JOHNSON ELECTRIC HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

EXCELLENCE IN MICROMOTORS SINCE 1959

INTERIM RESULTS ANNOUNCEMENT FOR THE PERIOD OF SIX MONTHS ENDED 30TH SEPTEMBER 2001

FINANCIAL HIGHLIGHTS

- Total sales decreased 6% to US$372 million
- Operating profit decreased 18% to US$72 million
- Profit attributable to shareholders decreased 25% to US$60 million
- Earnings per share decreased 25% to 1.6 US cents
- Interim dividend US$14 million
- The Group continued to be essentially debt-free as at 30th September 2001

The Directors are pleased to announce that the unaudited consolidated profit attributable to shareholders for the six months ended 30th September 2001 was US$60,057,000. Earnings per share were 1.6 US cents.

FINANCIAL RESULTS

The unaudited consolidated profit and loss account for the six months ended 30th September 2001 together with comparative figures for the corresponding period in 2000 is set out below:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Unaudited Six months ended 30th September 2001 US$'000	2000 US$'000
Turnover	2	371,523	395,206
Cost of sales		(248,279)	(259,840)
Gross profit		123,244	135,366
Other revenues		5,166	5,795
Selling and administrative expenses		(56,717)	(53,938)
Operating profit	3	71,693	87,223
Finance costs		(245)	(259)
Share of profits less losses of jointly controlled entities/associated companies		(3,373)	116
Profit before taxation		68,075	87,080
Taxation	4	(8,017)	(6,817)
Profit after taxation		60,058	80,263
Minority interests		(1)	(1)
Profit attributable to shareholders		60,057	80,262
Interim dividend		14,130	14,130
Earnings per share (US cents)	5	1.6	2.2
Dividend per share (US cents)		0.38	0.38

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30th September 2001 US$'000	Audited 31st March 2001 US$'000
Goodwill		14,587	-
Properties, plant and equipment		245,342	234,287

Other non-current assets		87,623	89,277
Current assets			
Stocks and work in progress		99,008	84,967
Trade and other receivables	6	193,889	182,469
Other investments		10,704	11,413
Deposits and bank balances		62,744	77,048
		366,345	355,897
Current liabilities			
Trade and other payables	7	146,774	141,725
Current portion of long term loans		588	547
Taxation		5,535	1,333
Bank loans and overdrafts		2,341	5,136
		155,238	148,741
Net current assets		211,107	207,156
Total assets less current liabilities		558,659	530,720
Non-current liabilities			
Long term loans		5,826	5,922
Other provisions		12,734	12,321
Deferred tax liabilities		9,968	10,924
Minority interests		3	5
		28,531	29,172
NET ASSETS		530,128	501,548
CAPITAL AND RESERVES			
Share capital	8	5,925	5,925
Reserves		510,073	461,240
Proposed dividends		14,130	34,383
Shareholders' funds		530,128	501,548

Note:

1. Basis of preparation and accounting policies

These unaudited condensed consolidated interim accounts ("interim accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

These condensed interim accounts should be read in conjunction with the 2001 annual financial statements.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31st March 2001 except that the Group has changed certain of its accounting policies following the adoption of the following SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2001:

(a)	SSAP 9 (revised):	Events after the balance sheet date
(b)	SSAP 26:	Segment reporting
(c)	SSAP 30:	Business combinations

2. Turnover

The group is principally engaged in the manufacture of micromotors. An analysis of the group's turnover and contribution to operating profit for the period by operating activities and geographical area by origin is as follows:

	Turnover 6 months ended 30th September		Operating profit 6 months ended 30th September	
	2001 US$'000	2000 US$'000	2001 US$'000	2000 US$'000
Operating activities				
Sales of motors	371,523	395,206	71,693	87,223
Geographical area by origin				
Asia	215,166	242,669	49,535	65,291
America	62,623	64,708	5,047	5,251
Europe	93,734	87,829	17,111	16,681
	371,523	395,206	71,693	87,223

3. Depreciation

During the period, depreciation of US$17,370,000 (2000: US$17,189,000) was charged in respect of the Group's properties, plant and equipment.

4. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the period. Overseas tax has been provided at the applicable rate on the estimated assessable profit for the period.

