JOHNSON ELECTRIC HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 179)

EXCELLENCE IN *MOTORS* SINCE 1959

INTERIM RESULTS ANNOUNCEMENT FOR THE PERIOD OF SIX MONTHS ENDED 30TH SEPTEMBER 2004

FINANCIAL HIGHLIGHTS

- Turnover up 13.4% to US$576 million
- Operating profit before restructuring charges up 0.5% to US$86.8 million
- Net profit attributable to shareholders down 14.6% to US$69.6 million
- Earnings per share down 14.6% to 1.9 US cents per share
- Interim dividend of 4.5 HK cents per share (0.58 US cents per share)
- Operating performance has improved compared to the second half of the last financial year and is on track to achieve a satisfactory improvement in performance for the full year

The Directors announce that the unaudited consolidated profit attributable to shareholders for the six months ended 30th September 2004 was US$69,605,000, a decrease of 14.6% over the corresponding period in 2003.

FINANCIAL RESULTS

The unaudited condensed consolidated profit and loss account for the six months ended 30th September 2004 together with comparative figures for the corresponding period in 2003 is set out below:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Unaudited Six months ended 30th September	
	Note	**2004**	2003
		US$'000	*US$'000*
Turnover	*2*	**576,364**	508,199
Cost of sales		**(406,169)**	(349,911)
Gross profit		**170,195**	158,288
Other revenues		**10,310**	6,873
Selling and administrative expenses		**(93,749)**	(78,879)
Restructuring costs/provisions	*3*	**(9,992)**	–
Operating profit	*4*	**76,764**	86,282
Finance costs		**(133)**	(160)
Share of profits less losses of jointly controlled entities/associated companies		**2,759**	4,234
Profit before taxation		**79,390**	90,356
Taxation	*5*	**(9,687)**	(8,814)
Profit after taxation		**69,703**	81,542
Minority interests		**(98)**	(1)
Profit attributable to shareholders		**69,605**	81,541
Interim dividend		**21,195**	21,195
Basic earnings per share *(US cents)*	*6*	**1.9**	2.2
Fully diluted earnings per share *(US cents)*	*6*	**N/A**	2.2

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 30th September 2004** *US$'000*	Audited 31st March 2004 *US$'000*
Intangibles		**29,083**	20,074
Properties, plant and equipment		**272,588**	256,952
Other non-current assets		**61,170**	76,468
Current assets			
Stocks and work in progress		**138,676**	116,170
Trade and other receivables	*7*	**252,869**	229,582
Other investments		**93,077**	117,424
Tax recoverable		**5,996**	5,457
Bank balances and cash		**160,759**	130,908
		651,377	599,541
Current liabilities			
Trade and other payables	*8*	**198,999**	175,280
Current portion of long term loans		**143**	137
Tax payable		**7,552**	3,327
Bank loans and overdrafts		**5,600**	11
		212,294	178,755
Net current assets		**439,083**	420,786
Total assets less current liabilities		**801,924**	774,280
Non-current liabilities			
Long term loans		**2,873**	2,921
Other provisions		**15,525**	16,144
Deferred tax liabilities		**21,304**	21,093
Minority interests		**104**	5
		39,806	40,163
NET ASSETS		**762,118**	734,117
CAPITAL AND RESERVES			
Share capital		**5,925**	5,925
Reserves		**734,998**	685,802
Proposed dividends		**21,195**	42,390
SHAREHOLDERS' FUNDS		**762,118**	734,117

Note:

1. Principal 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 Institute of Certified Public 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 2004 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31st March 2004.

2. Turnover

The Group is principally engaged in the manufacture of motors. Revenues recognised during the period are as follows:

	Turnover 6 months ended 30th September		Operating profit 6 months ended 30th September	
	2004	2003	**2004**	2003
	US$'000	*US$'000*	***US$'000***	*US$'000*
Operating activities				
Sales of motors	**576,364**	508,199	**76,764**	86,282
Geographical area by manufacturing location				
Asia	**401,981**	309,687	**87,270**	76,651
America	**41,032**	65,234	**(11,542)**	1,191
Europe	**133,351**	133,278	**1,036**	8,440
	576,364	508,199	**76,764**	86,282

	6 months ended 30th September	
	2004	2003
	US$'000	*US$'000*
Turnover by geographical destinations of customers		
Asia	**206,350**	160,721
America	**157,229**	150,340
Europe	**212,785**	197,138
	576,364	508,199

3. Restructuring costs/provisions

	6 months ended 30th September	
	2004	2003
	US$'000	*US$'000*
Severance costs	**6,434**	–
Other costs	**3,558**	–
	9,992	–

Net restructuring costs/provisions is US$9,574,000, after deduction of tax impact of US$418,000.

