



14 November 2013

VOLEX plc

Half year results for the 26 weeks ended 29 September 2013

‘BUILDING FOR THE FUTURE’

Volex plc (“Volex”), the global provider of customised electrical and optical interconnect solutions, today announces its unaudited half year results for the 26 weeks ended 29 September 2013 (‘H1 FY2014’).

	26 weeks to 29 September 2013	26 weeks to 30 September 2012
Revenue	\$ 196.5m	\$ 249.3m
Underlying* operating profit	\$ 1.6m	\$ 5.3m
Underlying* profit before tax	\$ 0.1m	\$ 4.2m
Underlying* diluted earnings per share	0.0c	5.8c
Statutory profit / (loss) before tax	(\$4.1m)	\$2.2m
Basic earnings / (loss) per share	(7.3c)	3.1c
Interim dividend per share	-	2.0c
Net debt	\$ 41.4m	\$4.6m

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

Half year summary

- Revenue reduced due to challenging market conditions in some of our regions and delays in certain customer product launches;
- Underlying gross margin of 17.1% (H1 FY2013: 17.8%) despite revenue reduction shows benefit of ongoing cost reduction programme;
- Underlying operating profit of \$1.6 million (H1 FY2013: \$5.3 million) with operating costs reduced by \$6.9m or 18% year on year;
- Net debt increased to \$41.4m primarily due to a change in supplier payment profiles following a strategic decision to move to a multi-sourcing supplier model. This change should enable the Group to become more cost competitive;
- Breakeven underlying earnings per share (H1 FY2013: \$5.8 cents).

Business transformation plan

The Volex Transformation Plan (‘VTP’) has two key objectives:

- to deliver sustainable revenue growth; and
- to drive supply chain excellence.

To achieve these objectives the VTP will focus on:

- introducing a more customer specific product offering;
- greater customer proximity and improved technical sales competencies; and
- an increase in operational efficiency with emphasis upon design-to-cost.

New two division business and reporting structure

The new management team is restructuring the business into two distinct divisions – Power and Data - to give greater focus and to drive increased accountability.

Power Division

- Approximately two thirds of Group revenue and to be headquartered in Singapore;
- Second largest global power cable supplier within a highly fragmented market;
- Leading global manufacturing footprint, geographically close to customer base; and
- Top quality, Tier 1 customer base with substantial additional growth opportunities.

Data Division

- Approximately one third of Group revenue and to be headquartered in Silicon Valley, California;
- Operating in a fragmented market which is experiencing significant growth with a customer base that requires flexible and expert solutions;
- Blue chip customer base, demanding high performance Data Cables for critical applications in IT, telecoms, datacentres and healthcare markets; and
- Longer product lifecycle and customer loyalty due to quality and reliability of supply.

Board changes

The Board composition has significantly changed with a number of new appointments with highly relevant experience. Today we have separately announced the following:

- Geraint Anderson, CEO of TT Electronics, is appointed as Non-Executive Director; Chris Geoghegan steps down with immediate effect; and
- David McKinney steps down as Chief Operating Officer with immediate effect.

Previously we announced the appointment of:

- Martin Geh, who has 20 years' electronics experience in Asia, as Non-Executive Director and Chairman of the Corporate Social Responsibility Committee; and
- John Allkins, as Non-Executive Director and Chairman of the Audit Committee.

Christoph Eisenhardt, CEO, commented:

“Volex is a fundamentally sound business with well established customer relationships and a unique global manufacturing footprint in a growing market.

The success of the ongoing business transformation will be dependent upon the execution of our recently initiated actions and initiatives. We will now be organised into two divisions, to improve focus and grow our strong customer base.

We expect the business to stabilise during the second half of this year and begin to deliver sustainable growth next year.”

Karen Slatford, Chairman, commented:

“This has been a period of fundamental renewal at Volex. We have substantially changed the senior management team and Board. Christoph Eisenhardt and his new executive team have developed a clear vision for the business and begun to drive customer focus and strong accountability across the Group.

The Board has decided that given the current trading position and the increase in net debt that it is prudent not to declare an interim dividend for the current year.

The Board is confident that the recently initiated Volex Transformation Plan will stabilise the business and deliver future growth. As this growth and resultant cash generation comes through the Board will look to resume dividend payments to shareholders when appropriate.”

For further information please contact:

Volex plc

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Forward looking statements

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

HALF YEAR RESULTS

26 Weeks ended 29 September 2013

Introduction

These results for the 26 weeks ended 29 September 2013 ('H1 FY2014') are the first set of results that I have presented as Chairman of Volex PLC and also the first for our new CEO and CFO. The results have, as anticipated, been disappointing and highlight the hard work ahead for the new management team in turning around the business and setting it on a renewed growth path.

Revenue has fallen by 21% from \$249.3 million to \$196.5 million while underlying operating profit has dropped to \$1.6 million (H1 FY2013: \$5.3 million). This was due to challenging market conditions in some of our regions and delays in certain customer product launches.

One of our principal challenges is to ensure that Volex builds upon its reputation as a high quality supplier. In this regard, our sales, engineering and manufacturing teams are working together to ensure that we better meet customer product specifications and that we generate more new business wins with both existing and new customers. There is undoubtedly more work to be done but Volex remains highly regarded by its customers with strong differentiation in both the power and data markets.

Board Changes

The Board composition has changed significantly with a number of new appointments with highly relevant experience. Today we have announced that Geraint Anderson will be joining the Board with immediate effect. Geraint has spent the majority of his career in the cabling, connector and electronic component industry and has worked extensively in Europe and Asia. He has been Chief Executive of TT Electronics, the UK listed global electronics group, since August 2008.

