Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 179)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2014

HIGHLIGHTS

- For the financial year ended 31 March 2014, total sales amounted to US$2,098 million – an increase of 2% compared to the prior financial year. Excluding the effects of non-recurring items and foreign currency changes, underlying sales increased by 3%
- Gross profit margins increased to 29.5% from 28.0% in the prior year
- EBITDA totalled US$322 million – up 6%
- Operating profits increased by 10% to US$233 million (11.1% of sales). Excluding the one-time gain associated with the divestiture of a non-core business and other non-recurring items recorded in the prior financial year, operating profits increased by 24%
- Net profit attributable to shareholders increased to a record US$208 million, an increase of 9%
- Earnings per share increased by 9% to 5.85 US cents
- The Group's gearing level remained low with a debt to total capital ratio declining from 7% to 6%. At the financial year end, the Group had total borrowings of US$117 million and total cash reserves of US$644 million

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The Directors announce that the audited consolidated profit attributable to shareholders for the year ended 31 March 2014 was US$207.9 million, an increase of US$16.6 million from US$191.3 million in the corresponding year ended 31 March 2013.

LETTER TO SHAREHOLDERS

Johnson Electric achieved strong results in the financial year 2013/14. A gradually improving global economy, subdued raw material prices, and on-going operating efficiency gains provided the foundation for a record profit and further strengthening of the Group's balance sheet.

The macro-economic environment has shown clear signs of recovery over the course of the past year, particularly in developed economies. As the threat of further post-crisis economic disruptions recedes, consumer confidence is beginning to strengthen and unemployment levels are declining in the US and have stabilised in Europe. Although the prospects for a near-term acceleration in global growth rates remain low (and are not helped by rising geopolitical concerns in Eastern Europe), these more stable operating conditions were reflected in Johnson Electric's positive financial results in the past year and are encouraging us to pursue longer term new growth initiatives aggressively.

HIGHLIGHTS OF 2013/14 RESULTS

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- Net profit attributable to shareholders increased to a record US$208 million, an increase of 9%
- Earnings per share increased by 9% to 5.85 US cents
- The Group's gearing level remained low with a debt to total capital ratio declining from 7% to 6%. At the financial year end, the Group had total borrowings of US$117 million and total cash reserves of US$644 million

DIVIDENDS AND PROPOSED SHARE CAPITAL CONSOLIDATION

The Board has recommended increasing the final dividend paid to shareholders by 6% to 8.5 HK cents (1.09 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 11.5 HK cents (1.47 US cents) per share.

It is the intention of the Board to increase, gradually and over the long term, the ratio of interim dividends such that it represents approximately one-third of the prior financial year's total dividends paid. Related to this, the Board is also proposing a 1 for 4 consolidation of Johnson Electric ordinary shares which, if approved by shareholders, will enable greater flexibility in future dividend distributions. Subject to the performance of the Group in the first half of the 2014/15 financial year and taking into account its overall financial condition and prospects at the time, the Board intends to give consideration to increasing the 2014/15 interim dividend which has remained constant at 3 HK cents per share (or 12 HK cents per share assuming the proposed share consolidation is implemented) for the past three years.

SALES PERFORMANCE

The 2% increase in total sales to US$2,098 million reflected the combination of strong demand from automotive customers, lower sales to industrial customers, foreign exchange rate movements, the effects of divesting a non-core business and other non-recurring items in the prior financial year. Assuming constant exchange rates and excluding those non-recurring items, Johnson Electric's underlying sales increased by 3%.

The Automotive Products Group ("APG"), the largest operating division, achieved sales of US$1,437 million. In constant currency terms and excluding the one-time effect of in-sourcing a distribution channel in Europe in the prior year, APG's sales increased by 7% with all major geographic regions delivering improved results.

APG's focus on providing innovative motion subsystems that improve fuel economy, reduce fuel emissions or enhance safety and comfort is continuing to bring it success in the marketplace.

The result of these compelling product offerings was especially evident in Europe where, despite car sales dropping to a two decade low in 2013, APG grew its sales in constant currency terms by 10% compared to the prior year. Sales to Asia grew by 4% in constant currency terms reflecting the combination of solid sales to China and India offset somewhat by comparatively weaker sales in other countries in the region. APG's sales to the Americas, presently its smallest geographic end market, recorded only a slight improvement due to soft demand in South America and the end of some programmes affecting the Body Comfort and Actuator Systems business units in North America.

The Industry Products Group ("IPG") reported a 4% decline in sales to US$661 million. As has been discussed in prior reports to shareholders, IPG has been undergoing an important repositioning in the past few years by which it has sought to reduce its exposure to some more commoditised product applications and focus instead on market segments which value more differentiated technology solutions. While competitive pressures in lower end product applications continue to depress IPG's total sales, we are increasingly encouraged by the response of customers to our range of new product innovations and by the improved gross margins the division is achieving overall.

A key product development strategy of IPG is to improve energy efficiency and to create “human value” in end-user products. To this end, Johnson Electric has continued to invest in developing and launching new patent-protected products to align with the “Smart Grid” remote management initiatives that are becoming major features in the electricity and gas distribution industries worldwide. Remotely activated shut-off valves for gas meters and connection/disconnection modules for electric meters have been designed to exceed local regulatory requirements for safety and performance – and over the course of the past few months this has resulted in important new business wins in the US, Europe and Asia.

IMPROVED PROFITABILITY AND CASH FLOW FROM OPERATIONS

On the cost side of the business, the Group has continued to benefit from relatively stable raw material prices and from management’s perennial efforts to eliminate waste and improve the efficiency of our operations. Partly offsetting this was the impact of continued high wage inflation in China where the majority of our labour force is located. These factors, together with improved sales volumes and product mix, resulted in gross profit margins increasing by 1.5 percentage points to 29.5%.

Operating profitability also improved with margins rising to 11.1% from 10.3% in the prior year. This improvement reflected a combination of factors including favourable foreign exchange movements and hedging gains, cost reductions including quality and reliability improvements, and year-on-year variations in provisions and other one-time gains or losses. The prior year’s operating profit also included a number of non-recurring items including a gain on the divestiture of a non-core business.

Johnson Electric’s consistently robust cash generative qualities were reflected in its free cash flow from operations which, excluding the effects of in-sourcing a distribution channel in the prior year, increased by 43% to US$231 million.

INVESTING FOR LONG-TERM GROWTH AND IMPROVED OPERATING EFFECTIVENESS

Capital expenditure in the year under review increased by 12% to US$92 million. Taken on its own, this figure tends to understate the breadth of activity that is underway inside the Group to improve the effectiveness of our operating model and strengthen our competitive position over the longer term.

The in-house design and manufacture of customised production equipment and assembly lines has been a key factor in Johnson Electric’s success for decades and we are leveraging this expertise to bring much higher levels of automation into our production processes. A key benefit of this new equipment is the ability to offset part of the substantial and ongoing rise in direct labour costs in China. In addition, the new equipment and processes that have been developed in China are being introduced directly into the new facilities that are being built in other countries. This is helping to standardise operating processes, accelerate production ramp-up and improve product quality and reliability.

During the past year the Group commenced construction of a new production facility in Niš, Serbia and is close to completing the fitting out of an expanded facility in Chennai, India. In Zacatecas, Mexico, a significant increase in production is underway to serve APG and IPG customers in both North and South America. These initiatives are important elements in the creation of a truly global operating footprint that has the flexibility, responsiveness and close proximity to customers that we believe will be critical for success in our industry in the future.

Supplementing these investments in organic growth, we are continuing to explore and evaluate potential acquisitions that can add value to the Group. Among the characteristics upon which we place a high priority in determining the attractiveness of acquisition candidates are differentiated technology, entrenched positions in markets where local contextual knowledge are essential, and a focus on applications with favourable long-term growth and competitive dynamics.

OUTLOOK

Notwithstanding the risks and uncertainties created by the current political turmoil in Ukraine, the overall outlook for the markets where Johnson Electric operates is broadly stable with signs of a gradual pick-up in demand in the US and Europe. Ultimately more substantive structural reforms will likely be needed to bring about a return to higher pre-crisis levels of global economic growth. Hence, in the near term the Group's sales will continue to reflect the combination of continued strength from our automotive division and a more gradual turnaround from our industrial division where fierce competition in some lower end segments will remain a constraining factor.

As noted earlier, the Group is investing aggressively to strengthen its global operating footprint, expand its production capacity and capabilities, and improve its supporting infrastructure in areas such as information technology and quality assurance. In the 2014/15 financial year, we plan to commence production in newly built plants in India and Serbia, as well as significantly expand our existing facility in Mexico to meet customer demand. The effect of these longer term growth projects will be higher capital expenditures and operating costs in the short term as new plants go through their normal start-up phase to achieve targeted higher production volumes. In addition, we face the recurrent headwind of sharply rising labour rates in China which will again require further efforts on the part of management to identify cost savings and new areas for efficiency improvements and automation.

Overall, I believe it is realistic to expect operating margins and net profits in the 2014/15 financial year to be somewhat lower than those high levels achieved in 2013/14. Looking further to the future, however, I am confident that our business strategy and the investments we are currently undertaking will deliver sustained benefits to all of our stakeholders.

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

Patrick Shui-Chung Wang *JP*
Chairman and Chief Executive

Hong Kong, 15 May 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

US$ million	FY2013/14	FY2012/13
Sales	2,097.6	2,059.7
Gross profit	618.9	577.7
Gross margin	*29.5%*	*28.0%*
Profit attributable to shareholders	207.9	191.3
Diluted earnings per share (US Cents)	5.81	5.33
EBITDA	321.8	304.3
EBITDA margin	*15.3%*	*14.8%*
Free cash flow from operations [1]	231.1	161.4

US$ million	31 Mar 2014	31 Mar 2013
Cash	644.0	480.9
Total debt (borrowings)	(116.9)	(125.0)
Net cash	527.1	355.9
Total equity	1,766.3	1,598.8
Market capitalisation at balance sheet date [2]	3,282.2	2,646.2
Enterprise value [3]	2,789.1	2,320.5
Enterprise value to EBITDA [4]	8.7	7.6

Credit Quality - Financial Ratios [4]	31 Mar 2014	31 Mar 2013
Free cash flow from operations [1] (annualised) to debt	198%	129%
Total debt to EBITDA (annualised)	0.4	0.4
Total debt to capital (total equity + debt)	6%	7%

1 Net cash generated from operating activities plus net interest received, less capital expenditure (net of proceeds from disposal of fixed assets) and capitalisation of engineering development costs. FY2012/13 excludes cash outflow due to insourcing a European distribution channel

2 Outstanding number of shares multiplied by the closing share price (HK$7.17 as of 31 March 2014 and HK$5.78 as of 31 March 2013) converted to USD 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

- **Record EBITDA, profit attributable to shareholders and earnings per share.**
- **Sales, as reported, increased by 2%; excluding currency effects and nonrecurring items, sales increased by 3%. This was primarily driven by growth in our Automotive Products Group.**
- **Gross profit and EBITDA improved as we benefited from new product launches, productivity improvements and lower commodity costs.**
- **Free cash flow from operations improved due to increased profitability and working capital performance.**
- **On 2 April 2014, the Group issued convertible bonds ("CB") in an aggregate principal amount of US$200 million with a cash coupon rate of 1% per annum, and a 7 year life with a 5 year put option. Further information on the CB can be found on page 95 in the notes to the accounts.**

SALES AND PROFITABILITY

Johnson Electric's Operating Model

Johnson Electric is one of the world's largest providers of motion subsystems, with a global customer base across many industries.

From its innovation and product design centres, the Group continuously adds to its range of product platforms including motors, solenoids, actuators, micro-switches, flexible printed circuits and microelectronics that are then customised to provide high-quality solutions for its customers' needs.

The Group has established a flexible and responsive operating footprint that provides an annual production capacity of over one billion units, from facilities in over a dozen countries on four continents.

Operations throughout the Group share many commonalities including advanced technologies, manufacturing processes, vertical integration with the majority of components manufactured in-house, supply chain, brands, distribution channels and program management.

This creates opportunities for growth by leveraging the strength of the Group's technology and for cost efficiencies through the sharing of resources and continuous improvement of standardised methods and processes.

Sales Review

Group sales in FY2013/14 were US$2,097.6 million, an increase of US$37.9 million, 2%, compared to US$2,059.7 million for FY2012/13.

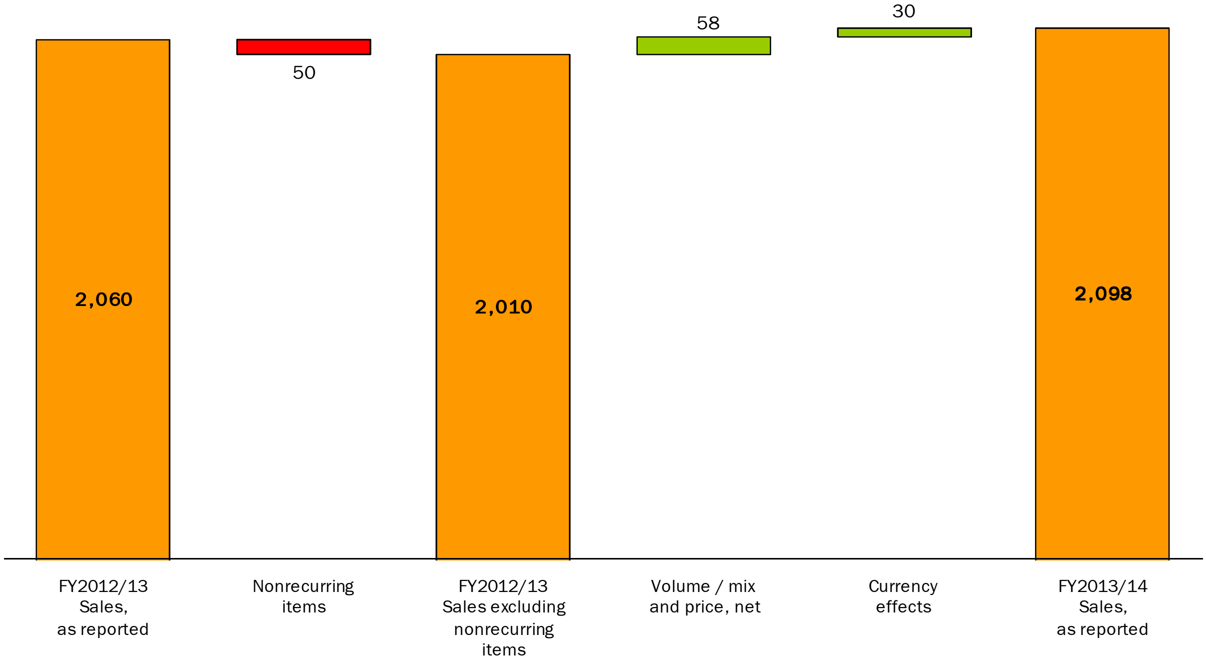
Sales in FY2013/14, excluding currency effects and nonrecurring items, increased by US$57.6 million, 3%, compared to FY2012/13, as shown below:

US$ million	FY2013/14	%	FY2012/13	%	Sales growth / (decline)
Automotive Products Group ("APG")					
— Sales, excluding currency effects and nonrecurring items	1,409.2	68%	1,323.2	66%	**7%**
— Impact from insourcing of a European distribution channel	-		(19.3)		
— Currency effects	27.6		n/a		
APG sales, as reported	1,436.8		1,303.9		
Industry Products Group ("IPG")					
— Sales, excluding currency effects and nonrecurring items	658.2	32%	686.6	34%	**(4%)**
— Impact from insourcing of a European distribution channel	-		(0.7)		
— Currency effects	2.6		n/a		
IPG sales, as reported	660.8		685.9		
Group sales					
— Sales, excluding currency effects and nonrecurring items	**2,067.4**	100%	**2,009.8**	100%	**3%**
— Impact from insourcing of a European distribution channel	-		(20.0)		
— Divested business	-		69.9		
— Currency effects	30.2		n/a		
Group sales, as reported	**2,097.6**		**2,059.7**		**2%**

The drivers underlying sales growth in FY2013/14 are shown in the following chart:

FY2013/14 Sales versus FY2012/13

US$ million



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

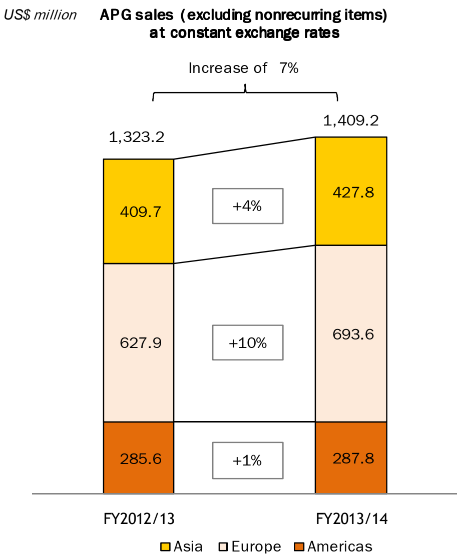
Volume / mix and price, net: Excluding currency effects and nonrecurring items, changes in volume, mix and price increased sales by US$57.6 million. The underlying changes in the sales of our Automotive Products Group and Industry Products Group are discussed on pages 10 to 12.

