurring changes in inventory due to divestiture, acquisition, the insourcing of a European distribution channel and currency effects, inventory decreased by US$39.8 million.
  - Days inventory on hand ("DIOs") decreased from 60 days as of 30 September 2012 to 49 days as of 31 March 2013, largely due to seasonal effects but also reflecting supply chain efficiencies; for example, our ongoing efforts to ensure the responsiveness of our manufacturing operations by reducing supplier delivery lead times.



- **Trade and other receivables** increased by US$27.3 million in FY2012/13, from US$384.4 million as of 31 March 2012 to US$411.7 million as of 31 March 2013. Excluding non-recurring changes in trade and other receivables due to divestiture and the insourcing of a European distribution channel and currency effects, trade receivables and other receivables increased by US$28.4 million. This was mainly caused by higher sales in the last two months of FY2012/13 compared to the last two months of FY2011/12, and the impact of increased sales to customers in our Powertrain Cooling business.
    - Days sales outstanding ("DSOs") increased to 61 days as of 31 March 2013, compared to 56 days as of 31 March 2012 mainly due to the insourcing of a European distribution channel as well as the impact of increased sales to customers with longer than average credit terms in our Powertrain Cooling business.
    - The Group's receivables are of high quality. Amounts overdue greater than 30 days amounted to approximately 2.0% of gross trade receivables as of 31 March 2013, a slightly improved level compared to 31 March 2012. This reflects the effectiveness of our management of credit exposure.



- **Trade and other payables** were US$341.7 million as of 31 March 2013, a decrease of US$22.4 million from US$364.1 million as of 31 March 2012. Excluding currency effects and non-recurring changes due to divestiture and the release of an accrued liability for repurchase of inventory due to the insourcing of a European distribution channel, trade and other payables decreased by US$18.2 million. This was mainly caused by the improvements to our procurement processes, as well as lower incentive compensation accruals.
    - Days purchases outstanding ("DPOs") decreased from 77 days as of 31 March 2012 to 69 days as of 31 March 2013, due to changes in minimum-order-quantities, supplier delivery lead times and other procurement processes.



- **Provision obligations and other liabilities** decreased by US$34.3 million to US$65.6 million as of 31 March 2013 compared to US$99.9 million as of 31 March 2012. The overall decrease is mainly due to settlement of warranty claims, utilisation of restructuring liabilities, and contributions toward pension plans, partly offset by an increase in pension obligations (primarily reflecting a reduction in discount rates).

- **Other financial assets/(liabilities)** increased by US$30.8 million from net financial asset of US$10.0 million as of 31 March 2012 to net financial asset of US$40.8 million as of 31 March 2013.

  - Foreign currency forward contracts increased in value by US$39.8 million, due primarily to Chinese Reminbi appreciation against the US Dollar and the weakening of the Euro against the US Dollar. This was somewhat offset by a US$9.0 million decrease in the value of commodity-price forward contracts due to declining commodity prices.

    Details of the spot prices are shown below:

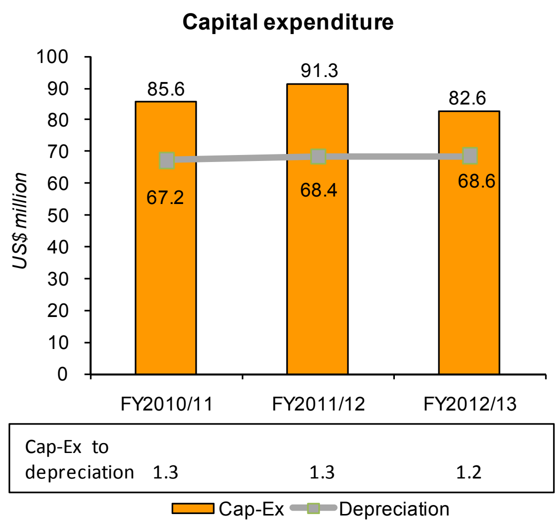
	Spot rates as of 31 Mar 2013	Spot rates as of 31 Mar 2012	Strengthen /(weaken)
Copper (per metric ton)	7,583	8,480	(11%)
Silver (per ounce)	28.64	32.43	(12%)
US Dollar per Euro	1.28	1.34	(4%)
Chinese Renminbi per US Dollar	6.21	6.31	2%

  - The mark-to-market valuations of these contracts were taken to the hedging reserve. Further details are found in the Financial Management and Treasury Policy section on page 75 and in Note 9 on pages 22 to 23 of the accounts.

