Volex plc
Annual Report and Accounts 2013

Connecting your world

In this year's report

Who we are

We are a leading provider of interconnect solutions and power products, servicing the telecommunications, datacoms/datacentre, industrial, consumer and medical sectors.

Volex's products and solutions are integral to the increasingly sophisticated digital world in which we live, providing power and connectivity across a wide range of markets.

Whether at work, at play or on the move, Volex's products are never far away.

Consumer

Cabling solutions for everyday consumer electronic items

Telecoms/ Datacoms

Cabling solutions for telecoms network operators and datacentres

Healthcare

Cabling solutions for patient monitoring and imaging systems

Industrial

Cabling solutions for a diverse range of industries including renewable energy and transport

Volex at a glance

Volex provides high quality electrical and optical connection solutions to customers around the world. We work closely with our customers throughout their product development cycles to design, develop and manufacture connection solutions that meet their specific business requirements. Our customers are equipment manufacturers in four market sectors: Consumer, Telecoms/Datacoms, Healthcare and Industrial.

Consumer

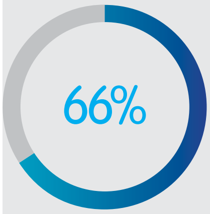
Our customers are manufacturers of electrical and electronic devices and appliances, primarily for consumer markets but also for business users. Our products are used in laptops, PCs and tablets, printers, TVs, DVDs, games consoles, power tools, kitchen appliances and floor cleaning equipment.

Key products

- PVC power cords.
- Halogen-free power cords.
- 2nd-generation duck head plugs.
- Customer joint designed power cords.

Revenue	Normalised* Profit
$311.0m	$45.9m
2012: $330.4m	2012: $59.1m

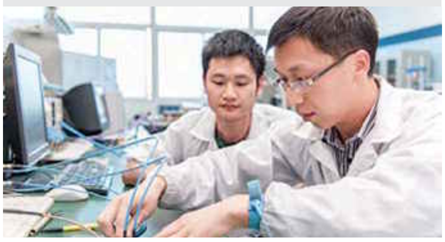
Contribution to Group Revenue



Contribution to Group Profit

Market drivers

- Growth in new product categories e.g. tablet computers, 3D-TVs, next-generation games consoles.
- Demand for environmentally-friendly components, e.g. halogen-free cabling.
- Manufacturers choosing global, high quality suppliers over low-cost local suppliers.



Telecoms/Datacoms

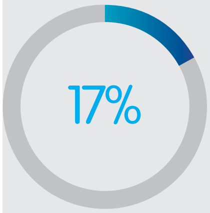
Our customers are manufacturers of vital equipment used in telecoms networks, datacentres and high performance computing centres. Our solutions are geared to the need for increasing rates of data transmission, delivered in sufficient volume to support ongoing roll-out of infrastructure in many countries.

Key products

- High speed copper cable assemblies.
- QSFP-FDR data rate.
- High density miniSAS.
- Industry-standard input/output (I/O) cable assemblies.

Revenue	Normalised* Profit
$82.2m	$19.5m
2012: $99.4m	2012: $21.0m

Contribution to Group Revenue



Contribution to Group Profit

Market drivers

- Smartphone-led demand for internet services accessed over mobile phone networks – leading to deployment of 3G and 4G/LTE networks.
- Ongoing build out of mobile phone networks in developing countries.
- Demand for datacentres driven by increasing consumer internet traffic.
- IT data and applications for enterprises being hosted in the network 'cloud'.

Healthcare

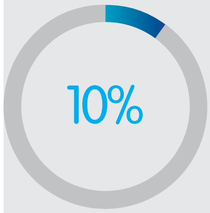
Volex supplies to large and medium-sized manufacturers of critical medical equipment such as Imaging systems (MRI scanners, X-Ray), Clinical Diagnostics systems, and Patient Monitoring systems.

Key products

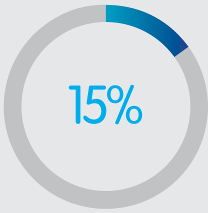
- Complex customised medical harnesses.
- MR coil cables.
- Internal and external defibrillator paddles.
- Blood-pressure transducer cables.
- Hospital grade power cords.
- Optical fibre solutions.