	6 months ended 30th September	
	2001	2000
	US$'000	US$'000
Current taxation		
Hong Kong profits tax	4,791	6,263
Overseas taxation	7,147	6,526
	11,938	12,789
Deferred taxation	(3,921)	(5,972)
	8,017	6,817

5. Earnings per share

The calculation of earnings per share is based on the group's profit attributable to shareholders of US$60,057,000 (2000: US$80,262,000) and 3,673,788,920 (2000: 3,673,788,920) shares in issue.

6. Trade and other receivables

The Group allows an average credit period ranging from 30 to 60 days to its trade customers. The trade and other receivables included trade receivables balance of US$143,814,000 (31st March 2001: US$154,368,000). The ageing analysis of trade receivables was as follows:

	0-60 days	61-90 days	Over 90 days	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 30th September 2001	108,075	17,204	18,535	143,814
Balance at 31st March 2001	123,273	16,215	14,880	154,368

7. Trade and other payables

The trade and other payables included trade payables balance of US$71,818,000 (31st March 2001: US$73,844,000). The ageing analysis of trade payables was as follows:

	0-60 days US$'000	61-90 days US$'000	Over 90 days US$'000	Total US$'000
Balance at 30th September 2001	35,082	15,804	20,932	71,818
Balance at 31st March 2001	51,355	12,010	10,479	73,844

8. Share capital

	30th September 2001 US$'000	31st March 2001 US$'000
Authorised:		
7,040,000,000 ordinary shares of HK$0.0125 each	11,355	11,355
Issued and fully paid:		
3,673,788,920 ordinary shares of HK$0.0125 each	5,925	5,925

INTERIM DIVIDEND

As announced by the Board of Directors on 11th December 2001, an interim dividend of 3 HK cents, equivalent to 0.38 US cents per share (2000: 3 HK cents or 0.38 US cents per share) will be paid on 4th January 2002 to the shareholders who are on the Register of Members on 31st December 2001.

CLOSING REGISTER OF MEMBERS

The Register of Members of the company will be closed from 31st December 2001 to 3rd January 2002 (both days inclusive), during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the company's Registrar in Hong Kong, Central Registration Hong Kong Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (not the Registrars in Bermuda), not later than 4:00 p.m. on 28th December 2001.

BUSINESS REVIEW

Overview

For the six months ended 30th September 2001, Johnson Electric's total sales decreased by 6% to US$372 million.

This decline resulted from a softening of demand across virtually all of the company's product application segments as the economic slowdown in North America and Europe led many of Johnson Electric's customers to reduce inventory levels and defer orders. The terrorist attacks in the United States on 11th September further compounded an already challenging market environment.

Investing for the Future

Johnson Electric has consistently sought to invest in businesses with above average growth prospects and which offer potential for enhancing the Group's competitive position in the field of precision motors. In particular, we continue to pursue opportunities that are arising from the long-term trend of US and European manufacturers to outsource the production of micromotors and motor systems. Central to this strategy is the ability of Johnson Electric to leverage its low cost supply and production platform in southern China.

In July 2001, we acquired certain manufacturing assets of the electric motor components business of Textron Automotive Company's Kautex Textron division for a purchase consideration of US$12.5 million. Based in Manchester, New Hampshire, U.S.A., the business manufactured fuel pump armatures and cruise control stators for automotive tier-one suppliers and has estimated annual sales of US$16 million. Under a related transition services agreement, Kautex Textron employees at the Manchester facility are to assist Johnson Electric for several months in the manufacture of stators and armatures while we transfer the production to our plants in Mexico and China. The transfer is expected to be complete in the second half of this year.

In August 2001, we also acquired certain manufacturing assets of the automotive electric seat motor business of ArvinMeritor's Light Vehicle Systems division for a purchase consideration of US$11.7 million. ArvinMeritor manufactured seat motors at plants in Esson, France, Queretaro, Mexico, and Gordonsville, Tennesse in the U.S.A. and has estimated annual sales of approximately US$50 million. Under a related subcontracting, supply and transition agreement, ArvinMeritor acts as a manufacturing subcontractor to Johnson Electric to ensure continuity of motor supply to the customers, while we arrange to consolidate such seat motor production at our manufacturing complex in Shajing, China. The transfer of production to China is expected to be complete by mid-2002.

For the six months ended 30th September 2001, the sales contributions from these two acquisitions amounted to US$13 million. Their full six months' sales will be included in the Group's results for the second half of the financial year. Excluding the Textron and ArvinMeritor acquisitions, total Group sales amounted to US$358 million, a decline of 9% over the corresponding period in 2000.