Interest paid decreased by US$3.5 million from US$6.0 million for FY2011/12 to US$2.5 million for FY2012/13. This was the combined result of reductions in the Group's borrowings and the replacement of higher-cost debt with tax efficient, lower-cost debt.

Income taxes paid, net of refunds, increased slightly to US$29.4 million, from US$27.6 million for FY2011/12. This was largely due to the expiration of certain tax incentives.

Capital expenditure amounted to US$82.6 million in FY2012/13 as we further developed our manufacturing facilities in Mexico and continued to invest in long term technology development, ongoing replacement of assets and productivity improvements.



Proceeds from disposal of fixed assets were US$19.7 million in FY2012/13, an increase of US$1.3 million from US$18.4 million in FY2011/12. In both FY2012/13 and FY2011/12, disposals largely comprised real estate.

Interest received in FY2012/13 was US$7.5 million, an increase of US$1.7 million from US$5.8 million in FY2011/12, primarily due to Chinese Renminbi deposits.

Other cash flows

US$ million	FY2012/13	FY2011/12	Change
Free cash flow from operations	111.9	166.0	(54.1)
Acquisition	(11.1)	-	(11.1)
Proceeds from divestiture of non-core businesses	137.8	28.9 *	108.9
Purchase of shares for cancellation of issued capital	(19.9)	(31.9)	12.0
Purchase of shares held for Long-Term Incentive Share Scheme	-	(2.6)	2.6
Other investing activities	3.7	5.1	(1.4)
Dividends paid	(46.0)	(41.9)	(4.1)
Other financing activities	(2.8)	-	(2.8)
Total cash flow (excluding changes in borrowings)	173.6	123.6	50.0

** FY2011/12 US$28.9 million comprised cash consideration of US$32.2 million, net of cash divested US$3.3 million. Debt of US$9.6 million owed by the divested subsidiary was also deconsolidated.*

The Group generated US$173.6 million cash in FY2012/13, excluding changes in borrowings and currency effects; up US$50.0 million from US$123.6 million in FY2011/12.

The net movement in cash includes the following:

- **Acquisition:** In FY2012/13 the Group acquired a business for US$11.1 million, including intellectual property, customer lists and inventory. This acquisition will complement our existing solenoids business.

- **Proceeds from divestiture of non-core businesses:** In FY2012/13 the Group disposed of Saia-Burgess Controls for aggregate proceeds of US$133 million cash. The Group also received US$4.8 million for the disposal of a minority stake in a non-core business. The controlling stake in this business was divested in FY2011/12 for US$28.9 million.

- **Purchase of shares:** 31.2 million shares were repurchased at a total cost of US$19.9 million (including brokerage and cancellation fees) and cancelled in FY2012/13 (60.8 million shares were repurchased at a total cost of US$31.9 million in FY2011/12).

  In FY2011/12 the Company purchased 5.5 million shares for US$2.6 million, for use in granting shares to eligible employees and Directors under the Long-Term Incentive Plan. There were no such purchases in FY2012/13.

- **Other investing activities** of US$3.7 million mainly comprised yield-to-maturity deposits which realised US$3.4 million on reaching maturity in FY2012/13 compared to US$5.1 million in FY2011/12.

- **Dividends** paid in FY2012/13 amounted to US$46.0 million (US$13.8 million interim dividend for FY2012/13 and US$32.2 million final dividend for FY2011/12). This was US$4.1 million more than the dividend payments made in FY2011/12 (US$13.8 million interim dividend for FY2011/12 and US$28.1 million final dividend for FY2010/11).
  - The Board has recommended a final dividend of US$36.6 million for FY2012/13, to be paid in July 2013.

- **Other financing activities** in FY2012/13 comprised a cash outlay of US$2.8 million for dividends paid to non-controlling shareholders in the Group's subsidiaries (FY2011/12: nil).

Cash and borrowings

US$ million	FY2012/13	FY2011/12	Change
Total cash flow (excluding changes in borrowings)	173.6	123.6	50.0
Net repayment of borrowings	(77.3) [(a)]	(96.8)	19.5
Increase in cash (excluding currency effects)	96.3	26.8	69.5
Exchange (losses)/gains on cash	(0.5)	3.6	(4.1)
Net movement in cash	95.8	30.4	65.4

Net debt/cash analysis

US$ million	As of 31 Mar 2013	As of 31 Mar 2012	Change in net cash
Cash	480.9	385.1	95.8
Borrowings	(125.0)	(205.4)	80.4 [(a)]
Net cash	355.9	179.7	176.2

(a) *The net decrease in borrowings of US$80.4 million comprised a net repayment of US$77.3 million and an unrealised exchange gain of US$3.3 million, offset by a write-off of upfront fee of US$0.2 million*

Net cash increased US$176.2 million to US$355.9 million as of 31 March 2013, from US$179.7 million as of 31 March 2012.

