



28 May 2013

VOLEX plc

Preliminary Announcement of the Group Results for the Financial Year ended 31 March 2013

'Results in line with revised guidance; restructuring initiatives proceeding to plan'

Volex plc ("Volex"), the global provider of customised electrical and optical interconnect solutions, today announces its preliminary results for the financial year ended 31 March 2013.

Financial Highlights

- FY2013 Revenue of \$473.2m (FY2012: \$517.8m);
- Normalised gross margin⁽ⁱ⁾ of 18.0% for FY2013 (FY2012: 19.8%);
- Normalised⁽ⁱ⁾ operating profit of \$12.3m (FY2012: \$32.0m);
- Statutory operating profit of \$4.2m (FY2012: \$23.0m);
- Normalised⁽ⁱⁱ⁾ diluted earnings per share for FY2013 of 11.2 cents (FY2012: 42.4 cents). Basic loss per share of 1.6 cents (FY2012: basic earnings per share of 30.4 cents);
- Free cash outflow⁽ⁱⁱⁱ⁾ of \$20.7m (FY2012: \$18.3m inflow), as a result of lower profit, increased capex and restructuring costs;
- Return on capital employed⁽ⁱⁱⁱ⁾ ('ROCE') of 17% (FY2012: 58%);
- Net debt of \$19.5m at end of FY2013 (FY2012 : net cash of \$3.6m); and
- Final dividend of 3.0 cents per share declared, bringing total FY2013 dividend to 5.0 cents (FY2012: 4.5 cents).

Operational Highlights

- Group-wide restructuring initiative proceeding to plan and expected to deliver circa \$17.5m annualised savings from FY2014 at a cost of \$7.2m. Further cost reduction opportunities are under consideration;
- Group headcount reduced from H1 2013 peak of 9,750 down to 7,300 by year end;
- Despite challenging market conditions, our non-consumer sectors all maintained strong normalised gross margins in excess of 20%;
- Acquisition of active optical technology platform represents an important step in developing a higher margin product portfolio and provides access to an emerging, strongly growing optical interconnect market; and
- Investment in our manufacturing capabilities with extensive upgrades to our Shenzhen and Batam facilities.

(i) Before non-recurring items and share-based payments charge

(ii) Free cash flow defined as net cash flow before dividends, payments to acquire / receipts from sale of own shares and refinancing costs paid.

(iii) Return on capital employed defined as normalised operating profit divided by net trading assets, where net trading assets is the aggregate of intangible assets (excluding goodwill), tangible fixed assets, inventory and trade and other receivables less trade and other payables

Management Changes

- Announced today, the appointment of Christoph Eisenhardt as the new Chief Executive Officer. Christoph, who has a strong international background in commodity and engineered manufacturing businesses, joins on 1 July 2013 from KVT-Koenig where he was CEO and led its transformation to deliver record sales and profitability; and
- Management team strengthened with the appointment of a new Chief Financial Officer and a Senior Vice President, Sales & Marketing;

The Chairman of Volex, Mike McTighe, commented:

“This has been a tough year for Volex. In hindsight we had become overly dependent on one customer and we then compounded the issue with some operational missteps. Since this became clear, we have taken rapid and aggressive action to address our cost structure and product margin. Significant progress has been made to right-size the business. Management has held itself accountable and we have moved to further strengthen the team. Our sales function has been adapted to better serve our key customers and identify new business opportunities, our manufacturing capacity has been scaled back to reflect today’s reality, and important investments have been made in technology, extending Volex’s product portfolio. Our emphasis now is to further refine our customer and revenue mix to reduce volatility and enhance margin and to thoughtfully review all aspects of our operational structure to determine what further improvements can be made.

We are pleased to announce the appointment of Christoph Eisenhardt today, as Chief Executive Officer. Under his leadership, we look forward to improving Volex’s performance and rebuilding shareholder value. Whilst we anticipate that the trading environment will remain tough in the short term, especially in the first half of FY2014, the Group is trading in line with the Board’s expectations, and I am confident that we will be able to build on the actions we have taken to date to enable us to deliver higher quality earnings.”

The Company will be presenting its full year results at 09.30 am on Tuesday 28 May 2013. A live audio webcast facility with the option to ask questions will be available at the following link:

<http://www.media-server.com/m/p/zzdymk78>

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Forward looking statements

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

Chairman's Statement

FY2013 was a tough year for Volex. The macroeconomic environment remained difficult and we were confronted with a reduction in revenue from some of our key customers which, combined with planned investment in production capacity, led to results that were significantly below our initial expectations.

At the half-year, we outlined a restructuring plan for the business and took immediate action to cut costs, improve margins and thereby increase underlying profitability. As a result we met the revised guidance we had given for the full year.

We have, however, continued to invest in our manufacturing capabilities throughout the year and acquired third party intellectual property to enhance our own product offerings and meet demand from existing customers.

Through these decisive actions we have emerged from FY2013 better positioned for FY2014 and beyond.

Dividend

The Board is recommending a final dividend of 3.0 cents (2012: 3.0 cents) leaving the total dividend for the year at 5.0 cents (2012: 4.5 cents) and a scrip alternative to the cash dividend to be offered. This alternative is proposed in order to give shareholders the opportunity to increase their shareholding without incurring dealing costs or stamp duty whilst at the same time enabling the Company to continue to invest in the business.

People

I am pleased to announce today the appointment of Christoph Eisenhardt as the new Chief Executive Officer who succeeds Ray Walsh.

In December, Daniel Abrams was appointed Chief Financial Officer ('CFO'). He was previously CFO at Fiberweb plc.

In January 2013, Roger Wendelken was appointed as Senior Vice President, Sales & Marketing and has taken immediate steps to improve our sales function and strengthen our customer relationships.

Non-executive director, Karen Slatford, has assumed the role of Deputy Chairman. Karen's background, particularly her experience in global sales and marketing with Hewlett Packard, provides the team with additional focus and support.

During the year, Andrew Cherry resigned from the Board.

I would particularly like to thank Ray Walsh for the very significant contribution he has made in repositioning the Company and developing the business over the last four years.

