JOHNSON ELECTRIC

Johnson Electric Holdings Limited

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

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

HIGHLIGHTS

- Group sales US$1,080 million – up 4% compared to the first half of the prior financial year
- Gross profit margin increased to 30.2% from 29.6%
- EBITDA US$171.8 million, compared to US$170.5 million previously
- Operating margin declined from 12.1% to 11.6% reflecting, in part, higher costs associated with the expansion of the Group's manufacturing footprint
- Net profit attributable to shareholders essentially flat at US$109.3 million or 12.1 US cents per share on a fully diluted basis
- Debt to total capital ratio of 14% and cash reserves of US$810 million as at 30th September 2014
- Interim dividend increased by 17% to 14 HK cents per share (1.79 US cents per share)

LETTER TO SHAREHOLDERS

OVERVIEW OF FINANCIAL RESULTS

Johnson Electric achieved satisfactory results during the six month period ended 30th September 2014. Against a backdrop of generally lacklustre economic conditions in many of the Group's major markets, encouraging progress was made in winning new customer programmes and in strengthening our manufacturing footprint globally.

Group sales for the first half of the 2014/15 financial year totaled US$1,080 million, an increase of 4% over the first half of the prior financial year. Net profit attributable to shareholders was essentially flat compared to the prior year period at US$109.3 million or 12.1 US cents per share.

Johnson Electric is currently making significant investments in expanding its global operations and supporting infrastructure to meet increased demand. As previously forecast, this is resulting in somewhat higher overheads and other expenses in the short term as new plants go through their normal fitting out and ramp-up phases prior to full production.

The Automotive Products Group ("APG"), which contributed over two-thirds of total sales, continued to perform well – both in terms of near term financial results and in the booking of significant new business that will drive further growth over the next several years. Excluding foreign exchange rate effects, APG grew sales by 5% compared to the first half of the prior year. Particularly strong performances were recorded by the Engine & Transmission and the Powertrain Cooling business units which provide market leading technologies that improve fuel economy and reduce fuel emissions. Partly offsetting these gains, the Body Comfort and Actuator Systems business units recorded slightly lower and flat sales respectively, as a result of the end of certain programmes in North America.

On a regional basis, APG performed strongest in Asia and Europe. China's passenger car market, the world's largest, continues to grow at mid to high single digit percentage rates and Johnson Electric's sales growth in the first half comfortably exceeded that of the overall market. In Europe, the automotive industry has made some gradual steps towards recovering from the two-decade low it reached in 2013, but market sentiment remains weak due to the subdued state of the Euro-zone economies and rising political tensions with Russia. Nonetheless, Johnson Electric achieved healthy growth in this region as a result of our innovative product offerings and strong position in the luxury vehicle segment which remains relatively vibrant due to exports to North America, China and other developing markets. North America is APG's smallest end market in terms of direct sales, but with the establishment of our Mexico manufacturing facilities we are seeing a major opportunity for the Group to grow its presence in the region.

The Industry Products Group ("IPG") achieved a 2% increase in sales in constant currency terms during the period. This was in contrast to the 7% decline in sales it recorded at the same stage last year and signals an important turning point for the division. As has been reported previously, IPG has undergone a transformation of its go-to-market strategy to focus on providing innovative subsystem solutions to customers and reduce its exposure to lower end product applications.

The strong first half sales performances from the Johnson Medtech, Solenoid Actuators and Parlex business units, in particular, are illustrative of this positive shift in the trajectory of the division. Each of these business units has successfully brought to market innovative new products with differentiated technology that deliver unique solutions to customer problems. Examples include a motorised drive system for a disposable surgical endostapler produced by one of world's leading medical device companies; a patented relay that enables utility companies to remotely disconnect electricity meters; and customised flexible circuits that have unique anti-tamper security features to protect point-of-sale terminals.

While the recent performance of IPG is encouraging, market conditions remain challenging for certain consumer-oriented motor applications. Management is therefore determined to continue the repositioning of the division to bolster its long term prospects. This will involve changes to the existing business unit structure to align key engineering and business development resources with selected market segments where Johnson Electric has technology advantages and the market dynamics are favourable for profitable growth.

Regarding operating costs and overall profitability, the first six months of the financial year were broadly in line with budget expectations. Volume and product mix changes, ongoing manufacturing efficiency initiatives and subdued commodity prices were positive factors during the period and helped to increase gross margins from 29.6% to 30.2%. On the other hand, an increase in wage rates in China, further investments to improve business systems, and costs associated with the start-up and expansion of the Group's operations in Serbia, Mexico and India combined to slightly reduce operating and net profit margins. Total profit attributable to shareholders amounted to US$109.3 million (10.1% of sales) compared to US$110.0 million (10.6% of sales) in the prior year period.

Johnson Electric maintained its robust financial condition with a total debt to capital ratio of 14% and cash reserves as of 30th September 2014 standing at US$810 million.

INTERIM DIVIDEND

The Directors have today declared a 17% increase in the interim dividend to 14 HK cents per share, equivalent to 1.79 US cents per share (2013 interim: 12 HK cents per share when adjusted to reflect the 1 for 4 share consolidation). The interim dividend is payable on 6th January 2015 to shareholders registered on 23rd December 2014.

EXPANDING THE GLOBAL OPERATING FOOTPRINT

As noted above, the first half of the financial year featured several important developments in the manufacturing strategy of Johnson Electric. In September, the Company officially opened its new manufacturing and assembly plant in Niš, Serbia. This facility extends the Group's footprint in Eastern

Europe beyond existing operations in Hungary and Poland, and is set to play a pivotal role in providing customers in the region with the highest levels of quality and response. Meanwhile, in Zacatecas, Mexico, we are close to completing the construction of a second plant to serve both APG and IPG customers in the Americas. Lastly, in Chennai, India, Johnson Electric has recently relocated its manufacturing facility to larger premises to meet increased demand from domestic automotive customers.

In addition to closer proximity to customers and faster delivery times, the direct benefits of this regional manufacturing strategy include lower freight costs, import duties, inventory levels, reduced exposures to currency fluctuations, and an overall diversification of the Group's operating risk.

The evolution of Johnson Electric from a company that primarily leveraged its China manufacturing base to export to customers in overseas markets to one which today can produce in whichever region customers assemble their end products represents a game-changer for the Group. Combined with our long-standing reputation for flexibility and reliability, this global footprint places Johnson Electric in an advantaged and, we believe, unrivalled position in our industry.

OUTLOOK

The mixed and uncertain macro-economic environment makes the near-term financial outlook difficult to gauge with any degree of precision – especially given the recent weakening of Germany's manufacturing sector and ongoing political upheavals in several parts of the world.

Current trading levels are broadly similar to the first half of the financial year, although seasonal factors and the weaker Euro to US Dollar exchange rate will act to place a constraint on sales in the second half. In addition, as new facilities in Serbia and Mexico begin to ramp up towards full production, operating costs as a proportion of sales in these operations will be higher than normal. Consequently, I believe it is realistic to expect operating margins and net profits for the 2014/15 financial year to be slightly lower than the high levels achieved in 2013/14.

On a two to three year time horizon, I am highly optimistic that Johnson Electric is on a healthy growth trajectory based on a strong order book of new business secured by our Automotive Products Group and the gradually improving competitive position of our Industry Products Group.

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

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

Hong Kong, 4th November 2014

GLOSSARY OF TERMS

GENERAL TERMS

JEHL / Company	Johnson Electric Holdings Limited
Group / Johnson Electric / JE	JEHL and its subsidiaries
AGM	Annual General Meeting
APG	Automotive Products Group
Board	the board of directors of JEHL
Bye-laws	the bye-laws of JEHL
Consolidated Shares	On 15 July 2014 the Company made a 1 for 4 consolidation of JEHL ordinary shares. All references to consolidated shares indicate that the comparative number from the prior period has been adjusted to reflect this share consolidation
Director(s)	the director(s) of JEHL
Executive Committee	Comprises of chairman, vice-chairman and the senior management as set out in the Profile of Directors and Senior Management section of Annual Report 2014
HKAS	Hong Kong Accounting Standard
HKFRS	Hong Kong Financial Reporting Standards
Hong Kong / HK	The Hong Kong Special Administrative Region of the People's Republic of China
INED	Independent Non-Executive Directors
IPG	Industry Products Group
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Option Scheme	Share option scheme
PSUs	Performance Stock Units
RSUs	Restricted Stock Units
SFO	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Share Consolidation	1 for 4 share consolidation on 15 July 2014
Share Scheme	Long-Term Incentive Share Scheme
Stock Exchange	The Stock Exchange of Hong Kong Limited

CURRENCY

US$ or USD	US dollars
HK$ or HKD	Hong Kong dollars
CHF	Swiss Franc
EUR	Euro
GBP	British Pound Sterling
HUF	Hungarian Forint
ILS	Israeli Shekel
INR	Indian Rupee
JPY	Japanese Yen
MXN	Mexican Peso
PLN	Polish Zloty
RMB	Chinese Renminbi

FINANCIAL TERMS

DIOs	Days inventory on hand
DPOs	Days purchases outstanding
DSOs	Days sales outstanding
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ETR	Effective tax rate

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

US$ million	First half of FY2014/15	First half of FY2013/14
Sales	1,079.6	1,035.2
Gross profit	326.0	306.6
Gross margin	*30.2%*	*29.6%*
Profit attributable to shareholders	109.3	110.0
Diluted earnings per share [1] (US Cents)	12.12	12.31
EBITDA	171.8	170.5
EBITDA margin	*15.9%*	*16.5%*
Free cash flow from operations [2]	83.4	118.7

US$ million	30 Sep 2014	31 Mar 2014
Cash	810.0	644.0
Total debt [3]	(304.2)	(116.9)
Net cash	505.8	527.1
Total equity	1,797.1	1,766.3
Market capitalisation [4]	3,324.9	3,282.2
Enterprise value [5]	2,857.8	2,789.1
Enterprise value to EBITDA [6]	8.8	8.7

Credit Quality - Financial Ratios [6]	30 Sep 2014	31 Mar 2014
Free cash flow from operations [2] (annualised) to total debt	64%	198%
Total debt to EBITDA (annualised)	0.9	0.4
Total debt to capital (total equity + total debt)	14%	6%

1 For first half of FY2013/14, diluted earnings per Consolidated Share

2 Net cash generated from operating activities plus net interest received, less capital expenditure (net of proceeds from disposal of fixed assets) and capitalisation of engineering development costs

3 Total debt calculated as borrowings plus convertible bonds

4 Outstanding number of shares multiplied by the closing share price (HK$29.60 per share as of 30 September 2014 and HK$28.68 per Consolidated Share as of 31 March 2014) converted to USD at the closing exchange rate

5 Enterprise value calculated as market capitalisation plus non-controlling interests plus total debt less cash

6 EBITDA and free cash flow from operations were annualised using the last twelve months' results

Please note the Glossary of Terms on pages 5 to 6.

- Sales increased 4%. Excluding currency effects, sales increased 4% (APG, 5% increase; IPG, 2% increase) as we benefited from new product launches.

- Gross profit improved as we benefited from new product launches, productivity improvements and lower commodity costs.

- Profit attributable to shareholders essentially flat at US$109.3 million.

- Interim dividend increased 17% to 14 HK Cents per share, compared to an interim dividend 12 HK Cents per Consolidated Share declared in the previous fiscal year.

- On 2 April 2014, the Group issued convertible bonds in an aggregate principal amount of US$200 million with a cash coupon rate of 1% per annum. These convertible bonds have a maturity of 7 years and a 5 year put option for the bondholders. Further information on the convertible bonds can be found in the Financial Management and Treasury Policy Section on page 18 and in Note 11 of the accounts.

SALES AND PROFITABILITY

Johnson Electric's Operating Model

Johnson Electric is one of the world's largest providers of motion subsystems, with a global customer base across many industries. Operations throughout the Group share many commonalities including advanced technologies, manufacturing processes, vertical integration with the majority of components manufactured in-house, supply chain, brands, distribution channels and program management.

The Group constantly pursues technology leadership in its key markets. From its innovation and product design centres, the business continuously adds new solutions to its range of motors, solenoids, actuators, micro-switches, flexible printed circuits and microelectronics product platforms. These are then customised to provide high-quality solutions that address its customers' needs.

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

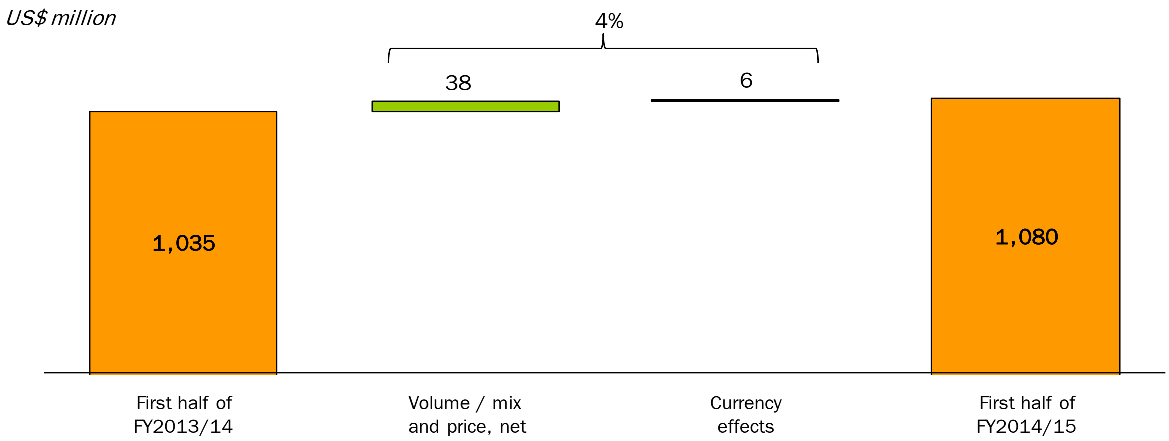
These factors create opportunities for growth by leveraging the strength of the Group's technology and for cost efficiencies through the sharing of resources and continuous improvement of standardised methods and processes.

