11 June 2015

VOLEX plc

Preliminary Announcement of the Group Results for the Financial Year ended 5 April 2015

'Volex has returned to growth; Volex Transformation Plan complete'

Volex plc ('Volex'), a global provider of power and data cabling solutions, today announces its preliminary results for the 53 weeks ended 5 April 2015 ('FY2015').

Financial Highlights	53 weeks to 5 April 2015	52 weeks to 30 March 2014
Revenue	**$423.4m**	$400.2m
Underlying* operating profit / (loss)	**$8.8m**	$4.5m
Statutory operating profit / (loss)	**($4.6m)**	($4.8m)
Underlying* profit / (loss) before tax	**$6.2m**	$1.2m
Basic earnings / (loss) per share**	**(12.8c)**	(22.6c)
Underlying diluted earnings / (loss) per share**	**2.8c**	(8.6c)
Net cash / (debt)	**$1.9m**	($32.2m)

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

** The comparative earnings per share figures have been adjusted to reflect the Placing and Open Offer that completed in July 2014

Summary

- Revenue growth of 6%[1], primarily driven through the Power division;
- Underlying operating profit up by 95% reflecting the increased sales performance and improved control of operating expenditure;
- Successful share placing and open offer concluded in the period raising $27.9m (net of issue costs);
- Significant improvement in free cash flow with the Group generating $2.7m of cash in FY2015 versus an outflow of $21.4m in the prior year;
- Net cash of $1.9m at 5 April 2015 versus net debt of $32.2m at prior year end;
- Stronger balance sheet with increased financial flexibility; and
- The Volex Transformation Plan ('VTP'), which commenced in November 2013, concluded in March 2015. Through a combination of investment in people, processes and the right-sizing of certain sites, the Group is now better placed to compete for and win profitable business.

[1] Current period results benefitted from an additional week. On a like-for-like basis, revenue growth is 4%. See financial review for full details.

The Chairman of Volex, Karen Slatford, commented:

'The Group has undergone significant change over the past two years. I am glad to report that the investment in people and infrastructure that we have made through the Volex Transformation Plan has had a positive impact on our results.

Thanks to our global manufacturing footprint, high quality customer base, product portfolio and our commitment to continuous improvement, the Group can visibly differentiate itself from the competition.

Growth slowed in the second half of the financial year and we expect the markets in which we operate to continue to be competitive. While we may experience short term volatility in our revenues as a result of market developments and our customer concentration, the Board is confident that the Group is well placed to make further progress in the coming year'.

The Company will be presenting its full year results at 08.30 on Thursday 11 June 2015.

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Volex plc

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Forward looking statements

Certain statements in this announcement are forward-looking statements which are based on Volex's expectations, intentions and projections regarding its future operating performance and objectives, anticipated events or trends and other matters that are not historical facts. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'targets', 'goal' or 'estimates'. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, by way of example only and not limited to, general economic conditions, currency fluctuations, competitive factors, the loss of one of our major competitors, failure of one or more major suppliers and changes in raw materials or labour costs among other risks. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, Volex undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Chairman's Statement

The past 24 months have seen significant change at Volex. The Volex Transformation Plan ('VTP') has led to a significant investment in people, improved accountability and an increased focus on process efficiency. In turn, this has driven an improvement in both customer engagement and cost competitiveness. I am very glad to announce that at the end of March 2015, the Group delivered growth in both revenue and underlying operating profit. Whilst we recognise there is still much to do, the Group is now better positioned to deliver future profitable growth.

Financial performance

Revenue increased by 5.8% from $400.2 million to $423.4 million while underlying operating profit increased by 94.9% to $8.8 million (FY2014: $4.5 million). This improved performance was a direct result of the enhanced customer engagement (with increased allocations from existing customers as well as new customer wins) and the operational efficiency gains achieved.

Through the reorganisation of both the sales and engineering functions, we have been able to better understand and respond to our customer requirements. The 'design-to-cost' methodology introduced in the early stages of the VTP has seen the development of new product ranges that allow us to better compete on price. Further, we have seen a renewed focus from our customers on reliability, safety and product quality, a core Volex strength.

The positive impact has been more visible in the Power division where shorter cycle times between new business quotation, award and delivery have led to an 8.5% year on year increase in sales. With price competition fierce in this industry, the "design-to-cost" approach has been pivotal in securing modest margin growth. The Data division has also shown growth with revenues up 1.2% in the year despite difficulties experienced by two of the division's largest customers.

The transformation of the business has necessitated a wide-ranging restructuring of the Group, which has resulted in non-recurring costs of $5.2 million (FY2014: $8.6 million). Included within the $5.2 million are recruitment and relocation fees for new senior hires (increasing regional sales and engineering capabilities), further right-sizing costs of certain sites, other targeted redundancies and costs associated with operational process, location and system reviews. With the VTP now concluded, minimal restructuring costs are forecast for the coming year.

A further $5.8 million expense is included within non-recurring costs in relation to a non-cash impairment of product development costs (and provision for associated costs). Following the appointment of the Data CEO, the Board and the new Divisional Management teams performed an extensive review of the Volex product portfolio. It was concluded that the resources applied to two specific development projects, Active Optical Cables ('AOC') and Internal Power Adaptors were better allocated elsewhere. As a consequence, the patents and capitalised development costs associated with AOC have been impaired.

As a result of the high level of non-recurring expenditure, the statutory operating loss for the year is $4.6 million (FY2014: loss of $4.8 million) which after the deduction of net finance costs gave a loss before tax for the year of $7.2 million (FY2014: loss of $7.6 million). Following a tax charge of $3.5 million (FY2014: $6.6 million), arising principally in overseas territories where a minimum level of profit is required to be recognised regardless of overall Group performance, the loss after tax for the year is $10.7 million (FY2014: loss of $14.2 million). This has resulted in a statutory loss per share of 12.8 cents (FY2014: loss of 22.6 cents).

During the year, 24,067,171 new shares were issued at £0.75 per under a 4 for 11 placing and open offer. After the deduction of issue costs, this generated net funds to the Company of $27.9 million. $25.1 million of this cash was used to refinance the Group's senior credit facility with the banking syndicate agreeing to amend and extend the existing facility to a $45.0 million facility expiring in June 2017. Following this successful refinancing, the Group has a stronger balance sheet and greater financial flexibility to react to future opportunities.

As a result of the improved trading performance coupled with tight working capital management, the Group has generated $7.8 million of cash from operating activities in the year (FY2014: cash outflow of $11.1 million). After the deduction of $4.6 million for cash spent in investing activities (FY2014: $4.0 million), the Group has ended the year in a net cash position of $1.9 million (FY2014: net debt of $32.2 million).

Business transformation

The VTP commenced in November 2013 with three clear goals:

- Increasing customer focus with a more customer and regional /market specific product offering;
- Increasing operational efficiency with an emphasis upon design-to-cost manufacturing methodology; and
- Improving supply chain management.

Sixteen months later and with the VTP now complete, I am pleased to say that we are seeing clear benefits from the plan. Our focus on customer engagement has delivered sales growth with increased allocations from existing customers and new business awards from both existing and new customers. The streamlining of certain of our factory operations alongside investment in people, infrastructure and processes has ensured Volex is cost competitive and margin improvements have been delivered.

