12 November 2015

VOLEX plc

Half year results for the 26 weeks ended 4 October 2015

'Intense focus on cost control to off-set revenue head-winds in our major customers'

Volex plc ('Volex'), the global provider of power and data cabling solutions, today announces its preliminary results for the 26 weeks to 4 October 2015 ('H1 2016').

Financial Summary	**26 weeks to 4 October 2015**	27 weeks to 5 October 2014	% Change
Revenue	**$189.4m**	$220.9m	(14.2%)
Underlying* operating profit / (loss)	**$4.2m**	$3.5m	19.9%
Statutory operating profit / (loss)	**$3.9m**	($4.1m)	Nm
Underlying* profit / (loss) before tax	**$3.3m**	$1.8m	85.6%
Statutory profit / (loss) before tax	**$3.0m**	($5.8m)	Nm
Basic earnings / (loss) per share	**1.1c**	(8.6c)	Nm
Underlying diluted earnings / (loss) per share	**1.5c**	1.0c	55.8%
Cash generated by / (used by) operations	**$2.5m**	$3.0m	(17.0%)
Net debt	**$5.4m**	$5.6m	(3.0%)

* Before non-recurring items and share-based payments credit

Financial highlights

- First statutory profit before tax recorded since H1 FY2013 as exceptional restructuring expense significantly reduced.
- Revenue decline of 14.2% reflecting market pressures in both divisions (adjusting for the additional week in H1 FY2015, decrease reduced to 10.9%).
- Despite the revenue decline, tight cost control has resulted in a gross margin of 16.7% which is in line with the full year FY2015 margin and an 85.6% increase in underlying profit before tax to $3.3m.
- Focus on cost reduction which will continue through the second half of the year.
- Underlying diluted EPS up 55.8% to 1.5c.
- Despite a significant inventory build in advance of customer product releases, net debt held at comparable level to last half year.

Karen Slatford, Chairman, said:

"Trading conditions in the first half of the financial year have been tough. Demand from the core personal computer, tablet and printer markets has slowed and key customer new product launches have been deferred into the second half. Despite this, the Group has returned to profitability. This has been achieved through tight cost control with further savings identified.

We expect our markets to remain highly competitive in the near term. We will continue to monitor costs to ensure they are aligned with revenue performance".

The Company will be presenting its half year results at 09.00am on 12 November 2015 at the offices of Volex plc, 10 Eastbourne Terrace, London, W2 6LG.

For further information please contact:

Volex plc

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RESULTS FOR THE 26 WEEKS ENDED 4 OCTOBER 2015

Introduction

The Board is pleased to report its results for the half year to 4 October 2015 which has seen the Group return to profit. Through our continued strategy of rigorous cost control this improved bottom line performance comes despite noticeable softening in our core markets.

Group revenue is down by 14.2% to $189.4m with both divisions experiencing a decline (adjusting for the extra week in H1 FY2015 this decline is reduced to 10.9%). Softness in the key markets we serve (particularly our PC, laptop and tablet consumer electronic markets and the North American telecoms market) was a key factor coupled with increased competition in the remaining business. Foreign exchange movements accounted for approximately $6.7m of this decrease with our Euro and Brazilian Real sales reduced in value when converted to US Dollars.

Gross profit of $31.6m (H1 FY2015: $38.0m) represents a gross margin of 16.7%, down from 17.2% in the prior comparable period. This decrease reflects the competitive pricing pressure experienced in the period and the operational deleveraging effect of spreading the factory fixed costs of manufacturing across a lower sales volume.

Group underlying operating expenses are down $7.1m on the prior period from $34.5m to $27.4m. $4.0m of this reduction comes from the trading divisions which have benefitted from the full year effect of prior year restructuring plus further limited restructuring in the current period in light of the reduced revenues. Central operating expenses have reduced by $3.1m with central cost savings derived from a restructuring of the London head office, the elimination of executive bonuses and reductions in both travel and professional fees.

As a result of the above actions, the Group underlying operating profit has increased from $3.5m to $4.2m. The statutory operating profit (after non-recurring costs and share-based payments) has moved from a statutory loss of $4.1m to a profit of $3.9m.

Further detailed analysis of the trading divisions is given on the subsequent pages. Please note that the prior year comparatives have been restated following the transfer of the internal cable assembly business from the Power division to the Data division in the second half of the prior year and an increased allocation of overhead and support costs into the operating divisions from the Central division.

During the first half of the year, Christoph Eisenhardt stepped down as CEO for personal reasons. Geraint Anderson, the Company's senior independent non-executive director, has agreed to act as interim CEO whilst the Group reviews its structure. The Board expects to be able to make a further announcement on the issue of leadership succession and board composition by the year end.

