Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock code: 179)

INTERIM RESULTS ANNOUNCEMENT
FOR THE PERIOD ENDED 30TH SEPTEMBER 2008

HIGHLIGHTS

- Turnover up 3% to US$1,130 million
- EBITDA down 28% to US$115 million
- Operating profit before non-recurring costs for cessation of new operations down 17% to US$96 million
- Net profit attributable to shareholders down 43% to US$46 million
- Net gearing (net debt to shareholders' funds) 28%

The Directors announce that the unaudited consolidated profit attributable to shareholders for the six months ended 30th September 2008 was US$45,503,000, a decrease of 43% over the corresponding period in 2007.

FINANCIAL RESULTS

The unaudited condensed consolidated profit and loss account for the six months ended 30th September 2008 together with comparative figures for the corresponding period in 2007 is set out below:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	**Unaudited Six months ended 30th September 2008 US$'000**	2007 US$'000
Sales	2	**1,130,119**	1,094,176
Cost of goods sold		**(837,145)**	(810,180)
Gross profit		**292,974**	283,996
Other income and gains		**2,881**	12,720
Selling and administrative expenses		**(198,004)**	(178,150)
Cessation of new operations		**(27,518)**	-
Restructuring provision and assets impairment		**(2,111)**	(2,703)
Operating profit	3	**68,222**	115,863
Finance costs, net		**(6,480)**	(9,764)
Share of profits of associated companies		**101**	51
Profit before income tax		**61,843**	106,150
Income tax expenses	4	**(14,264)**	(21,000)
Profit for the period		**47,579**	85,150
Attributable to:			
Equity holders of the Company		**45,503**	79,792
Minority interest		**2,076**	5,358
		47,579	85,150
Interim dividend	5	**-**	21,195
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in US cents per share)			
Basic *	6	**1.24**	2.17
Diluted	6	**1.24**	2.17

* Please refer to note 6 for calculation of EPS excluding cessation of new operations.

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30th September 2008

	Note	**Unaudited 30th September 2008 US$'000**	Audited 31st March 2008 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**394,649**	409,864
Investment properties		**42,822**	38,978
Leasehold land and land use rights		**22,222**	22,462
Intangibles		**702,318**	775,162
Associated companies		**1,861**	1,920
Deferred income tax assets		**28,125**	28,892
Available-for-sale financial assets		**5,442**	5,833
Other financial assets at fair value through profit or loss		**8,411**	8,813
		1,205,850	1,291,924
Current assets			
Stocks and work in progress		**294,025**	269,924
Trade and other receivables	7	**469,367**	505,561
Other financial assets		**5,630**	15,111
Income tax recoverable		**5,775**	4,126
Bank balances and cash		**258,963**	268,031
		1,033,760	1,062,753
Current liabilities			
Trade and other payables	8	**339,507**	352,286
Current income tax liabilities		**29,710**	25,642
Other financial liabilities		**12,693**	24,979
Borrowings		**34,027**	37,796
Provisions and other liabilities		**30,709**	30,003
		446,646	470,706
NET CURRENT ASSETS		**587,114**	592,047
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,792,964**	1,883,971
Non-current liabilities			
Borrowings		**526,537**	526,686
Other financial liabilities		**49,886**	84,639
Deferred income tax liabilities		**87,484**	96,500
Provisions and other liabilities		**42,531**	43,216
		706,438	751,041
NET ASSETS		**1,086,526**	1,132,930

	Unaudited 30th September 2008 US$'000	Audited 31st March 2008 US$'000
EQUITY		
Share capital	**78,441**	77,704
Reserves	**973,967**	978,080
Proposed dividend	**-**	46,158
	1,052,408	1,101,942
Minority interest	**34,118**	30,988
TOTAL EQUITY	**1,086,526**	1,132,930

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
For the six months ended 30th September 2008

	Unaudited Six months ended 30th September 2008 US$'000	2007 US$'000
Gain on revaluation of property, plant and equipment and leasehold land transfer to investment properties	**3,338**	4,346
Deferred income tax effect on gain on revaluation of property, plant and equipment and leasehold land transfer to investment properties	**(551)**	(761)
Available-for-sale financial assets:		
- fair value gains / (losses)	**167**	(355)
- release of reserves upon disposal	**(185)**	(120)
Hedging instruments:		
- fair value gains	**2,900**	8,148
- transferred to profit and loss account	**(4,134)**	(4,430)
Deferred income tax effect on fair value gains in hedging instruments	**(1,338)**	(491)
Actuarial (losses)/gains of defined benefit plans	**(3,323)**	693
Deferred income tax effect on actuarial losses/(gains) of defined benefit plans	**764**	(16)
Adjustment arising on translation of foreign subsidiaries and associated companies	**(45,184)**	29,335
Net (loss)/income recognised directly in equity	**(47,546)**	36,349
Profit for the period	**47,579**	85,150
Total recognised income for the period	**33**	121,499
Attributable to:		
Equity holders of the Company	**(2,880)**	115,341
Minority interest		
Share of profit for the period	**2,076**	5,358
Adjustment arising on translation of foreign Subsidiaries	**837**	800
	2,913	6,158
	33	121,499

Note:

1. **Principal accounting policies**

This unaudited condensed consolidated interim financial information is prepared in accordance with Hong Kong Accounting Standard (HKAS) 34 "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.

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31st March 2008, except that the Group adopted all the new standards, amendments to standards and interpretations (new/revised HKFRSs) which are effective for accounting periods commencing on 1st April 2008. The adoption of these new/revised HKFRSs did not have a material impact on the condensed consolidated interim financial information of the Group.

2. **Segment information**

Primary reporting format – business segments

The segment results for the six months ended 30th September are as follows:

	Sales		**Operating profit/(loss)**	
	2008	2007	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000
Manufacturing	**1,082,577**	1,041,077	**97,100**	115,343
Trading	**47,542**	53,099	**(1,360)**	520
Cessation of new operations	**-**	-	**(27,518)**	-
	1,130,119	1,094,176	**68,222**	115,863

Secondary reporting format - geographical segments

	2008	2007
	US$'000	US$'000
Sales analysed by the region from which the customer order originated		
Asia	**367,751**	345,499
America	**246,292**	284,823
Europe	**516,076**	463,854
	1,130,119	1,094,176

3. **Depreciation and amortisation**

During the period, depreciation of US$35,892,000 (2007: US$35,657,000) and amortisation of US$10,094,000 (2007: US$9,008,000) were charged in respect of the Group's property, plant and equipment and intangible assets and leasehold land and land use rights respectively.

4. Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the period. Overseas tax has been provided at the applicable rates on the estimated assessable profit for the period in respective countries of operations.