I would like to thank my fellow directors for their support during the year and pay a sincere tribute to the commitment and enthusiasm of all our employees across the business. In a year of challenge and change, the loyalty of our customers, suppliers and shareholders was particularly appreciated.

Outlook

This has been a tough year for Volex. In hindsight we had become overly dependent on one customer and we then compounded the issue with some operational missteps. Since this became clear, we have taken rapid and aggressive action to address our cost structure and product margin. Significant progress has been made to right-size the business. Management has held itself accountable and we have moved to further strengthen the team. Our sales function has been adapted to better serve our key customers and identify new business opportunities, our manufacturing capacity has been scaled back to reflect today's reality, and important investments have been made in technology, extending Volex's product portfolio. Our emphasis now is to further refine our customer and revenue mix to reduce volatility and enhance margin and to thoughtfully review all aspects of our operational structure to determine what further improvements can be made.

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Mike McTighe

Business Improvement Initiatives

We took swift action to address the trading conditions that we faced in FY2013 and to maximise Volex's longer term growth potential. Our efforts so far have been focussed on four principal areas:

1. Stringent cost control

During FY2013, we have conducted a significant cost reduction programme to align our cost base with customer demand. We had a significant increase in our headcount in anticipation of enhanced sales volumes. When these volumes did not materialise, we moved swiftly to initiate a programme that was group wide and cross-function.

The restructuring was broken down into three key areas:

- Direct / indirect labour – removal of the headcount that had been brought in to support the enhanced volumes that failed to materialise;
- Sales – an entire restructuring of the sales force was carried out to better align our sales support services with our key accounts and to identify new business opportunities;
- Back office support – a full review of the back office support functions was performed. Where roles were duplicated or could be filled through internal promotion at a reduced cost, the programme sought to eliminate the excess expenditure.

As a result, we have reduced group-wide staffing levels from their peak in H1 of 9,750 to 7,300 by year end.

The cost of the programme totalled \$7.2m in FY2013, principally in relation to employee severance costs, associated consultancy costs and associated asset write downs. The cash cost in FY2013 of the programme was \$5.7m. The estimated annual savings from the programme total approximately \$17.5m when compared to our first half peak, primarily arising from the headcount savings.

2. Improving operational efficiency across the organisation

Through the introduction of a number of operational initiatives in the second half of the year, we have made significant progress in improving our operational efficiency. These initiatives include:

- New production processes such as 3P (Production, Preparation, Process) and the Volex Production System;
- Ongoing LEAN manufacturing technique application;
- Upgrades to our primary manufacturing site in Shenzhen; and
- Roll-out of new precision moulding and tooling equipment.

As a result of these actions, scrap rates have reduced by 42% from 3.6% during the first half of FY2013 to 2.1% by year end. Similarly labour initiatives have helped off-set minimum wage inflationary pressure in our manufacturing territories.

During FY2013 we completed an extensive upgrade of our Shenzhen manufacturing plant in China at a cost of \$12.8m. Approximately \$10m of this spend was on new equipment. This investment provides 18,000 sqm of upgraded manufacturing space and 12,000 sqm of warehousing.

We have also expanded our plant at Batam, Indonesia, at a cost of \$6m, creating an improved manufacturing facility to enhance our global manufacturing capability and better serve our worldwide customer base. Construction at Batam is due to complete in July 2013 with a further \$1.8m of construction costs forecast to be incurred. Production at this expanded site commenced in April 2013.

During FY2013, we made good progress in right-sizing our business with customer demand, making significant operating cost reductions. In FY2014, we will consider our manufacturing and distribution footprint to ensure that they are even closer aligned with our customer needs.

3. *Strengthening senior sales leadership and improving the effectiveness of the sales organisation*

To provide the cabling and interconnect solutions our customers require, we need to better understand the problems they face. To this end we are working hard to forge deep customer relationships so that we may align ourselves more closely with our key customers; engaging with them earlier in their product development lifecycles and acquiring a deeper knowledge of their businesses ensuring that we are designed-in to long term product cycles.

During the year, Roger Wendelken was appointed Senior Vice President, Sales & Marketing. Roger has overseen a restructuring of the sales function with a move towards a key account structure. This has been supplemented by enhanced integration of our sales and engineering teams to create a New Business Development function.

Furthermore, Karen Slatford has assumed the role of Deputy Chairman. Karen has supported Roger in his new role and has provided valuable guidance in developing the new sales structure.

We believe this structure will make Volex more agile and responsive to our customers' needs and will improve our forecasting ability. Already we have seen success through this new structure with new business wins in the Healthcare sector.

4. *Accelerating the Group's move to a higher margin product portfolio.*

To strengthen our market position, and become a key partner to our customers, we need to provide cabling and interconnect solutions that meet their evolving needs at competitive prices. Over the past 18 months we have invested significantly in our engineering and development teams with a number of new products brought to market including high speed copper and passive optical products.

During FY2013, the acquisition of an active optical cable ('AOC') technology platform from Applied Micro was a significant step forwards in this development of a unique, higher margin product portfolio for Volex.

The acquisition included joint ownership of a robust patent portfolio plus other assets for a combined fee of \$1.8m. AOC technology is the next step for our high speed interconnect product portfolio. As our customers migrate from copper to optical fibre technology, the integration of this technology into our products, will give us a significant competitive advantage.

Whilst there is still much to do, we believe that we have made significant progress in each of the above areas. Through a continued focus on these, we believe that Volex will return to growth and will restore shareholder value.

2013 Business Review

	Revenue			Normalised Gross Margin ⁽ⁱ⁾		
	2013	2012		2013	2012	
	\$'000	\$'000	% Var	%	%	Var
Consumer	311,026	330,372	(6)	14.7	17.9	-3.2 pts
Telecoms/Data	82,184	99,440	(17)	23.7	21.2	+2.5 pts
Healthcare	46,944	51,663	(9)	27.3	27.5	-0.2 pts
Industrial	33,000	36,294	(9)	21.5	22.6	-1.1 pts
Total	473,154	517,769	(9)	18.0	19.8	-1.8 pts

Overview

Group revenues were down 9% to \$473.2m from \$517.8m whilst normalised gross margin was 18.0%, 1.8 percentage points lower than FY2012. A combination of factors including weaker markets, particularly in the consumer electronics and the telecoms sectors, and delays in new customer programme launches contributed to this result.