Trading performance

Power Division

$'000	27 weeks ended 5 October 2014 (restated)	**26 weeks ended 4 October 2015**	**53 weeks ended 5 April 2015**
Top 3 customers	71,711	54,098	139,715
Other customers	69,350	63,335	133,940
Revenue	141,061	**117,433**	273,655
Underlying gross profit	19,377	**15,220**	36,741
Underlying gross margin	*13.7%*	***13.0%***	*13.4%*
Operating costs	(16,771)	**(13,862)**	(31,351)
Underlying operating profit	2,606	**1,358**	5,390
Underlying operating margin	*1.8%*	***1.2%***	*2.0%*

Volex designs and manufactures power cords, duck heads and related products that are sold to the manufacturers of a broad range of electrical and electronic devices and appliances. Volex products are used in laptops, PCs, tablets, printers, TVs, games consoles, power tools, kitchen appliances and vacuum cleaners.

Power division revenue for H1 FY2016 was $117.4m, down 16.8% on the prior period (adjusting for the extra week in H1 FY2015 this decline is reduced to 13.5%). This downturn was experienced across the entire customer base and reflected the underlying softening seen in the consumer electronics industry. The global PC market is forecast to contract between 9% and 10% in 2015 whilst our largest customer has seen its tablet sales volume reduce by 19% year on year. With reduced demand, competition has been intense and Volex's pricing has had to move to reflect this. Further pricing pressure has arisen due to the lower copper commodity price experienced in H1 FY2016 (copper LME price in H1 FY2016 of $5,652 vs H1 FY2015 of $6,890) with certain customers requesting that this saving be passed on. This has had a circa $2.0m impact upon current period revenue.

Underlying gross profit has reduced to $15.2m from $19.4m, representing a gross margin of 13.0% (H1 FY15: 13.7%). Wage inflation in our key Power manufacturing sites in excess of 10% (Guangdong region of China had 19% wage inflation effective May 2015) has been partially offset by operational efficiency improvements and a weakening Chinese Renminbi. Further, the operational deleveraging effect of fixed overhead costs being absorbed over lower sales has contributed to the margin reduction.

Operating costs have reduced by $2.9m to $13.9m. Once it became apparent that the Power revenues were at risk, a review of the Power cost base was performed and cost savings were achieved through a limited restructuring of the Power management team. Close review and management of costs have also resulted in a significant reduction in travel and professional expenses whilst the lower sales have resulted in reduced local Chinese taxes (e.g. education tax and urban construction and maintenance tax).

Several significant new projects expected in H1 FY2016 have been deferred into H2 FY2016 including the roll out of a new product from our largest customer. We are already beginning to see the benefits of these projects in the second half.

Data Division

$'000	27 weeks ended 5 October 2014 (restated)	**26 weeks ended 4 October 2015**	**53 weeks ended 5 April 2015**
Top 3 customers	50,828	42,106	93,325
Other customers	28,985	29,890	56,429
Revenue	79,813	**71,996**	149,754
Underlying gross profit	18,645	**16,393**	34,197
Underlying gross margin	*23.4%*	***22.8%***	*22.8%*
Operating costs	(11,978)	**(10,924)**	(23,000)
Underlying operating profit	6,667	**5,469**	11,197
Underlying operating margin	*8.4%*	***7.6%***	*7.5%*

Volex designs and manufactures a broad range of cables and connectors (ranging from high speed copper and fiber-optic cables to complex customised optical cable assemblies) that transfer electronic, radio-frequency and optical data. Volex products are used in a variety of applications including data networking equipment, data centres, wireless base stations and cell site installations, mobile computing devices, medical equipment, factory automation, vehicle telematics, agricultural equipment and alternative energy generation.

Revenue for H1 FY2016 was $72.0m, down 9.8% on the prior period (adjusting for the extra week in H1 FY2015 this decline is reduced to 6.3%). Our 3 largest customers in this division experienced a combined 17.2% revenue fall. Of this $8.7m reduction, $3.4m can be attributed to foreign exchange with sales denominated in the Euro particularly impacted by the stronger US Dollar. The balance was due to pricing pressures and general market weakness, particularly in the telecoms sector with the North America market significantly scaling back their investment in mobile broadband and investment in the Russian and Brazilian networks reduced in light of their weakening economies.

Underlying gross profit has reduced to $16.4m from $18.6m, representing a gross margin of 22.8% (H1 FY15: 23.4%). This fall in margin reflects the competitive pricing pressure observed in the 3 largest customers.

Operating costs have reduced by $1.1m to $10.9m. This saving is primarily in headcount with activities taken in the current year to right-size our Brazil operation.

As a result of the above, underlying divisional operating profit for the period fell from $6.7m in H1 FY2015 to $5.5m in H1 FY2016.

Non-recurring items and share-based payments

Non-recurring items of $1.3m have been incurred in the current period of which $1.2m (H1 FY2015: $2.0m) relates to restructuring. As noted previously, at the end of the prior year the formal Volex restructuring plan, the 'Volex Transformation Plan' ('VTP') concluded, however, certain restructuring activities have continued in response to the lower than forecast revenue levels.