Following a review of the Group's senior operating structure, the role of Chief Operating Officer will cease to exist and as a consequence David McKinney will leave the company and has resigned from the Board with immediate effect. Key operations and procurement functions that previously reported to him will now report directly to Christoph. I would like to take this opportunity to thank David for his contribution to the business.

As previously announced, I welcome John Allkins to the Board as a Non-Executive Director and Chairman of the Audit Committee; and Martin Geh who joined the Board as a Non-Executive Director and Chairman of the Corporate Social Responsibility committee. Martin has spent 20 years of his career in the electronic component and electronic consumer goods sector in Asia and has worked for many of our customers.

I would like to thank Richard Arkle who has served for almost nine years as a Non-Executive Director including two years as Chairman and also Chris Geoghegan who has served as a Non-Executive Director for almost six years, who are both to step down from the Board.

Business Transformation Plan

Since joining the Board, Christoph has visited and reviewed our major operating sites in North America, Latin America, China, Indonesia and India. He has initiated a business transformation plan, The Volex Transformation Plan (VTP) which focusses upon:

- a more customer and market specific product offering;
- greater customer proximity to improve business generation; and
- an increase in operational efficiency with an emphasis upon design-to-cost manufacturing methodology.

The principal areas to be addressed are revenue growth and improving the relationships with our high quality customer base. In this regard, we have already seen the benefits of the close attention that is being paid to this area by the global sales team. There have been some significant improvements delivered in terms of our existing major customers and, in addition, the Group is already forming relationships with new global Tier 1 customers such that we can see a clear path to revenue growth in the medium term.

In addition, the finance function has increased its focus upon long term, sustainable cash management with the objective of delivering a consistently well managed working capital position which also ensures that inventory is optimally managed and best prices are achieved through reliable but competitive supplier arrangements.

Divisional Reorganisation

Due to the fundamental differences between the power cable and data cable markets, the Group will now operate and report under a two divisional structure: the Power Division and the Data Division. This will better allow us to focus upon customer relationships as well as enhancing the group's emphasis upon accountability and profitability.

Power Division Results

\$'000	26 weeks ending		52 weeks ending	
	30 September 2012	29 September 2013	1 April 2012	31 March 2013
Revenue	170,772	128,290	332,636	323,056
Underlying gross profit	25,345	17,863	60,406	48,534
<i>Underlying gross margin</i>	14.8%	13.9%	18.2%	15.0%
Operating costs	(16,034)	(13,937)	(28,588)	(29,707)
Underlying operating profit	9,311	3,926	31,818	18,828
<i>Underlying operating margin</i>	5.5%	3.1%	9.6%	5.8%

The Power Division has its divisional head office in Singapore, close to its customer base and manufacturing facilities. Volex is the second largest global power cable supplier with an 8% market share within a fragmented market. It has a high quality, Tier 1 customer base and its products have in recent years been a driver for growth within Volex and there is no reason why this should not be the case again in the future. The clear emphasis of our customer base on cost reduction and price competitiveness means that any business involved in this market needs to benefit from economies of scale and Volex is ideally positioned within its competitive and geographic landscape to deliver this advantage.

Revenue for H1 FY2014 was \$128.3m, down 24.9% on the prior period. This reduction in revenue was due to the challenging market conditions observed in our Asian regions where we experienced significant price competition leading to decreased allocation.

The deleveraging impact of this revenue reduction on our underlying gross margin was limited by our ongoing cost reduction programme resulting in a gross margin reduction of only 0.9%, from 14.8% in H1 FY2013 to 13.9% in H1 FY2014. This same cost reduction programme also removed \$2.1m from the Division's operating costs, yielding an underlying operating profit for H1 FY2014 of \$3.9m.

In recent months, significant steps have been taken towards re-establishing revenue growth within our Power Business through improving relations with all our major customers and potential new customers. This has involved dedicated sales and engineering teams working alongside the customers on a daily basis to understand their needs as they arise. This has resulted in a number of new growth opportunities.

As we roll-out our design-to-cost manufacturing methodology and we begin to see the benefits from our multi-source supplier arrangements, we anticipate that our increased price competitiveness will lead to new business through increased allocations.

Data Division Results

\$'000	26 weeks ending		52 weeks ending	
	30 September 2012	29 September 2013	1 April 2012	31 March 2013
Revenue	78,479	68,246	185,132	150,098
Underlying gross profit	18,998	15,827	42,113	36,741
<i>Underlying gross margin</i>	24.2%	23.2%	22.7%	24.5%
Operating costs	(13,662)	(10,138)	(25,003)	(23,981)
Underlying operating profit	5,336	5,689	17,110	12,760
<i>Underlying operating margin</i>	6.8%	8.3%	9.2%	8.5%

The Data Division is headquartered in Silicon Valley with manufacturing facilities in Mexico, Brazil, Continental Europe and China, all within close proximity to many of its existing and potential new customers. It operates in a fragmented market that is growing rapidly and Volex has several strong niche positions within data centres and the telecoms and healthcare sectors where customers utilise Volex expertise and manufacturing competencies.

Revenue for H1 FY2013 was \$68.2m, down \$10.3m on the prior period. Despite strong performances with several of our key healthcare customers, this was more than off-set by adverse market conditions within the telecoms sector where delays in the roll-out of the 4G network lead to a meaningful revenue reduction.