4. Depreciation and amortisation

During the period, depreciation of US$22,328,000 (2003: US$20,704,000) and amortisation of US$1,584,000 (2003: US$947,000) were charged in respect of the Group's properties, plant and equipment and intangible assets respectively.

5. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) 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	
	2004	2003
	US$'000	*US$'000*
Current taxation		
Hong Kong profits tax	**6,297**	4,789
Overseas taxation	**2,310**	5,007
	8,607	9,796
Deferred taxation	**676**	(1,463)
	9,283	8,333
Share of taxation attributable to jointly controlled entities	**404**	481
	9,687	8,814

6. 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$69,605,000 (2003: US$81,541,000).

The basic earnings per share is based on 3,673,788,920 (2003: 3,673,788,920) shares in issue during the period.

No fully diluted earnings per share is calculated for the period ended 30th September 2004 since the exercise prices of the Group's outstanding share options were higher than the average fair value per share of the Group for the six months ended 30th September 2004 and the potential ordinary shares would have no dilutive effect.

The fully diluted earnings per share for the period ended 30th September 2003 was based on 3,674,216,639 ordinary shares which was the weighted average number of ordinary shares in issue during the period plus the weighted average of 427,719 ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

7. Trade and other receivables

The Group allows an average credit period of 30 to 90 days to its trade customers. The trade and other receivables included trade receivables balance of US$214,346,000 (31st March 2004: US$198,817,000). 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 2004	**169,201**	**28,163**	**16,982**	**214,346**
Balance at 31st March 2004	144,704	39,857	14,256	198,817

8. Trade and other payables

The trade and other payables included trade payables balance of US$136,692,000 (31st March 2004: US$118,502,000). 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 2004	**114,562**	**13,072**	**9,058**	**136,692**
Balance at 31st March 2004	88,740	13,447	16,315	118,502

CHAIRMAN'S STATEMENT

Overview of Financial Results

For the six months period ended 30th September 2004, Johnson Electric achieved record sales of US$576 million, an increase of 13.4% over the comparable period in 2003. This increase reflected the combined impact of acquiring the remaining 51% of Nihon Mini Motor not already owned by the Group, incremental new business gains, and the strength of the Euro currency against the U.S. dollar. Nihon Mini Motor represented US$29 million of the sales increase during the period.

The consolidated profit attributable to shareholders for the first half of the financial year was US$69.6 million, a decrease of 14.6% over the comparable period in 2003.

The first half profit figure included a charge of approximately US$10 million for overseas plant restructuring costs and provisions. This is consistent with Johnson Electric's previously articulated strategy of relocating certain production activities to lower cost locations – principally to China. In most cases, the near-term cash outflow associated with these transition projects are recovered within two years through profitability and revenue improvements. Excluding the restructuring charges, Johnson Electric's pre-tax operating profit for the first half was US$86.8 million – slightly above the level recorded in the prior year.

In common with many industrial manufacturing businesses, our profit margins have been negatively affected by increased global commodity prices for key raw materials such as steel, copper and plastic. For certain materials and externally sourced components, prices are presently at their highest levels for almost ten years.

Selling and administrative expenses increased on a year-on-year basis due to investments in business infrastructure that occurred in the second half of the previous financial year. No further increases were incurred during the period under review.

Business Improvement and Development Initiatives

Notwithstanding the decline in year-on-year net profit levels, compared to the second half of the 2003-04 financial year the Group's operating profit before restructuring charges for the first half of 2004-05 increased by 36.7%. This represented an improvement in operating profit margins from 11.7% to 15.1%.

This improvement reflected management action to contain and reduce overheads, as well as better scalability and productivity derived from higher sales volumes and on-going production relocation programs. Commodity prices have stabilized somewhat since the rapid escalation occurring towards the end of calendar 2003. Where possible, the Group has moved to increase prices for its motor products to reflect higher input costs – especially in new product introductions.

In addition to initiatives to improve near-term profitability in the core business operations, the Group is also actively exploring a number of new business opportunities of both an organic and acquisitive nature.