Consumer sector

Our Consumer Products customers comprise well-known brand names in the consumer electronics sector. The operating environment this year was extremely tough, particularly in the consumer electronics field, which continued to contract due to weak end-user demand experienced by our customers.

Consumer sector revenues for FY2013 were \$311.0m, down 6.0% on last year. Whilst revenue as a whole decreased year-on-year, sales to the Group's largest customer increased by 35%, with the Group enjoying increased allocations.

The Consumer normalised gross margin declined to 14.7% from 17.9% in FY2012. The primary cause of this was a \$5.7million investment in production capacity in H1. This level of spend was in anticipation of certain forecast revenue levels from our largest customer. Whilst the 35% increase in sales noted was encouraging and demonstrated the demand for our power offerings, it fell below that originally forecast. As a consequence we spent much of the second half of the year removing this extra cost as part of the restructuring programme. The gross margin was also impacted by temporary production inefficiencies on certain new products. However, a number of new initiatives were enacted in the second half of FY2013 and these have successfully reduced scrap rates and improved productivity rates.

Trading in the Consumer sector will continue to be competitive in FY2014 as customer demand continues to reflect broader economic conditions. Our design capabilities, global footprint, strong brand and reputation for quality all ensure, however, we have a strong competitive edge going forward.

Telecom/Datacoms

Voilex provides customised interconnect solutions for global equipment manufacturers in the telecoms and datacoms sectors. Our solutions are used in mobile telecoms networks – both at the cell site and for the core network, fixed line telecoms and in high performance computing and data centre environments.

⁽ⁱ⁾ Before non-recurring items and share-based payments expense

The telecoms market was weaker throughout FY2013 with customers reducing spend in the prevailing macroeconomic environment.

FY2013 revenue of \$82.2m was down 17% on FY2012 (FY2012: \$99.4m). This was principally due to lower spend from telecoms operators, in all markets other than North America, in response to on-going economic uncertainty. The North American market in contrast showed growth of 16%, driven primarily by mobile broadband investment by the telecoms operators.

This continued lack of investment in telecoms network infrastructure overshadowed encouraging performance by Volex in the datacoms side of the sector, with good growth experienced in high speed copper products and our new passive optical offering.

Normalised gross margin in the sector increased by 2.5 percentage points to 23.7% (FY2012: 21.2%), as a result of this change in mix in favour of these higher margin high speed copper and passive optical products.

In December we acquired the active optical technology platform of Applied Micro Circuits Corporation for \$1.8m. The acquisition of a robust patent portfolio, technology, laboratory equipment and product designs supports our entry into the emerging, strongly growing optical interconnect market for high speed data applications in data centres and telecoms. We have since made a number of investments strengthening the sales, infrastructure and engineering resources for this important part of Volex.

We now have a unique platform to develop and deliver reliable, low power active optical solutions, including active optical cables and transceivers. Optical interconnect technology represents a significant growth area for Volex. Under the 'Volex Optical' banner, we are developing next-generation solutions for customers in the high performance computing segment and hope to develop further applications for use in our consumer, health care and industrial markets.

Whilst the integration and development of AOC technology into our product range is the sector's key focus in FY2014, with forecast delivery of samples to customers due from June 2013, we are also cautiously optimistic that the telecoms market will show signs of recovery.

Healthcare

Volex supplies complex cable assembly and connector solutions for medical equipment, with a particular focus on imaging technologies. We also supply cabling solutions for patient monitoring systems, clinical diagnostics equipment and patient therapy systems.

Notwithstanding the growth opportunities in the industry, the sector was not immune to general macroeconomic pressures. Healthcare revenues in FY2013 of \$46.9m were down 9% compared to last year due to customer destocking programmes and delays in new product launches arising from longer than anticipated qualification lead times on new projects. Revenues were also affected by lower than expected demand for imaging accessories from a major customer, a softer market in nuclear medicine systems and increasing competition in the magnetic resonance and X-ray businesses from competitors' products manufactured in low-cost locations.

Despite the decline in revenues, gross margins for the healthcare sector remained stable at 27.3%, compared with 27.5% last year. This is a reflection of our interdependent customer relationships, where we are seen as a key design partner.

There are clear long term structural growth drivers for this market, such as the ageing global population and the increase in chronic 'lifestyle' diseases. In the short term, the year ahead will be challenging as competition in the healthcare sector across all regions continues to intensify. However, our recent design wins and successful product qualification with new customers have given us a firm foundation for future growth. We have a healthy pipeline of new business, most of which is for non-imaging systems and approximately half of which is from new customers.

Industrial

The industrial sector comprises a diverse set of markets with good growth potential for Volex. These include test and measurement equipment, manufacturing automation, trucking telematics, agricultural machinery and renewable energy. There are a number of growth opportunities in this market including the expanding field of data analytics, customers moving to greater automation in their manufacturing operations as well as opportunities in the renewable energy sector, where customers require cabling and harnesses for wind and solar power generation.

Industrial sector revenue in FY2013 amounted to \$33.0m (FY2012: \$36.3m), a decrease of 9% compared to FY2012. In a challenging macroeconomic environment, sales were adversely affected by a reduction in our customers' capital expenditure programmes, and particularly impacted by reduced transportation industry spend on new commercial freight vehicles. Test and measurement programmes usually supplied by Volex also experienced delays throughout the year.

Industrial normalised gross margins declined by 1.1 percentage points to 21.5% (FY2012: 22.6%) due to the operating leverage effect of absorbing fixed overheads over a reduced revenue base.

We took steps this year to expand our geographic reach beyond our historic market of North America. We relocated our Brazilian facility and increased our capabilities and production capacity which we believe will give us better access to the South American market. Similarly the expansion of our facilities at Batam in Indonesia will help to enable us to pursue new business opportunities in South East Asia.

We expect the operating environment to remain very competitive in the year ahead. We will concentrate our efforts on working collaboratively with our key customers to develop a pipeline of new products. We will specifically target those segments that leverage our existing customer successes, including telematics, industrial automation and energy generation, transmission and control.