Sales Review

Group sales in the first half of FY2014/15 were US$1,079.6 million, an increase of US$44.4 million, 4%, compared to US$1,035.2 million for the first half of FY2013/14. Excluding currency effects, sales increased by US$38.1 million, 4%, compared to the first half of FY2013/14, as shown below:

US$ million	First half of FY2014/15		First half of FY2013/14		Sales growth
Automotive Products Group ("APG")					
– Sales, excluding currency effects	731.5	68%	699.4	68%	**5%**
– Currency effects	4.7		n/a		
APG sales, as reported	736.2		699.4		
Industry Products Group ("IPG")					
– Sales, excluding currency effects	341.8	32%	335.8	32%	**2%**
– Currency effects	1.6		n/a		
IPG sales, as reported	343.4		335.8		
Group sales					
– Sales, excluding currency effects	**1,073.3**	100%	**1,035.2**	100%	**4%**
– Currency effects	6.3		n/a		
Group sales, as reported	**1,079.6**		**1,035.2**		**4%**

The drivers underlying sales growth in the first half of FY2014/15 are shown in the following chart:



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

Volume / mix and price, net, increased sales by US$38.1 million. The underlying changes in the sales of our Automotive Products Group and Industry Products Group are discussed on pages 10 to 12.

Currency effects increased revenues by US$6.3 million compared to the first half of FY2013/14, primarily due to the higher average rate for the Euro against the US Dollar in the first half of FY2014/15 compared to the same period last year. The Group's sales are largely denominated in the US Dollar, the Euro and the Chinese Renminbi.

Automotive Products Group

Sales, excluding currency effects, increased 5% compared to the same period last year (Asia: 13% growth, Europe: 6% growth and Americas: 9% decline).

In Asia, we increased sales of our products for powertrain cooling systems and also benefited from recent product launches for electric power steering and engine air management applications.

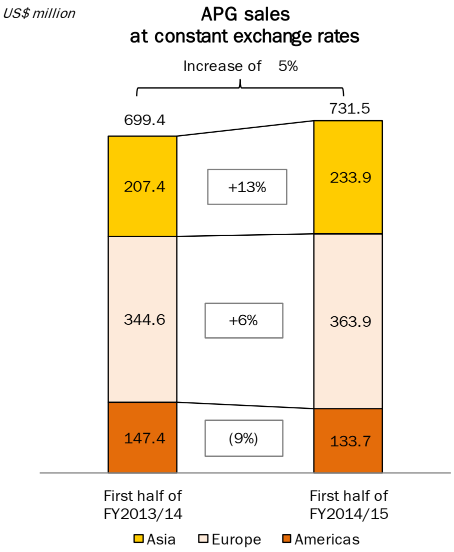
In Europe, sales increased across a broad range of our products, most notably in products for engine air management, window-lift, powertrain cooling, electric parking brake and coolant valve applications. This was the result of growth in market share and ramp-up of products launched in earlier years.

In the Americas, sales declined for seat adjustment applications as some older products reached end of life. Sales also declined for heating, ventilation and air-conditioning ("HVAC") applications as our customers lost market share and powertrain cooling applications as volumes in South America declined. These declines were partially offset by increased sales for products for transmission and driver feedback applications as we benefited from new product launches.

Half-yearly trend in sales (excluding currency effects)

Six-month period ended	APG sales growth *
30 September 2014	5%
31 March 2014	9%
30 September 2013	4%
31 March 2013	4%
30 September 2012	7%

* Comparing each six-month's results to the same period in the previous fiscal year



The Powertrain Cooling business including the "GATE" brand, primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers, accounted for 25% of the total Group's sales in the first half of FY2014/15 (24% in the first half of FY 2013/14). Sales for this business unit, excluding currency effects, increased 7% in the first half of FY2014/15 compared to the same period last year. This was driven by a ramp-up in production of key customer platforms incorporating our brushless powertrain cooling products as well as continued growth in China and Europe.

Our APG design teams are organised into engineering centres, based on specific product technologies. These centres are focussed on powertrain cooling, window-lift drive, seat adjustment, power closures, and actuators for engine valve, grill shutter, HVAC, headlamp, transmission, braking and stability control applications. Our design teams constantly focus on innovation, providing custom engineered solutions, and investing in developing low-weight, high-power-density motors and subsystems for advanced applications that increase fuel efficiency, reduce emissions and improve safety.

Recent product launches include:

- Our latest generation of compact automotive HVAC actuators that combine low power consumption with unobtrusive low noise and integrated smart electronics. This allows us to meet an increasingly complex set of engineering demands including size, energy efficiency, sound quality, and ease of control and a growing trend for independent climate control for different seats;

- Customised engine cooling valve actuators that improve engine thermal management. The electrification of such engine management applications gives more precise control than traditional mechanical solutions, allowing for better fuel efficiency and reduced emissions.

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

Industry Products Group

As discussed in previous reports, IPG has been undergoing a shift in its go-to-market strategy, developing and launching unique and customised products for specialised market segments that demand precision motor and motion subsystem solutions, while reducing its exposure to several lower end product applications.

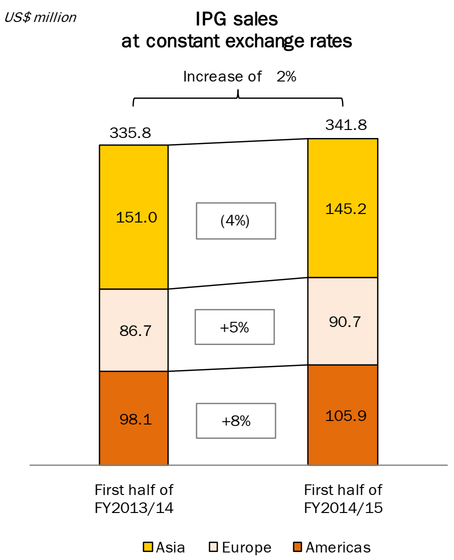
This focus on differentiated products has begun to show encouraging results as shown in the adjacent table. This gradual turnaround resulted in a 2% growth in sales, excluding currency effects, for the first half of FY2014/15 compared to the same period last year (Asia: 4% decline, Europe: 5% growth, Americas: 8% growth).

Sales in Asia declined as we saw reduced sales of products for commoditised food and beverage, business machines and power tools applications. These adverse factors were partially offset by increased market share of certain flexible-circuit products and growth in demand for products for floor care and HVAC applications.

Half-yearly trend in sales (excluding currency effects)

Six-month period ended	IPG sales growth/(decline) *
30 September 2014	2%
31 March 2014	(1%)
30 September 2013	(7%)
31 March 2013	(8%)
30 September 2012	(8%)

* Comparing each six-month's results to the same period in the previous fiscal year



In Europe, sales increased for our products for food and beverage, and lawn and garden applications. This was partially offset by reduced demand for our products for white goods. Sales in other market segments were essentially flat.

In the Americas, sales increased as we benefited from demand for recently launched innovative products for medical applications as well as increased demand for some solenoid products. This was partially offset by reduced sales of our products for floor care and softer demand for industrial automation applications.

Our IPG design teams are organised by technology disciplines including micro-switches, DC motors, brushless motors, high voltage DC motors, AC motors, solenoids, stepper motors, switches, flexible interconnect solutions and piezo actuators. IPG pursues technology leadership in multiple fast growing industry segments, developing products and subsystems that deliver performance enhancements, increased power efficiency and enhance end-customer value. These product platforms can then be tailored to provide differentiated, customer-specific solutions to our customers.

This pursuit of technology leadership is reflected in recent product launches, including:

- Our new generation of Secure-Flex™ solutions for increased security of payment terminals. This unique customisable technology provides the industry's highest level of protection against peeling and intrusion tampering for different modules within payment terminals.

- A new circulator pump for energy-saving compact condensing boilers. This pump combines a custom impeller design and brushless motor technology, to give performance that surpasses existing European requirements and even next year's more stringent standards. Compared to currently available pumps, our pump delivers significantly higher pressure allowing heating coverage for a wide range of building sizes and higher flow rate for faster heating.

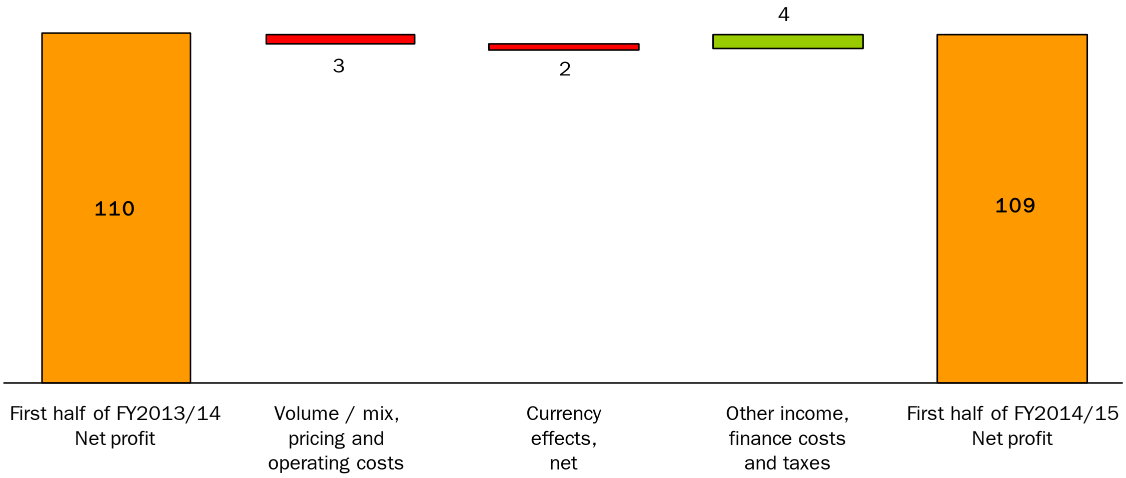
Profitability Review

Profit attributable to shareholders was essentially flat at US$109.3 million in the first half of FY2014/15, compared to US$110.0 million in the first half of FY2013/14.

US$ million	First half of FY2014/15	First half of FY2013/14	Increase/ (decrease) in profit
Sales	1,079.6	1,035.2	44.4
Gross profit	326.0	306.6	19.4
Gross margin %	*30.2%*	*29.6%*	
Other income and gains, net	7.5	4.4	3.1
Selling and administrative expenses ("S&A")	(208.5)	(185.5)	(23.0)
S&A %	*19.3%*	*17.9%*	
Operating profit	125.0	125.5	(0.5)
Net interest income	3.2	3.8	(0.6)
Share of profit of associate	0.4	0.1	0.3
Profit before income tax	128.6	129.4	(0.8)
Income tax expense	(15.0)	(16.4)	1.4
Effective tax rate	*11.7%*	*12.7%*	
Profit for the period	113.6	113.0	0.6
Non-controlling interests	(4.3)	(3.0)	(1.3)
Profit attributable to shareholders	109.3	110.0	(0.7)

Profit Attributable to Shareholders

US$ million



Volume / mix, pricing and operating costs: Profits decreased as labour and staff costs increased due to wage inflation, especially in China, and the effect of increased headcount and operating costs as we expanded our footprint in Mexico and Serbia. This was largely offset by improved margins from sales of new value-added products; cost reduction activities that increased productivity and efficiency;

initiatives to improve quality and reliability; and lower raw material costs including certain commodities. The net effect of these changes was to decrease profit by US$2.9 million.

Currency effects, net: JE's diverse footprint creates foreign exchange risk, partially mitigated through the use of foreign currency forward contracts. Overall, currency movements in the first half of FY2014/15 decreased profit by US$1.9 million.

Other income, finance costs and taxes: Other income increased by US$3.1 million largely due to fair value gains on investment property, as discussed in Note 14 to the accounts. Net interest income decreased by US$0.6 million. Interest expense increased by US$3.3 million mainly due to the issuance of convertible bonds in April 2014, largely offset by a US$2.7 million increase in interest income due to higher cash reserves. This is analysed in Note 17 to the accounts. Tax expenses decreased by US$1.4 million. The effective tax rate ("ETR") for the first half of FY2014/15 was 11.7%, (first half of FY2013/14, 12.7%). This reduction in the ETR was primarily due to recognition of deferred tax assets in certain jurisdictions, to reflect the utilisation of past tax losses against expected future profits. Tax is analysed further in Note 18 to the accounts.

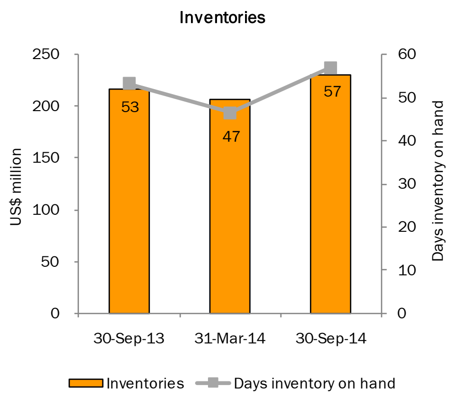
WORKING CAPITAL

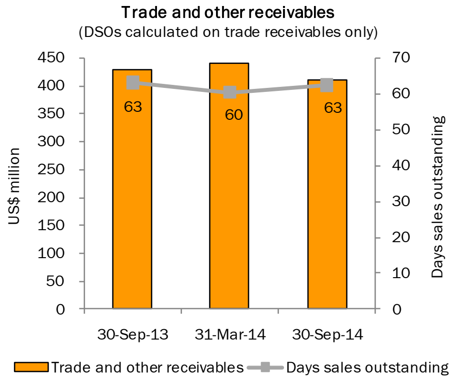
US$ million	Balance sheet as of 31 Mar 2014	Currency translations	Financing activity	Hedging and others	Investing activity	Working capital changes per cash flow	Balance sheet as of 30 Sep 2014
Inventories	207.0	(1.3)	-	-	-	24.8	230.5
Trade and other receivables	441.6	(11.0)	-	-	-	(20.8)	409.8
Deposits - non-current	6.5	(0.2)	-	-	-	0.7	7.0
Trade, other payables and deferred income [1]	(401.9)	6.2	(14.3)	-	2.2	8.7	(399.1)
Provision obligations and other liabilities [1,2]	(47.5)	2.6	-	(10.8)	-	1.4	(54.3)
Other financial assets / (liabilities), net [1]	(21.6)	(0.1)	-	89.0	-	(0.2)	67.1
Total working capital per balance sheet	184.1	(3.8)	(14.3)	78.2	2.2	14.6	261.0

1 Current and non-current
2 Net of defined benefit pension plan assets

Inventories increased by US$23.5 million, from US$207.0 million as of 31 March 2014 to US$230.5 million as of 30 September 2014. This was due to a build-up of buffer stock during the on-going transition of production lines as we expand our factory in Mexico, and the seasonal effect of national holidays in China.