	2008	2007
	US$'000	US$'000
Current taxation		
Hong Kong profits tax	**7,095**	8,535
Overseas taxation	**10,041**	11,690
	17,136	20,225
Deferred income tax	**(2,872)**	775
	14,264	21,000

5. Interim dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30th September 2008 (2007: 0.58 US cents per share each).

6. Earnings per share

The calculations of basic and fully diluted earnings per share are based on the Group's profit attributable to shareholders of US$45,503,000 (2007: US$79,792,000).

The basic earnings per share is based on the weighted average of 3,663,347,000 (2007: 3,672,196,000) shares in issue during the period.

Excluding the US$27,518,000 non-recurring impact of the Cessation of New Operations the profit attributable to shareholders would have amounted to US$ 73,021,000 and the earnings per share would have been 1.99 US cents per share.

There is no significant impact on the fully diluted earnings per share if all outstanding options are deemed to be issued at no consideration.

7. Trade and other receivables

The Group normally grants credit for a period ranging from 30 to 90 days to its trade customers. The trade and other receivables include net trade receivables of US$385,708,000 (31st March 2008: US$430,741,000). The ageing analysis of net trade receivables based on overdue date was as follows:

	Current	0-60 days	61-90 days	Over 90 days	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 30th September 2008	**319,852**	**52,814**	**6,234**	**6,808**	**385,708**
Balance at 31st March 2008	369,723	51,587	5,062	4,369	430,741

8. Trade and other payables

The trade and other payables include trade payables of US$192,212,000 (31st March 2008: US$227,425,000). The ageing analysis of trade payables based on invoice date 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 2008	**156,565**	**20,265**	**15,382**	**192,212**
Balance at 31st March 2008	181,501	32,550	13,374	227,425

CHAIRMAN'S STATEMENT

Overview of Financial Results

In the six month period ended 30th September 2008, the major operating businesses of Johnson Electric performed soundly in what has become an extremely challenging macro-economic environment for global manufacturing companies.

Group sales for the first half of the financial year totaled US$1,130 million, an increase of 3% over the comparable period last year, while profit attributable to shareholders decreased by 43% to US$46 million. This profit figure is after taking into account non-recurring losses and exit costs of US$28 million related to the company's decision to discontinue the recently-established Green Vision Group's scrap metal trading and recycling business.

Important factors affecting sales during the period included weaker end-user demand in the North American automotive and power tools markets, and the strength of the Euro and other currencies against the US dollar. Excluding the effect of currency changes, Group sales declined by almost 3%.

On the cost side, the results for the first-half were negatively affected by higher steel and copper prices, and the increased cost of manufacturing in China due to higher direct labour rates and the appreciation of the Renminbi. However, overall gross margins were maintained at the same level as in the prior year period as a result of management's actions to focus on higher margin products, selectively increase prices, improve productivity, and achieve higher contributions from previously underperforming business units. As a consequence, the Group's gross profit increased by US$9 million or 3% to US$293 million.

Sales, general and administrative ("SG&A") overheads increased by US$20 million largely as a result of the translation effect of costs denominated in foreign currencies and foreign currency hedging costs. Excluding these effects, SG&A as a percentage of sales was maintained at the same level as the prior year period. The higher SG&A costs and lower gains from other income (including one-time gains from asset disposals in the prior period) resulted in first-half operating profits of US$98 million before restructuring and cessation of new operations compared to US$119 million for the comparable period last year.

Exceptional turbulence in the trading and marketing of scrap metals in China had a significant negative impact on Green Vision Group, a separate operation within the Johnson Electric Trading business. As noted earlier, in view of the expected continued volatility and unpredictable economics of this market for the foreseeable future, the decision was taken to discontinue this new business unit resulting in non-recurring losses, including asset impairment and exit costs, of US$28 million. Combined with other business restructuring charges of US$2 million, this reduced the Group's operating profit by 41% to US$68 million.

After taking into account lower financing, income tax and minority interest charges, the consolidated profit attributable to shareholders for the first half of the financial year decreased by US$34 million to US$46 million or 1.24 US cents per share.

The overall financial condition of the Johnson Electric Group continues to remain sound with consistent positive operating cash flows and prudent gearing levels. Including the Group's cash reserves of US$259 million, the net debt to equity ratio as at 30th September 2008 stood at 28%.

Interim Dividend

In light of the turbulence in the markets we serve and the difficulty in predicting the economic conditions which will prevail in the future, we believe that our shareholders will be better served by conserving cash within the business during this difficult period. Accordingly the Directors have determined that no interim dividend will be declared (2007: 0.58 US cents per share).

Diversified and Strong Market Positions despite Depressed Economic Environment

Johnson Electric benefits from a diversified global customer base and the Group's performance in its major geographic markets in the first half was relatively consistent with that of reported macro-economic conditions and trends.

Sales to Europe, which represented 46% of total Group sales in the first half, increased by 11% compared to the prior year reflecting the relative strength of the Euro as well as market share gains and end-user demand that remained generally positive during the period. In Asia, representing one third of Group sales, several business units achieved increased market penetration especially in mainland China which together with the strengthening Renminbi resulted in regional sales increasing by 7%. The situation in the Americas, which contributed 22% of total sales in the first half, was markedly different however. In North America, severe recessions are occurring in the housing and automotive sectors and inevitably this has resulted in reduced demand for Johnson Electric's products for automotive, power tools and home appliance applications. Although our South American sales continue to grow from a small base, overall sales to the Americas consequently declined by US$39 million or 14%.

The two main operating divisions – Automotive Products Group (APG) and Industry Products Group (IPG) – are making progress in leveraging the expanded technology capabilities of the Group to design and bring to market new motion subsystems and actuator products. This strategy has multiple benefits: it strengthens and differentiates Johnson Electric's position with existing customers; it opens doors to new customer opportunities; and it enables the Groups to increase prices based on added value.

At the opposite end of the technology spectrum, the Group's no-frills "V-Motor" operating unit is developing into an effective and profitable competitive response within those micromotor segments in IPG's sphere of business where the barriers to entry are lower and price pressures greater.

The Group's other smaller business units have in most cases delivered satisfactory results in testing conditions. Parlex, a specialist manufacturer of flexible printed circuits, is now on an encouraging trajectory following a series of major restructuring initiatives to improve its manufacturing footprint and operational effectiveness. Saia-Burgess Controls achieved good sales growth in the first-half and is rolling-out a range of web-based panels and human machine interface products that have been especially well received by its continental European customer base. In mainland China, the engine block castings business of China Autoparts, Inc. has also grown sales significantly, though dramatically higher raw material costs have reduced its margins in percentage terms.

