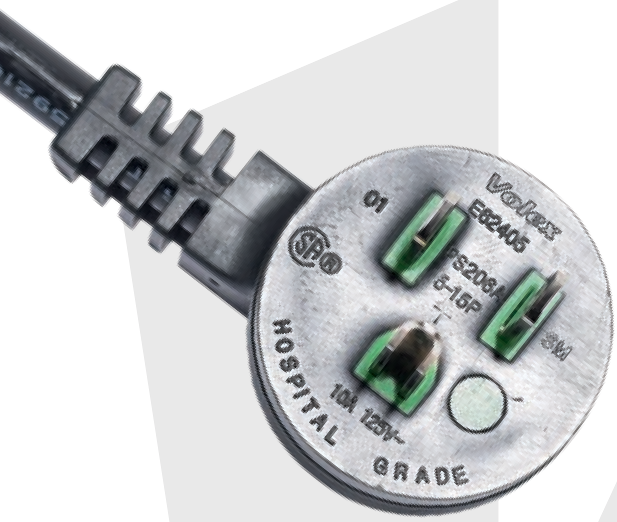
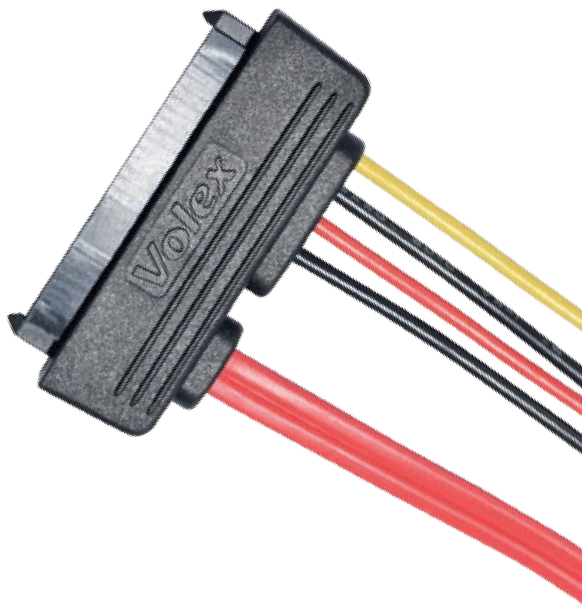
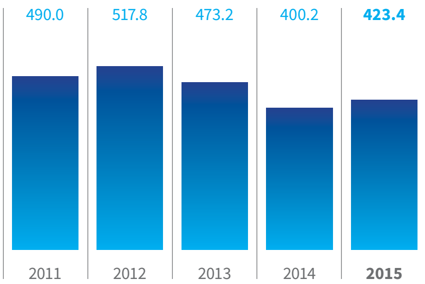
Volex plc
Annual Report and Accounts 2015





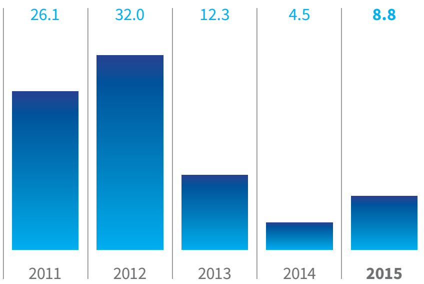
We are a leading global supplier of power and data cabling solutions servicing a diverse range of markets including consumer electronics, telecommunications, data centres, medical equipment and the automotive industry. Volex's products and solutions are integral to the increasingly sophisticated digital world in which we live, providing power and connectivity to everyday items as well as complex machinery.

Group revenue ($m)



Progress in the year
The benefits of the Volex Transformation Plan ('VTP') can be seen with the investment in the sales force and enhanced customer engagement reversing the revenue decline observed in the previous two years. Revenue grew by 6% on FY2014.

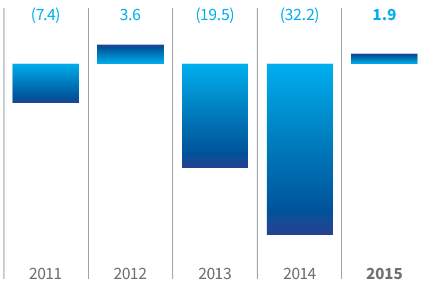
Group underlying* operating profit ($m)



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

Progress in the year
The 95% increase in operating profit is primarily due to the increased revenues yielding an enhanced gross margin whilst operating expenditure has been tightly controlled. The VTP measures of design-to-cost and best-in-class procurement have been key to this turnaround.

Net debt/(net cash) ($m)



Progress in the year
During the year, Volex completed a 4 for 11 placing and open offer which raised net proceeds of $27.9m. The cash generated was principally used to pay down the senior facility which gave the Group the flexibility to execute the VTP. Subsequent increasing sales and working capital management have ensured that the Group is cash generative.

Global capacity

Volex is well positioned to serve and engage with customers on a global basis with local engineering design, manufacturing, delivery and account management capabilities. We maintain production and distribution facilities on four continents in order to be a local partner to customers, better supporting their global operational requirements.

We view our well-invested and unrivalled global manufacturing base as a key competitive advantage.

Global headquarters

London United Kingdom

Divisional headquarters

Singapore – Power
USA Austin TX – Data

Manufacturing units

Brazil Jacarei
China Shenzhen, Zhongshan, Suzhou
India Chennai
Indonesia Batam
Mexico Tijuana
Poland Bydgoszcz
Vietnam Ha Noi

Sales/Engineering units

Canada Ottawa
China Hong Kong, Beijing
France Paris
Germany Frankfurt
Ireland Castlebar
Japan Yokohama, Osaka
Malaysia Selangor
Phillippines Laguna
Singapore
South Korea Seoul
Taiwan Taipei
Thailand Bangkok
USA San Diego, CA

Who we are

Our two divisions

Power division

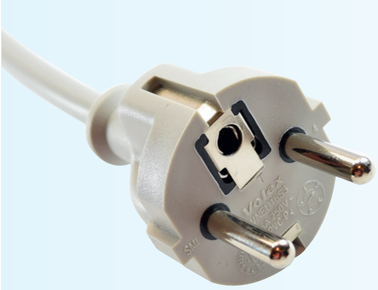
Volex designs and manufactures power cords that are sold to the manufacturers of a broad range of electrical and electronic devices and appliances. Volex products are used in laptops, PCs and tablets, printers, TVs, games consoles, power tools, kitchen appliances and vacuum cleaners.

Volex is one of the world's top three global power cable suppliers operating in a heavily fragmented market. In FY2015, Volex sold circa 166 million power cords and 37 million duck heads.

Contribution to Group revenue

$273.7m

65%
of total Group revenue



Key products:

- PVC power cables
- Halogen-free power cables
- Duck heads

Market drivers:

- Highly cost competitive
- Customers implement multi-sourcing strategies
- Reliability and safety
- Demand for ever smaller products

Data division

Volex designs and manufactures a broad range of cables and connectors (ranging from high-speed copper and fibre-optic cables to complex customised wiring harnesses) that transfer electronic, radio-frequency and optical data. Volex products are used in a broad range of applications including telecommunication systems, data centres, mobile computing devices, medical equipment, robots, vehicles and alternative energy generation.

Contribution to Group revenue

$149.8m

35%
of total Group revenue

Key products:

- Multi-conductor I/O cables
- Wiring harnesses
- High speed copper cable – Passive and Active

Market drivers:

- Signal integrity
- Reliability
- Increasing storage and bandwidth requirements
- Increasing data transmission rates

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Note
Throughout the annual report and accounts the following is used:
FY2015 – the 53 weeks to 5 April 2015
FY2014 – the 52 weeks to 30 March 2014

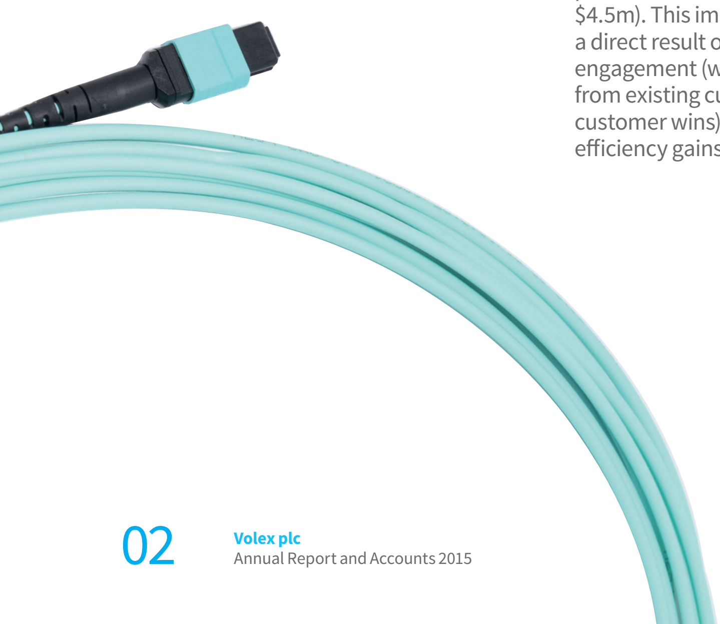
Chairman's statement

"The Volex Transformation Plan, 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."

Karen Slatford
Chairman

- **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; and**
- **Stronger balance sheet with increased financial flexibility.**

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 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

	FY2014 $m	**FY2015 $m**
Revenue	400.2	**423.4**
Underlying operating profit	4.5	**8.8**
Non-recurring items	(11.6)	**(12.5)**
Share-based payments expense	2.3	**(0.9)**
Statutory operating profit	(4.8)	**(4.6)**

Revenue increased by 5.8% from $400.2m to $423.4m while underlying operating profit increased by 94.9% to $8.8m (FY2014: $4.5m). 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 $5.2m (FY2014: $8.6m). Included within the $5.2m 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 $5.8m 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.

VTP key achievements

Structural:

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

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

Sales and customer focus:

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

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

Result:

- Stopped the revenue decline and returned to growth of 5.8%

Result:

- Gross margin up 20bps despite intense price competition

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 $4.6m (FY2014: loss of $4.8m) which after the deduction of net finance costs gave a loss before tax for the year of $7.2m (FY2014: loss of $7.6m). Following a tax charge of $3.5m (FY2014: $6.6m), 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 $10.7m (FY2014: loss of $14.2m). 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 $27.9m. $25.1m 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 $45.0m 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 $7.8m of cash from operating activities in the year (FY2014: cash outflow of $11.1m). After the deduction of $4.6m for cash spent in investing activities (FY2014: $4.0m), the Group has ended the year in a net cash position of $1.9m (FY2014: net debt of $32.2m).

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.

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.

Our innovation

Volex's history can be traced as far back as the 1890s. In that time Volex has been at the forefront of power and data delivery introducing, among other things, 'dry batteries' to the UK market. In more recent times, developments have included:

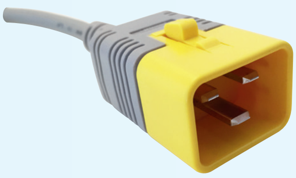
2002

Duck head

First duck head manufactured.

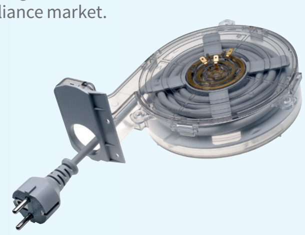
2006

V-Lock range launched using patented technology to ensure secure connection of power cable.



2007

Cord reel range launched offering access to the domestic appliance market.



2007

First high speed copper cables manufactured with data transmission rates of 10 GbE.

2008

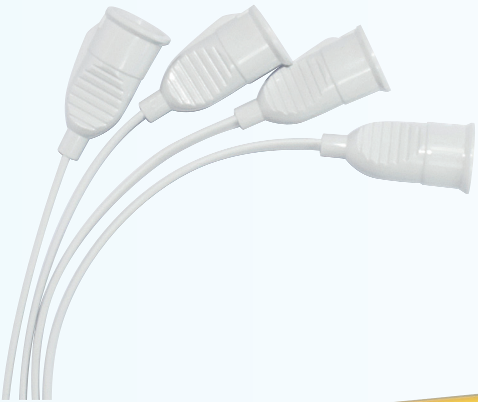
Halogen-Free cable range launched – environmentally friendly and improved fire resistance.

2010

Launch of Volex's Robust Optical Cable for use in harsh environment applications. The cable can be submerged in water and maintains an excellent optical performance in a temperature range between minus 40°C and plus 85°C.

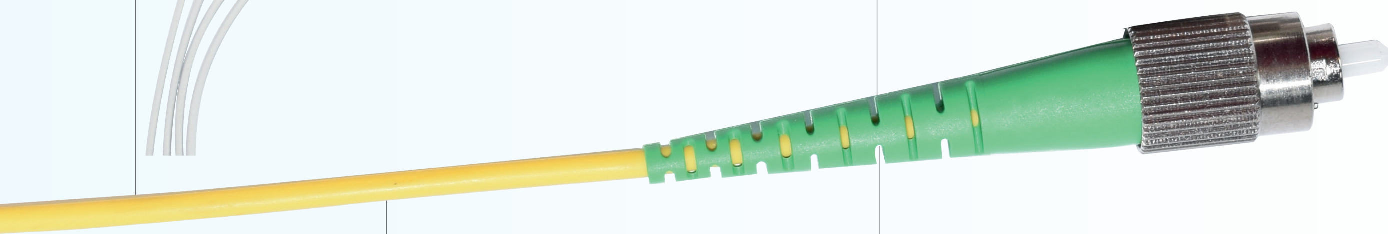
2012

Disposable medical cables, like these pressure transducers, allow hospitals to minimise Hospital Acquired Infections by reducing contact between patients or as a time saving alternative to sterilisation for reusable devices. Volex extrudes this cable and manufactures over 2 million units per annum from our Batam site.



2015

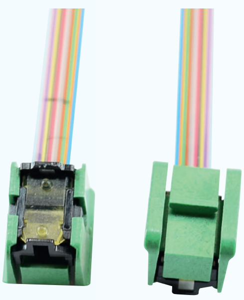
V-Novus cable range launched. Streamlined design represents the next generation of Volex power cables



2014

Prizm LightTurn

The Prizm Light-Turn® redirects parallel optical 90° via an integrated photonic turn lens using Total Internal Reflection. This technology facilitates higher density signals while providing a highly reliable, low cost solution for connector-to-module interfaces needed for datacom, telecom and high speed computing applications.



2015

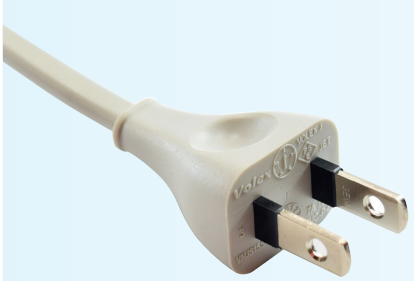
100GbE EDR

Volex manufactures 100GbE QSFP+/EDR cable and becomes only one of two companies to be infinibanc registered for EDR transmission.

Strategy

With the market dynamics of the power cable and data cable markets differing, the Group is structured into two separate divisions. This allows management to monitor performance better and allocate the Group's resources more effectively.

Power division



Market outlook

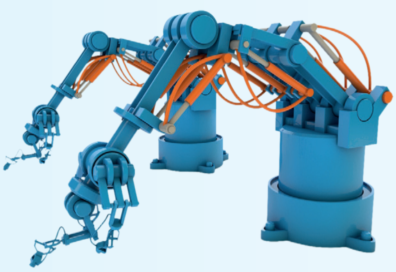
The performance of Volex's Power division ultimately depends upon the demand for our customers' electronic devices. The consumer electronic industry is forecast to grow with a cumulative annual growth rate of 6.7% during 2014-2018 with China and North America being the two most important global markets (37% of the total market). A vast range of products fall within the consumer electronics category, from the smartphone (which requires a low current to charge) through to the TV's, PC's and printers (which have a much higher power demand).

Volex's traditional market is in higher power devices. Here the key trends are forecast to be:

- PCs – after a number of years of decline, following the introduction of smartphones and tablets, the PC market stabilized in 2014 and is forecast to stay at a similar level for the next few years.
- TVs – Global TV volumes returned to slow growth in calendar 2014 and are forecast to grow at 2% in calendar 2015. Following the boom of HD TVs in the mid-2000s the market has been stagnant in recent years, however, it is expected the next generation of TV (4k ultra HD TV) will lead to a rapid global ramp. The other key trend is the ever increasing screen size (40 inches is the current average) which require ever increasing power.
- Printers – one of the most talked about new technologies is 3D printers, with double digit growth expected through to 2018, generating a $175m market.

The major growth in the consumer electronic industry, however, is expected to be driven by smartphones, particularly in China and the developing world. The Chinese smartphone manufacturers are becoming important players in the market with Xiaomi leading the way.

Data division



Market outlook

Volex's data cables serve a diverse range of industries, each with their own drivers and outlook. During the year, the key markets in which the Data division operated have been classified as:

- Healthcare – two notable trends have been observed in the healthcare industry. First is the proliferation of medical robotic systems, a market that is forecast to grow at 12.6% annually through to 2018. Volex already provides the cabling requirements to a number of robot manufacturers. The second is the growth of remote healthcare monitoring or 'mobile health'. Patients are already able to measure their own blood pressure, glucose and insulin levels in the comfort of their own home and this is forecast to be extended to electrocardiogram tests and heart rate monitoring in the near future. These domestic medical tests will require cables linking the individual to the mobile testing device, an active market for the Data division.
- Telecoms/Datacoms – the global demand and use of streaming information, such as audio and video, requires increased storage capacity and high-speed retrieval capabilities. Increasing internet traffic is placing ever greater pressure upon existing network infrastructure, necessitating equipment upgrades and capacity additions;
- Transportation – the automotive industry is displaying two clear trends that will benefit Volex's data division. The first is that the forecast growth of the industry is expected to be driven by the developing world. As such the automotive companies will need to address their manufacturing footprint with a strong preference for

Volex intends to be the leading global manufacturer and assembler of power cables and a trusted supplier of data cable solutions to the consumer electronics, telecoms, IT, industrial, transportation and healthcare markets, building upon its worldwide manufacturing base and reputation as a reliable supplier of high quality components and solutions.

Within the industry a clear distinction has evolved between the high-end product manufacturers that are willing to pay extra for aesthetically pleasing components and those that compete solely on price and simply want functional components at minimal cost.

In an extremely competitive market, the consumer product companies are looking to outsource their hardware manufacturing and are seeking the lowest cost providers. To ensure availability, quality and price of components, they tend to adopt a multi-sourcing strategy which, for the power cord market, means allocations being spread over three to four suppliers.

For Volex to be successful in the power cord market, it must:

- Price competitively;
- Diversify its customer base by winning allocations from all of the key device manufacturers;
- React quickly to customer requests as new products need to be brought to market swiftly;
- Ensure the safety and reliability of its cables; and
- Deliver cables to the required location within the requested lead-time.

During the past year, several consumer product companies have been forced into high profile product recalls due to cabling safety issues. Volex has long held a reputation in the industry for quality and reliability and we have therefore benefited as allocations have been transferred from our competitors. But we understand the need of our customers to balance quality and reliability with price.

We therefore believe by providing customers with good quality products at acceptable prices with reliable local delivery, Volex's allocation of its customers' spend will increase.

localised supply. Volex, with its global network, is well placed to partner these companies. The second is the increasing demands placed on a car by its passengers. Internet radio, smartphone capabilities, entertainment systems are all becoming standard, leading to increased dashboard cable complexity.

Further the commercial transportation market is continuing to grow in line with the growth in global online retailing. With the fleet companies requiring real time logistical data, demand for our fleet monitoring cable solutions should remain strong.

- Industrial – robots in both the workplace and the home are expected to grow rapidly over the coming years with one forecast predicting a $1.5b market by 2019. All of these robots will need a means of transmitting electrical signals, and Volex is working to ensure the Data division is well placed in this growing field.

Data cable providers in general tend to fall into one of two categories:

- The large global manufacturers that mass produce standardised cables;
- Small niche providers that work on heavily customised cabling solutions.

Volex's Data division, however, competes in both categories. The division's high-speed product offering servicing the telecoms and datacoms markets are largely standardised cables fit for mass production. The interconnect product offerings servicing the remaining markets, however, are engineered solutions. The Group believes that this mix of engineering capability and global manufacturing reach helps differentiate Volex from the competition.

The division's interconnect sales are developed through long term collaborative relationships with customers in which Volex can demonstrate its longer term technological capabilities. These projects provide a greater degree of certainty in terms of longevity of the product but are also less predictable as to when they may arise, leading to short term volatility in sales. However, by focusing on customer service and by demonstrating a technologically advanced product portfolio, it is possible to ensure that Volex delivers a complete package of data cables, enabling us to compete in this growing market.

Strategy
continued

To deliver on the strategy, the Group has developed the following strategic goals:

Power division

Strategy

The Power division is subject to a relatively short cycle between each price and volume negotiation. This provides opportunities for Volex to demonstrate its commitment to customer service and price competitiveness and thereby, through close interaction with the customer at all levels, enable an increase in allocation. In turn, better pricing and improved supply reliability mean that the customer is more inclined to provide further increases in allocations in subsequent negotiations. As volumes increase, the plant utilisation increases, thus delivering more benefits that can ultimately be shared with the customer.

Design-to-cost

Design the products such that the products meet both the customer's quality and price expectations.

Progress – During the year the Group launched the 'V-Novus' product range. This range was engineered to be as streamlined as possible, thereby reducing the PVC cost associated with the cable whilst at the same time improving the product's aesthetic appeal.

Global manufacturing

Utilise the Group's well-invested and unrivalled global manufacturing base, so that we can provide localised manufacturing and assembly in low cost facilities within the geographic region that is relevant for our customers.

Progress – A global leading power tool manufacturer has given Volex Mexico its cable allocation due to its desire for localised sourcing rather than sourcing from Asia.

Improved productivity

Ensure that the Group's productivity in manufacturing when combined with quality controls delivers a competitive advantage.

Progress – Labour efficiency gains (measured as actual labour cost versus standard labour cost) of 7% recorded in FY2015 primarily due to targeted capex investment and close monitoring of the production lines.

Best-in-class procurement

Ensure that suppliers to the Group deliver raw materials at prices that reflect the volumes that are being supplied and therefore assist the Group in giving our customers highly price-competitive products.

Progress – During the year, the division added two new key raw material suppliers to ensure alternate sourcing is available and to drive down costs.

Data division

Strategy

The Data division strategy is dependent upon its product.

For the high speed solutions offering the strategy is one of continuous product development to ensure that the division is at the forefront of transmission rates and signal integrity. However, once a product becomes mature, similar to the Power division, a design-to-cost methodology becomes critical as price becomes the dominant issue. To this end the Group has developed the following strategic goals:

Develop a market-leading product range

Volex's investment in product development is primarily focussed on the Data division where the Group can better differentiate itself from the competition through its product portfolio.

Progress – Volex developed a 100GbE QSFB+ / EDR cable and became only one of two companies to be Infiniband registered for EDR transmission.

Design-to-cost

Design the product to meet the customer's quality and price expectations.

Progress – During the year, the division has developed its own connector technology to reduce the cost of production.

For the interconnect products, the division markets itself as the global cable department of its customers. By early participation in a customer's development project, Volex can understand the challenges faced and from that design, develop, test and produce the cabling solutions required. Volex effectively acts as the one-stop cable shop allowing our customers to concentrate on their engineering specialities. Rather than being seen as a hardware provider, the division works in partnership with our customers to provide a tailored engineering solution.

Increased factory utilisation

Grow sales volumes such that the utilisation rates within the production facilities are significantly increased, thus providing margin enhancement.

Progress – Volume of Power cables (PVC and HF) manufactured in FY2015 totalled 166.5 million units versus 149.5 million units in FY2014 resulting in an increase in Power utilisation from 37% to 55%.

High quality supplier

Build upon the Group's reputation as a high quality supplier within the industries that it serves.

Progress – No product recalls in year and instead benefitted from allocations transferred from competitors that experienced reliability issues.

Partner with key customers

Significant revenue wins within the Data division come from large scale customer project rollouts. These projects can often take several years of collaborative development work. By aligning ourselves with these customers, Volex can have engineers on-site illustrating to the customer what we can offer.

Progress – Volex has increased the number of Field Application Engineers in the year. A senior engineer was recruited in Sweden to further strengthen our relationship with a key customer.

Global manufacturing

Similar to the Power division, utilise the global factory base to provide localised manufacturing and assembly.

Progress – 200% increase in Data revenue in our India facility after key global customer requested local Indian production.

Overview

Overall, the strategy for both divisions is designed to generate profitable sales growth with:

- Additional sales from existing customers;
- Winning sales from new customers in the same markets we already operate in; and
- Winning sales from new customers in adjacent markets that are not yet being addressed.

Increased sales volumes will lead to better productivity, factory utilisation and operating margins.

Outcomes

Volex is committed to significant growth in shareholder value that will be driven by:

- Top line growth as customer allocations grow and new customers are introduced to the Group;
- Increased profitability as factory utilisation and productivity improve; and
- Cash generation as profits and margins grow whilst capital expenditure is carefully managed to ensure fast payback.

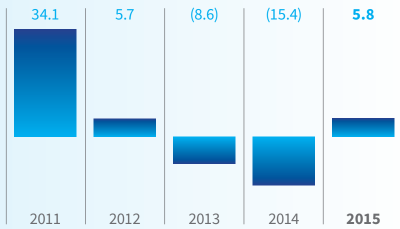
To this end, management now focus upon three specific Key Performance Indicators ('KPIs') which help to assess the implementation of the strategy:

- Annual revenue growth;
- Factory utilisation; and
- Free cash flow generation.

KEY PERFORMANCE INDICATORS

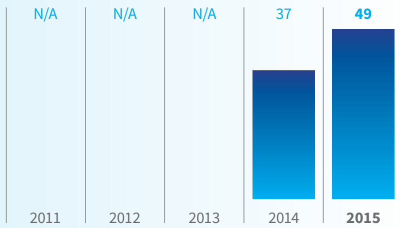
Through these three KPIs it is believed that it is possible to assess the extent to which the Group is delivering its strategy to the benefit of all its stakeholders.

Annual revenue growth (%)



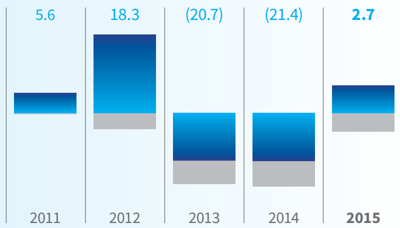
Progress in the year
Clear benefits of VTP can be seen with revenue growth in the year of 5.8%. FY2015 did benefit from an extra week's trade but even removing this, growth of 3.8% can be seen. This growth came not only from increased allocations with existing customers but also from new business wins.

Factory utilisation (%)



Progress in the year
As volumes and revenue have increased so too has factory utilisation. The prior year figure of 37% has been restated to cover all factory floorspace not just that which was in active use.

Free cash flow ($m)



Progress in the year
Underlying free cash inflow of $8.1m in the year versus outflow of $13.9m in the prior year due to improved trading and tight working capital management. Off-setting this was a non-recurring cash outflow of $5.4m primarily due to the VTP restructuring.

Underlying free cash flow
Non-recurring free cash flow

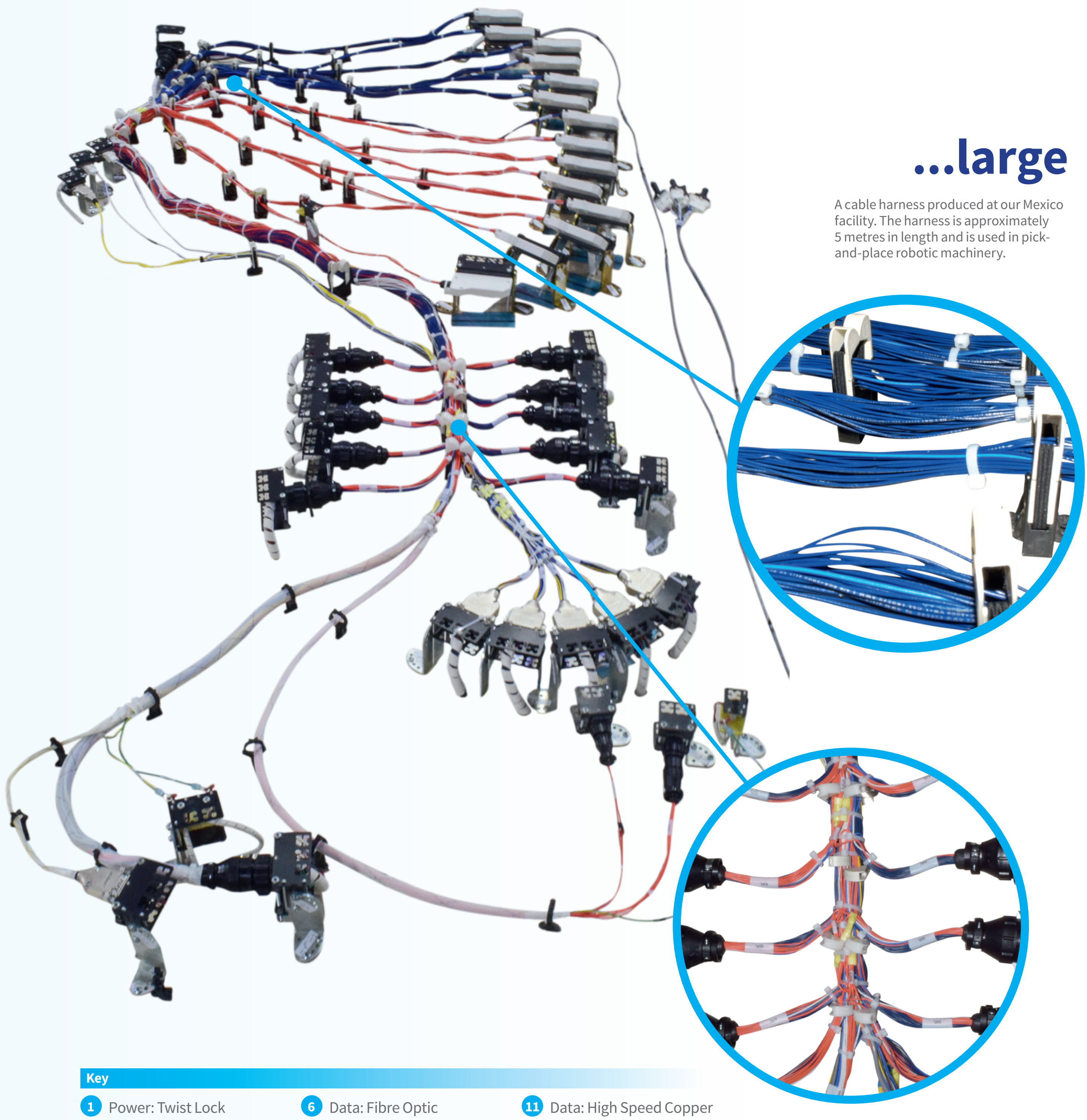
Our products

Volex manufactures and assembles a diverse range of products from the small internal cables transmitting power and data within consumer products to the large wiring harnesses used in industrial robotic machinery.

small...