The VTP key achievements include:

- Structural
  - ✓ Renewed Board and executive management
  - ✓ Established the two divisions of Power & Data
  - ✓ Refinanced the Group to provide financial stability

- Sales & customer focus:
  - ✓ Investment in sales force and establishing four sales regions
  - ✓ Reviewed product portfolio and increased focus on those products that differentiate from the competition
  - ✓ Established group wide customer relationship management ('CRM') system

- Increased operational efficiency:
  - ✓ Completed factory right-sizing
  - ✓ Introduced new product ranges using design-to-cost methodology (e.g. V-Novus)
  - ✓ Increased factory accountability with central operations oversight

- Improving supply chain management:
  - ✓ Reorganised direct procurement function with accountability within the divisions
  - ✓ Introduced indirect procurement function to the Group
  - ✓ Embedded multi-sourcing localised procurement strategy throughout the group

Through the VTP, I believe the Group is well placed to provide future profitable growth.

Board Changes

Following the successful refinancing in the year both Nick Parker, the Group CFO and John Allkins, Non-Executive Director and Chair of the Audit Committee, left the Group. I would like to take this opportunity to thank them for their hard work particularly in ensuring the long term financial stability of the Group.

Daren Morris, formerly a Non-Executive Director of the Group, became interim Group CFO in December 2014 and was appointed permanent CFO on 8 June 2015.

Robert Beveridge joined the Board in April 2015 as Non-Executive Director and Chair of the Audit Committee. Robert brings with him a wealth of financial and business experience and I would like to welcome him to the Group.

People

I would also like to take this opportunity to thank all the employees of the Group for their hard work and dedication during what has continued to be a period of change. It is gratifying to see that their focus upon improving Volex market competitiveness has yielded positive results.

Outlook Statement

The Group has undergone significant change over the past two years. I am glad to report that the investment in people and infrastructure that we have made through the VTP has had a positive impact on our results.

Thanks to our global manufacturing footprint, high quality customer base, product portfolio and our commitment to continuous improvement, the Group can visibly differentiate itself from the competition.

Growth slowed in the second half of the financial year and we expect the markets in which we operate to continue to be competitive. While we may experience short term volatility in our revenues as a result of market developments and our customer concentration, the Board is confident that the Group is well placed to make further progress in the coming year.

Operational Review

$'000	52 weeks ending 31 March 2013 (restated)	52 weeks ending 30 March 2014 (restated)	53 weeks ending 5 April 2015
Revenue			
Power**	310,646	252,208	273,655
Data**	162,508	147,969	149,754
	473,154	400,177	423,409
Underlying* gross profit			
Power **	47,247	33,240	36,741
Data **	38,028	33,239	34,197
	85,275	66,479	70,938
Underlying gross margin*	*18.0%*	*16.6%*	*16.8%*
Underlying* operating profit			
Power ***	11,865	1,077	5,390
Data ***	9,131	9,868	11,197
Central costs ***	(8,654)	(6,413)	(7,755)
	12,342	4,532	8,832
Underlying operating margin*	*2.6%*	*1.1%*	*2.1%*

* Before non-recurring items and share-based payments credit / charge.

** After restatement for the transfer from Power to Data of the internal cable assembly ('ICA') business.

*** After restatement for the transfer from Power to Data of the ICA business and allocation of central costs into the operating divisions.

Volex is a leading global supplier of power and data cabling solutions with sales of $423.4 million in the year (FY2014: $400.2 million). Volex has its global headquarters in the UK, operates from 9 manufacturing locations and employs approximately 7,500 people (FY2014: 7,000) across 20 countries. Volex sells its products through its own global sales force to Original Equipment Manufacturers (OEMs) and Electronic Manufacturing Services companies.

Following several years of declining revenues and operating profits, the Volex Transformation Plan ('VTP') has returned the Group to growth. Intensifying price competition in the Power business and slowing demand in the Data business (following completion of several major infrastructure projects) had resulted in year on year revenue falls in FY2013 and FY2014. To address this, the VTP was initiated in November 2013. The VTP's main objectives were:

- Increased customer focus: Re-organisation and investment in the sales and engineering functions at a regional level to improve relationships with our high quality customer base and to better understand and address evolving local customer requirements.

  To this end, the sales teams were restructured on a regional basis covering Greater China, Asia Pacific, Europe & the Middle East and the Americas. Significant investment in the sales function was made both at the personnel level and at the systems support level with a new Customer Relationship Management application introduced across the Group.

  Furthermore divisional Portfolio Lifecycle Management functions have been established whose aim it is to manage the evolution of the product portfolio in order to address specific regional and industry requirements.

  The benefits of the above have been clear to see with revenue decline now reversed and growth resumed. This has been through both increased allocations from existing customers and new business wins.

- Design-to-cost manufacturing: In order to meet the pricing requirements of our customers (primarily in the Power market) whilst maintaining an acceptable profit margin, the Group established a rigorous design-to-cost pricing and manufacturing methodology. Rather than allowing the engineering and supply chain functions to lead the new business quotation process, the sales team is now identifying the required customer target price and the engineering and supply teams are being asked to back-engineer the product at an acceptable cost.

  A clear example of this is the launch of our new innovative “V-Novus” power cable range. This has allowed us to win several customer awards late in the year, the benefit of which will be seen in FY2016.

- Supply chain management: To assist in the design-to-cost manufacturing approach, the Group is significantly changing its supply chain management, enforcing localisation and multi-sourcing wherever possible. By engaging in pro-active supplier management, it is anticipated that material costs can be further reduced.

- Field application engineering: In the Data division, where product development is key, understanding the needs of our customers is of vital importance. To this end, the Group is strengthening the number and quality of customer facing engineers, to better understand their requirements and then, along with our product development engineers, develop the best fit cabling solutions.

The VTP concluded in March 2015 leaving the Group in a far more competitive position than when it began. The Group acknowledges that there is still much work to be done around process improvements and that successful businesses constantly evolve, however, the transformation phase is now complete and Volex moves into an execution phase on its business strategy.

One of Volex’s key strengths is its well invested global manufacturing footprint. Global customers view localised supply with short lead times as critical to their business and with Volex manufacturing on 4 continents we are well placed to respond. Our Chinese factories continue to operate effectively with inflation in the minimum wage more than off-set through increased operating efficiencies. One of the highlights of FY2015 was the performance of our Indian facility. This facility has struggled in recent years but in FY2015 posted a 72% increase in revenues. One of the key drivers of this is the take up of solar energy for which we provide the junction boxes which sit behind the solar panel and convert the current from DC to AC. Off-setting this, however, has been our Brazil factory where annual revenues have decreased by 26% as the business has struggled with an increasingly unfavourable Brazilian economy. In response the Brazil operation has been reduced in size and longer term strategic options are currently being considered.

Our factories have been tasked with the same overriding strategy as the Group but with the more focussed objectives of:

- Improving plant utilisation by focussing on local customer requirements and right sizing operations as required;
- Increasing hybrid manufacturing space. Whilst our factories are allocated to one of the two operating divisions for management purposes, the desire is for them to be able to respond to any reasonable business request, whether it be Power or Data business;
- Continuous improvements in operational efficiency and embed the design-to-cost strategy;
- Multi-source all key raw material supplies to ensure best price and flexibility; and
- Introducing eProcurement

Detailed discussion of the Power and Data divisional performance is given on the following pages.