Revenue	Normalised* Profit
$46.9m	$12.8m
2012: $51.7m	2012: $14.2m

Contribution to Group Revenue



Contribution to Group Profit



Market drivers

- Increasing demand for healthcare services from growing 'middle classes' in China, India, and other fast-developing countries.
- Ageing populations in developed countries placing increased demand on healthcare providers, in turn driving need for efficiency through automation.
- Increased emphasis on monitoring and early diagnosis, to avoid cost of treating acute conditions.

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

Our global capacity

Industrial

Volex supplies to customers in a range of industrial segments including vehicle telematics, solar power, agricultural equipment and manufacturing automation/robotics.

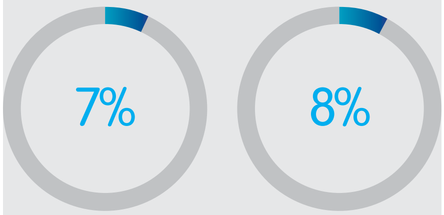
Key products

Complex cable assembly harnesses, tailored to specific types of industrial equipment.

Standard input/output (I/O) cable assemblies.

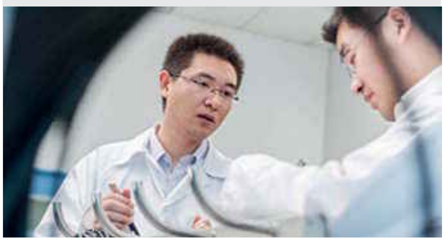
Revenue	Normalised* Profit
$33.0m	$7.1m
2012: $36.3m	2012: $8.2m

Contribution to Group Revenue	Contribution to Group Profit
7%	8%

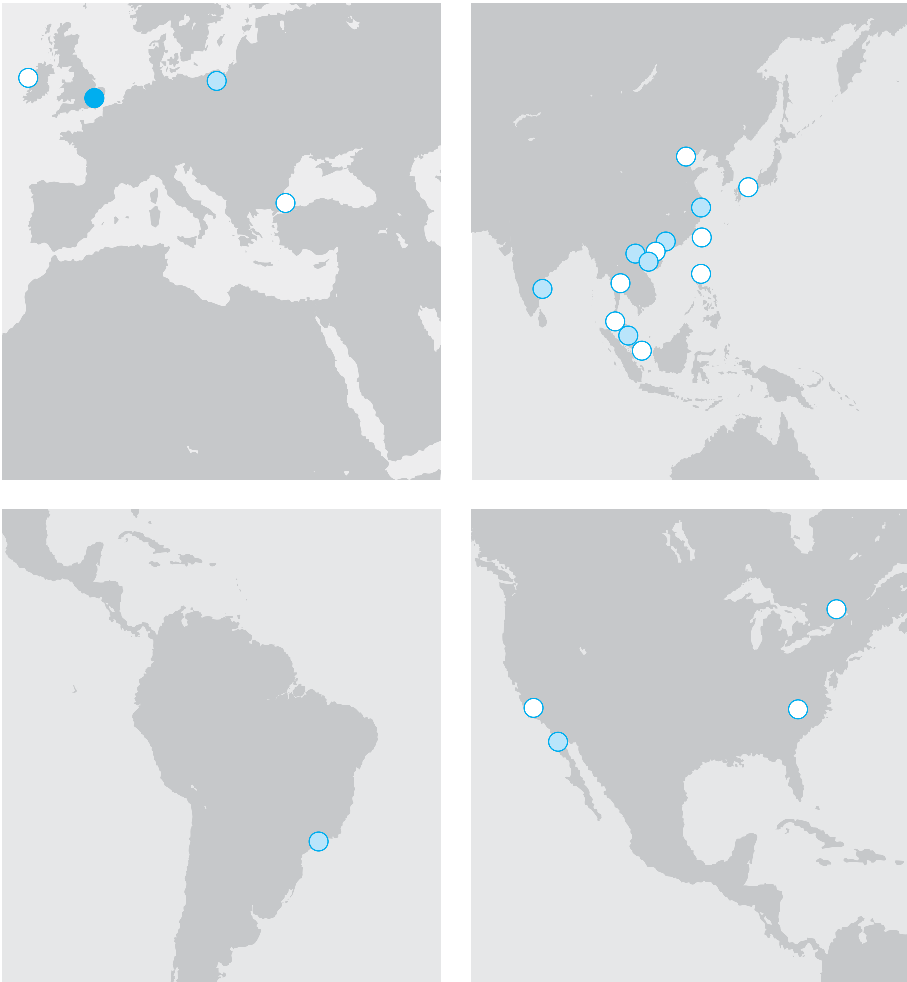


Market drivers

- Private and public investment in renewable energy such as solar power.
- Enhanced manufacturing efficiency and quality through investment in automation.
- Growth in trucking telematics enabling fleets to boost productivity and enhance safety.



