13 November 2014

VOLEX plc

Half year results for the period ended 5 October 2014

'Strong revenue growth across both divisions with margins increasing'

Volex plc ('Volex'), the global provider of power and data cabling solutions, today announces its preliminary results for the half year to 5 October 2014 ('H1 2015').

Financial Summary	Half year to 5 October 2014	Half year to 29 September 2013	% change
Revenue	**$220.9m**	$196.5m	12.4%
Underlying* operating profit / (loss)	**$3.5m**	$1.6m	125.4%
Statutory operating profit / (loss)	**($4.1m)**	($2.6m)	(53.0%)
Underlying* profit / (loss) before tax	**$1.8m**	$0.1m	nm
Statutory profit / (loss) before tax	**($5.8m)**	($4.1m)	(40.9%)
Basic earnings / (loss) per share**	**(8.6c)**	(6.9c)	(24.6%)
Underlying diluted earnings / (loss) per share**	**1.0c**	0.0c	nm
Cash generated by / (used by) operations	**$3.0m**	($13.6m)	nm
Net debt	**$5.6m**	$41.4m	nm

* Before non-recurring items and share-based payments credit
** Restated for impact of equity issue

Financial highlights

- Strong sales growth in both divisions and across all regions with improved gross margins
- Underlying operating profit more than doubled with operating margin increasing by 80bps to 1.6%
- Underlying diluted EPS of 1.0c versus breakeven last year
- Significant improvement in cash generated from operation with a $3.0m inflow in current period versus $13.6m outflow in prior period
- Significant reduction in net debt since year end reflecting the successful placing and open offer in July 2014 which generated net proceeds of $27.9m
- Stronger balance sheet with increased financial flexibility
- On track to be cash flow neutral in current financial year

Operational highlights

- Volex Transformation Plan is making good progress; two divisional structure fully embedded across the Group
- Strong increase in business wins reflecting much improved customer engagement; continued growth in sales pipeline
- Power Division revenues increased by 14.7% to $147.2m
- Data Division revenues increased by 8.0% to $73.7m
- Continuous improvement in our people and supply-chain investment driving further profitable growth

Karen Slatford, Chairman, said:

"We are starting to see the benefits from the Volex Transformation Plan. Our focus on working more closely with our customers has delivered strong growth in sales and improved margins in the first half.

We have made important investments in people and infrastructure and continue to remain focused on delivering the procurement benefits within our plan that are expected to feature more strongly in the second half and beyond.

With the Group's well invested, global manufacturing footprint, high quality customer base and our commitment to continuous improvement, the Board has confidence that the company will deliver further sustainable growth in both sales and profitability."

The Company will be presenting its half year results at 09.30am on 13 November 2014 at the offices of Investec Bank PLC, 2 Gresham Street, London EC2V 7QP.

For further information please contact:

Volex plc

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RESULTS FOR THE HALF YEAR ENDED 5 OCTOBER 2014

Introduction

The Board is pleased to report its results for the half year to 5 October 2014. These results clearly demonstrate that the Volex Transformation Plan ('VTP'), announced in November 2013, is working, having delivered an improved revenue performance ahead of that originally anticipated.

The Group has seen strong growth in revenues in both divisions and across all regions with a year on year revenue increase of 12.4%. Underlying operating profits are up 125.4% with operating margins more than doubling to 1.6%.

This performance was driven principally by increased allocations with existing customers as well as several new customer wins.

Following the refinancing which completed in July, the Group has a stronger balance sheet and greater financial flexibility to improve its business. As a result, the executive team has been able to make investments in people and infrastructure to deliver sustainable growth going forward.

Overall, good progress against all strategic goals is being delivered with the overall objective of delivering sustainable profitability and cash generation.

Update on Volex Transformation Plan ('VTP')

We are now twelve months into the implementation of the Volex Transformation Plan. We are pleased with the progress we have made to date with the key achievements including:

- Established structure with two divisions and four sales regions
- Initiated process of improving capabilities within sales and operations teams
- Introduced localisation and design-to-cost initiatives within the supply chain
- Established group wide customer relationship management ('CRM')
- Strong increase in business wins and sales pipeline
- Refinanced the company to provide long term financial stability
- Returned to revenue growth with margins improving

The Group has an extensive and detailed plan focused on delivering continuous improvement across all operations. One of the key areas of the plan going forward will be the harmonisation of the group wide IT architecture. Following the implementation of the new CRM system, it was clear that the Group would benefit from the harmonisation of the existing multiple IT systems and applications. Under the plan these various systems will be consolidated to provide more timely management information.