Included within the restructuring expense, is $0.3m in respect of the departure of Christoph Eisenhardt (the former Chief Executive Officer), $0.4m for the restructuring of the Power management team and $0.3m for the right-sizing of our Brazilian operation.

A further $0.1m has been charged to non-recurring in light of unforeseen costs associated with one of our onerous properties.

In the prior period, $5.8m of non-recurring spend was recorded relating to a non-cash impairment of product development costs (and provision for associated costs) related to two specific projects, Active Optical Cables ('AOC') and Internal Power Adaptors.

Off-setting the non-recurring charge is a $0.9m credit (H1 FY2015: $0.5m credit) for share-based payments arising from the lapse of share options following the departure of certain employees.

Tax

The Group incurred a tax charge of $2.0m (H1 FY2015: $1.0m). The underlying tax charge was $2.0m (H1 FY2015: $1.0m), representing an underlying effective tax rate of 60% (H1 FY2015: 58%), consistent with our expectation of the underlying ETR for the full year.

The high level of underlying ETR in the current period reflects certain territories (primarily China and Indonesia) in which we operate being required to recognise a minimum level of taxable profit regardless of overall Group performance. With profits recognised in these territories, the losses in other territories do not generate an associated deferred tax asset. Management expects this underlying tax rate to reduce in future periods as the Group performance improves.

Half year position and cash flows

Balance sheet and refinancing

Net assets as at H1 FY2016 are $53.0m, down $1.5m from the prior year end. This is primarily due to a $2.0m reduction arising from the strengthening US Dollar ('USD'). With a number of our assets held in entities with a non-USD underlying currency, their conversion into USD on consolidation has resulted in the net asset decrease. The two currencies showing most translation exposure are the Euro and the Brazilian Real.

Stock has increased by $8.2m since year end in anticipation of several large customer new product roll-outs. We expect this stock to normalise in the second half of the year. As a consequence of this, trade creditors have also increased significantly.

Net debt at H1 FY2016 of $5.4m is $7.3m higher than at year end.

Cash flows

The underlying business generated $0.6m from its operating activities (H1 FY2015: $3.8m), with the decrease on prior year primarily as a result of the stock build noted above. In addition, a further $1.9m (H1 FY2015: $3.9m) of non-recurring operational cash spend was incurred.

$4.5m of capital expenditure was incurred on tooling and machinery throughout the Group, up $2.4m on the prior period, reflecting the investment in the new customer product roll-outs now expected in H2 FY2016.

Outlook

Trading conditions in the first half of the financial year have been tough. Demand from the core personal computer, tablet and printer markets has slowed and key customer new product launches have been deferred into the second half. Despite this, the Group has returned to profitability. This has been achieved through tight cost control with further savings identified.

We expect our markets to remain highly competitive in the near term. We will continue to monitor costs to ensure they are aligned with revenue performance.

Risks and uncertainties

Risks to Volex are anticipated and regularly assessed and internal controls are enhanced where necessary to ensure that such risks are appropriately mitigated. The principal risks and uncertainties facing the Group in the second half of the year remain those detailed in the FY2015 Annual Report and Accounts on pages 22 to 24, a copy of which is available on the website at www.volex.com.

The principal risks and uncertainties are summarised as:

- Customer concentration;
- Customer alignment;
- Competition and pricing pressure;
- Supplier dependency;
- Supply chain and business continuity;
- Customer requirements;
- Compliance with legislation and regulations;
- Breach of financial covenants;
- Foreign exchange fluctuations; and
- Copper price volatility.

Responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS34 'Interim Financial Reporting' as adopted by the EU.
- the interim management report includes a fair review of the information required by DTR 4.2.7R:
    - an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and
    - a description of the principal risks and uncertainties for the remaining six months of the year.
- the interim management report includes a fair review of the information required by DTR 4.2.8R:
    - related parties transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group in that period, and
    - any changes in the related parties transactions described in the Annual Report 2014 that could have a material effect on the financial position or performance of the Group in the current period.

Geraint Anderson
Interim Group Chief Executive Officer
12 November 2015

Daren Morris
Group Chief Financial Officer
12 November 2015

Unaudited consolidated income statement

For the 26 weeks ended 4 October 2015 (27 weeks ended 5 October 2014)