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



Global headquarters
London United Kingdom

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

Sales/Engineering units
Canada Ottawa
China Hong Kong, Beijing
Ireland Castlebar
Japan Yokohama Osaka
Malaysia Selangor
Phillippines Laguna
Singapore
Taiwan Taipei
Thailand Bangkok
Turkey Istanbul
USA Hickory, NC, Santa Clara, CA

Volex markets & opportunities

Consumer Keeping you powered up

Mobile device growth

The mobile device market is growing at 15% per annum. Products to power and recharge these devices represents a significant opportunity for Volex. Products to power and recharge these devices represents a significant opportunity for Volex.

Duck head proliferation

Increasing OEM adoption of the duck head adaptor in their power solutions plays to our strengths, given the duck head design and manufacturing expertise that we have developed in the last few years.

Telecoms/Datacoms Staying connected

4G and the cloud

High speed and secure connectivity is the future. Our high speed/high data integrity interconnects are designed and perfectly positioned to support the high speed revolution.

Active Optical (AOC)

Datacentre and telecoms operators are increasingly demanding cost-effective, high speed fibre solutions to replace legacy copper based products. Our acquisition of the Applied Micro optical technology platform in the year enables us to participate fully in the emerging mutli-billion dollar optical interconnect market.

Healthcare Signal integrity & reliability

Global demographics

As the global population ages and disposable incomes rise, particularly in emerging economies, demand for healthcare will continue to rise.

Early diagnosis

Funding this burgeoning demand for healthcare is a global concern. Recognising this, there is increased emphasis on early diagnosis and patient monitoring and that is driving Volex to partner with its customers to develop interconnect solutions that improve these critical activities.

Industry High performance durability

Sensor prevalence

The world is becoming sensor dependent. CNN recently named data analytics as the leading job opportunity in 2020, and accurate interpretation of the sensor-driven data demands high performance durability from its interconnects.

Automation

Whether it is robotics on assembly lines or testing equipment in manufacturing plants, companies are seeking efficiency, performance, quality, environmental and safety improvements through automation. Volex's range of ruggedised products and its 'harsh environment' expertise mean it is well positioned to capitalise on the industry trends.

Highlights

Financial highlights

Revenue
$473.2m
FY2012: $517.8m

Normalised[1] gross margin
18.0%
FY2012: 19.8%

Normalised[1] operating profit
$12.3m
FY2012: $32.0m

Statutory operating profit
$4.2m
FY2012: $23.0m

Normalised[1] diluted earnings per share (EPS)
11.2 cents
FY2012: 42.4 cents
Basic loss per share of 1.6 cents (FY2012: basic earnings per share of 30.4 cents)

Return on capital employed[2] ('ROCE')
17%
FY2012: 58%

Free cash flow[3]
$20.7m
FY2012: $18.3m inflow
as a result of lower profit, increased capex and restructuring costs

Net debt
$19.5m
FY2012: net cash of $3.6m

Final dividend
3.0 cents
FY2012: 3.0 cents
Bringing total FY2013 dividend to 5.0 cents (FY2012: 4.5 cents)

(1) Before non-recurring items and share-based payments charge
(2) 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
(3) Free cash flow defined as net cash flow before dividends, payments to acquire own shares, refinancing costs paid and cash flows arising on disposal of operations

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. Group headcount reduced from H1 2013 peak of 9,750 down to 7,300 by year end

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

Despite challenging market conditions, our non-consumer sectors all maintained strong normalised gross margins in excess of 20%

Investment in our manufacturing capabilities with extensive upgrades to our Shenzhen and Batam facilities

Management changes

Appointment of Christoph Eisenhardt as the new Chief Executive Officer. Christoph, comes from KVT-Koenig where he was CEO and led its transformation to deliver record sales and profitability

Management team strengthened with the appointment of a new Chief Financial Officer and a Senior Vice President, Sales and Marketing

Chairman's letter

We have taken rapid and decisive action to address our cost structure and product margin following a tough year.