Currency effects: The Group's sales are largely denominated in the US Dollar, the Euro and the Chinese Renminbi. Currency movements, primarily the strengthening of the Euro and the Chinese Renminbi against the US Dollar over the course of FY2013/14 increased revenues by US$30.2 million compared to FY2012/13.

Nonrecurring items: In FY2012/13, the Group divested Saia-Burgess Controls; a non-core business based in Europe and engaged in the manufacture of programmable logic controllers. Sales for 10 months of this business, up to the business's divestiture on 1 February 2013, amounted to US$69.9 million. Additionally, sales, in the first half of FY2012/13, were adversely affected by an estimated US$20 million as a result of the insourcing of a European distribution channel in May 2012. There were no such nonrecurring items in FY2013/14.

Automotive Products Group

Sales, excluding currency effects and nonrecurring items, increased 7% compared to the same period last year (Asia: 4% growth, Europe: 10% growth and Americas: 1% growth).



In Asia, sales increased across products for powertrain cooling, window-lift, engine fuel management and electric power steering applications. This was partially offset by lower demand for our products for engine air management and switches.

In Europe, sales increased across a broad range of our products, most notably in products for powertrain cooling, electric parking brake, engine air management, HVAC and window-lift applications. This increase was the result of increased market share and ramp-up of production of products launched in earlier years, partially offset by reduced sales of switches and products for power lift gate applications.

In the Americas, the continued benefit from platform launches in earlier years and ongoing strength in the market drove sales growth for many of our products including powertrain cooling systems, and products for transmission shift and power transfer, engine air and fuel management applications. This was largely offset by a reduction in sales of products for seat adjustment applications and switches as some older products reached end of life; and HVAC applications as our customer lost market share.

The Powertrain Cooling business, is primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers, and accounted for 25% of the Group's sales in FY2013/14. Sales for this business unit, excluding currency effects, increased by 12% in FY2013/14 compared to last year. This was driven by increase in production of key customer platforms incorporating our brushless powertrain cooling products as well as continued growth in China.

We focus on innovation, providing custom engineered solutions, and investing in developing low-weight, high-power-density motors and subsystems for advanced applications that increase fuel efficiency, reduce emissions and electromagnetic interference and improve safety.

Our APG design teams are organised into engineering centres, based on specific product technologies, including powertrain cooling, engine valve actuators, grill shutter actuators, HVAC actuators, headlamp actuators, transmission actuators, braking and stability control actuators, window-lift drives, seat adjustment and power closure subsystems.

Recent product launches include:

- A new high-power brushed motor product line for electric power steering in mid-range cars. Our brushed motors meet the high-power requirements for this segment, provide a good driving experience with low cogging torque and, with their compact size, are highly suitable for this space-critical application. Additionally, they have a significant cost advantage over brushless solutions;

- A range of power tailgate solutions including compact motors for power lift-gate struts and custom motors to tightly close the tailgate and securely lock it. These allow the use of power lift gates to be extended from larger SUVs to compact SUVs and hatchbacks. Our products enable increased convenience without reducing trunk space, and also ensure that the tailgate closes securely, and

- A custom engineered electric parking brake motor with an extended operating life. By increasing the operating life, the parking brake can be integrated into electric stability control systems to go beyond parking use and provide additional braking functionality when the car is moving.

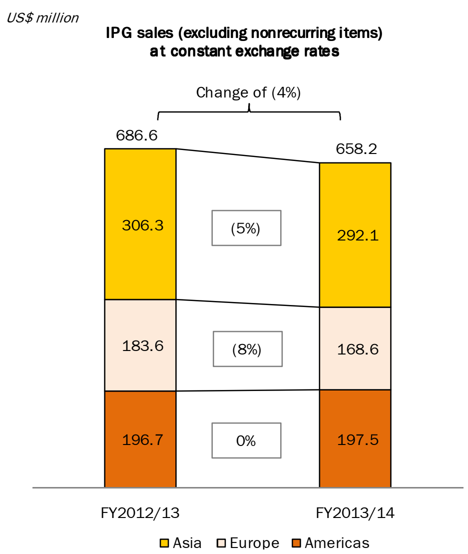
Our on-the-ground engineering presence in key geographic markets enables us to identify particular customer needs and customise our products accordingly. We are also ensuring that our manufacturing sites are well-placed to support regional customers, increase responsiveness and reduce delivery lead times whilst minimising our logistics costs and inventory levels.

Industry Products Group

As discussed in the FY2013/14 interim report, IPG has been undergoing a shift in its go-to-market strategy, developing and launching unique and customised products for specialised market segments that demand precision motor and motion subsystem solutions, while reducing its exposure to several lower end product applications. As expected, this focus on differentiated products has produced encouraging results.

The adjacent table reflects the quarterly trend in sales for FY2013/14, excluding currency effects and nonrecurring items, as compared to FY2012/13. This gradual turnaround resulted in an overall 4% decline in sales, excluding currency effects and nonrecurring items, for FY2013/14 compared to FY2012/13 (Asia: 5% decline, Europe: 8% decline, Americas: flat).

Quarter Ended	Sales growth / (decline)
30 June 2013	(8%)
30 September 2013	(6%)
31 December 2013	(3%)
31 March 2014	2%



Sales in Asia declined as we saw reduced market share for our smartcard business, reduced sales of products for commoditised food and beverage and power tools applications. We also saw reduced sales of our products for HVAC and bathroom applications due to customer overstocking, and reduced use of motion products in certain home entertainment and gaming, and car stereo applications. These adverse factors were partially offset by sales of new products for high-end power tool applications, increased market share of products for business machine applications and certain flexible-circuit products and growth in demand for products for floor care, infrastructure equipment and security, and switches.

In Europe, sales declined due to reductions in demand for products for white goods and food and beverage applications, and customers in the lower end of the power tools market. This was partially offset by growth in demand for products for HVAC applications and sales of recent products for lawn and garden applications. Sales in other market segments were largely flat.

In the Americas, sales remained flat. We saw increased customer demand for recently launched innovative products for medical applications as well as continued recovery of demand for products for white goods. This was offset by weakness in demand for lawn and garden and home entertainment and gaming, and reduced sales of our products for HVAC and bathroom applications as well as flexible circuit products.

IPG continues to pursue technology leadership in multiple industry segments, developing products and subsystems that deliver productivity enhancements and increased power efficiency. These product platforms can then be tailored to provide customer-specific solutions.

Our IPG design teams are organised by technology disciplines including micro-switches, DC motors, brushless motors, high voltage DC motors, AC motors, solenoids, stepper motors and piezo actuators. Recent product launches from these teams include:

- New compact, low-weight, high-power-density brushless and brush motors that push the performance envelope for cordless professional power tools. We see increasing demand for cordless power tools by professional users, requiring the mobility of a cordless tool with the same performance as corded power tools. Our motors meet that challenge, delivering extremely high efficiency to extend battery life while still delivering the power and functionality needed for professional applications. For example, our high torque motor for power wrenches deliver instant torque for the toughest jobs, releasing tightly screwed or frozen nuts; and

- A miniature drive platform for insulin pumps. Custom engineered in our regulatory authority-compliant development process, to meet the uncompromising demands on portable devices in the medical market, this robust medication delivery subsystem powers an insulin pump for personal use by diabetes sufferers. Its energy efficient design allows the pump to give accurate self-dosing of insulin all day long, as the user gets on with the routines of daily life.

Profitability Review

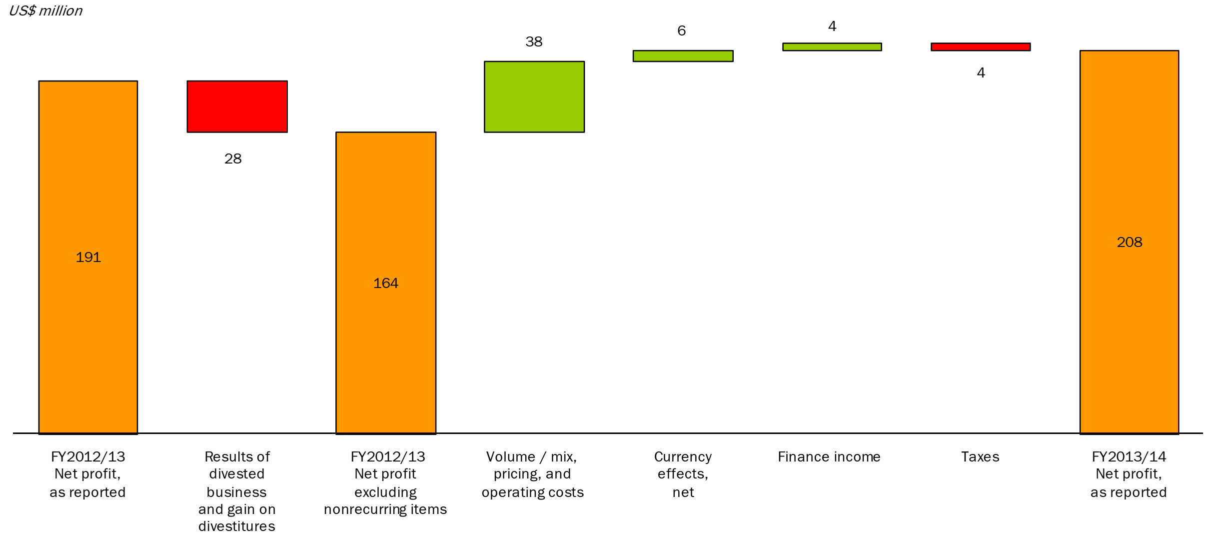
Profit attributable to shareholders increased to a record US$207.9 million in FY2013/14, an increase of US$16.6 million (9%) from US$191.3 million in FY2012/13.

US$ million	FY2013/14	FY2012/13	Increase/ (decrease) in profit
Sales	2,097.6	2,059.7	37.9
Gross profit	618.9	577.7	41.2
Gross margin %	*29.5%*	*28.0%*	
Other income and gains, net	19.8	28.4	(8.6)
Selling and administrative expenses ("S&A")	(405.2)	(393.2)	(12.0)
S&A %	*19.3%*	*19.1%*	
Operating profit	233.5	212.9	20.6
Net interest income	9.1	4.8	4.3
Share of profit of associate	0.4	0.3	0.1
Profit before income tax	243.0	218.0	25.0
Income tax expense	(28.1)	(21.1)	(7.0)
Effective tax rate	*11.6%*	*9.7%*	
Profit for the year	214.9	196.9	18.0
Non-controlling interests	(7.0)	(5.6)	(1.4)
Profit attributable to shareholders, as reported	207.9	191.3	16.6

Operating profit in FY2012/13, benefited from the inclusion of US$24.7 million of nonrecurring items, as shown in the table below:

US$ million	FY2013/14	FY2012/13	Increase in profit
Operating profit, as reported	233.5	212.9	20.6
Operating margin %	*11.1%*	*10.3%*	
Nonrecurring items:			
Operating profit of divested business	-	5.9	
Gain on divestitures, net	-	18.8	
Less: Nonrecurring income	-	24.7	
Operating profit excluding nonrecurring items	233.5	188.2	45.3
Operating margin %, excluding nonrecurring items	*11.1%*	*9.1%*	

Profit Attributable to Shareholders



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

Volume / mix, pricing and operating costs: Margins and profits improved as we benefited from new value-added products; cost reduction activities that increased productivity and efficiency; initiatives to improve quality and reliability; and lower raw material costs including certain commodities. These gains were partially offset by increased labour costs, especially in China. The net effect of these changes was to increase profit by US$38.2 million.

Currency effects, net: JE has operations in over twenty countries around the world, including sales and support offices, manufacturing and assembly plants, and innovation and product design centres. This diverse footprint creates foreign exchange risk, partially mitigated through the use of foreign currency hedging contracts. Overall, currency movements in FY2013/14, including applicable hedges, increased operating profit by US$5.7 million. The biggest contributor to this increase was the strengthening of the Euro against the US Dollar (average EUR to USD exchange rate: FY2013/14 was US$1.34; FY2012/13 was US$1.29, an increase of 4%).

Finance income: Net interest income increased by US$4.3 million, due to the combined effect of lower interest expense and increased interest income from interest bearing deposits, primarily in the Chinese Renminbi.

Taxes: Tax expense, compared to the prior year (excluding the impact of prior year divestiture), increased by US$3.9 million in line with the increase in profits. The effective tax rate ("ETR") for FY2013/14 was 11.6%. This is analysed further in the notes to the accounts on page 90.

Nonrecurring items: Net profit reported for FY2012/13 included US$27.7 million, net of tax, relating to the divestiture of Saia-Burgess Controls as well as a non-core property. There were no such nonrecurring items in FY2013/14.

Excluding prior-year nonrecurring items, profit attributable to shareholders increased by US$44.3 million (27%) from US$163.6 million to US$207.9 million for FY2013/14.

ANALYSIS OF CASH FLOW

US$ million	FY2013/14	FY2012/13	Change
Operating profit *	233.7	213.4	20.3
Depreciation and amortisation	88.1	90.9	(2.8)
EBITDA	321.8	304.3	17.5
Other non-cash items in profit before taxes	0.9	(17.8)	18.7
Working capital changes	17.8	(37.8)	55.6
Interest paid	(1.8)	(2.5)	0.7
Income taxes paid	(31.3)	(29.4)	(1.9)
Net cash generated from operating activities	307.4	216.8	90.6
Capital expenditure, net of subsidies	(92.2)	(82.6)	(9.6)
Capitalisation of engineering development costs	(5.8)	-	(5.8)
Proceeds from disposal of fixed assets	10.8	19.7	(8.9)
Interest received	10.9	7.5	3.4
Free cash flow from operations excluding insourcing	231.1	161.4	69.7
Working capital change due to insourcing a European distribution channel	-	(49.5)	49.5
Free cash flow from operations	231.1	111.9	119.2
Acquisition	-	(11.1)	11.1
(Subsequent payments) / proceeds of divestiture of non-core business	(6.1)	137.8	(143.9)
Purchase of shares for cancellation of issued capital	(1.7)	(19.9)	18.2
Purchase of shares held for Long-Term Incentive Share Scheme	(2.9)	-	(2.9)
Other investing activities	1.5	3.7	(2.2)
Dividends paid	(50.4)	(46.0)	(4.4)
Other financing activities	(3.2)	(2.8)	(0.4)
Total cash flow (excluding changes in borrowings and currency effects)	168.3	173.6	(5.3)
Net repayment of borrowings	(12.7)	(77.3)	64.6
Increase in cash (excluding currency effects)	155.6	96.3	59.3
Exchange gains / (losses) on cash	7.5	(0.5)	8.0
Net movement in cash	163.1	95.8	67.3

* Operating profit as reported plus US$0.3 million dividend received from associate in FY2013/14 (FY2012/13: US$0.5 million)

The Group generated US$231.1 million free cash flow from operations in FY2013/14, an increase of US$119.2 million compared to US$111.9 million in FY2012/13.

- Of the US$119.2 million change between the two years, US$49.5 million relates to working capital changes due to the insourcing of a European distribution channel in FY2012/13.

Changes in our cash movements and in our working capital are discussed below:

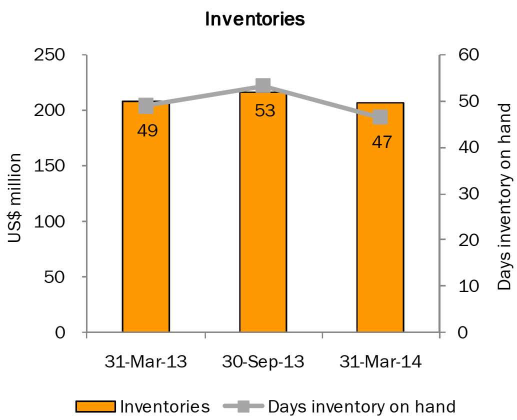
Working Capital Changes

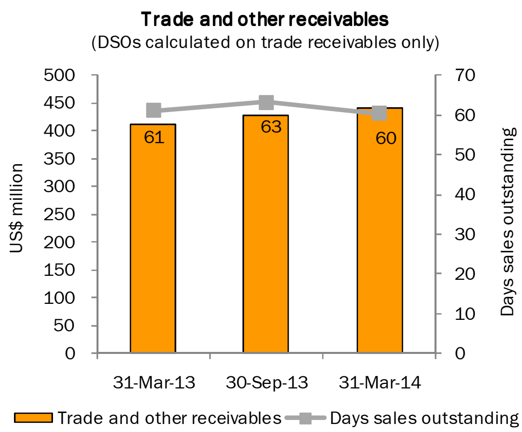
US$ million	Balance sheet as of 31 Mar 2013	Currency translations	Divestiture	Hedging and others	Investing activity [3]	Working capital changes per cash flow	Balance sheet as of 31 Mar 2014
Inventories	208.1	1.9	-	-	-	(3.0)	207.0
Trade and other receivables	411.7	11.5	-	-	(2.1)	20.5	441.6
Deposits - non-current	4.5	0.1	-	-	-	1.9	6.5
Trade and other payables [1]	(341.7)	(5.8)	6.1	1.8	(12.6)	(49.7)	(401.9)
Provision obligations and other liabilities [1,2]	(65.6)	(3.1)	-	9.1	-	12.1	(47.5)
Other financial assets / (liabilities), net [1]	40.8	(0.1)	-	(62.7)	-	0.4	(21.6)
Total working capital per balance sheet	257.8	4.5	6.1	(51.8)	(14.7)	(17.8)	184.1

1 Current and non-current
2 Net of defined benefit pension plan assets
3 Comprises amounts due from disposal of property, amounts due to capital expenditure and subsidies received

Inventories decreased slightly by US$1.1 million, from US$208.1 million as of 31 March 2013 to US$207.0 million as of 31 March 2014.