The main exception to the progress of these other Group businesses has been Johnson Electric Trading. In addition to the losses and discontinuation costs of the Green Vision scrap metal trading and recycling venture, the specialty materials business has also experienced difficult operating conditions as a result of high market volatility and recently a dramatic decline in demand and prices within its customer base of small to medium-sized enterprises in southern China.

Prospects

Although the Group's underlying operational performance has overall held-up relatively well in the first half, the outlook for the remainder of the financial year is extremely difficult to gauge with any degree of precision at the present time.

Sales trends in October and November have displayed a marked weakening that are consistent with published macro-economic indicators showing the decline in economic activity spreading from North America to Europe and Asia. The global automotive sector, which accounts for approximately half of Group sales, is undergoing the sharpest contraction in demand in recent history with no clear signs yet as to how long the downturn will persist or what will be the ramifications for the industry's future structure. While Johnson Electric possesses an exceptionally strong competitive position in terms of the particular components and subsystems that it supplies to the automotive industry, we are anticipating and preparing for weaker sales and contribution to profit from the APG division for the second half and well into the following financial year.

The IPG division on the other hand has a much more diversified customer base and end-market dynamics. Although a severe global recession would inevitably have a negative impact, we are generally more optimistic concerning prospects for sales in this division.

A potential mitigating factor against the decline in profitability going forward is the sharp recent correction in commodity prices, especially copper and steel. Given the duration of existing contracts and forward positions for the supply of raw materials we would not expect to benefit significantly in the second half of the current financial year from this correction in prices. However, if current price trends persist then we would anticipate a positive impact as we move into 2009-10.

Recent sharp adjustments in foreign exchange rates, if they were to persist, would likely have a mixed impact on Johnson Electric's financial results. A weaker Euro will cause sales and profits to be lower when denominated in US dollars, but an easing in the rate of Renminbi appreciation would provide some relief to what has been a growing pressure on our cost base in mainland China.

Therefore during these quite unprecedented and fast-changing times management is focused on the basics: supporting our customers; carefully managing our cash; keeping our operations trim; and mitigating risk wherever possible. We are working with our customers, suppliers and staff to navigate through these difficult times while preserving our ability to rebound when the global economic climate returns to more normal conditions.

We will continue to invest in new products which combine the best of our motors, actuators, motion systems and other technologies to support and enhance our customers' businesses. Despite the current upheaval in the global economy and in several of our key markets, we remain confident that Johnson Electric is well placed to strengthen its market and competitive position over time.

Patrick Shui-Chung Wang
Chairman and Chief Executive
Hong Kong, 5th December 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

SALES REVIEW

Total Group Sales for the six month period ended 30th September 2008 increased by US$35.9 million, or 3.3%, from US$1,094.2 million to US$1,130.1 million. The appreciation of the Euro and other currencies against the US dollar contributed US$65.5 million to the Group's sales compared to the prior period. Excluding this effect, Group sales declined by 2.7%.

Geographical Analysis

$m	1st Half 2008/9	%	1st Half 2007/8	%	Growth
Europe	516	46%	464	42%	11.2%
Asia	368	32%	345	32%	6.7%
Americas	246	22%	285	26%	-13.7%
Total	1,130	100%	1,094	100%	3.3%

We manage the Group's activities in two segments: Manufacturing and Trading. Group Sales can be analyzed as follows:

GROUP SALES ANALYSIS	1st Half 2008		1st Half 2007		Increase/ (decrease)	
US$ millions	Sales	%	Sales	%		%
Motors	406	36%	393	36%	13	3%
Body Climate	*44*	*4%*	*53*	*5%*	*(9)*	*-17%*
Body Instruments	*91*	*8%*	*83*	*8%*	*8*	*10%*
Powertrain Cooling	*218*	*19%*	*201*	*18%*	*17*	*8%*
Powertrain Management	*39*	*4%*	*34*	*3%*	*5*	*15%*
Chassis Braking	*14*	*1%*	*22*	*2%*	*(8)*	*-36%*
Motion and Actuation Systems	*177*	*16%*	*167*	*15%*	*10*	*6%*
AUTOMOTIVE PRODUCTS GROUP (APG)	**582**	**52%**	**559**	**51%**	**23**	**4%**
Motors	281	25%	275	25%	6	2%
Home Appliances	*108*	*10%*	*103*	*9%*	*5*	*5%*
Power Tools	*62*	*5%*	*77*	*7%*	*(15)*	*-20%*
Business & Lifestyle	*111*	*10%*	*95*	*9%*	*16*	*17%*
Motion and Actuation Systems	100	9%	97	9%	3	3%
INDUSTRY PRODUCTS GROUP (IPG)	**381**	**34%**	**372**	**34%**	**9**	**2%**
OTHER MANUFACTURING BUSINESSES	**119**	**11%**	**109**	**10%**	**10**	**9%**
MANUFACTURING SEGMENT	**1,083**	**96%**	**1,041**	**95%**	**42**	**4%**
TRADING SEGMENT	**47**	**4%**	**53**	**5%**	**(6)**	**-11%**
TOTAL SALES	**1,130**	**100%**	**1,094**	**100%**	**36**	**3%**

MANUFACTURING SEGMENT

The operations which are included in the Manufacturing Segment share many common features related to technology, manufacturing processes, supply chain management, brand and channel management, and business model structure. Taken together, these operations offer opportunities for synergy in many areas, including the ability to enhance revenues as well as to share common tasks and costs.

The Manufacturing segment is sub-divided into three divisions which focus on specific customer needs and technologies in defined markets: Automotive Products Group, Industry Products Group and Other Manufacturing Businesses.

In the commentary below, the references to currency effects relate to the impact on sales expressed in US$ when sales in other currencies are translated at different rates this year compared to the prior period (the six months ending 30th September 2007). However, the company also has costs denominated in currencies other than the US$, and the impact of these currency effects on the manufacturing cost base and on Selling, General and Administrative costs is referred to in the gross margin and SG&A sections of the Financial Results commentary on pages 17 to 18.

AUTOMOTIVE PRODUCTS GROUP ("APG")

APG sales in the period represented 52% of the total turnover of the Group and increased over the prior year by US$23.0 million, or 4%, from US$559.4 million to US$582.4 million. Of this increase, the appreciation of the Euro, Renminbi and other currencies against the US dollar contributed US$48.8 million. Excluding this effect, underlying sales declined by 5%.

Sales in Asia and South America have continued to grow due to successful initiatives which have increased our market share in these areas. In Europe, excluding currency effects, sales overall have been flat with growth from innovative products in some markets offsetting decline in others. However, in North America, sales have declined significantly as a result of the sharp downturn in the automotive market in that region.