Mike McTighe
Chairman

FY2013 was a tough year for Volex. The macroeconomic environment remained tough 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.

During the year we commenced a restructuring plan for the business and took immediate action to cut costs, improve margins and thereby increase underlying profitability. We deepened the restructuring programme when it became clear that we needed to adopt a more robust approach to cost containment, sales leadership and migration to a higher margin product portfolio.

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) bringing the total dividend for the year to 5.0 cents (FY2012: 4.5 cents). Subject to shareholder approval at the forthcoming Annual General Meeting, a scrip alternative to the cash dividend is also being offered. This scrip dividend 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 the appointment of Christoph Eisenhardt as the new Chief Executive Officer who succeeds Ray Walsh, effective 1 July 2013.

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/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 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.

Mike McTighe
Chairman

Our business model

Volex's business model is based on adding value to customer products, delivered through our expertise in design and development, manufacturing and testing, and excellent service from a global footprint.

Account Management

We engage with our customers in long term business relationships to understand their specific business requirements, so that our whole service aligns with their own business objectives.

Design & Development

We use our global technical and commercial expertise to design solutions that i) meet the power and connectivity needs of our customers today and ii) address the challenges our customers are facing with their next-generation products.

We collaborate with our customers' engineering team at an early stage of the design/development cycle to produce design blueprints that utilise latest technologies to ensure cost-effective, high performance products.

We develop a manufacturing approach, using our process and tooling expertise to produce product samples for validating all performance requirements.

Customer outcomes

- High performing interconnect and powercord products that allow the customers' products to perform to their fullest potential;
- Enables customer engineering teams to concentrate on their core business of designing and improving their own products.

Volex outcomes

- Acknowledged as powercord and interconnect technical experts;
- Early engagement with customers on product design, providing solutions to their problems, promotes 'trusted partner' status.

Strategic value drivers

- Deep engagement with customers in their product development cycles at an early stage strengthens our relationships with customers and enables Volex to grow as our customers grow;
- Develop and acquire core technology competencies that can be applied across different products and customers;
- Target higher margins by providing value-added design expertise rather than contract manufacturing.

Supply Chain Management

We manage, on behalf of our customers, the sourcing of all required components, for their connection and power solutions.

We seek to own the bill of materials for all our products, allowing selection of components that offer the best all round performance, after considering cost, quality and delivery response times.

We operate a flexible supply chain that is responsive to the needs of our customers and treats suppliers as strategic business partners rather than routine transactional suppliers.

Customer outcomes

- Best quality, cost and lead-times for interconnect and power cord components;
- Access to Volex expertise in managing interconnect and power cord supply chain.

Volex outcomes

- Use of best quality/cost components enables price competitiveness to our customers and robust margins for Volex;
- Strengthens our relationship with customers and further underscores their trust in us.

Strategic value drivers

- Identification of components with optimal cost/performance balance increases value-add to our customers and drives longer term margin improvement;
- Global procurement relationships and capabilities provides Volex a competitive advantage by enabling us to meet our customers' geographic and volume requirements at lowest possible raw material input cost.

Manufacturing & Testing

We manufacture and test interconnect and powercord products according to customer requirements for volume, quality, lead-time and price.

We manufacture products that we have designed internally or from third party designs.

Our global manufacturing footprint and distribution hubs enable cost-efficient localised production and effective inventory control.

Customer outcomes

- High quality interconnect and powercord products, that meet or exceed technical performance and cosmetic requirements, produced and delivered in required volumes and on time;
- Efficient production processes allow competitive pricing that supports customer profitability.

Volex outcomes

- Increases Volex profitability by providing high quality products that meet our customers' needs;
- Our advanced manufacturing capabilities strengthen customer relationships, leading to further business opportunities.

Strategic value drivers

- Enhancing our partner relationships with customers by exceeding their expectations for product fit, form, function and timely delivery, with increased efficiency and reduced waste to drive margin gains;
- Embed a 'continuous-improvement' culture across Volex's manufacturing sites by systematically identifying and removing waste to reduce costs and increase profit;
- Drive product quality and productivity through enhanced technology and processes.