...large

A cable harness produced at our Mexico facility. The harness is approximately 5 metres in length and is used in pick-and-place robotic machinery.



Key

1 Power: Twist Lock
2 Power: V Lock
3 Power: Duck Head
4 Power: Cord Reel
5 Power: USB
6 Data: Fibre Optic
7 Data: Internal Cable Assembly
8 Power: 3 pin plug
9 Power: 2 pin plug
10 Data: Multi I/O Connector
11 Data: High Speed Copper
12 Power: Power Distribution Unit
13 Data: High Speed Optics
14 Data: Mini-SAS
15 Data: Basic Wiring Harness

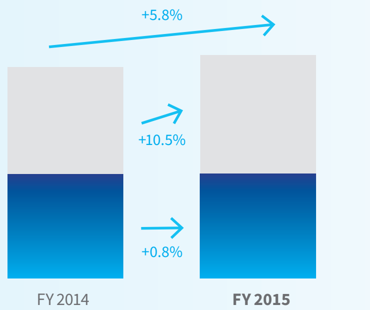
Operational review

Volex is a leading global supplier of power and data cabling solutions with sales of $423.4m in the year (FY2014: $400.2m).

$'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.

Group revenue growth FY2014 to FY2015



Progress in the year
Revenue from our top 3 customers was largely flat year on year with our remaining customers driving the 5.8% group revenue growth. This is in line with our stategy of diversifying the customer base.

Top three
Other

Volex has its global headquarters in the UK, operates from nine 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.

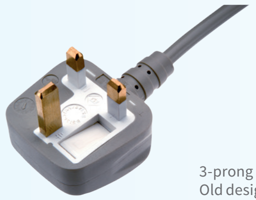
  The benefits of the above have been clear to see with revenue decline now reversed and growth resumed. This has been through both increased allocations from existing customers and new business wins.

V-Novus case study

The power cable market is a commodity market where price competitiveness is essential to the winning of new business. Within this market a recent trend has been for an ever-decreasing size to the power cable. During the year, with this and the Group's design to cost strategy in mind, the engineering team of Volex set about developing a new range of product for the Power division. The 'V-Novus' range was launched at the end of FY2015 and has already been successful in securing a number of new business wins.

2-prong
Old design

2-prong
New design



3-prong
Old design

3-prong
New design

- 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 solution.

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 focused objectives of:

- Improving plant utilisation by focusing 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 $7.8m in FY2015, up $1.4m on the $6.4m incurred in FY2014. This increase was primarily due to the bonus cost. In July 2014, a $0.8m 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 $0.4m bonus charge has been made in the year for other head office personnel (FY2014: $nil).

Divisional review

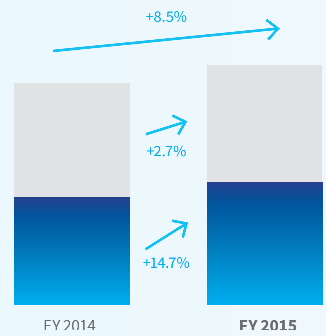
Power division

Power division financial highlights

$'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 ICA business.
*** Restated for the allocation of certain central costs into the operating divisions.

Revenue growth FY2014 to FY2015



PVC

Revenue

$157.8m

Volume

145.4m units

Halogen-free

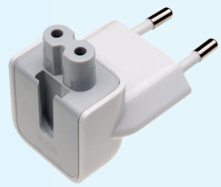
Revenue

$83.5m

Volume

21.1m units

Duck heads



Revenue

$28.8m

Volume

37.3m units

Other

Revenue

$3.6m

Volume

6.8m units

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 $273.7m, up 8.5% on the prior year (FY2014: $252.2m). 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 earlier, 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.

Divisional review continued

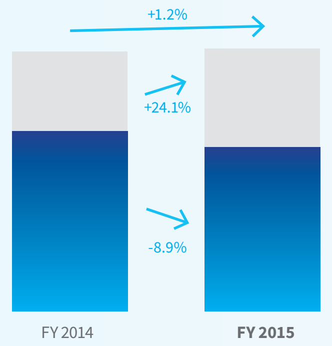
Data division

Data division financial highlights

$'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 ICA business.
*** Restated for the allocation of certain central costs into the operating divisions.

Revenue growth FY2014 to FY2015



Multi conductor I/O

Revenue
$71.2m

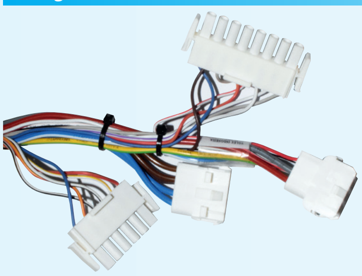
Volume
8.4m units

High-speed solutions

Revenue
$19.9m

Volume
1.4m units

Wiring harnesses



Revenue
$36.2m

Volume
3.7m units

Internal assemblies

Revenue
$22.5m

Volume
25.0m units

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.

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.

The division's product range is split into two categories:

- High Speed – primarily copper, but also optical, passive and active cabling solutions that transmit data at rapid rates. High speed products are used extensively in telecom and data centre environments. Volex competes through the development of cutting edge cabling technology with ever faster transmission rates. In FY2015, this saw the launch of the 100GbE QSFB+ / EDR cable with Volex becoming only one of two companies to be Infiniband registered for EDR transmission.
- Interconnect – bespoke cabling solutions designed to transmit data in the most effective means for our customers' needs. 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.

Revenue for FY2015 was $149.8m (FY2014: $148.0m), 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 thanks to our new EDR cable offering (revenue up 59.6%) and we hope that this will continue to drive growth in our high speed business.

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.

Within the high speed product range, new product development will continue with mini-SAS HD being an exciting proposition. For the interconnect range, further customer collaboration will continue as the division seeks to become their outsourced cabling department. This will be achieved through increased investment in our field engineering workforce.

Financial review

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

	52 weeks to 30 March 2014		53 weeks to 5 April 2015	
	Revenue* (restated)	Profit/(loss)** (restated)	**Revenue $'000**	**Profit/(loss) $'000**
Power division	252,208	1,077	**273,655**	**5,390**
Data division	147,969	9,868	**149,754**	**11,197**
Unallocated central costs		(6,413)		**(7,755)**
Divisional underlying 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.

As outlined in the Strategic Report, 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.

Measuring financial performance

The Group continues to use a number of specific measures to assess its performance and these are referred to throughout this Annual Report in the discussion of the performance of the business. These measures are not defined in IFRS, but are used by the Board to assess the underlying operational performance of the Group, and as such the Board believes these performance measures are important and should be considered alongside the IFRS measures. These measures include:

Measure	Definition
Underlying profit	Profit before non-recurring items and share-based payment expense
Underlying EPS	Earnings per share adjusted for the impacts of non-recurring items and share-based payment expense
Free cash flow	Net cash flow before financing activities and transactions in own shares

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 $13.2m of revenue and $1.2m of gross profit. For reporting purposes, the FY2014 comparatives have been restated for this revenue and gross profit transfer, allowing for meaningful comparison.

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 $9.0m reduction in the reported FY2014 central costs category and a corresponding $5.0m and $4.0m 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%**

Trading performance

Group revenue for the year increased by 5.8%, from $400.2m in FY2014 to $423.4m in FY2015, with both divisions showing growth. Power revenue increased by 8.5%, from $252.2m in FY2014 to $273.7m whilst Data revenue increased by 1.2%, from $148.0m to $149.8m. The revenue increase was primarily driven by increased allocations from existing customers, however, new business wins also featured. The improved performance was a direct result of the investment in our sales force and the provision of enhanced sales monitoring tools, both elements of the Volex Transformation Plan ('VTP').

The Group's underlying gross profit for FY2015 was $70.9m, yielding an underlying gross margin of 16.8%. This compared to a FY2014 underlying gross profit of $66.5m and an underlying gross margin of 16.6%. The 20bps increase was due to the impact of the new design to cost methodology becoming embedded throughout the Group, the multiple sourcing strategy adopted by the procurement department pushing down raw material prices, the reduced copper LME price and the leveraging effect of spreading the fixed production costs over a higher volume.

The Group's underlying operating profit for FY2015 was $8.8m, up 94.9% on the prior year. This was driven primarily by the increased gross profit of $4.5m, with operating cost largely flat.

Non-recurring operating items and share-based payments

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

Of this $5.8m 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 $5.2m (FY2014: $8.6m) of restructuring costs were incurred under the VTP. The restructuring programme can be split into several distinct elements:

- An executive and senior management change element of $0.7m (FY2014: $4.9m). In the current year $0.4m was incurred through the departure of the Group Chief Financial Officer and $0.3m 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 $3.6m (FY2014: $3.7m) 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 $1.0m (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 $1.1m (FY2014: $0.6m).

The Group has incurred a further $0.4m (FY2014: $2.4m) 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 $5.4m (FY2014: $7.5m).

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

A $0.9m charge (FY2014: $2.3m 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.

Net finance costs

Total net finance costs in FY2015 were $2.6m (FY2014: $2.7m). The prior year benefited from a one-off refund of interest over-payments totalling $0.6m, giving an underlying net finance cost of $3.3m. The reason for the decrease in underlying interest charge was the lower average net debt level held by the Group following the refinancing.

Refinancing

In July 2014, the Group successfully completed a refinancing programme 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, $27.9m of net cash proceeds were raised.

$25.1m 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 $45m facility expiring in June 2017.

Tax

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

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

Financial review continued

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 $0.8m (FY2014: $0.4m). 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.

Earnings per share

Basic loss per share for FY2015 was 12.8 cents compared to a loss per share of 22.6 cents in FY2014. The underlying fully diluted earnings per share was 2.8 cents compared to a loss per share of 8.6 cents in FY2014.

Cash flow and net debt

Operating cash flow before movements in working capital in FY2015 was an inflow of $7.9m (FY2014: $0.5m) with the $7.4m 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 $4.9m (FY2014: outflow of $8.7m) with both inventories and, to a greater extent, trade creditors increasing as the business grew.

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

Capital expenditure in FY2015 was $3.9m (FY2014: $8.2m). 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 $1.3m has been incurred in FY2015 (FY2014: $2.3m). Of this, $0.4m is in relation to Active Optical Cable ('AOC') technologies (FY2014: $2.0m) 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 $0.3m (FY2014: $0.3m) was in relation to computer software purchases.

Transactions in treasury shares generated $0.5m (FY2014: $6.3m) 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 $0.7m (FY2013: $1.7m) 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, $27.9m 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 $4.8m for the Group.

$25.1m 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 $45.0m facility expiring in June 2017. Associated with this were refinancing costs of $0.9m. A further $8.0m has been drawn under the facility since the amendment.

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

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

The above cash flows have resulted in the following free cash for the period:

Annual free cash flow	FY2014 $'m	**FY2015 $'m**
Net cash generated from operating activities	(11.1)	**7.8**
Cash flow from investing activities	(4.0)	**(4.6)**
	(15.1)	**3.2**
Add back:		
Utilisation of own shares	(6.3)	**(0.5)**
	(21.4)	**2.7**

Banking facilities, covenants and going concern

The Group utilises a $45.0m 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 $25.2m (FY2014: $46.4m) with a further $7.4m drawn under the cash pool facility (FY2014: net funds of $2.1m). After accounting for bonds, guarantees and letters of credit, the remaining headroom as at 5 April 2015 was $10.2m (FY2014: $28.2m).

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.

Financial instruments and cash flow hedge accounting

The Group enters into contracts with financial institutions which are linked to the average copper price as published by the London Metal Exchange ('LME'). The purpose of these contracts is to mitigate the Group's exposure to copper price volatility observed in the Group's cost of sales (see page 24 where rising commodity prices has been identified as a key risk).

These contracts act as an economic hedge against the impact of copper price movements. They meet the technical requirements of IAS 39 and therefore are accounted for as cash flow hedges of forecast future purchases of copper. As at 5 April 2015, a financial liability of $1.3m (FY2014: $1.0m) has been recognised in respect of the fair value of open copper contracts with a corresponding $1.3m debit recognised in reserves. This debit is retained in reserves until such time as the forecast copper consumption takes place at which point it will be recycled through the income statement.

A charge of $0.7m has been recognised in cost of sales in FY2015 (FY2014: $1.2m) in respect of closed out contracts. This charge has arisen since the average LME copper price in the period has been below the contracted price.

In addition, the Group enters into certain foreign exchange forward contracts to mitigate the Group's currency exposure to the Chinese Reminbi and Polish Zloty monthly payroll payments. As at 5 April 2015, a financial asset of $0.1m (FY2014: $nil) has been recognised in respect of the fair value of open foreign exchange contracts.

Defined benefit pension schemes

The Group's net pension deficit under IAS 19R as at 5 April 2015 was $3.6m (FY2014: $3.2m). The increase is primarily due to a $1.3m actuarial increase in the liability arising from reduced corporate bond yields used to discount the forecast pension cash outflows. Off-setting this increase are the $0.6m of cash payments made to the scheme by the Group.

During the current year, the June 2013 triennial actuarial valuation of the scheme was completed.

Share transactions and related party transactions

In July 2014, the Group issued 24,067,171 new shares at £0.75 per share under a 4 for 11 placing and open offer. After issue costs, $27.9m of net cash proceeds were raised. Within the issue, an aggregate of 10,909 new Ordinary shares were placed with both Karen Slatford and Daren Morris and 9,090 with Christoph Eisenhardt, all of whom are Directors of the Company. A further 6,137,538 shares were placed with NR Holdings maintaining their shareholding in Volex plc at 25.5%.

During FY2015, Karen Slatford exercised 80,000 options held under the Non-Executive Director Long Term Incentive Scheme ('NED LTIS'). These options had a $nil exercise price. The exercise was met through the issue of 41,289 shares from the Volex Group Guernsey Purpose Trust. Further Andrew Cherry, a former Director of Volex plc, exercised 305,623 share options held under the Volex Performance Share Plan. These options had a £0.25 exercise price. The exercise was met through the sale of 305,623 shares from the Volex Group plc Employee Share Trust.

During FY2014, Mike McTighe (the former Chairman of Volex plc) exercised 426,667 options held under the NED LTIS. These options had a $nil exercise price. The exercise was met through the issue of new shares in Volex plc with the share capital account credited by the share nominal value of £0.25 per share and a corresponding debit taken to retained earnings.

In December 2013, Volex issued 2,698,009 new shares. These shares were issued at £1.16, which after share issue costs, generated cash income of $4.8m.

Also in December 2013, the Swiss Employee Benefits Trust sold 3,378,582 shares after a number of options, which the shares were bought to cover, lapsed. This sale generated $6.3m.

In January 2014, Chris Geoghegan (former Non-Executive Board member) exercised 53,333 of his options held under the NED LTIS. These options had a $nil exercise price. The exercise was met by a cash payment from the Group of £57,000.

Group risk management

Approach

As with any business, the Group is exposed to risks and uncertainties from a strategic, operational, compliance and financial perspective. The Board is ultimately responsible for managing the Group's approach to risk and determining a strategy to manage risks within the business. The Board is supported by the Audit Committee who has the delegated responsibility to review the effectiveness of the Group's system of internal controls and risk management. The Board recognises that any risk management process cannot eliminate all levels of risk but manages the Group's exposures, and sets the acceptance level of tolerance required to deliver the Group's strategy.

Key changes to risk profile

- During the year, the risk management framework was enhanced to be in line with the recent revisions to the UK Corporate Governance Code and associated best practice guidance. The Group's risk appetite was reviewed and updated as part of its enhanced risk management framework.
- The Group Risk Management Policy was updated and communicated to key risk stakeholders, mainly the executive management team and heads of divisions and sites.
- The Group Internal Audit function was re-established to provide independent and objective assurance to the Group's risk management, control and governance processes.

The enhanced risk management framework aims to provide a consistent view of risk that is aligned and integrated with strategic decision making, and reflects a defined risk appetite. The framework is designed to identify risks or risk events, assess risks, respond to principal risks through risk mitigation and control activities. Risk responses may be in the form of risk avoidance, risk acceptance by way of factoring it into decision-making or monitoring it, reduce or transfer through insurance or hedging mechanisms. Risk reporting and monitoring is incorporated into periodic business and financial reviews by the executive team and the Board.

Principal risks

The table below summarises the Group's principal risks and how they are managed centrally. The Board considers these the most significant risks that could materially affect the Group's financial condition, performance, strategies and prospects. The risks listed do not comprise all risks faced by the Group and are not set out in any order of priority. Additional risks not presently known to management, or currently deemed to be less material, may also have an adverse effect on the business.

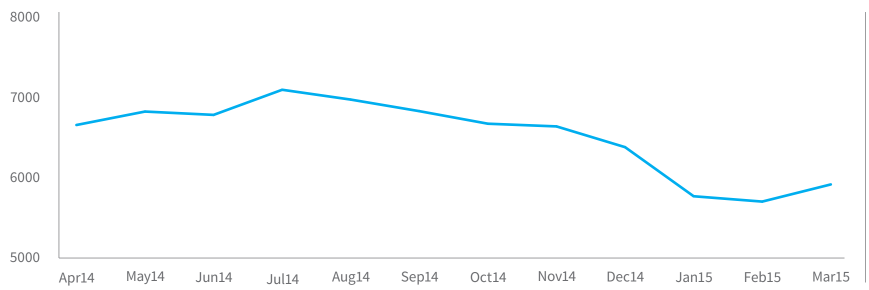
Risk	Possible impact	Mitigation activities
Strategic		
Customer concentration	A large portion of the Group's revenue is derived from a small number of large customer accounts. Hence, the Group's performance, financial condition and future prospects may be significantly impacted if allocation on a key customer account is reduced or lost or a key customer weakens its competitive position in the industry fields relevant to the Group. The Group's top ten customers accounted for 68% (with no change from previous year) of total revenue. At a divisional level, the top ten customers' revenue for Data and Power divisions accounted for 84% and 73% respectively. The Group's largest customer accounted for 27% of total revenue, representing a 4% increase from the previous year.	The Group continues to strengthen strategic relationships with key customers through dedicated global account teams. Alliances are built through partnering customers in their product design, placing focus on technical alignment. Whilst the Group strengthens existing customer relationships, the Group actively takes steps to acquire new customers and develop new products. The Group's diversification of business between the two divisions and across geographical regions mitigates exposure to any one country or sector.
Customer alignment	The Group's business is responsive to changes in customer design, manufacturing strategies and demand forecast, all of which impacts the Group's manufacturing activities and inventory levels. Without aligning with customer requirements, flaws in product design, manufacturing process and demand forecasting may result in product quality or safety issues, production inefficiencies and holding excess inventory. Failure to understand customers' needs and/or align with customers may have an adverse effect on the Group's revenues, operations and prospects.	The Group continues to partner its key customers and suppliers in product development, anticipating changes in technology and product design requirements. Major customer and operation scorecards are developed and regularly reviewed. High levels of quality assurance are embedded in our manufacturing activities. At operational level, the Group works closely with customers to ensure that their demand forecasting is appropriate to market conditions.
Competition and pricing pressures	The Group operates in highly competitive markets. Increased competition and pricing pressures from customers may lead to reduced sales and profit margins, potentially impacting future growth, cash flow and profitability.	The Group seeks to remain competitive by managing costs within the supply chain and increasing productivity in the manufacturing process. The Group continues its strategy of early design involvement with customers and supporting customers in product development. The Group regularly reviews the competitive environment in which it operates.

Risk	Possible impact	Mitigation activities
Operational		
Supplier dependency	Despite efforts in the past years to reduce this risk, the Group still remains heavily reliant on single-source suppliers for key materials or critical components. The suppliers' inability to meet our standards such as quality, reliability, demand and cost reductions may result in our inability to provide the same level of standards to our customers. As the Group's ability to compete on price is highly dependent on reducing costs within its supply chain, failure to develop alternate sourcing may result in lost opportunities and erosion of margins.	The Group continues to develop alternate supply of raw materials and critical components through dual or multi-sourcing locally. Divisional procurement functions were established during the year. The new structure plays a significant role in supporting the procurement strategy and driving operational excellence. Financial and operational viability of key suppliers are monitored periodically. The Group's inventory levels are closely monitored to ensure that they are appropriate to market conditions and availability in times of production volatility.
Supply chain and business continuity	The Group's supply chain network is potentially exposed to adverse events such as physical disruptions resulting from environmental events or industrial accidents, and scarcity of supply or bankruptcy of a key supplier. A temporary or permanent loss of a manufacturing facility or warehouse as a result of a natural catastrophe or any other reason may have a material adverse impact on our ability to meet our customers' delivery schedule. Consequently, the Group may incur penalties as a result of late delivery, reducing margins by incurring additional costs associated with late remedial actions or loss of market share. The Group may also be affected by the social, economic, regulatory and political conditions in the countries where it operates, particularly in developing countries.	The Group regularly evaluates its key manufacturing sites and takes actions to develop alternate back-up sites. The current global footprint provides an element of natural diversification against political or geographic disruptions. Business continuity and crisis management plans are in place and tested periodically. The Group holds a comprehensive insurance programme that includes coverage for property damage and business interruption, amongst other areas.
Compliance		
Compliance with legislation and regulations	As the Group operates in diverse global markets, it is subject to a wide range of legal and regulatory frameworks. In particular, the Group operates in certain territories where strong ethical standards may not be well established or where parts of the markets in which we operate are highly regulated. Regulations include those related to export controls, health, environmental and safety requirements, product safety, tax laws and ethical business practices including anti-bribery and corruption. Non-compliance may expose the Group to fines, penalties, reputational damage or restriction on our business's ability to operate.	Regular monitoring of legal and regulatory developments is conducted at Group, division and site level. Consultation with external advisors is sought where necessary. Group-wide general compliance and governance policies are in place to ensure compliance with local laws, regulations and standards. During the year, a new Anti-Bribery and Anti-Corruption Policy was rolled out. As part of the rollout, an independent whistle-blowing hotline was established, communicated, and training provided to employees globally.

Group risk management continued

Risk	Possible impact	Mitigation activities
Financial		
Going concern	The Group has a $45m multi-currency revolving credit facility extended to June 2017. The facility is subject to a quarterly assessment of two financial covenants, namely the leverage covenant and interest covenant. Whilst the Group's forecasts have indicated that both covenants will be met, any unforeseen downturn may result in failure to meet the covenant test. Consequently, this may result in an 'event of default' where immediate repayment is requested.	The Group reviews its performance against budget to ensure that funding is balanced against economic results. The Group continues to maintain an open and transparent dialogue with the facility providers to ensure that they are well aware of the developments in the business. The Group's forecasts indicate that it will meet the covenant tests under the facility. If performance was not in line with the forecast, the Group has a number of mitigating actions that could be implemented.
Foreign exchange fluctuations	Due to the global nature of operations, the Group is exposed to volatility in the foreign exchange market and foreign exchange fluctuations may have a material impact on the reported results. The Group is exposed to currency transactional risk relating to day-to-day sales and purchases with customers and suppliers. Reported results of overseas subsidiaries are subject to translational risk which may cause volatility in earnings and balance sheet. The Group's financial results may be impacted by the fluctuation the of US Dollar against foreign currencies, exchange rate controls or regulatory restrictions on transfers of funds.	The Group Treasury Policy Statement sets out procedures on exchange rate risk management. Billing currencies have been adjusted to achieve a higher level of natural hedging where possible. In order to minimise foreign exchange fluctuations in the income statement of the Group, drawdowns on the senior credit facility in currencies other than the functional currency of the drawing entity will be treated where possible as a net investment hedge.
Copper price volatility	Many of the Group's products, particularly in the Power division, are manufactured from wire components that contain significant amounts of copper. Wire components accounted for 51% of the Group's purchases. Where possible, copper price movements are passed on to customers. However, not all customers accept these pricing changes leaving the Group exposed to the movements in the copper price. Even when movements are passed on to customers, delays in passing through these movements can cause short term volatility in the Group's gross margins.	The Group adopts a copper hedging policy which was agreed by the Board and documented in the Group Copper Hedging Policy. This document sets out the guidelines and parameters within which copper hedging contracts are placed. These forward copper purchase contracts extend out 12 months and are refreshed on a rolling monthly basis. To minimise short term volatility, contracts with major suppliers include a clause that ensures that copper prices are fixed based on the average LME rate over the prior period. Customer contracts covering approximately 20% of Power revenues include clauses which ensure that the prices are adjusted on a quarterly basis to align with the changes in supplier contracts. For the remaining exposure, suitable hedging contracts are put in place in accordance with Group policy.

Copper spot price (US$ per metric tonne)



Principal exchange rates used in the year (against US$)

	Period end rate (Statement of financial Position)		Average rate (Income statement)	
	FY2014	**FY2015**	FY2014	**FY2015**
GBP	0.601	**0.670**	0.631	**0.619**
EUR	0.727	**0.910**	0.748	**0.786**

Corporate and social responsibility

The Corporate and Social Responsibility Committee (the 'Committee') strives to continue to improve our positive impact on the environment and society.

The Committee is an integral part of the Company's governance structure and is, pursuant to its terms of reference, required to meet at least twice a year to consider its overall strategy on matters including health and safety, diversity and compliance with ethical trading practices.

Our people

Our steady progress is linked to the skill, talent and commitment of our employees. During the financial year, the Group developed and implemented a global performance management tool enabling the executive management team to effectively review and provide clear constructive feedback to employees against communicated corporate objectives. This programme is invaluable to the retention and individual development of the Company's employees.

Diversity

Our success is reflected in our diverse global workforce. To maintain our competitive edge we believe it is important to maintain diversity in gender, ethnicity, age, thinking and background. Our gender breakdown demonstrates our commitment to encouraging women in the workplace.

Approximately 3,805 (or 52%) of our employees are female and 3,495 (or 48%) are male. Our senior management team comprises nine (or 20%) females and 37 (or 80%) males. Female representation on the Board is 17% with the Chairman being the only female Board member. The Company Secretary to the Board is female.

Health and safety

We prioritise our people, maintain stringent safety practices and implement industry best practice across the Group. Each site conducts programme training, risk assessments and regular management reviews to identify safety risks and ensure compliance with industry best practice.

Relationship with the community

We encourage our employees to be active participants in their local communities. Such participation includes volunteering to repair and upgrade local village schools, rubbish and litter removal programmes, working with disabled children and donating blood.

Customers and suppliers

Supply-chain integration continues to develop and is essential to the operation of our business. Through being proactive around corporate responsibility issues, Volex is able to meet the rigorous standards of its customers. In addition to complying with all relevant statutory and regulatory requirements (including EU RoHS and EU REACh) we support our customers' specific requirements and implement stringent controls to eliminate the use of hazardous substances to protect the environment and reduce the risk of chemical exposure to humans.

All sites are ISO9001 certified, comply with OHSAS1800 and have adopted the Electronics Industry Supply Chain (EICC) Code of Conduct.

Our products are free from MCCP, Phthalate, Lead and DINP. Furthermore we offer a range of halogen-free cables.

Human rights

Volex supports the United Nations Universal Declaration of Human Rights. The Company is in the process of developing a policy reflecting our commitment to uphold the declaration.

Relationship with the stakeholders

We believe our business is built on the confidence and commitment of our stakeholders.

Our impact on the environment

We monitor the environmental impact of our business activities and encourage employee awareness of waste reduction, recycling and responsible disposal. All sites are ISO14001, certified and have specific, local waste reduction programmes.

Carbon reporting

Our emissions have been calculated using the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with the latest emission factors from recognised public sources including, but not limited to, DEFRA, the International Energy Agency, the United States Energy Information Administration, the United States Environmental Protection Agency and the Intergovernmental Panel on Climate Change. Emissions reported correspond to our financial year. Actual data has been supplied for 96% of the reported emissions and the remainder estimated using floor area data.