- **Borrowings:** Strong cash generation enabled the Group to make a net repayment of debt of US$77.3 million during FY2012/13. This included the following significant activities:
  - Higher-cost debt of US$49.8 million (net of upfront fees written off) was repaid as we continued to reduce debt at the parent company level. The parent company is now debt free.
  - At the subsidiary level we made a net reduction of borrowings of US$27.3 million.
  - With these changes in borrowings, the Group's total debt to capital ratio was 7% as of 31 March 2013, compared to 12% as of 31 March 2012. On an annualised basis, free cash flow from operations (excluding the working capital changes due to the insourcing of a European distribution channel) as a percentage of gross debt increased to 129% as of 31 March 2013, compared to 81% as of 31 March 2012.
  - Interest coverage (defined as EBITDA divided by gross interest expense - both calculated on the last twelve months actual results) was 113 times for FY2012/13 (46 times for FY2011/12).

- **Cash resources** increased by US$95.8 million (from US$385.1 million as of 31 March 2012). As we have a significant manufacturing footprint in China, the majority of our cash is kept in Chinese Renminbi to hedge the effect of the potential strengthening of the Chinese Renminbi versus the US Dollar on our operating costs.

US$ million	31 Mar 2013	31 Mar 2012
Chinese Renminbi	332.6	306.8
Euro	98.4	23.0
US Dollar	35.8	43.6
Others	14.1	11.7
Total	480.9	385.1

FINANCIAL MANAGEMENT AND TREASURY POLICY

Financial risk faced by the Group is managed by the Group's Treasury function, based at the corporate headquarters in Hong Kong. Policies are established by senior management and approved by the Board of Directors.

Liquidity

As of 31 March 2013, the Group was in compliance with all covenants on its borrowings and expects to be compliant going forward.

Management believes the combination of cash on hand, available credit lines and expected future operating cash flows is sufficient to satisfy our cash needs for our current level of operations and our planned operations for the foreseeable future. The Group had US$165 million of three year committed and unutilised and US$380 million of uncommitted and unutilised short term borrowing facilities provided by its principal bankers. The three year committed facilities have expirations as follows:

- US$35 million 14 February 2014
- US$30 million 25 July 2015
- US$30 million 14 August 2015
- US$20 million 5 November 2015
- US$30 million 10 December 2015
- US$20 million 15 January 2016

Foreign exchange and raw material commodity price risk

The Group operates globally and is therefore exposed to foreign exchange and raw material commodity price risk.

- The Group's sales are primarily denominated in the US Dollar, the Euro and the Chinese Renminbi. In FY2012/13, 47% (FY2011/12: 48%) of the Group's sales were in US Dollars, 33% in Euros (FY2011/12: 34%), 15% in the Chinese Renminbi (FY2011/12: 13%) with the rest being in other currencies including the Japanese Yen.

- The major currencies used to operate the business are the US Dollar, the Chinese Renminbi, the Euro, the Hong Kong Dollar, the Swiss Franc, the Hungarian Forint and the Polish Zloty.

- The Group hedges part of its foreign exchange risk through forward contracts, based on cash flow forecasts from operations denominated in that foreign currency (e.g. Euro, Chinese Renminbi, Swiss Franc, Hungarian Forint, Polish Zloty, Israeli New Shekel and Japanese Yen). The forward contracts mature at various dates to match the underlying cash flows.

- The Group is exposed to raw material commodity price risk, mainly due to the fluctuations in steel, copper and silver purchase prices. The price risks due to steel are reduced through fixed price contracts up to 3 months forward with the Group's suppliers and price risk due to copper and silver is reduced through hedging using appropriate financial instruments. The Group also manages copper and silver prices through incorporating appropriate clauses in certain customer contracts so as to pass increases/decreases in raw material costs onto these customers.

- In order to avoid the potential default by any of its counterparties on its forward contracts and swap agreements, the Group deals with major financial institutions (e.g. the Group's principal bankers) with strong investment grade credit ratings that the Group believes will satisfy their obligations under the contracts.