As we continue to implement the VTP, it will lead to further growth while ensuring that Volex is cost competitive and meets its customers' needs.

Trading performance

Power Division

$'000	Half year ended		Year ended
	29 September 2013	5 October 2014	30 March 2014
Revenue	128,290	**147,173**	265,384
Underlying gross profit	17,863	**20,010**	34,453
Underlying gross margin	*13.9%*	***13.6%***	*13.0%*
Operating costs	(13,937)	**(14,325)**	(27,195)
Underlying operating profit	3,926	**5,685**	7,258
Underlying operating margin	*3.1%*	***3.9%***	*2.7%*

Volex designs and manufactures power cords, duck heads and related products that are sold to the manufacturers of a broad range of devices and appliances across all industrial sectors.

Within the Power Division, revenue for H1 FY2015 was $147.2m, up 14.7% on the prior period, reflecting the positive impact of the VTP programme. As previously communicated, one of the central aspects of the VTP was to increase customer focus through a reorganisation of our sales and engineering functions. With the sales team now restructured on a regional basis and with additional staff supporting the sales activities, the benefits of the enhanced customer focus are clear.

This growth has principally been driven through the existing customer base with the top five customers in aggregate showing growth of 24.2% compared to the prior period. In addition, several prestigious and fast growing new accounts have been won including the previously announced new business win with Xiaomi, one of China's leading mobile internet companies.

Through the VTP's design-to-cost methodology and use of localised materials sourcing, the division has stabilised its underlying gross margin to 13.6% in the period (versus 12.1% in H2 FY14). The Group expects to see further benefits from both these elements of the VTP as they are embedded throughout the division.

Operating costs have increased marginally in the period (reflecting the investment in the sales force) resulting in an underlying divisional operating profit of $5.7m, a 44.8% increase on the prior period and a 70.6% increase on H2 FY2014.

Data Division

$'000	Half year ended		Year ended
	29 September 2013	5 October 2014	30 March 2014
Revenue	68,246	**73,701**	134,793
Underlying gross profit	15,827	**18,013**	32,026
Underlying gross margin	*23.2%*	***24.4%***	*23.8%*
Operating costs	(10,138)	**(10,300)**	(19,376)
Underlying operating profit	5,689	**7,713**	12,650
Underlying operating margin	*8.3%*	***10.5%***	*9.4%*

Volex designs and manufactures a broad range of cables and connectors (ranging from high speed copper cables to complex customised optical cable assemblies) that transfer data. Volex products are used in a broad range of areas including data networking equipment, data centres, mobile computing devices, medical equipment, vehicle telematics and alternative energy generation.

Revenue for H1 FY2015 was $73.7m, up 8.0% on the prior period. This revenue increase was despite the prior period benefitting from the European and North American roll out of 4G which concluded in H1 FY2014. This growth was driven through increased engagement with the existing customer base, with the revenue generated from the division's top five customers in aggregate growing by 7.9%, plus certain one-off projects such as the previously announced project supporting Cielo in the run up to the Brazil World Cup, generating revenues in excess of $1m.

The increase in underlying divisional gross margin to 24.4% (H1 FY2014: 23.2%; H2 FY2014 24.3%) reflects the greater Volex content included within our product offerings as customers increasingly demand customised and engineered solutions. This has been most noticeable in the datacoms environment where we have seen strong demand for our active copper cables, reflecting the need to transmit data at ever faster rates over ever longer distances. Furthermore the high margin healthcare environment has seen continued growth in the period with revenues up 5.7%.

Operating costs have increased marginally in the period, reflecting investment in field application engineering as part of the VTP. As previously communicated, product development and engineering capabilities are key to competitiveness in the Data Division.

As a result of the increased revenue and gross margin, underlying divisional operating profit for the period was $7.7m, up 35.6% on the prior period and 10.8% higher than H2 FY2014.