Days inventory on hand decreased to 47 days as of 31 March 2014 from 49 days as of 31 March 2013, due to supply chain efficiencies gained over the last twelve months.



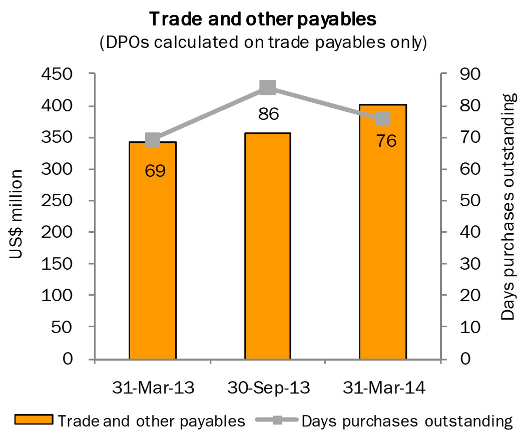


Trade and other receivables increased by US$29.9 million in FY2013/14, from US$411.7 million as of 31 March 2013 to US$441.6 million as of 31 March 2014. Excluding currency effects, trade receivables and other receivables increased by US$18.4 million. This was mainly due to the impact of increased sales volumes in APG.

Days sales outstanding decreased slightly from 61 days as of 31 March 2013 to 60 days as of 31 March 2014.

The Group's receivables are of high quality. Amounts overdue greater than 30 days increased to approximately 3.8% of gross trade receivables as of 31 March 2014 (2.0% as of 31 March 2013). For further details, see Note 13 on pages 53 to 55 of the accounts.

Trade and other payables were US$401.9 million as of 31 March 2014, an increase of US$60.2 million from US$341.7 million as of 31 March 2013. Per the cash flow, trade and other payables increased by US$49.7 million, due to increased volumes, extended payment terms to suppliers in China, higher incentive compensation in line with our profits and wage increases, especially in China and increases in value added taxes payable in various tax jurisdictions reflecting our increased sales this year.



Days purchases outstanding increased by 7 days to 76 days as of 31 March 2014 compared to 69 days as 31 March 2013 reflecting increased business levels in China.

Provision obligations and other liabilities: Per the cash flow, the Group's provision obligations and other liabilities decreased by US$12.1 million driven mainly by actual contributions made towards pension plans and the utilisation of restructuring liabilities.

Other financial assets / (liabilities), net decreased by US$62.4 million from a net financial asset of US$40.8 million as of 31 March 2013 to a net financial liability of US$21.6 million as of 31 March 2014.

- The mark-to-market valuation of our foreign currency forward contracts decreased in value by US$52.2 million, primarily as the Euro strengthened 7% against the US Dollar.
- The mark-to-market valuation of our commodity forward contracts decreased by US$10.2 million, due to declining commodity prices.
- Details of the spot prices of significant items are shown in the adjacent table.

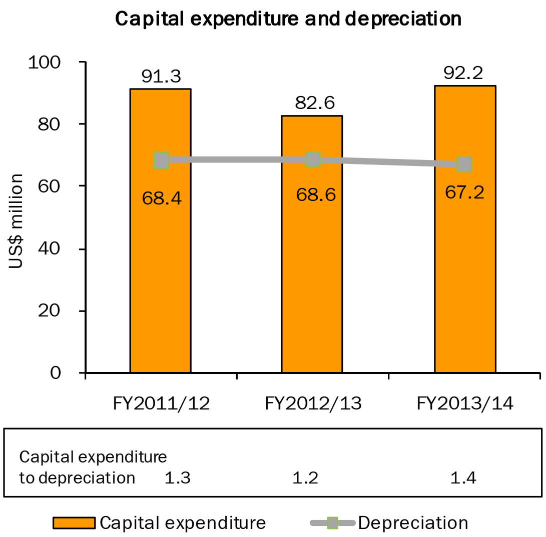
	Spot rates as of 31 Mar 2014	Spot rates as of 31 Mar 2013	Strengthen /(weaken)
EUR / USD	1.38	1.28	7%
RMB per USD	6.21	6.21	0%
Copper (per metric ton)	6,636	7,583	(12%)
Silver (per ounce)	19.97	28.64	(30%)

Further details can be found in the Financial Management and Treasury Policy section on page 21 and in Note 11 on pages 50 to 52 of the accounts.

Interest paid decreased slightly by US$0.7 million to US$1.8 million for FY2013/14, from US$2.5 million for FY2012/13, as we made a net repayment of loans.

Income taxes paid, net of refunds, increased slightly by US$1.9 million to US$31.3 million for FY2013/14.

Capital expenditure amounted to US$92.2 million in FY2013/14, comprising expenditure of US$96.9 million plus a grant of land with a value of US$2.9 million, less cash subsidies of US$7.6 million. This reflected expansion of our manufacturing footprint and continued investment in new product launches and long-term technology development, ongoing productivity improvements, and replacement of assets.



Capitalisation of engineering development costs: Starting in FY2013/14, we capitalised engineering development costs of US$5.8 million relating to engineering design and the development of products that are planned to be launched in the coming years. An intangible asset is created for costs incurred after assessing the technical feasibility of completing the project, our ability to use the asset and the probability that the asset will generate future economic benefits. Any costs incurred prior to this assessment, or subsequent to the commercial launch of the product are expensed as incurred.

Proceeds from disposal of fixed assets were US$10.8 million in FY2013/14, a decrease of US$8.9 million from US$19.7 million in FY2012/13. In both years, disposals largely comprised surplus real estate.

Interest received in FY2013/14 was US$10.9 million, an increase of US$3.4 million from US$7.5 million in FY2012/13, primarily due to an increase in our Chinese Renminbi deposits.

Total cash flow, excluding changes in borrowings and currency effects: The Group generated US$168.3 million cash in FY2013/14, excluding changes in borrowings and currency effects compared to US$173.6 million in FY2012/13.

This movement in cash includes the following:

Acquisition: There was no acquisition activity in FY2013/14. In FY2012/13, the Group paid US$11.1 million to acquire a business including intellectual property, customer lists and inventory, to complement the Group's existing solenoids business.

(Subsequent payments) / proceeds of divestiture of non-core business:

The Group disposed of Saia-Burgess Controls in FY2012/13. This resulted in the following cash flows:

- In FY2013/14, the Group paid US$6.1 million to settle purchase price adjustments and fees relating to the divestiture of Saia-Burgess Controls. This amount was accrued in FY2012/13.
- In FY2012/13, the Group received aggregate proceeds of US$133.0 million for the above mentioned disposal.

In FY2012/13, 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 comprised:

- In FY2013/14, the Company repurchased 2.6 million shares for cancellation at a total cost of US$1.7 million, including brokerage and cancellation fees. In FY2012/13, the Company repurchased 31.2 million shares at a total cost of US$19.9 million.
- In FY2013/14, the Company purchased 4.9 million shares for US$2.9 million, for use in granting shares to eligible employees and Directors under the Long-Term Incentive Share Scheme. There were no such purchases in FY2012/13.

Dividends paid in FY2013/14 amounted to US$50.4 million (US$36.7 million final dividend for FY2012/13 and US$13.7 million interim dividend for FY2013/14). This was US$4.4 million more than the dividend payments made in the same period last year.

The Board has recommended a share consolidation such that every four issued and unissued ordinary shares of HK$0.0125 each will be consolidated into one share of HK$0.05 each. Subject to shareholder and regulatory approval of this share consolidation, the recommended final dividend per share will be adjusted accordingly, as explained below.

The Board has recommended a final dividend of US$38.9 million (8.5 HK Cents per share) for FY2013/14, to be paid in July 2014. This compares to a final dividend of US$36.6 million (8 HK Cents per share) for FY2012/13, paid in July 2013. Subject to approval of the share consolidation, the proposed final dividend will be adjusted to 34 HK Cents per consolidated share (compared to 32 HK Cents for FY2012/13).

The Board intends over the longer-term, to increase the ratio of the interim dividend to represent approximately one-third of the previous fiscal year's total dividend. In this regard, the Board is proposing a 1 for 4 consolidation of Johnson Electric ordinary shares, which when completed will enable greater flexibility in future dividends.

Other financing activities comprised dividends of US$3.9 million paid to non-controlling interests in the Group's subsidiaries (FY2012/13 dividends of US$2.8 million paid to non-controlling interests), partially offset by a proportional equity contribution of US$0.7 million (FY2012/13 US$ nil) from the non-controlling interests in our 60% owned subsidiary in China to fund expansion.

Net Debt / Cash

US$ million	31 Mar 2014	31 Mar 2013	Change
Cash	644.0	480.9	163.1
Borrowings	(116.9)	(125.0)	8.1
Net cash	527.1	355.9	171.2

Net cash increased by US$171.2 million to US$527.1 million as of 31 March 2014, from US$355.9 million as of 31 March 2013.

Borrowings decreased by US$8.1 million to US$116.9 million as of 31 March 2014.

The Group's total debt to capital ratio decreased to 6% as of 31 March 2014 compared to 7% as of 31 March 2013. On an annualised basis, free cash flow from operations as a percentage of gross debt increased to 198% as of 31 March 2014, compared to 129% (excluding the working capital changes due to the insourcing of a European distribution channel) as of 31 March 2013. Interest coverage was 179 times for FY2013/14 compared to 113 times for FY2012/13 (EBITDA divided by gross interest expense; both calculated using the last twelve months actual results).

Cash resources increased by US$163.1 million to US$644.0 million as of 31 March 2014. As we have a significant manufacturing footprint in China, the majority of our cash is kept in the 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 2014	31 Mar 2013
RMB	445.3	332.6
EUR	99.4	98.4
USD	47.3	35.8
Others	52.0	14.1
Total	644.0	480.9

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 2014, 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$491 million unutilised *revolving credit* facilities provided by its principal bankers, comprised of:

- US$165 million committed and unutilised facilities, with the following expiry dates:
  - 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
  - US$35 million – 28 February 2017
- US$326 million of uncommitted and unutilised facilities.

The Group also had US$201 million in uncommitted **trade receivable financing** lines in place, of which US$115 million was borrowed as of 31 March 2014 and US$86 million was undrawn.

On 2 April 2014, the Group issued convertible bonds in an aggregate principal amount of US$200 million with a cash coupon rate of 1% per annum, and a 7 year life with a 5 year put option. This post balance sheet event is discussed in Note 33 on page 95 of the accounts.

Foreign Exchange and Raw Material Commodity Purchase Price Risk

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

The Group's sales are primarily denominated in the currencies shown in the adjacent table:

% of sales	FY2013/14	FY2012/13
USD	46%	47%
EUR	35%	33%
RMB	16%	15%
Others	3%	5%

The major currencies used to operate the business are USD, RMB, EUR, HUF, MXN, CHF and PLN.

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. RMB, EUR, HUF, MXN, CHF, PLN, INR, JPY and ILS). The forward contracts mature at various dates to match the underlying cash flows.

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

In order to avoid the potential default by any of its counterparties on its forward contracts and swap agreements, the Group deals only 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 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 that 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 Group'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 environmental responsibility, employee safety and energy efficiency.

INVESTING IN PEOPLE

Our investment in people is critical in fulfilling our vision to be the world's definitive provider of innovative and reliable motion systems.

As of 31 March 2014, total global headcount was approximately 35,000 located in Asia, the Americas and Europe.

Building the future to achieve sustainable growth

JE aims to attract, retain and develop great people. We facilitate this with a standardised global approach to talent acquisition, compensation and benefits, and staff development, as we seek to cultivate a motivated and committed workforce for sustained business success. These processes also provide a career path that allows staff to succeed.

Our recruiting teams partner with our business operations, to identify and acquire highly qualified regional business / engineering leaders and technical specialists around the world, who bring diverse experience and contribute innovative ideas. With our soon to be established manufacturing facility in Serbia, we have begun the recruitment of key management staff and made plans for core members of the workforce to be trained in the Group's China facilities. Additionally, we are providing ongoing support to recruit and develop employees in our plants in Zacatecas, Mexico; Chennai, India; and Behai, China.

Our global salary structure, compensation and benefit policies are based on a "pay-for-performance" philosophy. By providing a competitive package that rewards results, enterprise, coaching and teamwork, we are able to attract and retain talent, and ensure that JE's and the employee's interests are aligned to drive business results.

We continue to create opportunities for inter-country assignments. Such international exposure enhances global teamwork and strengthens sharing of core values and management philosophy, group-wide.

We are strengthening the ties between our strategic human resources planning and our business development activities. This integrated "Global Resources Planning Program" will enable JE to identify, acquire, develop and retain the right talent to meet the Group's global requirements and ensure we have a strong talent pipeline to maintain JE's position as a global leader in motion solutions.

Well-rounded Training and Development

We drive improvements in productivity and increase operational efficiency and develop the skills for our global operating needs and business growth through our focus on constant learning, with an extensive range of in-house training and continuing development programs.

During FY2013/14 employees participated in over 40,000 days of formal training. This includes 2,500 managers and engineers trained in the "JE Product Development System" and the "JE Production System". We introduced a technical development program to meet JE's global skills requirements by providing employees with a mix of customised training, on-the-job practical experience and mentoring by experienced staff. Additionally, we continue to add content to our global e-learning platform for technical and engineering knowledge transfer.

Ethical organisation

We reviewed and strengthened our Code of Ethics policy to ensure that we conduct our business with integrity and honesty. Managers and staff are required to complete an annual certification to ensure their familiarity with, and confirm their adherence to, our corporate policies.

Environmental, Health and Safety

The Group takes a proactive approach to managing its Environmental, Health and Safety ("EHS") risks. For example, our facilities in Shajing have commenced participation in the Carbon Emission Trading Scheme in Shenzhen, a pilot city for such schemes in China.

Our EHS management system tracks performance, month by month, with 22 key indicators for health and safety and environmental issues. This comprises a mix of leading and lagging measures including indicators for wastewater compliance, energy consumption, solid and hazardous waste generation, water consumption and carbon emissions. We also conduct compliance audits across the Group, with comprehensive baseline assessments and due diligence processes.

We continuously improve our EHS performance through developing health and safety skills as well as pursuing energy savings and waste reductions. Further development of the EHS management system to conform to the ISO 14001 and OHSAS 18001 frameworks remains a priority.

CORPORATE GOVERNANCE

Johnson Electric Holdings Limited ("Company") 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 delegated 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 2014 of the Company.

CORPORATE GOVERNANCE CODE

During the year ended 31 March 2014, 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.

Ms. Yik-Chun Koo Wang, 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 15 July 2013 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 2014.

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 2014 has been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2014, the Company repurchased a total of 2,560,000 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 2014 was 3,579,196,420. 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*
August 2013	2,399,500	5.00	4.83	11.82
September 2013	8,000	5.00	5.00	0.04
November 2013	152,500	5.80	5.79	0.88
	2,560,000			12.74

* Excluding a brokerage and cancellation fee of HK$0.06 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 recommends a share consolidation ("Share Consolidation") on the basis that every 4 issued and unissued ordinary shares of HK$0.0125 each in the share capital of the Company will be consolidated into 1 consolidated share of HK$0.05 each ("Consolidated Share"), subject to the approval of shareholders at annual general meeting of the Company ("AGM") and the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares to be issued upon the Share Consolidation becoming effective on 15 July 2014.