Financial Review

Overview

The current year trading performance has been disappointing with revenues down across all four sectors. This global macro-economic conditions have been challenging with the majority of our customers experiencing a downturn in revenues and this, coupled with our operational investment in increased production capacity, has resulted in reduced margins. We have acted swiftly to align our cost base with the observed revenues leading to a group-wide and cross-function restructuring programme.

Trading performance

Group revenue for the year decreased by 9%, from \$517.8m in FY2012 to \$473.2m in FY2013. All four sectors suffered from reduced revenues in the year with the consumer and Telecoms/Datacoms sector most impacted.

The Group's normalised gross profit for FY2013 was \$85.3m, yielding a normalised gross margin of 18.0%. This compared to a FY2012 normalised gross profit of \$102.5m and a normalised gross margin of 19.8%. The primary cause of this reduced gross margin was the ramp up in direct and indirect manufacturing headcount in the first half of FY2013 in advance of forecast volume increases. When these volumes did not materialise, a restructuring programme was enacted which removed the surplus heads. Further operating leverage (the impact of absorbing fixed production costs over the reduced revenue base) had an adverse impact.

The Consumer sector saw revenue decline by 6% from \$330.4m in FY2012 to \$311.0m in FY2013. This movement was the net of a 35% increase in revenue to our largest customer off-set by a 23% decline in the remainder of our Consumer customer base. The 23% decline was primarily due to the well-documented macro-economic environment on the consumer electronics industry.

Significant investment was made in training additional manufacturing and operational support headcount to meet an increased volume forecast. Whilst additional volumes did materialise, it was not to the extent forecast and it was not capable of supporting the enhanced headcount. As a result, we reduced group-wide staffing levels from their peak in H1 FY2013 of 9,750 to 7,300 by year end.

The Consumer normalised gross margin has, as a result of the above, decreased from 17.9% in FY2012 to 14.7% in FY2013.

Telecoms/Datacoms revenue was down 17% from \$99.4m in FY2012 to \$82.2m in FY2013. The reason for this reduction is largely due to the reduced global spend by the Telecoms operators as the continuing economic uncertainty restricts their appetite for investment projects. Encouragingly, the normalised gross margin increased from 21.2% in FY2012 to 23.7% in FY2013 as a result of an improvement in sales mix with the change favouring higher margin high speed copper and passive optical interconnect products.

The Healthcare revenue was down 9% from \$51.7m in FY2012 to \$46.9m in FY2013 due to reduced demand in the nuclear medicine imaging field and delayed orders from the sector's largest customer as they postponed their roll out of new imaging systems. The normalised gross margin remained strong at 27.3%, supporting the strategy of extensive customer engagement and increasing Volex design content.

The Industrial sector revenue was also down 9% from \$36.3m in FY2012 to \$33.0m in FY2013, in part due to reduced spend in the transportation industry on new fleet vehicles. The normalised gross margin was 21.5%, down 1.1% on prior year due to the operating leverage effect.

Normalised group operating costs excluding share-based payment expenses have increased by \$2.4m from \$70.5m to \$72.9m. This increase reflected the further investment made in people in the first half of FY2013 in anticipation of the increased volumes, the strengthening of the key management team at Volex and professional fees.

Non-recurring items and share-based payments

Once it became apparent that the forecast FY2013 increased volumes were not going to materialise, management moved swiftly and decisively to initiate a restructuring programme. This programme went beyond removing just surplus operational headcount but was a group-wide, across-function programme that sought to align the headcount and cost base with the reduced revenue and profit expectations. The restructuring was broken down into three key areas:

- Operational – removal of headcount that had been brought in to support the manufacturing of the increased volumes.
- Sales – an entire restructuring of the sales force was carried out to better align our sales support services with our key accounts.
- Back office support – a full review of the back office support functions was performed. Where roles were duplicated or could be filled through internal promotion at a reduced cost, the programme sought to eliminate the excess expenditure.

The programme directly removed approximately 300 staff from the organisation. The cost of the programme totalled \$7.2m in FY2013, principally in relation to employee severance costs, associated consultancy costs and associated asset write downs. The estimated annual savings from the programme total approximately \$17.5m.

In the prior year, the Consumer sector incurred exceptional start-up costs of \$5.0m in relation to new product introductions, specifically, the migration from PVC to halogen-free power cords, coupled with a requirement for significantly higher technical and cosmetic standards. As a result, these new products necessitated wide ranging improvements to our manufacturing processes and investments in higher grade tooling and precision moulding technologies. Whilst these changes were being introduced, there was a significant increase in scrap rates and labour inefficiency.

In FY2013, a further \$1.2m of scrap costs was incurred in relation to these products before the manufacturing issues were finally resolved.

During FY2013 Volex negotiated the exit from a vacant property lease. This has resulted in a \$0.4m release from the onerous lease provision.

The share-based payments charge of \$0.2m in FY2013 has reduced by \$3.8m from \$4.0m in FY2012. This reduction is primarily due to the reversal of charge previously taken on options that have now lapsed as a result of option holders leaving the Group. Options granted in FY2013 generated a share option charge of \$0.1m.

Acquired Technology, Research and Development

In FY2013, Volex acquired a joint interest in 29 issued and pending patents for AOC technology from Applied Micro Circuits Corporation ('APM') for \$1.5m. A further \$0.3m was spent on acquiring associated lab equipment and plant and machinery.

The Group plans to integrate the AOC technology, which allows for high speed data applications, into its standard cable offering, first in the Telecoms/Datacoms sector but then afterwards expanding the application into Healthcare and Industrial offerings.

Subsequent to the acquisition, the Group has incurred \$0.2m of development costs in integrating the acquired technology with the Group's existing product range. Having met the conditions of IAS 38 '*Intangible assets*' these costs have been capitalised.

Commercial production of AOC products is forecast to begin in FY2014 at which point the capitalised development costs will be amortised over the remaining period of patent exclusivity.

Finance costs

Total net finance costs in FY2013 reduced by 41% to \$2.3m (FY2012: \$3.8m). The principal reasons for this decrease were the write-off in FY2012 of \$0.8m of capitalised debt issue costs associated with the former financing facility and a FY2012 \$0.8m charge associated with copper commodity contracts which failed to meet the hedging requirements of IAS 39 '*Financial Instruments: Recognition and Measurement*'.