Central costs cover the cost of the Board, the London head office including associated UK listing costs and other functions such as Finance and Legal which support Group-wide operations. Note the costs of further central functions such as HR and IT which can be directly linked to the trading divisions have been allocated down into the divisions in the current year. The prior year figures have been restated accordingly.

Central costs totalled $7.8 million in FY2015, up $1.4 million on the $6.4 million incurred in FY2014. This increase was primarily due to the bonus cost. In July 2014, a $0.8 million bonus charge was incurred in relation to bonus payments made to the executive directors. This bonus had been dependent upon Q1 FY2015 performance. A further $0.4 million bonus charge has been made in the year for other head office personnel (FY2014: $nil).

Divisional review

Due to the different market environments and technical product requirements, the Group operates and reports under a two-divisional structure: the Power division and the Data division. This allows for a better focus on customer relationships as well as enhancing the Group's emphasis upon accountability and profitability.

Power division

$'000	**52 weeks ending 31 March 2013 (restated)**	**52 weeks ending 30 March 2014 (restated)**	**53 weeks ending 5 April 2015**
Revenue**	310,646	252,208	273,655
Underlying* gross profit	47,247	33,240	36,741
Underlying gross margin*	*15.2%*	*13.2%*	*13.4%*
Operating costs***	(35,382)	(32,163)	(31,351)
Underlying* operating profit	11,865	1,077	5,390
Underlying operating margin*	*3.8%*	*0.4%*	*2.0%*

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

** Restated for the transfer from Power to Data of the internal cable assembly ('ICA') business

*** Restated for the allocation of certain central costs into the operating divisions

Volex designs and manufactures power cords that are sold to 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. Volex is one of the world's top three global power cable suppliers with an estimated 8% market share in a fragmented growing market.

The market for power cords is highly competitive with customers deploying multi-sourcing strategies and expecting regular productivity improvements with price reductions over the product lifecycle. In order to compete effectively, suppliers in the market require efficient large scale production facilities in best-cost regions. Volex is ideally positioned to deliver on this requirement due to its well-invested, global sales, engineering and manufacturing footprint.

The Power division has its divisional head office in Singapore, close to its major customers and manufacturing facilities. The key manufacturing facilities are located in South-East China, Indonesia, Mexico, India and Brazil. However, all the Group's facilities throughout the world can be utilised to manufacture power cable products.

Revenue for FY2015 was $273.7 million, up 8.5% on the prior year (FY2014: $252.2 million). As previously mentioned, one of the key elements of the VTP was to improve our customer engagement. Over the preceding years, Volex had lost credibility with many of the key Power customers due to a loss of customer focus and Volex pulling out of certain product lines. However, through the appointment of the new Power management team and the VTP investment in the Volex sales force, credibility is being restored.

Much of the growth in the current year has been driven by our three largest customers whose revenues are up 14.7%. Increased allocations have been received as a direct result of the enhanced engagement. These customers see Volex as a key partner, providing high quality, reliable product at a competitive price.

Outside of the top 3 customers, Volex had several business wins with major OEM's that had been customers in the past. Re-establishing these customer relationships whilst maintaining a steady gross margin is indication that the new strategy is working. As we continue to build volume, we expect to see the leveraging effect of spreading fixed manufacturing costs over larger volumes leading to further margin enhancements.

In addition to wins with existing customers we have also begun working on several new prestigious and fast growing accounts. As announced earlier in the year, the division is pleased to be working with Xiaomi, one of China's leading technology companies.

These business wins have to a degree been offset by the continuing difficulties experienced by our Japanese OEM customers. The consumer electronics market trend is moving away from the Japanese manufacturers and towards the South Korean producers. As such, the power cord demand placed by Japanese OEM's is shrinking leading to a 19% year on year decrease in revenue with these customers.

A pleasing trend observed in the year has been for our customers to once again acknowledge the importance of cable reliability and safety, not just cost. Thanks to our reputation for quality and product reliability we benefitted from increased allocations following several high profile product recalls related to cable safety issues with our competitors' products.

The underlying gross margin has increased marginally from 13.2% in FY2014 to 13.4% in FY2015. In such a highly price competitive industry we are glad to see any increase and this is a sign that our design to cost methodology is working. As mentioned previously, during the year we launched the V-Novus product range which was engineered in a more cost efficient manner with an innovative design.

Copper continues to be a key raw material component in our business. The copper price has fallen significantly during the year from circa $7,300 per metric ton at the end of FY2014 to circa $6,000 per metric ton at the end of FY2015. The average annual price has reduced by approx. 7.5%. This is not reflected in the gross margin improvement above due to the fact we pass on much of this saving to our customers and also due to the fact that the Group has an active copper hedging policy which looks to lock in the forward price of copper.

The division has continued to actively manage the supporting operating expenditure and therefore despite the increased revenues, operating expenditure is down year on year by 2.5%. We have a number of programs in place to manage operational expenditure and expect to continue to tightly control this expenditure.

Looking forward, we plan to build on the benefits derived from the VTP. The sales strategy is to continue to compete for all allocations with our existing customers and look to develop new accounts, particularly with respect to the industrial and domestic appliance markets and the local Asian markets. We believe our new product range allows us to compete effectively on price whilst maintaining our reputation for quality and reliability. Our engineering team is working closely with the product lifecycle management function and new markets and products are being identified for us to target, including electrical motor vehicles and USBc, the next generation of USB connector.

Data division

$'000	52 weeks ending 31 March 2013 (restated)	52 weeks ending 30 March 2014 (restated)	53 weeks ending 5 April 2015
Revenue**	162,508	147,969	149,754
Underlying* gross profit	38,028	33,239	34,197
Underlying gross margin*	*23.4%*	*22.5%*	*22.8%*
Operating costs***	(28,897)	(23,371)	(23,000)
Underlying* operating profit	9,131	9,868	11,197
Underlying operating margin*	*5.6%*	*6.7%*	*7.5%*

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

** Restated for the transfer from Power to Data of the internal cable assembly ('ICA') business

*** Restated for the allocation of certain central costs into the operating divisions

Volex designs and manufactures a broad range of cables and connectors (ranging from high-speed copper and fibre-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.

Volex competes by producing highly engineered, high performance, application specific data cables, in close collaboration with its customers. Focusing on this approach leads to products with longer lifecycles and less pricing pressure when compared to standard power products.

The Data division is headquartered in Austin, Texas with manufacturing facilities supplying product from Mexico, Brazil, Poland, India and China, all within close proximity to many existing and potential new customers. It operates in a fragmented market that is growing rapidly and Volex has several strong niche positions within data centres and the telecoms and healthcare sectors where customers utilise Volex expertise and manufacturing competencies.

Revenue for FY2015 was $149.8 million (FY2014: $148.0 million), up 1.2% on the prior year. After a number of years of revenue decline, this growth is clear indication of the benefits of VTP. Furthermore the revenue growth achieved was despite the revenue from the division's three largest customers being down 8.9% year on year. With one of the three customers suffering from healthcare permit issues and another from fierce competition in the telecoms sector, demand fell significantly from our top three customers (albeit with our share of customer spend remaining stable). Outside of these three, however, revenue growth of 24.1% was seen. This growth was across many accounts and many of the industries we serve. Within the telecoms sector, we saw our relationship with a key technology partner advance (revenue up 59.6%) and we hope that this will continue to drive growth in our high speed business. Within healthcare, specialist surgical robot manufacturers are generating strong growth as is robotics in the industrial workspace.