		26 weeks ended 4 October 2015			27 weeks ended 5 October 2014		
	Notes	Before non-recurring items and share-based payments **$'000**	Non-recurring items and share-based payments **$'000**	Total **$'000**	Before non-recurring items and share-based payments $'000	Non-recurring items and share-based payments $'000	Total $'000
Revenue	2	**189,429**	**-**	**189,429**	220,874	-	220,874
Cost of sales		**(157,816)**	**-**	**(157,816)**	(182,851)	-	(182,851)
Gross profit		**31,613**	**-**	**31,613**	38,023	-	38,023
Operating expenses		**(27,402)**	**(329)**	**(27,731)**	(34,512)	(7,564)	(42,076)
Operating profit/(loss)	2	**4,211**	**(329)**	**3,882**	3,511	(7,564)	(4,053)
Finance income		**9**	**-**	**9**	18	-	18
Finance costs		**(927)**	**-**	**(927)**	(1,755)	-	(1,755)
Profit/(loss) on ordinary activities before taxation		**3,293**	**(329)**	**2,964**	1,774	(7,564)	(5,790)
Taxation	4	**(1,970)**	**-**	**(1,970)**	(1,026)	72	(954)
Profit/(loss) for the period attributable to the owners of the parent		**1,323**	**(329)**	**994**	748	(7,492)	(6,744)
Earnings/(loss) per share (cents)							
Basic	5	**1.5**		**1.1**	1.0		(8.6)
Diluted	5	**1.5**		**1.1**	1.0		(8.6)

		53 weeks ended 5 April 2015		
	Notes	Before non-recurring items and share-based payments $'000	Non-recurring items and share based payments $'000	Total $'000
Revenue	2	423,409	-	423,409
Cost of sales		(352,471)	(311)	(352,782)
Gross profit		70,938	(311)	70,627
Operating expenses		(62,106)	(13,074)	(75,180)
Operating profit/(loss)	2	8,832	(13,385)	(4,553)
Finance income		40	-	40
Finance costs		(2,666)	-	(2,666)
Profit/(loss) on ordinary activities before taxation		6,206	(13,385)	(7,179)
Taxation	4	(3,837)	308	(3,529)
Profit/(loss) for the period attributable to the owners of the parent		2,369	(13,077)	(10,708)
Earnings/(loss) per share (cents)				
Basic	5	2.8		(12.8)
Diluted	5	2.8		(12.8)

Unaudited consolidated statement of comprehensive income

For the 26 weeks ended 4 October 2015 (27 weeks ended 5 October 2014)

	26 weeks to 4 October 2015 $'000	27 weeks to 5 October 2014 $'000	(Audited) 53 weeks to 5 April 2015 $'000
Profit/(loss) for the period	**994**	(6,744)	(10,708)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit pension schemes	**126**	(874)	(1,293)
Tax relating to items that will not be reclassified	**-**	-	-
	126	(874)	(1,293)
Items that may be reclassified subsequently to profit or loss:			
Gain/(loss) on hedge of net investment taken to equity	**106**	(55)	(377)
Gain/(loss) arising on cash flow hedges during the period	**155**	343	(323)
Exchange gain/(loss) on translation of foreign operations	**(2,007)**	400	1,864
Tax relating to items that may be reclassified	**-**	-	-
	(1,746)	688	1,164
Other comprehensive income/(loss) for the period	**(1,620)**	(186)	(129)
Total comprehensive income/(loss) for the period	**(626)**	(6,930)	(10,837)

Unaudited consolidated statement of financial position

As at 4 October 2015 (5 October 2014)

	Note	**4 October 2015 $'000**	5 October 2014 $'000	(Audited) 5 April 2015 $'000
Non-current assets				
Goodwill		**2,937**	3,080	2,880
Other intangible assets		**1,506**	1,356	1,387
Property, plant and equipment		**36,383**	36,733	35,232
Other receivables		**1,010**	739	1,037
Deferred tax asset		**1,005**	467	848
		42,841	42,375	41,384
Current assets				
Inventories		**51,631**	46,190	43,437
Trade receivables		**68,316**	75,391	65,800
Other receivables		**7,810**	10,040	9,128
Current tax assets		**275**	568	222
Derivative financial instruments		**-**	-	66
Cash and bank balances	8	**30,022**	23,572	33,736
		158,054	155,761	152,389
Total assets		**200,895**	198,136	193,773
Current liabilities				
Borrowings	8	**7,069**	6,371	7,533
Trade payables		**70,084**	66,448	62,241
Other payables		**25,178**	28,130	26,185
Current tax liabilities		**5,830**	5,212	6,713
Retirement benefit obligation		**789**	669	709
Provisions		**2,576**	3,293	3,206
Derivative financial instruments		**1,059**	693	1,262
		112,585	110,816	107,849
Net current assets		**45,469**	44,945	44,540
Non-current liabilities				
Borrowings	8	**28,383**	22,799	24,323
Other payables		**481**	244	536
Deferred tax liabilities		**2,447**	1,968	2,185
Retirement benefit obligation		**2,526**	3,026	2,909
Provisions		**1,455**	1,900	1,463
		35,292	29,937	31,416
Total liabilities		**147,877**	140,753	139,265
Net assets		**53,018**	57,383	54,508
Equity attributable to owners of the parent				
Share capital		**39,755**	39,755	39,755
Share premium account		**7,122**	7,122	7,122
Non-distributable reserve		**2,455**	2,455	2,455
Hedging and translation reserve		**(10,312)**	(9,042)	(8,566)
Own shares		**(867)**	(858)	(867)
Retained earnings		**14,865**	17,951	14,609
Total equity		**53,018**	57,383	54,508