Tax

The Group incurred a tax charge of \$2.8m (FY2012: \$2.0m) representing an effective tax rate (ETR) of 146% (FY2012: 11%). The normalised tax charge of \$3.6m (FY2012: \$3.4m) represents an ETR of 36% (FY2012: 12%). The principal reason for this increase in normalised ETR was due to losses arising in territories where deferred tax is not fully recognised. This issue was compounded by the restructuring costs principally arising in these same territories resulting in a significantly worse reported ETR.

Included within the normalised tax charge of \$3.6m is a tax charge in relation to prior periods of \$0.5m. If this was to be removed, the normalised tax charge would fall to \$3.1m, representing an ETR of 31%.

With the cost base of the group reduced through the cost restructuring programme and aligned with future revenues, we expect a future improvement in our profit before tax position leading to a reduced ETR in future periods.

Earnings per share

Basic loss per share for the year was 1.6 cents (FY2012: basic earnings per share 30.4 cents). This decrease on the prior year was due to the reduced profitability and the restructuring programme enacted in FY2013. Adjusting for the share-based payments expense and the non-recurring items, the normalised basic earnings per share figure was 11.4 cents, a 74% decrease on the prior year.

Normalised diluted earnings per share reduced by 74% in the year to 11.2 cents (FY2012: 42.4 cents).

Dividends

At the Volex plc Annual General Meeting, shareholders approved the proposed FY2012 final dividend of 3 cents per share (2012: 2 pence per share). This was paid in August 2012 resulting in a dividend cash outflow of \$1.7m (2012: \$1.9m).

An interim dividend of 2.0 cents per share for FY2013 was paid in February 2013 resulting in a dividend cash outflow of \$1.1m (2012: \$0.9m).

The Board is proposing a final dividend for FY2013 of 3.0 cents per share with a scrip alternative. It is proposed that the price of a new ordinary share under the scrip dividend alternative will be set at the average of the Company's middle market closing price for the five consecutive dealing days commencing on the ex-dividend date of 4 September 2013.

Subject to shareholder approval at the forthcoming Annual General Meeting, this dividend will be paid (or new Ordinary shares issued) on 17 October 2013 to shareholders on the register at the close of business on 6 September 2013. A booklet which sets out how Shareholders can elect to participate in the scrip scheme and which contains the terms and conditions of the scheme will be posted to Shareholders and will be made available on the Company's website at www.volex.com.

Return on capital employed

For FY2013, ROCE was 17%, down from 58% in FY2012. This reduction was in part due to the 61% reduction in normalised operating profit but was also due to the significant investment made in the future manufacturing capability of the Group.

Cash flows and net funds

Operating cash flow before movements in working capital in the year was \$8.8m (FY2012: \$27.5m).

Movements in working capital have yielded a further \$3.2m of cash inflow (FY2012: \$8.8m).

After aggregate outflows for tax and interest of \$5.6m (FY2012: \$6.0m), net cash generated from operating activities was \$6.4m (FY2012: \$30.4m).

Despite the tough trading environment in FY2013, management remains confident in the Group's long-term strategy. As a consequence, the Group has made significant capital investments in property, plant and equipment with \$24.9m (2012: \$10.3m) spent in FY2013. A significant amount of this spend has been made in upgrading three of our key manufacturing facilities – Shenzhen, Batam and Brazil.

A further \$2.6m (2012: \$2.0m) has been spent on intangible assets in FY2013 with \$1.5m of this in relation to the AOC patent acquisition. Following FY2012's significant investment in the IT infrastructure of \$2.0m, a further \$0.8m has been spent in FY2013 on software, primarily engineering design software.

During FY2012, the Group, through its employee share trust, acquired 769,800 shares in Volex plc at a cost of \$3.3m. These shares, along with the 4,667,015 shares previously held, are held for the benefit of Volex employees and directors to facilitate participation in the Company's share option schemes. During FY2013, 816,217 shares were utilised on the exercise of share options yielding a cash inflow of \$0.4m (2012: 570,000 shares utilised yielding a cash inflow of \$0.3m).

The full year dividend for FY2012 of 3 cents per share was paid out in the year, generating a cash outflow of \$1.7m. Similarly the interim dividend of 2.0 cents per share for FY2013 led to a further cash outflow of \$1.1m.

To finance the capital expenditure in the year, a further \$6.0m of debt finance has been drawn down against the senior credit facility. In the prior year, as part of the refinancing \$26.4m was repaid to close the pre-existing facility and \$39.5m drawn down under the current facility. Professional fees associated with the refinancing were incurred in the prior year leading to a cash outflow of \$1.7m.

As a result of the above cash flows, the Group generated a \$17.2m cash outflow for the year (FY2012: \$23.7m cash inflow). As at 31 March 2013, the Group had net debt of \$19.5m compared with a \$3.6m net cash position as at 1 April 2012.

Banking facilities

The Group utilises a \$75m 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 Bank plc).

The key terms of the facility are as follows;

- available until June 2015;
- no scheduled facility amortisation;
- interest cover and net debt:EBITDA leverage covenants; and
- a further \$150m pre-negotiated facility.

At 31 March 2013, amounts drawn under this facility totalled \$45.4m (FY2012: \$41.1m). After accounting for bonds, guarantees and letters of credit, the remaining headroom as at 31 March 2013 was \$26.5m (FY2012: \$31.0m).

Under the terms of the facility, two covenant tests must be performed at each quarter end date. These are:

- Leverage covenant – the ratio of net debt (adjusted for debt issue costs and letters of credit) to the rolling 12-month EBITDA (adjusted for a permitted £1.0 million of exceptionals); and
- Interest covenant – the ratio of the rolling 12-month EBITDA (adjusted for a permitted £1.0 million of exceptionals) to the rolling 12-month interest charge.

At year end, both covenants were met.

The Board has considered these covenants in light of the approved FY2014 budget and found the Group to be compliant even after the application of a number of downside sensitivities. Management regularly reviews covenant headroom as part of its on-going risk assessment processes.

Financial Instruments

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.

