JOHNSON ELECTRIC HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

EXCELLENCE IN *MOTORS* SINCE 1959

INTERIM RESULTS ANNOUNCEMENT
FOR THE PERIOD OF SIX MONTHS ENDED 30TH SEPTEMBER 2002

FINANCIAL HIGHLIGHTS

- Total sales were a record US$483 million; an increase of 30% over the comparable period in 2001
- Net profit attributable to shareholders increased 34% to US$81 million
- Earnings per share increased 34% to 2.2 US cents
- Interim dividend amounts to 0.51 US cents per share, an increase of 33%
- The Group continued to be essentially debt-free as at 30th September 2002

The Directors are pleased to announce that the unaudited consolidated profit attributable to shareholders for the six months ended 30th September 2002 was US$80,668,000, an increase of 34% over the corresponding period in 2001.

FINANCIAL RESULTS

The unaudited consolidated profit and loss account for the six months ended 30th September 2002 together with comparative figures for the corresponding period in 2001 is set out below:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Unaudited Six months ended 30th September	
		2002	2001
	Note	***US$'000***	*US$'000*
Turnover	*2*	**482,769**	371,523
Cost of sales		**(325,208)**	(248,279)
Gross profit		**157,561**	123,244
Other revenues		**4,937**	5,166
Selling and administrative expenses		**(68,850)**	(56,717)
Operating profit	*3*	**93,648**	71,693
Finance costs		**(269)**	(245)
Share of profits less losses of jointly controlled entities/associated companies		**297**	(3,373)
Profit before taxation		**93,676**	68,075
Taxation	*4*	**(13,007)**	(8,017)
Profit after taxation		**80,669**	60,058
Minority interests		**(1)**	(1)
Profit attributable to shareholders		**80,668**	60,057
Interim dividend		**18,840**	14,130
Basic earnings per share *(US cents)*	*5*	**2.2**	1.6
Fully diluted earnings per share *(US cents)*	*5*	**2.2**	N/A
Dividend per share *(US cents)*		**0.51**	0.38

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30th September 2002 US$'000	Audited 31st March 2002 US$'000
Intangibles		**21,957**	22,583
Properties, plant and equipment		**249,383**	235,031
Other non-current assets		**80,272**	80,432
Current assets			
Stocks and work in progress		**127,008**	88,481
Trade and other receivables	*6*	**240,271**	194,307
Other investments		**48,401**	25,855
Bank balances and cash		**87,128**	102,476
		502,808	411,119
Current liabilities			
Trade and other payables	*7*	**190,714**	157,854
Current portion of long term loans		**245**	215
Taxation		**12,076**	2,258
Bank loans and overdrafts		**4,175**	4,338
		207,210	164,665
Net current assets		**295,598**	246,454
Total assets less current liabilities		**647,210**	584,500
Non-current liabilities			
Long term loans		**7,131**	7,016
Other provisions		**16,529**	10,807
Deferred tax liabilities		**11,059**	10,504
Minority interests		**3**	5
		34,722	28,332
NET ASSETS		**612,488**	556,168
CAPITAL AND RESERVES			
Share capital	*8*	**5,925**	5,925
Reserves		**587,723**	515,860
Proposed dividends		**18,840**	34,383
Shareholders' funds		**612,488**	556,168

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 2002 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 2002 except that the Group has adopted following SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2002:

(a)	SSAP 1 (revised)	:	Presentation of financial statements
(b)	SSAP 11 (revised)	:	Foreign currency translation
(c)	SSAP 15 (revised)	:	Cash flow statements
(d)	SSAP 25 (revised)	:	Interim financial reporting
(e)	SSAP 34	:	Employee benefits