Non-recurring items and share-based payments

Non-recurring items of $8.0m have been incurred in the period of which $5.8m relates to a non-cash impairment of product development costs (and provision for associated costs) following a review of the Volex product portfolio across both divisions. As part of this review, the Board and the new Divisional Management teams assessed all of the development projects and concluded that for two specific projects, Active Optical Cables ('AOC') and Internal Power Adaptors, resources were better allocated elsewhere. As a consequence, the patents and capitalised development costs associated with AOC have been impaired.

A further $2.0m has been incurred as part of the VTP restructuring programme, down from $5.8m in the prior year.

Off-setting the non-recurring charge is a $0.5m credit for share-based payments arising from the lapse of two share option issues following their failure to meet targets.

Tax

The Group incurred a tax charge of $1.0m (H1 FY2014: $0.1m). The underlying tax charge was $1.0m (H1 FY2014: $0.1m), representing an underlying effective tax rate of 58% (H1 FY2014: 89%), consistent with our expectation of the underlying ETR for the full year.

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

The improvement in ETR in this period is as a result of improved overall Group performance and stable recognition of deferred tax assets.

Half year position and cash flows

Balance sheet and refinancing

Net assets as at H1 FY2015 are $57.4m, up $20.7m from the prior year end. This increase has been driven by the refinancing completed in July 2014 which has given the Group the financial flexibility to complete the VTP and thereby generate future shareholder returns.

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

$25.1m of this cash was used to refinance the Group's senior credit facility with the banking syndicate agreeing to amend and extend the existing facility to a $45m facility expiring in June 2017.

Net debt at H1 FY2015 of $5.6m is $26.6m lower than at year end. This is principally due to the net proceeds from the share issue in July 2014.

Cash flows

The underlying business generated $3.8m from operating activities (H1 FY2014: cash outflow of $12.0m), however, off-setting this was $3.9m (H1 FY2014: $3.1m) of non-recurring cash spend. This $3.9m included $1.4m of retention bonuses paid in respect of the prior financial year and $2.0m of restructuring spend under the VTP.

$2.1m of capital expenditure was incurred on tooling and machinery throughout the Group, down $1.8m on the prior period, reflecting the tighter controls surrounding capital expenditure programmes.

The Group is on track to be cash flow neutral for the full year.

Outlook

We are starting to see the benefits from the Volex Transformation Plan. Our focus on working more closely with our customers has delivered strong growth in sales and improved margins in the first half.

We have made important investments in people and infrastructure and continue to remain focused on delivering the procurement benefits within our plan that are expected to feature more strongly in the second half and beyond.

With the Group's well invested, global manufacturing footprint, high quality customer base and our commitment to continuous improvement, the Board has confidence that the company will deliver further sustainable growth in both sales and profitability.

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 FY2014 Annual Report and Accounts on pages 19 to 22, a copy of which is available on the website at www.volex.com.

The principal risks and uncertainties are summarised as:

- Customer concentration;
- Increased competition;
- Staff retention;
- Customer requirements;
- Manufacturing footprint;
- Supplier base;
- Rising commodity prices;
- Exchange rate fluctuations;
- Breach of financial covenants;
- Technology advancement; and
- Non-compliance with legislation and regulation.

Responsibility statement

We confirm that to the best of our knowledge

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

Christoph Eisenhardt
Group Chief Executive Officer
13 November 2014

Nick Parker
Group Chief Financial Officer
13 November 2014

Unaudited consolidated income statement

For the half year ended 5 October 2014 (half year ended 29 September 2013)

	Notes	Half year ended 5 October 2014 Before non-recurring items and share-based payments $'000	Half year ended 5 October 2014 Non-recurring items and share-based payments $'000	Half year ended 5 October 2014 Total $'000	Half year ended 29 September 2013 Before non-recurring items and share-based payments $'000	Half year ended 29 September 2013 Non-recurring items and share-based payments $'000	Half year ended 29 September 2013 Total $'000
Revenue	2	**220,874**	**-**	**220,874**	196,536	-	196,536
Cost of sales		**(182,851)**	**-**	**(182,851)**	(162,847)	(451)	(163,298)
Gross profit		**38,023**	**-**	**38,023**	33,689	(451)	33,238
Operating expenses		**(34,512)**	**(7,564)**	**(42,076)**	(32,131)	(3,756)	(35,887)
Operating profit/(loss)	2	**3,511**	**(7,564)**	**(4,053)**	1,558	(4,207)	(2,649)
Finance income		**18**	**-**	**18**	53	-	53
Finance costs		**(1,755)**	**-**	**(1,755)**	(1,513)	-	(1,513)
Profit/(loss) on ordinary activities before taxation		**1,774**	**(7,564)**	**(5,790)**	98	(4,207)	(4,109)
Taxation	5	**(1,026)**	**72**	**(954)**	(88)	(1)	(89)
Profit/(loss) for the period attributable to the owners of the parent		**748**	**(7,492)**	**(6,744)**	10	(4,208)	(4,198)
Earnings/(loss) per share (cents)							
Basic	6	**1.0**		**(8.6)**	0.0		(6.9)
Diluted	6	**1.0**		**(8.6)**	0.0		(6.9)