The leading edge technologies that our customers employ mean that there are constant uncertainties involved with the speed at which new programmes are launched. The speed at which projects such as 4G are delivered can have a significant impact upon call off schedules for our data cable products.

Despite this revenue reduction, the underlying gross profit margin within the division remained strong at 23.2%.

In terms of operating costs, the benefit of the ongoing cost reduction programme can be evidenced from the reduction in operating costs from \$13.7m in H1 FY2013 to \$10.1m in H1 FY2014, a fall of 26%. With a return to increased volumes in this division the operational gearing impact within this division could result in a substantial improvement to the overall level of Group profitability.

During the six months, we have continued to develop our AOC technology. As previously announced, we have encountered certain production delays, however, we continue to believe that the technology offers potential for future growth.

The healthcare market has also proven to be a good avenue for growth and we have seen new products being delivered for some advanced medical applications.

The rapidly increasing demand for faster access to more data is driving new technologies with higher performance and increased scalability. The OEM customers that Volex serves recognise that the limiting factor for data throughput and technological enhancement is the inter-connectivity within data centres and other high technology environments such as the medical sector. This is leading them towards the critical "design-to-spec" capabilities that Volex can deliver. Our niche position within this market means that we can deliver advanced products in line with our customers' price expectations.

Group Financial Overview

The core operations of the business form a strong foundation for future growth. Despite the operational setbacks that have been experienced, 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.

\$'000	26 weeks ending		52 weeks ending	
	30 September 2012	29 September 2013	1 April 2012	31 March 2013
Revenue	249,251	196,536	517,769	473,154
Underlying gross profit	44,343	33,689	102,519	85,275
Underlying operating costs	(39,011)	(32,131)	(70,515)	(72,933)
Underlying operating profit	5,332	1,558	32,004	12,342
Cash movements:				
Working capital movement	(2,103)	(15,891)	5,511	650
Capex in excess of depreciation	(6,111)	(1,076)	(8,646)	(21,249)
Non-recurring items	(727)	(3,120)	(4,707)	(6,894)
Interest/tax/dividends/FX	(4,650)	(3,398)	(13,071)	(7,992)
Sub-total	(13,591)	(23,485)	(20,913)	(35,485)
Cash movement	(8,259)	(21,927)	11,091	(23,143)
Opening cash/(net debt)	3,643	(19,500)	(7,448)	3,643
Closing cash/(net debt)	(4,616)	(41,427)	3,643	(19,500)

Revenue and underlying gross profit

Revenue in H1 FY2014 was \$196.5m, down 21% on the same period in the prior year.

Underlying gross profit decreased 24% from \$44.3m in H1 FY2013 to \$33.7m in H1 FY2014, in part due to the reduced revenue but also due to the operational deleveraging effect arising from a partially fixed cost base. Underlying gross margin reduced from 17.8% to 17.1%.

Underlying operating profit

Underlying operating profit in H1 FY2014 was \$1.6m, down \$3.8m on the same period in the prior year.

The underlying operating profit was arrived at after deducting underlying operating costs of \$32.1m in H1 FY2014, down \$6.9m (17.6%) on H1 FY2013. This reduction was due to the cross-function, cross-region cost reduction programme entered into at the end of H1 FY2013.

Non-recurring items and share-based payments

During H1 FY2014, the Group has incurred \$5.8m of restructuring costs of which \$3.1m has been paid in cash. \$2.8m of this cost was associated with senior management changes including the change of Chief Executive Officer, Chief Financial Officer, Company Secretary and certain non-executive directors. A further \$3.0m has been incurred in restructuring the operations of the Group which has seen the closure of the North America back office plus the streamlining of a number of regional functions. Also included within this figure are associated professional advisory fees.

Off-setting the restructuring fee of \$5.8m is a \$1.6m share option credit in H1 FY2014 relating primarily to the lapse of options issued to the former Chief Executive Officer. On his departure from the company, a number of his options lapsed and the associated share option charge incurred in prior periods was reversed.

Net finance costs

Total net finance costs in H1 FY2014 increased by \$0.3m from \$1.2m in H1 FY2013 to \$1.5m. The principal reason for this increase was the higher average net debt level held by the Group following the significant capital expenditure incurred in H1 and H2 FY2013.

Tax

The Group incurred a tax charge of \$0.1m (H1 FY2013: \$0.5m), representing an underlying effective tax rate ('ETR') of 89% (H1 FY2013: 19%), consistent with our expectation of the ETR for the full FY2014 financial year.

The ETR is higher than previous periods due to certain territories being required to recognise a minimum level of profit on which they are taxed regardless of overall Group performance. With profits recognised in these territories, the losses in other territories do not generate an associated deferred tax asset. Management expects this underlying tax rate to reduce in future periods as Group performance improves.

Furthermore, due to the reduced level of taxable profits in certain taxation territories it is anticipated that there will be a significant write back of deferred tax assets in FY2014. In applying the principles of IAS 34, the impact of these charges will principally be recognised in the second half of the year.

Earnings per share

Basic loss per share for H1 FY2014 was 7.3 cents compared to an earnings per share of 3.1 cents in H1 FY2013. Underlying fully diluted earnings per share was break even compared to 5.8 cents per share in H1 FY2013.

Dividends

At the Volex plc Annual General Meeting held on 22 July 2013, the shareholders approved the proposed final dividend for FY2013 of 3.0 cents per share. At the same meeting a Scrip Dividend Scheme, which gave shareholders the right to elect to receive new ordinary shares in the Company (credited as fully paid) instead of a cash dividend, was also approved.