Returning the top three accounts to growth is essential for the division's financial performance going forward, however, the continued growth of the smaller customers to reduce the division's dependence on the top three is also a key objective.

The underlying gross profit margin within the division remained strong at 22.8% (FY2014: 22.5%) indicating the value our customers see in the engineered product that we provide.

As with the Power division, close management of operating expenditure has helped ensure a modest reduction despite the revenue growth.

Looking ahead the division's key objectives are to return the top three customers to growth whilst at the same time continuing to grow other accounts. At present 87% of the division's sales are generated from North America and Europe. Therefore the Chinese and Asia Pacific markets offer a great opportunity for Volex to expand into given our Power presence already in these markets.

Financial Review

The core operations of the business form a strong foundation for future growth. The business continues to deliver underlying operating profits and is supported by a strong customer base which recognises the quality of its products in a demanding, cost driven environment.

	52 weeks to 30 March 2014		53 weeks to 5 April 2015	
	Revenue* (restated) $'000	**Profit/(loss) ** (restated) $'000**	**Revenue $'000**	**Profit/(loss) $'000**
Power Division	265,384	7,258	273,655	5,390
Data Division	134,793	12,650	149,754	11,197
Unallocated central costs		(15,376)		(7,755)
Divisional results	**400,177**	**4,532**	**423,409**	**8,832**
Non-recurring operating items		(11,642)		(12,528)
Share-based payments		2,288		(857)
Operating profit / (loss)		(4,822)		(4,553)
Net finance costs		(2,740)		(2,626)
Profit / (loss) before tax		(7,562)		(7,179)
Taxation		(6,613)		(3,529)
Profit / (loss) after tax		(14,175)		(10,708)
Basic earnings / (loss) per share:				
Statutory***		(22.6) cents		(12.8) cents
Underlying***		(8.6) cents		2.8 cents

* Revenue restated for reallocation of internal cable assembly revenue from Data to Power

** Operating profit restated for revenue reallocation and reallocation of directly attributable central costs to the divisions.

*** The comparative earnings per share figures have been adjusted to reflect the Placing and Open offer that completed in July 2014.

Commentary on the trading performance of the Group is included in the divisional assessment within the Operational Review, above.

Divisional restatement and impact of 53rd week in period to 5 April 2015

During the year, the internal cable assembly ('ICA') business was transferred from the power division to the data division. In FY2014, the ICA business generated $13.2 million of revenue and $1.2 million of gross profit. For reporting purposes, the FY2014 comparatives have been restated for this revenue and gross profit transfer, allowing for meaningful comparative.

In addition, following a detailed review of central costs, it was concluded that many of the costs should be directly attributed to a division. These costs, amongst others, include HR, IT and operations support. Such costs in FY2015 have been allocated to the appropriate operating division. The FY2014 comparatives have been restated on a consistent basis. This has resulted in $9.0 million reduction in the reported FY2014 central costs category and a corresponding $5.0 million and $4.0 million reduction in the Power and Data division operating profits.

The current financial year under review is for a 53 week period to 5 April 2015. The comparative period was for 52 weeks to 30 March 2014. Pro-rating the prior period for 53 weeks the growth rates are:

	As reported 53 weeks vs 52 weeks	Pro-rated 53 weeks vs 53 weeks
Revenue growth		
Power	8.5%	6.5%
Data	1.2%	(0.7%)
Total	**5.8%**	**3.8%**
Underlying gross profit growth		
Power	10.5%	8.4%
Data	2.9%	0.9%
Total	**6.7%**	**4.7%**
Underlying operating profit growth		
Power	400.6%	391.2%
Data	13.5%	11.3%
Total	**94.9%**	**91.2%**

Non-recurring operating items and share-based payments

The Group has incurred non-recurring operating costs of $12.5 million in FY2015 (FY2014: $11.6 million).

Of this $5.8 million is in relation to a non-cash impairment of product development costs (and provision for associated costs) following a review of the Volex product portfolio across both divisions. As part of this review, the Board and the new Divisional management teams assessed all the development projects and concluded that for two specific projects, Active Optical Cable ('AOC') and Internal Power Adaptors, resources were better allocated elsewhere. As a consequence, the patents and capitalised development costs associated with AOC have been impaired.

A further $5.2 million (FY2014: $8.6 million) of restructuring costs were incurred under the Volex Transformation Plan. The restructuring programme can be split into several distinct elements:

- an executive and senior management change element of $0.7 million (FY2014: $4.9 million). In the current year $0.4 million was incurred through the departure of the Group Chief Financial Officer and $0.3 million in relation to the build-up of the Data division's management team. The prior year charge included changes to both the Board and executive management.
- an operational element of $3.6 million (FY2014: $3.7 million) following reductions in our direct and indirect manufacturing headcount, the removal of certain middle management roles throughout the organisation and costs associated with right-sizing certain operations.
- a business process review element of $1.0 million (FY2014: $nil) which looked to document, understand and propose improvements to the Group's IT systems as well as investigating a potential small acquisition that was not pursued following due diligence.

The VTP concluded at the end of FY2015.

The Group has increased its onerous lease provision held against one property (following revisions to the assumptions made in the calculation) and recognised an onerous lease on a separate property (following the departure of sub-tenants) resulting in an exceptional charge of $1.1 million (FY2014: $0.6 million).

The Group has incurred a further $0.4 million (FY2014: $2.4 million) of other non-recurring costs. The prior year charge related to refinancing charges and one-off tax penalties in overseas jurisdictions.

The cash impact of the above non-recurring operating items is a cash outflow of $5.4 million (FY2014: $7.5 million).

In the prior year a $0.6 million non-recurring interest refund was received in relation to interest overpayments in earlier periods. This refund has been shown within net finance costs.

A $0.9 million charge (FY2014: $2.3 million credit) has been recognised for share-based payments primarily in relation to the restricted stock awards and share options issued to executive management in the prior year. It should be noted that 441,343 options lapsed during the period after share price targets were not achieved. In accordance with the accounting standards, the $858,000 cumulative charge associated with these options has not been reversed.

Tax

The Group incurred a tax charge of $3.5 million (FY2014: $6.6 million) representing an effective tax rate (ETR) of -49% (FY2014: -87%). The underlying tax charge of $3.8 million (FY2014: $6.6 million) represents an ETR of 62% (FY2014: 533%).

The principal reason for the decrease in ETR over the prior year is the non-recurring $3.7 million write-down of deferred tax assets that arose in FY2014.

Whilst the Group has experienced a significantly reduced ETR, the underlying ETR remains high due to the fact that Volex operates in certain territories in which a minimum level of profit must be recognised regardless of overall Group performance.

Management continues to expect future improvements in the ETR as the Group's overall performance improves.

As at the reporting date the Group has recognised a deferred tax asset in relation to tax losses of $0.8 million (FY2014: $0.4 million). In the prior year, due to the reduced level of taxable profits in certain territories and less certainty over the future use of carried forward tax losses, a significant write-back of deferred tax assets (in relation to losses) occurred.

Cash flow and net debt

Operating cash flow before movements in working capital in FY2015 was an inflow of $7.9 million (FY2014: $0.5 million) with the $7.4 million increase primarily due to the increased operating profit and reduced cash expenditure on non-recurring items.