FY21015 Global GHG emissions data

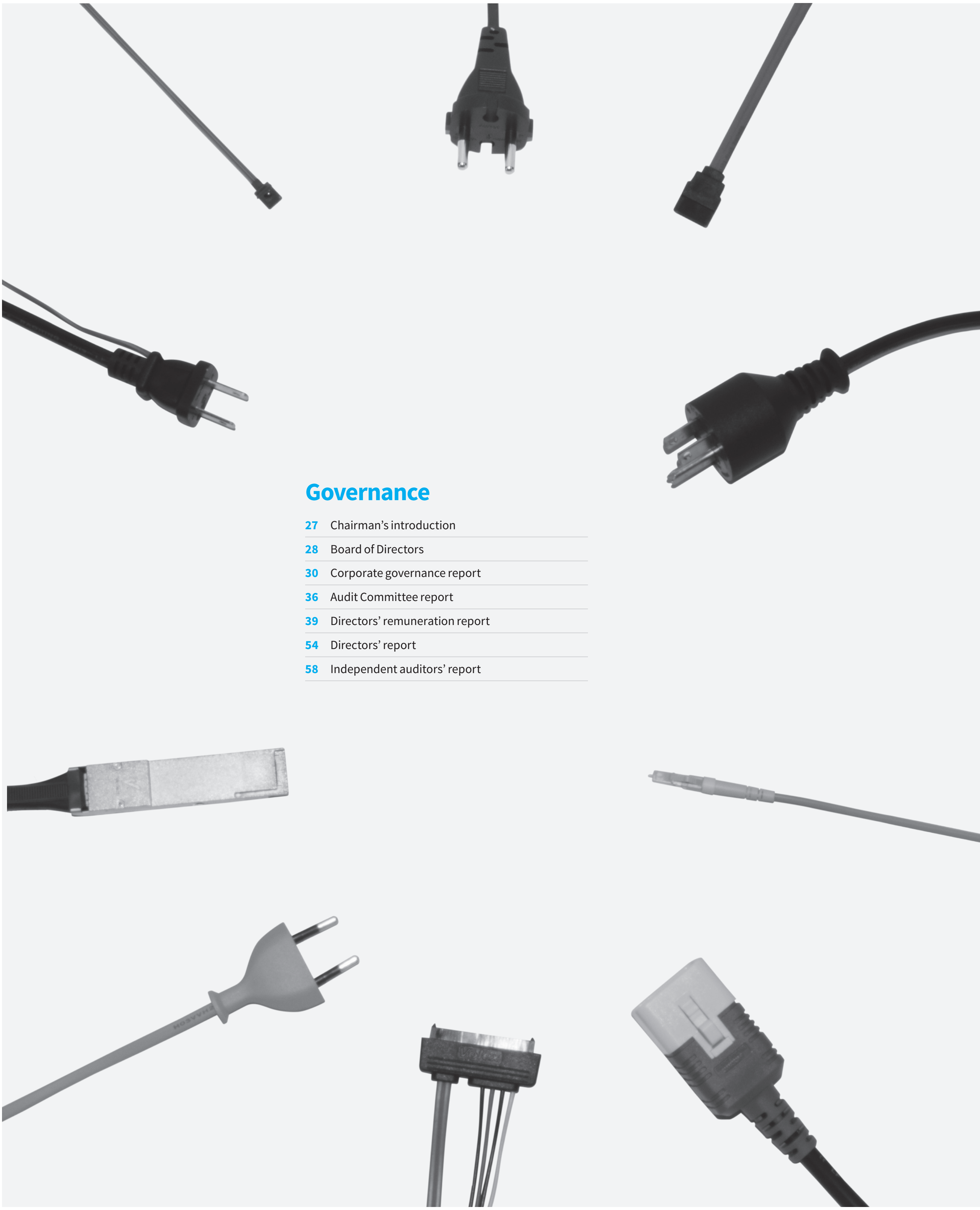
Emissions from:	Tonnes of CO_2e
Combustion of fuel and operation of facilities (GHG Protocol Scope 1)	745
Electricity, heat, steam and cooling purchased for own use (GHG Protocol Scope 2)	17,884
Total	**18,629**
Intensity metric (tonnes CO_2e/Full-Time Equivalent employee)	2.55

Year-on-Year Comparison

Emissions from:	FY2014 Tonnes of CO_2e	FY2015 Tonnes of CO_2e	Percentage change
Scope 1	577	745	+29%
Scope 2	22,985	17,884	-22%
Total	**23,562**	**18,629[1]**	**-21%**
Intensity metric (tonnes CO_2e/ Full-Time Equivalent employee)	3.35	2.55	-24%

1 The results of the FY2015 reporting year represent a significant improvement in data quality over the previous reporting year where only 27% of emissions arose from actual data. This data quality improvement has resulted in a decrease in total annual Scope 1 and 2 emissions of 4,933 tonnes of CO_2e.

Governance



Governance

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Chairman's introduction

As a Board of Directors we are committed to maintaining the highest standards of corporate governance. We believe these principles form the foundations for the long-term success and strategic growth of the Company.

Our Corporate governance report is set out on pages 30 to 35, with the Directors' remuneration report on pages 39 to 53. This section of the Annual Report and Accounts illustrates how we manage the Group and comply with the provisions of the UK Corporate Governance Code (the 'Code'). The Code can be found at www.frc.org.uk. It also sets out further details about the activity of the Board and its various Committees during the year. Key areas of focus for the Board this year included completion of the refinancing, investment in and recruitment of our executive management team, succession planning and Board appointments.

In December, we announced the appointment of Daren Morris as interim Chief Financial Officer, replacing Nick Parker who left the Company in December 2014. In the first few months of his new role Daren visited a number of our global manufacturing plants and offices, stabilised our working capital position and our relationship with lending banks and key shareholders and worked with the wider finance team to finalise the budget for the coming financial year. Daren's role became permanent in June 2015. In April 2015, we appointed Robert Beveridge as non-executive Director and Chairman of the Company's Audit Committee. We also appointed Geraint Anderson to the role of Senior Independent Director (in addition to his role as Chairman of the Company's Remuneration Committee).

We remain committed to the strong relationship between ethics and governance. In the current year, we updated our Group Whistleblowing Policy and our Group Anti-Bribery and Corruption Policy.

The effectiveness of the Board is vital to the success of the Company and, consequently, we took the results of our board evaluation process very seriously. As part of the process we assessed how we work as a board, our skills and how we could improve our effectiveness. We validated that our Board has the appropriate balance of skills, experience and independence to enable the Company to reach its full potential.

Finally, other than as set out in the report below, we consider that we have complied with the provisions of the Code. Our statement of compliance is set out on page 30. The Company, as always, welcomes shareholder feedback and will continue improving its processes. We look forward to regular interaction with our shareholders during the coming financial year.

Karen Slatford
Chairman of the Board
11 June 2015

Board of Directors

Karen Slatford

Chairman of the Board (Age 58)

Karen Slatford was appointed as a non-executive Director on 27 May 2008 and following a period as Deputy Chairman, became Chairman of the Board on 8 August 2013. Karen is Chairman of the Nominations Committee and a member of the Remuneration Committee.

Karen was previously a non-executive director for HAL Knowledge Solutions, Portwise AB, Neverfail Group, The Listening Company, Via Net.Works Inc and Compel Group plc. Between 1983 and 2001 Karen was employed by Hewlett Packard Ltd and whilst working across various capacities and roles, she focused on improving the group's sales and marketing throughout the United Kingdom and globally. In 2000, Karen was appointed Chairman of Hewlett Packard UK Ltd and also undertook the position of Vice President and General Manager Worldwide of Sales and Marketing, Business Customer Organisation until 2001.

Karen is currently Chairman of the Board of The Foundry and is the Senior Independent Director of Micro Focus International plc and a non-executive director of Intelliflo Ltd.

Christoph Eisenhardt

Chief Executive Officer (Age 47)

Christoph Eisenhardt was appointed as Chief Executive Officer on 1 July 2013.

Christoph joined Volex from the KVT-Koenig Group where he was Chief Executive Officer, overseeing an extensive transformation and growth process. Prior to that Christoph spent four years as Chief Executive of the Commercial Vehicles and Automotive Aftermarket division of Siemens VDO, later Continental AG, and four years at Siemens Building Technologies Group, where his roles focused on transformation and growth. He also served as Chief Executive Officer of Raab Karcher Sicherheit & Services GmbH, managing its sale to Tyco Fire & Security Inc. Christoph's international experience was developed through earlier sales and operational roles at Groupe Bull S.A. and Compaq Computer AG.

Christoph Eisenhardt is currently a non-executive director of Lista Holding AG.

Daren Morris

Chief Financial Officer (Age 45)

Daren Morris was appointed as a non-executive Director on 17 January 2014. Daren was appointed as interim Chief Financial Officer on 11 December 2014 and Chief Financial Officer on 8 June 2015.

Daren has spent the majority of his career in the financial services industry where he was a managing director at UBS Investment Bank and Morgan Stanley, advising manufacturing and technology companies on their expansion and financing strategies.
Prior to that Daren was EVP and Head of Solution Sales at Marconi Communications and a non-executive director of Easynet plc.
Daren is a qualified chartered accountant and holds a degree in Physics from Oxford University.

Martin Geh

Non-Executive Director (Age 49)

Martin Geh was appointed as a Non-Executive Director on 24 October 2013. Martin is the Chairman of the Corporate and Social Responsibility Committee and a member of the Nominations Committee and Remuneration Committee.

Martin has a wide range of experience in the technology and telecoms sectors, having worked with global leaders in semiconductors, computer systems, telecom equipment and consumer devices. Martin was most recently the Managing Director of Logitech's Asia Pacific and Japan Region Business Unit. Prior to Logitech, Martin was President of Lucent Technologies Asia Pacific, Managing Director at Apple Computer responsible for the Asia Pacific region, and held several executive roles at Intel Corporation in the United States and Asia. Martin has served on the Board of Advisors of Malaysia's Multimedia Super Corridor, a strategic IT infrastructure project initiated by then Prime Minister of Malaysia, Dr Mahathir Mohamad. He has also served as Non-Executive Director, Chairman of the Remuneration Committee, and member of the Budget Committee on the Board of Zetex Semiconductors, which was acquired by Diodes Inc.

Geraint Anderson

Non-Executive Director (Age 56)

Geraint Anderson was appointed as a Non-Executive Director on 14 November 2013. Geraint is Chairman of the Remuneration Committee and the Senior Independent Director. Geraint is a member of the Audit Committee, Nominations Committee and Corporate and Social Responsibility Committee.

Most recently, Geraint was the Group Chief Executive of TT Electronics plc, having joined them in August 2008. Prior to this, Geraint spent eight years at Cisco Systems in various international roles. Geraint led the sale of Pirelli's Photonics business to Cisco Systems in 2000, having spent the previous ten years with Pirelli.

Robert Beveridge

Non-Executive Director (Age 59)

Robert Beveridge was appointed as a Non-Executive Director on 15 April 2015. Robert is Chairman of the Audit Committee and a member of the Remuneration Committee and Nominations Committee.

Robert has wide-ranging Non-Executive Director and public company experience, and currently sits on the Boards/acts as Chairman of the Audit Committee of Brady plc, InternetQ plc and Hampshire Hospitals NHS Foundation Trust. Robert is a Chartered Accountant with extensive and relevant financial experience, having previously been Group Finance Director of McBride plc, Marlborough Stirling plc and Cable and Wireless Communications Plc.

Nicole Pask

General Counsel and Company Secretary

Nicole Pask was appointed as General Counsel and Company Secretary on 13 January 2014. Nicole is a member of the Corporate and Social Responsibility Committee and serves as the secretary to each of the Board Committees.

Nicole has a commercial law background having, previously worked at Hutchison 3G UK Limited (part of the Hutchison Whampoa Group) and London Mining plc. Nicole spent several years working as a projects and infrastructure lawyer at CMS Cameron McKenna LLP in London. Nicole completed both her law degree and training contract in Australia.

Corporate governance report

Statement of compliance

This report, together with the Directors' remuneration report on pages 39 to 53, describes how the main principles of good corporate governance have been applied throughout our business.

The Company has complied with all relevant provisions of the Code for the year ended 5 April 2015[1] and from that date up to the date of publication of this Annual Report and Accounts other than as highlighted below.

Leadership

Role of the Board

The role of the Board is to ensure the Company can generate sustainable growth and deliver long term value for shareholders and stakeholders. The Board is also charged with establishing the governance, values and strategic aims of the Company and is responsible for its management, direction and performance. The names, biographical details and dates of appointment of the members of the Board are set out on pages 28 to 29.

The Board provides leadership within a framework of prudent and effective controls for risk assessment and management. While the Board has a formal list of matters specifically reserved for its decisions, it delegates its authority to its various Committees to assist in meeting its business objectives while ensuring a sound system of internal control and risk management.

The roles and responsibilities of the Chairman of the Board ('Chairman') and the Chief Executive Officer ('CEO') are separate and distinct. The division of their responsibilities is documented in writing and approved by the Board.

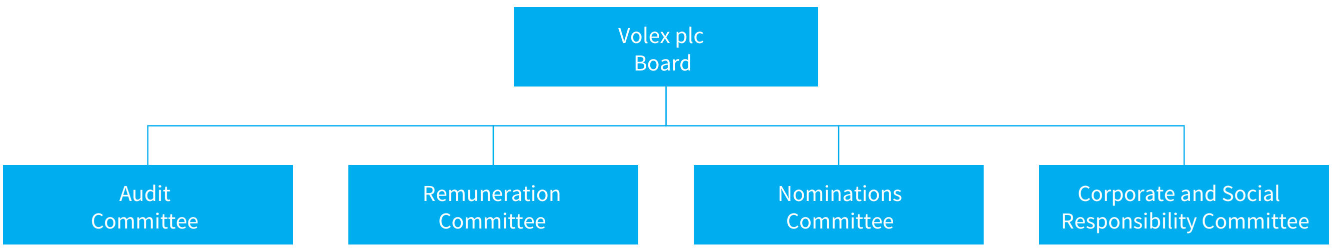
The Chairman, Karen Slatford, is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman is also responsible for creating the right Board dynamic and for ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings. There is no Deputy Chairman.

The CEO and Chief Financial Officer ('CFO') are, together, responsible for the day-to-day running of the business, developing corporate strategy and implementing Board decisions.

Geraint Anderson assumed the role of Senior Independent Non-Executive Director ('SID') on 15 April 2015 after John Allkins stepped down from the Board on 30 December 2014. Up until Geraint's appointment to the role, the Company did not technically comply with the Code's recommendation to appoint one of the Non-Executive Directors to be the SID following the resignation of John Allkins. Our SID acts as a sounding board to the Chairman and other Directors when necessary and may also chair Boards in the absence of the Chairman. He is available to shareholders to address concerns regarding governance and, if necessary, other issues where resolution through the normal channels is inappropriate. Geraint led the review of the Chairman's performance as part of the annual Board evaluation.

Non-Executive Directors are responsible for exercising independent and objective judgement to constructively challenge the decisions of executive management in order to satisfy themselves that the systems of business risk management and internal financial controls are robust.

The Company Secretary reports to the Chairman on governance matters and is responsible for keeping the Board up to date on all legislative, regulatory and governance matters. She is also responsible for supporting the Chairman and other Board members as necessary, including the management of Board and Committee meetings and their evaluation, advising on Directors' duties and facilitating appropriate information flows between the business and the Board.



1 The Chairman of the Board, Karen Slatford, exercised an award made to her under the Volex plc Non-Executive Director Long-Term Incentive Scheme ('NED LTIS') on 28 July 2014. The award was granted to her when she was a Non-Executive Director and all awards under the Non-Executive LTIS have now been exercised. The continuing view of the Board is that the Non-Executive LTIS did not compromise the independence of the Chairman.

Operation of the Board

The Board is responsible for the Company achieving its business objectives, oversight of risk, strategic development, and effective corporate governance. The Board discharges these responsibilities through scheduled meetings, which include regular reviews of financial and operational performance. During the financial year, the Board considered a wide variety of matters including the Company's strategy for the coming year, the Company's budget for the coming year, the Company's day-to-day financial and operational performance, risk management and shareholder feedback.

Matters reserved for the Board and activity during the year

There are certain matters reserved for Board decision only. The Board schedule of reserved matters is regularly reviewed to ensure it continues to be appropriate for the Company. These matters include:

- Approval of the Company's objectives and setting its long term strategy;
- Approval of material capital expenditure projects;
- Approval of the half-yearly reports, trading updates and preliminary announcement of year end results;
- Internal control and risk management; and
- Material contracts, expenditure and Group borrowings.

The Board delegates day-to-day management of the Company to the Executive Directors who, as appropriate, delegate to executive management.

Attendance at meetings/Board process

The Board holds at least 11 scheduled Board meetings each year and follows a timetable of subject matter which is set on an annual basis. The Board also meets on an ad hoc basis in response to the needs of the business and Non-Executive Directors are encouraged to communicate directly with Executive Directors and executive management between Board meetings.

Directors are expected to attend all meetings of the Board and of those Committees of which they are members. They are expected to devote sufficient time to the Company's affairs to enable them to fulfil their duties as Directors. In circumstances where Directors are unable to attend a meeting, they should endeavour to comment on papers circulated in advance of the meetings and provide their respective comments in advance to the relevant Chairman.

Although not a member of the Committees, Christoph Eisenhardt, Nick Parker and Daren Morris (upon becoming interim Chief Financial Officer) attended a number of Nominations Committee, Audit Committee, and Remuneration Committee meetings as invited attendees when required/appropriate. Karen Slatford also attended Audit Committee meetings as an invited attendee when required/appropriate.

Directors' attendance at the Board and Committee meetings during the financial year is as set out below[1]:

Number of scheduled meetings[2]	Board (12 meetings)	Nominations Committee (2 meetings)	Audit Committee (5 meetings)	Remuneration Committee (7 meetings)	Corporate and Social Responsibility Committee (2 meetings)
Chairman					
Karen Slatford	12/12	2/2	N/a	7/7	N/a
Executive Directors					
Christoph Eisenhardt	12/12	N/a	N/a	N/a	N/a
Nick Parker[2]	7/7	N/a	N/a	N/a	N/a
Daren Morris[3]	12/12	1/1	4/4	5/5	
Non-Executive Directors					
John Allkins[4]	8/8	1/1	4/4	5/5	N/a
Martin Geh[5]	12/12	1/2	4/4	5/7	2/2
Geraint Anderson[6]	12/12	2/2	2/2	7/7	1/2

1 This table records Directors' attendance for the financial year or until their date of resignation.

2 Resigned as Chief Financial Officer on 11 December 2014.

3 Appointed as interim Chief Financial Officer on 11 December 2014. From this date, Daren Morris resigned from all Committees of the Board.

4 Resigned as a Non-Executive Director on 30 December 2014.

5 Martin Geh was a member of the Audit Committee until 18 September 2014 and has, since that date, attended Audit Committee meetings as an invited attendee when required/appropriate.

6 Geraint Anderson became a member of the Audit Committee on 18 September 2014 and has, since that date, attended Audit Committee meetings.

Corporate governance report continued

Board focus
In September, the Board visited the Company's manufacturing plant in Bydgoszcz, Poland and held full day strategy meetings. During the session, the Board reviewed current strategy, its implementation and set strategy for the coming financial year. Further details of the Board visit are set out on page 34.

Other matters the Board considered during the financial year include:

- The issue of 24,067,171 new shares through a placing and open offer in conjunction with an amendment and extension of its committed bank facility;
- Progress and completion of the Volex Transformation Plan;
- Board appointments and succession planning;
- Investment in/recruitment of our executive management team;
- Anti-bribery and other regulatory compliance programmes;
- Cost reduction; and
- Shareholder communication.

Information and support
Directors receive comprehensive briefing papers in advance of Board and Committee meetings. The Company's executive management team regularly present to the Board on strategic and operational matters.

Directors have access to independent professional advice at the Company's expense and have access to the services of the Company Secretary who is responsible for advising the Board on corporate governance matters and ensuring that the Board operates within applicable legislation, rules and regulations.

Committees of the Board
The Board has delegated certain responsibilities to the Committees set out below:

- The Nominations Committee;
- The Audit Committee;
- The Remuneration Committee; and
- The Corporate and Social Responsibility Committee.

Each of the above Committees operates pursuant to individual, defined terms of reference and the Chair of each Committee reports to the Board at each Board meeting. The terms of reference for each Committee are reviewed on an annual basis and updated to include changes to the Code. Copies of the main Committee terms of reference are available on the Company's website. Each of the Committees is comprised of independent Non-Executive Directors of the Company who are appointed by the Board on the recommendation of the Nominations Committee. The Company Secretary serves as secretary to each of the Board Committees and is a member of the Corporate and Social Responsibility Committee.

Nominations Committee
The members of the Nominations Committee are Karen Slatford (Chairman), Martin Geh, Geraint Anderson and Robert Beveridge.

The Committee met on two occasions during the year.

The Committee is responsible for reviewing the size and composition of the Board (including whether the balance of Executive Directors and Non-Executive Directors continues to be appropriate), succession planning and recommending suitable candidates for membership of the Board when such posts arise. The Committee has applied the Code provisions in developing the Company's policies on succession planning and appointment.

In appointing a new Board member, the Committee evaluates the balance of skills, knowledge and experience of the Board and prepares a clear description of the role and the capabilities and strengths required to fulfil a particular appointment. At times, external search consultants are engaged to identify appropriate candidates.

As part of its review, the Committee considers the time each Non-Executive Director would have to commit to in order to fulfil his/her responsibilities and any other significant commitments of the Chairman. Positions held by Non-Executive Directors are set out on pages 28 and 29 and the 2015 review indicated that each of the Non-Executive Directors is able to devote sufficient time to the Company's business. Non-Executive Directors are advised on appointment of the time required to perform the role and are also asked to confirm that they are able to carry out the required commitment.

The Committee is also responsible for executive management succession planning.

The main activities of the Nominations Committee during this financial year included leading the selection process for, and making recommendations to, the Board regarding an appropriate successor to our former Chief Financial Officer, Nick Parker, and the appointment of a new Non-Executive Director to the role of Chairman of the Company's Audit Committee. The Committee also developed the Company's succession plan. In the current year, the Committee worked with The Zygos Partnership to find suitable candidates for its executive and non-executive Board appointments. The Zygos Partnership has no other relationship with the Company.

Audit Committee
The members of the Audit Committee are Robert Beveridge (Chairman) and Geraint Anderson. Martin Geh was a member of the Audit Committee until 18 September 2014 and has, since that date, attended Audit Committee meetings as an invited attendee when required/appropriate. In the period between the resignation of John Allkins and the appointment of Robert Beveridge, the Company ensured that there was recent and relevant financial experience on the Committee through the participation of Geraint Anderson in Committee meetings.

The Committee met on five occasions during the year.

Details of the Committee's activities and composition are contained in the Audit Committee Report set out on pages 36 to 38.

Remuneration Committee
The members of the Remuneration Committee are Geraint Anderson (Chairman), Karen Slatford, Martin Geh and Robert Beveridge.

The Committee met on seven occasions during the year.

Details of the Committee's activities are contained in the Directors' remuneration report set out on pages 39 to 53.

Corporate and Social Responsibility Committee
The members of the Corporate and Social Responsibility Committee include Martin Geh (Chairman), Geraint Anderson, Nicole Pask and other key executive management personnel.

The Committee met on two occasions during the year.

Further details and information on the Company's corporate and social responsibility initiatives can be found on page 25.

Board effectiveness

Composition, independence and diversity on the Board
Throughout the majority of the year, the Board comprised a Non-Executive Chairman, four other Non-Executive Directors and two Executive Directors. Following the resignation of Nick Parker and the appointment of Daren Morris as interim Chief Financial Officer on 11 December 2014, the Board comprised three Non-Executive Directors and two Executive Directors. Following the resignation of John Allkins on 30 December 2014, the Board comprised two Non-Executive Directors until 15 April 2015 when Robert Beveridge was appointed. The Code requirement that at least half the Board should be independent Non-Executive Directors has continued to be met. The Non-Executive Directors are all considered by the Board to be independent of management and free from any business or other relationship that could materially interfere with the exercise of their judgement.

The composition of the Board represents a mixture of skills, background and experience gained from varied commercial backgrounds and is essential to the long term success and strategic growth of the Company.

Female representation on the Board is 17%. The Board recognises the importance of gender diversity in the Company and is committed to promoting gender diversity throughout the organisation. Further information on the total female representation in our workforce is provided in our Corporate and Social Responsibility Report on page 25.

Re-election of Directors
Directors are elected by shareholders at the first Annual General Meeting ('AGM') after their appointment and, thereafter, may offer themselves up for re-election by shareholders at regular intervals and in any event at least once every three years. The Company intends to continue with this practice but will review this regularly. If the Company becomes a member of the FTSE 350, the Directors will offer themselves for annual re-election. The Notice of AGM gives details of those Directors seeking re-election.

Conflicts of interest
Under the Companies Act 2006, a Director must avoid a situation where a direct or indirect conflict of interest may occur and procedures are in place to manage any circumstance where a conflict may be perceived. The Company's Articles of Association allow the Board of Directors to authorise potential and actual conflicts of interest where appropriate.

Performance evaluation
The Board recognises that a robust performance evaluation is important to maximise Board effectiveness. A formal evaluation of the Board and Committees of the Board is carried out on annual basis. The 2015 Board evaluation was conducted internally and led by Karen Slatford.
The Chairman of each Board Committee conducted an internal performance review of the Committee they are responsible for chairing. Each review considered a range of factors including the balance of skills and experience, independence of the Board and strategy of the Company. The 2015 evaluation process concluded that the Board is effective in fulfilling its responsibilities and that each Board member is able to devote sufficient time to fulfil the duties required of them under the terms of their contracts or letters of appointment.

During the year, pursuant to the Code, the Chairman met with other Non-Executive Directors without the Executive Directors present, and the Senior Independent Director met with the other Non-Executive Directors without the Chairman present.

Development
All new Directors receive an induction programme tailored to their background and experience and the Company Secretary is charged with organising such programmes. It includes meetings with other Directors, the executive management team, key members of the finance/operations teams and visits to the Company's manufacturing plants. In addition, all Directors are regularly informed of changes to relevant legislation or regulations and receive regular briefings on areas such as Directors' duties and corporate governance guidelines and best practice.

Corporate governance report continued

In September, the Board visited one of the Data division's manufacturing plants in Bydgoszcz, Poland. The visit provided an opportunity for the Board to meet senior local management and to gain greater insight into the Company's Data operations. The Board received presentations from senior local management, held various sales/strategy meetings, and toured the Bydgoszcz manufacturing facility. The two-day trip (including on-site Board meetings), provided an opportunity for the Board to increase their operational knowledge, and assess and set strategy for the coming financial year.



The Board visiting a Data division manufacturing plant, Bydgoszcz, Poland

Individual Directors, with the support of the Company Secretary, are also expected to take responsibility for identifying their own training needs and to ensure that they are adequately informed about the Group and their responsibilities as a Director.

Accountability

Financial reporting

The Board is responsible for presenting a fair, balanced and understandable assessment of the Company. The Company has a comprehensive annual budgeting process and the annual budget is approved by the Board. Re-forecasts are presented to the Board during the year. The statement that gives the reasons why the Directors continue to adopt the going concern basis for preparing the financial statements is given in the Directors' report on page 57.

Internal controls and risk management

The Board has overall responsibility for the Group's system of internal control and risk management and for reviewing the effectiveness of this system. Such a system is designed to identify, evaluate and control the significant risks associated with delivering the Group's strategy with a view to safeguarding shareholders' investments and the Group's assets. Due to the limitations that are inherent in any system of internal control, this system is designed to meet the Group's particular needs and the risks to which it is exposed and is designed to manage rather than eliminate risk. Accordingly, such a system can provide reasonable, but not absolute, assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group which has been in place for the year up to and including the date of approval of this report. During the year the Board continued to revisit its risk identification and assessment processes, inviting Board members and senior management to identify the Company's key risks and mitigating controls. The output from this process is the Group's risk register which explains the key risks faced by the Company, their potential impact, likelihood and how these risks are being managed. The principal risks and uncertainties are outlined on pages 22 to 24.

Key features of the Company's system of internal controls

Key elements of the Company's system of internal controls which have operated throughout the year are:

- A system of regular reports from management setting out key performance and risk indicators;
- A schedule of specific, key matters reserved for decision by the Board;
- A framework for reporting and escalating matters of significance;
- Group-wide procedures, policies and standards which incorporate statements of required behaviour. These policies outline management responsibilities and appropriate segregation of duties including a detailed expenditure approval matrix;
- Continuous review of operating performance and monitoring of monthly results against annual budgets, and periodic forecasts;
- Risk-based internal audits of sites and/or business processes; audit observations and recommendations to enhance controls are reported to management to ensure timely action, with oversight provided from the Audit Committee; and
- A formal whistle-blowing policy where the Audit Committee is notified of all material disclosures made and receives reports on the results of investigations and actions taken.

Relations with shareholders

The Board is responsible for effectively engaging with shareholders. The Board achieves this through regular dialogue with shareholders, brokers and analysts, with the Chairman, CEO and CFO leading these relationships.

The Board takes all necessary steps to understand the views of major shareholders of the Company. Such steps include considering feedback from shareholder meetings at each Board meeting and analyst/broker briefings. The Board always takes account of the corporate governance guidelines of institutional shareholders and their representative bodies such as the Investment Association and the National Association of Pension Funds. In addition, the Chairman, CEO and CFO are available to meet with major and prospective shareholders. The SID and other Non-Executive Directors are available to attend shareholder meetings as necessary.

Annual General Meeting ('AGM')

The Notice of AGM will be dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 21 clear days before the meeting. Separate resolutions will be proposed on each substantially separate issue including a resolution relating to the Annual Report and Accounts.

The Chairmen of the Audit, Remuneration and Nominations Committees will attend the forthcoming Annual General Meeting and are, with the other Directors, available to answer questions.

The Board welcomes questions from shareholders who are given the opportunity to raise issues informally or formally before or at the forthcoming AGM.

For each resolution, the proxy appointment forms provide shareholders, with the option to direct their proxy vote either for or against the resolution or to withhold their vote.

The Company will ensure that the proxy form and any announcement of the results of a vote will make it clear that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.

All valid proxy appointments are properly recorded and counted. For each resolution, after the vote has been taken, information on the number of proxy votes for and against the resolution, and the number of shares in respect of which the vote was withheld, are given at the meeting and are made available on the Company's website at www.volex.com.