ENTERPRISE RISK MANAGEMENT

The Group identifies and manages its strategic, operational, financial and compliance risks through proactive management oversight and business processes. Existing and emerging risks are analysed and monitored on a quarterly basis by the Group's Enterprise Risk Management Steering Committee led by the Group's Chief Executive Officer and including key senior leaders from our Engineering, Operations, Supply Chain, Quality, Finance, Corporate Audit Services, Legal and Human Resources departments.

Risks are managed/mitigated through robust business practices, which are monitored and tested to ensure their continuing effectiveness. Specific areas of focus include:

- Ensuring the suitability of our operational footprint to respond quickly and cost effectively to market changes and capacity utilisation.
- Continuously improving our engineering and manufacturing processes and quality standards to maintain our position as the "safe choice" for our customers.
- Developing and managing product differentiation through technology, innovation and intellectual property in order to be the definitive supplier of motion solutions to our customers.
- Attracting and retaining high-calibre management and other key personnel and building effective networks of employees and partners, thus safeguarding the business's success.
- Managing customer relationships, including contract terms and conditions, in accordance with industry standards and Group policy.
- 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 or exceeding expectations on energy efficiency, environmental responsibility and employee safety.

INVESTING IN PEOPLE

Human Resources, Training and Development, and Environmental, Health and Safety ("EHS") are corporate-wide functions delivered via a shared service structure. Key activities include ensuring equitable and competitive compensation, benefit and incentive structures; a commitment to training and development throughout the Group; and a system-based approach to EHS requirements.

Executive management is committed to these key activities and encourages and invests in people-centred programs, such as those described below, at all of the Group's locations. All of these contribute to differentiating Johnson Electric from its competitors, for business and people.

As of 31 March 2013, total global headcount was approximately 36,000 individuals, located in Asia, the Americas and Europe.

Global Initiatives

During FY2012/13 the corporate human resources function undertook a number of initiatives to enhance and strengthen the Group's organisation:

- Human Resources worked with senior management and the Board on the implementation of an altered global operating model. The organisation has been realigned, and resources shifted to place an increased focus on regional sales, business development and application engineering to improve responsiveness to customers and provide faster, better insight into local market requirements. In support of this, the Group's shared service structure was also strengthened to accelerate continuous improvement and provide direct reporting to corporate by functions.
- A global leader for recruiting joined the Group and, among other responsibilities, is tasked to work closely with senior management in each region to fill key positions throughout the organisation and accelerate attainment of business plan goals.
- During the year, the Annual Incentive Plan was expanded to include all managers globally, and the emphasis on profitability was strengthened across all incentive plans. The team continues to maintain close focus on critical and costly benefits such as the US and Hong Kong health plans as well as on retirement plans in various locations.
- The global training and development team successfully developed and implemented a structured training program associated with a Johnson Electric-specific system for developing and introducing new products. More than 650 key managers around the world were trained and have put the process into practice.
- Johnson Electric continues to expand its group of inter-country transferees. It is critical to this diverse international business to give overseas assignments to as many staff as possible. Direct exposure to business practices at company locations other than at an individual's home location enhances cooperation, productivity and overall performance.

Environmental, Health and Safety

Johnson Electric takes employees' health and safety, and the environment in relation to our communities, business partners and customers, seriously. These are matters addressed through the development of a comprehensive Environmental, Health and Safety ("EHS") management system. The first phase of this system's global implementation has been completed, and in 2012, the Group established a series of leading and lagging indicators to help track EHS performance. The Group now tracks fundamental environmental performance such as wastewater compliance, energy consumption, solid and hazardous waste generation, water consumption and carbon emissions. The continued implementation of this system, which will conform to the ISO14001 framework, is a priority.

We expect to benefit from this management system as the global EHS team continues to oversee compliance and certification activities across the Group, including compliance with the increasingly rigorous requirements in China.

Additionally, the reduction or elimination of waste inherent in EHS improvement resonates with the Group's Genba Kaizen methods. For example, the efforts of the Group's energy saving committee established more than four years ago in Shajing have resulted in significant improvements in energy usage.

Regional Initiatives

FY2012/2013 saw continued time and effort invested in attracting, developing and retaining people. Organisation alignment between the regions and the Hong Kong headquarters was also a priority.

- **Asia:** Our manufacturing facility in Shajing, China recorded its lowest annual employee turnover rate in the past five years. This was achieved through a number of employee-centric programs such as organising a social network within the facility to provide assistance in any form to employees who require it, and forming a "Johnson Electric Parents' Association" to connect employees' families with the workplace and help enhance our positive corporate image.