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**	
	2002	2001	**2002**	2001
	US$'000	*US$'000*	***US$'000***	*US$'000*
Operating activities				
Sales of motors	**482,769**	371,523	**93,648**	71,693
Geographical area by origin				
Asia	**294,963**	215,166	**75,336**	49,535
America	**72,959**	62,623	**1,874**	5,047
Europe	**114,847**	93,734	**16,438**	17,111
	482,769	371,523	**93,648**	71,693

3. Depreciation

During the period, depreciation of US$17,156,000 (2001: US$17,370,000) 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% (2001: 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	
	2002	2001
	US$'000	*US$'000*
Current taxation		
Hong Kong profits tax	**5,988**	4,791
Overseas taxation	**7,312**	7,147
	13,300	11,938
Deferred taxation	**(378)**	(3,921)
	12,922	8,017
Share of taxation attributable to jointly controlled entities	**85**	–
	13,007	8,017

5. Earnings per share

The calculation of basic and fully diluted earnings per share is based on the Group's profit attributable to shareholders of US$80,668,000 (2001: US$60,057,000).

The basic earnings per share is based on 3,673,788,920 (2001: 3,673,788,920) shares in issue during the period.

The fully diluted earnings per share is based on 3,673,904,805 ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average of 115,885 (2001: Nil) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

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$202,696,000 (31st March 2002: US$156,951,000). 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, 2002	**165,969**	**16,935**	**19,792**	**202,696**
Balance at 31st March, 2002	114,514	31,249	11,188	156,951

7. Trade and other payables

The trade and other payables included trade payables balance of US$148,267,000 (31st March 2002: US$109,682,000). The ageing analysis of trade payables 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, 2002	**111,239**	**19,152**	**17,876**	**148,267**
Balance at 31st March, 2002	76,172	16,871	16,639	109,682

8. Share capital

	30th September 2002	31st March 2002
	US$'000	*US$'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 10th December 2002, an interim dividend of 4 HK cents, equivalent to 0.51 US cents per share (2001: 3 HK cents or 0.38 US cents per share) will be paid on 3rd January 2003 to the shareholders who are on the Register of Members on 30th December 2002.

CLOSING REGISTER OF MEMBERS

The Register of Members of the company will be closed from 30th December 2002 to 2nd January 2003 (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, Computershare Hong Kong Investor Services 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 27th December 2002.

BUSINESS REVIEW

Overview

Trading conditions for the first half of the financial year improved significantly, compared to the weak global sales environment experienced for much of the past year. For the six months ended 30th September 2002, Johnson Electric achieved record half-year sales of US$483 million, an increase of 30% over the comparable period in 2001.

The period under review includes a full six-month contribution from the businesses acquired from Textron Automotive Company and ArvinMeritor Corporation in July 2001 and August 2001, respectively. Excluding the contributions from these acquired businesses, total sales for the first half-year increased 24%, compared to the corresponding period in 2001.

Overall demand for Johnson Electric's products was broad based, with virtually all of our major product applications and geographic regions experiencing strong sales growth. In part, this reflects a pick-up in customer orders from the depressed levels of a year earlier. However, a larger factor contributing to the sales increase was the continuation of the primary underlying drivers of demand for Johnson Electric's products: namely growth through new motor applications and new product introductions and the sustained trend towards outsourcing of component manufacturing by multinational branded goods producers seeking to reduce costs and increase competitiveness.

Geographically, the source of demand for the Group's products is well balanced and all regions achieved very satisfactory growth rates in what remains a challenging and unpredictable global macro economic environment. Overall sales to Europe were US$171.2 million (35% of total sales) growing by 22% including acquisitions and by 23% excluding acquisitions. Sales to North America were US$150.6 million (31% of total sales), growing by 30% including acquisitions and by 8% excluding acquisitions. Sales to the Hong Kong/China region (25% of total sales) and Asia Pacific region (8% of total sales) grew by 42% and 37%, respectively.

DIVISIONAL OPERATING PERFORMANCE

Automotive Motors Group

Overall sales achieved by the Automotive Motors Group increased 31% to US$289 million, accounting for approximately 60% of Johnson Electric's total Group revenue.