By Order of the Board

Nicole Pask
General Counsel and Company Secretary
11 June 2015

Audit committee report

Key objective
To support the Board's duty of stewardship, the Committee aims to ensure appropriate corporate governance is applied to the Group's systems of internal control, risk management and other compliance matters. The Committee also monitors the integrity of financial information published externally for use by shareholders. We ensure that the integrity of the financial statements is supported by an effective external audit.

Governance
The role of the Audit Committee is defined by its terms of reference which can be found on the Volex website.

The Audit Committee is responsible for:

- Monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein;
- Reporting to the Board as to whether the processes in place to confirm that the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and contains the information necessary to allow shareholders to assess the Group's performance, business model and strategy;
- Reviewing and challenging where necessary on the appropriateness of accounting policies and the manner in which they are applied across the Group;
- Reviewing the Group's internal financial controls and the Group's internal control and risk management systems;
- Monitoring and reviewing the effectiveness of the Group's Internal Audit function in the context of the Group's overall risk management system;
- Reviewing the Group's procedures for detecting and responding to fraud, bribery and the handling of allegations made by employees with respect to financial malpractice or other forms of whistle-blowing and oversight of any and all reports on such incidents; and
- Oversight of the relationship with the external auditor including, where appropriate, the recommendation of appointment or reappointment of the external auditor.

The Audit Committee reports its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and makes recommendations on the steps to be taken.

Composition of the Audit Committee
The members of the Audit Committee are:

Name	Date of appointment
Robert Beveridge (Chairman)	15 April 2015
Geraint Anderson	18 September 2014

Members who also served on the Committee are John Allkins (previous Chairman), Martin Geh and Daren Morris (who ceased to be a member on his appointment as interim Chief Financial Officer on 11 December 2014). Martin had stepped down from the Audit Committee on 18 September 2014, however, following John's resignation from the Group on 30 December 2014, he returned to chair the tabled Audit Committee meeting on 26 March 2015 whilst a suitable long term Chairman was still being sought.

The Committee members have the appropriate range of financial, commercial and risk management experience to fulfil its duties.

Appointments are for a period of three years and are extendable by no more than two additional three-year terms. The Committee must consist of independent non-executives and requires a minimum of two independent non-executive members at any time.

Both myself and the previous Chairman of the Committee have recent and relevant financial experience, in line with the Code and Committee terms of reference. Biographical details are set out on pages 28 and 29.

Meetings
The Audit Committee is required to meet a minimum of three times per year and has an agenda linked to events in the Group's financial calendar. The agenda is predominantly cyclical and is therefore approved by the Audit Committee Chairman on behalf of his fellow members. Each Audit Committee member has the right to request reports on matters of interest in addition to the cyclical items. During FY2015, the Audit Committee met on five occasions.

The Audit Committee invites the Group Finance Director, the Group CFO and senior representatives of the external auditor to attend all of its meetings in full, although it reserves the right to request any of these individuals to withdraw. Other Directors can be invited to attend.

Main activities of the Committee during the year
Financial reporting
The primary role of the Audit Committee in relation to financial reporting is to review with both management and the external auditors (PricewaterhouseCoopers LLP, 'PwC'), and report to the Board where required, the appropriateness of the half-year and annual financial statements concentrating on, amongst other matters:

- The quality and acceptability of accounting policies and practices;
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- Material areas in which significant judgements have been applied or there has been discussion with PwC;

- Whether the processes to ensure that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- Any correspondence from regulators in relation to our financial reporting.

To aid our review the Committee considers reports from the Chief Financial Officer and the Group Financial Controller and reports from the external auditor. In addition, the Committee following their review of the Annual Report and Accounts, has challenged management on its content to ensure that the Report as a whole is fair, balanced and understandable.

The Committee has reviewed papers on the critical judgements and estimates outlined in Note 2 of the accounts on pages 74 and 75. The primary areas of judgement considered and discussed by the Committee in relation to the FY2015 financial statements and how these have been addressed are listed below.

- Going concern – During the year the Committee reviewed the Group's compliance with its Bank Facility covenants. The Committee has further reviewed the Group's forecasts and projections as well as the calculated covenants under these conditions. Where covenant compliance headroom is restricted, the Committee has also reviewed the mitigations available to the Group, and the effect of those mitigations on covenant performance, in the event of a shortfall in financial performance against its forecasts and projections. The Committee concluded that the Accounts should be prepared on a going concern basis;
- Non-recurring expenditure - Management has presented a breakdown of the non-recurring expenditure and explanations as to why the expense should be analysed as such. The Audit Committee has reviewed and discussed this analysis with management. Details are shown in Note 4 on page 77. Non-recurring expenditure during the year was $12.5m. The Committee agreed that these costs were suitably disclosed as non-recurring; and
- Impairment of Active Optical Cable ('AOC') development asset – During the year, a $5.8m non-recurring charge has been recognised with respect to the impairment of AOC and associated costs. The Committee has reviewed the case for impairment, in particular the events that have arisen since prior year end which support the write down, and have discussed the project with key management. Details are shown in Note 14 on page 83. The Committee agrees that the impairment is appropriate.

Internal control, risk and compliance

The Audit Committee is required to assist the Board in its annual assessment of the effectiveness of the Volex risk management and internal control systems. To fulfil these duties, the Committee reviewed:

- The results, by exception, of the Annual Certificate of Compliance completed by all senior personnel in the organisation;
- The updated risk register prepared by Board members and senior management;
- Investigations performed on all whistle-blowing, control breakdowns and fraudulent issues;
- The reports issued during the year by internal audit following their risk based review of sites and processes; and
- The Management Letter presented by PwC outlining control weaknesses identified through their annual audit and management's response to these.

Details of our internal controls and risk management systems including controls over the financial reporting process can be found on page 34 in the Corporate governance report with our risk factors in full in the Strategic report on pages 22 to 24.

Internal audit

Following a period in which there was no internal audit, the function was reinstated during FY2015 with a new Group Head of Internal Audit starting in May 2014. This position reports directly to the Audit Committee and has the support of executive management.

The Audit Committee is responsible for ensuring the adequacy of resourcing and plans for the Internal Audit function. To fulfil these duties, the Committee:

- Establishes the function's terms of reference, reporting lines and access to the Audit Committee;
- Approves the appointment and removal of the Group Head of Internal Audit;
- Reviews and assesses the annual internal audit plan in the context of the Group's overall risk management system;
- Reviews promptly the internal audit reports produced from the site/process reviews and monitors management's responsiveness to the findings and recommendations included therein; and
- Performs an annual internal audit effectiveness review soliciting feedback from members of the Audit Committee, Executive Management, management of sites that have been reviewed in the year and the Group Head of Internal Audit.

The Group's Whistle-blowing Policy contains arrangements for both the Group Head of Internal Audit and the Chief HR Officer to receive, in confidence, all complaints.

Audit committee report continued

External audit

The Audit Committee is responsible for the monitoring of the independence, objectivity and compliance with ethical and regulatory requirements of the external auditors. Details of the total remuneration for the auditors for the year can be found in Note 8 on page 79 of the consolidated financial statements.

Auditor independence and objectivity is safeguarded by limiting the value and nature of external services provided by the auditor. The Group also has a policy of not recruiting employees of the external auditor who have worked on the audit in the last two years to senior positions in the Group. There is a rotation policy for the lead engagement partner.

Non-audit services provided by the auditor

The Audit Committee maintains a non-audit services policy which sets out the categories of non-audit services that the external auditor will and will not be allowed to provide to the Group, including those that are pre-approved by the Audit Committee and those that require specific approval before they are contracted for, subject to de-minimis levels. This policy is available on request.

Non-audit fees for the year were $586,000 (FY2014: $95,000). Of this $498,000 related a to non-recurring working capital review associated with the Placing and Open Offer of shares that took place in July 2014. The appointment of the auditors to perform this work was pre-approved by the Audit Committee in line with its terms of reference. The balance of $88,000 is in line with the prior year and is primarily in relation to taxation services and other assurance activity.

Taxation services are provided in countries where it is not cost effective for the Group to employ full-time tax managers. The Committee considers it most efficient to use the external auditors since much of the information used in preparing computations and returns is derived from the audited financial information. In order to maintain the external auditor's independence and objectivity, Group and local management review and consider the findings and the external auditors do not make any decisions on behalf of management.

Audit tender

The Audit Committee considers the reappointment of the external auditor each year. 'PwC' has been our auditor since 4 April 2010 following a tender process. There are no contractual obligations that restrict the Committee's choice of external auditor.

To fulfil its responsibility regarding the independence and effectiveness of the external auditor, the Audit Committee:

- Reviewed the external auditor's plan for the current year (noting the role of the senior statutory audit partner and any changes in key audit staff) and agreed the scope of the audit work to be performed;
- Agreed the fees to be paid to PwC for their audit of the 5 April 2015 financial statements and other non-audit fees;
- Reviewed a report from PwC describing their arrangements to identify, report and manage any conflicts of interest and confirming the basis of their independence;
- Reviewed the output from an Audit Effectiveness Questionnaire completed by senior members of the finance team who regularly interact with the external auditors (note the members of the Audit Committee were not requested to complete the questionnaire as they were not incumbent at the time of the FY2014 audit);
- Assessed PwC's fulfilment of the agreed audit plan and any variations from that plan; and
- Assessed the robustness and perceptiveness of PwC in their handling of the key accounting and audit judgements.

The Audit Committee, having considered the length of PwC's audit tenure and the results of the above, continue to consider PwC to be independent and therefore have provided the Board with its recommendation that PwC be reappointed as external auditor for the 52 weeks ending 3 April 2016. This will continue to be assessed on an annual basis considering the provisions outlined in the revised UK Corporate Governance code in respect of external audit tendering and the likely changes resulting from the European Commission's Competition Review.

Summary

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditor. Whilst the Committee lacked a formal chairman following the resignation of my predecessor, John Allkins, on 30 December 2014 and my appointment on 15 April 2015, suitable remedial measures were initiated to ensure compliance with good corporate governance.

The Chairman of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee. We would welcome feedback from shareholders on this report.

On behalf of the Audit Committee

Robert Beveridge
Chairman of the Audit Committee
11 June 2015

Directors' remuneration report

Annual Statement

Overview from Chairman of the Remuneration Committee

I am pleased to introduce the Directors' remuneration report for the year ended 5 April 2015, which includes my statement, the Directors' remuneration policy which was approved in full at our FY2015 AGM, and the Annual Report on Remuneration for the year.

Last year, the Remuneration Committee undertook an extensive review of the Company's remuneration policy for the Executive Directors, which resulted in a number of changes to executive remuneration. These changes received support from shareholders, both through the process of shareholder consultation and annual general meeting voting results, where over 98% of those voting were in favour of the changes. This support recognised our efforts to closely align the Executive Directors' incentives with the strategic growth objectives of the business. The Directors' remuneration policy was approved by shareholders at the AGM which took place in July 2014 and, subject to any amendment, it will continue in force until 2017.

FY2015 was a year of significant change for Volex plc with the Volex Transformation Programme being delivered in full. The Executive Directors were set stretch targets for the annual bonus and therefore, despite performance in line with expectations, no bonuses were payable under this plan. Although the criteria for payment of bonuses in FY2014 were satisfied, the payments were deferred to FY2015 and were entirely contingent on delivery of budget revenue targets in the first quarter of FY2015. These targets were met and bonus payments in respect of this plan were made. Further, the 2011 Performance Share Plan ('PSP') plan did not achieve the threshold performance target of absolute TSR in FY2015 and therefore all awards under this plan lapsed.

The Committee endeavours to ensure that the remuneration policy and practices drive behaviour aligned to the long term interests of the Company and our shareholders. We also need to ensure that the rewards received by the Executive Directors are proportionate to the levels of performance achieved. So we have to give full consideration to the Company's strategy, its performance and shareholders' interests when making decisions relating to the remuneration of the Executive Directors.

As a result, during the year the Committee reviewed the goals set against current performance and outlook in the FY2014 PSP and determined that the operating profit target should be reviewed as it no longer represented a valid performance target against which management should be rewarded. After consultation with key shareholders, the Committee considered that, as the plan offered little by way of retention or incentive value to the CEO, that the operating profit target and vesting levels should be adjusted to ensure the CEO continues to be incentivised to deliver against challenging expectations for the benefit of the business and shareholders. Details of this are provided on page 49.

A further award under the PSP was made in December 2014 and was made in line with the approved policy as outlined in this report.

During the financial year, we undertook a review of the annual bonus structure and concluded that we would introduce Remuneration Committee discretion to require a proportion of annual bonus to be converted into shares, to create further alignment with the Company's longer term strategy and the interests of our shareholders. Subject to shareholder approval a deferred bonus plan will be introduced and the remuneration policy will be updated to facilitate the deferral and payment of annual bonuses in shares. In FY2016 Executive Directors will continue to have the opportunity to earn up to 100% of annual salary under the plan, and the payment level will be determined with reference to Company performance against two key financial targets: Group Operating Profit and Cash Flow from Operations. It is envisaged that an award of shares under the PSP will be made during the year, such award being in line with the policy.

Base salaries of the Executive Directors were reviewed and increased in line with employee salary increases.

We also saw changes in our Executive Directors during the year. Nick Parker, CFO, stepped down in December 2014 and Daren Morris was appointed interim CFO at that time. On 8 June 2015 Daren Morris' role was made permanent. Having reviewed the remuneration package for the CFO position and benchmarked against a suitable candidate pool, we have increased the base salary for the role and exercised our discretion in the first year of appointment to increase the maximum PSP grant to 200% of salary for FY2016 in line with our stated Policy relating to remuneration on recruitment. PSP awards to the CFO will revert to 100% of salary for FY2017 onwards. Both the payments made to Nick Parker in relation to his exit and to Daren Morris in relation to the remaining elements of his annual package are in line with our approved policy.

The Remuneration Committee is continually aware and mindful of any potential risks associated with our remuneration programmes. We seek to provide a structure that encourages an acceptable level of risk taking through key performance measures and an optimal remuneration mix. The committee undertakes annual third party evaluations to ensure our reward programmes achieve the correct balance and do not encourage excessive risk taking. The Committee has considered the risk involved in the short and long term incentive schemes and is satisfied that the governance procedures mitigate these risks appropriately.

Whilst no substantial changes were made to executive remuneration in FY2015 or are expected to be made in FY2016, we continue to welcome feedback from shareholders.

I hope we can continue to receive your support on the remuneration-related votes at our FY2016 AGM.

On behalf of the Remuneration Committee

Geraint Anderson
Chairman of the Remuneration Committee
11 June 2015

Directors' remuneration report continued

Compliance Statement

This report has been prepared in accordance with the requirements of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the UK Listing Authority Listing Rules and applies the principles set out in the UK Code on Corporate Governance (the 'Code').

The following parts of the Annual Report on Remuneration are audited: the single total figure of remuneration for Directors, including annual bonus and PSP outcomes for the financial year ended 5 April 2015; scheme interests awarded during the year; total pension entitlements; payments to past Directors and payments for loss of office; and Directors' shareholdings and share interests.

Policy Report

Volex's future remuneration policy for Executive Directors

The Policy Table below sets out the remuneration policy that was approved by shareholders at the 2014 AGM. This policy is unchanged except for, subject to shareholder approval, the introduction of Remuneration Committee discretion to require deferral of a portion of the annual bonus into Volex shares, vesting after at least one year. The Committee believes that the proposed change supports retention and achieves greater alignment with shareholders. Full details of the approved policy can be found in the FY2014 Annual Report.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Base salary To reflect market value of the role and individual's performance and contribution.	Reviewed on an annual basis, with any adjustments taking effect from 1 April. The Committee reviews base salaries with reference to: • The individual's performance, responsibility, skills and experience; • Company performance and market conditions; • Salary levels for similar roles at relevant comparators, including companies of similar market capitalisation to Volex and companies in a similar sector; and • Wider pay levels and salary increases across the Group. Payable in cash.	Base salary increases are applied in line with the outcome of the review as part of which the Committee also considers average increases across the Group. In respect of existing Executive Directors, it is anticipated that salary increases will generally be in line with those of salaried employees as a whole. In exceptional circumstances (including, but not limited to, a material increase in job size or complexity) the Committee has discretion to make appropriate adjustments to salary levels to ensure they remain market competitive.	Company and individual performance are considerations in setting Executive Director base salaries.
Pension To provide a market competitive pension.	Executives participate in a money purchase scheme or other scheme as may be appropriate from time to time (e.g. taking into account location).	Executive Directors receive a contribution of up to 20% of salary. This may be exceeded in exceptional circumstances (e.g. recruitment).	Not performance related.
Benefits To provide market competitive benefits.	Benefits may include fuel costs, travel allowances, private medical insurance, critical life and death in service cover. Other benefits may be awarded as appropriate and include relocation and other expatriate benefits.	Benefits may vary by role and individual circumstance and are reviewed periodically. Benefits are not anticipated to exceed 10% of salary over three financial years. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside of the Company's control have materially changed (e.g. increases in medical insurance premiums).	Not performance related.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Annual bonus To incentivise delivery of the Group's annual financial and strategic goals.	Performance is measured on an annual basis for each financial year. KPIs are established at the start of the year that are directly related to and reinforce the business strategy. Stretch targets are set for each KPI; at the end of the year the Committee determines the extent to which these were achieved. The Remuneration Committee has discretion to require a proportion of any annual bonus award to be deferred into shares for at least one year, subject to continued employment. Annual bonus amounts paid and vested deferred bonus awards are subject to clawback. Malus may be applied to the in-year bonus (i.e. the bonus opportunity for the year may be reduced) and to unvested deferred bonus awards.	The maximum bonus for Executive Directors is 100% of salary p.a. For threshold performance, no bonus is payable. For performance between threshold and maximum, the bonus pay-out will increase straight-line.	KPIs selected and their respective weightings may vary from year to year depending on strategic priorities. Measures may include financial and non-financial metrics. Corporate measures will be weighted each year according to business priorities. Measures will include a measure of operating profit. The range of performance required under each measure is calibrated with reference to Volex's internal budgets. Financial measures will make up at least 80% of the total opportunity. The Committee has discretion to adjust the formulaic bonus outcome both upwards and downwards to ensure alignment of pay with the underlying performance of the business over the financial year, and to take into account personal performance over the course of the year. Further details of performance conditions are provided in the Annual Report on Remuneration on page 48.
PSP To drive performance, aid retention and align the interests of Executive Directors with shareholders.	The Committee may grant annual awards in the form of shares or nominal value options which vest after at least three years, subject to performance conditions. The award levels and performance conditions are reviewed in advance of grant to ensure they remain appropriate. Unvested awards under the PSP are subject to malus and vested awards are subject to clawback. PSP awards will have a performance period of at least three years and a minimum vesting period of three years. If no entitlement has been earned at the end of the relevant performance period, awards will lapse.	The PSP provides for annual awards of performance shares of up to 200% of salary for the CEO and 100% of salary for other Executive Directors. This limit may be exceeded in circumstances in which the Committee, at its absolute discretion, deems appropriate. Under each measure, threshold performance will result in 30% of maximum vesting for that element, rising on a straight-line to full vesting.	Awards vest subject to continued employment and Company performance. The performance measures are currently relative Total Shareholder Return ('TSR') and cumulative operating profit but the Committee may also include additional measures. The weighting on TSR for any PSP award will be at least 50%. The Committee reviews the comparator group(s) against which TSR performance is measured from time to time to ensure it remains aligned with shareholder interests. As under the annual bonus, the Committee has discretion to adjust the formulaic PSP outcomes to ensure alignment of pay with performance, i.e. to ensure the outcome is a true reflection of the performance of the Company. Further details of performance conditions are provided in the Annual Report on Remuneration on pages 48 and 49.

Directors' remuneration report continued

Notes to the policy table

Performance measurement selection

The aim of the annual bonus plan is to reward key executives over and above base salary for the achievement of business objectives. The bonus criteria are selected annually to reflect the Group's main KPIs for the year and are designed to encourage continuous performance improvement for the Group. Group financial performance targets relating to the annual bonus plan are set from the Company's annual budget, which is reviewed and signed off by the Board prior to the start of each financial year. Operating profit is used as a key performance indicator for the annual bonus plan because it is a clear measure of the underlying financial performance of the Group.

Long term share-based incentives ('LTI') are designed to align the interests of key executives with the longer term interests of the Company's shareholders by rewarding them for delivering sustained, increased shareholder value. Accordingly, the vesting of LTI share awards is linked to performance conditions, in particular to the Company's relative total shareholder return and operating profit. Relative TSR has been selected as it is directly aligned with shareholder interests. Operating profit has been selected as it is a key measure of long term performance for Volex and is closely aligned with the Company's strategic plans. The Committee believes that the minimum three-year performance period is in line with market and therefore aids the recruitment of senior hires. For the LTI, performance measures and targets are reviewed by the Committee ahead of each grant and must be considered by the Committee to be challenging but achievable.

Targets applying to the bonus and PSP are reviewed annually, based on a number of internal and external reference points. Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year.

Remuneration policy for other employees

Volex's approach to annual salary reviews is consistent across the Group, with consideration given to the level of experience, responsibility, individual performance and salary levels in comparable companies. The majority of employees are eligible to participate in an annual bonus scheme. Opportunities and specific performance conditions vary by organisational level with business area-specific metrics incorporated where appropriate. Executive Committee members are eligible to participate in the LTI. Performance conditions are consistent for all participants, while award sizes vary by organisational level. Specific cash incentives are also in place to motivate, reward and retain staff below Board level.

Shareholding guidelines

The Committee continues to recognise the importance of Executive Directors aligning their interests with shareholders through building up a significant shareholding in the Company. Shareholding guidelines are in place that require Executive Directors to acquire over time a holding, equivalent to 100% of base salary. Other executives are required to acquire a holding over time equivalent to 50% of base salary. Executives are expected to retain at least 50% of any LTI shares acquired on vesting (net of tax) until the guideline level is achieved.

Volex's future remuneration policy for the Chairman and Non-Executive Directors

The Board determines the remuneration policy and level of fees for the Non-Executive Directors, within the limits set out in the Articles of Association. The Remuneration Committee recommends the remuneration policy and level of fees for the Chairman of the Board. Non-Executive Directors are not eligible to participate in the annual bonus, PSP or pension schemes. The current Policy is:

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Fees To reflect market competitive rates for the role, as well as individual performance and contribution.	Chairman and Non-Executive Directors receive a basic fee for their respective roles. Additional fees are paid to Non-Executive Directors for additional services, e.g. such as chairing a Board Committee, supporting the Board on matters that require significant time commitment over and above that expected to fulfil the normal duties, etc. Fees are reviewed annually with reference to information provided by remuneration surveys, the extent of the duties performed, and the size and complexity of the Company. Fee levels are benchmarked against sector comparators and FTSE-listed companies of similar size and complexity. Payable in cash.	Fee increases are applied in line with the outcome of the annual review. There is no prescribed maximum fee. It is expected that increases to Non-Executive Director fee levels will be in line with salaried employees over the life of the policy. However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, the Board has discretion to make an appropriate adjustment to the fee level.	Not applicable.

Pay Scenario Charts

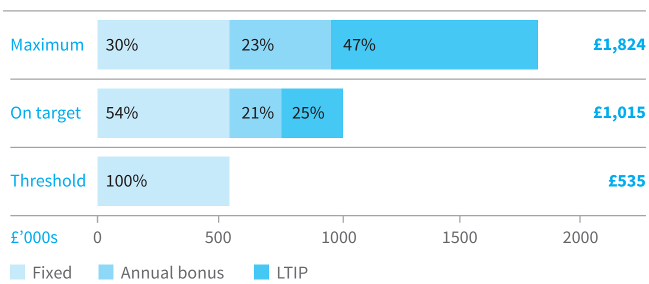
The charts below provide estimates of the potential future reward opportunity for the current Executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'On Target/Threshold' and 'Maximum'.

Potential reward opportunities illustrated above are based on the remuneration policy, applied to the base salary as at 1 July 2015. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for FY2016. For the PSP, the award opportunities are based on those PSP awards which are expected to be granted in November 2015. It should be noted that PSP awards granted in a year normally vest on the third anniversary of the date of grant, and the projected value of PSP amounts excludes the impact of share price movement over the vesting period.

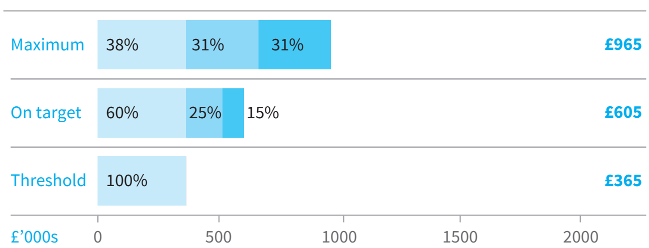
In illustrating potential reward opportunities the following assumptions have been made.

	Component	'Threshold'	'On-target'	'Maximum'
Fixed	Base salary	Latest known salary		
	Pension	Contribution rate applied to latest known salary		
	Other benefits	Benefits as provided in the single figure table (excluded relocation allowances)		
Annual bonus		No bonus payable	Target bonus (50% of max)	Maximum bonus
PSP		No LTIP vesting	Threshold vesting (30% of max)	Maximum vesting

CEO – Christoph Eisenhardt



CFO – Daren Morris[1]



1 The scenario chart for Daren Morris is based on application of the normal policy of a 100% of salary grant of PSP and includes an assumption of £5k for other benefits that are yet to be costed. As disclosed earlier, the Committee has used its discretion in the first year of appointment to increase the maximum PSP grant to 200% of salary.

Directors' remuneration report continued

Approach to recruitment remuneration

External appointment

In the cases of hiring or appointing a new Executive Director from outside the Company, the Committee may make use of any or all of the existing components of remuneration, as follows:

Component	Approach	Maximum value
Base salary	The base salaries of new appointees will be determined by reference to the individual's role and responsibilities, experience and skills, relevant market data, internal relativities and their current basic salary. Where new appointees have initial basic salaries set below market, any shortfall may be managed with phased increases over a period of one to two years subject to their development in the role.	Not applicable.
Pension	New appointees will be eligible to participate in the Group's defined contribution pension plan or to receive a cash allowance.	Not applicable.
Benefits	New appointees will be eligible to receive benefits in line with the Policy.	Not applicable.
Annual bonus	The annual bonus described in the Policy Table will apply to new appointees with the relevant maximum being pro-rated[1] to reflect the proportion of employment over the year. Targets for the individual element will be tailored to the Executive.	Up to 100% of salary p.a.
PSP	New appointees will be eligible for awards under the PSP which will normally be on the same terms as other Executive Directors, as described in the Policy Table.	Up to 200% of salary p.a.

1 In line with his service agreement, the CEO's annual bonus in 2014 was not pro-rated.

In determining an appropriate remuneration package, the Remuneration Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that arrangements are in the best interests of both Volex and its shareholders. In addition to the above elements of remuneration, the Committee may consider it appropriate to grant an award under a different structure in order to facilitate the recruitment of an individual, exercising the discretion available under the relevant Listing Rule to replace incentive arrangements forfeited on leaving a previous employer. Such 'buyout awards' would have a fair value no higher than that of the awards forfeited. In doing so, the Committee will consider relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met and the proportion of the vesting period remaining.

Internal promotion

In cases of appointing a new Executive Director by way of internal promotion, the Remuneration Committee will be consistent with the policy for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements.

Non-Executive Directors

In the case of hiring or appointing a new Non-Executive Director, the Committee will follow the Policy as set out in the table on page 42. A base fee in line with the prevailing fee schedule would be payable for Board membership, with additional fees payable for additional services, such as chairing a Board Committee or acting as a Senior Independent Director.

Service contracts

The Code and guidelines issued by institutional investors recommend that notice periods of no more than one year be set as an objective for Executive Directors and that any payments to a departing Executive Director should be determined having full regard to the duty of mitigation. It is the Company's intention to meet these guidelines and the Company policy is that Executive Director's service contracts may be terminated by either party on not less than 12 months' notice.

Christoph Eisenhardt's contract provides for payment of base salary, pension and benefits in lieu of notice on loss of office. On a change of control, if either party terminates the employment within 12 months, he would continue to be employed for six months and be entitled to a lump sum equal to his annual salary, pension contributions and benefits over a further six-month period. There is no requirement to mitigate his loss.

The Executive Directors are employed under contracts of employment with Volex plc. The principal terms of the Executive Directors' service contracts are as follows:

			Notice period	
Executive Director	Position	Effective date of contract	From Company	From Director
Christoph Eisenhardt	Chief Executive Officer	1 July 2013	12 months	12 months
Daren Morris[1]	Chief Financial Officer	8 June 2015	6 months	6 months

1 Until 8 June Daren Morris was performing the role of Interim Chief Financial Officer under a consulting agreement effective 11 December 2014 with a termination date of 30 June 2015 unless terminated by either party in advance.

Letters of appointment are provided to the Chairman and Non-Executive Directors. Non-Executive Directors have letters of appointment effective for a period of three years and are subject to annual re-election at the AGM. Non-Executive Directors' letters of appointment are available to view at the company's registered office.

Directors' letters of appointment and the unexpired period of their appointments (where appropriate after extension by re-election) are set out below:

Non-Executive Director[1]	Date of letter	Unexpired term as at 5 April 2015	Date of Appointment/Last reappointment at AGM	Notice Period
Geraint Anderson	13 November 2013	**19.5 months**	13 November 2013	3 months
Martin Geh	23 October 2013	**19 months**	23 October 2013	3 months
Karen Slatford	7 August 2013	**16 months**	25 July 2011	3 months

1 Robert Beveridge was appointed to the Board with effect from 15 April 2015 with a standard term of 3 years and notice period of 3 months.

Payment policy on exit and/or change of control

The Company's Policy is to limit any payment made to a departing Director to contractual arrangements and to honour any pre-established commitments. As part of this process, the Committee will take into consideration the Executive Director's duty to mitigate their loss.