We aim for 'trusted partner' status with our customers whereby we can engage with their product development cycles at an early stage, to provide solutions that meet their specific requirements for product performance and quality, greater efficiency and timely delivery.

Customer outcomes
- Trusted supplier
- Supplier who can 'add value' based on strong knowledge of business
- Supplier aligned with customer's own objectives

Volex outcomes
- Long term partnership relationship
- New business opportunities

Global Logistics & Delivery

Our service to customers provides flexibility in meeting customers' delivery requirements, in terms of date, volume and location.

We maintain facilities in four continents in order to be a 'local' supplier to customers and better support their own production and speed to market objectives. Our customer hubs enable us to support fully our customers' just-in-time manufacturing processes.

Scalable logistics capability to fulfil customer demand spikes.

Customer outcomes
- Optimal supply lead-times for interconnects and powercord products, delivered on time to sites in different regions.

Volex outcomes
- Customer orders fulfilled efficiently and on time;
- Our advanced manufacturing capabilities strengthen customer relationships, leading to further business opportunities.

Strategic value drivers
- Positions Volex as possible supplier-of-choice to major customers who need to operate globally;
- Minimise inventory holding requirements to reduce working capital to industry-leading levels.

Returns to Shareholders

Despite a disappointing trading performance in FY2013, partly as a result of the challenging macroeconomic environment, management has re-iterated its confidence in the strength of the Volex business model, by recommending a final dividend in respect of FY2013 of 3.0 cents. Taken together with the interim dividend of 2.0 cents per share, this represents a total dividend of 5.0 cents per share in respect of FY2013 earnings.

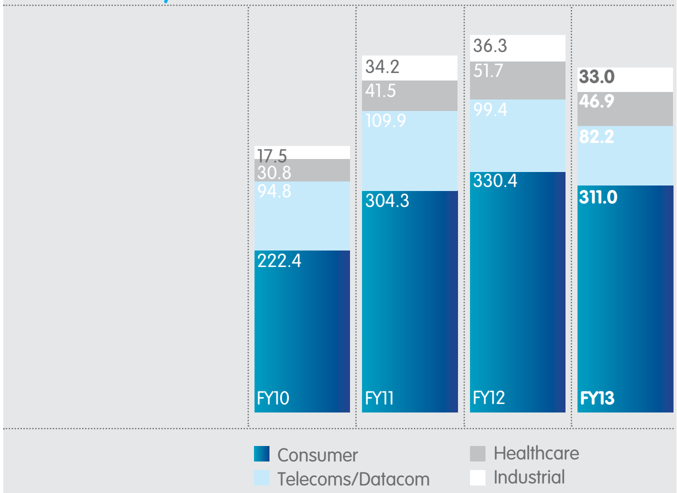
Dividends in FY2013 and FY2011 amounted to 4.5 cents per share and 2.0 pence per share respectively.

Our measurement of performance

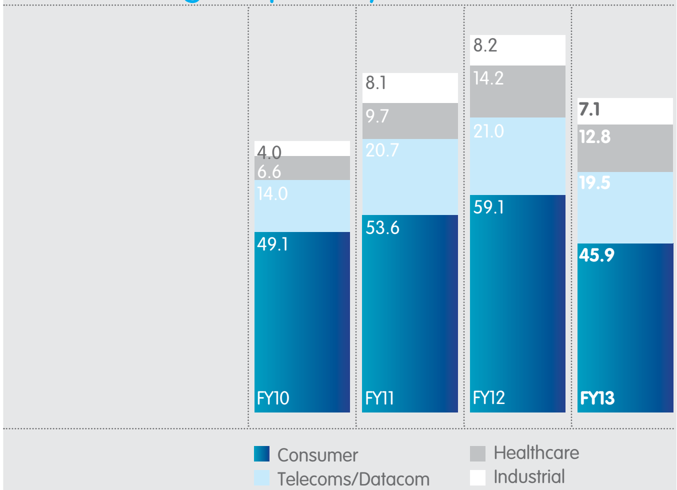
Financial KPIs

FY2013 has been a challenging year for Volex. Tough trading conditions coupled with planned investment in production capacity has led to a deterioration in our results. However, we remain confident in the long term strategy of the Group as evidenced by our capital investment programme and are confident of a return to growth.