Unaudited Consolidated Statement of Changes in Equity

For the 26 weeks ended 4 October 2015 (27 weeks ended 5 October 2014)

	Share capital $'000	Share premium account $'000	Non-distributable reserves $'000	Hedging and translation reserve $'000	Own shares $'000	Retained earnings/ (losses) $'000	Total equity $'000
Balance at 30 March 2014	**29,662**	**7,122**	**2,455**	**(9,730)**	**(1,103)**	**8,319**	**36,725**
Profit for the period attributable to the owners of the parent	-	-	-	-	-	(6,744)	(6,744)
Other comprehensive income/ (loss) for the period	-	-	-	688	-	(874)	(186)
Total comprehensive income/ (loss) for the period	-	-	-	688	-	(7,618)	(6,930)
Issue of share capital	10,093	-	-	-	-	17,813	27,906
Own shares utilised in the period	-	-	-	-	227	(87)	140
Exercise of Non-Executive Long Term Incentive Scheme	-	-	-	-	18	(69)	(51)
Reserve entry for share option charges/(credit)	-	-	-	-	-	(407)	(407)
Balance at 5 October 2014	**39,755**	**7,122**	**2,455**	**(9,042)**	**(858)**	**17,951**	**57,383**
Balance at 5 April 2015	**39,755**	**7,122**	**2,455**	**(8,566)**	**(867)**	**14,609**	**54,508**
Profit for the period attributable to the owners of the parent	-	-	-	-	-	994	994
Other comprehensive income/ (loss) for the period	-	-	-	(1,746)	-	126	(1,620)
Total comprehensive income/ (loss) for the period	-	-	-	(1,746)	-	1,120	(626)
Own shares utilised in the period	-	-	-	-	-	-	-
Exercise of Non-Executive Long Term Incentive Scheme	-	-	-	-	-	-	-
Reserve entry for share option charges/(credit)	-	-	-	-	-	(864)	(864)
Balance at 4 October 2015	**39,755**	**7,122**	**2,455**	**(10,312)**	**(867)**	**14,865**	**53,018**

Unaudited consolidated statement of cash flows

For the 26 weeks ended 4 October 2015 (27 weeks ended 5 October 2014)

	Notes	26 weeks to 4 October 2015 $'000	27 weeks to 5 October 2014 $'000	(Audited) 53 weeks to 5 April 2015 $'000
Profit/(loss) for the period		**994**	(6,744)	(10,708)
Adjustments for:				
Finance income		**(9)**	(18)	(40)
Finance costs		**927**	1,755	2,666
Income tax expense		**1,970**	954	3,529
Depreciation of property, plant and equipment		**3,094**	3,267	6,413
Impairment of property, plant and equipment		**-**	689	689
Amortisation of intangible assets		**364**	445	799
Impairment of intangible assets		**-**	4,409	4,409
Loss on disposal of property, plant and equipment		**16**	2	14
Share option charge/(credit)		**(927)**	(466)	857
Effects of foreign exchange rate changes		**(88)**	134	333
Increase/(decrease) in provisions		**(1,166)**	(1,053)	(1,078)
Operating cash flow before movements in working capital		**5,175**	3,374	7,883
(Increase)/decrease in inventories		**(8,422)**	(6,833)	(4,881)
(Increase)/decrease in receivables		**(1,581)**	(8,536)	171
Increase/(decrease) in payables		**7,288**	14,959	9,587
Movement in working capital		**(2,715)**	(410)	4,877
Cash generated by operations		**2,460**	2,964	12,760
Cash generated by operations before non-recurring items		**4,338**	6,903	18,175
Cash utilised by non-recurring items		**(1,878)**	(3,939)	(5,415)
Taxation paid		**(2,842)**	(1,516)	(2,596)
Interest paid		**(902)**	(1,562)	(2,367)
Net cash generated from/(used in) operating activities		**(1,284)**	(114)	7,797
Cash flow from investing activities				
Interest received		**9**	18	40
Proceeds on disposal property, plant and equipment		**2**	5	61
Purchases of property, plant and equipment		**(4,520)**	(2,140)	(3,936)
Purchases of intangible assets		**(474)**	(821)	(1,266)
Utilisation of own shares		**-**	190	490
Net cash generated from/(used in) investing activities		**(4,983)**	(2,748)	(4,611)
Cash flow before financing activities		**(6,267)**	(2,862)	3,186
Cash generated/(used) before non-recurring items		**(4,389)**	1,077	8,601
Cash utilised in respect of non-recurring items		**(1,878)**	(3,939)	(5,415)
Cash flow from financing activities				
Proceeds on issue of shares		**-**	27,906	27,906
Repayment of borrowings		**(3,500)**	(25,139)	(25,139)
Refinancing costs paid		**-**	(691)	(875)
New bank loans raised		**6,872**	4,500	8,000
Net cash generated from/(used in) financing activities	8	**3,372**	6,576	9,892
Net increase/(decrease) in cash and cash equivalents		**(2,895)**	3,714	13,078
Cash and cash equivalents at beginning of period	8	**26,203**	13,675	13,675
Effect of foreign exchange rate changes		**(355)**	(188)	(550)
Cash and cash equivalents at end of period	8	**22,953**	17,201	26,203