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 31 March 2013, a financial liability of \$0.4m (2012: asset of \$1.4m) has been recognised in respect of the fair value of open copper contracts with a corresponding \$0.4m debit recognised in reserves. This debit is retained in reserves until such time as the forecast copper consumption takes place at which point it is recycled through the income statement.

Defined benefit pension scheme

The Group's net pension deficit under *IAS 19* 'Employee Benefits' remained at a constant level of \$3.6m with the \$0.6m of contributions from the Group in FY2013 largely off-setting the actuarial increase in the pension obligations.

Consolidated Income Statement

For the 52 weeks ended 31 March 2013 (52 weeks ended 1 April 2012)

	Notes	2013		2012		Total \$'000	
		Before non-recurring items and share based payments \$'000	Non-recurring items and share based payments \$'000	Before non-recurring items and share based payments \$'000	Non-recurring items and share based payments \$'000		
Revenue	2	473,154	-	473,154	517,769	-	517,769
Cost of sales		(387,879)	(2,104)	(389,983)	(415,250)	(4,990)	(420,240)
Gross profit	2	85,275	(2,104)	83,171	102,519	(4,990)	97,529
Operating expenses		(72,933)	(6,043)	(78,976)	(70,515)	(3,976)	(74,491)
Operating profit / (loss)	2	12,342	(8,147)	4,195	32,004	(8,966)	23,038
Finance income		141	-	141	73	-	73
Finance costs		(2,410)	-	(2,410)	(3,900)	-	(3,900)
Profit / (loss) on ordinary activities before taxation		10,073	(8,147)	1,926	28,177	(8,966)	19,211
Taxation	4	(3,605)	792	(2,813)	(3,445)	1,416	(2,029)
Profit / (loss) for the period attributable to the owners of the parent		6,468	(7,355)	(887)	24,732	(7,550)	17,182
Earnings / (loss) per share (cents)							
Basic	5	11.4		(1.6)	43.7		30.4
Diluted	5	11.2		(1.5)	42.4		29.4

Consolidated Statement of Comprehensive Income		
For the 52 weeks ended 31 March 2013 (52 weeks ended 1 April 2012)		
	2013	2012
	\$'000	\$'000
Profit / (loss) for the period	(887)	17,182
Other comprehensive income / (loss):		
Gain / (loss) on hedge of net investment taken to equity	(2,256)	(479)
Gain / (loss) arising on cash flow hedges during the period	(1,868)	1,295
Exchange gain / (loss) on translation of foreign operations	1,823	(886)
Actuarial gain / (loss) on defined benefit pension schemes	(755)	(1,828)
Other comprehensive income / (loss) for the period	(3,056)	(1,898)
Tax relating to components of other comprehensive income	-	-
Other comprehensive income / (loss) for the period	(3,056)	(1,898)
Total comprehensive income for the period attributable to the owners of the parent	(3,943)	15,284

Consolidated Statement of Financial Position			
As at 31 March 2013 (1 April 2012)		2013	2012
	Notes	\$'000	\$'000
Non-current assets			
Goodwill		2,932	3,085
Other intangible assets		4,147	2,897
Property, plant and equipment		39,691	20,022
Other receivables		605	543
Deferred tax asset		4,732	5,098
		52,107	31,645
Current assets			
Inventories		43,016	49,790
Trade receivables		73,026	90,612
Other receivables		10,829	15,092
Current tax assets		1,414	703
Derivative financial instruments		-	1,453
Cash and bank balances	9	25,044	43,578
		153,329	201,228
Total assets		205,436	232,873
Current liabilities			
Borrowings	9	1,255	2,398
Obligations under finance leases	9	-	117
Trade payables		73,184	88,551
Other payables		24,880	34,574
Current tax liabilities		5,924	5,938
Retirement benefit obligation		585	596
Provisions	10	2,266	1,078
Derivative financial instruments		399	54
		108,493	133,306
Net current assets / (liabilities)		44,836	67,922
Non-current liabilities			
Borrowings	9	43,289	37,420
Other payables		575	706
Deferred tax liabilities		1,789	2,563
Retirement benefit obligation		3,039	2,976
Provisions	10	2,605	4,590
		51,297	48,255
Total liabilities		159,790	181,561
Net assets		45,646	51,312
Equity attributable to owners of the parent			
Share capital		28,180	28,180
Share premium account		2,586	2,586
Hedging and translation reserve		(6,553)	(4,252)
Own shares		(4,945)	(5,271)
Retained earnings / (losses)		26,378	30,069
Total equity		45,646	51,312

Consolidated Statement of Cash Flows			
For the 52 weeks ended 31 March 2013 (52 weeks ended 1 April 2012)			
	Notes	2013	2012
		\$'000	\$'000
Net cash generated from / (used in) operating activities	8	6,365	30,353
Cash flow generated from / (used in) investing activities			
Interest received		141	73
Proceeds on disposal of intangible assets, property, plant & equipment		263	79
Purchases of property, plant & equipment		(24,860)	(10,263)
Purchases of intangible assets		(2,567)	(1,986)
Acquisition of own shares (net of funds received on option exercise)		359	(3,031)
Net cash generated / (used in) investing activities		(26,664)	(15,128)
Cash flows before financing activities			
		(20,299)	15,225
Cash generated / (used) before non-recurring items		(13,405)	19,932
Cash utilised in respect of non-recurring items		(6,894)	(4,707)
Cash flow generated from / (used in) financing activities			
Dividends paid		(2,813)	(2,712)
Repayment of borrowings	9	-	(26,377)
Repayment of preference shares		-	(130)
Refinancing costs paid		-	(1,655)
New bank loans raised	9	6,000	39,544
Repayments of obligations under finance leases	9	(117)	(181)
Net cash generated / (used) in financing activities		3,070	8,489
Net increase / (decrease) in cash and cash equivalents		(17,229)	23,714
Cash and cash equivalents at beginning of period	9	41,180	18,525
Effect of foreign exchange rate changes	9	(162)	(1,059)
Cash and cash equivalents at end of period	9	23,789	41,180

Consolidated Statement of Changes in Equity

For the 52 weeks ended 31 March 2013 (52 weeks ended 1 April 2012)