The impact of working capital movements on the cash flow on FY2015 was an inflow of $4.9 million (FY2014: outflow of $8.7 million) with both inventories and, to a greater extent, trade creditors increasing as the business grew.

After aggregate outflows for tax and interest of $5.0 million (FY2014: $2.9 million), the net cash inflow from operating activities was $7.8 million (FY2014: net cash outflow was $11.1 million). Of this $5.4 million (FY2014: $7.5 million) had been spent on operating non-recurring items.

Capital expenditure in FY2015 was $3.9 million (FY2014: $8.2 million). The prior year expenditure included legacy payments for the two large facility improvement projects in Asia which had completed in FY2013. The current period spend is largely in relation to machinery and tooling investment for new business wins and opportunities.

Expenditure in relation to intangible assets of $1.3 million has been incurred in FY2015 (FY2014: $2.3 million). Of this, $0.4 million is in relation to Active Optical Cable ('AOC') technologies (FY2014: $2.0 million) prior to the suspension of the project. A further $0.6m (FY2014: $nil) of development spend was incurred in relation to V-Novus, the new powercord range in the Power division which has been capitalised as an intangible asset. The remaining $0.3 million (FY2014: $0.3 million) was in relation to computer software purchases.

Transactions in treasury shares generated $0.5 million (FY2014: $6.3 million) in the year. In the prior year, 3,378,582 treasury shares were sold following the lapse of a large number of share options.

In the prior year a cash payment of $0.7 million (FY2013: $1.7 million) was made in respect of the final dividend for FY2013. No dividend was declared in FY2014 or FY2015.

In the current year, 24,067,171 new shares were issued at £0.75 per share. After issue costs, $27.9 million of net cash proceeds were raised. In the prior year, 2,698,009 shares had been issued at £1.16 per share. After the deduction of issue costs, this generated $4.8 million for the Group.

$25.1 million of the current year raise was used to refinance the Group's senior credit facility with the banking syndicate agreeing to amend and extend the existing facility to a $45.0 million facility expiring in June 2017. Associated with this were refinancing costs of $0.9 million. A further $8.0 million has been drawn under the facility since the amendment.

In the prior year, $7.0 million of US Dollar denominated loans were repaid by the Group under the senior credit facility and replaced with €6.0 million of Euro denominated loans.

As a result of the above cash flows, the Group generated a $13.1 million net cash inflow (FY2014: $9.9 million cash outflow) for the year. As at 5 April 2015, the Group held net funds of $1.9 million compared with net debt of $32.2 million at 30 March 2014.

Refinancing
In July 2014, the Group successfully completed a refinancing program which provided the financial flexibility to complete the VTP and thereby generate future shareholder returns.

Under the refinancing, 24,067,171 new shares were issued at £0.75 per share. After issue costs, $27.9 million of net cash proceeds were raised.

$25.1 million of this cash was used to refinance the Group's senior credit facility with the banking syndicate agreeing to amend and extend the existing facility to a $45.0 million facility expiring in June 2017.

Banking facilities, covenants and going concern
The Group utilises a $45.0 million multi-currency combined revolving credit, overdraft and guarantee facility ('RCF'). This facility is provided by a syndicate of three banks (Lloyds Banking Group plc, HSBC Bank plc and Clydesdale plc).

The key terms of the facility are as follows:

- Available until June 2017;
- No scheduled facility amortisation; and
- Interest cover and net debt:EBITDA leverage covenants.

As at 5 April 2015, amounts drawn under the loan facility totalled $25.2 million (FY2014: $46.4 million) with a further $7.4 million drawn under the cash pool facility (FY2014: net funds of $2.1 million). After accounting for bonds, guarantees and letters of credit, the remaining headroom as at 5 April 2015 was $10.2 million (FY2014: $28.2 million).

Under the terms of the facility, the two covenant tests above must be performed at each quarter end date. At year end both covenants are met. Breach of these covenants would have resulted in cancellation of the facility.

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 proposed facility for the foreseeable future and should comply with 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 has effective plans in place to manage its business within its covenants.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of these accounts. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Consolidated Income Statement

For the 53 weeks ended 5 April 2015 (52 weeks ended 30 March 2014)

	Notes	**2015** Before non-recurring items and share-based payments $'000	**2015** Non-recurring items and share-based payments $'000	**2015** Total $'000	2014 Before non-recurring items and share-based payments $'000	2014 Non-recurring items and share-based payments $'000	2014 Total $'000
Revenue	2	**423,409**	**–**	**423,409**	400,177	-	400,177
Cost of sales		**(352,471)**	**(311)**	**(352,782)**	(333,698)	(457)	(334,155)
Gross profit		**70,938**	**(311)**	**70,627**	66,479	(457)	66,022
Operating expenses		**(62,106)**	**(13,074)**	**(75,180)**	(61,947)	(8,897)	(70,844)
Operating profit / (loss)	2	**8,832**	**(13,385)**	**(4,553)**	4,532	(9,354)	(4,822)
Finance income		**40**	**–**	**40**	100	-	100
Finance costs		**(2,666)**	**–**	**(2,666)**	(3,392)	552	(2,840)
Profit / (loss) on ordinary activities before taxation		**6,206**	**(13,385)**	**(7,179)**	1,240	(8,802)	(7,562)
Taxation	4	**(3,837)**	**308**	**(3,529)**	(6,613)	-	(6,613)
Profit / (loss) for the period attributable to the owners of the parent		**2,369**	**(13,077)**	**(10,708)**	(5,373)	(8,802)	(14,175)
Earnings / (loss) per share (cents)*							
Basic	5	**2.8**		**(12.8)**	(8.6)		(22.6)
Diluted	5	**2.8**		**(12.8)**	(8.6)		(22.6)

*The comparative earnings per share figures have been adjusted to reflect the Placing and Open Offer that completed in July 2014.

Consolidated Statement of Comprehensive Income

For the 53 weeks ended 5 April 2015 (52 weeks ended 30 March 2014)

	2015 $'000	2014 $'000
Profit / (loss) for the period	**(10,708)**	(14,175)
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain / (loss) on defined benefit pension schemes	**(1,293)**	268
Tax relating to items that will not be reclassified	**–**	–
	(1,293)	268
Items that may be reclassified subsequently to profit or loss		
Gain / (loss) on hedge of net investment taken to equity	**(377)**	1,855
Gain / (loss) arising on cash flow hedges during the period	**(323)**	(554)
Exchange gain / (loss) on translation of foreign operations	**1,864**	(4,478)
Tax relating to items that may be reclassified	**–**	–
	1,164	(3,177)
Other comprehensive income / (loss) for the period	**(129)**	(2,909)
Total comprehensive income / (loss) for the period attributable to the owners of the parent	**(10,837)**	(17,084)