The Board recommends the payment of a final dividend of 1.09 US Cents (8.5 HK Cents) per share (2013: 1.03 US Cents or 8 HK Cents), totalling US$38.9 million, payable on 29 July 2014, which is subject to the approval of the Shareholders at the AGM based on the number of issued shares of HK$0.0125 each in the share capital of the Company without taking into account the Share Consolidation. Subject to the approval of the Shareholders and upon the Share Consolidation becoming effective, the proposed final dividend will be adjusted to take into account the Share Consolidation to 4.36 US Cents (34 HK Cents) per Consolidation Share.

CLOSING REGISTER OF SHAREHOLDERS

ATTENDING ANNUAL GENERAL MEETING

The Register of Shareholders of the Company will be closed from 8 July 2014 (Tuesday) to 10 July 2014 (Thursday) 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 7 July 2014 (Monday).

FINAL DIVIDEND

The Register of Shareholders of the Company will be closed from 21 July 2014 (Monday) to 23 July 2014 (Wednesday) 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 2014 (Friday).

CONSOLIDATED BALANCE SHEET

As of 31 March 2014

	Note	2014 US$'000	2013 US$'000
Assets			
Non-current assets			
Property, plant and equipment	3	**392,226**	358,566
Investment property	4	**68,371**	63,214
Land use rights	5	**3,564**	3,800
Intangible assets	6	**647,169**	621,535
Investment in associate	8	**2,202**	2,064
Deferred income tax assets	18	**37,508**	35,694
Available-for-sale financial assets	9	**-**	1,081
Financial assets at fair value through profit and loss	10	**198**	1,102
Other financial assets	11	**29,689**	32,593
Deposits		**6,513**	4,540
Defined benefit pension plan assets	17	**6,929**	-
		1,194,369	1,124,189
Current assets			
Inventories	12	**207,041**	208,095
Trade and other receivables	13	**441,637**	411,666
Financial assets at fair value through profit and loss	10	**1,085**	-
Other financial assets	11	**10,590**	15,934
Income tax recoverable		**2,004**	3,141
Cash and deposits	14	**643,986**	480,924
		1,306,343	1,119,760
Current liabilities			
Trade and other payables	15	**386,406**	341,652
Current income tax liabilities		**45,660**	40,491
Other financial liabilities	11	**21,500**	5,260
Borrowings	16	**115,459**	123,260
Provision obligations and other liabilities	17	**24,330**	27,435
		593,355	538,098
Net current assets		**712,988**	581,662
Total assets less current liabilities		**1,907,357**	1,705,851

	Note	**2014** **US$'000**	2013 US$'000
Non-current liabilities			
Other payables	15	**15,524**	-
Other financial liabilities	11	**40,386**	2,468
Borrowings	16	**1,394**	1,735
Deferred income tax liabilities	18	**53,609**	64,663
Provision obligations and other liabilities	17	**30,126**	38,222
		141,039	107,088
NET ASSETS		**1,766,318**	1,598,763
Equity			
Share capital			
Ordinary shares	19	**5,773**	5,777
Shares held for the Share Scheme	19	**(13,896)**	(13,849)
Share premium	19	**23,628**	25,433
Reserves	20	**1,677,884**	1,514,526
Proposed dividends	29	**38,910**	36,625
		1,732,299	1,568,512
Non-controlling interests		34,019	30,251
TOTAL EQUITY		**1,766,318**	1,598,763

JEHL BALANCE SHEET

As of 31 March 2014

	Note	2014 US$'000	2013 US$'000
Assets			
Non-current assets			
Interest in subsidiaries	7	**997,638**	997,708
Available-for-sale financial assets	9	**-**	1,081
Financial assets at fair value through profit and loss	10	**198**	-
Other financial assets	11	**3**	4,753
		997,839	1,003,542
Current assets			
Amounts due from subsidiaries	7	**613,132**	625,069
Other financial assets	11	**5**	-
Cash and deposits	14	**53**	82
		613,190	625,151
Current liabilities			
Amounts due to subsidiaries	7	**58**	120,130
Other financial liabilities	11	**1,071**	-
Other payables	15	**85**	2,052
		1,214	122,182
Non-current liabilities			
Other financial liabilities	11	**6,622**	-
		6,622	-
NET ASSETS		**1,603,193**	1,506,511
Equity			
Share capital			
Ordinary shares	19	**5,773**	5,777
Shares held for the Share Scheme	19	**(13,896)**	(13,849)
Share premium	19	**23,628**	25,433
Reserves	20	**1,548,778**	1,452,525
Proposed dividends	29	**38,910**	36,625
TOTAL EQUITY		**1,603,193**	1,506,511

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2014

	Note	2014 US$'000	2013 US$'000
Sales	2	**2,097,618**	2,059,689
Cost of goods sold		**(1,478,711)**	(1,481,975)
Gross profit		**618,907**	577,714
Other income and gains, net	21	**19,762**	28,370
Selling and administrative expenses	22	**(405,180)**	(393,169)
Operating profit		**233,489**	212,915
Finance income	25	**10,927**	7,464
Finance costs	25	**(1,830)**	(2,698)
Share of profit of associate	8	**408**	324
Profit before income tax		**242,994**	218,005
Income tax expense	26	**(28,098)**	(21,113)
Profit for the year		**214,896**	196,892
Profit attributable to non-controlling interests		**(7,031)**	(5,571)
Profit attributable to owners	27	**207,865**	191,321
Basic earnings per share for profit attributable to the owners during the year (expressed in US Cents per share)	28	**5.85**	5.36
Diluted earnings per share for profit attributable to the owners during the year (expressed in US Cents per share)	28	**5.81**	5.33

The Board has recommended a final dividend of 1.09 US Cents per share (FY2012/13: 1.03 US Cents) equivalent to US$38.9 million (FY2012/13: US$36.6 million), details are set out in Note 29.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Note	2014 US$'000	2013 US$'000
Profit for the year		**214,896**	196,892
Other comprehensive income / (expenses)			
Items that will not be recycled subsequently to profit and loss:			
Defined benefit plans			
– remeasurements	17 & 20	**8,466**	(2,463)
– deferred income tax effect	18 & 20	**(1,084)**	658
Long service payment			
– remeasurements	17 & 20	**623**	656
– deferred income tax effect	18 & 20	**(63)**	76
Investment property			
– revaluation surplus on transfer of property, plant and equipment to investment property	4	**-**	3,671
– deferred income tax effect	18 & 20	**-**	(918)
Total items that will not be recycled subsequently to profit and loss		**7,942**	1,680
Items that will be recycled to profit and loss:			
Available-for-sale financial assets			
– fair value losses, net	9 & 20	**-**	(218)
– release of reserves upon disposal	20	**-**	152
Hedging instruments			
– fair value (losses) / gains, net	20	**(56,635)**	35,862
– deferred income tax effect	18 & 20	**8,197**	(5,065)
– transferred to income statement	20	**(6,106)**	(5,548)
Divestiture of non-core business		**-**	(21,560)
Release of reserves on disposal of a property based subsidiary	20	**-**	8,544
Currency translations of subsidiaries and associate		**49,882**	(33,503)
Total items that will be recycled to profit and loss		**(4,662)**	(21,336)
Other comprehensive income / (expenses) for the year, net of tax		**3,280**	(19,656)
Total comprehensive income for the year, net of tax		**218,176**	177,236
Total comprehensive income attributable to:			
Owners		**211,160**	170,156
Non-controlling interests			
Share of profits for the year		**7,031**	5,571
Share of revaluation surplus on investment property		-	1,101
Currency translations		**(15)**	408
		218,176	177,236

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Note	Attributable to owners of JEHL					
		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 2013		17,361	78,094	1,473,057	1,568,512	30,251	1,598,763
Profit for the year		-	-	207,865	207,865	7,031	214,896
Other comprehensive income / (expenses):							
Available-for-sale financial assets							
– adoption of HKFRS 9	20	-	380	(380)	-	-	-
Hedging instruments							
– fair value losses, net	20	-	(56,635)	-	(56,635)	-	(56,635)
– deferred income tax effect	18 & 20	-	8,197	-	8,197	-	8,197
– transferred to income statement	20	-	(6,106)	-	(6,106)	-	(6,106)
Defined benefit plans							
– remeasurements	17 & 20	-	-	8,466	8,466	-	8,466
– deferred income tax effect	18 & 20	-	-	(1,084)	(1,084)	-	(1,084)
Long service payment							
– remeasurements	17 & 20	-	-	623	623	-	623
– deferred income tax effect	18 & 20	-	-	(63)	(63)	-	(63)
Investment property							
– revaluation surplus realised upon disposal	20	-	(583)	583	-	-	-
Currency translations of subsidiaries and associate	20	-	49,897	-	49,897	(15)	49,882
Total comprehensive income / (expenses) for FY2013/14		-	(4,850)	216,010	211,160	7,016	218,176
Transactions with owners:							
Appropriation of retained earnings to statutory reserve		-	(1,446)	1,446	-	-	-
Cancellation of issued capital	19	(1,650)	-	-	(1,650)	-	(1,650)
Long-Term Incentive Share Scheme							
– shares vested	19 & 20	2,685	(2,685)	-	-	-	-
– value of employee services	20 & 31	-	5,799	-	5,799	-	5,799
– purchase of shares	19	(2,891)	-	-	(2,891)	-	(2,891)
– transfer from cash settled share-based unit	20	-	1,771	-	1,771	-	1,771
Share options							
– options lapsed	20	-	(274)	274	-	-	-
Contribution from non-controlling interests		-	-	-	-	650	650
Dividend paid to non-controlling shareholders of a subsidiary		-	-	-	-	(3,898)	(3,898)
FY2012/13 final dividend paid	20	-	-	(36,664)	(36,664)	-	(36,664)
FY2013/14 interim dividend paid	20	-	-	(13,738)	(13,738)	-	(13,738)
Total transactions with owners		(1,856)	3,165	(48,682)	(47,373)	(3,248)	(50,621)
As of 31 March 2014		**15,505**	**76,409**	**1,640,385**	**1,732,299**	**34,019**	**1,766,318**

* Other reserves mainly represent contributed surplus, capital reserve, property revaluation reserve, investment revaluation reserve, 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 2013

	Note	Attributable to owners of JEHL: 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	20	-	(22,772)	1,212	(21,560)	-	(21,560)
Release of reserves on disposal of a property based subsidiary	20	-	7,188	1,356	8,544	-	8,544
Available-for-sale financial assets							
– fair value losses, net	9 & 20	-	(218)	-	(218)	-	(218)
– release of reserves upon disposal	20	-	152	-	152	-	152
Hedging instruments							
– fair value gain, net	20	-	35,862	-	35,862	-	35,862
– deferred income tax effect	18 & 20	-	(5,065)	-	(5,065)	-	(5,065)
– transferred to income statement	20	-	(5,548)	-	(5,548)	-	(5,548)
Defined benefit plans							
– remeasurements	17 & 20	-	-	(2,463)	(2,463)	-	(2,463)
– deferred income tax effect	18 & 20	-	-	658	658	-	658
Long service payment							
– remeasurements	17 & 20	-	-	656	656	-	656
– deferred income tax effect	18 & 20	-	-	76	76	-	76
Investment property							
– revaluation surplus realised upon disposal	20	-	(21)	21	-	-	-
– revaluation surplus on transfer of property, plant and equipment to investment property	4 & 20	-	2,570	-	2,570	1,101	3,671
– deferred income tax effect	18 & 20	-	(918)	-	(918)	-	(918)
Currency translations of subsidiaries and associate	20	-	(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	20	-	2,261	(2,261)	-	-	-
Cancellation of issued capital	19	(19,873)	-	-	(19,873)	-	(19,873)
Long-Term Incentive Share Scheme							
– shares vested	19 & 20	812	(812)	-	-	-	-
– reserve released upon transfer to cash settled share-based unit	20	-	(1,990)	-	(1,990)	-	(1,990)
– value of employee services	20 & 31	-	4,694	-	4,694	-	4,694
Dividends paid to non-controlling shareholders of a subsidiary		-	-	-	-	(2,751)	(2,751)
FY2011/12 final dividend paid	20	-	-	(32,263)	(32,263)	-	(32,263)
FY2012/13 interim dividend paid	20	-	-	(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, 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 2014

	Note	2014 US$'000	2013 US$'000
Cash flows from operating activities			
Earnings before interest, taxes, depreciation and amortisation	31	**321,811**	304,268
Other non-cash items and adjustments	31	**856**	(17,790)
Change in working capital	31	**17,787**	(87,206)
Cash generated from operations	31	**340,454**	199,272
Interest paid		**(1,830)**	(2,533)
Income taxes paid		**(31,329)**	(29,374)
Net cash generated from operating activities		**307,295**	167,365
Investing activities			
Purchase of property, plant and equipment and capitalised expenditure of investment property, net of subsidies		**(92,171)**	(82,634)
Capitalisation of engineering development costs	6	**(5,804)**	-
Proceeds from disposal of property, plant and equipment, investment property and a property based subsidiary	31	**10,807**	19,712
Interest received		**10,927**	7,464
		(76,241)	(55,458)
Business combination *		**-**	(11,098)
Proceeds from sale of available-for-sale financial assets and financial assets at fair value through profit and loss		**1,458**	3,660
Proceeds from divestiture of non-core business, net of cash divested **		**-**	137,767
Subsequent payments due to divestiture of non-core business **		**(6,071)**	-
Net cash (used in) / generated from investing activities		**(80,854)**	74,871

* 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 total consideration of the acquisition was US$11.1 million and was completed in FY2012/13.

** In FY2012/13, proceeds from divestiture of non-core business was comprised of US$133.0 million for the divestiture of Saia-Burgess Controls business and US$4.8 million for the disposal of a minority stake in a non-core business. In FY2013/14, the payment was to the buyer of the Saia-Burgess Controls business for the anticipated post-closing adjustments as agreed at closing (1 February 2013).

	Note	**2014** **US$'000**	2013 US$'000
Financing activities			
Purchase of shares for cancellation of issued capital	19	**(1,650)**	(19,873)
Purchase of shares held for Long-Term Incentive Share Scheme	19	**(2,891)**	-
Proceeds from borrowings		**5,628**	14,543
Repayments of borrowings		**(18,309)**	(91,814)
Dividends paid to owners		**(50,402)**	(46,034)
Dividends paid to non-controlling interests		**(3,898)**	(2,751)
Contribution from non-controlling interests		**650**	-
Net cash used in financing activities		**(70,872)**	(145,929)
Net increase in cash and cash equivalents		**155,569**	96,307
Cash and cash equivalents at beginning of the year		**480,924**	385,117
Currency translations on cash and cash equivalents		**7,493**	(500)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**643,986**	480,924

NOTES TO THE ACCOUNTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The principal operations of Johnson Electric Holdings Limited (“JEHL”) 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.

JEHL, the parent holding 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 shares of JEHL are listed on The Stock Exchange of Hong Kong Limited.

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 15 May 2014.

The consolidated financial statements of JEHL 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 financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss, and investment property, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

In FY2013/14, the Group adopted new / revised standards and interpretations of HKFRS effective for the first time in FY2013/14.

2. SEGMENT INFORMATION

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

The Group's management assesses the performance of its operating segment based on the measure of operating profit, excluding items which are not directly related to the segment performance. These include 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 reconciliation of the operating profit presented to management to the consolidated income statement is as follows:

	2014 **US$'000**	2013 US$'000
Operating profit presented to management	**213,727**	182,309
Gross rental income from investment property (Note 21)	**4,569**	4,125
Gains / (losses) on investments, net (Note 21)	**1,590**	(282)
Gain on divestiture of non-core business, net (Note 21 & 31)	-	20,404
Loss on disposal of a property based subsidiary (Note 21 & 31)	-	(1,602)
Gains on disposal of property, plant and equipment and investment property (Note 21 & 31)	**2,529**	1,536
Fair value gains on investment property (Note 4, 21 & 31)	**5,239**	3,974
Fair value (losses) / gains on other financial assets / liabilities (Note 21)	**(429)**	215
Subsidies and other income (Note 21)	**6,264**	-
Others	-	2,236
Operating profit per consolidated income statement	**233,489**	212,915

Revenue from external customers by business unit was as follows:

	2014 **US$'000**	2013 US$'000
Automotive Products Group ("APG")	**1,436,801**	1,303,896
Industry Products Group ("IPG")	**660,817**	685,937
Divested business	-	69,856
	2,097,618	2,059,689

2. SEGMENT INFORMATION *(Cont'd)*

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 25% of the total revenues of the Group for FY2013/14 (FY2012/13: 22%).

Revenue by geography

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

	2014 US$'000	2013 US$'000
Europe *	**885,738**	846,936
People's Republic of China ("PRC")	**570,071**	554,689
North America	**439,805**	440,632
Asia (excluding PRC)	**156,095**	162,841
South America	**41,490**	49,138
Others	**4,419**	5,453
	2,097,618	2,059,689

* Included in Europe, sales to Germany was US$254.6 million for FY2013/14 (FY2012/13: US$259.5 million).