Notes to the Interim Statements

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the 53 weeks ended 5 April 2015, which have been prepared in accordance with IFRSs as adopted by the European Union.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information presented for the 26 weeks ended 4 October 2015 and the 27 weeks ended 5 October 2014 ('H1 FY2015') has not been reviewed by the auditors. The financial information for the 53 weeks ended 5 April 2015 ('FY 2015') is extracted and abridged from the Group's full accounts for that year. The statutory accounts for FY 2015 have been filed with the Registrar of Companies for England and Wales and have been reported on by the Group's auditors. The Report of the Auditors was not qualified and did not contain a statement under Section 498 of the Companies Act 2006.

The interim report was approved by the Board of Directors on 10 November 2015.

This interim report can be downloaded or viewed via the Group's website at www.volex.com. Copies of the annual report for the financial year ended 5 April 2015 are available at the Company's registered office at 10 Eastbourne Terrace, London, W2 6LG, UK and can also be downloaded or viewed via the Group's website.

The Group's forecast and projections, taking reasonable account of possible changes in trading performance, show that the Group should operate within the level of the committed senior credit facility for the foreseeable future and should comply with associated covenants over this period. The Group also has access to and uses additional uncommitted facilities. Further, the Group has a number of mitigating actions available to it, should actual performance fall below the current financial forecasts. The Directors have the financial controls and monitoring available to them to put in place those mitigating actions in a timely fashion if they see the need to do so. The Directors therefore believe that the Group is well placed to manage its business within its covenants. Accordingly, they continue to adopt the going concern basis in preparing these condensed financial statements.

The same presentation and methods of computation are followed in these condensed financial statements as applied in the Group's latest annual financial statements. These condensed financial statements have also been prepared using accounting policies consistent with International Financial Reporting Standards as adopted for use in the European Union ('IFRS') and which are consistent with those disclosed in the annual report and accounts for the year ended 5 April 2015, except as described below.

The amendments to IAS 19, 'Defined Benefit Plans: Employee Contributions' has been applied retrospectively with no significant impact on the amounts reported.

There are no other standards, amendments to standards or interpretations that are both mandatory for the first time for the financial year ending 3 April 2016 and expected to have a material impact on the Group's results.

2. Business and geographical segments

Business segments

The internal reporting provided to the Group's Board for the purpose of resource allocation and assessment of Group performance is based upon the nature of products which the Group supplies. In addition to the operating divisions, a Central division exists to capture all of the corporate costs incurred in supporting the operations.

Division	Description
Power	The sale and manufacture of electrical power products to manufacturers of electrical / electronic devices and appliances. These include laptop / desktop computers, printers, televisions, power tools and floor cleaning equipment.
Data	The sale and manufacture of cables permitting the transfer of electronic, radio-frequency and optical data. These cables can range from simple USB cables to complex high speed cable assemblies. Data cables are used in numerous devices including medical equipment, data centres, telecoms networks and the automotive industry.
Central	Corporate costs that are not directly attributable to the manufacture and sale of the Group's products but which support the Group in its operations. Included within this division are the costs incurred by the executive management team and the corporate head office.

The Board believes that the segmentation of the Group based upon product characteristics allows it to best understand the Group's performance and profitability.

The following is an analysis of the Group's revenues and results by reportable segment.

	26 weeks to 4 October 2015		27 weeks to 5 October 2014 (restated)	
	Revenue $'000	**Profit/(loss) $'000**	Revenue $'000	Profit/(loss) $'000
Power	**117,433**	**1,358**	141,061	2,606
Data	**71,996**	**5,469**	79,813	6,668
Unallocated central costs (excluding share-based payments)		**(2,616)**		(5,763)
Divisional results before share-based payments and non-recurring items	**189,429**	**4,211**	220,874	3,511
Non-recurring items		**(1,256)**		(8,030)
Share-based payments		**927**		466
Operating profit		**3,882**		(4,053)
Finance income		**9**		18
Finance costs		**(927)**		(1,755)
Profit before tax		**2,964**		(5,790)
Tax		**(1,970)**		(954)
Profit after tax		**944**		(6,744)

2. Business and geographical segments (continued)

	(Audited) 53 weeks to 5 April 2015 Revenue $’000	(Audited) 53 weeks to 5 April 2015 Profit/(loss) $’000
Power	273,655	5,390
Data	149,754	11,197
Unallocated central costs (excluding share-based payments)	-	(7,755)
Divisional results before share-based payments and non-recurring items	423,409	8,832
Non-recurring items		(12,528)
Share-based payments		(857)
Operating profit		(4,553)
Finance income		40
Finance costs		(2,666)
Profit before tax		(7,179)
Tax		(3,529)
Profit after tax		(10,708)

The accounting policies of the reportable segments are in accordance with the Group’s accounting policies.