	Share capital	Share premium account	Hedging and translation reserve	Own shares	Retained earnings / (losses)	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 3 April 2011	28,180	2,586	(4,182)	(2,240)	13,942	38,286
Profit / (loss) for the period attributable to the owners of the parent	-	-	-	-	17,182	17,182
Other comprehensive income / (loss) for the period	-	-	(70)	-	(1,828)	(1,898)
Total comprehensive income / (loss) for the period	-	-	(70)	-	15,354	15,284
Dividends	-	-	-	-	(2,712)	(2,712)
Own shares acquired in the period	-	-	-	(3,031)	-	(3,031)
Reserve entry for share option charge	-	-	-	-	3,485	3,485
Balance at 1 April 2012	28,180	2,586	(4,252)	(5,271)	30,069	51,312
Profit/(loss) for the period attributable to the owners of the parent	-	-	-	-	(887)	(887)
Other comprehensive income / (loss) for the period	-	-	(2,301)	-	(755)	(3,056)
Total comprehensive income / (loss) for the period	-	-	(2,301)	-	(1,642)	(3,943)
Dividends	-	-	-	-	(2,813)	(2,813)
Own shares utilised in the period	-	-	-	326	33	359
Reserve entry for share option charge	-	-	-	-	731	731
Balance at 31 March 2013	28,180	2,586	(6,553)	(4,945)	26,378	45,646

1. Basis of preparation

The preliminary announcement for the 52 weeks ended 31 March 2013 has been prepared in accordance with the accounting policies as disclosed in Volex plc's Annual Report and Accounts 2012, as updated to take effect of any new accounting standards applicable for the period as set out in Volex plc's Interim Statement 2012.

The annual financial information presented in this preliminary announcement for the 52 weeks ended 31 March 2013 is based on, and is consistent with, that in the Group's audited financial statements for the 52 weeks ended 31 March 2013, and those financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The independent auditors' report on those financial statements is unqualified and does not contain any statement under section 498 (2) or 498 (3) of the Companies Act 2006.

Information in this preliminary announcement does not constitute statutory accounts of the Group within the meaning of section 434 of the Companies Act 2006. The full financial statements for the Group for the 52 weeks ended 1 April 2012 have been delivered to the Registrar of Companies. The independent auditor's report on those financial statements was unqualified and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

Going concern

The key terms of the Group's revolving credit facility, through which it will meet its day to day working capital requirements, are shown in Note 7. This facility is available until June 2015.

The Group's forecast and projections, taking reasonable account of possible changes in trading performance, show that the Group should be able to 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 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 the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

This preliminary announcement was approved by the Board of Directors on 27 May 2013.

2. Business and geographical segments

Operating segments

	2013	2012
Revenue	\$'000	\$'000
Consumer	311,026	330,372
Telecoms/Datacoms	82,184	99,440
Healthcare	46,944	51,663
Industrial	33,000	36,294
	473,154	517,769

2. Business and geographical segments (continued)

	Before non- recurring items \$'000	Non- recurring items \$'000	2013 Total \$'000	Before non- recurring items \$'000	Non- recurring items \$'000	2012 \$'000
Gross profit						
Consumer	45,873	(2,011)	43,862	59,113	(4,990)	54,123
Telecoms/Datacoms	19,504	(21)	19,483	21,034	-	21,034
Healthcare	12,811	(31)	12,780	14,186	-	14,186
Industrial	7,087	(41)	7,046	8,186	-	8,186
	85,275	(2,104)	83,171	102,519	(4,990)	97,529
Unallocated operating expenses (excluding share based payments)	(72,933)	(5,862)	(78,795)	(70,515)	-	(70,515)
Operating profit before share-based payments	12,342	(7,966)	4,376	32,004	(4,990)	27,014
Share-based payments	-	(181)	(181)	-	(3,976)	(3,976)
Operating profit	12,342	(8,147)	4,195	32,004	(8,966)	23,038
Finance income			141			73
Finance costs			(2,410)			(3,900)
Profit before tax			1,926			19,211
Tax			(2,813)			(2,029)
Profit after tax			(887)			17,182

Operating expenses and charges for share-based payments have not been allocated to sectors as management report and analyse sector profitability at the gross profit level and there is no meaningful basis for any such allocation.

Geographical segments

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

	External revenue by destination		Non Current Assets	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Asia (excluding India)	295,781	299,205	37,278	18,594
North America	83,163	100,446	1,329	742
Europe (excluding UK)	73,454	89,723	492	420
India	6,869	11,371	681	574
South America	13,887	17,024	611	430
UK	-	-	6,984	5,787
	473,154	517,769	47,375	26,547

3. Non-recurring items

	2013	2012
	\$'000	\$'000
Restructuring costs	7,243	-
New product start-up costs	1,158	4,990
Release of onerous lease provision	(435)	-
	7,966	4,990

3. Non-recurring items (continued)

In the current period, a Group-wide restructuring programme was conducted across all functions and all regions to align the Group's manufacturing and support facilities with the expected future performance of the business. The £7,243,000 cost of this programme includes severance payments, professional fees and associated asset write downs.

In the first half of the current period, ongoing operational inefficiencies of \$1,158,000 (2012: \$4,990,000) were incurred in relation to new products introduced in the 52 weeks to 1 April 2012; 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 costs include 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 period, negotiations were held with the landlords to exit the property in return for a one off payment. This payment was less than the provision book value and as a result, \$435,000 of the provision has been released.