Payment of the final dividend in respect of the year ended 31 March 2013 was made on 17 October 2013, after the interim period end. 59.1% of the shareholder base eligible for dividends had elected for the Scrip Dividend Scheme resulting in a cash payment of \$732,000 and 566,467 new shares being issued.

Cash flow and net debt

Operating cash flow before movements in working capital in H1 FY2014 was an inflow of \$0.9m (H1 FY2013: \$6.6m) with the \$5.7m reduction primarily due to the reduced operating profit.

The impact of working capital movements on the cash flow on H1 FY2014 was an outflow of \$14.5m (H1 FY2013: \$1.2m). This was principally due to a change in supplier payment profiles following a strategic decision to move to a multi-sourcing supplier model that should enable the Group to become more cost competitive.

After aggregate outflows for tax and interest of \$1.5m (H1 FY2013: \$2.8m), the net cash outflow from operating activities was \$13.6m (H1 FY2013: net cash generated was \$5.4m). Of this \$3.1m (H1 FY2013: \$0.7m) had been spent on non-recurring costs.

Capital expenditure in H1 FY2014 was \$4.0m (H1 FY2013: \$9.0m). The significant reduction reflected the completion in H2 FY2013 of two large facility improvement projects in Asia. The current period spend is largely in relation to machinery and tooling specifically required for new business wins and opportunities.

Development costs in relation to new products of \$0.9m have been incurred in H1 FY2014 (H1 FY2013: \$nil). This cost is largely in relation to the development of our Active Optical Cable range.

The above, coupled with movements in foreign exchange and the write off of debt issue costs has resulted in net debt increasing by \$21.9m (H1 FY2013: \$8.3m) from \$19.5m at 31 March 2013 to \$41.4m at 29 September 2013.

With both the facility expansion plans and the restructuring cost-reduction programmes coming to an end, any future changes in net debt should reflect the underlying business performance. As the benefits from the Volex Transformation Plan begin to be translated into cash, we expect the net debt figure to reduce.

Financial instruments and cash flow hedge accounting

In accordance with the Group's policy to minimise exposure to copper price volatility observed in cost of sales, the Group has continued to utilise contracts with financial institutions which are linked to the average copper price as published by the London Metal Exchange ('LME').

These contracts are accounted for as cash flow hedges of forecast future purchases of copper under IAS 39. As at 29 September 2013, a liability of \$0.8m has been recognised (31 March 2013: \$0.4m) with a corresponding debit recognised in reserves. This debit will be retained in reserves until such time as the forecast copper purchase takes place.

A charge of \$0.1m has been recognised in cost of sales in H1 FY2014 (H1 FY2013: \$0.2) 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.

Defined benefit pension schemes

The Group's net pension deficit under IAS 19R increased by \$0.2m from \$3.6m at 31 March 2013 to \$3.8m at 29 September 2013. This increase was primarily due to foreign exchange.

Share issue and related party transactions

During H1 FY2013, Mike McTighe (the former Chairman of Volex plc) exercised 426,667 options held under the Non-Executive Director Long Term Incentive Scheme. 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.

Risks and uncertainties

Risks to Volex are anticipated and regularly assessed and internal controls are enhanced where necessary to ensure that such risks are appropriately mitigated. The principal risks and uncertainties facing the Group in the second half of the year remain those detailed in the FY2013 Annual Report and Accounts on pages 32 to 36, a copy of which is available on the website at www.volex.com.

The principal risks and uncertainties are summarised as:

- Non-compliance with legislation and regulation;
- Breach of financial covenants;
- Loss of or reduced trade with key customers;
- Exchange rate fluctuations;
- Increased competition;
- Failure to attract, develop and retain key personnel;
- Rising commodity prices;
- Uncertain economic environment; and
- Production challenges and risks.

Outlook Statement

This has been a period of fundamental renewal at Volex. We have substantially changed the senior management team and Board. Christoph Eisenhardt and his new executive team have developed a clear vision for the business and begun to drive customer focus and strong accountability across the Group.

The Board has decided that given the current trading position and the increase in net debt that it is prudent not to declare an interim dividend for the current year.

The Board is confident that the recently initiated Volex Transformation Plan will stabilise the business and deliver future growth. As this growth and resultant cash generation comes through the Board will look to resume dividend payments to shareholders when appropriate.

Responsibility statement

We confirm that to the best of our knowledge

- the condensed set of financial statements has been prepared in accordance with IAS34 'Interim Financial Reporting' as adopted by the EU.
- the interim management report includes a fair review of the information required by DTR 4.2.7R:
 - an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and
 - a description of the principal risks and uncertainties for the remaining six months of the year.
- the interim management report includes a fair review of the information required by DTR 4.2.8R:
 - related parties transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group in that period, and
 - any changes in the related parties transactions described in the Annual Report 2013 that could have a material effect on the financial position or performance of the Group in the current period.