The H1 FY2015 segmental reporting has been restated following the transfer of the internal cable assembly business from the Power division to the Data division in the second half of the prior year plus an increased allocation of overhead and support costs into the operating divisions from the Central division. This restatement ensures that the prior period is presented on a consistent basis with the current period.

The non-recurring items charge within operating profit of $1,256,000 (H1 FY2015: $8,030,000, FY2015: $12,528,000) was split $422,000 (H1 FY2015: $826,000, FY2015: $2,450,000) to Power, $320,000 (H1 FY2015: $6,245,000, FY2015: $7,603,000) to Data and $514,000 (H1 FY2015: $959,000, FY2015: $2,475,000) to Central.

Other segmental information

	External revenue			Non-current assets (excluding deferred tax assets)		
	26 weeks to 4 October 2015 $’000	27 weeks to 5 October 2014 $’000	(Audited) Year to 5 April 2015 $’000	**26 weeks to 4 October 2015 $’000**	27 weeks to 5 October 2014 $’000	(Audited) 53 weeks to 5 April 2015 $’000
Geographical segments						
Asia (excluding India)	**114,978**	133,176	259,940	**34,943**	34,535	33,709
North America	**42,444**	45,438	86,676	**1,372**	1,395	1,390
Europe	**25,769**	32,448	59,690	**3,885**	4,645	4,229
India	**3,702**	3,728	8,370	**713**	617	584
South America	**2,536**	6,084	8,733	**923**	716	624
	189,429	220,874	423,409	**41,836**	41,908	40,536

3. Non-recurring items and share-based payments

	26 weeks to 4 October 2015 $'000	27 weeks to 5 October 2014 $'000	(Audited) 53 weeks to 5 April 2015 $'000
Restructuring costs	**1,155**	1,985	5,223
Movement in onerous lease provision	**101**	-	1,110
Product portfolio realignment	**-**	5,843	5,825
Financing	**-**	61	72
Provision for historic sales tax claims	**-**	102	102
Other	**-**	39	196
Total non-recurring items	**1,256**	8,030	12,528
Share-based payments (credit) / charge	**(927)**	(466)	857
Non-recurring items and share-based payments	**329**	7,564	13,385

During H1 FY2016, the Group has incurred $1,155,000 of restructuring cost. $282,000 of this has been in respect of the departure of the Chief Executive Officer with the remainder covering management changes in the Power division, restructuring of our Brazil operations given the significant decline in trade and other targeted long term cost savings.

In the prior year the Volex Transformation Plan ('VTP'), a Group-wide restructuring programme initiated in FY2014, concluded. This restructuring impacted all functions and all regions and sought to align the Group's manufacturing and support facilities with the expected future performance of the business. The $5,223,000 cost of this programme was split:

- An executive and senior management change element of $711,000 relating to the departure of the Group Chief Financial Officer and the build-up of the Data division's senior management team.
- An operational element of $3,556,000 reflecting significant investment in the sales function with sales offices established in three new territories, the up-skilling of certain factory managers, the removal of certain middle management roles throughout the organisation and costs associated with down-sizing certain operations
- A business process review element of $956,000 which documented the Group's operating cycles and their reliance on the current IT systems. The cost of external consultants and internal staff hired directly to work on this project were expensed as non-recurring. Based upon this review, the current ERP system was scored against alternatives in the market-place and it was concluded that the most cost-effective long term solution for the Group was to upgrade the existing system. Further, a small potential acquisition was investigated in the current period but was not pursued following due diligence. Directly attributable travel expenditure and external consultancy costs were treated as non-recurring.

At H1 FY2015 $1,985,000 had been incurred in respect of the above.

The Group has incurred a non-recurring charge in the period of $101,000 (FY2015: $1,110,000) in relation to onerous leases. The current period charge relates to the repair of non-forecast property damage. The FY2015 charge was split between an increase on a pre-existing provision following a change in the underlying assumptions of the provision calculation and the recognition of a new onerous lease following the departure of sub-tenants.

The Group has a share based credit in H1 FY2016 of $927,000 (H1 FY2015: credit of $466,000, FY2015: charge of $857,000) due to the reversal of the cumulative charge associated with lapsed options following the departure of certain employees.

3. Non-recurring items (continued)

In the prior year, the Group reviewed its product portfolio including ongoing product development projects. The Board, along with the Divisional Management teams, concluded that the resources required to complete the Active Optical Cables ('AOC') development project were better allocated elsewhere. Under the requirements of IAS 36 'Impairment of Assets' the recoverable amount of the AOC development asset was assessed and it was determined to be lower than the carrying value. As a result an impairment charge of $4,308,000 was booked. Similarly all tangible fixed assets which were deemed specific to the AOC project were reviewed for impairment and a further charge of $789,000 was processed. Future contracted costs associated with AOC (including specific employee redundancies, purchase commitments and an onerous lease on the AOC development facility) were also provided for totalling $746,000 at H1 FY2015, subsequently adjusted to $728,000 for year end.