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

Segment assets

For FY2013/14, the additions to non-current assets (other than deferred tax assets, available-for-sale financial assets, financial assets at fair value through profit and loss, other financial assets and defined benefit pension plan assets) were US$112.1 million (FY2012/13: US$82.2 million).

As of 31 March 2014, excluding goodwill, the total of non-current assets (other than deferred tax assets, available-for-sale financial assets, financial assets at fair value through profit and loss, other financial assets and defined benefit pension plan assets) located in HK/PRC was US$328.3 million (31 March 2013: US$326.0 million) and the total of these non-current assets located in other countries was US$326.7 million (31 March 2013: US$291.1 million).

3. 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 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
FY2012/13						
As of 31 March 2012	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	-	(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 23)	(11,047)	(28,841)	-	(20,879)	(7,968)	(68,735)
As of 31 March 2013	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.

3. 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
FY2013/14						
As of 31 March 2013	102,845	121,691	29,092	59,592	45,346	358,566
Currency translations	2,907	844	679	640	226	5,296
Additions	6,740	17,693	64,062	8,554	4,740	101,789
Transfer	5,063	21,181	(39,790)	10,771	2,775	-
Transfer from investment property (Note 4)	1,520	-	-	-	-	1,520
Disposals	(2,597)	(998)	-	(267)	(157)	(4,019)
Provision for impairment	(9)	(681)	(2,172)	(512)	(9)	(3,383)
Depreciation (Note 23)	(11,405)	(27,636)	-	(20,369)	(8,133)	(67,543)
As of 31 March 2014	**105,064**	**132,094**	**51,871**	**58,409**	**44,788**	**392,226**
As of 31 March 2014						
Cost	239,568	596,129	54,043	285,041	140,793	1,315,574
Accumulated depreciation and impairment	(134,504)	(464,035)	(2,172)	(226,632)	(96,005)	(923,348)
Net book amount	**105,064**	**132,094**	**51,871**	**58,409**	**44,788**	**392,226**

* 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:

	2014 US$'000	2013 US$'000
In Hong Kong:		
On lease between 10 to 50 years	**7,638**	8,241
	7,638	8,241

4. INVESTMENT PROPERTY

Group

	2014 US$'000	2013 US$'000
At beginning of the year	**63,214**	53,705
Currency translations	**(1)**	15
Fair value gains (Note 2, 21 & 31)	**5,239**	3,974
Capitalised expenditure	**2,523**	69
Transfer from property, plant and equipment and land use right		
— Net book value	**-**	2,767
— Revaluation surplus	**-**	3,671
Transfer to property, plant and equipment (Note 3)	**(1,520)**	-
Disposals	**(1,084)**	(987)
At end of the year	**68,371**	63,214

The Group's investment property was valued on an open market basis as of 31 March 2014. The appraisals were performed by independent, professionally qualified valuers, Chung, Chan & Associates, Chartered Surveyors.

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

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

	2014 US$'000	2013 US$'000
In Hong Kong:		
On lease between 10 to 50 years	**61,444**	55,847
Outside Hong Kong:		
On lease between 10 to 50 years	**6,927**	7,367
	68,371	63,214

5. LAND USE RIGHTS

Group

	2014 **US$'000**	2013 US$'000
At beginning of the year	**3,800**	4,677
Currency translations	**6**	69
Additions	-	77
Transfer to investment property	-	(762)
Amortisation (Note 23)	**(242)**	(261)
At end of the year	**3,564**	3,800

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

	2014 **US$'000**	2013 US$'000
In PRC:		
On lease between 10 to 50 years	**3,564**	3,800
	3,564	3,800

6. INTANGIBLE ASSETS

Group

	Goodwill US$'000	Technology US$'000	Patents and engineering development US$'000	Brands US$'000	Client relationships US$'000	Total intangible assets US$'000
As of 31 March 2012						
Cost	516,614	180,442	11,659	74,490	124,656	907,861
Accumulated amortisation and impairment	-	(74,440)	(11,608)	(18,687)	(45,343)	(150,078)
Net book amount	516,614	106,002	51	55,803	79,313	757,783
FY2012/13						
As of 31 March 2012	516,614	106,002	51	55,803	79,313	757,783
Currency translations	(20,133)	(3,708)	(130)	(2,424)	(3,577)	(29,972)
Acquisition	-	-	5,000	-	2,000	7,000
Divestiture of non-core business	(59,908)	(16,500)	-	(5,212)	(9,389)	(91,009)
Amortisation (Note 23 & 31)	-	(11,018)	(56)	(2,763)	(8,396)	(22,233)
Provision for impairment	-	-	(34)	-	-	(34)
As of 31 March 2013	436,573	74,776	4,831	45,404	59,951	621,535
As of 31 March 2013						
Cost	436,573	142,026	16,207	63,864	106,141	764,811
Accumulated amortisation and impairment	-	(67,250)	(11,376)	(18,460)	(46,190)	(143,276)
Net book amount	436,573	74,776	4,831	45,404	59,951	621,535
FY2013/14						
As of 31 March 2013	436,573	74,776	4,831	45,404	59,951	621,535
Currency translations	28,438	4,412	452	3,219	4,163	40,684
Additions	-	-	5,804	-	-	5,804
Amortisation (Note 23 & 31)	-	(9,497)	(641)	(2,591)	(8,125)	(20,854)
As of 31 March 2014	**465,011**	**69,691**	**10,446**	**46,032**	**55,989**	**647,169** *
As of 31 March 2014						
Cost	465,011	151,335	22,958	68,571	113,877	821,752
Accumulated amortisation and impairment	-	(81,644)	(12,512)	(22,539)	(57,888)	(174,583)
Net book amount	**465,011**	**69,691**	**10,446**	**46,032**	**55,989**	**647,169**

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

6. INTANGIBLE ASSETS *(Cont'd)*

* Total intangible assets as of 31 March 2014 and 31 March 2013 are denominated in the following underlying currencies:

	USD equivalent	
	2014	2013
	US$'000	US$'000
In CHF	**551,052**	529,619
In USD	**83,055**	83,737
In EUR	**6,534**	1,385
In GBP	**6,528**	6,794
Total intangible assets	**647,169**	621,535

Impairment tests for goodwill

The Group is one cash-generating unit ("CGU") for the purpose of testing goodwill impairment. 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 FY2014/15 financial budget and future forecast.

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% until 2019 and a 2% perpetual growth rate thereafter (FY2012/13: 6% and 2% respectively) and operating margin of 10% (FY2012/13: 10%). Future cash flows are discounted at a pre-tax rate of 11.6% (equivalent to post-tax weighted average cost of capital of 10.0%) (FY2012/13: pre-tax rate of 11.6%).

There was no evidence of impairment arising from tests of reasonable variations of the assumptions used for the value-in-use calculations.

7. SUBSIDIARIES

JEHL

	2014 US$'000	2013 US$'000
Unlisted investments, at cost	***983,147***	*983,031*
Amounts due from subsidiaries		
— non-current portion (a)	***14,491***	*14,677*
	997,638	*997,708*
Amounts due from subsidiaries		
— current portion (b)	***613,132***	*625,069*
Amounts due to subsidiaries		
— current portion (b)	***(58)***	*(120,130)*
	613,074	*504,939*
	1,610,712	*1,502,647*

(a) The amount is unsecured, interest-free and is not repayable in the foreseeable future.

(b) US$6.6 million is unsecured, interest bearing at 3% per annum and is repayable on demand. The remaining amounts are unsecured, interest-free and repayable on demand (FY2012/13: US$6.2 million was unsecured, interest bearing at 3% per annum and is repayable on demand. The remaining amounts were unsecured, interest-free and repayable on demand).

8. INVESTMENT IN ASSOCIATE

Group

	2014 US$'000	2013 US$'000
At beginning of the year	**2,064**	2,184
Currency translations	**1**	30
Share of associate's profit for the year	**408**	324
Dividend received	**(271)**	(474)
At end of the year	**2,202**	2,064

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		*JEHL*	
	2014	2013	***2014***	*2013*
	US$'000	US$'000	***US$'000***	*US$'000*
At beginning of the year	**1,081**	6,307	***1,081***	*1,552*
Adoption of HKFRS 9	**(1,081)**	-	***(1,081)***	*-*
Disposals	**-**	(5,008)	***-***	*(253)*
Fair value losses transferred to equity (Note 20)	-	(218)	-	*(218)*
At end of the year	**-**	1,081	***-***	*1,081*

In FY2013/14, the Group adopted HKFRS 9. Investments in unlisted equity instruments previously classified as available-for-sale are now classified as financial assets at fair value through profit and loss. Details are set out in Note 10.

No impairment charges on available-for-sale financial assets were booked in the income statement in FY2013/14 (FY2012/13: nil).

Available-for-sale financial assets included the following:

	Group		*JEHL*	
	2014	2013	***2014***	*2013*
	US$'000	US$'000	***US$'000***	*US$'000*
Unlisted securities				
- Unlisted equity investments	-	1,081	-	*1,081*

The carrying amounts of the Group's available-for-sale financial assets were denominated in the following currencies:

	Group		*JEHL*	
	2014	2013	***2014***	*2013*
	US$'000	US$'000	***US$'000***	*US$'000*
USD	-	1,081	-	*1,081*

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Group		*JEHL*	
	2014	2013	***2014***	*2013*
	US$'000	US$'000	***US$'000***	*US$'000*
Unlisted debt securities	**1,085**	1,102	**-**	-
Unlisted equity investments	**198**	-	***198***	-
Total	**1,283**	1,102	***198***	-
Current portion	**1,085**	-	**-**	-
Non-current portion	**198**	1,102	***198***	-
	1,283	1,102	***198***	-

The maximum exposure to credit risk at the reporting date is the fair value of these securities.

11. OTHER FINANCIAL ASSETS AND LIABILITIES

Group

	Assets		Liabilities	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Raw material commodity contracts (Note a)				
– cash flow hedge	**634**	2,778	**12,614**	4,529
Forward foreign currency exchange contracts (Note b)				
– cash flow hedge	**39,627**	40,963	**41,575**	3,182
– net investment hedge	**8**	4,753	**7,693**	-
– held for trading	**10**	33	**4**	17
Total (Note c)	**40,279**	48,527	**61,886**	7,728
Current portion	**10,590**	15,934	**21,500**	5,260
Non-current portion	**29,689**	32,593	**40,386**	2,468
Total	**40,279**	48,527	**61,886**	7,728

JEHL

	Assets		*Liabilities*	
	2014	*2013*	***2014***	*2013*
	US$'000	*US$'000*	***US$'000***	*US$'000*
Forward foreign currency exchange contracts (Note b)				
– net investment hedge	***8***	*4,753*	***7,693***	-

Note:

(a) Raw material commodity contracts

Copper, silver and aluminium forward commodity contracts as per table in the following page are designated as hedges. Gains and losses initially recognised in the hedging reserve as of 31 March 2014, will be recognised in the income statement in the period or periods in which the underlying hedged copper, silver and aluminium volumes are consumed.

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

(a) Raw material commodity contracts *(Cont'd)*

As of 31 March 2014, the Group had the following outstanding raw material commodity contracts:

	Notional amount	Contract value (US$ million)	Remaining maturities range (months)
Cash flow hedge			
Copper commodity contracts	30,850 metric ton	215.3	1 - 59
Silver commodity contracts	625,000 oz	14.7	1 - 48
Aluminium commodity contracts	825 metric ton	1.5	1 - 13

(b) Forward foreign currency exchange contracts

The RMB, EUR, HUF, MXN, CHF, PLN, INR, JPY and ILS forward foreign currency exchange contracts as per table in the following page are designated as hedges. Gains and losses initially recognised in the hedging reserve as of 31 March 2014, will be recognised in the income statement in the period or periods in which the underlying hedged transactions occur. 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.

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

(b) Forward foreign currency exchange contracts *(Cont'd)*

As of 31 March 2014, the Group had the following outstanding forward foreign currency exchange contracts:

	Settlement currency	Notional amount (million)	Contract value in USD equivalent (US$ million)	Remaining maturities range (months)
Cash flow hedge				
RMB forward purchase contracts	USD	RMB 7,426.8	1,149.8	1 - 60
EUR forward sales contracts	USD	EUR 768.5	1,043.8	1 - 73
HUF forward purchase contracts	EUR	HUF 24,251.0	101.6	1 - 61
MXN forward purchase contracts	USD	MXN 991.2	70.5	1 - 60
CHF forward purchase contracts	EUR	CHF 40.2	45.2	1 - 12
PLN forward purchase contracts	EUR	PLN 90.0	27.6	1 - 60
INR forward purchase contracts	USD	INR 727.3	10.2	13 - 59
JPY forward sales contracts	USD	JPY 496.0	5.1	1 - 24
ILS forward purchase contracts	USD	ILS 9.8	2.5	1 - 7
Net investment hedge				
EUR forward sales contracts	USD	EUR 225.0	310.1	9 - 69
Held for trading				
INR forward purchase contracts	USD	INR 74.9	1.2	1- 12

(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 gain from raw material commodity and foreign currency exchange hedge contracts recognised in the income statement during the year was US$6.1 million (FY2012/13: net gain of US$5.5 million).

12. INVENTORIES

Group

	2014	2013
	US$'000	US$'000
Raw materials	**84,667**	85,849
Finished goods	**122,374**	122,246
	207,041	208,095

The Group's inventories were valued at the lower of actual cost on a first-in-first-out basis (FIFO) or net realisable value.

13. TRADE AND OTHER RECEIVABLES

Group

	2014	2013
	US$'000	US$'000
Trade receivables – gross	**387,408**	346,707
Less: impairment of trade receivables *	**(9,186)**	(2,472)
Trade receivables – net	**378,222**	344,235
Prepayments and other receivables	**63,415**	67,431
	441,637	411,666

* Impairment of trade receivables is discussed on page 55

JEHL did not have trade and other receivables as of 31 March 2014 (31 March 2013: nil).

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.

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

Ageing of gross trade receivables

The Group normally grants credit terms ranging from 30 to 120 days to its trade customers. The ageing of gross trade receivables based on overdue date was as follows:

Group

	2014 **US$'000**	2013 US$'000
Current	**364,823**	329,807
1–30 days overdue	**7,999**	9,939
31–90 days overdue	**7,051**	3,631
Over 90 days overdue	**7,535**	3,330
Total	**387,408**	346,707

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.

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

Group

	2014 **US$'000**	2013 US$'000
USD	**144,114**	143,410
EUR	**153,279**	128,047
RMB	**78,850**	64,340
Others	**11,165**	10,910
Total	**387,408**	346,707

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 120 days. As of 31 March 2014, trade receivables of US$13.4 million (31 March 2013: US$14.4 million) were overdue but not impaired. Management assessed the credit quality of this US$13.4 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.

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

The ageing of these overdue trade receivables but not impaired is as follows:

Group

	2014 US$'000	2013 US$'000
1-30 days overdue	**7,999**	9,939
31-90 days overdue	**3,166**	3,546
Over 90 days overdue	**2,234**	943
Total	**13,399**	14,428

Impairment of trade receivables

Movements on the impairment of trade receivables were as follows:

Group

	2014 US$'000	2013 US$'000
At beginning of the year	**2,472**	1,910
Currency translations	**263**	(55)
Divestiture of non-core business	-	(420)
Receivables written off during the year as uncollectible	**(481)**	(118)
Impairment of trade receivables / bad debt expense (Note 23)	**6,932** *	1,155
At end of the year	**9,186**	2,472

* The increase of bad debt was primarily due to a customer that entered into a court approved rehabilitation process.

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

14. CASH AND DEPOSITS

	Group		*JEHL*	
	2014	2013	***2014***	*2013*
	US$'000	US$'000	***US$'000***	*US$'000*
Cash at bank and in hand	**164,265**	182,564	***53***	*82*
Short term bank deposits	**479,721**	298,360	***-***	*-*
Cash and cash equivalents	**643,986**	480,924	***53***	*82*

The effective interest rate on bank balances and deposits was 2.3% (FY2012/13: 1.8%). These deposits have an average maturity of 77 days (FY2012/13: 49 days).

The carrying amounts of the Group's cash and deposits are denominated in the following currencies:

Group

	2014	2013
	US$'000	US$'000
RMB	**445,261**	332,598
EUR	**99,364**	98,391
USD	**47,291**	35,760
Others	**52,070**	14,175
Total	**643,986**	480,924

15. TRADE AND OTHER PAYABLES

Group	2014 US$'000	2013 US$'000
Trade payables	**207,234**	184,655
Accrued expenses and sundry payables	**194,696**	156,997
	401,930	341,652
Current portion	**386,406**	341,652
Non-current portion	**15,524**	-

JEHL	*2014* *US$'000*	*2013* *US$'000*
Accrued expenses and sundry payables	*85*	*2,052*

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	2014 US$'000	2013 US$'000
0-60 days	**153,592**	137,953
61-90 days	**39,892**	31,048
Over 90 days	**13,750**	15,654
Total	**207,234**	184,655

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

Group	2014 US$'000	2013 US$'000
RMB	**76,762**	42,980
USD	**57,492**	69,050
EUR	**42,871**	36,814
HKD	**23,344**	28,797
Others	**6,765**	7,014
Total	**207,234**	184,655

16. BORROWINGS

Group

	2014 US$'000	2013 US$'000
Loans based on trade receivables (Note)	**114,986**	121,860
Other borrowings – Non-current	**1,394**	1,735
– Current	**473**	1,400
Total borrowings	**116,853**	124,995
Current borrowings	**115,459**	123,260
Non-current borrowings	**1,394**	1,735

JEHL did not have borrowings as of 31 March 2014 (31 March 2013: nil).