Sales, reported geographically, are as follows:

$m	H1 2008/9	%	H1 2007/8	%	Growth
Europe	366	63%	334	60%	10%
Asia	91	16%	71	13%	28%
Americas	125	21%	154	27%	-19%
Total	582	100%	559	100%	4%

Motors

Motor sales increased by US$13.2 million, or 3%, from US$392.7 million to US$405.9 million. Of this increase, the appreciation of the Euro and other currencies against the US dollar contributed US$31.6 million. Excluding this effect, underlying sales declined by 5%.

There were dramatic developments in the North American automotive market and the first signs of softening in European markets. However, due to our broad product application offering and global coverage, our sales decline was less severe than that of the automotive industry as a whole. In addition, we successfully developed and introduced new products, continued to support those of our customers who sought to transfer their production to lower-cost regions, and successfully increased our penetration of the faster growing markets in Asia and South America. We have also increased our focus on growth markets and are in various stages of developing strategic partnerships with key local market leaders.

Sales of products for body climate applications, including motors for window lifts, power seat adjustment and power lift gates, declined by US$8.8 million, or 17%, from US$52.7 million to US$43.9 million despite the contribution of US$2.3 million from the appreciation of the Euro and other currencies against the US dollar. Excluding this currency effect, underlying sales declined by 21%. Sales in Asia demonstrated some growth, in particular in our window lift products. North American sales declined significantly as heavy trucks, which comprise a large portion of our sales, were the hardest hit by the downturn. In Europe we were able to maintain our share in a market which is beginning to show signs of weakening. We are pursuing a strategy to address the markets' requirement for lighter products with equivalent power and we are pursuing growth in the developing BRIC markets.

Sales of products for body instrumentation applications, including motors for mirrors, headlamps, doorlocks, cinching latches and washer pumps, increased by US$8.5 million, or 10%, from US$82.8 million to US$91.3 million. Of this increase, the appreciation of the Euro and other currencies against the US dollar contributed US$5.2 million. Excluding this currency effect the underlying sales growth was 4%. Sales growth was due to growing demand in China, following the transplant of some of our customers' production to this region, and also to strong performance from our traditional door lock and washer pump products. Sales increases in Europe were the result of the favourable Euro exchange rate against the US dollar but, excluding this effect, sales modestly declined as they also did in the Americas due to weakening market conditions.

Sales of products for powertrain cooling applications, comprising mainly cooling fan modules and motors, increased by US$17.2 million, or 9%, from US$201.1 million to US$218.3 million. Of this increase, the appreciation of the Euro and other currencies against the US dollar contributed US$21.1 million. Excluding this currency effect, underlying sales declined by 2%. In Europe, the favourable Euro exchange rate against the US dollar helped offset a 12% decline in sales from end of life platforms and the phase out of uncompetitive products. In North America, sales declined 7% on weakening market conditions. Sales growth was stronger in South America and China. China sales increased by 29%, excluding gains from Renminbi appreciation, as a result of the ramp-up of production on recently won business.

Sales of products for powertrain management applications, including fuel and air pumps and engine air management systems, reversed last years declines and grew by US$5.0 million, or 15%, from US$33.5 million to US$38.5 million. The appreciation of the Euro and other currencies against the US dollar accounted for US$2.3 million of the increase. Excluding this currency effect, the underlying sales growth was 8%. Sales in the Americas and Europe grew by 9%, excluding the impact of the favourable Euro exchange rate against the US dollar. Growth came from the successful launch of new products such as motors for engine gas recirculation, which aim to address the increasing market focus on fuel efficiency and environmental concerns.

Sales of products for chassis braking applications, including products for braking systems and transfer case actuation, decreased by US$8.7 million, or 36%, from US$22.5 million to US$13.8 million despite the contribution of US$0.7 million from the appreciation of the Euro and other currencies against the US dollar. Excluding this currency effect, the underlying sales decline was 42%. In North America and Asia sales declined significantly as we are phasing out uncompetitive products. In Europe, sales grew with increases in brake systems. Globally, we are now focusing on a new generation of products in braking and transmission applications.

Motion and Actuation Systems

Sales of motion and actuation systems, including switches, sensors and solenoids, increased by US$9.8 million, or 6%, from US$166.7 million to US$176.5 million. Of this increase, the appreciation of the Euro and other currencies against the US dollar contributed US$17.2 million. Excluding this effect, the underlying sales declined by 4%.

The sales decline is primarily the result of the weaker North American market; primarily in SUVs. Despite emerging signs of market weakness in Europe, we generated 5% growth, excluding the benefit of currency appreciation. Our innovative product offerings, designed around consumer comfort and safety, drove an increase in market share. We continue to show solid growth in Asia where there is an emerging need for comfort elements in low cost automobiles; this is a fast growing segment in the region which is still in the early stages of development.

Sales of actuation systems increased by US$8.8 million, or 7%, from US$120.2 million to US$129.0 million. Of this increase, the appreciation of the Euro and other currencies against the US dollar contributed US$12.2 million. Excluding this effect, underlying sales declined by 3%. Strong market share gains in Europe, where sales grew 5% excluding currency appreciation, as well as sales in Asia, which from a small base grew by 65%, only partially compensated for the challenging market conditions in North America.

Sales of switches, sensors, and solenoids increased by US$1.0 million, or 2%, from US$46.5 million to US$47.5 million. Of this increase, the appreciation of the Euro and other currencies against the US dollar contributed US$5.1 million. Excluding this effect, the underlying sales declined by 9%. Sales in the Americas declined sharply due to weakness in the heavy truck segment. In Europe, after adjusting for the favourable Euro exchange rate against the US dollar, sales grew 4% despite the strategic decision to exit non-core product lines. Asia sales growth is strong and future market development looks promising as the region begins to demand the improved comfort and safety options that these products support.

INDUSTRY PRODUCTS GROUP ("IPG")

IPG sales in the period increased US$8.7 million, or 2.3%, from US$372.3 million to US$381.0 million. IPG sales in the period represented 33.7% of the total turnover for the Group. The appreciation of the Euro and other currencies against the US Dollar contributed US$ 9.0 million to the division's sales. Excluding this effect, underlying sales remained flat.

Sales, reported geographically, are as follows:

$m	H1 2008/9	%	H1 2007/8	%	Growth
Europe	106	28%	94	25%	13%
Asia	192	50%	183	49%	5%
Americas	83	22%	95	26%	-13%
Total	381	100%	372	100%	2%

Motors

Sales in the Business and Lifestyle, Home Appliances and Power Tools business units increased by US$5.2 million, or 1.9%, from US$275.6 million to US$280.8 million. The appreciation of the Euro and other currencies against the US dollar contributed US$1.1 million to the unit's sales. Excluding this effect, underlying sales increased by 1.4%.