If employment is terminated by the Company, the departing Executive Director may have a legal entitlement (under statute or otherwise) to certain payments, which would be met. In addition, the Committee retains discretion to settle any other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by the Executive Director in connection with the termination of employment, where the Company wishes to enter into a settlement agreement (as provided for below) and the individual must seek independent legal advice.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These will be used sparingly and only entered into where the Committee believes that it is in the best interests of the Company and its shareholders to do so.

In addition to the contractual provisions regarding payment on termination set out above, the table below summarises how the awards under the annual bonus and PSP are typically treated in different leaver scenarios and a change of control. Whilst the Committee retains overall discretion on determining 'good leaver' status, it typically defines a 'good leaver' in circumstances such as injury or disability, death, redundancy, retirement with the consent of the company or any other reason as the Committee decides. Final treatment is subject to the Committee's discretion.

Event	Timing of vesting/award	Calculation of vesting/payment
Annual bonus		
'Good leaver'	Paid at the same time as continuing employees.	Eligible for an award to the extent that performance targets are satisfied and the award is pro-rated for the proportion of the financial year served.
'Bad leaver'	No annual bonus payable.	Not applicable.
Change of control	Generally paid immediately on the effective date of change of control, with Committee's discretion to treat otherwise.	Eligible for an award to the extent that performance targets are satisfied up to the change of control, subject to Remuneration Committee discretion, and the award is pro-rated for the proportion of the financial year served to the effective date of change of control.
Deferred bonus		
'Good leaver'	Continue until the normal vesting date or earlier, at the discretion of the Committee. In the event of death of a participant, the award would vest immediately.	Outstanding awards vest in full.
'Bad leaver'	Outstanding awards are forfeited.	Not applicable.
Change of control	Vest immediately on the effective date of change of control.	Outstanding awards vest in full.
PSP		
'Good leaver'	Continue until the normal vesting date or earlier, at the discretion of the Committee. In the event of death of a participant, the award would vest immediately.	Outstanding awards vest to the extent the performance conditions are satisfied and the awards are pro-rated to reflect the length of the vesting period served unless the Board decides otherwise. In the event of the death of a participant during the performance period, the award would vest in full.
'Bad leaver'	Outstanding awards are forfeited.	Not applicable.
Change of control	Vest immediately on the effective date of change of control.	Outstanding awards vest subject to the satisfaction of performance conditions as at the effective date of change of control, subject to Remuneration Committee discretion, and the award is pro-rated for the proportion of the vesting period served to the effective date of change of control unless the Board decides otherwise.

Annual Report on Remuneration

The following section provides details of how the remuneration policy was implemented during the year.

Remuneration Committee membership in FY2015

The Committee met seven times during the year under review. Attendance by individual Committee members at meetings is detailed below.

Committee member	Member throughout 2014/15	Number of meetings attended
Karen Slatford	Yes	7/7
John Allkins[1]	No	5/5
Martin Geh	Yes	5/7
Geraint Anderson	Yes	7/7
Daren Morris[2]	No	5/5

1 Resigned on 31 December 2014.

2 Resigned on 11 December 2014.

During the year, the Committee sought internal support from the Chief Executive Officer, Chief Financial Officer and Chief HR Officer who attended Committee meetings by invitation from the Chairman, to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers. No individuals are involved in decisions relating to their own remuneration. The Company Secretary attended each meeting as secretary to the Committee.

Agenda during FY2015

The agenda during FY2015 included:

- Approval of the FY2014 Directors' remuneration report;
- Review of PSP against targets set and revision of targets;
- Evaluation of PSP proposals;
- Review of Executive Directors' shareholdings;
- Consideration of advisory bodies' and institutional investors' current guidelines on executive compensation;
- Annual review and ratification of remuneration packages for Directors, incorporating institutional investor feedback;
- Evaluation of proposal for FY2016 annual bonus plan;
- Review and approval of compromise agreements in relation to Directors; and
- Review and approval of remuneration packages and structure for key new hires, appointed as part of the restructuring of the executive team.

Advisors

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. To this end, for the year under review, the Committee continued to retain the services of Kepler Associates as the principal external advisors to the Committee. The Committee evaluates the support provided by its advisors annually and is comfortable that the Kepler Associates team provides independent remuneration advice to the Committee and does not have any connections that may impair independence. During the year, Kepler Associates provided independent advice on a range of remuneration matters including current market practice, incentive design and also provided input on the Directors' Remuneration Policy and Report.

The Committee continually assesses ongoing advice provided by its advisors on remuneration matters.

The fees paid to advisors in respect of work carried out for the year under review are shown in the table below:

Company	Service	Fee
Kepler Associates[1]	Remuneration Committee support	£15,269

1 Fees received are on the basis of time and materials.

Summary of shareholder voting at the FY2014 AGM

The table below shows the results of the advisory vote on the FY2014 Remuneration Report at the AGM on 18 July 2014. It is the Remuneration Committee's policy to consult with major shareholders prior to any major changes to its Executive Directors' remuneration structure.

	Total number of votes	% of votes cast
For (including discretionary)	48,759,076	98.13%
Against	777,929	1.57%
Total votes cast (excluding withheld[1] votes)	49,537,005	99.70%
Votes withheld	148,284	0.30%
Total votes cast (including withheld[1] votes)	49,685,289	100.00%

1 A withheld vote is not a vote in law and is not counted in the calculation of the proportion of votes cast for and against a resolution.

Single figure of Executive Director remuneration

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 5 April 2015 and the prior year:

Executive Director	Year	Salary (£)	Benefits[2] (£)	Relocation[3] (£)	Pension[4] (£)	Annual bonus[5] (£)	PSP[6] (£)	Other (severance)[7] (£)	Other (restricted shares)[8] (£)	Total (£)
Christoph Eisenhardt	**2015**	**420,000**	**35,282**	**48,233**	**84,000**	**318,421**	**–**	**–**	**–**	**905,936**
	2014	315,000	56,095	298,393	63,000	–	–	–	793,800	1,526,288
Nick Parker[1]	**2015**	**179,165**	**12,472**	**–**	**34,491**	**109,931**	**–**	**228,350**	**–**	**564,409**
	2014	145,833	19,982	56,602	29,167	–	–	–	–	251,584
Daren Morris[1]	**2015**	**86,600**	**189**	**–**	**–**	**–**	**–**	**–**	**–**	**86,789**
	2014	–	–	–	–	–	–	–	–	–

1 Nick Parker CFO, stepped down on 11 December 2014 and was replaced on an interim basis by Daren Morris on the same date. Amounts shown in the table relate to the period undertaken in the role.

2 Taxable value of benefits received in the year by executives includes car allowance, healthcare and life assurance. For Christoph Eisenhardt this includes £11k for car allowance and £15k for health cover.

3 Relocation: during the prior year, the Executive Directors were provided with relocation assistance including but not limited to relocation agency support, temporary accommodation, removals and disbursement costs.

4 Pension: during the year, the Executive Directors each participated in a money purchase scheme into which the Company contributed 20% of salary.

5 Annual bonus: This is the total bonus earned in respect of performance during the relevant year. Note that although the criteria for payment of bonuses in FY2014 were satisfied, the payments were deferred to FY2015 and were entirely contingent on delivery of budget revenue targets in the first quarter of FY2015. These targets were met. No bonuses were payable in respect of the FY2015 annual bonus plan. Details can be found on page 48 of this report.

6 None of the Executive Directors incumbent in the relevant years were party to PSPs that vested in the year.

7 During the year Nick Parker was provided with a severance payment details, of which can be on page 50 of this report.

8 In FY2014 the CEO received an award of 630,000 restricted shares under the Volex Restricted Share Plan ('RSP') as a recruitment award in compensation for stock forfeited in leaving his previous employment. The price at time of grant was 126p.

Single figure of Non-Executive Director remuneration and Non-Executive Director fees

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 5 April 2015 and the prior year:

Non-Executive Director	Year	Base fee (£)	Committee fee (£)	Additional fee[3] (£)	Benefits in kind (£)	LTIS[2] (£)	Total
Karen Slatford	**2015**	**125,000**	**–**	**–**	**1,272**	**–**	**126,272**
	2014	105,398	–	15,000	1,258	28,734	150,390
John Allkins	**2015**	**31,500**	**6,000**	**–**	**–**	**–**	**37,500**
	2014	19,438	3,703	–	–	–	23,141
Geraint Anderson	**2015**	**42,000**	**8,000**	**–**	**378**	**–**	**50,378**
	2014	15,931	3,034	–	–	–	18,965
Martin Geh	**2015**	**42,000**	**8,000**	**–**	**264**	**–**	**50,264**
	2014	18,147	3,457	–	849	–	22,453
Daren Morris[1]	**2015**	**31,500**	**–**	**62,342**	**–**	**–**	**93,842**
	2014	8,777	–	–	–	–	8,777

1 Daren Morris resigned as a Non-Executive Director on 11 December 2014 prior to taking on the role of interim Chief Financial Officer. Fees shown in the table relate to the period as Non-Executive Director.

2 LTIS awards vested in FY2014 subject to ongoing service. The value of the award was calculated using the closing share price on the date of vesting (25 March 2014), which was 107.75p. Details of the performance measures are disclosed in the FY2014 Directors' Remuneration Report.

3 An additional fee of £15,000 was paid to Karen Slatford in recognition of additional workload related to sales transition. In FY2015 an additional fee of £62,342 was paid to Daren Morris in respect of additional workload relating to the successful project management and completion of the Company's equity fundraising and the refinancing of its existing debt facilities.

The Chairman and Non-Executive Directors are not eligible for bonuses, retirement benefits and no longer participate in any share scheme operated by the Company. The base fees during the year and for FY2016 are:

	Fee 2016	Fee 2015
Chairman fee	£125,000	£125,000
Non-Executive Director base fee	£42,000	£42,000
Committee Chairman additional fee[1]	£8,000	£8,000

1 Remuneration comprises an annual fee for acting as a Chairman or Non-Executive Director of the Company. Additional fees are paid to Non-Executive Directors in respect of service as Chairman of the Audit, Remuneration and CSR Committees.

Directors' remuneration report continued

Incentive outcomes for the year ended 5 April 2015

Annual bonus in respect of FY2014 and FY2015 performance

In FY2014 the Committee decided to defer bonus payments in respect of FY2014 performance and required payment to be entirely contingent on delivery of agreed revenue targets in the first quarter of FY2015. This reflected the importance of revenue as an indicator that the implementation of the VTP was on track.

The performance against the revenue targets in the first quarter of FY2015 as defined determined that the bonuses deferred from FY2014 would be paid.

				Performance achieved (% of bonus earned)	
FY2014 Measure	Weighting	Measure	Actual	Christoph Eisenhardt[2]	Nick Parker[1]
Financial	50%	Cumulative operating profit	52%	26%	16%
			100%	17%	9%
Non-financial	50%	Chairman assessment	100%	16%	10%
			100%	17%	9%
Annual bonus (% of salary)				76%	44%

1 As the CFO joined during the FY2014, the bonus amount has been pro-rated to time in role.

2 No pro-rating has been applied to the CEO's bonus payment as noted in the service agreement.

Annual bonus in respect of FY2015 performance

For FY2015, the maximum bonus potential for the Executive Directors was set at 100% of basic annual salary and was 100% based on achieving an operating profit target. The bonus was intended to be paid in full on achievement of the minimum performance hurdle.

The performance against the criteria as defined determined that no bonuses would be paid.

Corporate targets set by the Committee require Executive Directors to deliver significant stretch performance. Given the close link between performance measures and Volex's longer term strategy, these targets remain commercially sensitive and will not be published until such time that the Committee is confident there will be no adverse impact on the Company of such disclosure. At this time the Committee believes that disclosure of targets within three years, i.e. not later than the 2018 Directors' remuneration report, is appropriate.

2011 PSP vesting (the remaining 50% of the award which vested on performance to 31 August 2014)

PSP awards granted in FY2011 were based on absolute TSR performance, with 50% of the awards based on performance over three years to FY2014, and 50% based on performance over four years to FY2015. Details of the element based on four-year performance to FY2015 are provided here. There were no retest provisions under any of the awards. Further details, including vesting schedules and performance against each of the metrics are provided in the table below:

Performance condition[1]	Absolute TSR (share price growth plus reinvested dividends)	
Level of performance	Three-year TSR	% of award vesting[2]
Threshold	Less than or equal to 225p	0%
Between threshold and maximum	328p	25%
Maximum	Greater than or equal to 620p	100%

1 For any shares to vest on absolute TSR, the Company's TSR must exceed the TSR of the index over the performance period.

2 There is straight-line vesting between the 'threshold' and 'maximum' performance levels.

The four-year performance period ended on 31 August 2014 with vesting on the fourth anniversary of the date of grant, details of which are given below:

	Interests held[1]	Vesting %	Number of shares vesting	Date vested	Market price on date of vest	Value
Ray Walsh	300,342	0	0	31 August 2014	N/A	0

1 Comprises 300,342 performance award shares.

Volex's absolute TSR in FY2015 warranted no element of the 2011 PSP plan vesting.

Following his departure, Ray Walsh retained a portion of his performance award shares equal to the length of the performance period in which he was an employee. This led to the lapse of 99,658 interests during FY2014.

Non-Executive Director Long Term Incentive Scheme (LTIS)

All awards under the LTIS had vested prior to FY2015. No additional awards were granted under the plan during the relevant period and the Remuneration Committee intends that no further awards will be made under the plan.

Scheme interests awarded in FY2015

In FY2015, PSP awards were granted with a face value of 100% of salary for the CEO as performance shares. The awards will vest on the third anniversary of the grant date (i.e. 19 December 2017). The performance condition is 50% based on TSR outperformance of the constituents of the FTSE ASX index and 50% based on cumulative operating profit. The three-year performance period over which operating profit performance will be measured began on 1 April 2014 and will end on 31 March 2017. The three-year performance period over which TSR performance will be measured began on 19 December 2014 and will end on 19 December 2017.

There is no retest provision. In addition, for any shares to vest on TSR, the Committee must satisfy itself that the recorded TSR is a genuine reflection of the underlying business performance of Volex.

A summary of performance measures, weightings and targets for awards granted during the year is provided below:

Performance condition	TSR (share price growth plus reinvested dividends) relative to companies in the FTSE ASX Index		Cumulative operating profit
Weighting	50%		50%
Level of performance	Company's TSR outperformance of the index	% of award vesting[1]	% of award vesting[1]
Threshold	Index	30%	30%
Maximum	Index + 15% p.a.	100%	100%

1 There is straight-line vesting between the 'threshold' and 'maximum' performance levels.

Specific targets for operating profit are deemed to be commercially sensitive and will not be published until such time that the Committee is confident there will be no adverse impact on the Company of such disclosure. At this time the Committee believes that disclosure of targets within three years of the determination of bonuses is appropriate (i.e. not later than the 2018 Directors' remuneration report).

The following awards were granted during the year under the PSP:

	PSP award			
	Date of grant	Number of shares	Market price at date of award	Face value
CEO	19 December 2014	603,969	69.54p	£420,000

The CFO did not receive a PSP award in FY2015 as he left during the year.

Amendment to the Scheme Interests awarded in FY2014

PSP

The CEO was awarded shares under the Volex PSP in March 2014. The performance condition was based 50% on a cumulative operating profit hurdle (with 100% vesting at the hurdle) based on a stretching three-year plan approved by the Board in February 2014.

During the year, the Committee reviewed the goals set against current performance and outlook and now considers that the operating profit hurdle does not represent a valid performance target against which management should be rewarded, and that vesting of these outstanding awards is unlikely. As such they offer little by way of retention or incentive value to the CEO. To ensure the award still has value and remains motivational throughout the performance period (which ends on 31 March 2016) and to ensure the CEO continues to be incentivised to deliver against challenging expectations for the benefit of the business and shareholders, the Remuneration Committee decided to introduce a lower threshold performance level at which 30% of the original maximum number of shares would vest. In recognition of the fact that changes are being made to the previously communicated plan, the Committee has reduced the total number of shares vesting on achievement of the original profit hurdle by c.30% and introduced a tougher profit target for full vesting. The remaining 50% of the award continues to be based on the original relative TSR targets, and no shares will vest until March 2017.

Key shareholders were consulted on the above change.

Performance condition	TSR (share price growth plus reinvested dividends) relative to companies in the FTSE ASX Index		Cumulative operating profit
Weighting	50%		50%
Level of performance	Company's TSR outperformance of the index	% of award vesting[1]	% of award vesting[1]
Threshold	Index	30%	30%
Maximum	Index + 15% p.a.	100%	100%

1 There is straight-line vesting between the 'threshold' and 'maximum' performance levels.

Specific targets for operating profit remain commercially sensitive and will not be published until such time that the Committee is confident there will be no adverse impact on the Company of such disclosure. At this time the Committee believes that disclosure of targets within three years of the determination of bonuses is appropriate (i.e. not later than the 2017 Directors' remuneration report).

Directors' remuneration report continued

Payments for loss of office

The CFO received the payments for loss of office as outlined below:

	Severance	Pension	Total
Nick Parker	198,350	30,000	228,350

The payment for loss of office for Nick Parker consisted of a settlement payment equalling nine months' salary plus payment in lieu of medical insurance plus pension payment.

Shares awarded under the FY2014 PSP plan lapsed in full on termination.

Payments to past Directors

During FY2015 benefits in kind were paid to Ray Walsh totalling £11,340 (for healthcare and life assurance) and to David McKinney totalling £1,309 (for healthcare). Both left the Group in FY2014 and were entitled to FY2015 benefits in accordance with their settlement agreements.

Percentage change in CEO remuneration

The table below shows the percentage change in CEO remuneration from prior year compared to the average percentage change in remuneration for all employees.

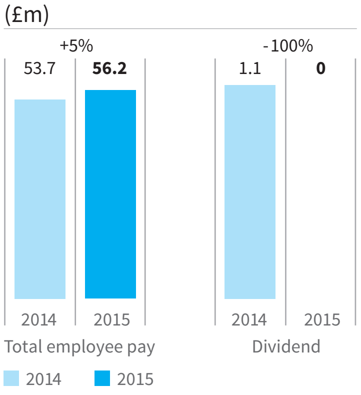
The CEO's remuneration includes base salary, taxable benefit and annual bonus. For FY2014, the CEO remuneration includes the sum of the payments to Ray Walsh and Christoph Eisenhardt. The pay for all other employees is calculated using the increase in the earnings of all full-time employees for FY2014 and FY2015. The analysis excludes part-time employees and is based on a consistent set of employees.

CEO	**2015**	2014	Increase
Salary	**£420k**	£413k	2%
Taxable benefits	**£35k**	£66k	(47%)
Relocation	**£48k**	£298k	(84%)
Annual variable	**£318k**	£0k	–
Total	**£821k**	£777k	6%
Average increase across all employees			4%

Relative importance of spend on pay

The chart below shows the Company's actual expenditure on shareholder distributions and total employee pay expenditure for the financial years ended 30 March 2014 and 5 April 2015 and the percentage change in both. For the purpose of this remuneration report, these figures are translated into GBP at the average rate for the year.

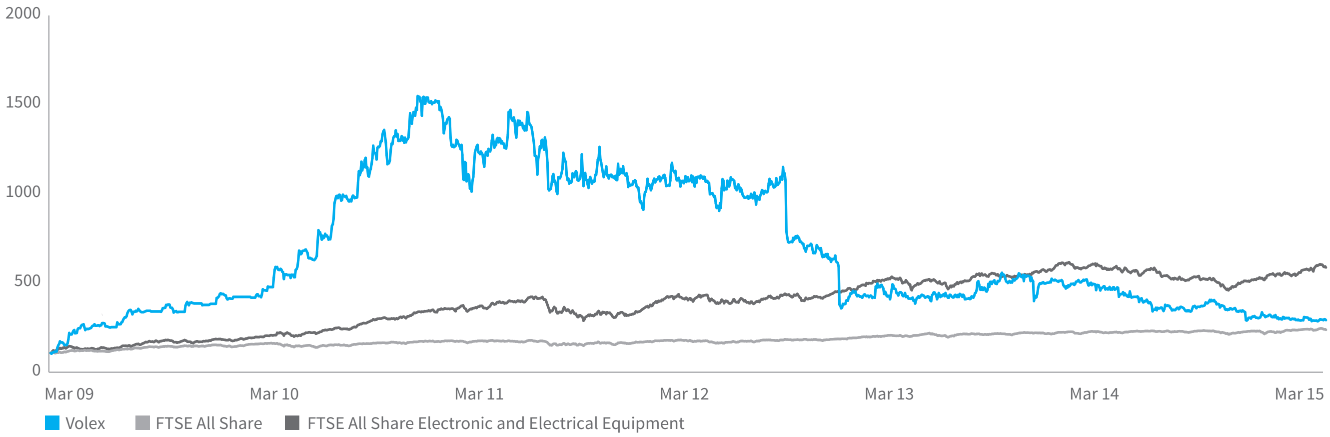
	2015 (£'000)	2014 (£'000)
Total employee pay	**56,181**	53,691
Dividend	**0**	1,143



Six-year TSR performance review and CEO single figure

The following graph charts the TSR of the Company and the FTSE All Share and FTSE All Share Electronic and Electrical Equipment indices over the six-year period from April 2009 to March 2015. In the opinion of the Directors, these indices are the most appropriate against which the total shareholder return of Volex should be measured. The table below details the CEO's single figure remuneration over the same period.

Six-year total shareholder return



Source: Bloomberg

Note: TSR is calculated on a common currency.

	2010	2011	2012	2013	2014[1]	**2015**
CEO single figure of remuneration (£'000)	788	472	481	1.667	1,654	**906**
Annual bonus payout (% of maximum)	100%	0%	0%	0%	0%[2]	**76%[2]**
PSP vesting (% of maximum)	0%	0%	100%	100%	0%	**0%**

1 The comparison of CEO remuneration is made complex by the change in CEO during the year. Christoph Eisenhardt replaced Ray Walsh on 1 July 2013. For the purposes of the table above, the FY2014 CEO remuneration was calculated on a pro-rata basis based on three months of Ray Walsh up to 30 June 2013 and nine months of Christoph Eisenhardt from 1 July 2013.

2 Note that no bonus was payable in FY2014 as the Committee linked payment to revenue performance in the first quarter of FY2015. These targets were met. No additional bonuses was payable in respect of the FY2015 annual bonus plan.

Implementation of Executive Director remuneration policy for FY2016

Base salary

Market positioning of base salary is approached on an individual basis, taking account of advice received from the Committee's independent advisors on the rates of salary for similar roles in selected groups of comparable companies and the individual performance and experience of each Executive. The aim is for base salary to be set with reference to the market median, dependent on the Committee's view of individual and Group performance.

The Committee reviewed salaries last year and agreed for an increase of 1.5% for Executive Directors, to be applied with effect from 1 July 2015. Salaries will be reviewed again during FY2016 with any changes effective from 1 April 2016.

Executive Director	Base salary effective from 1 April 2014	Base salary from 1 July 2015	Percentage increase
Christoph Eisenhardt	£420k	£426k	1.5%

A salary increase averaging 2.8% across the UK employee population Group was awarded at the annual pay review, effective 1 July 2015.

On appointment on 8 June 2015 Daren Morris' base salary was set at £300k which the Remuneration Committee believes to reflect both the experience Daren brings to the role and experience required to continue to deliver the growth agenda for Volex.

Pension

Executive Directors will continue to receive a pension contribution of 20% of salary.

Annual bonus

The annual bonus for FY2016 will operate on the criteria set out in the Policy. The Committee has approved a maximum annual bonus opportunity of 100% of salary for the Executive Directors. Subject to shareholder approval a deferred bonus plan will be introduced and the remuneration policy will be updated to facilitate the deferral and payment of annual bonuses in shares. At the discretion of the Committee up to 100% of any annual bonus award will be deferred into Volex shares, with 50% vesting after one year and 50% after two years.

For FY2016, the annual bonus will be based 50% on underlying operating profit and 50% on cash flow from operations. Proposed target levels have been set to be challenging relative to the 2016 business plan, although specific targets are deemed to be commercially sensitive and will not be published until such time that the Committee is confident there will be no adverse impact on the Company of such disclosure. At this time the Committee believes that disclosure of targets within three years of the determination of bonuses is appropriate (i.e. not later than the 2018 Directors' remuneration report).

Directors' remuneration report continued

PSP

For FY2016, the PSP will continue to operate on the same basis as in FY2015. The CEO will receive an award of up to 200% of salary. For FY2016 only the CFO will receive an award of up to 200% of salary in line with the Policy on recruitment, reverting to a maximum grant of 100% of salary per our stated Policy from FY2017 onwards. The Committee believes this level of grant will ensure that the CFO is incentivised to deliver stretching performance over the long term and that his remuneration is closely aligned to the interests of the shareholders. Final vesting of any grant will depend on the achievement of three-year relative TSR outperformance vs. the FTSE ASX Index and cumulative operating profit, as follows:

Performance condition	TSR (share price growth plus reinvested dividends) relative to companies in the FTSE ASX Index		Cumulative operating profit
Weighting	50%		50%
Level of performance	Company's TSR outperformance of the index	% of award vesting[1]	% of award vesting[1]
Threshold	Index	30%	30%
Maximum	Index + 15% p.a.	100%	100%

1 There is straight-line vesting between the 'threshold' and 'maximum' performance levels.

Specific targets for the operating profit are deemed to be commercially sensitive and will not be published until such time that the Committee is confident there will be no adverse impact on the Company of such disclosure. At this time the Committee believes that disclosure of targets within three years of the determination of bonuses, i.e. not later than the 2018 Directors' remuneration report, is appropriate.

Awards will vest three years from the grant date. Further details of the grant date and number of interests awarded will be disclosed in the 2016 Annual Report on Remuneration.

Chairman and Non-Executive Director fees

Following the change to Non-Executive Director's Remuneration in FY2014 the Board determined that Non-Executive Remuneration should not be increased for FY2016. Fee levels will continue to be reviewed on an annual basis.

	2015 fees	2016 fees
Base fees		
Chairman	£125k	£125k
Non-Executive Director	£42k	£42k
Additional fees		
Audit Committee Chair	£8k	£8k
Remuneration Committee Chair	£8k	£8k
CSR Committee Chair	£8k	£8k

Directors' interests

The table below shows the Directors' interests in shares and the extent to which Volex's shareholding guidelines are achieved. There have been no changes in the Directors' interests as set out in the table since 5 April 2015.

	Number of shares held as at 5 April 2015 (or date of resignation)	Current shareholding (% salary/fees)	Shareholding[1] guideline (as % of salary)	Guideline met[2]
Christoph Eisenhardt	143,166	22%	100%	No
Daren Morris	180,000	66%[2]	N/A	N/A
Nick Parker	–	N/A	N/A	N/A
Karen Slatford	107,198	56%	N/A	N/A
John Allkins	87,500	N/A	N/A	N/A
Geraint Anderson	30,000	40%	N/A	N/A
Martin Geh	–	0%	N/A	N/A

1 The shareholding guidelines were approved by the Remuneration Committee in March 2014. The guidelines require the Executive Directors to acquire over time (to the extent they have not already done so) and maintain an ownership level of holdings of shares in Volex plc. There is no time limit defined for achieving the target level. The Executive Directors must (unless a waiver is obtained from the Remuneration Committee) retain a minimum of 50% of net shares (i.e. after statutory deductions) acquired under the Relevant Employee Equity Plans until the relevant ownership level is met.

2 The calculation for Daren Morris is based on his total fees and salary for FY2015.

The table below shows the Executive and Non-Executive Directors' interests in shares which includes all shares owned beneficially together with those interests in shares which have vested and are no longer subject to deferral or performance conditions and may be included as an interest in shares under Volex's shareholding guidelines plus those shares and options over which future performance conditions remain.

Executive Director	Shares owned outright	Vested but unexercised	Not subject to performance	Subject to performance[1]	**Total**
Christoph Eisenhardt	143,166	–	630,000	1,375,673	**2,148,839**
Daren Morris	180,000	–	–	–	**180,000**
Karen Slatford	107,198	–	–	–	**107,198**
Geraint Anderson	30,000	–	–	–	**30,000**

1 The interest in shares consists of the total PSP awards made in 2015, details of which can be found on page 49 of this report.

Directors' interests in shares and options under Volex PSP, RSP and LTIS

Details of the Directors' interest in long term incentive schemes are set out below. Details, including explanation of movements during FY2015 are set out on pages 48 to 50 of this remuneration report.

Volex Group plc Performance Share Plan (PSP)

	Number of shares subject to PSP options held at 30 March 2014	Number of shares subject to PSP options granted during FY2015	Number of shares subject to PSP options exercised during FY2015	Number of shares subject to PSP options lapsed during FY2015	**Number of shares subject to PSP options held at 5 April 2015**	Exercise price of shares subject to PSP options (£)
Christoph Eisenhardt	771,704	603,969	–	–	**1,375,673**	0.25
Nick Parker	229,674	–	–	(229,674)	**–**	0.25
Ray Walsh	300,342	–	–	(300,342)	**–**	0.25

Volex Group plc Restricted Share Plan (RSP)

	Number of shares subject to RSP options held at 30 March 2014	Number of shares subject to RSP options granted during FY2015	Number of shares subject to RSP options exercised during FY2015	Number of shares subject to RSP options lapsed during FY2015	**Number of shares subject to RSP options held at 5 April 2015**	Exercise price of shares subject to RSP options (£)
Christoph Eisenhardt	630,000	–	–	––	**630,000**	0.00

Non-Executive Director Long Term Incentive Scheme (LTIS)

Non-Executive Directors' interests in the LTIS are as follows:

	Number of award units units at 31 March 2014	Number of award units exercised during FY2015	Number of award units lapsed during FY2015	**Number of award units at 5 April 2015**	% interest in award units at 5 April 2015
Karen Slatford	80,000	(80,000)	–	**–**	100%

Directors' report

Statement of the Directors' responsibilities

The Directors of Volex plc (the 'Company') are responsible for preparing the Annual Report, the Directors' remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent Company financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. In preparing these financial statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board ('IASB'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as adopted by the European Union and IFRSs issued by IASB have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 28 and 29, confirm that, to the best of their knowledge:

- The Group and Company financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and
- The Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

By order of the Board

Christoph Eisenhardt
Chief Executive Officer

Daren Morris
Chief Financial Officer

The Directors of the Company present their Annual Report and Accounts to shareholders for the year ended 5 April 2015. Certain information required for disclosure in this report is provided in other appropriate sections of the Annual Report and Accounts. These include the Corporate Governance Statement, the Directors' remuneration report, the Strategic Report and the financial statements and Notes to those financial statements and accordingly these are incorporated into this report by reference.