OPERATING PERFORMANCE

Sales Overview

Notwithstanding the broad-based impact of the global economic slowdown, Johnson Electric's sales performance varied across product segments and geographic regions.

Over the first half of the financial year, sales of the Automotive Division were relatively stable. In contrast, some major segments within the Commercial Motors Division, notably Power Tools and Business Equipment/Personal Products, reported larger declines in sales, after hitting record highs in sales in the first half of 2000.

Geographically, the Group experienced sales decreases across all regions. Sales to Europe, North America, and Hong Kong/China decreased by approximately 5%. Sales to Asia Pacific decreased nearly 16%, due mainly to a double-digit decline in sales to the business equipment customers which have their production bases in this region.

Excluding the acquisitions from Textron and ArvinMeritor, sales to North America and Europe decreased 13% and 7% respectively.

Automotive Division

Total sales of the Automotive Division increased by 0.4% to US$221 million. The Automotive Division comprises Automotive Motors Hong Kong; Gate S.p.A. ("Gate") in Europe; and Johnson Electric Automotive Motors ("JEAM") in North America.

Sales of Automotive Motors Hong Kong, representing the core automotive micromotor business based in Hong Kong, decreased 4% to US$64 million, with unit volume down slightly by 1%. Slowing demand in relatively mature products was largely offset by continuing robust growth in such new product applications as electronic throttle control and mirror adjustors.

Including the acquisitions from Textron and ArvinMeritor, sales increased 15% to US$77 million. The sales of these acquisitions have become the responsibility of Automotive Motors Hong Kong, as their production will mostly be transferred to and consolidated at our manufacturing complex in Shajing, China.

Sales of Gate in Europe continued to be stable, up 3% to US$90 million, with unit volume growth of 14%.

Sales of JEAM in North America decreased 18% to US$53 million, with unit volume down 15%. This was due partly to a decrease of 20% in the sales of starter motors used in such applications as garden equipment and outboard marine engines in the U.S.A. In addition, for most of the first half of this financial year, JEAM was engaged in a major restructuring programme aimed at enhancing its long-term competitiveness. This involved the closure of its manufacturing facility in Columbus, Mississippi, and the transfer of its production responsibilities to Johnson Electric plants in China and Mexico.

Commercial Motors Division

Sales to the power tools sector decreased 26% to US$43 million, with unit volume down 13%. This decline was mainly due to sluggish end-user demand conditions and a significant inventory correction by Johnson Electric's customers in the U.S.A. and Europe.

Sales to the home appliances sector declined 4% to US$56 million, with a decrease of 7% in unit volumes. Sales to floor-care product applications continued to grow at a rate of nearly 30%, although this increase was more than offset by lower sales in small kitchen appliances, including mixers, blenders and can openers. As the proportion of floor-care product applications increases further in the sales mix, we anticipate improved sales performance for the home appliances sector in future.

Sales to the business equipment and personal product sectors decreased 15% to US$43 million, with unit volume down 10%. With demand substantially below year 2000 levels, sales to printer products declined 17%. In personal products, the Group continued to see healthy growth in certain new product applications, including electric toothbrushes and toys, but this was more than offset by a decline in micromotor sales to hair dryer manufacturers.

Audio-visual sector sales increased 14% to US$9 million, with unit volume growth of 28%. This business sector is still in a relatively early stage of development following the commencement of a joint venture with Nidec Corporation of Japan in July 2000. Sales are not expected to be material in relation to the Group's total business until after the current financial year.

Prospects

Looking ahead, most macro-economic indicators suggest that the current depressed global economic environment will extend well into 2002. The Group therefore anticipates that trading conditions will remain challenging in the near term.

For the financial year 2001/02 as a whole, we expect the combination of sales contributions from recent acquisitions and our growth in new product applications to help mitigate the effects of continued weak demand conditions.

We also expect to benefit from management actions and favorable trends on our cost side. First, the closure and relocation of Johnson Electric's manufacturing facility in Columbus, Mississippi, will provide for a more cost competitive product offering in the North America market. Second, lower commodity prices for copper and steel are enabling us to minimize our raw material costs. Third, management has also instituted a number of cost reduction initiatives designed to ensure that we sustain a compelling value proposition for our customers and at the same time achieve superior levels of profitability.

In this period of unprecedented economic uncertainty, we nonetheless remain confident that the underlying factors that drive our long-term sales growth remain sound. Johnson Electric will continue to build on its unrivalled low-cost manufacturing capabilities in China and expects to make further investments in new product applications and selective new acquisitions in the months and years ahead.