Sales performance in Home Appliances business unit increased by US$4.5 million, or 4.3%, from US$103.2 million to US$107.7 million. The effect of exchange rates was not significant. Sales grew strongly in both Asia and Europe however this was offset by lower sales in North America, slightly down on the prior period due to the slowing economy. Applications in the Food & Beverage segment showed stronger growth in Europe and the Greater China region, however sales of dishwasher pumps and brush rolls were flat, impacted by the weakening of the US economy.

Sales in the Power Tools business unit decreased by US$15.4 million, or 19.8%, from US$77.5 million to US$62.1 million. The effect of exchange rates was not significant. The decline was primarily due to the weakening North American market where sales decreased by US$9.9 million, particularly in the power tool segment. Sales decreased by US$5.8 million in Asia. Starter motors remained at the same sales level as last year, achieving an increase in market share against the background of a shrinking market.

Sales in the Business and Lifestyle business unit, including products for business equipment, personal products, fitness, building automation and security, and audio-visual applications, increased by US$16.1

million, or 16.9%, from US$94.9 million to US$111.0 million. The effect of exchange rates was not significant. Sales grew by 15.2% in North America, by 4.2% in Europe and by 18.6% in Asia. Ink Jet printer application revenues grew by 17%; laser printer applications by 270%; gaming applications by 76% and Beauty product applications by 17%. This growth resulted from the focus on new products and programme launches, increased market demand, increased price and increased market share. The profitability of the Business unit has improved mainly due to restructuring of the manufacturing footprint resulting in lower cost.

Motion and Actuation Systems

Sales in the Actuator system business unit increased by US$3.6 million, or 6.8%, from US$52.8 million to US$56.4 million. The appreciation of the Euro and other currencies against the US dollar contributed US$3.7 million to the unit's sales. Excluding this currency effect, underlying sales were flat.

Sales have been strong in Europe, supported by a solid position in the heating ventilation and air conditioning (HVAC) application segment where the adoption of our stepper motor technology has been strong. A sub-system developed for this market has now successfully been launched. Sales in North America were lower than in the previous year, impacted by the economic downturn, but we have been able to maintain our market share and have achieved some price increases to compensate for higher raw material costs. Sales in Asia have been growing as a result of higher demand for printer applications.

Sales in the Switches, Sensors & Applications business unit, including products for home appliances, business machines, industrial equipment, building automation and security, as well as heating ventilation and air conditioning (HVAC) applications, remained flat. The appreciation of the Euro and other currencies against the US dollar contributed US$4.2 million to the unit's sales. Excluding this currency effect, underlying sales decreased by 9.6%. Sales in Asia are 8.0% behind last year as a result of the discontinuation of unprofitable business. Effective distribution management is critical to this business and efforts are continuing to expand indirect sales channels to secure growth. In addition, switches are becoming an integral part of the sub-systems and motion solutions that we offer to our customers.

OTHER MANUFACTURING BUSINESSES

The Group's other manufacturing businesses include Parlex Corporation, Saia-Burgess Controls, and China Autoparts, Inc.. Sales for the period were as follows:

$millions	H1 2008/9	H1 2007/8	Growth
Parlex	56	60	-7%
Saia Burgess Controls	41	33	24%
China Autoparts Inc.	22	16	38%
Total	119	109	9%

Parlex Corporation, a flexible printed circuit board and interconnect solutions provider, delivered sales of US$55.9 million, a decline of 7.6% compared to the prior period. Sales declined in the United States because of weaker demand in the home appliances market and they were virtually flat in Europe where increases in the communications and automotive segments were offset by declines in the medical segment.

As a result of the restructuring initiatives in North America and in China over the last 2 years, the price increases in some previously unprofitable segments, the exit of some unprofitable segments, the sharp focus on new product development and the improvements made in manufacturing efficiencies, Parlex is now generating positive operating cash flow.

Saia-Burgess Controls, a niche player in the programmable controls industry, primarily in Europe, delivered sales of US$41.0 million in the first half of this year, an increase of 24.2% over the prior period. The appreciation of the Euro and other currencies against the US dollar contributed US$5.4 million to the unit's sales. Excluding this currency effect, underlying sales increased by 9.5% over the prior period.

China Autoparts, Inc., a leading producer of high quality iron casting parts for the automotive sector in China, delivered sales of US$22.3 million, an increase of 37.5% over the prior period. The appreciation of the Chinese renminbi against the US dollar contributed US$2.0 million to these sales. Excluding this currency effect sales increased by 24.6% over the prior period. This growth reflects the growing automotive market in China.

TRADING SEGMENT

Johnson Electric Trading was established in 2004-2005 to build a sourcing network in China to supply global customers with a wide range of motor-related parts and components that are not currently manufactured within Johnson Electric, and to supply specialty metals for local Asian customers.

The business delivered sales of US$47.5 million, a decrease of US$5.6 million, or 10.5%, from the prior year. The business in precision parts and subsystems remained relatively steady but the specialty materials business has been negatively impacted by market volatility and the recent dramatic fall in commodity prices.

The Green Vision Group, a new operation within the Trading business which sources and supplies scrap materials, has suffered in the wake of recent significant shifts in the supply, demand and pricing of these materials. As the company expects these volatile conditions to continue and the risk profile of this operation to increase as a result, the company is now discontinuing the Green Vision Group operations. The sales of this operation have been excluded from Trading's sales and the financial results for this business have been disclosed separately in the income statement under Cessation of New Operations.

FINANCIAL RESULTS

Segmental Profit & Loss Accounts

US$m	*6 Months Ending 30th September 2008*				*6 Months Ending 30th September 2007*		
	Manufacturing	Trading	Cessation of new operations*	Total	Manufacturing	Trading	Total
Sales	1,083	47	-	1,130	1,041	53	1,094
Gross Profit	291	2	-	293	280	4	284
	27%	*4%*		*26%*	*27%*	*8%*	*26%*
Other Income & Gains	3	0	-	3	13	-	13
Selling and Administrative	(195)	(3)	-	(198)	(174)	(4)	(178)
Op. Profit before Restructuring	99	(1)	-	98	119	0	119
Restructuring	(2)	-	-	(2)	(3)	-	(3)
Cessation of New Operations	-	-	(28)	(28)	-	-	-
Operating Profit	97	(1)	(28)	68	116	0	116
	9%			*6%*	*11%*		*11%*
Finance Costs	(6)	(0)		(6)	(10)	-	(10)
Profit Before Income Tax	91	(1)	(28)	62	106	0	106
	8%			*5%*	*10%*		*10%*
Income Tax	(14)	(0)	-	(14)	(21)	(0)	(21)
Profit for the period	77	(1)	(28)	48	85	-	85
Minority Interest				(2)			(5)
Profit Attributable To Shareholders				46			80

**Green Vision Group*

Sales

Total Group Sales for the six months ended 30th September 2008 increased by US$36 million, 3.3%, from US$1,094 million to US$1,130 million, as described in the table on page 11 and in the commentary which follows on pages 11 to 16.