Note:

Subsidiary companies have borrowed US$115.0 million in the USA, Europe and Hong Kong as of 31 March 2014 (as of 31 March 2013: US$121.9 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$40.0 million, with a covenant that trade receivables shall not be pledged to other parties (31 March 2013: US$50.0 million).
- Borrowings in Europe of US$55.0 million (EUR40.0 million) (31 March 2013: US$57.5 million (EUR45.0 million)), which are secured by trade receivables and require an over-collateralisation level of 20% of the amount loaned (US$66.0 million as of 31 March 2014 and US$69.0 million as of 31 March 2013).
- Unsecured borrowings in Hong Kong of US$20.0 million based on trade receivables (31 March 2013: US$14.4 million).

16. BORROWINGS *(Cont'd)*

The maturity of borrowings was as follows:

Group

	Bank borrowings		Other loans	
	2014 US$'000	2013 US$'000	**2014 US$'000**	2013 US$'000
Less than 1 year	**114,986**	122,833	**473**	427
1 - 2 years	**-**	-	**488**	440
2 - 5 years	**-**	-	**906**	1,105
Over 5 years	**-**	-	**-**	190
	114,986	122,833	**1,867**	2,162

As of 31 March 2014, the interest rate charged on outstanding balances ranged from 0.7% to 3.2% per annum (31 March 2013: 0.6% to 3.2% per annum) and the weighted average effective interest rate of the borrowings was approximately 0.8% (31 March 2013: 0.8%). Interest expense is discussed in Note 25.

As of 31 March 2014, borrowings of subsidiary companies amounting to US$115.0 million (31 March 2013: US$122.8 million) were guaranteed by JEHL. The Group has two key financial covenants as part of its various borrowing agreements. These covenants are the net debt outstanding compared to EBITDA test and a net worth (Total Equity) test. The Group was in compliance with all covenants as of 31 March 2014 and expects to remain compliant in future periods.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate and are within level 2 of the fair value hierarchy.

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

Group

	2014 US$'000	2013 US$'000
USD	**59,978**	65,107
EUR	**56,875**	59,672
ILS	**-**	216
Total borrowings	**116,853**	124,995

17. PROVISION OBLIGATIONS AND OTHER LIABILITIES

	Retirement benefit obligations 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 2012	32,586	6,120	20,555	34,910	5,743	99,914
Currency translations	(1,253)	(2)	(713)	(616)	121	(2,463)
Divestiture of non-core business	(5,651)	-	-	4,928	(43)	(766)
Provisions (Note 22)	2,710	-	-	11,660	3,889	18,259
Utilised	(7,577)	(700)	(9,517)	(28,300)	(5,000)	(51,094)
Remeasurements (Note 20)	2,463	-	-	-	(656)	1,807
As of 31 March 2013	23,278	5,418	10,325	22,582	4,054	65,657
Current portion	-	800	9,856	16,366	413	27,435
Non-current portion	23,278	4,618	469	6,216	3,641	38,222
As of 31 March 2013	23,278	5,418	10,325	22,582	4,054	65,657
As of 31 March 2013	23,278	5,418	10,325	22,582	4,054	65,657
Currency translations	1,648	-	587	774	49	3,058
Provisions (Note 22)	(123)	-	-	7,195	4,701	11,773
Utilised	(6,280)	(800)	(4,514)	(8,023)	(4,255)	(23,872)
Remeasurements (Note 20)	(8,466)	-	-	-	(623)	(9,089)
As of 31 March 2014	**10,057** *	**4,618**	**6,398**	**22,528**	**3,926**	**47,527**
Provision obligations and other liabilities:						
Current portion	-	908	6,398	16,606	418	24,330
Non-current portion	16,986	3,710	-	5,922	3,508	30,126
Defined benefit pension plan assets:						
Non-current portion	(6,929)	-	-	-	-	(6,929)
As of 31 March 2014	**10,057**	**4,618**	**6,398**	**22,528**	**3,926**	**47,527**

* The retirement benefit obligations were mainly denominated in CHF, GBP and EUR as of 31 March 2014.

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

17.1 Retirement benefit obligations

Defined benefit pension plans

The Group operates defined benefit pension plans in various countries, providing benefits to members in the form of a guaranteed level of pension payable for life. These defined benefit plans are valued by independent external actuaries.

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

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.

The Group has adopted HKAS 19 (2011) prospectively as the impacts on prior years is not material.

(i) The amounts recognised in the balance sheet were determined as follows:

	2014 **US$'000**	2013 US$'000
Present value of obligations that are funded	**(155,126)**	(153,073)
Present value of obligations that are unfunded	**(16,551)**	(15,469)
Gross present value of obligations (Note (a))	**(171,677)**	(168,542)
Less : Fair value of plan assets (Note (b))	**161,620**	145,264
Total retirement benefit obligations (net liability)	**(10,057)**	(23,278)
Represented by:		
Defined benefit pension plan assets	6,929	-
Provisions obligations and other liabilities	(16,986)	(23,278)

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

17.1 Retirement benefit obligations *(Cont'd)*

(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:

	2014 US$'000	2013 US$'000
At beginning of the year	**168,542**	198,456
Current service cost * (Note 17.1(ii))	**(396)**	3,547
Interest cost (Note 17.1(ii))	**4,182**	4,973
Remeasurements (Note 17.1(iii)):		
- Loss from change in demographic assumptions	**288**	3,881
- (Gain) / loss from change in financial assumptions	**(2,656)**	9,964
- Experience gains	**(3,314)**	(3,826)
Currency translations	**13,614**	(10,111)
Divestiture of non-core business	-	(34,268)
Contributions by plan participants	**2,705**	4,409
Benefits paid	**(11,288)**	(8,346)
Settlement	-	(137)
At end of the year (Note 17.1(i))	**171,677**	168,542

* Included the effect of adoption of HKAS 19 (2011) "Employee benefits".

(b) Fair value of plan asset

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

	2014 US$'000	2013 US$'000
At beginning of the year	**145,264**	165,870
Interest income (Note 17.1(ii))	**3,909**	5,741
Remeasurements (Note 17.1(iii)):		
- Experience gains	**56**	34
- Return on plan assets, excluding amounts included in interest income	**2,728**	7,522
Currency translations	**11,966**	(8,858)
Divestiture of non-core business	-	(28,617)
Employer contributions	**5,415**	6,314
Employee contributions	**2,705**	4,409
Benefits paid	**(10,423)**	(7,083)
Settlement	-	(68)
At end of the year (Note 17.1(i))	**161,620**	145,264

The actual gains on plan assets were US$6.7 million (FY2012/13: US$13.3 million).

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

17.1 Retirement benefit obligations *(Cont'd)*

(ii) The amounts recognised in the income statement were as follows:

	2014 US$'000	2013 US$'000
Current service cost * (Note 17.1(i)(a))	**(396)**	3,547
Interest cost (Note 17.1(i)(a))	**4,182**	4,973
Interest income (Note 17.1(i)(b))	**(3,909)**	(5,741)
Past service cost	**-**	(47)
Gain on settlement	**-**	(69)
Expensed in income statement for pensions benefits included in staff costs (Note 24)	**(123)**	2,663

* Included the effect of adoption of HKAS 19 (2011) "Employee benefits".

(iii) The amounts recognised through equity were as follows:

	2014 US$'000	2013 US$'000
Remeasurements of obligations (Note 17.1(i)(a))	**5,682**	(10,019)
Remeasurements of plan assets (Note 17.1(i)(b))	**2,784**	7,556
Net remeasurements (Note 20)	**8,466**	(2,463)
Deferred income tax effect (Note 18 & 20)	**(1,084)**	658
Total gains / (losses), included in equity	**7,382**	(1,805)

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.

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

17.1 Retirement benefit obligations *(Cont'd)*

Plan assets comprised the following:

	2014		2013	
	US$'000	**Percentage**	US$'000	Percentage
Quoted				
Equities	**68,376**	**43%**	57,651	40%
Bonds	**35,343**	**22%**	53,408	37%
Cash	**29,623**	**18%**	6,455	4%
	133,342	**83%**	117,514	81%
Unquoted				
Property investment	**26,335**	**16%**	25,880	18%
Others	**1,943**	**1%**	1,870	1%
	28,278	**17%**	27,750	19%
	161,620	**100%**	145,264	100%

The board of trustees performs periodically an asset-liability matching study. The last study was performed in 2013. As a consequence, the asset strategy was amended and the level of plan assets return were adjusted. To manage high exposures of death and disability risks, the pension fund has contracted stop-loss insurance.

In case of coverage ratio according to a statutory valuation below 100%, the board of trustees may introduce additional contributions from the employer and the employees as a recovery measure.

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

17.1 Retirement benefit obligations *(Cont'd)*

The Group will make contributions of US$5.2 million to post-employment benefit plans for fiscal year FY2014/15 (FY2013/14: US$5.4 million).

The principal actuarial assumptions used were as follows:

	2014 Percentage	2013 Percentage
Discount rate	**2% - 5%**	2% - 5%
Future salary growth rate	**0% - 4%**	0% - 4%
Future pension growth rate	**0% - 3%**	0% - 3%

The increase in the present value of funded defined benefit obligations was primarily due to a decrease in the discount rate:

	2014	2013
Switzerland	**2.2%**	1.7% - 2.1%
United Kingdom	**4.4%**	4.7%
Germany	**3.3%**	3.8%

Mortality rates

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

The average life expectancy assumption used, assuming retirement at the age of 65, was as follows:

	2014	2013
Male	**20.1**	20.7
Female	**23.6**	24.5

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

17.1 Retirement benefit obligations *(Cont'd)*

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions was:

	Impact on defined benefit obligation	
	Increase in assumption	Decrease in assumption
Discount rate - change by 0.5%	Decrease by 6.8%	Increase by 7.5%
Salary growth rate - change by 0.5%	Increase by 0.4%	Decrease by 0.5%
Inflation rate - change by 0.25%	Increase by 2.8%	Decrease by 1.0%
Life expectancy - change by 1 year	Increase by 2.3%	Decrease by 2.4%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 15.4 years.

The expected maturity analysis of undiscounted pension benefits for the coming 5 years was:

	Pension benefits US$'000
Less than 1 year	6,685
1 - 2 years	6,688
2 - 5 years	21,670
	35,043

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

17.2 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. The charge to income statement for FY2013/14 was US$4.3 million (FY2012/13: US$3.8 million) as shown in Note 24 on page 85.

If employees leave the ORSO scheme prior to the contributions fully vesting, these may be forfeited and the charge to income statement reduced accordingly. As of 31 March 2014, the balance of forfeited contributions was US$1.6 million (31 March 2013: 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.

17.3 Finance lease liabilities

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

	2014 **US$'000**	2013 US$'000
Cost – capitalised finance leases	**10,658**	10,658
Accumulated depreciation and impairment	**(8,046)**	(7,667)
Net book amount	**2,612**	2,991

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

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

17.3 Finance lease liabilities *(Cont'd)*

Gross finance lease obligation – minimum lease payments:

	2014 **US$'000**	2013 US$'000
Less than 1 year	**1,400**	1,392
1 - 5 years	**4,463**	5,600
Over 5 years	**-**	262
	5,863	7,254
Future finance charges on finance leases	**(1,245)**	(1,836)
Present value of finance lease liabilities	**4,618**	5,418

The present value of finance lease liabilities was as follows:

	2014 **US$'000**	2013 US$'000
Less than 1 year	**908**	800
1 - 5 years	**3,710**	4,360
Over 5 years	**-**	258
	4,618	5,418

18. 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 26.

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

	2014	2013
	US$'000	US$'000
Deferred income tax assets	**37,508**	35,694
Deferred income tax liabilities	**(53,609)**	(64,663)
Deferred income tax liabilities, net	**(16,101)**	(28,969)

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

	2014	2013
	US$'000	US$'000
Gross deferred income tax assets	**54,221**	46,422
Gross deferred income tax liabilities	**(70,322)**	(75,391)
Deferred income tax liabilities, net	**(16,101)**	(28,969)

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

18. 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, was as follows:

	Accrued liabilities		Accelerated tax depreciation		Tax losses		Fair value gains / (losses)		Others		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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	**12,033**	18,180	**2,311**	1,254	**21,237**	18,411	**474**	649	**10,367**	9,921	**46,422**	48,415
Currency translations	**544**	(386)	**6**	1	**(68)**	(67)	**-**	-	**333**	(329)	**815**	(781)
Divestiture of non-core business	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(1,173)	**-**	(1,173)
Credited / (charged) to income statement	**3,541**	(5,514)	**925**	1,056	**(3,996)**	2,917	**(44)**	-	**(585)**	1,181	**(159)**	(360)
Impairment of deferred income tax assets (Note 26)	**-**	(223)	**-**	-	**-**	(24)	**-**	-	**-**	-	**-**	(247)
Credited / (charged) to equity	**-**	(24)	**-**	-	**-**	-	**8,283**	(175)	**(1,140)**	767	**7,143**	568
Assets at end of the year	**16,118**	12,033	**3,242**	2,311	**17,173**	21,237	**8,713**	474	**8,975**	10,367	**54,221**	46,422
Deferred income tax (liabilities)												
At beginning of the year	**(5,595)**	(6,487)	**(10,872)**	(14,448)	**-**	-	**(49,008)**	(59,241)	**(9,916)**	(8,705)	**(75,391)**	(88,881)
Currency translations	**(424)**	284	**(226)**	199	**-**	-	**(3,026)**	2,699	**(12)**	6	**(3,688)**	3,188
Divestiture of non-core business	**-**	477	**-**	-	**-**	-	**-**	-	**-**	-	**-**	477
Credited / (charged) to income statement	**(161)**	131	**5,666**	3,377	**-**	-	**4,860**	13,350	**(1,515)**	(1,216)	**8,850**	15,642
(Charged) to equity	**-**	-	**-**	-	**-**	-	**(88)**	(5,816)	**(5)**	(1)	**(93)**	(5,817)
(Liabilities) at end of the year	**(6,180)**	(5,595)	**(5,432)**	(10,872)	**-**	-	**(47,262)**	(49,008)	**(11,448)**	(9,916)	**(70,322)**	(75,391)
Deferred income tax assets / (liabilities), net	**9,938**	6,438	**(2,190)**	(8,561)	**17,173**	21,237	**(38,549)**	(48,534)	**(2,473)**	451	**(16,101)**	(28,969)

Deferred income tax liabilities of US$2.2 million (FY2012/13: US$12.8 million) have not been recognised in respect of the tax payable upon the distribution of these undistributed profits as JEHL controls the dividend policy of its subsidiaries and it has been determined that these undistributed profits will not be distributed in the foreseeable future.

18. 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 2014, the Group's US and Japan subsidiaries have net operating losses carried forward of US$38.7 million and US$6.1 million respectively (31 March 2013: US$52.6 million and US$0.2 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.

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

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

	2014 US$'000	2013 US$'000
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than twelve months	**29,906**	34,567
Deferred income tax assets to be recovered within twelve months	**24,315**	11,855
Deferred income tax assets	**54,221**	46,422
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than twelve months	**(55,543)**	(68,413)
Deferred income tax liabilities to be settled within twelve months	**(14,779)**	(6,978)
Deferred income tax liabilities	**(70,322)**	(75,391)
Deferred income tax liabilities, net	**(16,101)**	(28,969)

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

	2014 US$'000	2013 US$'000
At beginning of the year, net (liability)	**(28,969)**	(40,466)
Currency translations	**(2,873)**	2,407
Divestiture of non-core business	**-**	(696)
Transfer to income statement (Note 26)	**8,691**	15,282
Impairment of deferred income tax assets (Note 26)	**-**	(247)
Credited / (charged) to equity - other reserves	**7,050**	(5,249)
At end of the year, net (liability)	**(16,101)**	(28,969)

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

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

	2014 **US$'000**	2013 US$'000
Net fair value gains of hedging instruments (Note 20)	**8,197**	(5,065)
Remeasurements of long service payment (Note 20)	**(63)**	76
Remeasurements of defined benefit plans (Note 17.1 & 20)	**(1,084)**	658
Revaluation gains on transfer of property, plant and equipment to investment property (Note 20)	-	(918)
	7,050	(5,249)

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$112.1 million (FY2012/13: US$101.9 million) that can be carried forward against future taxable income.