Days inventory on hand ("DIOs") increased to 57 days as of 30 September 2014 from 47 days as of 31 March 2014, due to the reasons explained above.



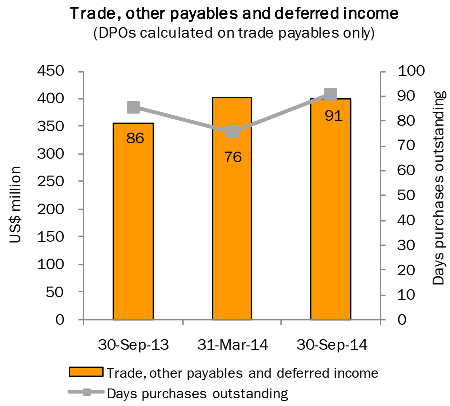


Trade and other receivables decreased by US$31.8 million in the first half of FY2014/15, from US$441.6 million as of 31 March 2014 to US$409.8 million as of 30 September 2014. This was mainly due to seasonal effects and changes in exchange rates.

Days sales outsanding ("DSOs") increased slightly from 60 days as of 31 March 2014 to 63 days as of 30 September 2014 due to an increase in the proportion of sales to customers with longer credit terms. The Group's receivables are of high quality. For further details, including the ageing of overdues, please see Note 8 of the accounts.

Trade, other payables and deferred income were US$399.1 million as of 30 September 2014, a decrease of US$2.8 million from US$401.9 million as of 31 March 2014.

Days purchase outstanding ("DPOs") increased by 15 days to 91 days as of 30 September 2014 compared to 76 days as 31 March 2014 largely due to seasonal effects.



Provision obligations and other liabilities increased by US$6.8 million to US$54.3 million as of 30 September 2014 compared to US$47.5 million as of 31 March 2014 mainly due to an increase in the present value of pension obligations caused by falling interest rates in Europe. See Note 12 of the accounts for further details.

Other financial assets / (liabilities), net, increased by US$88.7 million from a net financial liability of US$21.6 million as of 31 March 2014 to a net financial asset of US$67.1 million as of 30 September 2014.

- The mark-to-market valuation of our foreign currency forward contracts increased in value by US$86.4 million, primarily as the Euro weakened against the US Dollar.
- The mark-to-market valuation of our commodity forward contracts increased by US$2.3 million, mainly due to increasing copper prices.

Spot prices of significant items are shown in the table below:

	Spot rates as of 30 Sep 2014	Spot rates as of 31 Mar 2014	Strengthen /(weaken)
USD per EUR	1.27	1.38	(8%)
RMB per USD	6.14	6.21	(1%)
HUF per EUR	311.67	308.34	1%
MXN per USD	13.50	13.07	3%
USD per metric ton of copper	6,736	6,636	2%
USD per ounce of silver	17.11	19.97	(14%)

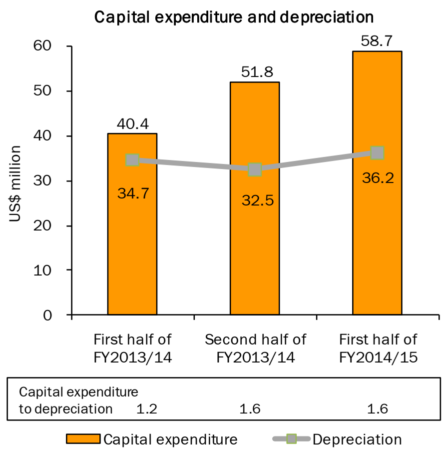
Further details of our hedging activities can be found in the Financial Management and Treasury Policy section on page 20 and in Note 7 of the accounts.

CASH FLOW

US$ million		First half of FY2014/15	First half of FY2013/14	Change
Operating profit		125.0	125.5	(0.5)
Depreciation and amortisation		46.8	45.0	1.8
EBITDA		171.8	170.5	1.3
Other non-cash items in profit before taxes		1.4	3.2	(1.8)
Working capital changes		(14.6)	(13.6)	(1.0)
Interest paid		(0.8)	(0.9)	0.1
Income taxes paid		(19.6)	(12.4)	(7.2)
Net cash generated from operating activities		138.2	146.8	(8.6)
Capital expenditure, net of subsidies		(58.7)	(40.4)	(18.3)
Capitalisation of engineering development costs		(3.8)	(1.5)	(2.3)
Proceeds from disposal of fixed assets		0.3	9.0	(8.7)
Interest received		7.4	4.8	2.6
Free cash flow from operations		83.4	118.7	(35.3)
Acquisition		(9.2)	-	(9.2)
Subsequent payments due to divestiture of non-core business		-	(5.8)	5.8
Purchase of shares for cancellation of issued capital				
Purchase of shares	(31.5)			
Payable to brokers for purchase of shares	13.3	(18.2)	(1.5)	(16.7)
Purchase of shares held for Long-Term Incentive Share Scheme		(31.1)	(2.9)	(28.2)
Other investing activities		0.8	-	0.8
Dividends paid		(38.8)	(36.7)	(2.1)
Other financing activities		-	0.7	(0.7)
Total cash flow (excluding changes in borrowings and currency effects)		(13.1)	72.5	(85.6)
Net (repayment) / proceeds of borrowings		(3.2)	3.5	(6.7)
Proceeds from issuance of convertible bonds, net of transaction costs		197.3	-	197.3
Increase in cash (excluding currency effects)		181.0	76.0	105.0
Exchange (losses) / gains on cash		(15.0)	6.5	(21.5)
Net movement in cash		166.0	82.5	83.5

The Group generated US$83.4 million free cash flow from operations in the first half of FY2014/15, a decrease of US$35.3 million compared to US$118.7 million in the first half of FY2013/14. This movement in operational cash flows includes the following:

- **Working capital**, explained in the previous section, required an additional US$14.6 million in the first half of FY2014/15, compared to US$13.6 million in the first half of FY2013/14.
- **Income taxes:** In the first half of FY2014/15, the Group paid income taxes of US$19.6 million, an increase of US$7.2 million from US$12.4 million paid in the same period last year due to timing differences of payments and the exhaustion of tax credits in certain jurisdictions.
- **Capital expenditure** amounted to US$58.7 million in the first half of FY2014/15, as we expanded our manufacturing footprint and continued to invest in new product launches and long-term technology development, on-going productivity improvements and replacement of assets.



- **Capitalisation of engineering development costs:** In the first half of FY2014/15, we capitalised engineering development costs of US$3.8 million, an increase of US$2.3 million from US$1.5 million capitalised in the same period last year. This was the result of an increase in the number of projects under development, including actuators for engine valves and electric parking brakes. These capitalised costs relate to engineering design and the development of products that are planned to be launched in the coming years.
- **Proceeds from disposal of fixed assets:** In the first half of FY2014/15, proceeds from disposals of fixed assets amounted to US$0.3 million. In contrast, in the first half of FY2013/14, proceeds from disposals of fixed assets amounted to US$9.0 million, largely due to disposals of real estate.

This free cash flow from operations was mainly applied to fund the following activities:

- **Acquisition:** In the first half of FY2014/15, the Group paid US$9.2 million to insource a sales agency in the UK. This acquisition strengthens our sales network by providing a direct interface with key automotive customers in the UK. There was no such acquisition in the first half of FY2013/14.
- **Subsequent payments due to divestiture of non-core business:** There were no divestitures or subsequent proceeds or payments in the first half of FY2014/15. In the first half of FY2013/14, the Group paid US$5.8 million to settle purchase price adjustments resulting from the divestiture of Saia-Burgess Controls.
- **Share purchases and dividends** are discussed in the Financial Management and Treasury Policy Section in the following pages.

FINANCIAL MANAGEMENT AND TREASURY POLICY

Financial risk faced by the Group is managed by the Group's Treasury function, based at the corporate headquarters in Hong Kong. Policies are established by senior management and approved by the Board of Directors.

Liquidity

Management believes the combination of cash on hand, available credit lines and expected future operating cash flows is sufficient to satisfy our cash needs for our current level of operations and our planned operations for the foreseeable future.

Net Cash and Credit lines

US$ million	30 Sep 2014	31 Mar 2014	Change
Cash	810.0	644.0	166.0
Borrowings and convertible bonds	(304.2)	(116.9)	(187.3)
Net cash	505.8	527.1	(21.3)
Available unutilised credit lines	571.4	576.8	(5.4)

Cash increased by US$166.0 million to US$810.0 million as of 30 September 2014. As we have a significant manufacturing footprint in China, the majority of our cash is kept in Chinese Renminbi to hedge the effect of the potential strengthening of the Renminbi versus the US Dollar on our operating costs. Our US Dollar cash reserve increased as a result of the convertible bond issuance discussed below.

US$ million	30 Sep 2014	31 Mar 2014
RMB	427.9	445.3
USD	232.0	47.3
EUR	114.8	99.4
Others	35.3	52.0
Total	810.0	644.0

Borrowings and convertible bonds increased by US$187.3 million to US$304.2 million as of 30 September 2014, compared to US$116.9 million as of 31 March 2014. This included the following significant activities:

- The issue of convertible bonds on 2 April 2014, in an aggregate principal amount of US$200 million with a cash coupon rate of 1% per annum. These convertible bonds have a maturity of 7 years and a 5 year put option for the bondholders. The carrying value of the convertible bonds as of 30 September 2014 amounted to US$194.9 million. Further information on the convertible bonds can be found in Note 11 of the accounts; and
- Borrowings decreased by US$7.6 million (new borrowings of US$7.0 million less repayments of US$10.2 million and unrealised exchange gains of US$4.4 million) to US$109.3 million as of 30 September 2014. Further information on borrowings can be found in Note 10 of the accounts.

Consequently:

- The Group's total debt to capital ratio increased to 14% as of 30 September 2014 compared to 6% as of 31 March 2014;
- On an annualised basis, free cash flow from operations as a percentage of gross debt decreased to 64% as of 30 September 2014, compared to 198% as of 31 March 2014; and
- Interest coverage (defined as EBITDA divided by gross interest expense; both calculated using the last twelve months actual results) was 63 times for the period ended 30 September 2014, compared to 179 times for the period ended 31 March 2014.

As of 30 September 2014, the Group was in compliance with all covenants on its borrowings and convertible bonds and expects to be compliant going forward.

Net cash (cash less borrowings and convertible bonds) decreased by US$21.3 million to US$505.8 million as of 30 September 2014, from US$527.1 million as of 31 March 2014 as a result of the movements in cash, borrowings and convertible bonds.

Available credit lines – The Group had US$571 million in available credit lines, comprised of:

- US$165 million committed and unutilised revolving credit facilities, provided by certain of its principal bankers, with the following expiry dates:
  - US$30 million – 25 July 2015
  - US$30 million – 14 August 2015
  - US$20 million – 5 November 2015
  - US$30 million – 10 December 2015
  - US$20 million – 15 January 2016
  - US$35 million – 28 February 2017
- US$318 million of uncommitted unutilised revolving credit facilities, provided by its principal bankers; and
- US$88 million of unutilised uncommitted trade receivable financing lines.

Shares and Dividends

Purchase of shares for cancellation of issued capital: 8.2 million shares were purchased in the first half of FY2014/15 at a total cost of US$31.5 million including brokerage and cancellation fees (4.6 million of these shares had been cancelled by 30 September 2014 at a cost of US$18.2 million and the remaining 3.6 million shares were cancelled in October 2014). In comparison, we purchased 0.6 million Consolidated Shares in the first half of FY2013/14 at a total cost of US$1.5 million.

Purchase of shares for Long-Term Incentive Share Scheme: As part of its focus on long-term growth, JEHL maintains a long-term incentive share scheme. To support this, in the first half of FY2014/15, the Company purchased 8.5 million shares for US$31.1 million (first half of FY2013/14, purchased 1.2 million Consolidated Shares for US$2.9 million) for use in granting shares to eligible employees and Directors under the Long-Term Incentive Share Scheme.

Dividends and Share Consolidation: The Board intends over the longer term, to increase the ratio of the interim dividend to represent approximately one-third of the previous fiscal year's total dividend. To this end, in the first half of FY2014/15, JEHL made a 1 for 4 consolidation of its ordinary shares, which will enable greater flexibility in future dividends.

Further information on our share capital, including purchases of shares and the Share Consolidation, can be found in Note 13 of the accounts.

Final dividend for FY2013/14: The US$38.8 million final dividend for FY2013/14 was paid in July 2014. This was US$2.1 million more than the US$36.7 million final dividend for FY2012/13 paid in the first half of FY2013/14.

Interim dividend: The Board has declared an interim dividend of 14 HK Cents per share (equivalent to US$15.7 million) for FY2014/15, to be paid in January 2015. This represents a 17% increase to the interim dividend of 12 HK Cents per Consolidated Share (equivalent to US$13.7 million) for FY2013/14.

Foreign Exchange and Raw Material Commodity Price Risk

The Group is exposed to foreign exchange risk and hedges part of this risk through forward contracts. The hedge amount is based on cash flow forecasts from operations denominated in various foreign currencies as follows: the Chinese Renminbi ("RMB"), the Euro ("EUR"), the Hungarian Forint ("HUF"), the Swiss Franc ("CHF"), the Mexican Peso ("MXN"), the Polish Zloty ("PLN"), the Indian Rupee ("INR"), the Japanese Yen ("JPY") and the Israeli Shekel ("ILS"). These forward contracts mature at various dates to match the underlying cash flows of the business.

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

% of sales	First half of FY2014/15	First half of FY2013/14
USD	45%	47%
EUR	35%	34%
RMB	17%	15%
Others	3%	4%

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

In order to avoid the potential default by any of its counterparties on its forward contracts, the Group deals only with major financial institutions (e.g. the Group's principal bankers) with strong investment grade credit ratings that the Group believes will satisfy their obligations under the contracts.

Further information about our forward foreign currency exchange contracts and our raw material commodity contracts can be found in Note 7 of the accounts.

CORPORATE GOVERNANCE

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

During the six months ended 30 September 2014, the composition of the Board of Directors ("Board") remained the same as set out in the Corporate Governance Report in the Company's Annual Report 2014.

During the six months ended 30 September 2014, the Company continued to abide by the corporate governance practices set out in the Corporate Governance Report in the Company's Annual Report 2014.

CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2014, the Company complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), except for the following deviations:

Code Provision A.2.1

Code A.2.1 provides, inter alia, that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Neither the Company's Bye-laws nor The Johnson Electric Holdings Limited Company Act, 1988 (a private act of Bermuda) contains any requirement as to the separation of these roles.

Dr. Patrick Shui-Chung Wang is the Chairman and Chief Executive of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company that Dr. Wang should hold both offices. The Board believes that it is able to effectively monitor and assess management in a manner that properly protects and promotes the interests of shareholders.

Code Provision A.4.1 and A.4.2

Code A.4.1 provides, inter alia, that non-executive directors should be appointed for a specific term, subject to re-election.

Code A.4.2 provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The independent non-executive directors are appointed for a specific term while the non-executive directors do not have a specific term of appointment. However, under Section 3(e) of The Johnson Electric Holdings Limited Company Act, 1988 and the Company's Bye-law 109(A), one-third of the Directors who have served longest on the Board since their last election shall retire and be eligible for re-election at each annual general meeting. Accordingly, no director has a term of appointment longer than three years. Bye-law 109(A) also states that the director holding office as the executive chairman is not subject to retirement by rotation and shall not be counted in determining the number of directors to retire.

In the opinion of the Board, it is important for the stability and beneficial to the growth of the Company that there is, and is seen to be, continuity of leadership in the role of the Chairman of the Company and, in consequence, the Board is of the view that the Chairman should not be subject to retirement by rotation or hold office for a limited term at the present time.

Code Provision A.6.7

Code A.6.7 provides, inter alia, that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Ms. Yik-Chun Koo Wang, Mr. Peter Kin-Chung Wang, Mr. Peter Stuart Allenby Edwards, Prof. Michael John Enright, Mr. Joseph Chi-Kwong Yam and Mr. Christopher Dale Pratt were unable to attend the Annual General Meeting of the Company held on 10 July 2014 due to overseas commitments or other prior business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. Specific confirmation has been obtained from all Directors to confirm compliance with the Model Code throughout the six months ended 30 September 2014.

Employees who are likely to be in possession of unpublished inside information of the Company and its subsidiaries are also subject to compliance with guidelines on no less exacting terms than the Model Code.

REVIEW OF INTERIM RESULTS

The Company's interim report for the six months ended 30 September 2014 has been reviewed by the Audit Committee and the Company's auditor, PricewaterhouseCoopers.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2014, the Company repurchased a total of 8,162,500 ordinary shares of HK$0.05 each of the Company on the Stock Exchange. All of the shares repurchased were subsequently cancelled. The number of issued shares of the Company as of 30 September 2014 was 890,199,605. Particulars of the shares repurchased are as follows:

Month of repurchase	Number of ordinary shares repurchased	Purchase price paid per share Highest HK$	Purchase price paid per share Lowest HK$	Aggregate consideration paid HK$ million*
August 2014	56,500	29.95	29.95	1.69
September 2014	8,106,000	29.95	29.20	242.05
	8,162,500			243.74

* Excluding brokerage and cancellation fees of HK$0.8 million

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period.

INTERIM DIVIDEND

The Board has declared an interim dividend of 14 HK Cents equivalent to 1.79 US Cents per share (2013: 12 HK Cents or 1.54 US Cents *(Note)*), payable on 6 January 2015 (Tuesday) to shareholders whose names appear on the Register of Shareholders of the Company on 23 December 2014 (Tuesday).

Note: The dividend per share has been adjusted to reflect the impact of Share Consolidation.

CLOSING REGISTER OF SHAREHOLDERS

The Register of Shareholders of the Company will be closed, for the purpose of determining shareholders' entitlement to the interim dividend, from 19 December 2014 (Friday) to 23 December 2014 (Tuesday) inclusive, during which 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 at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (not the registrar in Bermuda) for registration, not later than 4:30 p.m. on 18 December 2014 (Thursday). Shares of the Company will be traded ex-dividend as from 17 December 2014 (Wednesday).

CONSOLIDATED BALANCE SHEET

As of 30 September 2014

	Note	Unaudited 30 September 2014 US$'000	Audited 31 March 2014 US$'000
Assets			
Non-current assets			
Property, plant and equipment	3	**404,546**	392,226
Investment property	4	**73,802**	68,371
Land use rights	5	**3,482**	3,564
Intangible assets	6	**611,073**	647,169
Investment in associate		**2,665**	2,202
Deferred income tax assets		**35,033**	37,508
Financial assets at fair value through profit and loss		**129**	198
Other financial assets	7	**66,848**	29,689
Deposits		**7,080**	6,513
Defined benefit pension plan assets	12	**7,063**	6,929
		1,211,721	1,194,369
Current assets			
Inventories		**230,498**	207,041
Trade and other receivables	8	**409,775**	441,637
Financial assets at fair value through profit and loss		**-**	1,085
Other financial assets	7	**23,706**	10,590
Income tax recoverable		**3,412**	2,004
Cash and deposits		**810,014**	643,986
		1,477,405	1,306,343
Current liabilities			
Trade payables	9	**214,024**	207,234
Other payables and deferred income		**168,713**	179,172
Current income tax liabilities		**45,332**	45,660
Other financial liabilities	7	**6,379**	21,500
Borrowings	10	**108,140**	115,459
Provision obligations and other liabilities	12	**21,634**	24,330
		564,222	593,355
Net current assets		**913,183**	712,988
Total assets less current liabilities		**2,124,904**	1,907,357

	Note	Unaudited 30 September 2014 US$'000	Audited 31 March 2014 US$'000
Non-current liabilities			
Other payables and deferred income		**16,343**	15,524
Other financial liabilities	7	**17,125**	40,386
Borrowings	10	**1,111**	1,394
Convertible bonds	11	**194,911**	-
Deferred income tax liabilities		**58,552**	53,609
Provision obligations and other liabilities	12	**39,776**	30,126
		327,818	141,039
NET ASSETS		**1,797,086**	1,766,318
Equity			
Share capital			
Ordinary shares	13	**5,720**	5,773
Shares held for the Share Scheme	13	**(41,454)**	(13,896)
Share premium	13	**-**	23,628
Reserves		**1,794,109**	1,716,794
		1,758,375	1,732,299
Non-controlling interests		**38,711**	34,019
TOTAL EQUITY		**1,797,086**	1,766,318

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2014

	Note	Unaudited Six months ended 30 September 2014 US$'000	 2013 US$'000
Sales	2	**1,079,565**	1,035,239
Cost of goods sold		**(753,546)**	(728,623)
Gross profit		**326,019**	306,616
Other income and gains, net	14	**7,491**	4,366
Selling and administrative expenses	15	**(208,533)**	(185,481)
Operating profit		**124,977**	125,501
Finance income	17	**7,426**	4,774
Finance costs	17	**(4,224)**	(934)
Share of profit of associate		**435**	127
Profit before income tax		**128,614**	129,468
Income tax expense	18	**(15,012)**	(16,402)
Profit for the period		**113,602**	113,066
Profit attributable to non-controlling interests		**(4,285)**	(3,008)
Profit attributable to shareholders		**109,317**	110,058
Basic earnings per share for profit attributable to the shareholders during the period (expressed in US Cents per share)	19	**12.36**	12.39
Diluted earnings per share for profit attributable to the shareholders during the period (expressed in US Cents per share)	19	**12.12**	12.31

The Board has declared an interim dividend of 1.79 US Cents per share (first half of FY2013/14: 1.54 US Cents adjusted to reflect the impact of 1 for 4 share consolidation on 15 July 2014 ("Share Consolidation")) equivalent to US$15.7 million (first half of FY2013/14: US$13.7 million), details are set out in Note 20.

The basic and diluted earnings and dividend per share for the prior period have been adjusted to reflect the impact of Share Consolidation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	Note	Unaudited Six months ended 30 September 2014 US$'000	2013 US$'000
Profit for the period		**113,602**	113,066
Other comprehensive income / (expenses)			
Items that will not be recycled to profit and loss:			
Defined benefit plans			
– remeasurements	12	**(10,807)**	353
– deferred income tax effect		**1,112**	(132)
Total items that will not be recycled to profit and loss		**(9,695)**	221
Items that will be recycled to profit and loss:			
Available-for-sale financial assets			
– fair value gains, net		**-**	154
– release of reserves upon disposal	22	**-**	245
Hedging instruments			
– raw material commodity contracts			
– fair value losses, net		**(1,303)**	(5,717)
– transferred to inventory and subsequently recognised in income statement		**3,820**	4,036
– deferred income tax effect		**(415)**	324
– forward foreign currency exchange contracts			
– fair value gains / (losses), net		**66,182**	(9,394)
– transferred to income statement		**(1,615)**	(8,008)
– deferred income tax effect		**(10,562)**	2,835
– net investment hedge			
– fair value gains / (losses), net		**21,865**	(6,640)
Currency translations of subsidiaries and associate		**(54,229)**	37,890
Total items that will be recycled to profit and loss		**23,743**	15,725
Other comprehensive income for the period, net of tax		**14,048**	15,946
Total comprehensive income for the period, net of tax		**127,650**	129,012
Total comprehensive income attributable to:			
Shareholders		**122,958**	125,532
Non-controlling interests			
Share of profits for the period		**4,285**	3,008
Currency translations		**407**	472
		127,650	129,012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

		Unaudited								
		Attributable to shareholders of JEHL								
	Note	Share capital and share premium US$'000	Other reserves * US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31 March 2014		15,505	(133,538)	219,855	10,470	(20,378)	1,640,385	1,732,299	34,019	1,766,318
Profit for the period		-	-	-	-	-	109,317	109,317	4,285	113,602
Other comprehensive income / (expenses):										
Hedging instruments										
– raw material commodity contracts										
– fair value losses, net		-	-	-	-	(1,303)	-	(1,303)	-	(1,303)
– transferred to inventory and subsequently recognised in income statement		-	-	-	-	3,820	-	3,820	-	3,820
– deferred income tax effect		-	-	-	-	(415)	-	(415)	-	(415)
– forward foreign currency exchange contracts										
– fair value gains, net		-	-	-	-	66,182	-	66,182	-	66,182
– transferred to income statement		-	-	-	-	(1,615)	-	(1,615)	-	(1,615)
– deferred income tax effect		-	-	-	-	(10,562)	-	(10,562)	-	(10,562)
– net investment hedge										
– fair value gains, net		-	-	14,209	-	7,656	-	21,865	-	21,865
Defined benefit plans										
– remeasurements	12	-	-	-	-	-	(10,807)	(10,807)	-	(10,807)
– deferred income tax effect		-	-	-	-	-	1,112	1,112	-	1,112
Investment property										
– revaluation surplus realised upon disposal		-	(14)	-	-	-	14	-	-	-
Currency translations of subsidiaries and associate		-	-	(54,580)	-	(56)	-	(54,636)	407	(54,229)
Total comprehensive income / (expenses) for the first half of FY2014/15		-	(14)	(40,371)	-	63,707	99,636	122,958	4,692	127,650
Transactions with shareholders:										
Appropriation of retained earnings to statutory reserve		-	233	-	-	-	(233)	-	-	-
Convertible bonds										
– equity component of convertible bonds issued	11	-	4,823	-	-	-	-	4,823	-	4,823
– deferred income tax effect		-	(3,868)	-	-	-	-	(3,868)	-	(3,868)
Cancellation of issued capital	13	(24,011)	(7,542)	-	-	-	-	(31,553)	-	(31,553)
Long-Term Incentive Share Scheme										
– shares vested	13	3,852	-	-	(3,852)	-	-	-	-	-
– value of employee services	22	-	-	-	3,561	-	-	3,561	-	3,561
– purchase of shares	13	(31,080)	-	-	-	-	-	(31,080)	-	(31,080)
FY2013/14 final dividend paid		-	-	-	-	-	(38,765)	(38,765)	-	(38,765)
Total transactions with shareholders		(51,239)	(6,354)	-	(291)	-	(38,998)	(96,882)	-	(96,882)
As of 30 September 2014		**(35,734)**	**(139,906)**	**179,484**	**10,179**	**43,329**	**1,701,023**	**1,758,375**	**38,711**	**1,797,086**

* Other reserves mainly represent contributed surplus, capital reserve, property revaluation reserve, investment revaluation reserve, equity component of convertible bonds (net of tax), statutory reserve and goodwill on consolidation.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

		Unaudited								
		Attributable to shareholders of JEHL								
	Note	Share capital and share premium US$'000	Other reserves * US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31 March 2013		17,361	(131,889)	169,887	5,859	34,237	1,473,057	1,568,512	30,251	1,598,763
Profit for the period		-	-	-	-	-	110,058	110,058	3,008	113,066
Other comprehensive income / (expenses):										
Available-for-sale financial assets										
– fair value gains, net		-	154	-	-	-	-	154	-	154
– release of reserves upon disposal	22	-	245	-	-	-	-	245	-	245
Hedging instruments										
– raw material commodity contracts										
– fair value losses, net		-	-	-	-	(5,717)	-	(5,717)	-	(5,717)
– transferred to inventory and subsequently recognised in income statement		-	-	-	-	4,036	-	4,036	-	4,036
– deferred income tax effect		-	-	-	-	324	-	324	-	324
– forward foreign currency exchange contracts										
– fair value losses, net		-	-	-	-	(9,394)	-	(9,394)	-	(9,394)
– transferred to income statement		-	-	-	-	(8,008)	-	(8,008)	-	(8,008)
– deferred income tax effect		-	-	-	-	2,835	-	2,835	-	2,835
– net investment hedge										
– fair value losses, net		-	-	-	-	(6,640)	-	(6,640)	-	(6,640)
Defined benefit plans										
– remeasurements	12	-	-	-	-	-	353	353	-	353
– deferred income tax effect		-	-	-	-	-	(132)	(132)	-	(132)
Investment property										
– revaluation surplus realised upon disposal		-	(564)	-	-	-	564	-	-	-
Currency translations of subsidiaries and associate		-	-	37,467	-	(49)	-	37,418	472	37,890
Total comprehensive income / (expenses) for the first half of FY2013/14		-	(165)	37,467	-	(22,613)	110,843	125,532	3,480	129,012
Transactions with shareholders:										
Transfer		-	(3,927)	-	-	-	3,927	-	-	-
Cancellation of issued capital		(1,536)	-	-	-	-	-	(1,536)	-	(1,536)
Long-Term Incentive Share Scheme										
– shares vested		2,671	-	-	(2,671)	-	-	-	-	-
– value of employee services	22	-	-	-	2,699	-	-	2,699	-	2,699
– purchase of shares		(2,890)	-	-	-	-	-	(2,890)	-	(2,890)
Share options										
– options lapsed		-	-	-	(274)	-	274	-	-	-
Contribution from non-controlling interests		-	-	-	-	-	-	-	650	650
FY2012/13 final dividend paid		-	-	-	-	-	(36,664)	(36,664)	-	(36,664)
Total transactions with shareholders		(1,755)	(3,927)	-	(246)	-	(32,463)	(38,391)	650	(37,741)
As of 30 September 2013		15,606	(135,981)	207,354	5,613	11,624	1,551,437	1,655,653	34,381	1,690,034