Gross Profit

Gross profit increased by US$9.0 million, 3.2%, from US$284.0 million to US$293.0 million. As a percentage of sales, gross margin was flat at 26%. During the period, gross profit improved by US$5.7 million as a result of changes in the relative value of currencies and by US$32.4 million because of operations initiatives, improved sales pricing and cost control programs. These improvements were largely offset by adverse external factors, noted below, which decreased gross profit by US$29.1 million.

Currency

The combined effects of the Euro and other European currencies as well as the renminbi and other Asia currencies amounted to a net benefit to gross profit of US$5.7 million, 0.5% of sales.

A significant proportion of the Group's sales and operations are conducted in Europe, in Euro and other European currencies. During the period, the translation of these currencies resulted in sales being favourably impacted by US$56.3 million and costs being increased on translation by US$38.8 million, resulting in a net favourable impact of US$ 17.5 million.

In Asia, the translation of the Chinese renminbi and other Asian currencies resulted in sales being favourably impacted by US$9.3 million and costs being increased on translation by US$21.1 million, resulting in a net unfavourable impact of US$11.8 million.

Other External Factors

Gross profit continued to be adversely impacted by ongoing pressures in a number of key ingredients of the cost structure including the costs of copper, steel, energy costs and PRC labour rates. Combined, this "headwind" reduced gross profit by a total of US$29.1 million in comparison to the prior period, equivalent to 2.6% of sales.

Operations

In our industrial and automotive businesses, increases in volume, changes in product and market mix, initiatives to improve production flows and efficiency, as well as other operational actions, combined to enhance margins. In addition, pricing actions continued to provide some relief from the adverse effect of rapidly increasing material costs. Together, these actions generated US$31.1 million of additional gross profit compared to the prior period, equivalent to 2.8% of sales.

In our Parlex business, gross profits, net of currency effects, were up by US$3.2 million compared to the prior period. The work that has been done to restructure the activities of this business is now yielding positive results, resulting in higher levels of profitability even at a smaller sales volume. This business is now well positioned for profitable growth.

In the Group's other manufacturing businesses, gross profits, net of currency effects, declined by US$0.7million as the Saia Burgess Controls and the China Autoparts businesses came under margin pressure, despite having higher volumes than in the prior period.

In the JE Trading business (and excluding the Green Vision Group), gross profit, net of currency effects, was down by US$2.6 million on the prior period. This was mainly due to lower volumes and margins in the business.

Other Income and Gains

Other income and gains decreased by US$9.8 million, from US$12.7 million to US$2.9 million. In the prior period there were gains on asset disposals which were one-off in nature and did not repeat this year.

Selling, General and Administrative Expenses ("SG&A")

SG&A expenses increased by US$19.8 million, or 11.1%, from US$178.2 million to US$198.0 million. As a percentage of sales, SG&A increased from 16.3% in the prior period to 17.5%.

SG&A expenses denominated in foreign currencies and translated at rates higher than in the prior period added US$6.9 million to costs. In addition, costs increased US$8.6 million to account for hedging transactions and the revaluation of monetary assets and liabilities. Excluding these effects, SG&A increased by 2.4% year on year, and would have been 16.2% of sales, comparable with the prior period.

Restructuring Costs

The Group's restructuring charges of US$2.1 million in the year related to continuing restructuring activities, primarily in Europe and the USA.

Cessation of New Operations

During the last financial year a new business to recycle and trade scrap metals was set up within the Trading Segment and this business, the Green Vision Group, started to increase its activity in the current year. The viability of this business has suffered in the wake of recent significant shifts in the supply, demand and pricing of these materials. As the company expects these turbulent conditions to continue and the risk profile of this operation to increase as a result, the company is now in the process of discontinuing the Green Vision Group operations. The accounts of the Green Vision Group operations have been prepared on a liquidation basis and, accordingly, the losses in the business, including asset impairment and exit costs, which amounted to US$27.5 million have been included separately in the results (see Note 16 to the accounts).

Operating Profit

Operating profit decreased by US$47.7 million, 41.2%, from US$115.9 million to US$68.2 million. Excluding the non-recurring impact of the Cessation of New Operations of US$27.5 million, operating profit decreased by US$20.2 million, or 17.4%, from the prior year.

The combined currency effects on Gross Margin and SG&A detailed above resulted in an unfavourable net impact of US$9.4 million on profit before tax, or 0.8% of sales.

Finance Costs, net

The net interest expense for the year decreased by US$3.3 million from US$9.8 million to US$6.5 million. This reduction resulted from lower overall net debt levels as well as the decline in interest rates.

Income Tax Expenses

The Income Tax expense decreased by US$6.7 million compared to the prior period, from US$21.0 million to US$14.3 million. The effective tax rate for the period was 23.1% compared to 19.8% for the prior period.

Excluding the loss on Cessation of New Operations, which cannot be offset for tax against other earnings, the effective tax rate was 16.0%. The reduction of the tax rate from prior year was due to a higher proportion of earnings in the current year being earned in lower tax jurisdictions. Additional benefits have arisen from reductions in tax rates in Italy and Hong Kong.

Profit after Tax

Profit after tax decreased by US$37.6 million from the prior period, 44.1%, from US$85.2 million to US$47.6 million. Excluding the non-recurring US$27.5 million impact of the Cessation of New Operations, profit after tax decreased by US$10.1 million, or 11.9%, over the prior period.

Minority Interest

The profit attributable to minority interests decreased by US$3.3 million from US$5.4 million to US$2.1 million, primarily because the gain on the disposal of assets in the prior period was not repeated.

Profit Attributable to Shareholders

The profit attributable to shareholders decreased by US$34.3 million from the prior year, 43.0%, from US$79.8 million to US$45.5 million. Earnings per share decreased from 2.17US cents per share to 1.24 US cents per share. Excluding the non-recurring US$27.5 million impact of the Cessation of New Operations the profit attributable to shareholders would have amounted to US$ 73.0 million, a reduction of 8.5% from the prior period, and the earnings per share would have been 1.99 US cents per share.