Results and dividend

Results for the year ended 5 April 2015 are set out in the Consolidated Income Statement on page 62.

As approved at the 2013 Annual General Meeting, the Company operates a scrip dividend scheme which, at the Directors' discretion, gives shareholders the right to elect to receive fully paid Ordinary shares in place of cash dividends. The scheme is effective until 21 July 2018. The Board is not recommending payment of a final dividend for the 53 weeks ended 5 April 2015.

Post balance sheet events

There have been no balance sheet events that either require adjustment to the financial statements or are important in the understanding of the Company's current position.

Directors

The Directors who served throughout the year are as follows:

Executive Director	Non-Executive Directors
Christoph Eisenhardt	Karen Slatford
Nick Parker[1]	John Allkins[2]
Daren Morris[3]	Geraint Anderson
	Martin Geh
	Daren Morris[4]

1 Resigned as Chief Financial Officer on 11 December 2014.

2 Resigned as a Non-Executive Director on 30 December 2014.

3 Appointed as interim Chief Financial Officer on 11 December 2014 and Chief Financial Officer on 8 June 2015.

4 Resigned from all Committees of the Board on 11 December 2014 following appointment as interim Chief Financial Officer.

Biographical details of the Directors currently serving on the Board and their dates of appointment are set out on pages 28 to 29.

Having been appointed as a Director since the 2014 Annual General Meeting, the Company's Articles of Association require Robert Beveridge to seek election at the 2015 Annual General Meeting.

Powers of Directors

The Directors may exercise all the powers of the Company, subject to any restrictions in the Company's Articles of Association, any relevant legislation and any directions given by the Company by passing a special resolution at a general meeting.

In particular, the Directors may exercise all the powers of the Company to borrow money, subject to the limitation that the aggregate amount of all moneys borrowed by the Group and owing to persons outside the Group, shall not, without the sanction of an ordinary resolution of the Company, exceed an amount equal to three times the aggregate of the Group's capital and reserves calculated in the manner prescribed by the Company's Articles of Association.

Appointment and replacement of Directors

The Company's approach to the appointment and replacement of Directors is governed by its Articles of Association (together with relevant legislation).

Directors shall be no less than three and no more than 15 in number. Directors may be appointed by the Company by ordinary resolution or by the Board of Directors.

At each Annual General Meeting, all Directors who (i) were appointed by the Board since the last Annual General Meeting, (ii) held office at the time of the two preceding Annual General Meetings and who did not retire at either of them, or (iii) have held office (other than employment or executive office) for a continuous period of nine years or more, shall automatically retire.

At the meeting at which the Director retires, the members may pass an ordinary resolution to fill the office being vacated by electing the retiring Director or some other person eligible for appointment to that office. In default, the retiring Director shall be deemed to have been elected or re-elected (as the case may be) unless (i) it is expressly resolved at the meeting not to fill the vacated office or the resolution of such election or re-election is put to the meeting and lost, or (ii) such Director has given notice that he or she is unwilling to be elected or re-elected, or (iii) the procedural requirements set out in the Company's Articles of Association are contravened.

The Company may, by ordinary resolution, remove any Directors before the expiration of his or her term of office.

As set out in the Company's Articles of Association, there are also circumstances where a Director will immediately cease to hold office. These circumstances include where he or she is prohibited by law from being or acting as a Director or where a Director has been made bankrupt.

Directors' report continued

Directors' indemnities and insurance
In accordance with the Companies Act 2006 and the Company's Articles of Association, the Company has purchased Directors and Officers Liability Insurance which remains in place at the date of this report. The Company reviews its insurance policies on an annual basis in order to satisfy itself that its level of cover remains adequate.

Directors' share interests
The number of Ordinary shares of the Company in which the Directors are beneficially interested at 5 April 2015 (or date of resignation) is set out in the Directors' remuneration report on pages 52 and 53.

There have been no changes in any of the Directors' interests between the year end and 11 June 2015.

Articles of Association
Any amendments to the Articles of Association of the Company may be made by special resolution of the shareholders.

Share capital
Details of the Company's share capital are set out in Note 23 to the financial statements. The Company's share capital consists of one class of Ordinary shares which do not carry rights to fixed income. As at 5 April 2015, there were 90,251,892 Ordinary shares of 25p each in issue.

Pursuant to a resolution of the shareholders passed at a General Meeting on 1 July 2014, the Company issued 24,067,171 Ordinary shares of 25p each through a placing and open offer to raise proceeds of $27.9m.

At the 2014 Annual General Meeting, the Directors were given the power to allot shares up to an amount of £5,515,393, being approximately one third of the issued share capital as at 17 June 2014, with an additional power to allot shares up to an amount of £5,515,393 in connection with a rights issue. A new authority to allot shares will be sought at the forthcoming Annual General Meeting.

Voting rights
Ordinary shareholders are entitled to receive notice and to attend and speak at general meetings. Each shareholder present in person or by proxy (or by duly authorised corporate representative) shall, on a show of hands, have one vote. On a poll, each shareholder present in person or by proxy shall have one vote for each share held.

Restrictions on transfer of shares
Other than the general provisions of the Articles of Association (and prevailing legislation) there are no specific restrictions on the size of a holding or on the transfer of the Ordinary shares.

The Directors are not aware of any agreements between the Company's shareholders that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Significant shareholders
The Company had been advised of the following notifiable direct and indirect interests in 3% or more of its issued share capital as at 2 June 2015.

Notification received from:	Number of Ordinary shares of 25p each	% of total voting rights
NR Holdings Limited	23,015,771	25.50
Ruffer LLP	12,029,113	13.33
Miton Asset Management	6,128,920	6.79
GoldenPeaks Capital	4,336,540	4.80
UBS Wealth Management	3,460,722	3.83
M&G Investment Management	3,084,776	3.42
Standard Life Investments	2,808,033	3.11
Herald Investment Management	2,730,666	3.03

Directors of the Company control 0.51% of the voting shares of the Company, details of which are given on pages 52 and 53.

Authority to purchase own shares
The Company was authorised by shareholder resolution at the 2014 Annual General Meeting to purchase up to 10% of its issued share capital. No shares were purchased pursuant to this authority during the year. A resolution to renew this authority will be proposed at the forthcoming Annual General Meeting. Under this authority, any shares purchased will either be cancelled resulting in a reduction of the Company's issued share capital or held in treasury.

Employee share schemes
The Company does not have any employee share schemes with shares which have rights with regard to the control of the Company that are not exercisable directly by the employees.

Significant agreements/change of control
The Company is a party to a revolving credit facility in which the counterparties can determine whether or not to cancel the agreement where there has been a change of control of the Company.

Details of the Directors' contracts can be found in the Directors' remuneration report on pages 44, 45 and 47.

Future developments
The development of the business is detailed in the Strategic Report on pages 2 to 25.

Research and development
The Company's research and development activities are focused on driving innovation throughout the product portfolio, to enable it to deliver new or enhanced customer-specific connection solutions. We have continued to recruit design and development expertise.

The Group's expenditure on research and development is disclosed in Note 7.

Employees
The Company's disclosures on employee policies and involvement can be found in the Strategic Report on page 25.

Political donations
The Company made no political donations during the year.

Greenhouse gas emissions
The Directors are required to provide details on greenhouse gas emissions in their report; such disclosures are made within the Corporate and Social Responsibility Report on page 25.

Financial risk management
The Company's objectives and policies on financial risk management including information on the exposure of the Company to customer concentration, commodity price fluctuations, foreign exchange rates, pricing, credit, liquidity and cash flow risks are set out in Note 30 to the accounts and in the Group Risk Management section on pages 22 to 24.

Going Concern statement
The considerations made by the Directors with regard to Going Concern are set out in the Financial Review on page 21.

Having taken these into account, 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.

Auditors and disclosure of information to auditors
Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has taken all the reasonable steps that he/she ought to have taken as a Director in order to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

PricewaterhouseCoopers LLP has expressed their willingness to continue in office as auditors and a resolution seeking to reappoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting
The Company's Annual General Meeting will be held at 10 Eastbourne Terrace, Paddington on 24 July 2015 at 10 a.m. Details of the venue and the resolutions to be proposed are set out in a separate Notice of Meeting which accompanies this Report. The Notice of Meeting will be available on the Company's website at www.volex.com.

This report was approved by the Board of Directors of Volex plc and signed on its behalf by:

Nicole Pask
General Counsel and Company Secretary
11 June 2015

Independent auditors' report to the members of Volex plc

Report on the financial statements

Our opinion

In our opinion:

- Volex plc's Group financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 5 April 2015 and of the Group's loss and the Group's and the Company's cash flows for the 53 week period (the 'period') then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
- The Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

Volex plc's financial statements comprise:

- The Consolidated income statement and Consolidated statement of comprehensive income for the 53 week period ended 5 April 2015;
- The Consolidated and Company statements of financial position as 5 April 2015;
- The Consolidated and Company statements of changes in equity for the 53 week period then ended;
- The Consolidated and Company statement of cash flows for the 53 week period then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Volex plc Annual Report and Accounts 2015 ('Annual Report'), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Our audit approach

Materiality

- Overall group materiality: $460,000 which represents 5% of average three year profit before tax and non-recurring items (as defined in note 4 to the financial statements).
- Materiality for specific account balances;

  - Non-recurring items - 5% of total non-recurring items (restricted by overall materiality): $460,000

  - Interest payable (5% of interest payable): $133,000

Audit scope

- We conducted a full scope audit of 7 entities and specified procedures on 4 entities, which provided us with the following coverage: 75% of revenue, 75% of profit before tax and non-recurring items, 95% of non-recurring items and over 65% of net assets. Furthermore, desktop reviews were performed on a further 8 entities.
- We made visits to the key manufacturing facilities in China, Poland and Mexico. We also visited component audit teams in Singapore, China, Poland and Mexico during the field work stage of the audit.
- The Group operates two main divisions, 'Power' and 'Data'. Our approach gives us sufficient coverage of both divisions.

Areas of particular audit focus

- Going Concern;
- Non-recurring items.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How the scope of our audit addressed the area of focus
Going concern We focused heavily on matters relating to going concern arising from pressure on the Group's banking covenants and liquidity requirements for the reporting period. The group successfully refinanced its debt facilities through to June 2017 and raised additional equity through a rights issue in July 2014. Continued challenging trading conditions along with a tightening of the covenant ratios as a result of the refinancing mean pressures on banking covenants and liquidity still remain present. Details of the going concern considerations made by management and the Audit Committee are given on page 21 of the Annual Report.	We obtained the Directors' financial forecast for the next 12 months and: • Re-computed the Directors' calculations of forecast compliance with financial covenants and cash flow headroom, and assessed the sensitivity of the Directors' calculations to changes in key inputs, in particular sales projections and working capital management. The Directors' forecast sufficient headroom under the sensitised model including mitigating actions (discussed below); • Challenged the assumptions used in building the forecast by considering historical accuracy of forecasts, latest information available in FY2016 and latest market trends. As part of this we discussed at length the budgets with the Group finance team and divisional finance heads. The results of these discussions were used to sensitise the Directors' calculations as discussed above; and • Considered the feasibility of the Directors' plans to manage profits and working capital requirements, including potential mitigating actions in the event of under-performance against the forecast. The Directors' have identified sufficient potential mitigating actions based upon their forecast. We are satisfied with the Directors' use of the going concern basis of accounting in these accounts. See also the going concern section of the report below.
Non-recurring items The Directors' have classified \$12.5m of net expenses as non-recurring in the Income Statement, the disclosure of which they believe more accurately reflects the underlying position of the business. The Directors have assessed the costs included in note 4 to be both one-off in nature and significant in size and have classified these as non-recurring in-line with their accounting policy in note 2. These items primarily relate to the suspension of the Active Optical Cables ('AOC') project, costs associated with the Volex Transformation Programme ('VTP') and the provision for onerous leases. We focused on this area because of the magnitude of these items, and the impact that they have on the presentation of the underlying profit in comparison to the statutory measure of loss before tax.	Our procedures over the non-recurring items included: • Testing that they met the Group's accounting policy for non-recurring items, as given on page 72, and applying professional scepticism as to the appropriateness of the classification of these items as non-recurring. Items classified as non-recurring are materially in-line with the Group's accounting policy; • Testing that the items were accurately recorded and whether they were amounts paid during the year or amounts estimated. Items tested were accurately recorded and the Directors' had no material estimates accrued; and • Testing that the reconciliation to statutory measures as shown on page 2 is accurate. • We are satisfied with the Director's treatment and disclosure of non-recurring items.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the group, the accounting processes and controls, and the industry in which the group operates. We obtained the following coverage over the Group: 75% of revenue, 75% of profit before tax and non-recurring items 95% of non-recurring items (as set out in note 4) and over 65% of net assets.

The Group is multinational with production facilities and sales offices around the world. The Group consists of two main divisions, 'Power' and 'Data', and within each division there are a number of reporting units that are consolidated to produce the Group financial statements. Our approach provides us with sufficient coverage over the Group, as well as, each division.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at the reporting units by us, as the group engagement team, and component auditors from other PwC network firms operating under our instruction. As part of this process, we identified 7 full scope components and 4 components requiring specified procedures. Furthermore, we performed desktop reviews over 8 additional components. Component auditors performed the work for 6 out of the 7 full scope components and 100% of the 4 specified procedure components. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. This included visits to the key facilities in Singapore, China, Poland and Mexico, where we attended key local meetings and performed a review of the component audit teams' working papers.

Independent auditors' report to the members of Volex plc

Report on the financial statements

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	$460,000 (2014: $784,000).
How we determined it	5% of average three year profit before tax and non-recurring items.
Rationale for benchmark applied	This basis has been used because an average of profit before tax and non-recurring items during a period of significant fluctuations in results more accurately reflects the performance of the underlying business.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $50,000 (2014: $50,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. Specific materialities used were 5% of non-recurring items (restricted by materiality) ($460,ooo) and 5% of interest payable ($133,000). A separate materiality has been calculated for non-recurring items as it is excluded from our overall group materiality calculation and a separate materiality has been calculated for interest payable as the Group is subject to interest cover covenants which is an area of audit focus under going concern.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 57, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the group and company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the group's and company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinions

In our opinion:

- The information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- The information given in the Corporate governance statement set out on pages 30 to 35 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

Information in the Annual Report is: • Materially inconsistent with the information in the audited financial statements; or • Apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group and company acquired in the course of performing our audit; or • Otherwise misleading.	We have no exceptions to report arising from this responsibility.
• The statement given by the directors on page 54, in accordance with provision C.1.1 of the UK Corporate Governance Code ('the Code'), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's and company's performance, business model and strategy is materially inconsistent with our knowledge of the group and company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• The section of the Annual Report on page 38 as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- The company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report - Companies Act 2006 opinion

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from these responsibilities.

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of the Directors' responsibilities set out on page 54, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- Whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- The reasonableness of significant accounting estimates made by the directors; and
- The overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts (the 'Annual Report') to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Darryl Phillips

Darryl Phillips
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 June 2015

Consolidated income statement

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

		Group					
		2015			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	3	**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)		**8,832**	**(13,385)**	**(4,553)**	4,532	(9,354)	(4,822)
Finance income	5	**40**	**–**	**40**	100	–	100
Finance costs	6	**(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	10	**(3,837)**	**308**	**(3,529)**	(6,613)	–	(6,613)
Profit/(loss) for the period attributable to the owners of the parent	7	**2,369**	**(13,077)**	**(10,708)**	(5,373)	(8,802)	(14,175)
Earnings/(loss) per share (cents)[(i)]							
Basic	12	**2.8**		**(12.8)**	(8.6)		(22.6)
Diluted	12	**2.8**		**(12.8)**	(8.6)		(22.6)

(i) As discussed in note 12, 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)

	Notes	Group 2015 $'000	Group 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	29	**(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 gain/(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 and Company statement of financial position

As at 5 April 2015 (30 March 2014)

		Group		Company	
	Notes	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Non-current assets					
Goodwill	13	**2,880**	3,210	**–**	–
Other intangible assets	14	**1,387**	5,445	**741**	1,380
Property, plant and equipment	15	**35,232**	38,732	**39**	122
Investments	16	**–**	–	**134,599**	141,021
Other receivables	18	**1,037**	795	**50**	2
Deferred tax asset	21	**848**	488	**–**	–
		41,384	48,670	**135,429**	142,525
Current assets					
Inventories	17	**43,437**	39,987	**2,262**	2,391
Trade receivables	18	**65,800**	67,044	**2,623**	2,498
Other receivables	18	**9,128**	11,138	**24,312**	46,214
Current tax assets		**222**	480	**–**	–
Derivative financial instruments	30	**66**	–	**44**	–
Cash and bank balances	26	**33,736**	13,675	**3,013**	–
		152,389	132,324	**32,254**	51,103
Total assets		**193,773**	180,994	**167,683**	193,628
Current liabilities					
Borrowings	19	**7,533**	–	**12,819**	5,758
Trade payables	20	**62,241**	57,220	**1,059**	1,539
Other payables	20	**26,185**	22,184	**18,196**	51,123
Current tax liabilities		**6,713**	5,793	**–**	–
Retirement benefit obligation	29	**709**	659	**709**	659
Provisions	22	**3,206**	3,966	**2,237**	3,457
Derivative financial instruments	30	**1,262**	1,020	**1,262**	1,025
		107,849	90,842	**36,282**	63,561
Net current assets/(liabilities)		**44,540**	41,482	**(4,028)**	(12,458)
Non-current liabilities					
Borrowings	19	**24,323**	45,895	**8,164**	22,523
Other payables	20	**536**	243	**56,476**	54,985
Deferred tax liabilities	21	**2,185**	1,995	**–**	–
Retirement benefit obligation	29	**2,909**	2,575	**2,909**	2,575
Provisions	22	**1,463**	2,719	**1,271**	2,719
		31,416	53,427	**68,820**	82,802
Total liabilities		**139,265**	144,269	**105,102**	146,363
Net assets		**54,508**	36,725	**62,581**	47,265
Equity attributable to owners of the parent					
Share capital	23	**39,755**	29,662	**39,755**	29,662
Share premium account		**7,122**	7,122	**7,122**	7,122
Non-distributable reserve	24	**2,455**	2,455	**–**	–
Hedging and translation reserve		**(8,566)**	(9,730)	**(14,256)**	(5,832)
Own shares	24	**(867)**	(1,103)	**–**	–
Merger reserve		**–**	–	**15,540**	15,540
Retained earnings		**14,609**	8,319	**14,420**	773
Total equity		**54,508**	36,725	**62,581**	47,265

The financial statements on pages 62 to 102 were approved by the Board of Directors and authorised for issue on 11 June 2015.
They were signed on its behalf by:

Christoph Eisenhardt
Group Chief Executive Officer
Volex plc Company Number: 158956

Daren Morris
Chief Financial Officer

Consolidated and Company statement changes in equity

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

Group	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 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/(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/(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**

Company	Share capital $'000	Share premium account $'000	Hedging and translation reserve $'000	Own shares $'000	Merger reserve $'000	Retained earnings/ (losses) $'000	Total equity $'000
Balance at 31 March 2013	**28,180**	**2,586**	**(10,836)**	**–**	**15,540**	**20,429**	**55,899**
Profit/(loss) for the year attributable to the owners of the parent	–	–	–	–	–	(15,789)	(15,789)
Other comprehensive income/(loss) for the period	–	–	5,004	–	–	268	5,272
Total comprehensive income/(loss) for the period	–	–	5,004	–	–	(15,521)	(10,517)
Issue of share capital	1,090	3,714	–	–	–	–	4,804
Dividends	228	822	–	–	–	(1,723)	(673)
Exercise of Non-Executive Long Term Incentive Scheme	164	–	–	–	–	(258)	(94)
Reserve entry for share option charge	–	–	–	–	–	(2,154)	(2,154)
Balance at 30 March 2014	**29,662**	**7,122**	**(5,832)**	**–**	**15,540**	**773**	**47,265**
Profit/(loss) for the year attributable to the owners of the parent	–	–	–	–	–	(3,660)	(3,660)
Other comprehensive income/(loss) for the period	–	–	(8,424)	–	–	(1,293)	(9,717)
Total comprehensive income/(loss) for the period	–	–	(8,424)	–	–	(4,953)	(13,377)
Issue of share capital	10,093	–	–	–	–	17,813	27,906
Exercise of Non-Executive Long Term Incentive Scheme	–	–	–	–	–	(110)	(110)
Reserve entry for share option charge/(credit)	–	–	–	–	–	897	897
Balance at 5 April 2015	**39,755**	**7,122**	**(14,256)**	**–**	**15,540**	**14,420**	**62,581**

Consolidated and Company statement of cash flows

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

		Group		Company	
	Notes	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Net cash generated from/(used in) operating activities	26	**7,797**	(11,067)	**(23,048)**	2,780
Cash flow generated from/(used in) investing activities					
Interest received	5	**40**	100	**3**	11
Proceeds on disposal of intangible assets, property, plant and equipment		**61**	44	**–**	3
Purchases of property, plant and equipment	15	**(3,936)**	(8,156)	**(17)**	(4)
Purchases of intangible assets	14	**(1,266)**	(2,278)	**(158)**	(30)
Acquisition of subsidiary		**–**	–	**(190)**	–
Sale of own shares (net of funds received on option exercise)		**490**	6,280	**–**	–
Net cash inflow/(outflow) on intercompany funding		**–**	–	**5,039**	4,973
Net cash generated from/(used in) investing activities		**(4,611)**	(4,010)	**4,677**	4,953
Cash flows before financing activities		**3,186**	(15,077)	**(18,371)**	7,733
Cash generated/(used) before non-recurring items		**8,601**	(7,623)	**(16,714)**	12,473
Cash utilised in respect of non-recurring items		**(5,415)**	(7,454)	**(1,657)**	(4,740)
Cash flow generated from/(used in) financing activities					
Dividends paid	11	**–**	(732)	**–**	(732)
Proceeds on issue of shares		**27,906**	4,804	**27,906**	4,804
Refinancing costs paid		**(875)**	–	**(875)**	–
Repayment of borrowings		**(25,139)**	(7,000)	**(22,000)**	(7,000)
New bank loans raised		**8,000**	8,082	**8,000**	–
Repayments of obligations under finance leases		**–**	–	**–**	–
Net cash generated from/(used in) financing activities		**9,892**	5,154	**13,031**	(2,928)
Net increase/(decrease) in cash and cash equivalents		**13,078**	(9,923)	**(5,340)**	4,805
Cash and cash equivalents at beginning of period	25	**13,675**	23,789	**(5,758)**	(10,249)
Effect of foreign exchange rate changes	25	**(550)**	(191)	**1,292**	(314)
Cash and cash equivalents at end of period	25	**26,203**	13,675	**(9,806)**	(5,758)

Notes to the financial statements

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

1. Presentation of financial statements

Volex plc ('the Company' and together with its subsidiaries 'the Group') is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 and listed on the London Stock Exchange. The address of the registered office is given on the inside back cover. The nature of the Group's operations and its principal activities are set out in the Strategic Review on pages 2 to 25.

Financial statements are prepared for the period ending on the Sunday following the Friday that falls closest to the accounting reference date of 31 March each year.

These financial statements are presented in US Dollars ('USD') as it is the currency of the primary economic environment in which the Group operates.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company statement of comprehensive income (and separate income statement). The loss for the parent company for the period was $3,660,000 (2014: loss of $15,789,000).

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs'). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Adoption of new and revised International Financial Reporting Standards ('IFRSs')

In the current period, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board that are mandatorily effective for the current accounting period. Their adoption has not had any material impact on the disclosures or the amounts reported in these financial statements.

- IAS 36 (amendments) 'Recoverable Amount Disclosures for Non-Financial Assets'
  The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ('CGU') to which goodwill had been allocated when there has been no impairment or reversal of the impairment of the related CGU. The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

- IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting'
  The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. As the Group does not have any derivatives that are subject to novation, the adoption of these amendments has had no impact on the consolidated financial statements.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective (and in some cases have not yet been adopted by the EU):

- IFRS 9 'Financial Instruments'
- IAS 15 'Revenue from Contracts with Customers'
- IAS 16 and 38 (amendments) 'Clarification of Acceptable Methods of Depreciation and Amortisation'
- IAS 19 (amendments) 'Defined Benefit Plans: Employee Contributions'

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Basis of consolidation

The consolidated financial statements of Volex plc incorporate the financial statements of the Company and entities which it controls (its subsidiaries), (together the 'Group'), and are drawn up to the relevant period end date. Control is achieved where the Company has the power to govern the financial and operating policies so as to be able to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

Notes to the financial statements continued

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

2. Significant accounting policies continued

Going concern

The Group's business activities, together with the factors likely to affect its future developments, performance and position are set out in the Strategic Report on pages 2 to 25. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance Review on pages 18 to 21. In addition note 30 to the financial statements includes the Group objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk, liquidity risk, interest rate risk, commodity price risk and foreign exchange risk.

As highlighted in note 19 to the financial statements, during the year under review the Group met its day-to-day working capital requirements through a $45 million multi-currency revolving credit facility ('RCF') with a syndicate of three banks. The principal terms of this financing facility are given in note 19. The facility requires 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 would result in cancellation of the facility. This facility expires on 15 June 2017.

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 financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

Where the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, it is measured at its acquisition date fair value and included as part of the consideration transferred. Subsequent changes in the fair value of contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is tested annually for impairment. For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. The impairment loss is recognised immediately in profit and loss and is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts. Goodwill arising on acquisitions prior to 31 March 1998 has been written off to reserves and has not been reinstated in the statement of financial position and will not be included in determining any subsequent profit or loss on disposal.

Investment in subsidiary undertakings

In the Company statement of financial position, investments in subsidiary undertakings are recorded at cost less provision for impairment.

The excess of fair value over the nominal value of shares issued in consideration for investments in which ownership exceeds 90% is recorded in the Company's merger reserve.

2. Significant accounting policies continued

Foreign currencies

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in USD, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- Significant risks and rewards of ownership have been transferred to the buyer determined with reference to the specific contract in place;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the provision of engineering services is recognised by reference to the stage of completion of the contracted services.

Interest income is accrued on a timely basis by reference to the principal outstanding and the effective interest rate applicable.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to the financial statements continued

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

2. Significant accounting policies continued

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and any further costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method, on the following bases:

Long leasehold buildings	up to 50 years or period of lease, if shorter
Plant and machinery	up to 15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets – computer software and licences

Computer software is stated at cost less accumulated depreciation and any recognised impairment loss. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and use the specific software. These costs are included in the statement of financial position within intangible assets and are amortised straight-line over their estimated useful lives, not exceeding five years.

Costs associated with maintaining computer software are recognised as an expense as incurred.

Intangible assets – patents

Patents are stated at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their estimated useful lives.

Intangible assets – internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

The Group is engaged in development activities which include both general product development and specific customer development projects. An internally generated intangible asset arising from these development activities is recognised only if all of the following conditions are met:

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Significant accounting policies continued

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Lease incentives are recognised as a liability and are allocated on a straight-line basis as a reduction of rental expense over the lease term.

The Group as lessor

Rental income from operating leases, which have arisen from the sublet of vacant premises, is recognised on a straight-line basis over the term of the relevant lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is measured at standard and adjusted for material variances such that the adjusted figure represents direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective items where appropriate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value less bank overdrafts.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the consolidated income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying value is the present value of those cash flows (when the effect of the time value of money is material).

Present obligations arising under onerous lease contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Group has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

Provisions for the expected cost of warranty obligations under local sales of goods legislation are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation.

Retirement benefits

The Group has both defined benefit and defined contribution retirement benefit schemes, the former of which is now closed to new entrants. The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the Group's defined benefit scheme.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations carried out at the end of each reporting period.

Defined benefit costs are split into three categories:

- Remeasurement;
- Net interest expense or income; and
- Past service cost and gains and losses on curtailments and settlements.

Notes to the financial statements continued

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

2. Significant accounting policies continued

Remeasurement comprises actuarial gains and losses, the effect of the asset ceiling (where applicable) and the return on scheme assets (excluding interest). These costs are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled.

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset and is recognised within finance costs (see note 6). As the defined benefit scheme is now closed, no service cost is incurred.

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments to state-managed schemes are treated as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

Share-based payments

Equity-settled share-based payments are issued to certain employees and are measured at the fair value of the equity instruments at the date of grant. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 28.

The fair value determined at the date of grant of the equity-settled share-based payments is expensed to the income statement on a straight-line basis over the vesting period, based on the estimate of the number of options that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

For cash-settled share-based payments, including bonus schemes to be settled in shares, a liability is recognised, measured initially at fair value. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the period.

Non-recurring items

Costs that are one-off in nature and significant, such as restructuring costs, are deemed to be non-recurring by virtue of their nature and size. They are included under the statutory classification appropriate to their nature but are separately disclosed on the face of the income statement to assist in understanding the financial performance of the Group and the Company.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset/liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at 'fair value through profit or loss' ('FVTPL')

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial assets ('AFS')

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

2. Significant accounting policies continued

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. A provision for impairment of trade receivables is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Notes to the financial statements continued

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

2. Significant accounting policies continued

Derivative financial instruments

The Group's activities expose it to the financial risks of changes in foreign exchange rates, interest rates and commodity prices. The Group enters into a variety of derivative financial instruments to manage its exposure to these risks. The use of financial derivatives is governed by a Group policy approved by the Board of Directors which provides written principles on the use of financial derivatives to hedge certain risk exposures. The Group does not use derivative financial instruments for speculative purposes. Further details of derivative financial instruments are disclosed in note 30 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations.