* Other reserves mainly represent contributed surplus, capital reserve, property revaluation reserve, investment revaluation reserve, statutory reserve and goodwill on consolidation.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2014

	Note	Unaudited Six months ended 30 September 2014 US$'000	2013 US$'000
Cash flows from operating activities			
Earnings before interest, taxes, depreciation and amortisation	22	**171,824**	170,481
Other non-cash items and adjustments	22	**1,390**	3,247
Change in working capital	22	**(14,633)**	(13,558)
Cash generated from operations	22	**158,581**	160,170
Interest paid	17	**(790)**	(934)
Income taxes paid		**(19,595)**	(12,416)
Net cash generated from operating activities		**138,196**	146,820
Investing activities			
Purchase of property, plant and equipment and capitalised expenditure of investment property, net of subsidies		**(58,714)**	(40,373)
Capitalisation of engineering development costs	6	**(3,839)**	(1,478)
Proceeds from disposal of property, plant and equipment and investment property		**313**	8,993
Interest received		**7,426**	4,774
		(54,814)	(28,084)
Business combination *	23	**(9,203)**	-
Acquisition of non-controlling interests		**(242)**	-
Proceeds from sale of financial assets at fair value through profit and loss and available-for-sale financial assets		**1,094**	24
Subsequent payments due to divestiture of non-core business **		**-**	(5,797)
Net cash used in investing activities		**(63,165)**	(33,857)

* On 30 July 2014, the Group paid US$9.2 million (total consideration US$10.0 million net of cash acquired US$0.8 million) to insource a sales agency in the UK. This acquisition strengthens the Group's sales network by providing a direct interface with key automotive customers in the UK.

** In the first half of FY2013/14, the payment was to the buyer of the Saia-Burgess Controls business for the anticipated post-closing adjustments as agreed at closing (1 February 2013).

	Note	US$'000	Unaudited Six months ended 30 September 2014 US$'000	2013 US$'000
Financing activities				
Purchase of shares for cancellation of issued capital				
Purchase of shares	13	(31,553)		
Payable to brokers for purchase of shares		13,314	(18,239) *	(1,536)
Purchase of shares held for Long-Term Incentive Share Scheme	13		(31,080)	(2,890)
Proceeds from borrowings			6,981	11,440
Repayments of borrowings			(10,170)	(7,911)
Proceeds from issuance of convertible bonds	11		197,300	-
Dividends paid to shareholders			(38,765)	(36,664)
Contribution from non-controlling interests			-	650
Net cash generated from / (used in) financing activities			106,027	(36,911)
Net increase in cash and cash equivalents			181,058	76,052
Cash and cash equivalents at beginning of the period			643,986	480,924
Currency translations on cash and cash equivalents			(15,030)	6,411
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			810,014	563,387

* Total cost of shares repurchase for cancellation in the first half of FY2014/15 was US$31.5 million, of which US$13.3 million was paid in October 2014.

NOTES TO THE INTERIM ACCOUNTS

1. GENERAL INFORMATION

The principal operations of Johnson Electric Holdings Limited ("JEHL") and its subsidiaries (together, "the Group") are the manufacture and sale of motion systems. The Group has manufacturing plants and sales operations throughout the world.

JEHL, the parent holding company, is a limited liability company incorporated in Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The shares of JEHL are listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in US Dollars, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 4 November 2014.

This unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

Please note the Glossary of Terms on pages 5 to 6.

2. SEGMENT INFORMATION

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

The Group's management assesses the performance of its operating segment based on the measure of operating profit, excluding items which are not directly related to the segment performance. These include non-operating income / (expenses) such as interest income and expense, rental income, fair value gains / (losses) on investment property and gains / (losses) on disposals of fixed assets and investments.

2. SEGMENT INFORMATION *(Cont'd)*

The reconciliation of the operating profit presented to management to the consolidated income statement is as follows:

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
Operating profit presented to management	**117,486**	118,976
Gross rental income from investment property (Note 14)	**2,118**	2,316
(Losses) / gains on investments, net (Note 14)	**(65)**	661
(Losses) / gains on disposal of property, plant and equipment and investment property (Note 14 & 22)	**(268)**	1,793
Fair value gains on investment property (Note 4, 14 & 22)	**3,294**	-
Fair value losses on other financial assets / liabilities (Note 14)	**(8)**	(404)
Subsidies and other income (Note 14)	**2,420**	-
Others	**-**	2,159
Operating profit per consolidated income statement	**124,977**	125,501

Sales from external customers by business unit was as follows:

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
Automotive Products Group ("APG")	**736,179**	699,414
Industry Products Group ("IPG")	**343,386**	335,825
	1,079,565	1,035,239

The Powertrain Cooling business (included in APG) is primarily engaged in the manufacture and sale of cooling fan modules for OEM and Tier 1 customers. Sales for this business unit accounted for 25% of the total sales of the Group for the first half of FY2014/15 (first half of FY2013/14: 24%).

2. SEGMENT INFORMATION *(Cont'd)*

Sales by geography

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

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
Europe *	**462,018**	426,443
People's Republic of China ("PRC")	**288,119**	273,694
North America	**221,218**	225,755
Asia (excluding PRC)	**89,119**	84,750
South America	**16,873**	22,528
Others	**2,218**	2,069
	1,079,565	1,035,239

* Included in Europe, sales to Germany was US$131.0 million for the first half of FY2014/15 (first half of FY2013/14: US$122.0 million).

No single external customer contributed 10% or more of the total Group sales.

Segment assets

For the first half of FY2014/15, the additions to non-current assets (other than deferred tax assets, financial assets at fair value through profit and loss, other financial assets and defined benefit pension plan assets) were US$70.4 million (first half of FY2013/14: US$45.0 million).

As of 30 September 2014, excluding goodwill, the total of non-current assets (other than deferred tax assets, financial assets at fair value through profit and loss, other financial assets and defined benefit pension plan assets) located in HK/PRC was US$341.2 million (31 March 2014: US$328.3 million) and the total of these non-current assets located in other countries was US$323.2 million (31 March 2014: US$326.7 million).

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold land, leasehold land and buildings US$'000	Machinery and equipment US$'000	Assets under construction US$'000	Moulds and tools US$'000	Other assets * US$'000	Total US$'000
As of 31 March 2014	105,064	132,094	51,871	58,409	44,788	392,226
Currency translations	(2,991)	(174)	(1,807)	(284)	(95)	(5,351)
Additions	725	10,145	36,225	5,735	1,864	54,694
Transfer	7,296	15,044	(30,539)	7,188	1,011	-
Disposals	(33)	(160)	-	(289)	(47)	(529)
Provision for impairment (Note 16 & 22)	-	-	-	(165)	-	(165)
Depreciation (Note 16)	(5,785)	(15,889)	-	(10,381)	(4,274)	(36,329)
As of 30 September 2014	**104,276**	**141,060**	**55,750**	**60,213**	**43,247**	**404,546**
As of 31 March 2013	102,845	121,691	29,092	59,592	45,346	358,566
Currency translations	2,492	1,115	601	526	252	4,986
Additions	4,305	3,519	29,744	1,661	2,124	41,353
Transfer	3,589	9,172	(20,656)	6,827	1,068	-
Transfer from investment property (Note 4)	1,520	-	-	-	-	1,520
Disposals	(2,443)	(833)	-	(125)	(74)	(3,475)
Provision for impairment (Note 16 & 22)	-	(124)	(1,948)	-	-	(2,072)
Depreciation (Note 16)	(5,542)	(15,276)	-	(10,164)	(3,928)	(34,910)
As of 30 September 2013	106,766	119,264	36,833	58,317	44,788	365,968

* Other assets comprise computers, furniture and fixtures, motor vehicles and aircraft.

4. INVESTMENT PROPERTY

	2014 US$'000	2013 US$'000
As of 31 March	68,371	63,214
Currency translations	75	113
Fair value gains (Note 2, 14 & 22)	3,294	-
Capitalised expenditure	2,114	394
Transfer to property, plant and equipment (Note 3)	-	(1,520)
Disposals	(52)	(995)
As of 30 September	73,802	61,206

5. LAND USE RIGHTS

	2014 US$'000	2013 US$'000
As of 31 March	3,564	3,800
Currency translations	37	56
Amortisation (Note 16)	(119)	(120)
As of 30 September	3,482	3,736

6. INTANGIBLE ASSETS

	Goodwill US$'000	Technology US$'000	Patents and engineering development US$'000	Brands US$'000	Client relationships US$'000	Total intangible assets US$'000
As of 31 March 2014	465,011	69,691	10,446	46,032	55,989	647,169
Currency translations	(26,783)	(3,701)	(682)	(2,932)	(3,725)	(37,823)
Acquisition (Note 23)	-	-	-	-	9,203	9,203
Additions (Note 16)	-	-	3,839	-	-	3,839
Amortisation (Note 16 & 22)	-	(4,822)	(380)	(1,318)	(4,165)	(10,685)
Provision for impairment (Note 16 & 22)	-	-	(630)	-	-	(630)
As of 30 September 2014	**438,228**	**61,168**	**12,593**	**41,782**	**57,302**	**611,073** *
As of 31 March 2013	436,573	74,776	4,831	45,404	59,951	621,535
Currency translations	20,076	3,152	307	2,274	2,970	28,779
Additions (Note 16)	-	-	1,478	-	-	1,478
Amortisation (Note 16 & 22)	-	(4,959)	(11)	(1,268)	(4,055)	(10,293)
As of 30 September 2013	456,649	72,969	6,605	46,410	58,866	641,499

* Total intangible assets as of 30 September 2014 and 31 March 2014 are denominated in the following underlying currencies:

	USD equivalent	
	30 September 2014 US$'000	31 March 2014 US$'000
In CHF	**504,755**	551,052
In USD	**82,687**	83,055
In GBP	**14,762**	6,528
In EUR	**8,869**	6,534
Total intangible assets	**611,073**	647,169

7. OTHER FINANCIAL ASSETS AND LIABILITIES

	Assets		Liabilities	
	30 September 2014 US$'000	31 March 2014 US$'000	**30 September 2014 US$'000**	31 March 2014 US$'000
Raw material commodity contracts (Note a)				
– cash flow hedge	**411**	634	**10,073**	12,614
Forward foreign currency exchange contracts (Note b)				
– cash flow hedge	**75,958**	39,627	**13,408**	41,575
– held for trading	**5**	10	**23**	4
Net investment hedge (Note c)	**14,180**	8	**-**	7,693
Total (Note d)	**90,554**	40,279	**23,504**	61,886
Current portion	**23,706**	10,590	**6,379**	21,500
Non-current portion	**66,848**	29,689	**17,125**	40,386
Total	**90,554**	40,279	**23,504**	61,886

Note:

(a) Raw material commodity contracts

Copper, silver and aluminium forward commodity contracts as per the table below are designated as cash flow hedges. Gains and losses initially recognised in the hedging reserve as of 30 September 2014, will be recognised in the income statement in the period or periods in which the underlying hedged copper, silver and aluminium volumes are consumed.

As of 30 September 2014, the Group had the following outstanding raw material commodity contracts:

	Notional amount	Settlement value (US$ million)	Weighted average contract price (US$)	Spot price (US$)	Mark-to-market rate (US$)	Remaining maturities range (months)	Assets / (liabilities), net carrying value (US$'000)
Cash flow hedge contracts							
Copper commodity	27,325 metric ton	187.8	6,873	6,736	6,630	1 - 59	(6,666)
Silver commodity	780,000 oz	16.6	21.27	17.11	17.35	1 - 48	(3,053)
Aluminium commodity	375 metric ton	0.7	1,827	1,935	1,981	1 - 7	57
Total							(9,662)

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

(b) Forward foreign currency exchange contracts

The EUR, RMB, HUF, PLN, JPY, CHF, INR, ILS and MXN forward foreign currency exchange contracts as per the table below are designated as cash flow hedges. Gains and losses initially recognised in the hedging reserve as of 30 September 2014, will be recognised in the income statement in the period or periods in which the underlying hedged transactions occur.

For currency contracts designated as held for trading, fair value gains and losses on the forward contracts are immediately recognised in the income statement. The net fair value changes recognised in the income statement were not material.

As of 30 September 2014, the Group had the following outstanding forward foreign currency exchange contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate *	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Assets / (liabilities), net carrying value (US$'000)
Cash flow hedge contracts								
EUR forward sales	USD	EUR 848.5	1.38	1.27	1.33	1 - 84	1,174.7	45,195
RMB forward purchase	USD	RMB 9,187.1	6.46	6.14	6.40	1 - 73	1,421.5	13,944
HUF forward purchase	EUR	HUF 34,310.9	329.51	311.67	324.79	1 - 60	132.1	1,920
PLN forward purchase	EUR	PLN 120.1	4.47	4.18	4.33	1 - 60	34.1	1,074
JPY forward sales	USD	JPY 600.0	99.67	109.53	108.94	1 - 22	6.0	512
CHF forward purchase	EUR	CHF 13.9	1.23	1.21	1.21	1 - 6	14.4	235
INR forward purchase	USD	INR 804.9	73.08	61.50	71.96	19 - 61	11.0	171
ILS forward purchase	USD	ILS 9.4	3.61	3.68	3.69	1 - 5	2.6	(55)
MXN forward purchase	USD	MXN 1,172.7	14.30	13.50	14.38	1 - 60	82.0	(446)
Total								62,550
Held for trading contracts								
INR forward purchase	USD	INR 160.1	64.70	61.50	65.17	1 - 18	2.5	(18)

* Weighted average contract rate is a ratio defined as notional value / settlement value except for the EUR to USD which is stated in the inverse order.