Christoph Eisenhardt
Group Chief Executive Officer
13 November 2013

Nick Parker
Group Chief Financial Officer
13 November 2013

Unaudited consolidated income statement

For the 26 weeks ended 29 September 2013 (26 weeks ended 30 September 2012)

	Notes	26 weeks ended 29 September 2013			26 weeks ended 30 September 2012		
		Before non-recurring items and share based payments \$'000	Non-recurring items and share based payments \$'000	Total \$'000	Before non-recurring items and share based payments \$'000	Non-recurring items and share based payments \$'000	Total \$'000
Revenue	2	196,536	-	196,536	249,251	-	249,251
Cost of sales		(162,847)	(451)	(163,298)	(204,908)	(63)	(204,971)
Gross profit		33,689	(451)	33,238	44,343	(63)	44,280
Operating expenses		(32,131)	(3,756)	(35,887)	(39,011)	(1,859)	(40,870)
Operating profit/(loss)	2	1,558	(4,207)	(2,649)	5,332	(1,922)	3,410
Finance income		53	-	53	85	-	85
Finance costs		(1,513)	-	(1,513)	(1,256)	-	(1,256)
Profit/(loss) on ordinary activities before taxation		98	(4,207)	(4,109)	4,161	(1,922)	2,239
Taxation	5	(88)	(1)	(89)	(796)	322	(474)
Profit/(loss) for the period attributable to the owners of the parent		10	(4,208)	(4,198)	3,365	(1,600)	1,765
Earnings / (loss) per share (cents)							
Basic	6	0.0		(7.3)	5.9		3.1
Diluted	6	0.0		(7.2)	5.8		3.0

	Notes	52 weeks ended 31 March 2013		
		Before non-recurring items and share based payments \$'000	Non-recurring items and share based payments \$'000	Total \$'000
Revenue	2	473,154	-	473,154
Cost of sales		(387,879)	(2,104)	(389,983)
Gross profit		85,275	(2,104)	83,171
Operating expenses		(72,933)	(6,043)	(78,976)
Operating profit/(loss)	2	12,342	(8,147)	4,195
Finance income		141	-	141
Finance costs		(2,410)	-	(2,410)
Profit/(loss) on ordinary activities before taxation		10,073	(8,147)	1,926
Taxation	5	(3,605)	792	(2,813)
Profit/(loss) for the period attributable to the owners of the parent		6,468	(7,355)	(887)
Earnings / (loss) per share (cents)				
Basic	6	11.4		(1.6)
Diluted	6	11.2		(1.5)

Unaudited consolidated statement of comprehensive income

For the 26 weeks ended 29 September 2013 (26 weeks ended 30 September 2012)

	26 weeks to 29 September 2013 \$'000	26 weeks to 30 September 2012 \$'000	(Audited) 52 weeks to 31 March 2013 \$'000
Profit / (loss) for the period	(4,198)	1,765	(887)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit pension schemes	(209)	77	(755)
Tax relating to items that will not be reclassified	-	-	-
	(209)	77	(755)
Items that may be reclassified subsequently to profit or loss:			
Gain/(loss) on hedge of net investment taken to equity	1,378	(70)	(2,256)
Cash flow hedges:			
Gain/(loss) arising during the period	(327)	(1,204)	(1,868)
Exchange gain/(loss) on translation of foreign operations	(3,541)	(553)	1,823
Tax relating to items that may be reclassified	-	-	-
	(2,490)	(1,827)	(2,301)
Other comprehensive income/(loss) for the period	(2,699)	(1,750)	(3,056)
Total comprehensive income/(loss) for the period	(6,897)	15	(3,943)

Unaudited consolidated statement of financial position

As at 29 September 2013 (30 September 2012)

	Note	29 September 2013 \$'000	30 September 2012 \$'000	(Audited) 31 March 2013 \$'000
Non-current assets				
Goodwill		3,114	3,116	2,932
Other intangible assets		4,684	2,398	4,147
Property, plant and equipment		40,371	31,849	39,691
Other receivables		635	546	605
Deferred tax asset		4,816	5,515	4,732
		53,620	43,424	52,107
Current assets				
Inventories		42,976	59,714	43,016
Trade receivables		77,922	91,436	73,026
Other receivables		10,087	17,207	10,829
Current tax assets		851	413	1,414
Derivative financial instruments		-	254	-
Cash and bank balances	8	11,847	21,142	25,044
		143,683	190,166	153,329
Total assets		197,303	233,590	205,436
Current liabilities				
Borrowings	8	5,047	2,646	1,255
Obligations under finance leases	8	-	52	-
Trade payables		62,228	101,358	73,184
Other payables		27,263	39,023	24,880
Current tax liabilities		4,842	4,744	5,924
Retirement benefit obligation		621	602	585
Provisions		4,650	1,059	2,266
Derivative financial instruments		787	-	399
		105,438	149,484	108,493
Net current assets		38,245	40,682	44,836
Non-current liabilities				
Borrowings	8	48,226	23,060	43,289
Obligations under finance leases		-	-	-
Trade and other payables		639	709	575
Deferred tax liabilities		1,900	2,428	1,789
Retirement benefit obligation		3,206	2,651	3,039
Provisions		2,338	4,230	2,605
		56,309	33,078	51,297
Total liabilities		161,747	182,562	159,790
Net assets		35,556	51,028	45,646
Equity attributable to owners of the parent				
Share capital		28,344	28,180	28,180
Share premium account		2,586	2,586	2,586
Hedging and translation reserve		(9,043)	(6,079)	(6,553)
Own shares		(4,945)	(5,249)	(4,945)
Retained gains/(losses)		18,614	31,590	26,378
Total equity		35,556	51,028	45,646

Unaudited Consolidated Statement of Changes in Equity

For the 26 weeks ended 29 September 2013 (26 weeks ended 30 September 2012)