A derivative is classified as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency and commodity risk as either cash flow hedges or hedges of net investments in foreign operations.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedge

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. Similarly, commodity derivative contracts which are entered into to mitigate commodity price fluctuations on firm purchasing commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the hedging and translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the hedging and translation reserve are recognised immediately in profit or loss when the foreign operation is disposed of.

Critical judgements and estimates in applying the accounting policies

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Management has made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements.

Property provisions

As at 5 April 2015, the Group had property provisions of $3,826,000 (2014: $3,849,000) relating to onerous lease obligations arising from vacated leased premises 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 subtenants. The net cost of the leases is then discounted using a 1.20% pre-tax risk free discount rate (2014: 1.97%). The provisions are regularly reviewed in light of the most current information available.

Inventory provisions

Inventories are carried at the lower of cost and net realisable value, which is calculated as the estimated sales proceeds less costs of sale. Factors considered in the determination of net realisable value are the ageing, category and condition of inventories, recent inventory utilisation and forecasts of projected inventory utilisation. Reviews of provisions held against damaged, obsolete and slow moving inventory are carried out at least quarterly by management and these reviews require the application of judgement and estimates. Changes to these estimates could result in changes to the net valuation of inventory.

2. Significant accounting policies continued

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the appropriate discount rate. Any changes in these assumptions will impact the carrying amount of the pension obligations. The Group determines the appropriate discount rate at the end of each period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 29 to the financial statements.

Deferred tax

The Group operates in a large number of different tax jurisdictions. Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income, time limits on the availability of taxable losses for carry forward and any future tax planning strategies.

Taxation

Provisions for tax contingencies require management to make judgements and estimates in relation to tax issues and exposures. Amounts provided are based on management's interpretation of country specific tax law. Tax benefits are not recognised unless the tax positions are capable of being sustained. In arriving at this position, management reviews each material tax benefit to assess whether a provision should be taken against full recognition of the benefit.

3. Segment Information

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.

Notes to the financial statements continued

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

3. Segment Information continued

The following is an analysis of the Group's revenues and results by reportable segment. Prior period performance has been restated into divisional reporting on the same basis as the current period.

	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 charge		**(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 accounting policies of the reportable segments are in accordance with the Group's accounting policies. 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.

The non-recurring items charge of $12,528,000 (2014: $11,642,000) was split $2,450,000 (2014: $3,288,000) to Power, $7,603,000 (2014: $1,414,000) to Data and $2,475,000 (2014: $6,940,000) to Central.

Divisional profit represents the profit earned by each division before the allocation of central operating expenses, non-recurring items, share-based payments, finance income, finance costs and income tax expense. This is the measure reported to the Group's Board for the purpose of resource allocation and assessment of performance.

The divisional profits above are shown after the following charges for depreciation and amortisation:

Depreciation and amortisation	**2015 $'000**	2014 $'000
Power	**5,450**	5,783
Data	**964**	1,115
Central	**798**	1,074
	7,212	7,972

Asset and liability information is not provided to the Board on a divisional basis. In order to maximise the efficiency of asset utilisation, the Group's assets are employed cross-division and the Board believes that there is no meaningful basis in which such assets and liabilities can be allocated.

Information about major customers

Two (2014: two) of the Group's customers individually account for more than 10% of total Group revenue with the Group's largest customer operating in the Power division and accounting for 27% (2014: 23%) of total Group revenue. The other customer operates in the Data division and accounts for 13% (2014: 12%) of total Group revenue.

3. Segment Information continued

Geographical information

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 $'000	2014 $'000	**2015 $'000**	2014 $'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

Revenue is attributed to countries on the basis of the geographical location of the Group entity recording the sale.

4. Non-recurring items

	Group	
	2015 $'000	2014 $'000
Product portfolio realignment	**5,825**	–
Restructuring costs	**5,223**	8,643
Movement in onerous lease provision	**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 income	**–**	(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.

Notes to the financial statements continued

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

4. Non-recurring items continued

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.

5. Finance income

	Group	
	2015 $'000	2014 $'000
Interest on bank deposits	**40**	100

Finance income earned on financial assets was derived from loans and receivables (including cash and bank balances) only. No other gains or losses have been recognised in respect of loans and receivables other than those disclosed above and impairment losses recognised in respect of trade receivables (see note 18).

6. Finance costs

		Group	
	Notes	**2015 $'000**	2014 $'000
Interest on bank overdrafts and loans		**1,968**	2,738
Net interest expense on defined benefit obligation	29	**128**	159
Unwinding of discount on long term provisions	22	**112**	106
Other		**56**	–
Total interest costs		**2,264**	3,003
Amortisation of debt issue costs	25	**402**	389
Total underlying finance costs		**2,666**	3,392
Non-recurring finance costs	4	**–**	(552)
Total finance costs		**2,666**	2,840

No gains or losses have been recognised on financial liabilities measured at amortised cost (including bank overdrafts and loans) other than those disclosed above.

7. Profit for the period

Profit for the period has been arrived at after charging/(crediting):

		Group	
	Notes	**2015 $'000**	2014 $'000
Net foreign exchange (gain)/losses		**(18)**	611
Research and development costs		**2,809**	1,849
Depreciation of property, plant and equipment	15	**6,413**	6,632
Impairment of property, plant and equipment	15	**689**	–
Amortisation of intangible assets	14	**799**	1,340
Impairment of intangible assets	14	**4,409**	–
Cost of inventories recognised as an expense		**259,697**	248,201
Write-down of inventories recognised as an expense		**708**	649
Reversal of write-down of inventories recognised in the period		**(594)**	(87)
Staff costs	9	**90,790**	80,958
Impairment loss recognised on trade receivables	18	**185**	186
Reversal of impairment losses recognised on trade receivables	18	**(164)**	(265)
Loss/(gain) on disposal of property, plant and equipment		**14**	22
Operating lease payments	27	**4,843**	4,845

7. Profit for the period continued

Research and development costs disclosed on the previous page comprise the following:

	Group	
	2015 $'000	2014 $'000
Employment costs	**1,883**	692
Raw materials and consultancy	**721**	969
Other	**205**	188
	2,809	1,849

A further $999,000 (2014: $1,977,000) of development costs were capitalised in the period. Of this $431,000 related to the development of AOC technology prior to the suspension of the project and $568,000 related to the development of the new Power product range, "V-Novus" (see note 14).

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

	Group	
	2015 $'000	2014 $'000
Operating profit/(loss)	**(4,553)**	(4,822)
Add back:		
Non-recurring items	**12,528**	11,642
Share-based payment charge/(credit)	**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

8. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	Group	
	2015 $'000	2014 $'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**344**	270
Fees payable to the Company's auditor and their associates for other audit services to the Group		
– the audit of the Company's subsidiaries pursuant to legislation	**310**	375
Total audit fees	**654**	645
Other services pursuant to legislation		
Audit-related assurance services	**12**	13
Other taxation advisory services	**41**	38
Other services	**533**	44
Total non-audit fees	**586**	95

Included within other non-audit services is $498,000 which related to the Placing and Open Offer and was recognised in equity.

A description of the work of the Audit Committee is set out in the Audit Committee Report on pages 36 to 38 which includes an explanation of how auditor objectivity and independence is safeguarded when the auditors provide non-audit services.

Notes to the financial statements continued

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

9. Staff costs

The average monthly number of employees (including Executive Directors) was:

	Group	
	2015 No.	2014 No.
Production	**6,582**	5,991
Sales and distribution	**517**	560
Administration	**427**	445
	7,526	6,996

Their aggregate remuneration comprised:

	Group	
	2015 $'000	2014 $'000
Wages and salaries	**79,049**	72,630
Social security costs	**10,080**	9,665
Share-based payment (credit)/charge (note 28)	**857**	(2,288)
Other pension costs (note 29)	**804**	951
	90,790	80,958

In addition to the above $3,234,000 (2014: $4,064,000) has been paid in severance costs. This is included within the restructuring cost of $5,223,000 (2014: $8,643,000) shown in note 4.

Details of Directors' remuneration, share options, pension contributions, pension entitlements, fees for consulting services and interests for the period required by the Companies Act 2006 are provided in the audited part of the Directors' remuneration report on pages 39 to 53 and form part of the financial statements.

10. Taxation

	Group	
	2015 $'000	2014 $'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 – origination and reversal of temporary differences (note 21)	**(138)**	4,494
Income tax expense	**3,529**	6,613

UK corporation tax is calculated at 21% (2014: 23%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge/(credit) for the period can be reconciled to the profit/(loss) per the income statement as follows:

	2015 $'000	**2015 %**	2014 $'000	2014 %
Profit/(loss) before tax	**(7,179)**	**100**	(7,562)	100
Tax at the UK corporation tax rate of 21% (2014: 23%)	**(1,508)**	**21**	(1,739)	23
Tax effect of expenses that are not deductible and income that is not taxable in determining taxable profit	**(61)**	**1**	(418)	6
Tax effect of non-utilisation of tax losses	**5,051**	**(70)**	4,918	(65)
Tax effect of adjustment in respect of previous periods	**605**	**(9)**	(264)	3
Effect of different tax rates of subsidiaries operating in other jurisdictions	**672**	**(9)**	334	(4)
Tax effect of recognised deferred tax	**(138)**	**2**	4,494	(59)
Tax effect of loss utilisation	**(1,092)**	**15**	(712)	9
Tax expense and effective tax rate for the period	**3,529**	**(49)**	6,613	(87)

11. Dividends

	2015 $'000	2014 $'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 was also approved, which gave shareholders the right to elect to receive new Ordinary shares in the Company (credited as fully paid) instead of a cash dividend. 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.

12. Earnings/(loss) per Ordinary share

The calculation of the basic and diluted earnings per share is based on the following data:

		Group	
	Notes	2015 $'000	2014 $'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	4	12,528	11,090
Share-based payment charge/(credit)	28	857	(2,288)
Tax effect of above adjustment		(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.

Due to the Group loss for the year, all share options are anti-dilutive and are therefore excluded from the diluted basic loss per share calculation. In the prior year, due to the underlying loss for the year, all share options were excluded from the calculation of both the diluted loss and the underlying diluted loss per share calculation.

Basic earnings 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 payment charge/(credit)	1.0	(3.6)
Tax effect of above adjustments	(0.4)	–
Underlying basic earnings/(loss) per share	2.8	(8.6)

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

Notes to the financial statements continued

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

12. Earnings/(loss) per Ordinary share continued

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 calculation gives a better understanding of the Group's earnings/(loss) per share in the current and prior period.

13. Goodwill

	Group	
	2015 $'000	2014 $'000
Cost		
At the beginning of the period	**6,317**	5,769
Exchange differences	**(650)**	548
At the end of the period	**5,667**	6,317
Accumulated impairment losses		
At the beginning of the period	**3,107**	2,837
Exchange differences	**(320)**	270
At the end of the period	**2,787**	3,107
Carrying amount at the end of the period	**2,880**	3,210
Carrying amount at the beginning of the period	**3,210**	2,932

Goodwill acquired in a business combination is allocated, at acquisition, to the business units that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2015 $'000	2014 $'000
Volex North America	**2,138**	2,383
Volex Europe	**662**	737
Volex India	**80**	90
	2,880	3,210

The Group annually tests goodwill for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of goodwill is determined from value in use calculations. The key assumptions used in the value in use calculations are those regarding the discount rates, revenue and costs growth. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business unit. The growth rates are based upon industry growth forecasts.

The Group prepares cash flow forecasts derived from the most recently approved annual budget and the divisional long term forecasts. Growth has then been forecast through to March 2020 at rates that do not exceed the average long term growth rates for the markets. No growth is forecast for cash flows for years beyond March 2020.

The rate used to discount the forecast cash flows is a pre-tax discount rate of 15.4% (2014: 15.5%), which reflects the Group's estimated cost of capital.

14. Other intangible assets

Group	Acquired patents $'000	Capitalised development costs $'000	Software and licences $'000	Total $'000
Cost				
At 31 March 2013	1,453	230	5,402	7,085
Additions	–	1,977	301	2,278
Disposals	–	–	(531)	(531)
Exchange differences	138	96	284	518
At 30 March 2014	1,591	2,303	5,456	9,350
Additions	**–**	**999**	**267**	**1,266**
Exchange differences	**(164)**	**(285)**	**(446)**	**(895)**
At 5 April 2015	**1,427**	**3,017**	**5,277**	**9,721**
Accumulated amortisation and impairment				
At 31 March 2013	–	–	2,938	2,938
Amortisation charge for the period	–	–	1,340	1,340
Disposals	–	–	(531)	(531)
Exchange differences	–	–	158	158
At 30 March 2014	–	–	3,905	3,905
Amortisation charge for the period	**–**	**–**	**799**	**799**
Impairment	**1,587**	**2,721**	**101**	**4,409**
Exchange differences	**(160)**	**(272)**	**(347)**	**(779)**
At 5 April 2015	**1,427**	**2,449**	**4,458**	**8,334**
Carrying amount				
At 5 April 2015	**–**	**568**	**819**	**1,387**
At 30 March 2014	1,591	2,303	1,551	5,445
At 31 March 2013	1,453	230	2,464	4,147

On 14 January 2013, the Group acquired 29 patents for active optical cable ('AOC') assemblies. Subsequent to the acquisition, the Group incurred development costs in integrating the acquired technology with the Group's existing product range.

During the current period, following an independent assessment of the technology and executive management's forecast of the further cost required to convert the technology into a commercial product, it was concluded that resources were better directed elsewhere. As a result the AOC project was suspended. In accordance with the requirements of IAS 36 'Impairment of Assets' the recoverable amount of the AOC asset was assessed and it was determined to be lower than the carrying value. As a result an impairment charge was booked.

Also in the current period, the Power division has developed its new powercord product range, the "V-Novus" range. The range is designed to not only maintain Volex's strong reputation for quality but also to be more aesthetically pleasing with a sleeker plug and connector profile. Directly attributable hours incurred by the engineering function have been capitalised as has safety certification costs. The range was launched prior to 5 April 2015 with first sales expected to be shipped in the first month of FY2016.

Computer software is amortised over the estimated useful life, not exceeding five years. The amortisation charge for the period is fully expensed within operating expenses.

The computer software impairment is in relation to AOC specific software. This has been expensed within non-recurring items.

Notes to the financial statements continued

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

14. Other intangible assets continued

Company	Software and licences 2015 $'000	2014 $'000
Cost		
At the beginning of the period	**3,482**	3,436
Additions	**158**	30
Reclassification	**–**	186
Disposals	**–**	(504)
Exchange differences	**(366)**	334
At the end of the period	**3,274**	3,482
Accumulated amortisation		
At the beginning of the period	**2,102**	1,504
Amortisation charge for the period	**703**	837
Reclassification	**–**	78
Disposals	**–**	(504)
Exchange differences	**(272)**	187
At the end of the period	**2,533**	2,102
Carrying amount at the end of the period	**741**	1,380
Carrying amount at the beginning of the period	**1,380**	1,932

15. Property, plant and equipment

Group	Long leasehold buildings $'000	Plant and machinery $'000	Total $'000
Cost			
At 31 March 2013	6,558	65,534	72,092
Additions	802	5,018	5,820
Reclassification	8,048	(8,048)	–
Disposals	(239)	(2,564)	(2,803)
Exchange differences	(36)	(181)	(217)
At 30 March 2014	15,133	59,759	74,892
Additions	**580**	**3,493**	**4,073**
Reclassification	**587**	**(587)**	**–**
Disposals	**(605)**	**(980)**	**(1,585)**
Exchange differences	**(66)**	**(1,368)**	**(1,434)**
At 30 March 2015	**15,629**	**60,317**	**75,946**
Accumulated depreciation and impairment			
At 31 March 2013	4,708	27,693	32,401
Depreciation charge for the period	1,569	5,063	6,632
Disposals	(239)	(2,542)	(2,781)
Exchange differences	(37)	(55)	(92)
At 30 March 2014	6,001	30,159	36,160
Depreciation charge for the period	**1,546**	**4,867**	**6,413**
Impairment loss	**–**	**689**	**689**
Disposals	**(605)**	**(905)**	**(1,510)**
Exchange differences	**(43)**	**(995)**	**(1,038)**
At 5 April 2015	**6,899**	**33,815**	**40,714**
Carrying amount			
At 5 April 2015	**8,730**	**26,502**	**35,232**
At 30 March 2014	9,132	29,600	38,732
At 31 March 2013	1,850	37,841	39,691

At 5 April 2015, the Group had $141,000 (2014: $588,000) contractual commitments for the acquisition of property, plant and equipment.

Of the $6,413,000 (2014: $6,632,000) depreciation charge for the period, $5,569,000 (2014: $5,424,000) was expensed through cost of sales and $844,000 (2014: $1,208,000) was expensed through operating expenses.

15. Property, plant and equipment continued

Company	Plant and machinery 2015 $'000	2014 $'000
Cost		
At the beginning of the period	**528**	902
Additions	**17**	4
Reclassification	**–**	(186)
Disposals	**–**	(272)
Exchange differences	**(55)**	80
At the end of the period	**490**	528
Accumulated depreciation and impairment		
At the beginning of the period	**406**	464
Depreciation charge for the period	**95**	237
Reclassification	**–**	(78)
Disposals	**–**	(272)
Exchange differences	**(50)**	55
At the end of the period	**451**	406
Carrying amount at the end of the period	**39**	122
Carrying amount at the beginning of the period	**122**	438

Notes to the financial statements continued

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

16. Investments

The Company's fixed asset investments comprise investments in wholly-owned subsidiary undertakings and permanent loans as follows:

Company	Shares $'000	Loans $'000	Total $'000
Cost			
At 31 March 2013	51,975	110,573	162,548
Additions	–	1,528	1,528
Repayment	–	(11,994)	(11,994)
Exchange differences	4,934	866	5,800
At 30 March 2014	56,909	100,973	157,882
Additions	**173**	**4,789**	**4,962**
Repayment	**–**	**(2,510)**	**(2,510)**
Exchange differences	**(5,857)**	**(2,031)**	**(7,888)**
At 5 April 2015	**51,225**	**101,221**	**152,446**
Accumulated depreciation and impairment			
At 31 March 2013	5,532	5,741	11,273
Impairment	–	5,501	5,501
Exchange differences	526	(439)	87
At 30 March 2014	6,058	10,803	16,861
Impairment	**2,192**	**710**	**2,902**
Exchange differences	**(698)**	**(1,218)**	**(1,916)**
At 5 April 2015	**7,552**	**10,295**	**17,847**
Carrying amount			
At 5 April 2015	**43,673**	**90,926**	**134,599**
At 30 March 2014	50,851	90,170	141,021
At 31 March 2013	46,443	104,832	151,275

In the United Kingdom, the Company includes an operational division, Volex Powercords Europe. Details of the Company's principal subsidiary undertakings are set out on page 103. Investments in subsidiaries are all stated at cost.

All loans are carried at amortised cost. In the 53 weeks to 5 April 2015, the Company entered into two loans with Volex Group Holdings Ltd and Volex (Asia) Pte Ltd. Repayments were also received from Volex Inc and the Volex Group plc Employee Share Trust.

17. Inventories

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Raw materials	**16,998**	17,310	**–**	–
Work-in-progress	**68**	141	**–**	–
Finished goods	**26,371**	22,536	**2,262**	2,391
	43,437	39,987	**2,262**	2,391

18. Trade and other receivables

Trade receivables	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Amounts receivable for the sale of goods	**66,451**	67,758	**2,623**	2,498
Allowance for doubtful debts	**(651)**	(714)	**–**	–
	65,800	67,044	**2,623**	2,498

Other receivables	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Amounts due from Group undertakings	**–**	–	**23,068**	43,743
Other debtors	**7,852**	9,416	**401**	1,237
Prepayments	**2,313**	2,517	**893**	1,236
	10,165	11,933	**24,362**	46,216
Due for settlement within 12 months	**9,128**	11,138	**24,312**	46,214
Due for settlement after 12 months	**1,037**	795	**50**	2
	10,165	11,933	**24,362**	46,216

Trade receivables are classified as loans and receivables and are therefore measured at amortised cost.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Two (2014: two) of the Group's customers individually account for more than 10% of total Group revenue. The largest customer operates in the Power division and accounts for 27% (2014: 23%) of total Group revenue. The other customer operates in the Data division and accounts for 13% (2014: 12%) of total Group revenue. Other than these customers, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. At 5 April 2015, these two customers represented 28% of the net trade receivables (2014: 33%).

The average credit period taken on sales of goods is 62 days (2014: 63 days). An allowance has been made for estimated irrecoverable amounts from the sale of goods. This allowance has been determined by reference to past default experience and an analysis of the counterparty's current financial position.

Included in trade receivables are receivables with a carrying value of $9,618,000 (2014: $5,961,000) and $465,000 (2014: $8,000) for the Group and Company respectively which are past due at the reporting date for which no provision has been made as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group and Company do not hold any collateral over these balances.

Ageing of past due but not impaired receivables	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
0–60 days	**9,050**	5,540	**431**	8
60–90 days	**364**	88	**34**	–
90–120 days	**198**	151	**–**	–
120+ days	**6**	182	**–**	–
	9,618	5,961	**465**	8

Notes to the financial statements continued

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

18. Trade and other receivables continued

Movement in the allowance for doubtful debts	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Balance at the beginning of the period	**714**	1,153	**–**	–
Amounts written off during the period	**(63)**	(390)	**–**	–
Amounts recovered during the period	**–**	(3)	**–**	–
Increase/(decrease) in allowance recognised in profit or loss	**21**	(79)	**–**	–
Exchange differences	**(21)**	33	**–**	–
Balance at the end of the period	**651**	714	**–**	–

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. With the exception of the two customers noted above, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Ageing of impaired trade receivables	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
0–60 days	**4**	–	**–**	–
60–90 days	**–**	–	**–**	–
90–120 days	**12**	16	**–**	–
120+ days	**635**	698	**–**	–
	651	714	**–**	–

19. Borrowings

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Unsecured borrowings at amortised cost				
Bank overdrafts	**7,533**	–	**12,819**	5,758
Secured borrowings at amortised cost				
Bank loans	**24,323**	45,895	**8,164**	22,523
Total borrowings at amortised cost	**31,856**	45,895	**20,983**	28,281
Amount due for settlement within 12 months	**7,533**	–	**12,819**	5,758
Amount due for settlement after 12 months	**24,323**	45,895	**8,164**	22,523
	31,856	45,895	**20,983**	28,281

The weighted average interest rates paid on the Group's borrowings during the period were as follows:

	2015 %	2014 %
Bank loans and overdrafts	**4.0**	3.7

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.

19. Borrowings continued

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 4).

At 5 April 2015, the facility incurred interest at a margin of 2.47% (2014: 5.00%) above LIBOR.

Also drawn under the facilities, and not included above, are bonds, guarantees and letters of credit amounting to $2,306,000 (2014: $2,537,000).

Drawings under the facilities were made in various currencies. Total borrowings for the Group at 5 April 2015 can be analysed by currency as follows:

Group	2015 $'000	2014 $'000
USD	**7,878**	23,000
Euro	**12,679**	23,372
Pound Sterling	**11,973**	–
Indian Rupee	**162**	–
	32,692	46,372
Less: debt issue costs (note 25)	**(836)**	(477)
	31,856	45,895

Undrawn borrowing facilities

At 5 April 2015, the Group had undrawn committed borrowing facilities available of $10,164,000. At 30 March 2014, taking into account net cash held in the cash pool of $2,103,000, the Group had undrawn committed borrowing facilities available of $28,194,000.

20. Trade and other payables

	Group		Company	
Trade payables	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables	**62,241**	57,220	**1,059**	1,539

Other payables				
Amounts owed to Group undertakings	**–**	–	**72,032**	103,148
Other taxes and social security	**3,973**	3,828	**40**	43
Accruals and deferred income	**22,748**	18,599	**2,600**	2,917
	26,721	22,427	**74,672**	106,108
Due for settlement within 12 months	**26,185**	22,184	**18,196**	51,123
Due for settlement after 12 months	**536**	243	**56,476**	54,985
	26,721	22,427	**74,672**	106,108

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 78 days (2014: 71 days).

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Notes to the financial statements continued

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

21. Deferred tax

Group

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting periods.

	Unremitted earnings $'000	Trading losses $'000	Accelerated tax depreciation $'000	Other short term timing differences $'000	Total $'000
At 31 March 2013	(1,692)	4,250	(117)	502	2,943
(Charge)/credit to income	(142)	(4,018)	62	(396)	(4,494)
Exchange differences	(161)	206	19	(20)	44
At 30 March 2014	(1,995)	438	(36)	86	(1,507)
(Charge)/credit to income	**(189)**	**456**	**(75)**	**(54)**	**138**
Exchange differences	**–**	**(51)**	**88**	**(5)**	**32**
At 5 April 2015	**(2,184)**	**843**	**(23)**	**27**	**(1,337)**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2015 $'000	2014 $'000
Deferred tax assets	**848**	488
Deferred tax liabilities	**(2,185)**	(1,995)
	(1,337)	(1,507)

At the balance sheet date, the Group had unused tax losses of $146,000,000 (2014: $130,000,000) available for offset against future profits. The Group has recognised $844,000 (2014: $438,000) of deferred tax asset in respect of these unused tax losses. Included in unrecognised tax losses are losses of $38,000,000 (2014: $39,000,000) that cannot be carried forward indefinitely. Of this amount $5,000,000 (2014: $2,000,000) expires during the next five accounting periods. Other losses may be carried forward to future periods. The carrying amount of deferred tax assets is reviewed at each reporting date and recognised to the extent that it is probable that there are sufficient taxable profits to allow all or part of the asset to be recovered. Deferred tax assets have been recognised based on future forecast taxable profits.

At the reporting date, a deferred tax liability of $2,185,000 (2014: $1,996,000) has been recognised relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will reverse in the foreseeable future. The temporary differences at 5 April 2015 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may still result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

Company

At the reporting date, the Company had unused tax losses of $70,000,000 (2014: $67,000,000) available for offset against future profits. The Company has not recognised any deferred tax assets in respect of these unused tax losses or other temporary differences as the future use of these assets is uncertain. The losses may be carried forward indefinitely.

In addition to the changes in rates of Corporation tax disclosed in note 10, reduction in the UK corporate tax rate to 20% from 1 April 2015 was enacted in the Finance Act 2013. These changes did not have a material impact on the Group's or the Company's tax balances at the reporting date.

22. Provisions

Group	Property $'000	Corporate restructuring $'000	Other $'000	Total $'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 (note 6)	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 (note 6)	**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**

Company	Property $'000	Corporate restructuring $'000	Other $'000	Total $'000
At 31 March 2013	4,046	280	–	4,326
Charge/(credit) in the period	574	3,446	96	4,116
Utilisation of provision	(1,257)	(1,604)	–	(2,861)
Unwinding of discount	106	–	–	106
Exchange differences	380	104	5	489
At 30 March 2014	3,849	2,226	101	6,176
Charge/(credit) in the period	**581**	**(6)**	**1,977**	**2,552**
Utilisation of provision	**(972)**	**(2,050)**	**(1,887)**	**(4,909)**
Unwinding of discount	**109**	**–**	**–**	**109**
Exchange differences	**(331)**	**(71)**	**(18)**	**(420)**
At 5 April 2015	**3,236**	**99**	**173**	**3,508**
Less: included in current liabilities	**1,965**	**99**	**173**	**2,237**
Non-current liabilities	**1,271**	**–**	**–**	**1,271**

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.

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.

Notes to the financial statements continued

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

22. Provisions continued

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.

23. Share capital

Group and Company	2015 $'000	2014 $'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.

Under the terms of the Group's various share schemes, the following rights to subscribe for Ordinary shares are outstanding:

			Number of shares	
Date of grant	Option price (p)	Exercise period	2015	2014
Performance Share Plan				
7 September 2009	25	September 2012 – May 2014	**–**	305,623
31 August 2010	25	August 2014 – August 2020	**–**	300,342
5 July 2011	25	July 2014 – July 2021	**–**	41,765
5 July 2011	25	July 2014 – July 2021	**–**	116,235
12 March 2014	25	March 2017 – March 2024	**1,285,052**	1,514,726
19 December 2014	25	December 2017 – December 2024	**1,542,705**	–
Restricted Share Scheme				
20 September 2013	–	July 2016 – February 2017	**630,000**	630,000
12 March 2014	–	March 2017 – September 2017	**50,000**	50,000
18 July 2014	–	July 2017 – February 2018	**50,000**	–
Non-Executive Director Long Term Incentive Scheme				
1 October 2010	–	March 2012 – March 2017	**–**	26,666
1 October 2010	–	March 2013 – March 2018	**–**	26,667
1 October 2010	–	March 2014 – March 2019	**–**	26,667
			3,557,757	3,038,691

For further details of the Group's share option schemes see note 28.

24. Own shares and non-distributable reserves

Own shares	2015 $'000	2014 $'000
At beginning of the period	**1,103**	4,945
Disposed of on exercise in the period	**(236)**	(16)
Sale of shares	**–**	(3,826)
At end of the period	**867**	1,103

The own shares reserve represents both the cost of shares in the Company purchased in the market and the nominal share capital of shares in the Company issued to 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 (see note 28).

The number of Ordinary shares held by the Volex Group plc Employee Share Trust at 5 April 2015 was 1,295,361 (2014: 1,555,000) and by the Volex Group Guernsey Purpose Trust was nil (2014: 80,000). The market value of the shares as at 5 April 2015 was $1,273,000 (2014: $2,876,000).