	Notes	Year ended 30 March 2014 Before non-recurring items and share-based payments $'000	Year ended 30 March 2014 Non-recurring items and share based payments $'000	Year ended 30 March 2014 Total $'000
Revenue	2	400,177	-	400,177
Cost of sales		(333,698)	(457)	(334,155)
Gross profit		66,479	(457)	66,022
Operating expenses		(61,947)	(8,897)	(70,844)
Operating profit/(loss)	2	4,532	(9,354)	(4,822)
Finance income		100	-	100
Finance costs		(3,392)	552	(2,840)
Profit/(loss) on ordinary activities before taxation		1,240	(8,802)	(7,562)
Taxation	5	(6,613)	-	(6,613)
Profit/(loss) for the period attributable to the owners of the parent		(5,373)	(8,802)	(14,175)
Earnings/(loss) per share (cents)				
Basic	6	(8.6)		(22.6)
Diluted	6	(8.6)		(22.6)

Unaudited consolidated statement of comprehensive income

For the half year ended 5 October 2014 (half year ended 29 September 2013)

	Half year to 5 October 2014 $'000	Half year to 29 September 2013 $'000	(Audited) Year to 30 March 2014 $'000
Profit/(loss) for the period	**(6,744)**	(4,198)	(14,175)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit pension schemes	**(874)**	(209)	268
Tax relating to items that will not be reclassified	**-**	-	-
	(874)	(209)	268
Items that may be reclassified subsequently to profit or loss:			
Gain/(loss) on hedge of net investment taken to equity	**(55)**	1,378	1,855
Cash flow hedges:			
Gain/(loss) arising during the period	**343**	(327)	(554)
Exchange gain/(loss) on translation of foreign operations	**400**	(3,541)	(4,478)
Tax relating to items that may be reclassified	**-**	-	-
	688	(2,490)	(3,177)
Other comprehensive income/(loss) for the period	**(186)**	(2,699)	(2,909)
Total comprehensive income/(loss) for the period	**(6,930)**	(6,897)	(17,084)

Unaudited consolidated statement of financial position

As at 5 October 2014 (29 September 2013)

	Note	**5 October 2014 $'000**	29 September 2013 $'000	(Audited) 30 March 2014 $'000
Non-current assets				
Goodwill		**3,080**	3,114	3,210
Other intangible assets		**1,356**	4,684	5,445
Property, plant and equipment		**36,733**	40,371	38,732
Other receivables		**739**	635	795
Deferred tax asset		**467**	4,816	488
		42,375	53,620	48,670
Current assets				
Inventories		**46,190**	42,976	39,987
Trade receivables		**75,391**	77,922	67,044
Other receivables		**10,040**	10,087	11,138
Current tax assets		**568**	851	480
Cash and bank balances	9	**23,572**	11,847	13,675
		155,761	143,683	132,324
Total assets		**198,136**	197,303	180,994
Current liabilities				
Borrowings	9	**6,371**	5,047	-
Trade payables		**66,448**	62,228	57,220
Other payables		**28,130**	27,263	22,184
Current tax liabilities		**5,212**	4,842	5,793
Retirement benefit obligation		**669**	621	659
Provisions		**3,293**	4,650	3,966
Derivative financial instruments		**693**	787	1,020
		110,816	105,438	90,842
Net current assets		**44,945**	38,245	41,482
Non-current liabilities				
Borrowings	9	**22,799**	48,226	45,895
Other payables		**244**	639	243
Deferred tax liabilities		**1,968**	1,900	1,995
Retirement benefit obligation		**3,026**	3,206	2,575
Provisions		**1,900**	2,338	2,719
		29,937	56,309	53,427
Total liabilities		**140,753**	161,747	144,269
Net assets		**57,383**	35,556	36,725
Equity attributable to owners of the parent				
Share capital		**39,755**	28,344	29,662
Share premium account		**7,122**	2,586	7,122
Non-distributable reserve		**2,455**	-	2,455
Hedging and translation reserve		**(9,042)**	(9,043)	(9,730)
Own shares		**(858)**	(4,945)	(1,103)
Retained earnings		**17,951**	18,614	8,319
Total equity		**57,383**	35,556	36,725