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

(c) Net investment hedge

The EUR forward foreign currency exchange contracts as per the table below are designated as a net investment hedge. Gains and losses recognised in the exchange reserve as of 30 September 2014, will be released from equity to profit and loss on the disposal or partial disposal of the foreign operation.

As of 30 September 2014, the Group had the following outstanding forward foreign currency exchange contracts:

	Settlement currency	Notional value (million)	Weighted average contract rate *	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Assets, net carrying value (US$'000)
Net investment hedge contracts								
EUR forward sales	USD	EUR 225.0	1.38	1.27	1.32	3 - 63	310.1	14,180

* Weighted average contract rate is a ratio defined as notional value / settlement value except for the EUR to USD which is stated in the inverse order.

(d) The maximum exposure of other financial assets to credit risk at the reporting date was the fair value in the balance sheet.

(e) The net loss from raw material commodity and foreign currency exchange hedge contracts recognised in the income statement during the period was US$2.2 million (first half of FY2013/14: net gain of US$4.0 million).

(f) Estimate of future cash flow

In terms of estimating future cash flow, the contracts rate compared to the spot rate of all the currency and commodity contracts as of 30 September 2014 would result in approximately US$186 million cash flow benefit.

8. TRADE AND OTHER RECEIVABLES

	30 September 2014 US$'000	31 March 2014 US$'000
Trade receivables – gross	354,525	387,408
Less: impairment of trade receivables	(8,400)	(9,186)
Trade receivables – net	346,125	378,222
Prepayments and other receivables	63,650	63,415
	409,775	441,637

All trade and other receivables were due within one year from the end of the reporting period. Accordingly, the fair value of the Group's trade and other receivables was approximately equal to the carrying value.

Ageing of gross trade receivables

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

	30 September 2014 US$'000	31 March 2014 US$'000
Current	330,662	364,823
1–30 days overdue	9,599	7,999
31–90 days overdue	2,997	7,051
Over 90 days overdue	11,267	7,535
Total	354,525	387,408

There was no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers and no single customer represents 10% or more of total receivables.

9. TRADE PAYABLES

	30 September 2014 US$'000	31 March 2014 US$'000
Trade payables	**214,024**	207,234

The fair value of the Group's trade payables was approximately equal to the carrying value. The ageing analysis of trade payables based on invoice date was as follows:

	30 September 2014 US$'000	31 March 2014 US$'000
0–60 days	**156,796**	153,592
61–90 days	**43,594**	39,892
Over 90 days	**13,634**	13,750
Total	**214,024**	207,234

10. BORROWINGS

	30 September 2014 US$'000	31 March 2014 US$'000
Loans based on trade receivables (Note)	**105,199**	114,986
Other borrowings – Non-current	**1,111**	1,394
– Current	**2,941**	473
Total borrowings	**109,251**	116,853
Current borrowings	**108,140**	115,459
Non-current borrowings	**1,111**	1,394

Note:

Subsidiary companies have borrowed US$105.2 million in the USA, Europe and Hong Kong as of 30 September 2014 (as of 31 March 2014: US$115.0 million) based on trade receivables. These loans are placed such that the interest expense will match the geography of the operating income:

- Unsecured borrowings in the USA of US$27.5 million, with a covenant that trade receivables shall not be pledged to other parties (31 March 2014: US$40.0 million).
- Borrowings in Europe of US$50.7 million (EUR40.0 million) (31 March 2014: US$55.0 million (EUR40.0 million)), which are secured by trade receivables and require an over-collateralisation level of 20% of the amount loaned (US$60.9 million as of 30 September 2014 and US$66.0 million as of 31 March 2014).
- Unsecured borrowings in Hong Kong of US$27.0 million based on trade receivables (31 March 2014: US$20.0 million).

10. BORROWINGS *(Cont'd)*

The maturity of borrowings was as follows:

	Bank borrowings		Other loans	
	30 September 2014 US$'000	31 March 2014 US$'000	**30 September 2014 US$'000**	31 March 2014 US$'000
Less than 1 year	**107,699**	114,986	**441**	473
1 - 2 years	**-**	-	**454**	488
2 - 5 years	**-**	-	**657**	906
	107,699	114,986	**1,552**	1,867

As of 30 September 2014, the interest rate charged on outstanding balances ranged from 0.7% to 3.2% per annum (31 March 2014: 0.7% to 3.2% per annum) and the weighted average effective interest rate of the borrowings was approximately 0.7% (31 March 2014: 0.8%). Interest expense is disclosed in Note 17.

As of 30 September 2014, borrowings of subsidiary companies amounting to US$107.7 million (31 March 2014: US$115.0 million) were guaranteed by JEHL. The Group has financial covenants as part of its various borrowing agreements, consistent with being a highly rated industrial credit. The Group was in compliance with all covenants as of 30 September 2014 and expects to remain compliant in future periods.

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

11. CONVERTIBLE BONDS

	30 September 2014 US$'000	31 March 2014 US$'000
Proceeds from the issuance of convertible bonds on 2 April 2014 (net of transactions cost)	**197,300**	-
Equity component	**4,823**	-
Liability component on initial recognition on 2 April 2014	192,477	-
Interest expense (Note 17 & 19)	3,434	-
Coupon interest payable	(1,000)	-
Liability component as end of period	**194,911**	**-**

JEHL issued convertible bonds in an aggregate principal amount of US$200 million on 2 April 2014. These convertible bonds bear interest as cash coupon at the rate of 1% per annum, payable semi-annually. They have a maturity of 7 years to 2 April 2021 and a 5 year put option for the bondholders. The bondholders have the option of requiring JEHL to redeem all or some of the convertible bonds on 2 April 2019 at 109.31% of the principal amount. Otherwise, unless previously redeemed, converted or purchased and cancelled, JEHL will redeem each convertible bond at 113.41% of its principal amount on the maturity date. The effective interest rate of the liability component is 3.57%.

The fair value of the Group's convertible bonds was approximately equal to the carrying value as of 30 September 2014.

The initial conversion price was HK$10.2575 per share. The bondholders have the right to convert their bonds into shares of JEHL at the conversion price at any time on or after 13 May 2014 up to the maturity date. As a result of the Share Consolidation and payment of the final dividend for FY2013/14, the conversion price is adjusted to HK$40.54 per Consolidated Share with effect from 17 July 2014.

12. PROVISION OBLIGATIONS AND OTHER LIABILITIES

	Retirement benefit obligations US$'000	Legal and warranty US$'000	Restructuring US$'000	Finance lease liabilities US$'000	Long service payment and sundries US$'000	Total US$'000
As of 31 March 2014	10,057	22,528	6,398	4,618	3,926	47,527
Currency translations	(1,193)	(881)	(491)	-	(36)	(2,601)
Provisions (Note 15)	1,502	4,585	-	-	2,594	8,681
Utilised	(3,592)	(3,460)	(254)	(440)	(2,321)	(10,067)
Remeasurements *	10,807	-	-	-	-	10,807
As of 30 September 2014	**17,581** **	**22,772**	**5,653**	**4,178**	**4,163**	**54,347**
Provision obligations and other liabilities:						
Current portion	-	14,565	5,653	962	454	21,634
Non-current portion	24,644	8,207	-	3,216	3,709	39,776
Defined benefit pension plan assets:						
Non-current portion	(7,063)	-	-	-	-	(7,063)
As of 30 September 2014	**17,581**	**22,772**	**5,653**	**4,178**	**4,163**	**54,347**
As of 31 March 2013	23,278	22,582	10,325	5,418	4,054	65,657
Currency translations	1,232	607	451	-	43	2,333
Provisions / (release of provision) (Note 15)	(826)	2,001	-	-	2,180	3,355
Utilised	(3,739)	(4,166)	(2,163)	(384)	(1,979)	(12,431)
Remeasurements *	(353)	-	-	-	-	(353)
As of 30 September 2013	19,592	21,024	8,613	5,034	4,298	58,561
Provision obligations and other liabilities:						
Current portion	-	15,048	8,613	856	377	24,894
Non-current portion	19,592	5,976	-	4,178	3,921	33,667
As of 30 September 2013	19,592	21,024	8,613	5,034	4,298	58,561

* Remeasurements represent actuarial gains and losses.

** The retirement benefit obligations were mainly denominated in CHF, GBP and EUR as of 30 September 2014. These retirement benefit obligations of US$17.6 million (31 March 2014: US$10.1 million) were comprised of gross present value of obligations of US$181.0 million (31 March 2014: US$171.7 million) less fair value of plan assets of US$163.4 million (31 March 2014: US$161.6 million).

13. SHARE CAPITAL

	Number of shares (thousands)		
	Ordinary shares	Shares held for the Share Scheme	Total
As of 31 March 2012 *	903,235	(7,297)	895,938
Repurchase and cancellation of issued capital	(7,796)	-	(7,796)
Shares vested to employees and INED for the Share Scheme	-	409	409
As of 31 March 2013 *	895,439	(6,888)	888,551
Repurchase and cancellation of issued capital	(640)	-	(640)
Shares purchased by trustee for the Share Scheme	-	(1,224)	(1,224)
Shares vested to employees and INED for the Share Scheme	-	1,144	1,144
As of 31 March 2014 *	894,799	(6,968)	887,831
Repurchase and cancellation of issued capital	(4,599)	-	(4,599)
Shares purchased by trustee for the Share Scheme	-	(8,544)	(8,544)
Shares vested to employees and INED for the Share Scheme	-	1,599	1,599
As of 30 September 2014	890,200	(13,913)	876,287
Repurchase of shares to be cancelled	(3,563)**	-	(3,563)
	886,637	**(13,913)**	**872,724**

* As of 15 July 2014, the share capital of JEHL were consolidated on the basis for 4 to 1 share and the number of shares for prior periods has been adjusted to reflect the impact of the share consolidation.

**3,563 thousand shares were purchased at the end of September and cancelled in October 2014.

At the Annual General Meeting ("AGM") of JEHL held on 10 July 2014, an ordinary resolution was duly passed under which each of the existing issued and unissued shares of HK$0.0125 each in the share capital of JEHL as of 15 July 2014 were consolidated on the basis that every 4 issued and unissued ordinary shares into 1 consolidated share of HK$0.05 each ("Consolidated Share").

As of 30 September 2014, the total authorised number of ordinary shares was 1,760.0 million (31 March 2014: 1,760.0 million) with a par value of HK$0.05 per share (31 March 2014: HK$0.05 per share) after taking into account the effect of the Share Consolidation. All issued shares were fully paid.

13. SHARE CAPITAL *(Cont'd)*

	Ordinary shares US$'000	Shares held for the Share Scheme US$'000	Share premium US$'000	Total US$'000
As of 31 March 2012	5,827	(14,741)	45,336	36,422
Repurchase and cancellation of issued capital	(50)	-	(19,823)	(19,873)
Shares vested to employees and INED for the Share Scheme	-	892	(80)	812
As of 31 March 2013	5,777	(13,849)	25,433	17,361
Repurchase and cancellation of issued capital	(4)	-	(1,646)	(1,650)
Shares purchased by trustee for the Share Scheme	-	(2,891)	-	(2,891)
Shares vested to employees and INED for the Share Scheme	-	2,844	(159)	2,685
As of 31 March 2014	5,773	(13,896)	23,628	15,505
Repurchase and cancellation of issued capital *	(53)	-	(23,958)	(24,011)
Shares purchased by trustee for the Share Scheme	-	(31,080)	-	(31,080)
Shares vested to employees and INED for the Share Scheme	-	3,522	330	3,852
	5,720	**(41,454)**	**-**	**(35,734)**

* The total repurchase and cancellation of issued capital was recorded as a reduction in equity in two parts as follows:

	US$'000
Share capital	24,011
Other reserves**	7,542
Total cost	31,553

** Refer page 29 of the accounts

13. SHARE CAPITAL *(Cont'd)*

Cancellation of issued capital

A general mandate was approved and given to the Board by shareholders at JEHL's AGM held on 10 July 2014 empowering the Board to repurchase shares up to 10% (89.5 million shares after taking into account the effect of the Share Consolidation) of the aggregate nominal amount of the issued share capital of JEHL. This mandate which had also existed in the previous year was extended to the next 12 month period. 8.2 million shares were purchased in the first half of FY2014/15, for cancellation, at a total cost of US$31.5 million (HK$244.6 million) including brokerage and cancellation fees (4.6 million of these shares had been cancelled by 30 September 2014 and the remaining 3.6 million shares were cancelled in October 2014) (first half of FY2013/14 was 0.6 million shares after taking into account the effect of the Share Consolidation at a total cost of US$1.5 million (HK$11.9 million)).

Long-Term Incentive Share Scheme

Share awards under the Long-Term Incentive Share Scheme ("Share Scheme") were granted to directors, senior management and other employees as recommended by the Chairman and Chief Executive and approved by the Remuneration Committee of the Group.

The Share Scheme was approved by the shareholders on 24 August 2009. The Share Scheme was further amended, with its amendments being approved by the shareholders, on 20 July 2011. Under the Share Scheme, the directors have absolute discretion to grant shares to such eligible employees and directors.

Senior management of the Group regularly receive annual grants of time-vested units (Restricted Stock Units or RSUs) and performance-vested units (Performance Stock Units or PSUs). Time-vested units vest after three years. Performance-vested units vest after three years, subject to achievement of the performance conditions over the three-year vesting period. The performance conditions consist of a combination of a three-year cumulative earnings per share target set at the time of grant and a series of one-year earnings per share targets set at the beginning of each year of the three-year vesting period. The full vesting of performance vested units is subject to achievement of the three-year cumulative earnings per share target; partial vesting occurs if one or more of the one-year earnings per share targets are met.

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

JEHL makes grants of time-vested units to key staff below the senior management level. These are subject to a three-year vesting period.

Once vested, the directors have the discretion to deliver either shares or the cash equivalent of the vested shares to eligible employees.

13. SHARE CAPITAL *(Cont'd)*

JEHL makes annual grants of fully-vested shares to the Independent Non-Executive Directors ("INED"). The shares granted must be held by each director for the remainder of the board term in which the grant was made. Each year, JEHL grants each of the INED shares equivalent in value to US$6,000 rounded up to the next multiple of 500 shares.