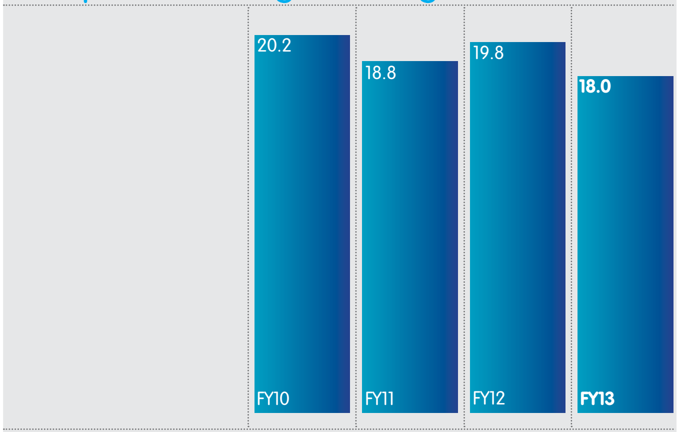
Revenue by sector $m



Normalised gross profit by sector $m



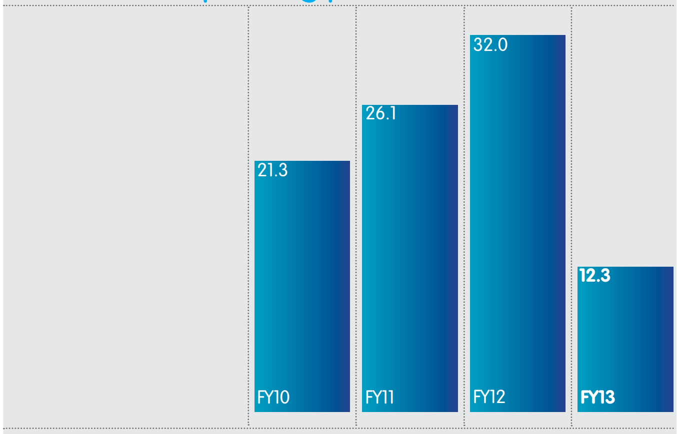
Group normalised gross margin %



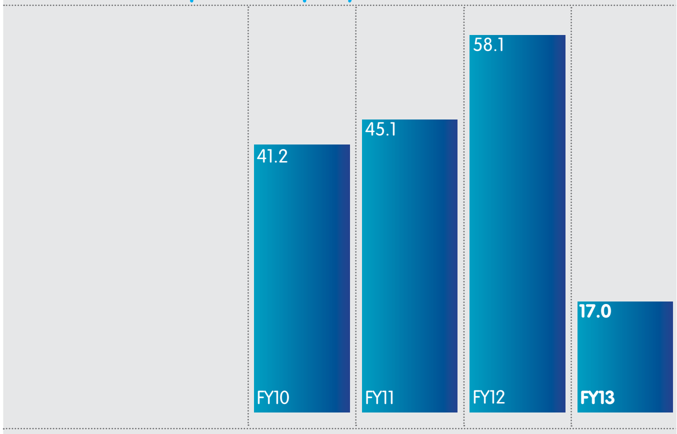
Non-financial KPIs

Last year's annual accounts stated that four new non-financial KPIs would be developed, monitored and reported in FY2013. Due to the challenging trading environment, management's attention has been focused on right-sizing the business and the development of these KPIs was suspended.
We hope to resume work on these KPIs in FY2014 and report accordingly.