Sales of the Automotive Motors Hong Kong Business Unit, representing the core automotive motor business based in Hong Kong, increased 56% to US$121 million. Excluding the acquisitions from Textron and ArvinMeritor, sales increased over 27% to US$82 million, with unit volume up by 26%. This reflected market share gains through new product introductions and additional outsourcing business. Among the strongest performances by individual motor product applications were door locks and fuel pumps, where sales growth rates were 47% and 39%, respectively.

Sales contributions from acquisitions amounted to US$39 million – almost triple the sales level in 2001, due largely to the inclusion of full six months' sales in this first half financial year for the first time. Sales from the acquired businesses have been the responsibility of our Automotive Motors Hong Kong business unit, and the successful transfer of production to our main manufacturing facility in China was completed by September 2002.

Sales of Johnson Electric Air Flow ("JEAF") and Johnson Electric Geared Automotive ("JEGA"), which together comprised Gate S.p.A. in Europe, were satisfactory – increasing by 25% to US$113 million with unit volume growth of 22% over the corresponding period in 2001. In July 2002, Gate S.p.A. acquired the remaining 49 percent of shares in Brushless Technology Motors S.r.l. ("BTM") for a consideration of US$1.3 million, in order to facilitate growth in brushless motors for various applications. Excluding the consolidated sales contribution from BTM in the first half results, the total sales growth of JEAF and JEGA was 17%, due partly to the favourable impact of the stronger Euro in the period under review.

In North America, Johnson Electric Automotive Motors' total sales increased by 4% to US$55 million with unit volume growing at the rate of 13%. This result reflected, as part of the plan to improve its profitability, the shift in product mix away from certain larger, less profitable products and increased emphasis on ABS motors whose production has been relocated to China. The improved cost position associated with the move to China enabled ABS motors to record sales growth of approximately 37% in the period under review.

Commercial Motors Group

Total sales from product application sectors that together form Johnson Electric's Commercial Motors Group amounted to US$194 million, an increase of 28% over the comparable period in 2001.

Sales to the power tools sector increased 40% to US$60 million, with unit volume up 37%, driven by the combination of increased outsourcing on the part of our major customers, market share gains and new product introductions. Sales to major applications such as drills, saw systems, gardening tools and screw drivers, increased 24%, 26%, 142% and 48%, respectively.

Sales to the home appliances sector increased 16% to US$65 million on unit volume growth of 9%. This reflected the higher growth in product applications with larger size motors with typically higher average selling prices. For example, sales of motors for floor care products grew by 21% and motors for blenders grew by 63% over the period.

Sales to business equipment and personal products sectors combined increased 24% to US$53 million, with unit volume up 36%. In business equipment, sales grew by 38% largely due to an increase of 65% in sales to printer products where the company was able to achieve further market share gains and introduce new products. In personal products, sales increased by a more modest rate of 9% over the period, with the strongest performances coming from massager applications.

Audio-visual sector sales increased 73% to US$15 million, with unit volume growth of 117%. Management of this joint venture business formed with Nidec Corporation of Japan in July 2000 is continuing to work intensively on improving market penetration and growing sales from a relatively small base.

PROSPECTS

Johnson Electric is well positioned to continue to grow. Notwithstanding the relatively uncertain outlook for the global economy, we have been encouraged by the performance of the business over the past six months.

As noted earlier, a significant proportion of our top line revenue growth has stemmed from increased outsourcing and from successful market penetration into new product applications. Sustained growth in demand of this nature offers the prospect of market share gains, improved operating leverage and higher levels of profitability. Furthermore, we anticipate additional benefits from recent initiatives to lower costs through the relocation of selected motor manufacturing activities and acquired businesses to our primary production base in southern China.

More than ever, we believe that Johnson Electric's strong cost position and ability to leverage China's manufacturing and supply chain advantages form the basis for long-term value creation for both customers and shareholders.