Unaudited Consolidated Statement of Changes in Equity

For the half year ended 5 October 2014 (half year ended 29 September 2013)

	Share capital $'000	Share premium account $'000	Non-distributable reserves $'000	Hedging and translation reserve $'000	Own shares $'000	Retained earnings/ (losses) $'000	Total equity $'000
Balance at 31 March 2013	**28,180**	**2,586**	**-**	**(6,553)**	**(4,945)**	**26,378**	**45,646**
Profit 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**
Balance at 30 March 2014	**29,662**	**7,122**	**2,455**	**(9,730)**	**(1,103)**	**8,319**	**36,725**
Profit for the period attributable to the owners of the parent	-	-	-	-	-	(6,744)	(6,744)
Other comprehensive income/ (loss) for the period	-	-	-	688	-	(874)	(186)
Total comprehensive income/ (loss) for the period	-	-	-	688	-	(7,618)	(6,930)
Issue of share capital	10,093	-	-	-	-	17,813	27,906
Own shares utilised in the period	-	-	-	-	227	(87)	140
Exercise of Non-Executive Long Term Incentive Scheme	-	-	-	-	18	(69)	(51)
Reserve entry for share option charges/(credit)	-	-	-	-	-	(407)	(407)
Balance at 5 October 2014	**39,755**	**7,122**	**2,455**	**(9,042)**	**(858)**	**17,951**	**57,383**

Unaudited consolidated statement of cash flows

For the half year ended 5 October 2014 (half year ended 29 September 2013)

	Notes	Half year to 5 October 2014 $'000	Half year to 29 September 2013 $'000	(Audited) Year to 30 March 2014 $'000
Profit/(loss) for the period		**(6,744)**	(4,198)	(14,175)
Adjustments for:				
Finance income		**(18)**	(53)	(100)
Finance costs		**1,755**	1,513	2,840
Income tax expense		**954**	89	6,613
Depreciation of property, plant and equipment		**3,267**	3,237	6,632
Impairment of property, plant and equipment		**689**	-	-
Amortisation of intangible assets		**445**	603	1,340
Impairment of intangible assets		**4,409**	-	-
Loss on disposal of property, plant and equipment		**2**	8	22
Share option charge/(credit)		**(466)**	(1,633)	(2,288)
Effects of foreign exchange rate changes		**134**	-	(893)
Increase/(decrease) in provisions		**(1,053)**	1,368	494
Operating cash flow before movements in working capital		**3,374**	934	485
(Increase)/decrease in inventories		**(6,833)**	(189)	2,897
(Increase)/decrease in receivables		**(8,536)**	(4,455)	5,713
Increase/(decrease) in payables		**14,959**	(9,894)	(17,270)
Movement in working capital		**(410)**	(14,538)	(8,660)
Cash generated by operations		**2,964**	(13,604)	(8,175)
Cash generated by operations before non-recurring items		**6,903**	(10,484)	(721)
Cash utilised by non-recurring items		**(3,939)**	(3,120)	(7,454)
Taxation paid		**(1,516)**	(541)	(1,215)
Interest paid		**(1,562)**	(967)	(1,677
Net cash generated from/(used in) operating activities		**(114)**	(15,112)	(11,067)
Cash flow from investing activities				
Interest received		**18**	52	100
Proceeds on disposal property, plant and equipment		**5**	-	44
Purchases of property, plant and equipment		**(2,140)**	(3,979)	(8,156)
Purchases of intangible assets		**(821)**	(945)	(2,278)
Utilisation of own shares		**190**	-	6,280
Net cash generated from/(used in) investing activities		**(2,748)**	(4,872)	(4,010)
Cash flow before financing activities		**(2,862)**	(19,984)	(15,077)
Cash generated/(used) before non-recurring items		**1,077**	(16,864)	(7,623)
Cash utilised in respect of non-recurring items		**(3,939)**	(3,120)	(7,454)
Cash flow from financing activities				
Dividends paid		**-**	-	(732)
Proceeds on issue of shares		**27,906**	-	4,804
Repayment of borrowings	9	**(25,139)**	-	(7,000)
Refinancing costs paid	9	**(691)**	-	-
New bank loans raised	9	**4,500**	4,000	8,082
Net cash generated from/(used in) financing activities		**6,576**	4,000	5,154
Net increase/(decrease) in cash and cash equivalents		**3,714**	(15,984)	(9,923)
Cash and cash equivalents at beginning of period	9	**13,675**	23,789	23,789
Effect of foreign exchange rate changes		**(188)**	(1,005)	(191)
Cash and cash equivalents at end of period	9	**17,201**	6,800	13,675