The movement on the Group's unrecognised tax losses for FY2013/14 and FY2012/13 was presented below:

	2014 **US$'000**	2013 US$'000
At beginning of the year	**101,933**	115,890
Currency translations	**(1,891)**	(3,699)
Addition / (utilised) during the year	**8,666**	(9,970)
Addition / (reductions) for tax positions of prior years	**5,788**	(56)
Liquidation, divestiture and other reductions	**(2,369)**	(232)
At end of the year	**112,127**	101,933

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

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

	2014 **US$'000**	2013 US$'000
Less than 1 year	**470**	2,397
1-2 years	**158**	833
2-5 years	**3,642**	1,316
5-20 years	**59,636**	54,803
Unlimited	**48,221**	42,584
	112,127	101,933

Deferred income tax assets have also not been recognised with respect to other deductible temporary differences amounting to US$5.9 million (FY2012/13: US$5.2 million), for which no taxable profit is probable to be available to offset the deductible temporary difference.

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

JEHL 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 tax audit
Hong Kong	Fiscal year 2007 and prior
China	2008 and prior
US Federal	Fiscal year 2009 and prior
Switzerland	Fiscal year 2012 and prior
Germany	Fiscal year 2006 and prior
Italy	Fiscal year 2008 and prior
Hungary	Fiscal year 2008 and prior

19. SHARE CAPITAL

	Number of shares (thousands)		
	Ordinary shares	Shares held for the Share Scheme	Total
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 Independent Non-Executive Directors ("INED") for the Long-Term Incentive Share Scheme ("Share Scheme")	-	1,636	1,636
As of 31 March 2013	3,581,756	(27,554)	3,554,202
Repurchase and cancellation of issued capital	(2,560)	-	(2,560)
Shares purchased by trustee for the Share Scheme	-	(4,897)	(4,897)
Shares vested to employees and INED for the Share Scheme	-	4,581	4,581
As of 31 March 2014	**3,579,196**	**(27,870)**	**3,551,326**

	Ordinary shares US$'000	Shares held for the Share Scheme US$'000	Share premium US$'000	Total US$'000
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 (Note 20)	-	892	(80)	812
As of 31 March 2013	5,777	(13,849)	25,433	17,361
Repurchase and cancellation of issued capital	(4)	-	(1,646)	(1,650)
Shares purchased by trustee for the Share Scheme	-	(2,891)	-	(2,891)
Shares vested to employees and INED for the Share Scheme (Note 20)	-	2,844	(159)	2,685
As of 31 March 2014	**5,773**	**(13,896)**	**23,628**	**15,505**

19. SHARE CAPITAL *(Cont'd)*

As of 31 March 2014, the total authorised number of ordinary shares was 7,040.0 million (31 March 2013: 7,040.0 million) with a par value of HK$0.0125 per share (31 March 2013: HK$0.0125 per share). All issued shares were fully paid.

The Board recommends a share consolidation ("Share Consolidation") on the basis that every 4 issued and unissued ordinary shares of HK$0.0125 each in the share capital of JEHL will be consolidated into 1 consolidated share of HK$0.05 each ("Consolidated Share"), subject to the approval of shareholders at annual general meeting of the Company ("AGM") and the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares to be issued upon the Share Consolidation becoming effective on 15 July 2014.

Cancellation of issued capital

A general mandate was approved and given to the Board by shareholders at JEHL's Annual General Meeting held on 15 July 2013 empowering the Board to repurchase shares up to 10% (358.2 million shares) of the aggregate nominal amount of the issued share capital of JEHL. This mandate which had also existed in the previous year was extended to the next 12 month period. 2.6 million shares have been repurchased and cancelled at a total cost including brokerage and cancellation fees of US$1.7 million (HK$12.8 million) in FY2013/14 (FY2012/13: 31.2 million shares at a total cost of US$19.9 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 Group.

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. Under the Share Scheme, the directors have absolute discretion to grant shares to such eligible employees and directors.

Senior management of the Group 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.

19. SHARE CAPITAL *(Cont'd)*

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

JEHL 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.

JEHL 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, JEHL grants each of the INED shares equivalent in value to US$6,000.

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

	Number of unvested units granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
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
Shares granted to employees and INED during the year	6,918	9,820	16,738
Shares vested to employees and INED during the year	(2,818)	(1,763)	(4,581)
Cash settled share-based units vested to employees during the year	(765)	(300)	(1,065)
Forfeited during the year	(1,425)	(2,257)	(3,682)
Unvested shares granted, as of 31 March 2014	**14,495**	**17,200**	**31,695**

The weighted average fair value of the unvested shares granted during the year was HK$5.74 (US$0.74).

19. SHARE CAPITAL *(Cont'd)*

As of 31 March 2014, the number of unvested shares was as follows:

	Number of unvested units granted (thousands)		
Vesting year	Restricted Stock Units	Performance Stock Units	Total
FY2014/15	3,115	3,260	6,375
FY2015/16	5,175	5,220	10,395
FY2016/17	5,705	8,720	14,425
FY2018/19	500	-	500
Total unvested shares granted	**14,495**	**17,200**	**31,695**

Share options

Pursuant to the Share Option Scheme (the "Scheme") approved at the Annual General Meeting of JEHL held on 29 July 2002 and adopted by JEHL 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 JEHL or any affiliate as defined in the Scheme).

Under the Scheme, JEHL granted options to purchase JEHL'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.

19. SHARE CAPITAL *(Cont'd)*

As of 31 March 2014, share options granted to employees under the Scheme were as follows:

Held at 31/03/2013	Options lapsed during the year	Held at 31/03/2014	Subscription price per share (HK$)	Date of grant	Exercisable from	Exercisable until
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
725,000	(525,000)	200,000				

No share option was granted or exercised in FY2013/14 (FY2012/13: nil).

The fair value of the options was determined using the 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 2014 was US$0.1 million (31 March 2013: US$0.3 million).

There was no profit and loss impact relating to the Scheme in FY2013/14 (FY2012/13: nil).

20. RESERVES

Group

	Contributed surplus US$'000	Capital reserve US$'000	Goodwill on consolidation US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Other reserves* US$'000	Retained earnings US$'000	Total US$'000
As of 31 March 2013	15,499	38,904	(233,885)	169,887	5,859	34,237	47,593	1,473,057	1,551,151
Available-for-sale financial assets									
– adoption of HKFRS 9	-	-	-	-	-	-	380	(380)	-
Hedging instruments									
– fair value losses, net	-	-	-	-	-	(56,635)	-	-	(56,635)
– deferred income tax effect (Note 18)	-	-	-	-	-	8,197	-	-	8,197
– transferred to income statement	-	-	-	-	-	(6,106)	-	-	(6,106)
Defined benefit plans									
– remeasurements (Note 17)	-	-	-	-	-	-	-	8,466	8,466
– deferred income tax effect (Note 17.1(iii) & 18)	-	-	-	-	-	-	-	(1,084)	(1,084)
Long service payment									
– remeasurements (Note 17)	-	-	-	-	-	-	-	623	623
– deferred income tax effect (Note 18)	-	-	-	-	-	-	-	(63)	(63)
Investment property									
– revaluation surplus realised upon disposal	-	-	-	-	-	-	(583)	583	-
Currency translations of subsidiaries and associate	-	-	-	49,968	-	(71)	-	-	49,897
Net income recognised directly in equity	-	-	-	49,968	-	(54,615)	(203)	8,145	3,295
Profit for the year	-	-	-	-	-	-	-	207,865	207,865
Total comprehensive income for the year	-	-	-	49,968	-	(54,615)	(203)	216,010	211,160
Appropriation of retained earnings to statutory reserve	-	-	-	-	-	-	(1,446)	1,446	-
Long-Term Incentive Share Scheme									
– shares vested (Note 19)	-	-	-	-	(2,685)	-	-	-	(2,685)
– value of employee services (Note 31)	-	-	-	-	5,799	-	-	-	5,799
– transfer from cash settled shared-based unit	-	-	-	-	1,771	-	-	-	1,771
Share options									
– options lapsed	-	-	-	-	(274)	-	-	274	-
FY2012/13 final dividend paid	-	-	-	-	-	-	-	(36,664)	(36,664)
FY2013/14 interim dividend paid	-	-	-	-	-	-	-	(13,738)	(13,738)
	-	-	-	49,968	4,611	(54,615)	(1,649)	167,328	165,643
As of 31 March 2014	**15,499**	**38,904**	**(233,885)**	**219,855**	**10,470**	**(20,378)**	**45,944**	**1,640,385**	**1,716,794**
Final dividend proposed (Note 29)	-	-	-	-	-	-	-	38,910	38,910
Other	15,499	38,904	(233,885)	219,855	10,470	(20,378)	45,944	1,601,475	1,677,884
As of 31 March 2014	**15,499**	**38,904**	**(233,885)**	**219,855**	**10,470**	**(20,378)**	**45,944**	**1,640,385**	**1,716,794**

* Other reserves mainly represent property revaluation reserve, investment revaluation reserve and statutory reserve.

20. RESERVES *(Cont'd)*

Group

	Contributed surplus US$'000	Capital reserve US$'000	Goodwill on consolidation US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Other reserves* US$'000	Retained earnings US$'000	Total US$'000
As of 31 March 2012	15,499	38,904	(233,885)	218,747	3,967	7,055	46,335	1,328,515	1,425,137
Divestiture of non-core business	-	-	-	(23,441)	-	1,881	(1,212)	1,212	(21,560)
Release of reserves on disposal of a property based subsidiary	-	-	-	8,544	-	-	(1,356)	1,356	8,544
Available-for-sale financial assets									
– fair value losses, net (Note 9)	-	-	-	-	-	-	(218)	-	(218)
– release of reserves upon disposal	-	-	-	-	-	-	152	-	152
Hedging instruments									
– fair value gains, net	-	-	-	-	-	35,862	-	-	35,862
– deferred income tax effect (Note 18)	-	-	-	-	-	(5,065)	-	-	(5,065)
– transferred to income statement	-	-	-	-	-	(5,548)	-	-	(5,548)
Defined benefit plans									
– remeasurements (Note 17)	-	-	-	-	-	-	-	(2,463)	(2,463)
– deferred income tax effect (Note 17.1(iii) & 18)	-	-	-	-	-	-	-	658	658
Long service payment									
– remeasurements (Note 17)	-	-	-	-	-	-	-	656	656
– deferred income tax effect (Note 18)	-	-	-	-	-	-	-	76	76
Investment property									
– revaluation surplus realised upon disposal	-	-	-	-	-	-	(21)	21	-
– revaluation surplus on transfer of property, plant and equipment to investment property	-	-	-	-	-	-	2,570	-	2,570
– deferred income tax effect (Note 18)	-	-	-	-	-	-	(918)	-	(918)
Currency translations of subsidiaries and associate	-	-	-	(33,963)	-	52	-	-	(33,911)
Net income recognised directly in equity	-	-	-	(48,860)	-	27,182	(1,003)	1,516	(21,165)
Profit for the year	-	-	-	-	-	-	-	191,321	191,321
Total comprehensive income for the year	-	-	-	(48,860)	-	27,182	(1,003)	192,837	170,156
Appropriation of retained earnings to statutory reserve	-	-	-	-	-	-	2,261	(2,261)	-
Long-Term Incentive Share Scheme									
– shares vested (Note 19)	-	-	-	-	(812)	-	-	-	(812)
– reserve released upon transfer to cash settled share-based unit	-	-	-	-	(1,990)	-	-	-	(1,990)
– value of employee services (Note 31)	-	-	-	-	4,694	-	-	-	4,694
FY2011/12 final dividend paid	-	-	-	-	-	-	-	(32,263)	(32,263)
FY2012/13 interim dividend paid	-	-	-	-	-	-	-	(13,771)	(13,771)
	-	-	-	(48,860)	1,892	27,182	1,258	144,542	126,014
As of 31 March 2013	15,499	38,904	(233,885)	169,887	5,859	34,237	47,593	1,473,057	1,551,151
Final dividend proposed (Note 29)	-	-	-	-	-	-	-	36,625	36,625
Other	15,499	38,904	(233,885)	169,887	5,859	34,237	47,593	1,436,432	1,514,526
As of 31 March 2013	15,499	38,904	(233,885)	169,887	5,859	34,237	47,593	1,473,057	1,551,151

* Other reserves mainly represent property revaluation reserve, investment revaluation reserve and statutory reserve.

20. RESERVES *(Cont'd)*

JEHL

	Contributed surplus US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Other reserve US$'000	Retained earnings US$'000	Total US$'000
As of 31 March 2012	95,273	3,967	-	(314)	962,913	1,061,839
Available-for-sale financial assets						
– fair value losses (Note 9)	-	-	-	(218)	-	(218)
– release of reserves upon disposal	-	-	-	152	-	152
Hedging instruments						
– fair value gains, net	-	-	4,706	-	-	4,706
Long-Term Incentive Share Scheme						
– shares vested (Note 19)	-	(812)	-	-	-	(812)
– released upon transfer to cash settled shared-based unit	-	(1,990)	-	-	-	(1,990)
– value of employee services (Note 31)	-	4,694	-	-	-	4,694
Profit for the year	-	-	-	-	466,813	466,813
FY2011/12 final dividend paid	-	-	-	-	(32,263)	(32,263)
FY2012/13 interim dividend paid	-	-	-	-	(13,771)	(13,771)
As of 31 March 2013	95,273	5,859	4,706	(380)	1,383,692	1,489,150
Final dividend proposed (Note 29)	-	-	-	-	36,625	36,625
Other	95,273	5,859	4,706	(380)	1,347,067	1,452,525
As of 31 March 2013	95,273	5,859	4,706	(380)	1,383,692	1,489,150
Available-for-sale financial assets						
– adoption of HKFRS 9	-	-	-	380	(380)	-
Hedging instruments						
– fair value losses, net	-	-	(12,362)	-	-	(12,362)
Long-Term Incentive Share Scheme						
– shares vested (Note 19)	-	(2,685)	-	-	-	(2,685)
– value of employee services (Note 31)	-	5,799	-	-	-	5,799
– transfer from cash settled shared-based unit	-	1,771	-	-	-	1,771
Share options						
– options lapsed	-	(274)	-	-	274	-
Profit for the year	-	-	-	-	156,417	156,417
FY2012/13 final dividend paid	-	-	-	-	(36,664)	(36,664)
FY2013/14 interim dividend paid	-	-	-	-	(13,738)	(13,738)
As of 31 March 2014	**95,273**	**10,470**	**(7,656)**	**-**	**1,489,601**	**1,587,688**
Final dividend proposed (Note 29)	-	-	-	-	38,910	38,910
Other	95,273	10,470	(7,656)	-	1,450,691	1,548,778
As of 31 March 2014	**95,273**	**10,470**	**(7,656)**	**-**	**1,489,601**	**1,587,688**

21. OTHER INCOME AND GAINS, NET

	2014 US$'000	2013 US$'000
Gross rental income from investment property (Note 2)	**4,569**	4,125
Gains / (losses) on investments, net (Note 2)	**1,590**	(282)
Gain on divestiture of non-core business, net (Note 2 & 31)	**-**	20,404
Loss on disposal of a property based subsidiary (Note 2 & 31)	**-**	(1,602)
Gains on disposal of property, plant and equipment and investment property (Note 2 & 31)	**2,529**	1,536
Fair value gains on investment property (Note 2, 4 & 31)	**5,239**	3,974
Fair value (losses) / gains on other financial assets / liabilities (Note 2)	**(429)**	215
Subsidies and other income (Note 2)	**6,264**	-
	19,762	28,370

22. SELLING AND ADMINISTRATIVE EXPENSES

	2014 US$'000	2013 US$'000
Selling expenses	**106,372**	113,714
Administrative expenses	**287,562**	273,260
Legal and warranty (Note 17)	**7,195**	11,660
Net exchange losses / (gains) on revaluation of monetary assets and liabilities (Note 23)	**4,051**	(5,465)
	405,180	393,169

Note: Selling and administrative expenses included operating lease payments for FY2013/14 of US$6.9 million (FY2012/13: US$7.0 million). Selling expenses were lower in FY2013/14 as compared to FY2012/13, primarily because of the divestiture of the Saia-Burgess Controls business in February 2013.