- **Americas:** We continued to build up the employee base at Johnson Electric's new manufacturing facility in Zacatecas, Mexico, and trained a number of employees at the Group's China facilities. We successfully recruited key regional management positions to further build capability within the region. A number of internal programs and processes have been launched in line with the Shared Services model to enhance employee productivity.

- **Europe:** Efforts to optimise the European manufacturing footprint continued during the fiscal year, which included some relocation of existing production operations and the closure of a plant.

CORPORATE GOVERNANCE

Johnson Electric Holdings Limited ("Company" or "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 board of directors of the Company ("Board") on a regular basis.

Full details of the Corporate Governance Report are set out in the Annual Report 2013 of the Company.

CORPORATE GOVERNANCE CODE

During the year ended 31 March 2013, the Company complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("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 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 that Dr. Wang should hold both offices. The Board believes that it is able to effectively 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 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 are 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 since their last election shall retire and be 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) also states that the director holding office as 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.

CODE PROVISION A.6.7

Code A.6.7 provides, inter alia, that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Peter Kin-Chung Wang, Mr. Peter Stuart Allenby Edwards, Mr. Patrick Blackwell Paul and Prof. Michael John Enright were unable to attend the Annual General Meeting of the Company held on 11 July 2012 due to overseas commitments or other prior business engagements.

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 of the Company to confirm compliance with the Model Code throughout the year ended 31 March 2013.

Employees who are likely to be in possession of unpublished inside information of the Company and its subsidiaries 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 31 March 2013 has been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2013, the Company repurchased a total of 31,184,500 ordinary shares of HK$0.0125 each of the Company on the Stock Exchange, all of these shares were cancelled. The number of issued shares of the Company as of 31 March 2013 was 3,581,756,420. Particulars of the shares repurchased are as follows:

Month of repurchase	Number of ordinary shares repurchased	Purchase price paid per share Highest HK$	Purchase price paid per share Lowest HK$	Aggregate consideration paid HK$ million*
May 2012	2,672,500	4.76	4.51	12.50
June 2012	2,926,500	4.77	4.59	13.69
July 2012	638,000	4.39	4.36	2.79
August 2012	2,447,000	4.50	4.35	10.74
September 2012	71,000	4.50	4.49	0.32
November 2012	16,473,000	4.99	4.77	80.62
February 2013	1,661,500	5.50	5.46	9.12
March 2013	4,295,000	5.50	5.48	23.61
	31,184,500			153.39

* *Excluding a brokerage and cancellation fee of HK$0.7 million*

The Directors consider the repurchases a constructive element in the prudent management of the Company's overall capital structure and in enhancing returns to shareholders over time.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the year. The Company has not redeemed any of its shares during the year.

FINAL DIVIDEND

The Board will recommend at the Annual General Meeting to be held on 15 July 2013 (Monday) a final dividend of 8 HK Cents equivalent to 1.03 US Cents per share (2012: 7 HK Cents or 0.9 US Cents) payable on 29 July 2013 (Monday) to persons who are registered shareholders of the Company on 23 July 2013 (Tuesday), making a total distribution of 11 HK Cents equivalent to 1.41 US Cents per share for the year ended 31 March 2013 (2012: 10 HK Cents or 1.28 US Cents).

CLOSING REGISTER OF SHAREHOLDERS

ATTENDING ANNUAL GENERAL MEETING

The Register of Shareholders of the Company will be closed from 11 July 2013 (Thursday) to 15 July 2013 (Monday) inclusive, during which no transfer of shares will be registered.

In order to qualify for attending and voting at the Annual General Meeting, 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 10 July 2013 (Wednesday).

FINAL DIVIDEND

The Register of Shareholders of the Company will be closed from 19 July 2013 (Friday) to 23 July 2013 (Tuesday) 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 18 July 2013 (Thursday).

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.johnsonelectric.com) and HKExnews (www.hkexnews.hk). The Company's Annual Report 2013 will be despatched to the shareholders and available on the same websites on or about 3 June 2013.

BOARD OF DIRECTORS

As of the date of this announcement, the Board 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, Michael John Enright and Joseph Chi-Kwong Yam, being the Independent Non-Executive Directors.

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

Hong Kong, 16 May 2013

Johnson Electric is one of the constituent stocks on the Hang Seng Composite MidCap Index under the Hang Seng Composite Index, the Bloomberg World Index and the S&P Europe Pacific Asia Composite (EPAC) SmallCap Index. For further information, please visit: www.johnsonelectric.com.