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 year ended 30 March 2014, 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 half year ended 5 October 2014 and the half year ended 29 September 2013 ('H1 FY2014') has not been reviewed by the auditors. The financial information for the year ended 30 March 2014 ('FY 2014') 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 year ended 30 March 2014 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 11 November 2014.

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.

Following the recent share issue and extension of the senior credit facility, the directors are satisfied that the Group has sufficient resources to continue to operate within the level of the contracted and committed facility for the foreseeable future, a period of not less than 12 months from the date of this report, 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. As a consequence, the Directors believe that the Group is well placed to manage its business within its covenants. Accordingly, they continue to adopt the going concern basis in preparing these condensed financial statements.

The same presentation and methods of computation are followed in these condensed financial statements as applied in the Group's latest annual financial statements. These condensed financial statements have also been prepared using accounting policies consistent with International Financial Reporting Standards as adopted for use in the European Union ('IFRS') and which are consistent with those disclosed in the annual report and accounts for the year ended 30 March 2014, except as described below.

The amendments to IAS 36, 'Recoverable Amount disclosures for Non-Financial Assets' and IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' have been applied retrospectively with no significant impact on the amounts reported.

There are no other standards, amendments to standards or interpretations that are both mandatory for the first time for the financial year ending 5 April 2015 and expected to have a material impact on the Group's results.

2. Business and geographical segments

Business segments

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

Division	**Description**
Power	The sale and manufacture of electrical power cords, duckheads and related products to manufacturers of electrical / electronic devices and appliances. These include tablets, televisions, power tools, printers, laptop/desktop computers 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 USB 3.0 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 best understand the Group's performance and profitability.

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

	Half year to 5 October 2014		Half year to 29 September 2013	
	Revenue $'000	**Profit/(loss) $'000**	Revenue $'000	Profit/(loss) $'000
Power	**147,173**	**5,685**	128,290	3,926
Data	**73,701**	**7,713**	68,246	5,688
Unallocated central costs (excluding share-based payments)		**(9,887)**	-	(8,056)
Divisional results before share-based payments and non-recurring items	**220,874**	**3,511**	196,536	1,558
Non-recurring items		**(8,030)**		(5,840)
Share-based payments		**466**		1,633
Operating profit		**(4,053)**		(2,649)
Finance income		**18**		53
Finance costs		**(1,755)**		(1,513)
Profit before tax		**(5,790)**		(4,109)
Tax		**(954)**		(89)
Profit after tax		**(6,744)**		(4,198)

The non-recurring items charge within operating profit of $8,030,000 (H1 FY2014: $5,840,000, FY2014: $11,642,000) was split $826,000 (H1 FY2014: $988,000, FY2014: $3,288,000) to Power, $6,245,000 (H1 FY2014: $461,000, FY2014: $1,414,000) to Data and $959,000 (H1 FY2014: $4,391,000, FY2014: $6,940,000) to Central.