4. Tax charge

The Group tax charge for the period is based on the forecast tax charge for the year as a whole and has been influenced by the differing tax rates in the UK and the various overseas countries in which the Group operates.

5. Earnings per ordinary share

The calculations of the earnings per share are based on the following data:

	26 weeks to 4 October 2015	26 weeks to 5 October 2014	53 weeks to 5 April 2015
Earnings/(loss)	**$'000**	$'000	$'000
Earnings/(loss) for the purpose of basic earnings per share	**994**	(6,744)	(10,708)
Adjustments for:			
Non-recurring items	**1,256**	8,030	12,528
Share based payments charge/(credit)	**(927)**	(466)	857
Tax effect of above adjustments	**-**	(72)	(308)
Underlying earnings	**1,323**	748	2,369

Weighted average number of ordinary shares	No. shares	No. shares	No. shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**88,956,531**	78,111,849	83,585,697
Effect of dilutive potential ordinary shares – share options	**48,995**	440,864	184,697
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**89,005,526**	78,552,713	83,770,394

Basic earnings/(loss) per share	**Cents**	Cents	Cents
Basic earnings/(loss) per share from continuing operations	**1.1**	(8.6)	(12.8)
Adjustments for:			
Non-recurring items	**1.4**	10.3	15.0
Share based payments charge/(credit)	**(1.0)**	(0.6)	1.0
Tax effect of above adjustments	**-**	(0.1)	(0.4)
Underlying basic earnings per share	**1.5**	1.0	2.8

Diluted earnings/(loss) per share			
Diluted earnings/(loss) per share	**1.1**	(8.6)	(12.8)
Adjustments for:			
Non-recurring items	**1.4**	10.3	15.0
Share based payments charge/(credit)	**(1.0)**	(0.6)	1.0
Tax effect of above adjustments	**-**	(0.1)	(0.4)
Underlying diluted earnings per share	**1.5**	1.0	2.8

5. Earnings per ordinary share (continued)

The underlying earnings per share has been calculated on the basis of continuing activities before non-recurring items and the share-based payments charge, net of tax. The Directors consider that this earnings per share calculation gives a better understanding of the Group's earnings per share in the current and prior period.

6. Share issue

In July 2014, Volex plc issued 24,067,171 ordinary shares in the Company at a price of 75 pence per share. Net of issue costs this generated $27,906,000. The issue was effected by way of a cashbox placing.

7. Own shares

	26 weeks to 4 October 2015 $'000	26 weeks to 5 October 2014 $'000	(Audited) 53 weeks to 5 April 2015 $'000
At the start of the period	**867**	1,103	1,103
Disposed of in the period on exercise of options	**-**	(245)	(236)
Sale of shares	-	-	-
At the end of the period	**867**	858	867

The own shares reserve represents the cost of shares in the Company held by the Volex Group plc Employee Share Trust and the Volex Group Guernsey Purpose Trust to satisfy future share option exercises under the Group's share option schemes.

The number of ordinary shares held by the Volex Group plc Employee Share Trust at 4 October 2015 was 1,295,361 (5 April 2015: 1,295,361; 5 October 2014: 1,249,399) and the Volex Group Guernsey Purpose Trust was nil (5 April 2015: nil; 5 October 2014: 38,711).

On 22 May 2015 the Volex Group Guernsey Purpose Trust was terminated. The $1,182,000 of cash held by the trust was transferred to Volex plc and the intercompany balance of $39,000 repaid. Since the cash held by the trust had been generated from the sale of new issue shares donated by Volex plc, the transfer of the above gain has been accounted for within Volex plc's non-distributable reserves.

8. Analysis of net debt

	5 April 2015 $'000	Cash flow $'000	Exchange movement $'000	Other non-cash changes $'000	**4 October 2015 $'000**
Cash and cash equivalents	26,203	(2,895)	(355)	-	**22,953**
Bank loans	(25,159)	(3,372)	(515)	-	**(29,046)**
Debt issue costs	836	-	18	(191)	**663**
Net debt	1,880	(6,267)	(852)	(191)	**(5,430)**

	4 October 2015 $'000	5 October 2014 $'000	(Audited) 5 April 2015 $'000
Cash and bank balances	**30,022**	23,572	33,736
Overdrafts (included in short term borrowings)	**(7,069)**	(6,371)	(7,533)
Cash and cash equivalents	**22,953**	17,201	26,203

9. Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Included within the restructuring charge shown in Note 3 is $282,000 (H1 FY2015: $nil, FY2015: $369,000) for severance payments made to directors.