4. Taxation

	2013	2012
	\$'000	\$'000
Current tax – charge for the period	2,782	4,409
Current tax – adjustment in respect of previous periods	452	303
Total current tax	3,234	4,712
Deferred tax	(421)	(2,683)
Income tax expense	2,813	2,029

5. Earnings per share

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

Earnings / (loss)	2013	2012
	\$'000	\$'000
Profit / (loss) for the purpose of basic and diluted earnings per share being net profit attributable to equity holders of the parent	(887)	17,182
Adjustments for:		
Non-recurring items	7,966	4,990
Share-based payments charge	181	3,976
Tax effect of above adjustments	(792)	(1,416)
Normalised earnings	6,468	24,732

	No. shares	No. shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	56,913,780	56,582,380
Effect of dilutive potential ordinary shares – share options	771,673	1,777,754
Weighted average number of ordinary shares for the purpose of diluted earnings per share	57,685,453	58,360,134

5. Earnings per share (continued)

	2013	2012
	Cents	Cents
Basic earnings / (loss) per share		
Basic earnings / (loss) per share	(1.6)	30.4
Adjustments for:		
Non-recurring items	14.0	8.8
Share-based payments charge	0.3	7.0
Tax effect of above adjustments	(1.3)	(2.5)
Normalised basic earnings per share	11.4	43.7
Diluted earnings per share		
Diluted earnings / (loss) per share	(1.5)	29.4
Adjustments for:		
Non-recurring items	13.8	8.6
Share-based payments charge	0.3	6.8
Tax effect of above adjustments	(1.4)	(2.4)
Normalised diluted earnings per share	11.2	42.4

Normalised earnings per share has been calculated on the basis of profit before non-recurring items and share-based payments, net of tax. The Directors consider that the normalised diluted earnings per share calculation gives the best understanding of the Group's earnings per share in the current and prior period.

6. Dividends

	2013	2012
	\$'000	\$'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the 52 weeks ended 1 April 2012 of 3.0 cents per share (2011: 2.0 pence per share)	1,690	1,850
Interim dividend for the 52 weeks ended 31 March 2013 of 2.0 cents per share (2012: 1.5 cents per share)	1,123	862
	2,813	2,712
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	1,699

The proposed final dividend is subject to the approval by the shareholders at the Annual General Meeting and has not been included as a liability in these summarised financial statements.

7. Bank facilities

On 31 May 2011 the Group entered into a \$75 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 June 2015. The principal terms of the facility are as follows:

- no scheduled facility amortisation
- pricing (margin over LIBOR) payable linked to a net debt:EBITDA leverage ratio. Average margin of 2.1% during FY2013 (2012: 2.5%);
- Interest cover and net debt:EBITDA leverage covenants
- further \$150m pre-negotiated facility agreed to fund future, as yet unidentified, acquisitions
- the facility is secured by fixed and floating charges over the assets of certain Group companies.

At 31 March 2013, the Group had available \$26,541,000 (2012: \$30,950,000) of undrawn committed borrowing facilities.

8. Notes to cash flow statement

	2013	2012
	\$'000	\$'000
Profit / (loss) for the period	(887)	17,182
Adjustments for:		
Finance income	(141)	(73)
Finance costs	2,410	3,900
Income tax expense	2,813	2,029
Depreciation on property, plant and equipment	4,812	2,448
Amortisation of intangible assets	1,131	1,155
(Gain) / Loss on disposal of property, plant and equipment	(28)	48
Share option charge	181	3,976
Decrease in provisions	(1,444)	(3,122)
Operating cash flow before movement in working capital	8,847	27,543
Decrease / (increase) in inventories	6,374	968
Decrease / (increase) in receivables	19,504	9,161
(Decrease) / increase in payables	(22,712)	(1,340)
Movement in working capital	3,166	8,789
Cash generated from operations	12,013	36,332
Cash generated by operations before non-recurring items	18,907	41,039
Cash utilised by non-recurring items	(6,894)	(4,707)
Taxation paid	(3,868)	(3,199)
Interest paid	(1,780)	(2,780)
Net cash generated from operating activities	6,365	30,353

9. Analysis of net debt

	Cash and cash equivalents \$'000	Bank loans \$'000	Finance leases \$'000	Debt issue costs \$'000	Total \$'000
At 3 April 2011	18,525	(26,484)	(303)	814	(7,448)
Cash flow	23,714	(13,167)	181	1,655	12,383
Exchange differences	(1,059)	988	5	7	(59)
Other non-cash changes	-	-	-	(1,233)	(1,233)
At 1 April 2012	41,180	(38,663)	(117)	1,243	3,643
Cash flow	(17,229)	(6,000)	117	-	(23,112)
Exchange differences	(162)	566	-	(45)	359
Other non-cash changes	-	-	-	(390)	(390)
At 31 March 2013	23,789	(44,097)	-	808	(19,500)

Debt issue costs relate to bank facility arrangement fees. Amortisation of debt issue costs in the period amounted to \$390,000 (2012: \$1,233,000).

9. Analysis of net debt (continued)

Analysis of cash and cash equivalents:	2013	2012
	\$'000	\$'000
Cash and bank balances	25,044	43,578
Bank overdrafts	(1,255)	(2,398)
Cash and cash equivalents	23,789	41,180

10. Provisions

	Property \$'000	Corporate restructuring \$'000	Other \$'000	Total \$'000
At 3 April 2011	8,220	147	317	8,684
Charge / (credit) in the period	(1,631)	11	-	(1,620)
Utilisation of provision	(1,356)	-	(146)	(1,502)
Unwinding of discount	216	-	-	216
Exchange differences	(78)	(7)	(25)	(110)
At 1 April 2012	5,371	151	146	5,668
Charge / (credit) in the period	(452)	299	572	419
Utilisation of provision	(917)	(41)	(282)	(1,240)
Unwinding of discount	287	-	-	287
Exchange differences	(234)	(12)	(17)	(263)
At 31 March 2013	4,055	397	419	4,871
Less: included in current liabilities	(1,502)	(345)	(419)	(2,266)
Non-current liabilities	2,553	52	-	2,605

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 sub-lease rental income, if any, that can be obtained from sub-tenants. This provision will be utilised as the rental payments, net of any sub-lease income, fall due through to 2020.

During the 52 weeks ended 31 March 2013, the Group entered into negotiations with the landlord of one of the onerous properties with a view to exiting the lease. As a consequence of this, \$435,000 of the property provision was released.

Corporate Restructuring

The corporate restructuring provision represents severance payments due to staff that have either left the Group through the restructuring programme or who are due to leave shortly and have been notified. A further amount relates to professional fees associated with the liquidation of dormant overseas entities.

Other

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

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

	2013	2012
	\$'000	\$'000
Operating profit	4,195	23,038
Add back:		
Non-recurring items	7,966	4,990
Share-based payment charge	181	3,976
Normalised operating profit	12,342	32,004
Depreciation of property, plant and equipment	4,812	2,448
Amortisation of acquired intangible assets	1,131	1,155
Normalised EBITDA	18,285	35,607