Consolidated Statement of Financial Position

As at 5 April 2015 (30 March 2014)	Notes	**2015** **$'000**	2014 $'000
Non-current assets			
Goodwill		**2,880**	3,210
Other intangible assets		**1,387**	5,445
Property, plant and equipment		**35,232**	38,732
Other receivables		**1,037**	795
Deferred tax asset		**848**	488
		41,384	48,670
Current assets			
Inventories		**43,437**	39,987
Trade receivables		**65,800**	67,044
Other receivables		**9,128**	11,138
Current tax assets		**222**	480
Derivative financial instruments		**66**	-
Cash and bank balances	9	**33,736**	13,675
		152,389	132,324
Total assets		**193,773**	180,994
Current liabilities			
Borrowings	9	**7,533**	-
Trade payables		**62,241**	57,220
Other payables		**26,185**	22,184
Current tax liabilities		**6,713**	5,793
Retirement benefit obligation		**709**	659
Provisions	10	**3,206**	3,966
Derivative financial instruments		**1,262**	1,020
		107,849	90,842
Net current assets / (liabilities)		**44,540**	41,482
Non-current liabilities			
Borrowings	9	**24,323**	45,895
Other payables		**536**	243
Deferred tax liabilities		**2,185**	1,995
Retirement benefit obligation		**2,909**	2,575
Provisions	10	**1,463**	2,719
		31,416	53,427
Total liabilities		**139,265**	144,269
Net assets		**54,508**	36,725
Equity attributable to owners of the parent			
Share capital	12	**39,755**	29,662
Share premium account		**7,122**	7,122
Non-distributable reserves		**2,455**	2,455
Hedging and translation reserve		**(8,566)**	(9,730)
Own shares		**(867)**	(1,103)
Retained earnings / (losses)		**14,609**	8,319
Total equity		**54,508**	36,725

Consolidated Statement of Changes in Equity

For the 53 weeks ended 5 April 2015 (52 weeks ended 30 March 2014)

	Share capital	Share premium account	Non-distributable reserves	Hedging and translation reserve	Own shares	Retained earnings / (losses)	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 March 2013	**28,180**	**2,586**	-	**(6,553)**	**(4,945)**	**26,378**	**45,646**
Profit / (loss) for the period attributable to the owners of the parent	-	-	-	-	-	(14,175)	(14,175)
Other comprehensive income / (loss) for the period	-	-	-	(3,177)	-	268	(2,909)
Total comprehensive income / (loss) for the period	-	-	-	(3,177)	-	(13,907)	(17,084)
Issue of share capital	1,090	3,714	-	-	-	-	4,804
Dividends	228	822	-	-	-	(1,723)	(673)
Own shares sold or utilised in the period	-	-	2,455	-	3,842	(17)	6,280
Exercise of Non-Executive Long Term Incentive Scheme	164	-	-	-	-	(258)	(94)
Reserve entry for share option charge / (credit)	-	-	-	-	-	(2,154)	(2,154)
Balance at 30 March 2014	**29,662**	**7,122**	**2,455**	**(9,730)**	**(1,103)**	**8,319**	**36,725**
Profit / (loss) for the period attributable to the owners of the parent	**–**	**–**	**–**	**–**	**–**	**(10,708)**	**(10,708)**
Other comprehensive income / (loss) for the period	**–**	**–**	**–**	**1,164**	**–**	**(1,293)**	**(129)**
Total comprehensive income / (loss) for the period	**–**	**–**	**–**	**1,164**	**–**	**(12,001)**	**(10,837)**
Issue of share capital	**10,093**	**–**	**–**	**–**	**–**	**17,813**	**27,906**
Own shares sold or utilised in the period	**–**	**–**	**–**	**–**	**218**	**(350)**	**(132)**
Exercise of Non-Executive Long Term Incentive Scheme	**–**	**–**	**–**	**–**	**18**	**(69)**	**(51)**
Reserve entry for share option charge / (credit)	**–**	**–**	**–**	**–**	**–**	**897**	**897**
Balance at 5 April 2015	**39,755**	**7,122**	**2,455**	**(8,566)**	**(867)**	**14,609**	**54,508**

Consolidated Statement of Cash Flows

For the 53 weeks ended 5 April 2015 (52 weeks ended 30 March 2014)

	Notes	2015 $'000	2014 $'000
Net cash generated from / (used in) operating activities	8	**7,797**	(11,067)
Cash flow generated from / (used in) investing activities			
Interest received		**40**	100
Proceeds on disposal of intangible assets, property, plant & equipment		**61**	44
Purchases of property, plant & equipment		**(3,936)**	(8,156)
Purchases of intangible assets		**(1,266)**	(2,278)
Sale / purchase of own shares (net of funds received on option exercise)		**490**	6,280
Net cash generated / (used in) investing activities		**(4,611)**	(4,010)
Cash flows before financing activities		**3,186**	(15,077)
Cash generated / (used) before non-recurring items		**8,601**	(7,623)
Cash utilised in respect of non-recurring items		**(5,415)**	(7,454)
Cash flow generated from / (used in) financing activities			
Dividends paid		**–**	(732)
Proceeds on issue of shares		**27,906**	4,804
Refinancing costs paid		**(875)**	–
Repayment of borrowings	9	**(25,139)**	(7,000)
New bank loans raised	9	**8,000**	8,082
Net cash generated from / (used) in financing activities		**9,892**	5,154
Net increase / (decrease) in cash and cash equivalents		**13,078**	(9,923)
Cash and cash equivalents at beginning of period	9	**13,675**	23,789
Effect of foreign exchange rate changes	9	**(550)**	(191)
Cash and cash equivalents at end of period	9	**26,203**	13,675

1. Basis of preparation

The preliminary announcement for the 53 weeks ended 5 April 2015 has been prepared in accordance with the accounting policies as disclosed in Volex plc's Annual Report and Accounts 2014, as updated to take effect of any new accounting standards applicable for the period as set out in Volex plc's Interim Statement 2014.

The annual financial information presented in this preliminary announcement is based on, and is consistent with, that in the Group's audited financial statements for the 53 weeks ended 5 April 2015, and those financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The independent auditors' report on those financial statements is unqualified and does not contain any statement under section 498 (2) or 498 (3) of the Companies Act 2006.

Information in this preliminary announcement does not constitute statutory accounts of the Group within the meaning of section 434 of the Companies Act 2006. The full financial statements for the Group for the 52 weeks ended 30 March 2014 have been delivered to the Registrar of Companies. The independent auditor's report on those financial statements was unqualified and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

Going concern

The key terms of the Group's revolving credit facility, through which it will meet its day to day working capital requirements, are shown in Note 7. This facility is available until June 2017 and requires quarterly covenant tests to be performed in relation to leverage and interest cover.

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 proposed facility for the foreseeable future and should comply with 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.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of these accounts. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

This preliminary announcement was approved by the Board of Directors on 11 June 2015.

2. Business and geographical segments

Operating 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 the products supplied. In addition to the operating divisions, a Central division exists to capture all of the corporate costs incurred in supporting the operations.

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.

		53 weeks to 5 April 2015		52 weeks to 30 March 2014 (restated)
	Revenue $'000	**Profit / (loss) $'000**	Revenue $'000	Profit / (loss) $'000
Power	**273,655**	**5,390**	252,208	1,077
Data	**149,754**	**11,197**	147,969	9,868
Unallocated central costs	**–**	**(7,755)**	–	(6,413)
Divisional results before share-based payments and non-recurring items	**423,409**	**8,832**	400,177	4,532
Non-recurring operating items		**(12,528)**		(11,642)
Share-based payment credit / (expense)		**(857)**		2,288
Operating profit / (loss)		**(4,553)**		(4,822)
Finance income		**40**		100
Finance costs		**(2,666)**		(2,840)
Profit / (loss) before tax		**(7,179)**		(7,562)
Taxation		**(3,529)**		(6,613)
Profit / (loss) after tax		**(10,708)**		(14,175)

The prior year segmental reporting has been restated following the transfer of the internal cable assembly business from the Power division to the Data division in the current period 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.