In October 2004, shortly after the period under review, Johnson Electric announced that it had agreed to acquire 51% of Nanomotion Ltd., an Israeli producer of high precision piezo ceramic motors. By combining Nanomotion's proprietary technology with Johnson Electric's market reach and high volume manufacturing strength, the acquisition is expected to open up new market segments for the Group.

Interim Dividend

The Directors have today declared an interim dividend of 4.5 HK cents, equivalent to 0.58 U.S. cents per share (2003: 4.5 HK cents or 0.58 U.S. cents per share) payable on 3rd January 2005 to shareholders who are on the Register of Members on 28th December 2004.

Prospects

Johnson Electric remains extremely well positioned relative to its competitors in the global micromotor industry and the strategies that we are pursuing should continue to sustain and strengthen the Group's position in the years ahead.

In the near term, however, high raw material prices and an uncertain macro-economic environment are likely to continue to constrain the Group's financial performance. Recent sales trends have been satisfactory and are presently on track to deliver overall annual revenue growth of approximately 10%-11%. Subject to further unanticipated volatility in input costs and end-user demand, gross margin levels for the second half are presently expected to be broadly similar to those recorded in the first half.

In summary, despite a challenging operating environment for global manufacturing businesses, we anticipate a satisfactory improvement in full-year performance compared to the previous financial year.

CLOSING REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 28th December 2004 to 30th December 2004 (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 24th December 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS (INCLUDING FINANCIAL REVIEW)

RESULTS OVERVIEW

Total group sales for the half-year ended 30th September 2004 were US$576 million, an increase of 13.4% over the US$508 million recorded in the same period in 2003. This increase reflected the combined impact of acquiring the remaining 51% of Nihon Mini Motor not already owned by the Group, incremental new business gains, and the strength of the Euro currency against the U.S. dollar. Nihon Mini Motor represented US$29 million of the sales increase during the period.

Overall sales to Europe were US$213 million (36.9% of total sales) growing by 7.9%. Sales to the Americas were US$157 million (27.3% of total sales), an increase of 4.6%; and sales to the Asia region were US$206 million (35.8% of total sales), an increase of 28.4%.

Gross Margins
Gross margins as a percentage of sales decreased from 31.1% to 29.5% due mainly to the increase in international steel and copper prices, offset partially by recent increases in selling prices mainly in new product introductions.

Compared to the second half of the 2003-04 financial year, gross profit margins improved from 28.6% to 29.5%. This improvement reflects the reduced production overhead costs that were gained by the prior year closure of our Thailand operations and from continued gains in production efficiencies at Johnson Electric's primary manufacturing facilities in China.

Other Revenues
Other revenue increased from US$6.9 million to US$10.3 million and as a percentage of sales has increased to 1.8% from 1.4%. This improvement is mainly due to the increase in the selling price of scrap steel and copper.

Selling and Administrative Expenses
Overall SG&A expenses increased 18.9% to US$93.8 million or 16.3% as a percentage of sales. The increase reflects the full impact of our two acquisitions Nihon Mini Motor and Nidec Johnson Electric audio-visual motor joint venture, as well as the continued impact of the higher Euro. Compared to the second half of the 2003-04 financial year, SG&A for the first half of 2004-05 decreased 6.4% from US$100.2 million to US$93.8 million. This reduction as a percentage of sales from 18.5% to 16.3% reflects management's commitment to maximize use of the current infrastructure and eliminate non-value adding activities.

Restructuring Costs/Provisions
As stated in the 2003-04 annual report, actions are also being taken to further restructure the manufacturing operations at Matamoros in Mexico. The closure costs incurred during the period under review together with a final provision for Mexico and other restructuring costs amounted to US$10.0 million. No further restructuring costs associated with the Matamoros plant are expected and it is estimated that the full transition of production activities to the Group's China operation will be completed by March 2005.

Operating Profits
Excluding restructuring costs/provisions, the pre-tax operating profit for the first half was US$86.8 million as compared to US$86.3 million for the same period last year. After the US$10.0 million restructuring charges, operating profits amounted to US$76.8 million. This shows a significant improvement of US$23.3 million (excluding restructuring costs) compared to the second half of the last financial year.