We believe that Johnson Electric is better positioned than ever to exploit growth opportunities that are emerging from the fundamental restructuring of the global manufacturing supply chain now underway. Our balance sheet remains strong, and the Group is essentially debt-free, with a substantial cash reserve. Once our markets begin to recover, Johnson Electric's shareholders can be confident that the Group's competitive strengths will be a basis for continued value creation.

FINANCIAL REVIEW

Results

Profit attributable to shareholders and earnings per share decreased 25% to US$60 million and 1.6 US cents respectively.

Operating profit decreased 18% to US$72 million. Operating profit of the core business based in Hong Kong decreased 22%, due mainly to decreased sales followed by increased non-variable costs as a percentage of sales. Operating profit of Gate in Europe and JEAM in North America were relatively stable, near last year's level of US$21 million for the first half.

EBIT (Earnings before Interest and Tax) margin decreased from 22.1% to 19.3%, reflecting the impact of decreased sales. This, however, was not a significant deviation from the second half last year with an EBIT margin of 19.8%.

Share of losses of jointly controlled entities/associated companies amounted to over US$3 million, compared to profit of US$0.1 million for the first half last year. The net losses were primarily due to our share of US$1.6 million of the losses in the Brushless Technology Motors ("BTM") joint venture based in Italy, and US$1.5 million of the losses in the Nidec Johnson Electric joint venture. BTM and the Nidec Johnson Electric joint ventures were started in October 1999 and July 2000 respectively, and such losses were of a start-up nature. Aggressive action is being taken to enable these joint ventures to achieve their planned profitability levels.

Excluding the assets purchased, amounting to US$7 million, as part of the acquisitions from Textron and ArvinMeritor, net capital expenditures for the first half were US$26 million, up from US$22 million last year. Capital expenditures for the whole year are not expected to increase at this rate, as action has been taken to reduce or freeze capital spending as far as possible for the second half. Depreciation charges were US$17 million, in the same amount as last year.

Taxes on profit were US$8 million, compared to US$7 million last year, mainly due to increased overseas taxes.

Liquidity and Financial Resources

The Group's liquidity and financial resources continue to be healthy. As at 30th September 2001, the Group had no net debt, taking into account its total cash and other investments which increased 28% to US$73 million, compared to US$57 million at last first half year-end. Total debt continued to be low, about US$9 million. The total debt-to-equity ratio remained at 2% level.

The Group's principal committed borrowing facilities are a three-year revolving loan in US dollars of 5 million obtained by a marketing subsidiary in the U.S.A. for short-term trade financing and long-term loans in Italian Lira totalling US$3.4 million obtained previously by Gate S.p.A. to take advantage of preferential interest rates at the time (fixed at between 2% and 7.95%) available for specified purposes such as research and innovation. For day-to-day liquidity management and maintaining flexibility in funding, the Group also has access to significant uncommitted short-term borrowing facilities provided by its relationship banks. There are, however, no present needs for borrowings of any material amount.

Funding requirements for capital expenditures are expected to be met by internal cash flows. There are no present plans for material investments or capital assets in the coming years, other than the Group's regular annual capital expenditures required to maintain its growth in sales.

PURCHASE, SALE OR REDEMPTION OF SHARES

The company has not redeemed any of its shares during the period. Neither the company nor any of its subsidiaries has purchased or sold any of the company's shares during the period.

AUDIT COMMITTEE

The Audit Committee meets regularly with the group's senior management and the external auditors to consider and review the group's financial statements, the nature and scope of audit reviews, and the effectiveness of the system of internal control and compliance. The members of the Audit Committee are Mr. David Wylie Gairns (Chairman of the Committee) and Mr. Ian Lorne Thompson Conn.

CODE OF BEST PRACTICE

Throughout the accounting period, the Company was in compliance with the Code of Best Practice as set out in the Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited except that some of the independent non-executive directors of the Company have no set term of office but they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-Laws.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE

A detailed results announcement containing all the information in respect of the Company required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on The Stock Exchange of Hong Kong Limited's website (http://www.hkex.com.hk) on or before 31st December 2001.

Patrick Wang Shui Chung
Chairman and Chief Executive

Hong Kong, 11th December 2001

Website: http://www.johnsonmotor.com

"Please also refer to the published version of this announcement in the SCMP "