NET INCOME RECOGNIZED DIRECTLY IN EQUITY

The Consolidated Statement of Recognized Income and Expense provides details of the income and expenses that were recognized directly in equity and reserves (not through the Profit & Loss Account). In the current period, expenses exceeded income by US$47.5 million while in the prior period the opposite occurred and income exceeded expenses by US$36.3 million. This resulted in a total change when comparing the two periods of US$83.8 million. Of this swing, US$74.5 million resulted from currency effects on the translation of net assets of foreign subsidiaries becoming expenses in the current period compared to being income in the prior period.

FINANCIAL POSITION AND LIQUIDITY

ANALYSIS OF CASH FLOWS

Simplified Cash Flow
US$millions

	H1 2008/9	H1 2007/8	Change
Operating profit before cessation of new operations	95.7	115.9	(20.2)
Cessation of new operations	(27.5)	-	(27.5)
Profit Before Interest and Tax*	***68.2***	***115.9***	***(47.7)***
Interest and tax paid for new business	0.6	-	0.6
Depreciation and Amortization	46.5	44.6	1.9
EBITDA	***115.3***	***160.5***	***(45.2)***
Other Non Cash Items in Profit Before Tax	(2.0)	(11.3)	9.3
Working Capital Change	(19.0)	(8.9)	(10.1)
Cash from Operating Activities	***94.3***	***140.3***	***(46.0)***
Capital Expenditure	(36.8)	(33.7)	(3.1)
Proceeds from sale of assets and investments	3.9	15.4	(11.5)
Operating Cash Flow less Operating Investment Activities	***61.4***	***122.0***	***(60.6)***
Net Interest Paid	(4.2)	(8.5)	4.3
Tax	(13.7)	(4.2)	(9.5)
Dividend Paid	(46.2)	(40.0)	(6.2)
Treasury Shares and Liquid Securities, and dividend received (net)	1.0	(1.4)	2.4
Net Cash Flow	**(1.7)**	**67.9**	**(69.6)**
Use of cash			
Used to repay debt	**4.1**	**25.5**	**(21.4)**
Net (decrease)/ increase in Cash and Cash Equivalents	**(4.5)**	**43.4**	**(47.9)**
Net decrease in Short Term Investment & Time Deposit	**(1.3)**	**(1.0)**	**(0.3)**
	(1.7)	**67.9**	**(69.6)**
Reconciliation to Net Debt			
Exchange (losses)/gains on net debt	**(3.4)**	**1.8**	**(5.2)**
Net Movement in Cash, Overdrafts and Borrowings (Net Debt)	**(5.1)**	**69.7**	**(74.8)**

* *Operating Profit per accounts*

Currency note: in the Profit and Loss account commentary above, currency impacts have been calculated by comparing exchange rates used to determine income and expense in the six months ending 30th September 2008 with the exchange rates used to determine income and expense in the six months ending 30th September 2007. In the Balance Sheet commentary below, currency impacts have been calculated by comparing exchange rates used to translate the Balance Sheet as at 30th September 2008 with exchange rates used to translate the Balance Sheet as at 31st March 2008.

The Group continued to generate positive cash flow from its operations. During the year, cash generated from operating activities (before capital expenditure and before proceeds from the sale of fixed assets), as shown above, decreased by US$46.0 million from US$140.3 million to US$94.3 million, a decrease of 33%.

This cash flow was impacted by the decrease of US$47.7 million in Profit before Interest and Tax compared to the prior period and by the increase in working capital of $19.0 million in this current period. In addition, the positive cash flows from sale of assets in the current period was not as significant as the prior period and this resulted in decreased cash flow of US$11.5 million.

Working Capital and Provisions

Overall, working capital and provisions increased by US$0.7 million, from US$350.0 million to US$350.7 million.

$ millions	**March 2008**	Currency translation	Acquisitions	Pension, Hedging & Interest Payable	Increase/(decrease) in Operating Working Capital	**Sept 2008**
Stocks and other work in progress	**269.9**	(5.7)	1.0		28.8	**294.0**
Trade and other receivables	**505.6**	(18.8)	0.7		(18.1)	**469.4**
Trade and other payables	**(352.3)**	9.5	(1.3)	0.1	4.5	**(339.5)**
Provisions and other liabilities*	**(73.2)**	4.2	-	(8.0)	3.8	**(73.2)**
Total Working Capital per Balance Sheet	**350.0**	(10.8)	0.4	(7.9)	19.0	**350.7**

**Current and non current*

Stocks and work in progress increased by US$24.1 million, from US$269.9 million to US$294.0 million. Currency translation changes resulted in a decrease in stock of US$5.7 million. Excluding these effects as well as the US$1.0 million increase in stock and work in progress resulting from the acquisition of Fully Motor Co. Limited and Fu Wang Electric Manufacturing Company Limited, stocks and work in progress increased by US$28.8 million. This is mainly due to seasonal growth in inventory levels. After adjusting for the currency effects, inventory turns (the ratio of cost of goods sold to stock) decreased from 5.3 at end of September 2007 to 4.9 at the end of September 2008. Inventory is expected to reduce by the end of the year as actions are taken to align stock levels with changes in demand.

Trade and other receivables decreased by US$36.2 million, from US$505.6 million to US$469.4 million. Of this decrease, US$18.8 million was due to currency translation changes. Excluding the currency effect as well as the US$0.7 million increase in receivables resulting from the acquisition of Fully Motor Co. Limited and Fu Wang Electric Manufacturing Company Limited, trade and other receivables decreased by US$18.1 million. Trade receivables, net of bad debt provision, amounted to US$385.7 million at 30th September, of which 94% was current or aged less than 30 days past due, and only 2% was aged over 90 days past due. Days Sales Outstanding (calculated using gross debtors) for the Group increased from 66 days to 70 days. The Group is now increasing its efforts to limit credit risk, reduce overdue payments and manage credit terms on sales to reduce trade debtors by the year end.

The trade and other payables decreased by US$12.8 million, from US$352.3 million to US$339.5 million. US$9.5 million of this decrease was due to currency translation changes. Excluding the currency effect as well as a US$0.1 million reduction in interest payable and the US$1.3 million increase in payables resulting from the acquisition of Fully Motor Co. Limited and Fu Wang Electric Manufacturing Company Limited, trade and other payables decreased by US$4.5 million. Trade creditor days increased from 65 to 66 in the period.

Long-term and short-term provisions remained at the same level as the year end at US$73.2 million. Currency translation changes resulted in a decrease in provisions of US$4.2 million, pension and hedging reserves increased by US$8.0 million, and other provisions reduced by US$3.8 million.

Capital Expenditure (and proceeds from sale of assets and investments)

Capital Expenditure increased by US$3.1 million in the period, from US$33.7 million to US$36.8 million. This reflects the ongoing replacement or upgrade of machinery and equipment as well as investment in equipment and processes to increase output and improve production flow. We expect the underlying recurring rate of capital expenditure to moderate in the near-term.