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

	Number of unvested units granted (thousands)		
	Restricted Stock Units	Performance Stock Units	Total
Unvested shares granted, as of 31 March 2013 *	3,146	2,925	6,071
Shares granted to employees and INED during the year	1,730	2,455	4,185
Shares vested to employees and INED during the year	(705)	(441)	(1,146)
Cash settled share-based units vested to employees during the year	(191)	(75)	(266)
Forfeited during the year	(356)	(564)	(920)
Unvested shares granted, as of 31 March 2014 *	3,624	4,300	7,924
Shares granted to employees and INED during the period	1,499	2,267	3,766
Shares vested to employees and INED during the period	(784)	(815)	(1,599)
Forfeited during the period	(60)	(92)	(152)
Unvested shares granted, as of 30 September 2014	**4,279**	**5,660**	**9,939**

* As of 15 July 2014, the share capital of JEHL were consolidated on the basis for 4 to 1 share and the number of shares for prior periods has been adjusted to reflect the impact of the share consolidation.

The weighted average fair value of the unvested shares granted during the period was HK$26.89 (US$3.45) after taking into account the effect of the Share Consolidation.

As of 30 September 2014, excluding any subsequent grants and forfeitures, the number of unvested shares was as follows:

	Number of unvested units granted (thousands)		
Vesting year	Restricted Stock Units	Performance Stock Units	Total
FY2014/15	5	-	5
FY2015/16	1,281	1,288	2,569
FY2016/17	1,401	2,130	3,531
FY2017/18	1,467	2,242	3,709
FY2018/19	125	-	125
Total unvested shares granted	**4,279**	**5,660**	**9,939**

13. SHARE CAPITAL *(Cont'd)*

Share options

Pursuant to the Share Option Scheme (the "Option Scheme") approved at the AGM of JEHL held on 29 July 2002 and adopted by JEHL on the same day, the Board of Directors may, at its discretion, grant options to any qualifying participants (including but not limited to any employee, whether full time or part time, and any executive or non-executive directors of JEHL or any affiliate as defined in the Scheme).

Under the Option Scheme, JEHL granted options to purchase JEHL's shares at the subscription price which was set at the higher of the closing price on the date of the grant and the average closing price for the five trading days immediately preceding the date of the offer of grant. No option may be exercised more than 10 years after it has been granted.

As of 15 July 2014, JEHL has a total of 200,000 share options outstanding under the Option Scheme with exercise price at HK$7.40 per share. As a result of the Share Consolidation, the total number of share options outstanding will be adjusted, in accordance with the terms of the Option Scheme and Rule 17.03(13) of the Listing Rules, to 50,000 Consolidated Shares and the exercise price will be increased by the same 4-fold factor as the Share Consolidation, and accordingly, be adjusted to HK$29.60 per Consolidated Share.

As of 30 September 2014, after taking into account the effect of the Share Consolidation, share options granted to employees under the Option Scheme were as follows:

Held at 31/03/2014	Options lapsed during the period	Held at 30/09/2014	Subscription price per share (HK$)	Date of grant	Exercisable from	Exercisable until
25,000	-	25,000	29.60	28/12/2004	01/01/2007	27/12/2014
25,000	-	25,000	29.60	28/12/2004	01/01/2008	27/12/2014
50,000	-	50,000				

No share option was granted or exercised in the first half of FY2014/15 (first half of FY2013/14: nil).

The aggregate fair value of the options as of 30 September 2014 was US$0.1 million (31 March 2014: US$0.1 million).

There was no profit and loss impact relating to the Option Scheme in the first half of FY2014/15 (first half of FY2013/14: nil).

14. OTHER INCOME AND GAINS, NET

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
Gross rental income from investment property (Note 2)	**2,118**	2,316
(Losses) / gains on investments, net (Note 2)	**(65)**	661
(Losses) / gains on disposal of property, plant and equipment and investment property (Note 2 & 22)	**(268)**	1,793
Fair value gains on investment property (Note 2, 4 & 22)	**3,294**	-
Fair value losses on other financial assets / liabilities (Note 2)	**(8)**	(404)
Subsidies and other income (Note 2) *	**2,420**	-
	7,491	4,366

* Subsidies and other income were booked in selling and administrative expenses in the first half of FY2013/14.

15. SELLING AND ADMINISTRATIVE EXPENSES

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
Selling expenses	**51,422**	48,741
Administrative expenses	**152,315**	141,197
Legal and warranty (Note 12)	**4,585**	2,001
Net exchange losses / (gains) on revaluation of monetary assets and liabilities (Note 16)	**211**	(6,458)
	208,533	185,481

Note: Selling and administrative expenses included operating lease payments for the first half of FY2014/15 of US$3.4 million (first half of FY2013/14: US$3.5 million).

16. EXPENSES BY NATURE

Operating profit was stated after crediting and charging the following:

	Six months ended 30 September 2014 US$'000	2013 US$'000
Depreciation		
Depreciation of property, plant and equipment (Note 3)	**36,329**	34,910
Less: amounts capitalised in assets under construction	**(286)**	(343)
	36,043	34,567
Employee compensation	**326,538**	265,606
Less: amounts capitalised in assets under construction	**(2,371)**	(2,345)
	324,167	263,261
Impairment of property, plant and equipment		
– Included in selling and administrative expenses and cost of goods sold (Note 3 & 22)	**165**	2,072
	165	2,072
Impairment of intangible assets (Note 6 & 22)	**630**	-
	630	-
Other items:		
Cost of goods sold*	**753,546**	728,623
Engineering expenditure**	**60,113**	58,086
Auditors' remuneration	**1,221**	1,151
Amortisation of land use rights (Note 5)	**119**	120
Amortisation of intangible assets (Note 6 & 22)	**10,685**	10,293
Net exchange losses / (gains) on revaluation of monetary assets and liabilities (Note 15)	**211**	(6,458)
Impairment of trade receivables / bad debt expense	**149**	1,137

* Cost of goods sold comprised materials, direct labour costs (including their social costs) and production overheads including operating lease payments of US$7.4 million (first half of FY2013/14: US$7.4 million).

** Please see the analysis on page 55.

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

** Engineering expenditure

The Group's engineering expenditure for the first half of FY2014/15 and FY2013/14 were as follow:

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
Engineering expenditure	**63,952**	59,564
Capitalisation of engineering development costs (Note 6)	**(3,839)**	(1,478)
Net engineering expenditure	**60,113**	58,086

Engineering expenditure as a percentage of sales were 5.9% in the first half of FY2014/15 (first half of FY2013/14: 5.8%).

17. FINANCE INCOME / (COSTS), NET

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
Interest income	**7,426**	4,774
Interest expense on borrowings	**(790)**	(934)
Interest expense on convertible bonds (Note 11 & 19)	**(3,434)**	-
Net interest income (Note 22)	**3,202**	3,840

See Note 10 for a discussion on Borrowings and Note 11 on Convertible bonds.

18. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (first half of FY2013/14: 16.5%) on the estimated assessable profit for the period. Overseas tax has been provided at the applicable rates on the estimated assessable profit in the respective countries of operations for the period. The overall global effective tax rate for the first half of FY2014/15 was 11.7% (first half of FY2013/14: 12.7%).

	Six months ended 30 September 2014 US$'000	Six months ended 30 September 2013 US$'000
Current income tax		
Hong Kong profits tax *	**6,431**	11,128
Overseas taxation	**13,218**	10,179
Over provision in prior years	**(896)**	(1,018)
	18,753	20,289
Deferred income tax	**(3,741)**	(3,887)
Total income tax expense	**15,012**	16,402
Effective tax rate	**11.7%**	12.7%

* The Hong Kong current tax obligation reduced as a result of required changes to our legal structure and the associated creation of Wholly Foreign Owned Enterprises in China, replacing our previous contract processing arrangements. This change in Hong Kong taxes was offset by a change in mainland China taxes.

The effective tax rate of the Group of 11.7% differed from the statutory tax rate of Hong Kong of 16.5% as follows:

	Six months ended 30 September 2014		Six months ended 30 September 2013	
		US$'000		US$'000
Profit before income tax		**128,614**		129,468
Tax charged at Hong Kong profits tax rate	**16.5%**	**21,221**	16.5%	21,362
Effect of different tax rates in other countries				
– Countries with taxable profit	**(0.6)%**	**(703)**	1.8%	2,379
– Countries with loss	**(0.4)%**	**(572)**	(1.7)%	(2,164)
Effect of income, net of expenses, not subject to tax	**(3.8)%**	**(4,903)**	(6.8)%	(8,800)
Over provisions in prior years (current and deferred)	**(0.7)%**	**(896)**	(0.7)%	(946)
Tax losses and other timing differences not recognised as an asset and other tax, net of (utilisation)	**0.7%**	**865**	3.6%	4,571
	11.7%	**15,012**	12.7%	16,402

19. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share was calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by JEHL and held for the Long-Term Incentive Share Scheme. The number of shares for the calculation of basic and diluted earnings per share for the prior period has been adjusted to reflect the impact of Share Consolidation.

	Six months ended 30 September	
	2014	2013
Profit attributable to shareholders (thousands US Dollar)	**109,317**	110,058
Weighted average number of ordinary shares in issue (thousands)	**884,327**	888,376
Basic earnings per share (US Cents per share)	**12.36**	12.39
Basic earnings per share (HK Cents per share)	**95.89**	96.12

Diluted earnings per share

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares as per basic earnings per share, to include the weighted average number of all the dilutive potential ordinary shares.

	Six months ended 30 September	
	2014	2013
Profit attributable to shareholders (thousands US Dollar)	**109,317**	110,058
Adjustments for convertible bonds		
- Interest (Note 11 & 17)	**3,434**	-
- Deferred income tax effect	**(357)**	-
Adjusted profit attributable to shareholders (thousands US Dollar)	**112,394**	110,058
Weighted average number of ordinary shares issued and outstanding (thousands)	**884,327**	888,376
Adjustments for restricted shares granted		
– Share Scheme (Time vesting)	**3,790**	3,624
– Share Scheme (Performance earned)	**1,176**	2,013
Adjustments for convertible bonds		
– assumed conversion of convertible bonds	**38,294**	-
Weighted average number of ordinary shares (diluted) (thousands)	**927,587**	894,013
Diluted earnings per share (US Cents per share)	**12.12**	12.31
Diluted earnings per share (HK Cents per share)	**93.99**	95.51

20. INTERIM DIVIDENDS

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
Interim, of 1.79 US Cents (14 HK Cents) per share, to be paid in January 2015 (first half of FY2013/14: 1.54 US Cents or 12 HK Cents*)	**15,726****	13,740
	15,726	13,740

* The dividend per share for the first half of FY2013/14 has been adjusted to reflect the impact of Share Consolidation.

** Proposed dividend is calculated based on the total number of shares as of 30 September 2014. Actual dividend would be paid on 6 January 2015 to shareholders whose names appear on the Register of Shareholders of JEHL on 23 December 2014.

21. CAPITAL COMMITMENTS

	30 September 2014	31 March 2014
	US$'000	US$'000
Capital commitments for property, plant and equipment		
Contracted but not provided for	**13,192**	11,215

22. CASH GENERATED FROM OPERATIONS

	Six months ended 30 September 2014 US$'000	Six months ended 30 September 2013 US$'000
Profit before income tax	**128,614**	129,468
Add: Depreciation of property, plant and equipment and amortisation of land use rights	**36,162**	34,687
Amortisation of intangible assets (Note 6 & 16)	**10,685**	10,293
Finance income, net (Note 17)	**(3,202)**	(3,840)
Associate dividend receipts less share of profits	**(435)**	(127)
EBITDA*	**171,824**	170,481
Other non-cash items and adjustments		
Losses / (gains) on disposal of property, plant and equipment and investment property (Note 2 & 14)	**268**	(1,793)
Impairment of property, plant and equipment (Note 3 & 16)	**165**	2,072
Impairment of intangibles (Note 6 & 16)	**630**	-
Net realised and unrealised losses on financial assets at fair value through profit and loss	**60**	24
Share-based compensation	**3,561**	2,699
Fair value gains on investment property (Note 2 & 4 & 14)	**(3,294)**	-
Net realised losses on available-for-sale financial assets	**-**	245
	1,390	3,247
EBITDA* net of other non-cash items and adjustments	**173,214**	173,728
Change in working capital		
Increase in inventories	**(24,760)**	(6,959)
Decrease / (increase) in trade and other receivables	**20,812**	(7,142)
Increase in non-current deposits	**(770)**	(1,689)
(Decrease) / increase in trade, other payables and deferred income	**(8,725)**	11,938
Decrease in provision obligations and other liabilities **	**(1,386)**	(9,076)
Change in financial assets / liabilities	**196**	(630)
	(14,633)	(13,558)
Cash generated from operations	**158,581**	160,170

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

** Net of defined benefit pension plan assets

23. BUSINESS COMBINATION

On 30 July 2014, the Group paid US$9.2 million (total consideration US$10.0 million net of cash acquired US$0.8 million) to acquire the entire interest of Van de Wiel International Limited, which used to be a sales agency of JE in the UK. This acquisition strengthens the Group's sales network by providing a direct interface with key automotive customers in the UK.

Completion took place on 30 July 2014. The aggregate revenue and net profit contributed by this acquisition were insignificant to the Group's results for the period. The acquisition would not have had any significant impact to the Group's revenue and profit for the period if it had occurred on 1 April 2014.

The following table summarises the consideration paid for fair value of the assets acquired at the acquisition date.

	30 July 2014 US$'000
Consideration	9,987

	US$'000
Outflow of cash to acquired business, net of cash acquired	
Cash consideration	9,987
Cash and deposits in subsidiary acquired	(784)
Cash outflow on acquisition	9,203

	Fair value US$'000
Assets acquired	
Intangibles - client relationships (Note 6)	9,203
Cash and deposits	784
Total identifiable net assets	9,987
Goodwill	-
	9,987

24. RELATED-PARTY TRANSACTIONS

24.1 Directors' emoluments

Directors' emoluments amounted to US$3.2 million for the first half of FY2014/15 (first half of FY2013/14: US$2.2 million).

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
Salaries, allowances and other benefits *	**1,112**	1,048
Retirement scheme contributions	**113**	98
Bonuses	**1,979**	1,077
	3,204	2,223

* Included the value of grant of shares to independent non-executive directors.