2. Business and geographical segments (continued)

	(Audited) Year to 30 March 2014 Revenue $'000	Profit/(loss) $'000
Power	265,384	7,258
Data	134,793	12,650
Unallocated central costs (excluding share-based payments)	-	(15,376)
Divisional results before share-based payments and non-recurring items	400,177	4,532
Non-recurring items		(11,642)
Share-based payments		2,288
Operating profit		(4,822)
Finance income		100
Finance costs		(2,840)
Profit before tax		(7,562)
Tax		(6,613)
Profit after tax		(14,175)

Other segmental information

	External revenue			Non-current assets (excluding deferred tax assets)		
	Half year to 5 October 2014 $'000	Half year to 29 September 2013 $'000	(Audited) Year to 30 March 2014 $'000	**Half year to 5 October 2014 $'000**	Half year to 29 September 2013 $'000	(Audited) Year to 30 March 2014 $'000
Geographical segments						
Asia (excluding India)	**133,176**	117,815	240,168	**34,535**	37,753	35,391
North America	**45,438**	40,580	82,762	**1,395**	1,561	2,257
Europe (excluding UK)	**32,448**	29,512	60,553	**513**	490	518
India	**3,728**	2,536	4,863	**617**	557	611
South America	**6,084**	6,093	11,831	**716**	656	798
UK	**-**	-	-	**4,132**	7,787	8,607
	220,874	196,536	400,177	**41,908**	48,804	48,182

3. Non-recurring items

	Half year to 5 October 2014 $'000	Half year to 29 September 2013 $'000	(Audited) Year to 30 March 2014 $'000
Product portfolio realignment	**5,843**	-	-
Restructuring costs	**1,985**	5,840	8,643
Financing	**61**	-	1,569
Provision for historic sales tax claims	**102**	-	835
Movement in onerous lease provision	**-**	-	595
Other	**39**	-	-
Non-recurring operating costs	**8,030**	5,840	11,642
Non-recurring finance costs	**-**	-	(552)
Total non-recurring items	**8,030**	5,840	11,090

3. Non-recurring items (continued)

In the half year to 5 October 2014, the Group reviewed its product portfolio including ongoing product development projects. The Board, along with the new Divisional Management teams, concluded that the resources required to complete the Active Optical Cables ('AOC') development project were better allocated elsewhere. Under the requirements of IAS 36 'Impairment of Assets' the recoverable amount of the AOC development asset was assessed and it was determined to be lower than the carrying value. As a result an impairment charge of $4,308,000 was booked. Similarly all tangible fixed assets which were deemed specific to the AOC project were reviewed for impairment and a further charge of $789,000 was processed. Future contracted costs associated with AOC (including specific employee redundancies, purchase commitments and an onerous lease on the AOC development facility) have also been provided for totalling $746,000.

In FY2014, the Group initiated a Group-wide restructuring programme across all functions and all regions, referred to as the Volex Transformation Plan, 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 half year period with $1,985,000 expensed in relation to operational recruitment and redundancies.

In FY2014, the $8,643,000 cost of the VTP programme was split:

- An executive and senior management change element. This included the change of Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Company Secretary, certain Non-Executive Directors, the Chief HR Officer and the recruitment of the new divisional heads. In total, this generated a non-recurring charge of $4,913,000; and
- An operational element. This included the closure of the North America administrative centre, further reductions in the direct and indirect manufacturing headcount, the removal of certain middle management roles throughout the organisation and costs associated with down-sizing certain operations. In total, this generated a non-recurring charge of $3,730,000.

$5,840,000 of the above $8,643,000 was charged in the half year to 29 September 2013.

During FY2014 the Group explored a number of alternate financing opportunities. This cost the Group $1,569,000. A residual $61,000 in relation to this work was expensed in the half year to 5 October 2014.

The Group has taken a $102,000 charge in H1 FY2015 for penalty claims made against the Group relating to disputed sales tax payments in the Philippines from prior periods. In FY2014, a charge of $835,000 was made in relation to similar penalty claims for India sales tax.

In FY2014, the Group increased its onerous lease provision held against two properties resulting in an exceptional charge of $595,000 (2013: credit of $435,000). Assumptions made in the calculation of these two provisions were refreshed resulting in the change.

4. Dividends

Amounts recognised as distributions to equity holders in the period:	**Half year to 5 October 2014 $'000**	Half year to 29 September 2013 $'000	(Audited) Year to 30 March 2014 $'000
Final dividend for the year ended 31 March 2013 of 3.0 cents per share (2012: 3.0 cents per share)	**-**	**1,723**	**1,723**
	-	**1,723**	**1,723**

4. Dividends (continued)

The final dividend of 3.0 cents per share in respect of FY 2013 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:

	Half year to 5 October 2014	(Restated) Half year to 29 September 2013	(Restated) Year to 30 March 2014
Earnings/(loss)	**$'000**	$'000	$'000
Earnings/(loss) for the purpose of basic earnings per share	**(6,744)**	(4,198)	(14,175)
Adjustments for:			
Non-recurring items	**8,030**	5,840	11,090
Share based payments charge/(credit)	**(466)**	(1,633)	(2,288)
Tax effect of above adjustments	**(72)**	1	-
Underlying earnings	**748**	10	(5,373)
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	**78,111,849**	60,495,132	62,828,916
Effect of dilutive potential ordinary shares – share options	**440,864**	510,495	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**78,552,713**	61,005,627	62,828,916
Basic earnings/(loss) per share	**Cents**	Cents	Cents
Basic earnings/(loss) per share from continuing operations	**(8.6)**	(6.9)	(22.6)
Adjustments for:			
Non-recurring items	**10.3**	9.6	17.6
Share based payments charge/(credit)	**(0.6)**	(2.7)	(3.6)
Tax effect of above adjustments	**(0.1)**	0.0	0.0
Underlying basic earnings per share	**1.0**	0.0	(8.6)
Diluted earnings/(loss) per share			
Diluted earnings/(loss) per share	**(8.6)**	(6.9)	(22.6)
Adjustments for:			
Non-recurring items	**10.3**	9.6	17.6
Share based payments charge/(credit)	**(0.6)**	(2.7)	(3.6)
Tax effect of above adjustments	**(0.1)**	0.0	0.0
Underlying diluted earnings per share	**1.0**	0.0	(8.6)

6. Earnings per ordinary share (continued)

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

The denominators for the purposes of calculating both the basic and diluted earnings per share have been adjusted to reflect the placing and open offer that completed in July 2014.

7. Share issue

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

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

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

8. Own shares

	Half year to 5 October 2014 $'000	Half year to 29 September 2013 $'000	(Audited) Year to 30 March 2014 $'000
At the start of the period	**1,103**	4,945	4,945
Disposed of in the period on exercise of options	**(245)**	-	(16)
Sale of shares	-	-	(3,826)
At the end of the period	**858**	4,945	1,103

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 5 October 2014 was 1,249,399 (30 March 2014: 1,555,000; 29 September 2013: 4,050,598) and the Volex Group Guernsey Purpose Trust was 38,711 (30 March 2014: 80,000; 29 September 2013: 1,005,000).

In December 2013, the Volex Group plc Employee Share Trust sold 3,378,582 shares at £1.16 per share. The average price of shares held by the Trust at the time was £0.70 with a number of the shares having been issued by Volex plc to the Trust at nominal value. In accordance with the Accounting Standards, the difference between the sales price of £1.16 and the average share price of £0.70 has been recorded as a non-distributable reserve, giving rise to a $2,455,000 non-distributable reserve.

9. Analysis of net debt

	30 March 2014 $'000	Cash flow $'000	Exchange movement $'000	Other non-cash changes $'000	**5 October 2014 $'000**
Cash and cash equivalents	13,675	3,714	(188)	-	**17,201**
Bank loans	(46,372)	20,639	1,841	-	**(23,892)**
Debt issue costs	477	691	(51)	(24)	**1,093**
Net debt	(32,220)	25,044	1,602	(24)	**(5,598)**

	Half year to 5 October 2014 $'000	Half year to 29 September 2013 $'000	(Audited) Year to 30 March 2014 $'000
Cash and bank balances	**23,572**	11,847	13,675
Overdrafts (included in short term borrowings)	**(6,371)**	(5,047)	-
Cash and cash equivalents	**17,201**	6,800	13,675

10. 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 $nil (H1 FY2014: $1,059,000, FY2014: $1,524,000) for severance payments made to key management.

During H1 FY2015, Karen Slatford exercised 80,000 options held under the Non-Executive Director Long Term Incentive Scheme ('NED LTIS'). During H1 FY2014, Mike McTighe (the former Chairman of Volex plc) exercised 426,667 options held under the NED LTIS. During H2 FY2014, Chris Geoghegan, a former non-executive director of Volex plc exercised 53,333 options. These options had a $nil exercise price.

In the July share issue, an aggregate of 10,909 new ordinary shares were placed with both Karen Slatford and Daren Morris and 9,090 with Christoph Eisenhardt, all of whom are Directors of the Company. A further 6,137,538 shares were placed with NR Holdings maintaining their shareholding in Volex plc at 25.5%.