Share of Profit from Jointly Controlled Entities
The Group's share of profit of jointly controlled companies decreased to US$2.8 million from US$4.2 million in the previous year, largely due to Nihon Mini Motor no longer being accounted for as a jointly controlled company but being fully integrated in the Group's profit.

Taxation
Taxes on profit increased 9.9% to US$9.7 million, compared to US$8.8 million in the same period in last year due mainly to a lower tax benefit associated with restructuring charges.

Profit Attributable to Shareholders
Net profit attributable to shareholders for the six months ended 30th September 2004 amounted to US$69.6 million compared to US$81.5 million in the same period in the prior financial year. Earnings per share was 1.9 U.S. cents (2003-04: 2.2 U.S. cents).

SEGMENTAL ANALYSIS

Automotive Motors Group

Overall sales revenue for the Automotive Motors Group was US$335 million for the six-month period ending 30th September 2004. This represents a 7% increase over the same period of the previous year and accounted for 58% of Johnson Electric's total Group revenue.

Sales of the Hong Kong-based Body Instrumentation Business Unit, which manufactures micro-motors for doorlock actuators, windshield washer pumps, mirror and headlamp adjusters reached US$79 million, representing a growth of 28% over the same period last year with unit volume up 28%. This growth has resulted from gains in new customer applications which were reported previously and which have now entered into full-scale production.

The Powertrain Management Business Unit, also based in Hong Kong, recorded a 14% improvement in same period sales to US$26 million from US$23 million. Unit volume increased by 31% for fuel system and engine management products as the penetration of electronic throttle control in European vehicles continues to grow.

Engine cooling fan sales of the Powertrain Cooling Business Unit increased by 12.4% to US$122 million due in part to the strong Euro with unit volume up 6%. Strong sales volumes in South America and improved market share in Europe offset weaker sales in North American applications for this business unit.

The Body Climate Business Unit sales declined 14% from last year to US$52 million with unit volume down 3%. The drop was due to a forecast planned reduction in brushless motor sales, softness in European sales volume and customer-delayed new product launches, which will now impact sales only in the coming fiscal year.

The North American-based Chassis Braking Business Unit posted half-year sales of US$56 million, down 6% from the same period of the previous year, with unit volume remaining flat. Lower ABS pump motor and transfer case shift actuator sales have been only partially offset by stronger starter motor sales for the lawn and garden industry.

Commercial Motors Group

Total sales from product application sectors that together form Johnson Electric's Commercial Motors Group amounted to US$241 million, an increase of US$46 million or 24% over the comparable period last year.

Sales to the Power Tool Business Unit increased 13% to US$62 million, with unit volume up 2%. Sales to AC applications including grinders, drills, sanders and saws increased 33% while sales to DC applications including drills, screwdrivers and saws decreased 1%. The outlook for the remainder of the year is good as retailers have worked through their excess inventories and the building/construction market remains stable.

Sales to the Home Appliances sector increased 20% to US$85 million on unit volume growth of 6%. This reflected the higher growth in ventilation products and the continued strong demand for Johnson Electric's blender motor products and the introduction of new products for the washing machine, dishwasher and refrigerator markets. As a result of new floor care launches, sales recorded double-digit growth.

Sales to Business Equipment and Personal Products sectors remained about flat at US$50 million, with unit volume down 9%. In business equipment, sales fell by 7% largely due to the combination of relatively sluggish end-user demand and lower average selling prices in a competitive environment. In personal products, sales decreased by a modest rate of 2% over the period, with the strongest performances coming from shaver and hair clipper motors.

Audio-visual sector sales with the addition of Nihon Mini Motor increased significantly from US$16 million to US$44 million. The growth was mainly due to the Nihon Mini Motor business in an overall very competitive environment. Sales in the second half of the financial year are expected to be stable as the business unit focuses on higher-end products and introduces new motor products to offset increased price competition.

FINANCIAL POSITION AND LIQUIDITY

Cash Flow

The Group's main source of liquidity continued to be net cash from operating activities. Net cash provided by operating activities amounted to US$78.2 million, a reduction of 21.0% as compared to the same period last year mainly due to a reduction in trade payables.

The working capital position continued to be healthy. Based on moving annual total sales, the trade receivables were reduced from 67 to 64 days, due to an on-going improvement process. The current ratio remained at a healthy level of 3.1 times.