Proceeds from the sale of assets and investments were US$3.9 million, US$11.5 million lower than last year when non-recurring asset disposals increased the cash flow in that period.

Interest and Tax

Interest paid less interest received was US$4.2 million, a reduction from the prior period of US$4.3 million. This results mainly from the increase in net cash balances over the year and the reduction in interest rates on debt.

Taxes paid, net of refunds, amounted to US$13.7 million, US$9.5 million higher than last year. In the prior period, tax refunds were received which related to businesses in Germany and Switzerland.

Dividends

The Final Dividend of US$46.2 million for the fiscal year 2007-2008 was paid in the period, an increase of US$6.2 million on the dividend paid in the prior period.

Net Movement in Cash and Borrowings

The Group's debt to equity ratio (calculated on the total borrowings net of cash, to total equity) was 28%, up from 26% at 31st March 2008.

Net borrowings (total long and short term borrowings net of cash) increased overall by US$5.1 million in the period, from US$296.5 million to US$301.6 million.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The management of financial risk in the Group is the responsibility of the Group's treasury function at the corporate centre based in Hong Kong. Policies are established by senior management.

Liquidity

For day-to-day liquidity management and to maintain flexibility in funding, the Group also has access to significant unutilized and uncommitted short-term borrowing facilities provided by its principal relationship banks, which exceed US$270.0 million.

Foreign Currency

The Group operates globally and is thus exposed to foreign exchange risk.

For APG and IPG the major sales generating currencies continue to be the US dollar, the Euro and the Chinese renminbi. For the period to 30th September 2008, 45% of the sales (53% in the prior period) of these business units were in US dollars, 39% in Euros (37% in the prior period), 7% in Chinese renminbi and the rest in other currencies including Japanese yen. The major currencies used for purchases of materials and services are the US dollar, the Euro, the Hong Kong dollar and the Chinese renminbi. Aside from the US dollar and the Hong Kong dollar (which is pegged to the US dollar), material open foreign exchange exposures in Euro are hedged with currency contracts, including forward and options contracts, with a view to reducing the net exposure to currency fluctuations.

Other financial assets / liabilities

The Company enters into forward contracts to mitigate its exposure to the risks of volatile exchange rates and commodity prices. These mainly take the form of forward contracts where we lock into a forward currency rate or commodity price. In addition, a cross currency interest rate swap was entered into in 2006 where a portion of US dollar borrowings were swapped into Swiss francs to match non current assets denominated in Swiss francs.

When marked to market, the asset or liability value of these instruments can be summarized as follows (see Note 8 to the Accounts):

$million	30th Sept 2008			31st March 2008		
	Asset	Liability	Net	Asset	Liability	Net
Currency	5.2	(1.5)	3.7	1.9	(25.0)	(23.1)
Commodity	0.4	(11.2)	(10.8)	13.2	-	13.2
Current	5.6	(12.7)	(7.1)	15.1	(25.0)	(9.9)
Non current	-	(49.9)	(49.9)	-	(84.6)	(84.6)
Total	5.6	(62.6)	(57.0)	15.1	(109.6)	(94.5)

Other financial assets / liabilities classified as current were a net liability of US$7.1 million as at 30th September 2008 compared to a net liability of US$9.9 million at 31st March 2008.

Currency forward contracts were classified as a net asset of US$3.7 million at the end of September compared to a net liability of US$23.1 million at the end of March. This is due to the strengthening of the US dollar against the Euro.

Commodity hedging contracts for copper were classified as a net liability of US$10.8 million at the end of September, compared to a net asset of US$13.2 million at the end of March. This reflects the falling price of copper over the period.

Other financial liabilities classified as non current comprised the cross currency interest rate swap between US dollars and Swiss francs. Due to the weakening of the Swiss franc against the US dollar this liability has reduced by US$34.7 million from US$84.6 million to US$49.9 million.

INVESTING IN PEOPLE

Johnson Electric (JE) is a diverse and multi-national business. As a global corporation our challenge is to develop our existing staff, provide positions of increasing responsibility to employees around the world without regard to race, creed or culture and to attract and retain individuals at all levels in the organization who will dedicate their intelligence and loyalty to improving the performance of the business. To do this we have a number of programmes that assist managers in identifying and developing the capabilities of their subordinates.

Johnson Electric develops bench strength and enhances management continuity by identifying and developing potential successors for all key roles. Performance management is actively supported and practiced throughout the Company and competency standards are established and results are measured.

The company believes that excellent business acumen among its senior staff and managers globally is a precondition of success, and steps have been taken to focus on this attribute and evaluate individuals against well established data base norms.

Johnson Electric is also committed to continuous learning and growth via on the job training as well as outside courses. Various programmes are designed to develop people and their skills. Among the many programmes provided, the “Core Management Program” is particularly noteworthy. To promote personal development within the company, scholarships are awarded annually to staff with aspirations to pursue higher degree programmes which can lead to master and doctorial degrees.

CORPORATE GOVERNANCE

Johnson Electric is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders and devotes considerable effort to identifying and formalising best practices of corporate governance.

During the six months ended 30th September 2008, the Company continued to abide by the corporate governance practices set out in the Corporate Governance Report in the Company's Annual Report 2008.

Code on Corporate Governance Practices

During the six months ended 30th September 2008, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "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 officer 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 at its present stage of development that Dr. Wang should hold both these offices. The Board believes that it is able effectively to 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 also 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 were 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 must retire thus becoming 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) states that 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.

Model Code for Securities Transactions

The Group 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 to confirm compliance with the Model Code throughout the six months ended 30th September 2008. No incident of non-compliance was noted by the Company to date in 2008/09.

Employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code.

REVIEW OF INTERIM RESULTS

The Company's interim report for the six months ended 30th September 2008 has been reviewed by the Audit Committee and the auditors of the Company, PricewaterhouseCoopers.

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 except in connection with the share purchase for the Long-Term Incentive Share Scheme for eligible employees.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company *(www.johnsonelectric.com)* and the Stock Exchange *(www.hkex.com.hk)*. The Company's Interim Report 2008 will be despatched to the shareholders and available on the same websites on or about 22nd December 2008.

BOARD OF DIRECTORS

As at the date of this announcement, the board of directors of the Company comprises Patrick Shui-Chung Wang, Winnie Wing-Yee Wang, Richard Li-Chung 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, Laura May-Lung Cha and Oscar de Paula Bernardes Neto, being the Independent Non-Executive Directors.

On behalf of the board of directors
Patrick Shui-Chung Wang
Chairman and Chief Executive

Hong Kong, 5th December 2008

Website: www.johnsonelectric.com