	Share capital \$'000	Share premium account \$'000	Hedging and translation reserve \$'000	Own shares \$'000	Retained earnings/ (losses) \$'000	Total equity \$'000
Balance at 1 April 2012	28,180	2,586	(4,252)	(5,271)	30,069	51,312
Profit for the period attributable to the owners of the parent	-	-	-	-	1,765	1,765
Other comprehensive income / (loss) for the period	-	-	(1,827)	-	77	(1,750)
Total comprehensive income / (loss) for the period	-	-	(1,827)	-	1,842	15
Dividends	-	-	-	-	(1,690)	(1,690)
Own shares utilised in the period	-	-	-	22	-	22
Reserve entry for share option charges / (credit)	-	-	-	-	1,369	1,369
Balance at 30 September 2012	28,180	2,586	(6,079)	(5,249)	31,590	51,028
Balance at 31 March 2013	28,180	2,586	(6,553)	(4,945)	26,378	45,646
Profit for the period attributable to the owners of the parent	-	-	-	-	(4,198)	(4,198)
Other comprehensive income / (loss) for the period	-	-	(2,490)	-	(209)	(2,699)
Total comprehensive income / (loss) for the period	-	-	(2,490)	-	(4,407)	(6,897)
Issue of share capital	164	-	-	-	(164)	-
Dividends	-	-	-	-	(1,723)	(1,723)
Reserve entry for share option charges / (credit)	-	-	-	-	(1,470)	(1,470)
Balance at 29 September 2013	28,344	2,586	(9,043)	(4,945)	18,614	35,556

Unaudited consolidated statement of cash flows

For the 26 weeks ended 29 September 2013 (26 weeks ended 30 September 2012)

	Notes	26 weeks to 29 September 2013 \$'000	26 weeks to 30 September 2012 \$'000	(Audited) 52 weeks to 31 March 2013 \$'000
Profit for the period		(4,198)	1,765	(887)
Adjustments for:				
Finance income		(53)	(85)	(141)
Finance costs		1,513	1,256	2,410
Income tax expense		89	474	2,813
Depreciation of property, plant and equipment		3,237	2,253	4,812
Amortisation of intangible assets		603	532	1,131
Loss on disposal of property, plant and equipment		8	74	(28)
Share option charge / (credit)		(1,633)	1,195	181
Increase / (decrease) in provisions		1,368	(868)	(1,444)
Operating cash flow before movements in working capital		934	6,596	8,847
(Increase) / decrease in inventories		(189)	(10,278)	6,374
(Increase) / decrease in receivables		(4,455)	(3,970)	19,504
Increase / (decrease) in payables		(9,894)	13,013	(22,712)
Movement in working capital		(14,538)	(1,235)	3,166
Cash generated by operations		(13,604)	5,361	12,013
Cash generated by operations before non-recurring items		(10,484)	6,088	18,907
Cash utilised by non-recurring items		(3,120)	(727)	(6,894)
Taxation paid		(541)	(1,928)	(3,868)
Interest paid		(967)	(868)	(1,780)
Net cash generated from / (used in) operating activities		(15,112)	2,565	6,365
Cash flow from investing activities				
Interest received		52	85	141
Proceeds on disposal of intangible assets, property, plant and equipment		-	8	263
Purchases of property, plant and equipment		(3,979)	(8,945)	(24,860)
Purchases of intangible assets		(63)	(33)	(2,567)
Additions to capitalised development costs		(882)	-	-
Acquisition / Utilisation of own shares (net of funds received on option exercise)		-	22	359
Net cash generated from / (used in) investing activities		(4,872)	(8,863)	(26,664)
Cash flow before financing activities		(19,984)	(6,298)	(20,299)
Cash generated / (used) before non-recurring items		(16,864)	(5,571)	(13,405)
Cash utilised in respect of non-recurring items		(3,120)	(727)	(6,894)
Cash flow from financing activities				
Dividends paid		-	(1,690)	(2,813)
Repayment of borrowings	8	-	(14,000)	-
Refinancing costs paid	8	-	(5)	-
New bank loans raised	8	4,000	-	6,000
Repayments of obligations under finance leases	8	-	(66)	(117)
Net cash generated from / (used in) financing activities		4,000	(15,761)	3,070
Net increase / (decrease) in cash and cash equivalents		(15,984)	(22,059)	(17,229)
Cash and cash equivalents at beginning of period	8	23,789	41,180	41,180
Effect of foreign exchange rate changes		(1,005)	(625)	(162)
Cash and cash equivalents at end of period	8	6,800	18,496	23,789

Notes to the Interim Statements

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the 52 weeks ended 31 March 2013, which have been prepared in accordance with IFRSs as adopted by the European Union.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information presented for the 26 weeks ended 29 September 2013 and the 26 weeks ended 30 September 2012 ('H1 FY2013') has not been reviewed by the auditors. The financial information for the 52 weeks ended 31 March 2013 ('FY 2013') is extracted and abridged from the Group's full accounts for that year with the exception of the segmental information (see below for further details). The statutory accounts for the 52 weeks ended 31 March 2013 have been filed with the Registrar of Companies for England and Wales and have been reported on by the Group's auditors. The Report of the Auditors was not qualified and did not contain a statement under Section 498 of the Companies Act 2006.

The interim report was approved by the Board of Directors on 13 November 2013.

This interim report can be downloaded or viewed via the Group's website at www.volex.com. Copies of the annual report for the financial year ended 31 March 2013 are available at the Company's registered office at 10 Eastbourne Terrace, London, W2 6LG, UK and can also be downloaded or viewed via the Group's website.