24.2 Key / senior management compensation

Other than the directors' remuneration disclosed above, emoluments paid to 10 (first half of FY2013/14: 10) key / senior management as set out in our 2014 annual report were as follows:

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
Salaries, allowances and other benefits	**3,052**	2,928
Retirement scheme contributions	**259**	240
Share-based payment	**2,355**	1,858
Bonuses	**3,098**	1,941
	8,764	6,967

25. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, fair value interest rate risk and raw material commodity purchase price risk), customer credit risk, liquidity risk and capital risk.

This condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, it should be read in conjunction with the Group's annual financial statements as of 31 March 2014.

There have been no changes in the Group's risk management policies since 31 March 2014.

26. FAIR VALUE ESTIMATION

The fair value of the Group's assets and liabilities are classified into 3 levels of the fair value measurement hierarchy according to HKFRS 7 and HKFRS 13 requirements and disclosed as below:

Level 1 : No financial assets and liabilities of the Group are quoted in public markets.

Level 2 : The Group's level 2 financial assets and liabilities are traded in the market and the fair values are obtained from the bank statements. The Group's level 2 investment property is valued on an open market basis.

Level 3 : The Group's level 3 financial assets and liabilities are not traded in the market and the fair values are obtained from the statements issued by the investment bank. The Group's level 3 investment property is not traded actively in the market and the fair values are obtained by appraisals performed by independent, professional qualified valuers.

The following table presents the Group's assets and liabilities that are measured at fair value as of 30 September 2014.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
As of 30 September 2014				
Assets				
Investment property				
– Residential property and car parks	-	681	5,342	6,023
– Industrial property	-	-	67,779	67,779
Other financial assets				
– Derivatives held for trading	-	5	-	5
– Derivatives used for hedging	-	90,549	-	90,549
Financial assets at fair value through profit and loss				
– Unlisted equity investments	-	-	129	129
Total assets	-	91,235	73,250	164,485
Liabilities				
Other financial liabilities				
– Derivatives held for trading	-	23	-	23
– Derivatives used for hedging	-	23,481	-	23,481
Total liabilities	-	23,504	-	23,504

26. FAIR VALUE ESTIMATION *(Cont'd)*

The following table presents the Group's assets and liabilities that are measured at fair value as of 31 March 2014.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
As of 31 March 2014				
Assets				
Investment property				
– Residential property and car parks	-	732	5,672	6,404
– Industrial property	-	-	61,967	61,967
Other financial assets				
– Derivatives held for trading	-	10	-	10
– Derivatives used for hedging	-	40,269	-	40,269
Financial assets at fair value through profit and loss				
– Unlisted debt securities	-	1,085	-	1,085
– Unlisted equity investments	-	-	198	198
Total assets	-	42,096	67,837	109,933
Liabilities				
Other financial liabilities				
– Derivatives held for trading	-	4	-	4
– Derivatives used for hedging	-	61,882	-	61,882
Total liabilities	-	61,886	-	61,886

There were no significant transfer of assets between level 1, level 2 and level 3 fair value hierarchy classification during the period.

The following summarises the major methods and assumptions used in estimating the fair values of the assets and liabilities classified as level 2 or 3 and the valuation process for assets and liabilities classified as level 3:

(i) Investment property

Level 2

Fair values of car parks are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties in close proximity, which have recently transacted. The most significant input into this valuation approach is price per square feet.

26. FAIR VALUE ESTIMATION *(Cont'd)*

(i) Investment property *(Cont'd)*

Level 3

Fair values of industrial property and residential property are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' view of recent lettings, within the subject property and other comparable property.

Discussion of valuation processes and results are held between the Group's senior management and valuers. The Group's senior management:

- verifies all major inputs to the independent valuation report;
- assesses property valuations movements when compared to the prior period valuation report;
- holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are also analysed at each reporting date during the bi-annual valuations discussion.

Significant inputs used to determine fair value of investment property as of 30 September 2014:

	Valuation method	Market rate / rent per month	Market yield
Industrial property	Income capitalisation	HK$4.2 to HK$7.0/sq.ft	7.6% to 11%
Industrial property	Market comparison	HK$3,000/sq.ft	
Residential property	Market comparison	HK$18,138/sq.ft	

Market rents are estimated based on valuers' view of recent lettings, within the subject property and other comparable property. The higher the rents, the higher the fair value.

Capitalisation rates are estimated by valuers based on the risk profile of the property being valued. The lower the rates, the higher the fair value.

(ii) Other financial assets / liabilities

Other financial assets / liabilities of the Group are classified as level 2. The Group relies on bank valuations to determine the fair value of financial assets / liabilities which in turn are determined using discounted cash flow analysis. These valuation maximise the use of observable market data. Copper price and foreign currency exchange prices are the key observable inputs in the valuation.

26. FAIR VALUE ESTIMATION *(Cont'd)*

(iii) Financial assets at fair value through profit and loss

Unlisted debt securities of the Group are classified as level 2, are valued by the financial institutions who calculate the fair value using discounted cash flow analysis based on open market data such as exchange rates.

Unlisted equity investments of the Group are classified as level 3, are valued by the financial institutions who calculate the fair value using discounted cash flow analysis, in which the key inputs are unobservable and the unobservable inputs reflecting the equity partners' own assumptions about what market participants would use in pricing the asset and liability. The non-publicly-traded securities initially are recorded at cost and are adjusted to fair value using methods determined by the equity partner after consideration of all relevant information, such as type of security, purchase price, purchases of the same and similar securities by other investors, current financial position and operating results, public and private company comparables, discounted cash flow analysis, and other pertinent information.

The following table presents the changes in level 3 instruments for the first half of FY2014/15 and the first half of FY2013/14:

	Investment property				Financial assets at fair value through profit and loss		Available-for-sale financial assets		Total	
	Residential property		Industrial property							
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
As of 31 March	**5,672**	5,410	**61,967**	55,989	**198**	-	**-**	1,081	**67,837**	62,480
Currency translations	**-**	-	**74**	98	**-**	-	**-**	(24)	**74**	74
Capitalised expenditure	**-**	-	**2,114**	394	**-**	-	**-**	-	**2,114**	394
Transfer to property, plant and equipment	**-**	-	**-**	(1,520)	**-**	-	**-**	-	**-**	(1,520)
Fair value gains / (losses) recorded in income statement	**(330)**	-	**3,624**	-	**(69)**	-	**-**	-	**3,225**	-
Fair value gains recorded in equity	**-**	-	**-**	-	**-**	-	**-**	154	**-**	154
As of 30 September	**5,342**	5,410	**67,779**	54,961	**129**	-	**-**	1,211	**73,250**	61,582
Change in unrealised gains / (losses) for the period included in income statement for assets held at balance sheet date	**(330)**	-	**3,624**	-	**(69)**	-	**-**	-	**3,225**	-
Total gains / (losses) for the period included in income statement under "Other income and gains, net"	**(330)**	-	**3,624**	-	**(69)**	-	**-**	-	**3,225**	-

27. FINANCIAL INSTRUMENTS BY CATEGORY

According to HKFRS 7 and HKFRS 9, financial assets represent assets with contractual rights to receive cash flows. Financial liabilities represent liabilities with contractual obligation to pay the cash flows to one or more recipients. The financial instruments of the Group are classified into 3 categories disclosed as below:

	Financial assets / (liabilities) at amortised cost US$'000	Financial assets / (liabilities) at fair value US$'000	Others US$'000	Total US$'000
As of 30 September 2014				
Assets as per balance sheet				
Financial assets at fair value through profit and loss	-	129	-	129
Other financial assets	-	90,554	-	90,554
Trade and other receivables excluding prepayments	401,122	-	-	401,122
Defined benefit pension plan assets	-	-	7,063	7,063
Cash and deposits	810,014	-	-	810,014
Total financial assets	1,211,136	90,683	7,063	1,308,882
Liabilities as per balance sheet				
Other financial liabilities	-	(23,504)	-	(23,504)
Trade payables	(214,024)	-	-	(214,024)
Other payables and deferred income excluding non-financial liabilities	(97,500)	-	(64,046)	(161,546)
Borrowings	(109,251)	-	-	(109,251)
Convertible bonds	(194,911)	-	-	(194,911)
Provision obligations and other liabilities	(32,603)	-	(28,807)	(61,410)
Total financial liabilities	(648,289)	(23,504)	(92,853)	(764,646)

27. FINANCIAL INSTRUMENTS BY CATEGORY *(Cont'd)*

	Financial assets / (liabilities) at amortised cost US$'000	Financial assets / (liabilities) at fair value US$'000	Others US$'000	Total US$'000
As of 31 March 2014				
Assets as per balance sheet				
Financial assets at fair value through profit and loss	-	1,283	-	1,283
Other financial assets	-	40,279	-	40,279
Trade and other receivables excluding prepayments	434,693	-	-	434,693
Defined benefit pension plan assets	-	-	6,929	6,929
Cash and deposits	643,986	-	-	643,986
Total financial assets	1,078,679	41,562	6,929	1,127,170
Liabilities as per balance sheet				
Other financial liabilities	-	(61,886)	-	(61,886)
Trade payables	(207,234)	-	-	(207,234)
Other payables and deferred income excluding non-financial liabilities	(96,036)	-	(79,156)	(175,192)
Borrowings	(116,853)	-	-	(116,853)
Provision obligations and other liabilities	(33,544)	-	(20,912)	(54,456)
Total financial liabilities	(453,667)	(61,886)	(100,068)	(615,621)

28. EFFECT OF ADOPTING NEW, REVISED AND AMENDED HKFRS

In the first half of FY2014/15, the Group adopted the following new, revised and amended standards of HKFRSs below, which are relevant to its operations and have an impact on the consolidated financial statements:

HKAS 32 (amendment)	Financial instruments: presentation – offsetting financial assets and financial liabilities
HK (IFRIC) – Int 21	Levies

The adoption of such new, revised and amended standards did not have material impact on the consolidated financial statements except as described below:

HKAS 32 (amendment), "Financial instruments: presentation – offsetting financial assets and financial liabilities"
These amendments are to the application guidance in HKAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

HK (IFRIC) – Int 21, "Levies"
This is an interpretation of HKAS 37, 'Provisions, contingent liabilities and contingent assets'. HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

Standard early adopted by the Group
The Group has early adopted the revised standard of HKFRS below, which is relevant to its operations.

HKFRS 9	Financial instruments (Hedge accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39)

HKFRS 9 "Financial instruments (Hedge accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39)" applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more "rule-based" approach of HKAS 39.

HKFRS 9 as issued in September 2014 supersedes this standard. An entity shall apply HKFRS 9 as issued in September 2014 for annual periods beginning on or after 1 January 2018. Early application is permitted.

29. ACCOUNTING POLICIES

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 31 March 2014, except that the Group adopted all new standards, amendments to standards and interpretations of HKFRS effective for the accounting period commencing 1 April 2014.

In the first half of FY2014/15, the Group has early adopted HKFRS 9 "Financial instruments (Hedge accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39)" and issued convertible bonds, the relevant accounting policies are set below:

29.1 Financial instruments

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the assessment of economic relationship between hedging instruments and hedge items, appropriateness of hedge ratio and effect of credit risks. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

In accordance with the transitional provision for hedge accounting of HKFRS 9, the Group is only required to prospectively apply the new requirements for hedge accounting under HKFRS 9, except for certain limited exceptions, from the date of initial application on 1 April 2014. At initial application, hedging relationships that qualified for hedge accounting in accordance with Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" that also qualify for hedge accounting in accordance with the criteria of the new requirements after taking into account any rebalancing of the hedging relationship on transition were regarded as continuing hedging relationships.

In addition, the Group has applied the following accounting policies prospectively for hedging relationships designated during the current interim period in accordance with the new requirements for hedge accounting under HKFRS 9.

The Group designates a component of an item as the hedged item in a hedging relationship provided that, based on an assessment within the context of the particular market structure, the risk component is separately identifiable and reliably measured.

29. ACCOUNTING POLICIES *(Cont'd)*

29.1 Financial instruments *(Cont'd)*

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the Group removes that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or the liability.

The early application of these new requirements for hedge accounting under HKFRS 9 has had no material impact on the results and financial position of the Group for the current period and prior years.

29.2 Convertible bonds

Convertible bonds are accounted for as the aggregate of (i) liability component and (ii) an equity component.

At initial recognition, the fair value of the liability component of the convertible bonds is determined using a market interest rate for an equivalent non-convertible bond. The remainder of the proceeds is allocated to the conversion option as an equity component, recognised in shareholder's equity in other reserve.

The liability component is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion or maturity.

29.3 Currency translation

The following table summarises the exchange rates which are frequently used on the consolidated financial statements.

		Closing rate		Average rate for the period	
				Six months ended 30 September	
1 unit of foreign currency to USD		30 September 2014	31 March 2014	2014	2013
Swiss Franc	CHF	1.05120	1.12770	1.10970	1.06730
Euro	EUR	1.26850	1.37520	1.34890	1.31560
Hungarian Forint	HUF	0.00407	0.00446	0.00436	0.00443
Israeli Shekel	ILS	0.27144	0.28581	0.28660	0.27739
Indian Rupee	INR	0.01626	0.01670	0.01662	0.01699
Japanese Yen	JPY	0.00913	0.00973	0.00971	0.01012
Mexican Peso	MXN	0.07408	0.07650	0.07660	0.07889
Polish Zloty	PLN	0.30350	0.32970	0.32350	0.31170
Chinese Renminbi	RMB	0.16282	0.16108	0.16134	0.16289

30. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2014.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.johnsonelectric.com) and HKExnews (www.hkexnews.hk). The Company's Interim Report 2014 will be despatched to the shareholders and available on the same websites on or about 20 November 2014.

BOARD OF DIRECTORS

As of the date of this announcement, the Board comprises Patrick Shui-Chung Wang, Winnie Wing-Yee Wang, Austin Jesse Wang, being the Executive Directors, and Yik-Chun Koo Wang, Peter Kin-Chung Wang, being the Non-Executive Directors, and Peter Stuart Allenby Edwards, Patrick Blackwell Paul, Michael John Enright, Joseph Chi-Kwong Yam and Christopher Dale Pratt being the Independent Non-Executive Directors.

On behalf of the Board

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

Hong Kong, 4 November 2014

Johnson Electric is one of the constituent stocks on the Hang Seng Composite MidCap Index under the Hang Seng Composite Index, the Bloomberg World Index and the S&P Europe Pacific Asia Composite (EPAC) SmallCap Index. For further information, please visit: www.johnsonelectric.com.