Credits / charges for share-based payments and non-recurring items have not been allocated to divisions as management report and analyse division profitability at the level shown above.

Geographical segments

The Group's revenue from external customers and information about its non-current assets (excluding deferred tax assets) by geographical location are provided below:

	Revenue		**Non-Current Assets**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Asia (excluding India)	**259,940**	240,168	**33,709**	35,391
North America	**86,676**	82,762	**1,390**	2,257
Europe	**59,690**	60,553	**4,229**	9,125
India	**8,370**	4,863	**584**	611
South America	**8,733**	11,831	**624**	798
	423,409	400,177	**40,536**	48,182

3. Non-recurring items

	2015	2014
	$'000	$'000
Product portfolio realignment	**5,825**	-
Restructuring costs	**5,223**	8,643
Movement in onerous lease provisions	**1,110**	595
Provision for historic sales tax claims	**102**	835
Financing	**72**	1,569
Other	**196**	-
Non-recurring operating costs	**12,528**	11,642
Non-recurring finance costs	**–**	(552)
Total non-recurring items	**12,528**	11,090

During the current period, the Group reviewed its product portfolio including ongoing product development projects. The Board, along with the new 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 software and 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 purchase commitments and an onerous lease on the AOC development facility) were also provided for totalling $707,000 and severance payments to AOC development engineers of $21,000 were paid.

During FY2015, 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 (2014: $8,643,000) cost of this programme can be split into:

- An executive and senior management change element of $711,000 (2014: $4,913,000). The current period charge relates to the departure of the Group Chief Financial Officer and the build-up of the Data division's senior management team. In the prior period, the charge related to the change in Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Company Secretary, certain Non-Executive Directors, the Chief HR Officer and the recruitment of the new divisional heads.
- An operational element of $3,556,000 (2014: $3,730,000). This includes 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 The prior period charge included a retention bonus to key non-executive staff of $1,012,000 which would ordinarily not have been paid given the performance of the business.
- A business process review element of $956,000 (2014: $nil). A Group-wide project was initiated in the current period to document the Group's operating cycles and their reliance on the current IT systems. Based upon this review, improvements to the operations and the underlying ERP system have been proposed and are currently being acted upon. The cost of external consultants and internal staff hired directly to work on this project have been expensed as non-recurring. 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.

The Group has incurred a non-recurring charge in the period of $1,110,000 (2014: $595,000) in relation to onerous leases. This charge is 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 prior year charge arose from a change in the assumptions used in two onerous lease calculations.

The Group has incurred a $102,000 non-recurring charge in relation to historic sales tax claims in the Philippines covering the period January 2011 to March 2014. In the prior year, an $835,000 charge was incurred in relation to penalty claims made relating to sales tax claims arising between July 2008 and August 2011. In India, the local tax authorities lodged penalty and interest claims totalling $817,000 for alleged errors in the reporting of our sales tax position in periods to August 2011. Volex disputes these claims and has filed objections.

In the prior year, the Group explored a number of alternate financing opportunities to ensure that sufficient funds were available for it to complete its transformation plan and return the Group to growth. This cost the Group $1,569,000 which included $300,000 paid to the banking syndicate on renegotiation of the covenants and $152,000 of bonuses due to key finance personnel involved in the financing review. In the current year, a further $72,000 has been expensed following the late receipt of invoices that exceeded the provision made at the time.

The other charge of $196,000 (2014: $nil) relates primarily to a licencing dispute with a supplier.

In the prior year, the Group received a refund for overpayment of interest in earlier periods totalling $552,000.

4. Taxation

	2015	2014
	$'000	$'000
Current tax – charge for the period	**3,062**	2,384
Current tax – adjustment in respect of previous periods	**605**	(265)
Total current tax	**3,667**	2,119
Deferred tax	**(138)**	4,494
Income tax expense	**3,529**	6,613

5. Earnings / (loss) per ordinary share

The calculations of the earnings / (loss) per share are based on the following data:

Earnings / (loss)	2015	2014
	$'000	$'000
Profit / (loss) for the purpose of basic and diluted earnings / (loss) per share being net profit attributable to equity holders of the parent	**(10,708)**	(14,175)
Adjustments for:		
Non-recurring items	**12,528**	11,090
Share-based payments (credit) / charge	**857**	(2,288)
Tax effect of above adjustments	**(308)**	-
Underlying earnings / (loss)	**2,369**	(5,373)

	No. shares	No. shares (restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**83,585,697**	62,828,916
Effect of dilutive potential ordinary shares / share options	**184,697**	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**83,770,394**	62,828,916

The number of shares in both the current period and the prior period has been adjusted for the placing and open offer that completed in July 2014.

Basic earnings / (loss) per share	2015 **Cents**	2014 Cents (restated)
Basic earnings / (loss) per share	**(12.8)**	(22.6)
Adjustments for:		
Non-recurring items	**15.0**	17.6
Share-based payments (credit) / charge	**1.0**	(3.6)
Tax effect of above adjustments	**(0.4)**	–
Underlying basic earnings / (loss) per share	**2.8**	(8.6)

5. Earnings / (loss) per ordinary share (continued)

Diluted earnings per share		
Diluted earnings / (loss) per share	(12.8)	(22.6)
Adjustments for:		
Non-recurring items	15.0	17.6
Share-based payments (credit) / charge	1.0	(3.6)
Tax effect of above adjustments	(0.4)	–
Underlying diluted earnings / (loss) per share	2.8	(8.6)

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

6. Dividends

	2015	2014
	$'000	$'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the 52 weeks ended 30 March 2014 of 0.0 cents per share (2013: 3.0 cents)	-	1,723

At the Volex plc Annual General Meeting held on 22 July 2013, the shareholders approved the proposed final dividend for FY2013 of 3.0 cents per share. At the same meeting a Scrip Dividend Scheme, which gave shareholders the right to elect to receive new ordinary shares in the Company (credited as fully paid) instead of a cash dividend, was also approved. Payment of the final dividend in respect of the year ended 31 March 2013 was made on 17 October 2013. Of the shareholder base eligible for dividends, 59.1% elected for the Scrip Dividend Scheme resulting in a cash payment of $732,000 and 566,467 new shares being issued.

No dividend is proposed for the current period.

7. Bank facilities

On 11 June 2014 the Group entered into an amended $45 million multi-currency combined revolving overdraft and guarantee facility with a syndicate of three banks (Lloyds Banking Group plc, HSBC Bank plc and Clydesdale Bank plc – together 'the Syndicate'). The facility is available until 15 June 2017. Prior to the amendment, the facility totalled $75 million.

The amount available under the facility at 5 April 2015 was $45 million (2014: $75 million). The facility was secured by fixed and floating charges over the assets of certain Group companies.

The terms of the facility require the Group to perform quarterly financial covenant calculations with respect to leverage (adjusted net debt to adjusted rolling 12-month EBITDA) and interest cover (adjusted rolling 12-month EBITDA to adjusted rolling 12-month interest). Breach of these covenants could result in cancellation of the facility. The amendment to the facility in the year adjusted these covenants to be aligned with the forecast future trading of the Group.