24. Own shares and non-distributable reserves continued

Unless and until the Company notifies a trustee of either trust to the contrary, and in the case of the Volex Group plc Employee Share Trust, in respect to shares held in the trust in which a beneficial interest has not vested, rights to dividends in respect to the shares held in the trust are waived.

During the year 339,639 (2014: 42,016) shares were utilised on the exercise of share awards.

In December 2013, the Volex Group plc Employee Share Trust sold 3,378,582 shares at £1.16 per share. The average price of shares held by the Trust at the time was £0.70 with a number of the shares having been issued by Volex plc to the Trust at nominal value. In accordance with the Accounting Standards, the difference between the sales price of £1.16 and the average share price of £0.70 has been recorded as a non-distributable reserve, giving rise to a $2,455,000 non-distributable reserve balance.

25. Analysis of net debt

Group	Cash and cash equivalents $'000	Bank loans $'000	Debt issue costs $'000	Total $'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)
Amortisation of debt issue costs	–	–	(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**
Amortisation of debt issue costs	**–**	**–**	**(402)**	**(402)**
At 5 April 2015	**26,203**	**(25,159)**	**836**	**1,880**

Debt issue costs relate to bank facility arrangement fees.

During the year $27,906,000 was raised through the share issue (see note 23). $25,139,000 of this cash was used to refinance the Group's senior credit facility (see note 19). $875,000 of professional fees were incurred through the debt refinancing and these have been capitalised. The debt issue cost balance is to be amortised over the remaining life of the facility.

26. Notes to the statement of cash flows

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Profit/(loss) for the period	**(10,708)**	(14,175)	**(3,660)**	(15,789)
Adjustments for:				
Finance income	**(40)**	(100)	**(280)**	(284)
Finance costs	**2,666**	2,840	**2,013**	2,621
Income tax expense	**3,529**	6,613	**216**	2,274
Depreciation on property, plant and equipment	**6,413**	6,632	**95**	237
Amortisation of intangible assets	**799**	1,340	**703**	837
Impairment loss	**5,098**	–	**–**	–
(Gain)/loss on disposal of property, plant and equipment	**14**	22	**–**	(3)
Impairment of investments	**–**	–	**2,902**	5,501
Share-based payment (credit)/charge	**857**	(2,288)	**857**	(2,288)
Effects of foreign exchange rate changes	**333**	(893)	**403**	(2,748)
(Decrease)/increase in provisions	**(1,078)**	494	**(1,854)**	920
Operating cash flow before movement in working capital	**7,883**	485	**1,395**	(8,722)
(Increase)/decrease in inventories	**(4,881)**	2,897	**112**	(15)
(Increase)/decrease in receivables	**171**	5,713	**6,972**	(2,013)
Increase/(decrease) in payables	**9,587**	(17,270)	**(30,055)**	14,601
Movement in working capital	**4,877**	(8,660)	**(22,971)**	12,573
Cash generated from/(used in) operations	**12,760**	(8,175)	**(21,576)**	3,851
Cash generated from/(used in) operations before operating non-recurring items	**18,175**	(721)	**(19,919)**	8,591
Cash utilised by operating non-recurring items	**(5,415)**	(7,454)	**(1,657)**	(4,740)
Taxation paid	**(2,596)**	(1,215)	**(216)**	(75)
Interest paid	**(2,367)**	(1,677)	**(1,256)**	(996)
Net cash generated from/(used in) operating activities	**7,797**	(11,067)	**(23,048)**	2,780

Notes to the financial statements continued

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

26. Notes to the statement of cash flows continued

Cash and cash equivalents

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Cash and bank balances	**33,736**	13,675	**3,013**	5,758
Bank overdrafts	**(7,533)**	–	**(12,819)**	–
	26,203	13,675	**9,806**	5,758

Cash and cash equivalents comprise cash held by the Group, short term bank deposits with an original maturity of three months or less and bank overdrafts. The carrying amount of these assets approximates their fair value.

27. Operating lease arrangements

The following have been recognised during the period:

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Minimum lease payments made under operating leases				
Paid	**5,841**	6,078	**1,259**	1,515
Recognised in operating profit	**4,843**	4,845	**437**	282

Payments made under operating leases net of sublease receipts and charged against the onerous lease provision in the period were $998,000 (2014: $1,233,000) for the Group and $822,000 (2014: $1,233,000) for the Company.

At the reporting date, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Within one year	**5,263**	6,370	**1,018**	1,398
In the second to fifth years inclusive	**6,479**	11,045	**2,810**	3,388
After five years	**2,434**	3,470	**–**	790
	14,176	20,885	**3,828**	5,576

Operating lease payments primarily represent rentals payable by the Group for its office and manufacturing properties. Leases are negotiated for an average term of four years (2014: four years).

At the reporting date, the Group had contracted with tenants under non-cancellable subleases for the following future minimum lease payments:

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Within one year	**532**	672	**–**	246
In the second to fifth years inclusive	**355**	–	**–**	–
	887	672	**–**	246

28. Share-based payments

	Group	
	2015 $'000	2014 $'000
Share-based payment charge/(credit)	**897**	(2,154)
National insurance charge/(credit) in relation to share awards	**(40)**	(134)
	857	(2,288)

During the period the Group had three types of equity-settled share option schemes in operation: a Performance Share Plan ('PSP'), a Non-Executive Director Long Term Incentive Scheme ('NED-LTIS') and a Restricted Share Award Scheme ('RSA').

28. Share-based payments continued

Options issued under the PSP are exercisable between three and ten years from the date of grant, subject to the continued employment of the participant and achievement of performance targets. All awards under the PSP have an exercise price of 25p, which is equivalent to the nominal value of the underlying Ordinary share. Full details of how the scheme operates are explained on pages 48 and 49 of the Directors' remuneration report.

Certain awards issued under the PSP were, with the recipients' agreement, converted into shares held under a Joint Share Ownership Plan ('JSOP'). These shares were jointly held by the Volex Group Guernsey Purpose Trust, which under the terms of the agreement held the majority of ownership rights until such time as the original awards vest. As the performance conditions and other key terms of the JSOP were the same as those of the PSP, and as the JSOP was used only as a structure to deliver PSP awards, these JSOP awards were reported as PSP awards. During the prior year, the original awards lapsed with the performance conditions not being met. As a consequence, full ownership rights of these shares reverted to the trust.

The RSAs are nil cost shares that vest, subject to continued employment, after three years from the date of grant. RSAs have an exercise price of £nil.

Details of the share awards outstanding and the weighted average exercise price of those awards are as follows:

	2015		2014	
	Number of share awards	**Weighted average exercise price (p)**	Number of share awards	Weighted average exercise price (p)
Outstanding at the beginning of the period	**3,038,691**	**19**	3,378,972	19
Granted during the period	**1,592,705**	**24**	2,194,726	17
Exercised during the period	**(385,622)**	**11**	(522,016)	–
Expired during the period	**(688,017)**	**25**	(2,012,991)	22
Outstanding at the end of the period	**3,557,757**	**20**	3,038,691	19
Exercisable at the end of the period	**–**	**–**	385,622	20

Of the share awards that expired during the period, 246,674 (2014: 944,658) lapsed in respect of leavers and 441,343 options (2014: 1,068,333) expired due to failure to meet performance conditions. The expired 441,343 options had market vesting performance criteria and as such the cumulative charge of $857,000 arising from these options has been retained in equity with $47,000 charged to the current year income statement.

The awards outstanding at 5 April 2015 had a weighted average remaining contractual life of four years (2014: five years).

Of the 3,557,757 awards outstanding at 5 April 2015, 2,827,757 had an exercise price of £0.25 and 730,000 had an exercise price of £nil.

Of the 3,038,691 awards outstanding at 30 March 2014, 2,278,691 had an exercise price of £0.25 and 760,000 had an exercise price of £nil.

The aggregate of the estimated fair values of the options granted during the period was $1,094,000 (2014: $2,584,000).

With the exception of the RSAs, the fair value of awards granted in the period was calculated at the date of grant using a Monte Carlo binomial model or a Black-Scholes model, depending on the vesting criteria of each award. Valuation model inputs were as follows:

	2015	2014
Weighted average share price	**£0.70**	£1.08
Weighted average exercise price	**£0.25**	£0.25
Expected volatility	**56%**	61%
Expected life (years)	**3.50**	3.50
Risk-free rate	**0.85%**	0.69%
Expected dividends	**0.0%**	0.0%

Expected volatility was determined with reference to historical volatility of the Group's share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The RSAs were valued at their market price on the day of grant, being £0.80 on 17 July 2014.

Notes to the financial statements continued

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

29. Retirement benefit schemes

Defined contribution schemes

The Company operates two HMRC approved defined contribution schemes and makes contributions to a Group pension plan. Overseas the Group operates three defined contribution schemes, one in the USA, one in Ireland and one in Brazil.

The total cost charged to the Group's income statement in the period was $804,000 (2014: $951,000). The total cost charged to the Company's income statement in the period was $576,000 (2014: $723,000).

Defined benefit schemes

The Company operates a UK defined benefit pension arrangement called the Volex Executive Pension Scheme (the 'Scheme'). The Scheme provides benefits on retirement or death, based on final salary and length of service up to 31 March 2003 or earlier date of leaving service. Future accrual of retirement benefits under the scheme(s) ceased on 31 March 2003 when the scheme(s) were replaced with defined contribution arrangements.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A full actuarial valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustee of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective. The last full actuarial valuation of the scheme was carried out by a qualified independent actuary on 31 July 2013, and the assumptions used and results from this valuation have been incorporated, as appropriate, in the following IAS 19 disclosures. This valuation has been updated on an approximate basis to 5 April 2015 and utilises the projected unit credit valuation method.

There were no scheme amendments, curtailments or settlements during the period.

The key assumptions utilised are:

	Valuation at	
	2015	2014
Discount rate	**3.2%**	4.4%
Future pension increases	**2.0%**	2.4%
Revaluation in deferment	**2.0%**	2.4%
Inflation assumption (RPI)	**3.0%**	3.4%
Inflation assumption (CPI)	**2.0%**	2.4%

The following mortality assumptions have been made:

	2015 Years	2014 Years
Future life expectancy for a pensioner currently aged 65		
– Male	**22.8**	23.1
– Female	**23.9**	24.4
Future life expectancy at age 65 for a non-pensioner currently aged 55		
– Male	**23.7**	24.0
– Female	**24.8**	25.3

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation and life expectancy. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period assuming that all other assumptions are held constant:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.5%	($1,686,000)/$1,895,000
Inflation	Increase/decrease by 0.5%	$1,253,000/($1,134,000)
Life expectancy	Increase/decrease by 1 year	$746,000/($761,000)

In reality one might expect interrelationships between the assumptions, especially between discount rate and inflation. The above analysis does not take the effect of these interrelationships into account.

Amounts recognised in income statement (note 6)	**2015 $'000**	2014 $'000
Interest cost	**(1,013)**	(1,026)
Expected return on scheme assets	**885**	867
Finance income/(costs)	**(128)**	(159)

No other amounts have been recognised in the income statement (2014: $nil).

29. Retirement benefit schemes continued

An actuarial loss of $1,293,000 (2014: gain of $268,000) has been reported in the statement of comprehensive income.

Cumulative actuarial gains/(losses) recognised in equity	2015 $'000	2014 $'000
At the beginning of the period	**133**	(135)
Net actuarial gains/(losses) recognised in the period	**(1,293)**	268
At the end of the period	**(1,160)**	133

Amounts recognised in the statement of financial position	2015 $'000	2014 $'000
Fair value of scheme assets	**19,981**	20,475
Present value of defined benefit obligations	**(23,599)**	(23,709)
Deficit in scheme recognised in the statement of financial position	**(3,618)**	(3,234)
Current liabilities	**709**	659
Non-current liabilities	**2,909**	2,575
	3,618	3,234

The Company has contributed $643,000 to its defined benefit pension plans in the period ended 5 April 2015 (2014: $609,000).

Movements in the present value of defined benefit obligations	2015 $'000	2014 $'000
At the beginning of the period	**(23,709)**	(22,004)
Interest cost	**(1,013)**	(1,026)
Experience gain/(loss) on liabilities	**–**	(193)
(Losses)/gains from changes to demographic assumptions	**403**	442
Remeasurement gain/(loss)	**(3,015)**	263
Benefits paid	**1,091**	891
Foreign exchange	**2,644**	(2,082)
At the end of the period	**(23,599)**	(23,709)

Movements in the fair value of scheme assets	2015 $'000	2014 $'000
At beginning of period	**20,475**	18,380
Interest on assets	**885**	867
Actuarial gains/(losses)	**1,319**	(243)
Contributions from the sponsoring company	**643**	609
Benefits paid	**(1,091)**	(891)
Foreign exchange	**(2,250)**	1,753
At end of period	**19,981**	20,475

Assets

Asset category	2015 $'000	2014 $'000
Equity instruments	**11,988**	12,900
Debt instruments	**7,793**	7,371
Cash	**200**	204
Total	**19,981**	20,475

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied or other assets used by the Company (2014: $nil).

The actual return on scheme assets for the period was a gain of $2,203,000 (2014: $389,000).

The estimated amount of contributions expected to be paid to the scheme during the 52 weeks to 3 April 2016 is $709,000 (2015: $659,000).

Notes to the financial statements continued

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

30. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as contained in the statement of changes in equity.

The Board reviews the capital structure on a regular basis including facility headroom, forecast working capital and capital expenditure requirements.

The Group has a multi-currency revolving credit facility ('RCF'), which had an available limit of $45,000,000 as at 5 April 2015 (2014: $75,000,000). At this date the amounts drawn under this facility included term loans of $9,000,000 and €14,700,000 (2014: $23,000,000 and €17,000,000). Under the RCF, a cash pool facility exists denominated in a variety of currencies. At 5 April 2015, a net overdraft was held in the pool of $7,371,000 (2014: net cash of $2,103,000). The average combined utilisation during the period was $40,869,000 (2014: $47,633,000).

Included in note 19 is a description of undrawn facilities as at the reporting date.

The terms of the RCF 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. This facility is due to expire on 15 June 2017.

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 contracted and committed 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 Board are therefore confident that the combination of the above facilities provides adequate liquidity headroom for the successful execution of the Group's operations and that the Group will be able to operate in agreement with the required covenant levels.

The Group is not subject to externally imposed capital requirements.

Financial instruments

The Group's principal financial instruments comprise bank borrowings and overdrafts, cash and short term deposits, trade and other receivables and trade and other payables. The Group also enters into derivative transactions, principally copper forward contracts to manage the commodity price risk arising from its operations and forward currency contracts to manage the currency risks arising from its operations.

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements. Except as detailed below, the Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost approximate their fair values.

30. Financial instruments continued

	Book value 2015 $'000	Book value 2014 $'000	Fair value 2015 $'000	Fair value 2014 $'000
Financial assets – loans and receivables				
Cash	**33,736**	13,675	**33,736**	13,675
Trade and other receivables	**68,716**	68,998	**68,716**	68,998
Financial liabilities – amortised cost				
Interest-bearing loans and borrowings	**(31,856)**	(45,895)	**(32,692)**	(46,371)
Trade and other payables	**(80,919)**	(71,383)	**(80,919)**	(71,383)
Financial derivatives for which hedge accounting has been applied				
Derivative financial instruments	**(1,218)**	(1,025)	**(1,218)**	(1,025)
Financial derivatives for which hedge accounting has not been applied				
Derivative financial instruments	**22**	5	**22**	5

The financial derivatives above fall into level 3, as defined by IFRS 7: Financial Instruments Disclosures. The fair value has been calculated as the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Financial risk management

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financing, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (interest rate risk, currency risk and commodity price risk), credit risk and liquidity risk.

The Group seeks to minimise these risks by using derivative financial instruments to hedge these risk exposures and external borrowings denominated in currencies that match the net asset currency profile of the Group. The Board reviews and agrees policies for managing these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments. It is, and has been throughout the periods under review, the Group's policy that no trading in financial instruments shall be undertaken.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and copper commodity prices.

Interest rate risk

The Group's interest rate risk arises principally from borrowings issued at variable rates which expose the Group to cash flow interest rate risk.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

2015	**Within 1 year $'000**	**1–2 years $'000**	**2–3 years $'000**	**3–4 years $'000**	**4–5 years $'000**	**More than 5 years $'000**	**Total $'000**
Fixed rate							
Floating rate							
Cash assets	**33,736**	**–**	**–**	**–**	**–**	**–**	**33,736**
Bank loans and borrowings	**(7,533)**	**–**	**(24,323)**	**–**	**–**	**–**	**(31,856)**

2014	Within 1 year $'000	1–2 years $'000	2–3 years $'000	3–4 years $'000	4–5 years $'000	More than 5 years $'000	Total $'000
Fixed rate							
Floating rate							
Cash assets	13,675	–	–	–	–	–	13,675
Bank loans and borrowings	–	(45,895)	–	–	–	–	(45,895)

Notes to the financial statements continued

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

30. Financial instruments continued

Interest rate and sensitivity

The Group manages its exposure to interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost effective hedging strategies are applied.

Management regularly review the interest rate risk exposure and are currently of the view that the Group should not fix its interest rate. We are therefore exposed to floating rate interest on our borrowings as at 5 April 2015. The floating rate interest as at 5 April 2015 was a margin of 2.5% (30 March 2014: 5.00%) above LIBOR.

Had interest rates been 0.5% higher/0.25% lower in the period, and all other variables were held constant, Group profit before tax would have been $200,000 higher/$100,000 lower (2014: $266,000 higher/$133,000 lower). A 0.5% increase/0.25% decrease interest rate sensitivity test has been performed since this represents the Directors' assessment of a reasonably possible change in interest rates.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and Pound Sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's policy is to hedge its related translation exposures through the designation of certain amounts of its foreign currency denominated debt as a hedging instrument.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
USD	**65,010**	68,079	**76,871**	59,315
Euro	**15,942**	29,669	**4,364**	26,535
Chinese Renminbi	**14,225**	8,636	**8,736**	4,549
Pound Sterling*	**13,161**	2,841	**1,659**	(16,607)
Indian Rupee	**968**	775	**3,287**	2,584
Other	**4,731**	8,302	**7,601**	6,304

* Under the RCF, a cash pool facility exists over two entities, denominated in a variety of currencies. At 5 April 2015, there was an overdraft of $7,371,000 (2014: net cash of $2,103,000).

Foreign currency sensitivity

The following table details the Group's sensitivity to a 10% increase and decrease in USD against the relevant foreign currencies. The 10% rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes both external loans and loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A 10% change in foreign exchange rate sensitivity test has been performed since this represents the Directors' assessment of a reasonably possible change in foreign exchange rates.

	GBP impact		EURO impact	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
10% depreciation in foreign currency				
(i) Profit before tax	**(407)**	52	**(646)**	224
(ii) Equity*	**13,486**	(11,160)	**363**	(68)
10% appreciation in foreign currency				
(i) Profit before tax	**333**	(42)	**529**	(183)
(ii) Equity*	**(11,034)**	9,131	**(297)**	55

(i) This is mainly attributable to the exposure on GBP/EURO monetary assets and liabilities in the Group at the reporting date.

(ii) This is mainly attributable to changes in the carrying value of external loans designated as a hedge of overseas investments and of intercompany loans for which settlement is not planned.

* Excludes any deferred tax impact.

30. Financial instruments continued

Copper commodity price risk

Copper price volatility is the single largest commodity price exposure facing the Group. Many of the Group's products, in particular power cords used in the Power division, are manufactured from components that contain significant amounts of copper. Where possible the Group will pass on copper price movements to its customers. In order to mitigate the remaining volatility associated with copper, the Group has entered into arrangements with its key suppliers to purchase copper. Coupled with these purchases, the Group has entered into a number of contracts with financial institutions which are linked to the average copper price as published by the London Metal Exchange ('LME'). These contracts have been deemed cash flow hedges of forecast future copper purchases. At the reporting date, the open copper contracts are as follows:

Copper cash flow hedges	2015		2014	
Contracted copper price	Contracted volume (MT)	Fair value $'000	Contracted volume (MT)	Fair value $'000
$5,500 – $6,000	**930**	**(591)**	–	–
$6,000 – $6,500	**1,080**	**(671)**	–	–
$6,500 – $7,000	**–**	**–**	–	–
$7,000 – $7,500	**–**	**–**	2,918	(1,025)
	2,010	**(1,262)**	2,918	(1,025)

All contracts expire within 12 months of 5 April 2015.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Bank and cash balances comprise cash held by the Group and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value. The credit risk on these assets is limited because the counterparties are predominantly financial institutions with investment grade credit ratings assigned by international credit rating agencies.

The Group's credit risk is therefore primarily attributable to its trade receivables. The Group's customers are predominantly large blue chip OEMs, contract equipment manufacturers and distributors. The Group regularly reviews the credit worthiness of significant customers and credit references are sought for major new customers where relevant. The Board recognises that credit risk is a feature of all businesses, especially international businesses. However, it believes that all reasonable steps to mitigate any loss are taken.

The net amount of trade receivables reflects the maximum credit exposure to the Group. No other guarantees or security have been given. For further information on the credit risk associated with trade and other receivables, see note 18.

Liquidity risk

The Group manages liquidity risk by maintaining adequate banking facilities, regular monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 19 is a description of undrawn facilities as at the reporting date.

In addition to the banking facilities available to the Group, the Group has access to a non-recourse invoice discounting facility. Under the terms of the arrangement, the Group can sell up to $15 million of trade receivables associated with a specific customer. As at 5 April 2015, the Group had utilised $7.8 million (2014: $8.2 million) of this facility.

The following table analyses the Group's financial liabilities into relevant maturity groupings to show the timing of cash flows associated with the financial liabilities from the reporting date to the contracted maturity date. The amounts disclosed represent the contracted undiscounted cash flows (based on the earliest date on which the Group may be required to pay).

2015	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000
Non-derivative financial liabilities						
Trade and other payables	**(80,919)**	**(80,919)**	**(80,498)**	**(156)**	**–**	**(265)**
Bank overdrafts and loans	**(31,856)**	**(32,692)**	**(7,533)**	**–**	**(25,159)**	**–**
Derivative financial liabilities						
Copper commodity contracts	**(1,262)**	**(1,262)**	**(1,262)**	**–**	**–**	**–**

2014	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000
Non-derivative financial liabilities						
Trade and other payables	71,383	71,383	71,120	20	–	243
Bank overdrafts and loans	45,895	46,371	–	46,371	–	–
Derivative financial liabilities						
Copper commodity contracts	1,025	1,025	1,025	–	–	–

Notes to the financial statements continued

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

31. Contingent liabilities

As a global Group, subsidiary companies, in the normal course of business, engage in significant levels of cross-border trading. The customs, duties and sales tax regulations associated with these transactions are complex and often subject to interpretation. While the Group places considerable emphasis on compliance with such regulations, including appropriate use of external legal advisors, full compliance with all customs, duty and sales tax regulations cannot be guaranteed.

The Company enters into financial guarantee contracts to guarantee the indebtedness of other Group companies. The Company considers these to be insurance arrangements and treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

32. Related party transactions

Group

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

Remuneration of key management – Directors of parent Company	2015 $'000	2014 $'000
Short term employee benefits	**2,534**	2,727
Post-employment benefits	**191**	301
Share-based payment charge/(credit)	**697**	(1,561)
	3,422	1,467

In addition to the above, $369,000 (2014: $1,524,000) has been expensed in the period for severance costs to directors. Details of Directors' remuneration for the period are provided in the audited part of the Directors' remuneration report on page 47.

Company

During the period the Company levied the following charges on its subsidiary undertakings:

	2015 $'000	2014 $'000
Management fees	**3,728**	2,221
Royalty fees	**3,851**	3,643
Interest	**277**	274
	7,856	6,138

Amounts due to and from subsidiary undertaking are shown in notes 18 and 20.

The Company had an interest free loan $nil (2014: $417,000) to the Volex Group Guernsey Purpose Trust ('GPT'). The GPT used these funds to acquire shares in the Company to satisfy future employee exercises of long term incentive awards under the Group's various incentive schemes. As at 5 April 2015, the GPT held no shares (2014: 80,000). On 10 April 2015, the assets of the GPT were transferred to Volex plc.

Remuneration of Directors of the Company is discussed above.

Principal operating subsidiaries

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

United Kingdom

Volex Powercords Europe is a trading division of Volex plc.

Volex Group Holdings Limited is a wholly-owned subsidiary of Volex plc which is registered in England and Wales and which acts as a holding Company, as detailed below.

Overseas

The principal overseas subsidiary undertakings, the business of which is the manufacture and/or sale of power and data products, all of which are wholly owned, are as follows:

Name of entity	Footnotes	Country of incorporation/registration and operation
Volex Pte Ltd	1	Singapore
Volex (Asia) Pte Ltd	5	Singapore
PT Volex Indonesia	7	Indonesia
PT Volex Cable Assembly	7	Indonesia
Volex Cable Assemblies (Phils) Inc	2	Philippines
Volex Japan KK	2	Japan
Volex (Taiwan) Co. Ltd	2	Taiwan
Volex (Thailand) Co. Ltd	2	Thailand
Volex Cable Assembly (Vietnam) Pte Ltd	2	Vietnam
Volex Cable Assemblies Sdn Bhd	3	Malaysia
Volex Cables (HK) Ltd	3	Hong Kong
Volex Interconnect (India) Pvt Ltd	8	India
Volex Interconnect Systems (Suzhou) Co. Ltd	3	China
Volex Cable Assembly (Shenzhen) Co. Ltd	3	China
Volex Cable Assembly (Zhongshan) Co. Ltd	3	China
Volex International Korea LLC	1	South Korea
Volex Holdings Inc	1	USA
Volex Inc	4	USA
Volex Canada Inc	1	Canada
Volex de Mexico SA de CV	6	Mexico
Volex do Brasil Ltda	9	Brazil
Volex Europe Ltd	3	Ireland
Volex Poland SP z.o.o.	9	Poland
Volex France Sarl	1	France
Volex Germany GmbH	1	Germany
Volex Sweden AB	1	Sweden

1 Interests held by Volex plc
2 Interests held by Volex (Asia) Pte Ltd
3 Interests held by Volex Group Holdings Limited
4 Interest held by Volex Holdings Inc
5 Interest held by Volex Pte Ltd
6 Interest held by Volex Holdings Inc and Volex Inc
7 Interest held by Volex Pte Ltd and Volex (Asia) Pte Ltd
8 Interest held by Volex Plc and Volex Group Holdings Limited
9 Interest held by Volex Plc and Volex (No. 4) Limited

Five year summary

Results	Unaudited IFRS 2015 $'000	Unaudited IFRS 2014 $'000	Unaudited IFRS 2013 $'000	Unaudited IFRS 2012 $'000	Unaudited IFRS 2011 $'000
Revenue	**423,409**	400,177	473,154	517,769	490,009
Gross profit	**70,627**	66,022	83,171	97,529	92,069
Operating expenses	**(75,180)**	(70,844)	(78,976)	(74,491)	(68,596)
Underlying operating profit[(i)]	**8,832**	4,532	12,342	32,004	26,075
Operating non-recurring items	**(12,528)**	(11,642)	(7,966)	(4,990)	–
Share-based payment (charge)/credit	**(857)**	2,288	(181)	(3,976)	(2,602)
Profit/(loss) on ordinary activities before taxation	**(7,179)**	(7,562)	1,926	19,211	20,312
Depreciation and amortisation	**7,212**	7,972	5,943	3,603	3,431

	Cents	Cents	Cents	Cents	Cents
Basic underlying earnings/(loss) per share[(ii)(iii)]	**2.8**	(8.6)	10.8	41.6	32.1
Basic earnings/(loss) per share[(iii)]	**(12.8)**	(22.6)	(1.5)	28.9	27.9

Statement of financial position	$'000	$'000	$'000	$'000	$'000
Non-current assets	**41,384**	48,670	52,107	31,645	20,173
Net cash/(debt)	**1,880**	(32,220)	(19,500)	3,643	(7,448)
Other assets and liabilities	**11,244**	20,275	13,039	16,024	25,561
Net assets	**54,508**	36,725	45,646	51,312	38,286
Gearing	**–**	88%	43%	–	19%

(i) Defined as operating profit before non-recurring items and share-based payments.

(ii) Defined as earnings/(loss) per share before share-based payments and non-recurring items.

(iii) The denominators for the purposes of calculating earnings per share have been adjusted to reflect the Placing and Open Offer that completed in July

Shareholder information

Financial calendar

FY2016

Interim results announced	w/c 9 November 2015
Year end	3 April 2016
Final results announced	w/c 6 June 2016

FY2017

Interim results announced	w/c 7 November 2016
Year end	2 April 2017
Final results announced	w/c 5 June 2017

Read more online
www.volex.com

Reducing our environmental impact

As part of our desire to reduce our environmental impact, you can view key information on our website at www.volex.com. Our Investor Relations section includes information such as the most recent news items, results presentations, annual and interim reports, share-price performance and contact information.

Registered office and advisors

Registered office
10 Eastbourne Terrace, London, W2 6LG, UK

www.volex.com

Registered number
158956 (Registered in England and Wales)

Registrars
Capita Registrars plc,
The Registry, 34 Beckenham Road,
Beckenham, Kent, BR3 4TU

www.capita-irg.com

Independent Auditors
PricewaterhouseCoopers LLP

Bankers
Lloyds TSB Bank plc
Clydesdale Bank plc
HSBC Bank plc

Stockbrokers
Investec Securities

Solicitors
Travers Smith LLP

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Design and production
Radley Yeldar

Volex plc
10 Eastbourne Terrace
London W2 6LG
United Kingdom

T +44 (0)20 3370 8830
F +44 (0)20 3370 8831

www.volex.com