The Group's forecast and projections, taking reasonable account of possible changes in trading performance, show that the Group should operate within the level of the contracted and committed facility for the foreseeable future and should comply with covenants over this period. The Group has access to additional undrawn committed facilities together with long established contracts with a number of customers and suppliers across different geographic areas and industries. Further the Group has a number of mitigating actions available to it, should actual performance fall below the forecast and projections. As a consequence, the Directors believe that the Group is well placed to manage its business within its covenants despite the ongoing uncertain economic outlook.

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing these condensed financial statements.

The same presentation and methods of computation are followed in these condensed financial statements as applied in the Group's latest annual financial statements with the exception of segmental reporting. Following a change in senior management and a restructuring of the business, the segments reported to the Group's Board have been revised. The new segmental split for FY2013 has not been audited. For further information regarding this change, refer to Note 2. These condensed financial statements have also been prepared using accounting policies consistent with International Financial Reporting Standards as adopted for use in the European Union ('IFRS') and which are consistent with those disclosed in the annual report and accounts for the 52 weeks ended 31 March 2013, except as described below.

IAS 19 (revised), 'Employee benefits', amends the accounting for employment benefits and the Group has applied it retrospectively in accordance with the transition provisions of the standard. There is no material impact to the Group's results.

The amendments to IAS 1, 'Presentation of items of other comprehensive income' have been applied retrospectively and the presentation of items of comprehensive income has been adjusted accordingly.

IFRS 13, 'Fair value measurement', has impacted the measurement of fair value for certain financial assets and liabilities as well as introducing new disclosures.

There are no other standards, amendments to standards or interpretations that are both mandatory for the first time for the financial year ending 30 March 2014 and expected to have a material impact on the Group's results.

2. Business and geographical segments

Business segments

Subsequent to the change in the Executive Management of the Group and a restructuring of the operations, the operating results presented to the Board have been revised. Replacing the four sectors of Consumer, Telecoms/Datacoms, Healthcare and Industrial are the two divisions of Power and Data. These divisions are based upon the nature of products that they supply. In addition, a Central division has been established to capture all of the corporate costs incurred in supporting the operations.

Division	Description
Power	The sale and manufacture of electrical power products to manufacturers of electrical / electronic devices and appliances. These include laptop/desktop computers, printers, televisions, power tools and floor cleaning equipment.
Data	The sale and manufacture of cables permitting the transfer of electronic and radio-frequency 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, computer datacentres, 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 better understand the Group's performance and profitability.

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.

	26 weeks to 29 September 2013		26 weeks to 30 September 2012 (restated)	
	Revenue \$'000	Profit / (loss) \$'000	Revenue \$'000	Profit / (loss) \$'000
Power	128,290	3,926	170,772	9,312
Data	68,246	5,688	78,479	5,336
Unallocated central costs (excluding share-based payments)	-	(8,056)	-	(9,316)
Divisional results before share-based payments and non-recurring items	196,536	1,558	249,251	5,332
Non-recurring items		(5,840)		(727)
Share-based payments		1,633		(1,195)
Operating profit		(2,649)		3,410
Finance income		53		85
Finance costs		(1,513)		(1,256)
Profit before tax		(4,109)		2,239
Tax		(89)		(474)
Profit after tax		(4,198)		1,765

The non-recurring items charge of \$5,840,000 (H1 FY2013: \$727,000, FY 2013: \$7,966,000) was split \$988,000 (H1 FY2013: \$365,000, FY 2013: \$3,399,000) to Power, \$461,000 (H1 FY2013: \$106,000, FY 2013: \$961,000) to Data and \$4,391,000 (H1 FY2013: \$256,000, FY2013: \$3,606,000) to Central.

2. Business and geographical segments (continued)

	52 weeks to 31 March 2013 (restated and unaudited)	
	Revenue \$'000	Profit / (loss) \$'000
Power	323,056	18,827
Data	150,098	12,760
Unallocated central costs (excluding share-based payments)	-	(19,245)
Divisional results before share-based payments and non-recurring items	473,154	12,342
Non-recurring items		(7,966)
Share-based payments		(181)
Operating profit		4,195
Finance income		141
Finance costs		(2,410)
Profit before tax		1,926
Tax		(2,813)
Profit after tax		(887)

Other segmental information

	External revenue			Non-current assets (excluding deferred tax assets)		
			(Audited)			(Audited)
	26 weeks to 29 September 2013 \$'000	26 weeks to 30 September 2012 \$'000	52 weeks to 31 March 2013 \$'000	26 weeks to 29 September 2013 \$'000	26 weeks to 30 September 2012 \$'000	52 weeks to 31 March 2013 \$'000
Geographical segments						
Asia (excluding India)	117,815	156,957	295,781	37,753	30,370	37,278
North America	40,580	43,293	83,163	1,561	697	1,329
Europe (excluding UK)	29,512	36,848	73,454	490	432	492
India	2,536	4,292	6,869	557	502	681
South America	6,093	7,861	13,887	656	443	611
UK	-	-	-	7,787	5,465	6,984
	196,536	249,251	473,154	48,804	37,909	47,375

3. Non-recurring items

			(Audited)
	26 weeks to 29 September 2013 \$'000	26 weeks to 30 September 2012 \$'000	52 weeks to 31 March 2013 \$'000
Restructuring costs	5,840	727	7,243
New product start-up costs	-	-	1,158
Release of onerous lease provision	-	-	(435)
	5,840	727	7,966

In the 26 weeks to 30 September 2012, the Group initiated a Group-wide restructuring programme across all functions and all regions to align the Group's manufacturing and support facilities with the expected future performance of the business. This programme has continued on into the current 26 weeks period.