Professional fees of $875,000 were incurred during the period in relation to the facility amendment. Of this $300,000 was paid to the Syndicate to agree to the amendment. The $875,000 has been capitalised and is charged to the income statement on a straight line basis over the remaining period to facility expiry.

In the prior year, a further $300,000 was paid to the Syndicate to ease the covenants in light of the poor trading. Since this change did not lead to any alteration of the underlying terms of the agreement (e.g. facility amount, expiry period), this cost along with associated professional fees was reflected as a non-recurring item in the accounts (see note 3).

8. Notes to cash flow statement

	2015	2014
	$'000	$'000
Profit / (loss) for the period	**(10,708)**	(14,175)
Adjustments for:		
Finance income	**(40)**	(100)
Finance costs	**2,666**	2,840
Income tax expense	**3,529**	6,613
Depreciation on property, plant and equipment	**6,413**	6,632
Amortisation of intangible assets	**799**	1,340
Impairment loss	**5,098**	-
(Gain) / Loss on disposal of property, plant and equipment	**14**	22
Share option payment (credit) / charge	**857**	(2,288)
Effects of foreign exchange rate changes	**333**	(893)
Decrease / (increase) in provisions	**(1,078)**	494
Operating cash flow before movement in working capital	**7,883**	485
Decrease / (increase) in inventories	**(4,881)**	2,897
Decrease / (increase) in receivables	**171**	5,713
(Decrease) / increase in payables	**9,587**	(17,270)
Movement in working capital	**4,877**	(8,660)
Cash generated from / (used in) operations	**12,760**	(8,175)
Cash generated from / (used in) operations before non-recurring items	**18,175**	(721)
Cash utilised by operating non-recurring items	**(5,415)**	(7,454)
Taxation paid	**(2,596)**	(1,215)
Interest paid	**(2,367)**	(1,677)
Net cash generated from / (used in) operating activities	**7,797**	(11,067)

9. Analysis of net debt

	Cash and cash equivalents	Bank loans	Debt issue costs	Total
	$'000	$'000	$'000	$'000
At 31 March 2013	23,789	(44,097)	808	(19,500)
Cash flow	(9,923)	(1,082)	-	(11,005)
Exchange differences	(191)	(1,193)	58	(1,326)
Other non-cash changes	-	-	(389)	(389)
At 30 March 2014	**13,675**	**(46,372)**	**477**	**(32,220)**
Cash flow	**13,078**	**17,139**	**875**	**31,092**
Exchange differences	**(550)**	**4,074**	**(114)**	**3,410**
Other non-cash changes	**–**	**–**	**(402)**	**(402)**
At 5 April 2015	**26,203**	**(25,159)**	**836**	**1,880**

9. Analysis of net debt (continued)

Debt issue costs relate to bank facility arrangement fees. Amortisation of debt issue costs in the period amounted to $402,000 (FY2014: $389,000).

Analysis of cash and cash equivalents:	**2015**	2014
	$'000	$'000
Cash and bank balances	**33,736**	13,675
Bank overdrafts	**(7,533)**	-
Cash and cash equivalents	**26,203**	13,675

10. Provisions

	Property	**Corporate restructuring**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
At 31 March 2013	4,055	397	419	4,871
Charge / (credit) in the period	574	3,743	160	4,477
Utilisation of provision	(1,266)	(1,639)	(361)	(3,266)
Unwinding of discount	106	-	-	106
Exchange differences	380	107	10	497
At 30 March 2014	3,849	2,608	228	6,685
Charge / (credit) in the period	**1,381**	**85**	**2,324**	**3,790**
Utilisation of provision	**(1,185)**	**(2,354)**	**(1,887)**	**(5,426)**
Unwinding of discount	**112**	**–**	**–**	**112**
Exchange differences	**(331)**	**(80)**	**(81)**	**(492)**
At 5 April 2015	**3,826**	**259**	**584**	**4,669**
Less: included in current liabilities	**2,363**	**259**	**584**	**3,206**
Non-current liabilities	**1,463**	**–**	**–**	**1,463**

Property provisions
Property provisions represent the anticipated net costs of onerous leases and associated dilapidations. The provisions have been recorded taking into account management's best estimate, following appropriate advice, of the anticipated net cost of the lease over the remaining lease term and the level of sublease rental income, if any, that can be obtained from sub-tenants. This provision will be utilised as the rental payments, net of any sublease income, fall due through to 2020.

During the 53 weeks ended 5 April 2015, the Group revised its assumptions on one onerous property following the receipt of external advice as to likely future cash outflows. In addition, two further properties became onerous, one following the decision to suspend the AOC development project and one following the exit of sub-tenants. Of the $1,381,000 charged to the income statement, $1,110,000 is shown in non-recurring items as movement in onerous lease provision and $271,000 is included within the product portfolio realignment charge as associated with the AOC suspension.

During the 52 weeks ended 30 March 2014, the Group revised its assumptions on two onerous properties following the receipt of external advice as to likely future cash outflows.

10. Provisions (continued)

Corporate Restructuring

The corporate restructuring provision includes $87,000 (2014: $605,000) for severance payments due to staff that are set to leave the Group through the restructuring programme but who have been notified prior to period end. A further $99,000 (2014: $423,000) is provided for recruitment fees and associated joining costs due on employees appointed before period end. A final amount relates to professional fees associated with the liquidation of dormant overseas entities.

At prior year end, the corporate restructuring provision included a joining bonus of $330,000 to certain senior management, $152,000 of bonuses due to finance personnel following the financing review and a retention bonus of $1,012,000 payable to senior employees throughout the organisation. This was paid in the current period resulting in the release of a small surplus provision.

Other

Other provisions include the Directors' best estimate, based upon past experience, of the Group's liability under specific product warranties, purchase commitments and legal claims. The timing of the cash outflow with respect to these claims is uncertain.

During the year $1,918,000 was provided for professional fees in relation to the equity raise and the debt refinancing. Of this $173,000 remained outstanding at period end.

11. Reconciliation of operating profit to underlying EBITDA (earnings before interest, tax, depreciation, amortisation, non-recurring items and share-based payment charge):

	2015	2014
	$'000	$'000
Operating profit	**(4,553)**	(4,822)
Add back:		
Non-recurring items	**12,528**	11,642
Share-based payment (credit) / charge	**857**	(2,288)
Underlying operating profit	**8,832**	4,532
Depreciation of property, plant and equipment	**6,413**	6,632
Amortisation of acquired intangible assets	**799**	1,340
Underlying EBITDA	**16,044**	12,504

12. Share issue

	2015	2014
	$'000	$'000
Issued and fully paid:		
90,251,892 (2014: 66,184,721) Ordinary shares of 25p each	**39,755**	29,662

In July 2014, the Company issued 24,067,171 ordinary shares in the Company at a price of 75 pence per share as part of a Placing and Open Offer. Net of issue costs this generated $27,906,000.

The issue was effected by way of a cashbox placing. The Company allotted and issued the shares on a non-pre-emptive basis to the placees in consideration for Investec Bank plc transferring its holdings of ordinary shares and redeemable preference shares in Rendezvous 1 Capital (Jersey) Limited to the Company.

Accordingly, instead of receiving cash as consideration for the issue of new shares, at the conclusion of the Placing and Open Offer, the Company owned the entire issued share capital of Rendezvous 1 Capital (Jersey) Limited whose only asset was its cash reserves, which represented an amount approximately equal to the net proceeds of the placing.