Net cash used in investing activities increased slightly to US$34.6 million, compared to US$27.0 million for the corresponding period last year mainly due to the Nihon Mini Motor acquisition. Total cash and cash equivalents increased 14.1% to US$248.1 million, compared to US$217.5 million as at 30th September 2003.

Liquidity and Financial Resources

The Group's liquidity and financial resources continue to be strong. As at 30th September 2004, the Group's total cash and other investments increased 18.6% to US$253.8 million, compared to US$218.2 million one year ago. Total debt increased to US$8.6 million due mainly to the consolidation of short-term bank loan of Nihon Mini Motor. Hence, taking into account total cash and cash equivalents, the Group had no net debt.

Net capital expenditures increased to US$23.8 million from US$17.8 million for the corresponding period last year. This excludes the assets re-purchased, amounting to US$9.4 million, of housing units from employees under the Staff Housing Scheme. Depreciation charges were US$22.3 million, compared with US$20.7 million last year.

The Group's principal committed facilities were long-term loans in Euro totalling US$3.0 million (of which US$0.1 million being repayable within one year) obtained by Gate S.r.l. to take advantage of preferential interest rates (fixed at between 1.5% and 3.2%) 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.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The financial risk management of the Group is the responsibility of Group's treasury function at the corporate centre based in Hong Kong, which is controlled by policies approved by senior management.

Except as disclosed in this interim report, the current information in relation to foreign currency risk, and cash and debt management, has not changed materially from the information disclosed in the most recent published annual report for the year 2003-2004.

For this half-year period, of the micromotor sales from Hong Kong/China (not including Johnson Electric Automotive, Inc.), 77% were in US dollars; 11% in Euro for certain sales to Europe; and 12% in Japanese Yen for certain sales to Japan.

HUMAN RESOURCES: INVESTING IN PEOPLE

The Johnson Electric Group employed approximately 33,000 full-time employees, including contract-manufacturing labour, as of 30th September 2004. This increase over last year was due primarily to the inclusion of approximately 1,900 Nihon Mini Motor employees.

The Group provides competitive remuneration packages and various types of benefit schemes that are appropriate to the local labour markets.

The Group operates a number of defined contribution retirement schemes which are available to certain groups of employees in Hong Kong and the USA. Incentive schemes composed of annual and long-term incentives are provided to select managers and senior executives on the basis of performance measured by such metrics as total shareholder return (TSR) and cash value added (CVA), along with various complementary financial and key operating performance measures.

JENESIS, the Group's flagship leadership development programme, has continued to develop future leaders for the Group and operates in both English and Putonghua versions. Top graduates from each session were assigned executive mentors and post-programme business projects. In addition, Johnson University produced its first batch of Master degree graduates in motor engineering during 2004.

The Group maintains a long-standing commitment to environmental, health and safety (EH&S) and to being a responsible corporate citizen. Good progress was achieved in the implementation of the "Safety is Job One" initiative that was launched in the Group's main manufacturing facility in Shajing, Guangdong Province in 2003.

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 members of Audit Committee are appointed from the Independent Non-executive Directors, with the Chairman having appropriate professional qualifications and experience in financial matters. The members of the Audit Committee are Mr. Patrick Paul *(Chairman)*, Mr. Michael Enright and Mrs. Laura Cha.

During the period, the Audit Committee met 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 Committee reviewed the unaudited interim accounts for 2005 before recommending them to the Board for approval.

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 one 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

All the financial and other related information of the Company required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules in force prior to 31st March 2004, which remain applicable to results announcement in respect of accounting period commencing before 1st July 2004 under the transitional arrangements, will be submitted for publication on The Stock Exchange of Hong Kong Limited's website (http://www.hkex.com.hk) on or before 17th December 2004.

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

Hong Kong, 3rd December 2004

Website: http://www.johnsonelectric.com

As at the date of this announcement, the Board of Directors of the Company comprises the following Directors:

Wang Koo Yik Chun (Honorary Chairman), Patrick Wang Shui Chung (Chairman and Chief Executive), Winnie Wang Wing Yee (Vice-Chairman), Richard Wang Li-Chung (Executive Director), Peter Wang Kin Chung (Non-executive Director) and Peter Stuart Allenby Edwards, Patrick Blackwell Paul, Arkadi Kuhlmann, Oscar De Paula Bernardes Neto, Michael John Enright and Laura May-Lung Cha being Independent Non-executive Directors.

"Please also refer to the published version of this announcement in South China Morning Post."