3. Non-recurring items (continued)

The \$5,840,000 cost of this programme in H1 FY2014 includes severance payments to Executive Management, other redundancy costs, asset write downs associated with site closures and professional fees.

The \$7,243,000 cost of the programme in the FY2013 included severance payments, professional fees and associated asset write downs. The \$727,000 cost of the programme in H1 FY2013 represented redundancy costs incurred.

In the prior year, ongoing operational inefficiencies of \$1,158,000 were incurred in relation to new products introduced in the FY2013; specifically the migration from PVC to halogen-free power cords. These new products necessitated wide ranging improvements to our manufacturing processes and investments in higher grade tooling and precision moulding technologies. The exceptional cost included the materials scrap costs and labour inefficiencies associated with the new product lines.

Dornoch House was a property previously vacated by the Group on which an onerous lease property provision was held. During the prior year, the Group exited the lease following negotiations with the landlord resulting in a release of the surplus provision of \$435,000.

4. Dividends

	26 weeks to 29 September 2013 \$'000	26 weeks to 30 September 2012 \$'000	(Audited) 52 weeks to 31 March 2013 \$'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the 52 weeks ended 31 March 2013 of 3.0 cents per share (2012: 3.0 cents per share)	1,723	1,690	1,690
Interim dividend for the 52 weeks ended 31 March 2013 of 2.0 cents per share (2012: 1.5 cents per share)	-	-	1,123
	1,723	1,690	2,813
Proposed interim dividend for the 26 weeks to 29 September 2013 of nil cents per share (2012: 2.0 cents per share)	-	1,134	-
Proposed final dividend for the 52 weeks ended 31 March 2013 of 3.0 cents per share (2012: 3.0 cents per share)	-	-	1,723

The final dividend of 3.0 cents per share in respect of FY 2013 (FY 2012: 3.0 cents per share) was approved by the shareholders at the Annual General Meeting on 22 July 2013. At the same meeting a Scrip Dividend Scheme, which gave shareholders the right to elect to receive new ordinary shares in the Company (credited as fully paid) instead of a cash dividend, was also approved.

Payment of the final dividend in respect of FY2013 was made on 17 October 2013. 59.1% of the shareholder base eligible for dividends had elected for the Scrip Dividend Scheme resulting in a cash payment of \$732,000 and 566,467 new shares being issued.

5. Tax charge

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

6. Earnings per ordinary share

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

	26 weeks to 29 September 2013 \$'000	26 weeks to 30 September 2012 \$'000	(Audited) 52 weeks to 31 March 2013 \$'000
Earnings / (loss)			
Earnings / (loss) for the purpose of basic earnings per share	(4,198)	1,765	(887)
Adjustments for:			
Non-recurring items	5,840	727	7,966
Share based payments charge / (credit)	(1,633)	1,195	181
Tax effect of above adjustments	1	(322)	(792)
Underlying earnings	10	3,365	6,468
Weighted average number of ordinary shares	No. shares	No. shares	No. shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	57,546,415	56,623,144	56,913,780
Effect of dilutive potential ordinary shares – share options	510,495	1,653,245	771,673
Weighted average number of ordinary shares for the purpose of diluted earnings per share	58,056,910	58,276,389	57,685,453
Basic earnings / (loss) per share	Cents	Cents	Cents
Basic earnings / (loss) per share from continuing operations	(7.3)	3.1	(1.6)
Adjustments for:			
Non-recurring items	10.1	1.3	14.0
Share based payments charge / (credit)	(2.8)	2.1	0.3
Tax effect of above adjustments	0.0	(0.6)	(1.3)
Underlying basic earnings per share	0.0	5.9	11.4
Diluted earnings / (loss) per share			
Diluted earnings / (loss) per share	(7.2)	3.0	(1.5)
Adjustments for:			
Non-recurring items	10.0	1.3	13.8
Share based payments charge / (credit)	(2.8)	2.1	0.3
Tax effect of above adjustments	0.0	(0.6)	(1.4)
Underlying diluted earnings per share	0.0	5.8	11.2

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

7. Own shares

	26 weeks to 29 September 2013 \$'000	26 weeks to 30 September 2012 \$'000	(Audited) 52 weeks to 31 March 2013 \$'000
At the start of the period	4,945	5,271	5,271
Disposed of in the period on exercise of options	-	(22)	(326)
At the end of the period	4,945	5,249	4,945

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

The number of ordinary shares held by the Volex Group plc Employee Share Trust at 29 September 2013 was 4,050,598 (31 March 2013: 4,050,598; 30 September 2012: 4,811,815) and the Volex Group Guernsey Purpose Trust was 1,005,000 (31 March 2013: 1,005,000; 30 September 2012: 1,005,000).

8. Analysis of net debt

	31 March 2013 \$'000	Cash flow \$'000	Exchange movement \$'000	Other non-cash changes \$'000	29 September 2013 \$'000
Cash and cash equivalents	23,789	(15,984)	(1,005)	-	6,800
Bank loans	(44,097)	(4,000)	(790)	-	(48,887)
Debt issue costs	808	-	40	(187)	661
Net debt	(19,500)	(19,984)	(1,755)	(187)	(41,426)

9. Related parties

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

Included within the restructuring charge shown in Note 3 is \$1,059,000 for severance payments made to key management. Of this amount, \$nil had been paid prior to 29 September 2013.

During H1 FY2014, Mike McTighe (the former Chairman of Volex plc) exercised 426,667 options held under the Non-Executive Director Long Term Incentive Scheme. These options had a \$nil exercise price.

10. 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.

Volex plc (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.