Barring unforeseen circumstances, we look forward to achieving record sales and improved profitability for the financial year 2002-03.

INVESTING IN PEOPLE

The Group employed approximately 30,000 full-time employees, including contract manufacturing labour, as of 30th September 2002. It provides competitive remuneration packages and various types of benefit schemes that are appropriate to the local labour markets.

Incentive schemes composed of annual and long-term incentives are provided to selected managers and senior executives on the basis of performance measured by such metrics as total shareholder return and cash value added, along with various supporting financial and key operating performance indices.

Organizational development occupies the top of the Group's people agenda. JENESIS, Johnson Electric's leadership development programme for emerging, high potential professionals, forms the cornerstone of our learning and growth initiatives. A recent JENESIS development initiative launched in late September boasted twelve countries of origin amongst its participants, which gives an indication of the Group's people diversity.

We continue to drive our global recruitment to seek out high calibre talents to strengthen our bench for growth opportunities. In order to engender behavioural change, we have been rebuilding our key people processes, including recruitment and selection, learning and development, performance management, people calibration and management succession, by integrating them with a set of Johnson Electric leadership competencies.

Johnson University, established in 1998, has six colleges providing a wide range of vocational and technical training programmes. A curriculum review is pending for 2003 to make its offerings more business-relevant.

The Group continues its long-standing commitment to environmental, health and safety and being an active and responsible corporate citizen in all the countries in which it operates.

FINANCIAL REVIEW

Results

Profit attributable to shareholders and earnings per share increased 34% to US$81 million and 2.2 US cents respectively.

Operating profit increased 31% to US$94 million. Both the gross margin and EBIT (Earnings before Interest and Tax) margin held up well, notwithstanding the consolidation for the first time of a full six-month result of the lower-margin businesses acquired from Textron Automotive Company and ArvinMeritor Corporation. EBIT margin improved slightly to 19.4%, compared to the corresponding period in 2001. Sequentially, however, this was a significant improvement from the EBIT margin of 15.2% reported for the six-month period to 31st March, 2002.

Profit before taxation increased 38% to US$94 million, reflecting an improvement in the performance of joint ventures. Johnson Electric's share of profits of jointly controlled entities/associated companies was US$0.3 million, compared to a share of losses of over US$3 million for the same period last year.

Net capital expenditures were maintained at about last year's first-half level of US$20 million. This excludes the assets purchased, amounting to US$14 million, as part of the acquisition of Brushless Technology Motors joint venture by Gate S.p.A., and the repurchase, amounting to US$5 million, of housing units from employees under the Staff Housing Scheme. Depreciation charges were US$17 million, nearly the same amount as last year.

Taxes on profit increased 62% to US$13 million, compared to US$8 million last year, due mainly to a decrease in deferred tax credits.

Liquidity and Financial Resources

The Group's liquidity and financial resources continue to be strong. As at 30th September, 2002, the Group had no net debt, taking into account its total cash and other investments which increased 86% to US$136 million, compared to US$73 million at last first half year-end. Total debt continued to be low, about US$12 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 dollar of 5 million obtained by a marketing subsidiary in the U.S.A. for short-term trade financing; and long-term loans equivalent to approximately US$2.4 million obtained previously by Gate S.p.A., to take advantage of preferential interest rates at the time (fixed at between 1.5% and 3.7%) 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.

At the present time, funding requirements for future capital expenditures are expected to be met by internal cash flows.

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. Patrick Blackwell Paul (Chairman of the Committee), who was appointed as the Chairman of the Committee on 31st August 2002 in place of Mr. David Wylie Gairns who resigned on the same date, and Mr. Ian Lorne Thompson Conn.

COMPLIANCE WITH THE 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 were not appointed for a specific term 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 2002.

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

Hong Kong, 10th December 2002

Website: http://www.johnsonelectric.com

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