23. EXPENSES BY NATURE

Operating profit was stated after crediting and charging the following:

	2014 US$'000	2013 US$'000
Depreciation		
Depreciation of property, plant and equipment (Note 3)	**67,543**	68,735
Less: amounts capitalised in assets under construction	**(588)**	(350)
	66,955	68,385
Employee compensation (Note 24)	**586,105**	506,651
Less: amounts capitalised in assets under construction	**(3,530)**	(3,260)
	582,575	503,391
Impairment of property, plant and equipment and intangibles		
– Included in selling and administrative expenses and cost of goods sold (Note 31)	**3,383**	1,733
	3,383	1,733
Other items:		
Cost of goods sold*	**1,478,711**	1,481,975
Engineering expenditure**	**116,686**	121,078
Auditors' remuneration	**2,354**	2,300
Amortisation of land use rights (Note 5)	**242**	261
Amortisation of intangible assets (Note 6 & 31)	**20,854**	22,233
Net exchange losses / (gains) on revaluation of monetary assets and liabilities (Note 22)	**4,051**	(5,465)
Impairment of trade receivables / bad debt expense (Note 13)	**6,932**	1,155

* Cost of goods sold comprised materials, direct labour costs (including their social costs) and production overheads including operating lease payments of US$15.0 million (FY2012/13: US$15.7 million).

23. EXPENSES BY NATURE *(Cont'd)*

** Engineering expenditure

The Group's engineering expenditure for FY2013/14 and FY2012/13 were as follow:

	2014 US$'000	2013 US$'000
Engineering expenditure	**122,490**	121,078
Capitalisation of engineering development costs	**(5,804)**	-
Net engineering expenditure	**116,686**	121,078

Engineering expenditure as a percentage of sales were 5.8% in FY2013/14 (FY2012/13: 5.9%).

24. EMPLOYEE COMPENSATION

	2014 US$'000	2013 US$'000
Wages and salaries	**523,924**	449,655
Share-based payments	**6,301**	4,670
Social security costs	**51,731**	45,873
Pension costs – defined contribution plans (Note 17.2)	**4,272**	3,790
Pension costs – defined benefit plans (Note 17.1(ii))	**(123)**	2,663
Total employee compensation (Note 23)	**586,105**	506,651

24. EMPLOYEE COMPENSATION *(Cont'd)*

24.1 Directors' remuneration

The remuneration of directors for FY2013/14 was as follows:

Name of director	Fees US$'000		Salary US$'000	Bonus US$'000	Others US$'000	Employer's contribution to pension scheme US$'000	**Total US$'000**
Yik-Chun Koo Wang	-		72	-	-	-	**72**
Patrick Shui-Chung Wang	-		865	752	-	104	**1,721**
Winnie Wing-Yee Wang	-		610	265	-	73	**948**
Austin Jesse Wang	-		259	60	61	21	**401**
Peter Kin-Chung Wang	36		-	-	-	-	**36**
Peter Stuart Allenby Edwards	49	*	-	-	-	-	**49**
Patrick Blackwell Paul	60	*	-	-	-	-	**60**
Michael John Enright	50	*	-	-	-	-	**50**
Joseph Chi-Kwong Yam	45	*	-	-	-	-	**45**
	240		1,806	1,077	61	198	**3,382**

The remuneration of directors for FY2012/13 was as follows:

Name of director	Fees US$'000		Salary US$'000	Bonus US$'000	Others US$'000	Employer's contribution to pension scheme US$'000	Total US$'000
Yik-Chun Koo Wang	-		72	-	-	-	72
Patrick Shui-Chung Wang	-		844	971	-	97	1,912
Winnie Wing-Yee Wang	-		595	342	-	68	1,005
Austin Jesse Wang	-		232	54	18	8	312
Peter Kin-Chung Wang	32		-	-	-	-	32
Peter Stuart Allenby Edwards	43	*	-	-	-	-	43
Patrick Blackwell Paul	55	*	-	-	-	-	55
Michael John Enright	50	*	-	-	-	-	50
Joseph Chi-Kwong Yam	40	*	-	-	-	-	40
	220		1,743	1,367	18	173	3,521

* Included the value of the grant of shares to Independent Non-Executive Directors.

24. EMPLOYEE COMPENSATION *(Cont'd)*

24.2 Key / senior management compensation

Other than the directors' remuneration disclosed above, emoluments paid to 11 (10 active; 1 retired during FY2013/14) (FY2012/13: 11) key / senior management were as follows:

	2014 US$'000	2013 US$'000
Salaries, allowances and other benefits	**6,128**	6,296
Retirement scheme contributions	**509**	510
Share-based payment	**1,858**	631
Bonuses	**1,941**	3,019
	10,436	10,456

Remuneration bands

	Number of individuals **2014**	2013
US$512,001 – US$641,000 (HK$4,000,001 – HK$5,000,000)	**1**	-
US$641,001 – US$769,000 (HK$5,000,001 – HK$6,000,000)	**-**	2
US$769,001 – US$897,000 (HK$6,000,001 – HK$7,000,000)	**3**	3
US$897,001 – US$1,026,000 (HK$7,000,001 – HK$8,000,000)	**4**	2
US$1,026,001 – US$1,154,000 (HK$8,000,001 – HK$9,000,000)	**2**	2
US$1,154,001 – US$1,282,000 (HK$9,000,001 – HK$10,000,000)	**-**	2
US$1,282,001 – US$1,410,000 (HK$10,000,001 – HK$11,000,000)	**1**	-

24. EMPLOYEE COMPENSATION *(Cont'd)*

24.3 Five highest individuals compensation

Of the five highest paid individuals of the Group, one is a director of the Group whose remuneration is included in Note 24.1 (FY2012/13: one director in the five highest paid individuals). The compensation paid to the 5 (FY2012/13: 5) highest paid employees were as follows:

	2014	2013
	US$'000	US$'000
Salaries, allowances and other benefits	**3,525**	3,430
Retirement scheme contributions	**342**	318
Share-based payment	**665**	430
Bonuses	**1,695**	2,419
	6,227	6,597

Remuneration bands

	Number of individuals	
	2014	2013
US$961,001 – US$1,026,000 (HK$7,500,001 – HK$8,000,000)	**1**	-
US$1,026,001 – US$1,090,000 (HK$8,000,001 – HK$8,500,000)	**2**	1
US$1,090,001 – US$1,154,000 (HK$8,500,001 – HK$9,000,000)	**-**	1
US$1,218,001 – US$1,282,000 (HK$9,500,001 – HK$10,000,000)	**-**	2
US$1,346,001 – US$1,410,000 (HK$10,500,001 – HK$11,000,000)	**1**	-
US$1,666,001 – US$1,731,000 (HK$13,000,001 – HK$13,500,000)	**1**	-
US$1,795,001 – US$1,923,000 (HK$14,000,001 – HK$15,000,000)	**-**	1

25. FINANCE INCOME / (COSTS), NET

	2014 US$'000	2013 US$'000
Interest income	**10,927**	7,464
Interest expense on borrowings wholly repayable within five years and overdrafts	**(1,830)**	(2,693)
Interest expense on borrowings wholly repayable later than five years	-	(5)
Net interest income (Note 31)	**9,097**	4,766

See Note 16 for a discussion on Borrowings.

26. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (FY2012/13: 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 FY2013/14 was 11.6% (FY2012/13: 9.7%).

	2014 US$'000	2013 US$'000	
Current income tax			
Hong Kong profits tax	**16,870**	10,985	
Overseas taxation	**21,771**	24,451	
(Over) / under provision in prior years	**(1,852)**	712	
	36,789	36,148	
Deferred income tax (Note 18)	**(8,691)**	(15,282)	*
Impairment of deferred income tax assets (Note 18)	-	247	
Total income tax expense	**28,098**	21,113	
Effective tax rate	**11.6%**	9.7%	**

* For FY2012/13, the deferred income tax of US$15.3 million represented the 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.

** For FY2012/13, the net tax effect of divestiture of Saia-Burgess Controls business was US$3.0 million (reversed deferred tax liability of US$8.0 million on divestiture, offset by US$5.0 million comprising taxes on gains on divestment and 10 months' results of business).

Excluding this tax effect of the divestiture, the effective tax rate for FY2012/13 was 12.5%.

26. INCOME TAX EXPENSE *(Cont'd)*

The effective tax rate of the Group of 11.6% differed from the statutory tax rate of Hong Kong of 16.5% as follows:

	2014		2013	
		US$'000		US$'000
Profit before income tax		**242,994**		218,005
Tax charged at Hong Kong profits tax rate	**16.5%**	**40,094**	16.5%	35,971
Effect of different tax rates in other countries				
– Countries with taxable profit	**1.3%**	**3,224**	0.6%	1,332
– Countries with loss	**(1.1)%**	**(2,686)**	(2.2)%	(4,790)
Income, net of expenses, not subject to tax	**(5.5)%**	**(13,288)**	(3.9)%	(8,496)
(Over) / under provisions in prior years (current and deferred)	**(1.1)%**	**(2,802)**	0.2%	488
Tax losses and other timing differences not recognised as an asset and other tax, net of (utilisation)	**1.5%**	**3,556**	(1.6)%	(3,639)
Impairment of deferred income tax assets	**0.0%**	**-**	0.1%	247
	11.6%	**28,098**	9.7%*	21,113

* Excluding the tax effect of the divestiture, the effective tax rate for FY2012/13 was 12.5% as explained on page 89.

See Note 18 for a discussion of deferred income tax assets and liabilities.

27. PROFIT ATTRIBUTABLE TO OWNERS

The Group's consolidated profit attributable to owners was US$207.9 million (FY2012/13: US$191.3 million). Profit of JEHL for the year was US$156.4 million (FY2012/13: US$466.8 million).

Details of movement in reserves are shown in Note 20.

28. 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 JEHL and held for the Long-Term Incentive Share Scheme.

	2014	2013
Profit attributable to owners (thousands US Dollar)	**207,865**	191,321
Weighted average number of ordinary shares in issue (thousands)	**3,553,504**	3,571,644
Basic earnings per share (US Cents per share)	**5.85**	5.36
Basic earnings per share (HK Cents per share)	**45.38**	41.55

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.

	2014	2013
Weighted average number of ordinary shares issued and outstanding (thousands)	**3,553,504**	3,571,644
Adjustments for restricted shares granted:		
– Share Scheme (Time vesting)	**14,495**	12,585
– Share Scheme (Performance earned)	**8,050**	5,318
Weighted average number of ordinary shares (diluted) (thousands)	**3,576,049**	3,589,547
Diluted earnings per share (US Cents per share)	**5.81**	5.33
Diluted earnings per share (HK Cents per share)	**45.09**	41.34

29. DIVIDENDS

	2014 US$'000	2013 US$'000
Interim, of 0.38 US Cents (3 HK Cents) per share, paid in December 2013 (first half of FY2012/13: 0.38 US Cents or 3 HK Cents)	**13,738**	13,771
Final, proposed, of 1.09 US Cents (8.5 HK Cents) per share, to be paid in July 2014 (FY2012/13: 1.03 US Cents or 8 HK Cents) (Note 20)	**38,910**	36,625
	52,648	50,396

Total dividend per share for the year is 11.5 HK Cents (FY2012/13 was 11 HK Cents).

At a meeting held on 15 May 2014 the Directors recommended a final dividend of 1.09 US Cents (8.5 HK Cents) per share to be paid out in July 2014. The recommended final dividend will be reflected as an appropriation of retained earnings for FY2014/15.

Dividends for the periods FY2010/11 through FY2013/14 are shown in the table below:

	Interim HK Cents per share	Final HK Cents per share	Total HK Cents per share	Total dividend US$'000
FY2010/11	3.0	6.0	9.0	42,488
FY2011/12	3.0	7.0	10.0	46,118
FY2012/13	3.0	8.0	11.0	50,396
FY2013/14	3.0	8.5 *	11.5	52,648

* Final dividend for FY2013/14 has been recommended by the Board of Directors and is subject to shareholder approval.

The Board intends over the longer-term, to increase the ratio of the interim dividend to represent approximately one-third of the previous fiscal year's total dividend. In this regard, the Board is proposing a 1 for 4 consolidation of Johnson Electric ordinary shares, which when completed will enable greater flexibility in future dividends.

30. COMMITMENTS

30.1 Capital commitments

Group

	2014 US$'000	2013 US$'000
Capital commitments for property, plant and equipment		
Authorised but not contracted for *	**56,150**	22,500
Contracted but not provided for	**11,215**	6,749
	67,365	29,249

* As of the balance sheet date, capital commitments authorised but not contracted for represented the management's budget for the coming quarter except for new manufacturing facilities in Mexico and Serbia where we have included FY2014/15 capital expenditure budget.

JEHL did not have any capital commitments as of 31 March 2014 (31 March 2013: nil).

30.2 Operating lease commitments

(i) The Group's future aggregate minimum lease payments under non-cancellable operating leases as of 31 March 2014 and 31 March 2013 were as follows:

	2014		2013	
	Land and buildings US$'000	**Others US$'000**	Land and buildings US$'000	Others US$'000
Less than 1 year	**18,115**	**1,162**	17,534	1,269
1 - 5 years	**52,842**	**1,487**	55,411	1,445
Over 5 years	**19,384**	**-**	26,044	-
	90,341	**2,649**	98,989	2,714

(ii) The Group's future aggregate minimum lease rental receivable under non-cancellable operating leases on land and buildings as of 31 March 2014 and 31 March 2013 were as follows:

	2014 US$'000	2013 US$'000
Less than 1 year	**3,027**	2,326
1 - 5 years	**3,436**	3,680
Over 5 years	**6,993**	7,843
	13,456	13,849

JEHL did not have any operating lease commitments as of 31 March 2014 (31 March 2013: nil).

31. CASH GENERATED FROM OPERATIONS

	2014 US$'000	2013 US$'000
Profit before income tax	**242,994**	218,005
Add: Depreciation of property, plant and equipment and amortisation of land use rights	**67,197**	68,646
Amortisation of intangible assets (Note 6 & 23)	**20,854**	22,233
Finance income, net (Note 25)	**(9,097)**	(4,766)
Associate dividend receipts less share of profits	**(137)**	150
EBITDA*	**321,811**	304,268
Other non-cash items and adjustments		
Gain on divestiture of non-core business, net (Note 2 & 21)	**-**	(20,404)
Loss on disposal of a property based subsidiary (Note 2 & 21)	**-**	1,602
Gains on disposal of property, plant and equipment and investment property (Note 2 & 21)	**(2,529)**	(1,536)
Impairment of property, plant and equipment and intangibles (Note 23)	**3,383**	1,733
Net realised and unrealised gains on financial assets at fair value through profit and loss	**(558)**	(57)
Share-based compensation (Note 20)	**5,799**	4,694
Fair value gains on investment property (Note 2, 4 & 21)	**(5,239)**	(3,974)
Net realised losses on available-for-sale financial assets	**-**	152
	856	(17,790)
EBITDA* net of other non-cash items and adjustments	**322,667**	286,478
Change in working capital		
Decrease in inventories	**2,999**	39,835
Increase in trade and other receivables	**(20,532)**	(28,410)
(Increase) / decrease in non-current deposits	**(1,883)**	1,258
Increase / (decrease) in trade and other payables	**49,685**	(18,206)
Decrease in provision obligations and other liabilities **	**(12,099)**	(31,769)
Change in financial assets / liabilities	**(383)**	(452)
Insourcing of a European distribution channel	**-**	(49,462)
	17,787	(87,206)
Cash generated from operations	**340,454**	199,272

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

** Net of defined benefit pension plan assets

31. 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:

	2014 **US$'000**	2013 US$'000
Net book amount	**6,195**	21,861
Gains on disposal of property, plant and equipment and investment property (Note 2 & 21)	**2,529**	1,536
Loss on disposal of a property based subsidiary (Note 2 & 21)	**-**	(1,602)
Cash from disposal of property not received at balance sheet date	**-**	(2,083)
Subsequent receipt of cash from disposal of property	**2,083**	-
Proceeds from disposal of property, plant and equipment, investment property and a property based subsidiary	**10,807**	19,712

32. RELATED-PARTY TRANSACTIONS

The Group had no material related party transactions during the year. Details of key / senior management compensation are disclosed in Note 24.2 in these financial statements.

33. POST BALANCE SHEET EVENT

On 2 April 2014, the Group issued convertible bonds ("CB") in an aggregate principal amount of US$200 million. The CB carries interest as cash coupon at the rate of 1% per annum, payable semi-annually, and a 7 year life with a 5 year put option for the bondholders. If the bonds are put, they would have a gross yield of 2.75% per annum. The net proceeds from the CB issue, after deduction of commission and expenses, amounted to approximately US$197.3 million. If converted into ordinary shares, the CB would create approximately 4.1% additional shares outstanding for JEHL. The conversion premium on the CB was 37.5%, with a market closing price of HK$7.46 per share, so the initial conversion price would be HK$10.26 per share, subject to reduction for future dividend payments.

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 2014 will be despatched to the shareholders and available on the same websites on or about 29 May 2014.

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, Joseph Chi-Kwong Yam and Christopher Dale Pratt being the Independent Non-Executive Directors.

On behalf of the Board

Patrick Shui-Chung Wang *JP*
Chairman and Chief Executive

Hong Kong, 15 May 2014

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.