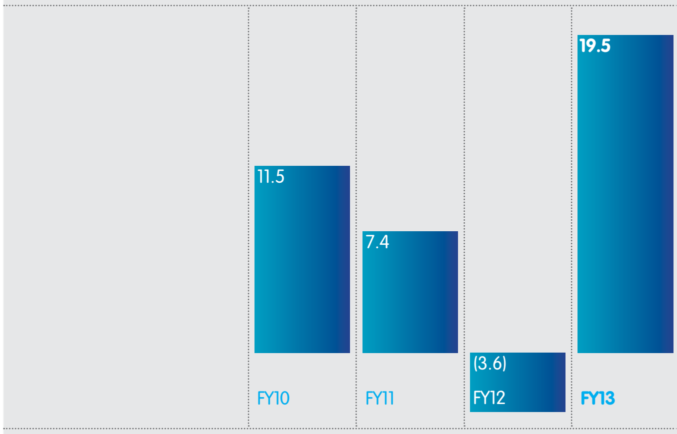
Normalised operating profit $m



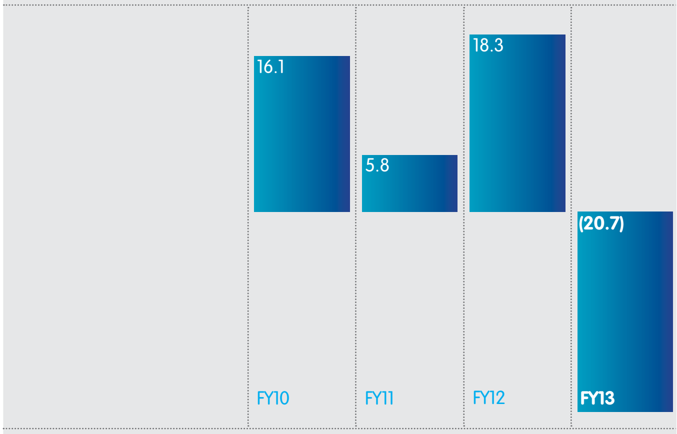
Return on capital employed (ROCE) %



Net debt/(cash) $m



Free cash inflow/(outflow) $m



Chief Executive's market and performance review

We have taken swift action to address the trading conditions we faced in FY2013 and to maximise Volex's longer term growth potential.

Ray Walsh
Group Chief Executive

FY2013 performance

	Revenue			Normalised Gross Margin(i)		
	2013 $'000	2012 $'000	% Var	**2013 %**	2012 %	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

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

Our performance this year was disappointing. 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 consumer electronics and the telecoms sectors, and delays in new customer programme launches contributed to the poor result.

Our markets

We operate in four market sectors.

Customers in our Consumer sector manufacture a wide range of electronic devices and electrical appliances, including PCs, laptops, TVs, games consoles and kitchen equipment. They increasingly choose high quality global suppliers who can help them satisfy the demand for increasingly sophisticated next-generation products.

Our Telecoms/Datacoms solutions address the need for increasing rates of high volume data transmission. Customers include manufacturers of equipment for telecoms networks, datacentres and high performance computing. With burgeoning demand for internet services accessible via mobile devices, increased data speeds are essential and these customers seek outstanding quality of manufacture coupled with high performance – at a competitive price.

The Healthcare sector is characterised by extended product development cycles and long product lifetimes. Customers seek long term relationships with suppliers and include manufacturers of critical equipment including imaging, diagnostics and patient monitoring systems. Ageing populations and an increased emphasis on early diagnosis and monitoring are driving the market, along with a growing demand for sophisticated healthcare services from developing economies.

Our Industrial sector includes a range of segments including vehicle telematics, solar power installations and robotics for manufacturing. The constant push for greater productivity and increased efficiency is driving growth in both telematics and manufacturing automation.

Our performance

Despite significant revenue growth of 35% with our largest customer, total Consumer revenue was down 6% compared to last year as many of our customers suffered from the downturn in consumer electronic spend. The normalised gross margin was down by 3.2% to 14.7% largely as a result of a ramp up in manufacturing capability in the first half of FY2013, for which the expected revenues did not materialise. These surplus costs were then removed during the second half of FY2013.

In our Telecoms/Datacoms sector, lower spend from telecoms operators in response to ongoing economic uncertainty impacted revenue. We did however, experience good growth in datacoms, from high speed copper products and our new passive optical engagements. This mix change helped normalised gross margin in the Telecoms/Datacoms sector increase to 23.7%, from 21.2% in FY2012.

In our Healthcare sector, revenues were down 9% compared to last year. This was principally due to customer destocking programmes and delays in new product launches. However, normalised gross margin for the Healthcare sector remained stable.

Industrial revenues decreased as our customers – particularly in transportation – reduced their capital expenditure. Normalised gross margin also slipped, due to the operating leverage effect of absorbing fixed overheads over reduced revenues. Certain test and measurement programmes usually supplied by Volex also experienced delays during the year.

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 focused 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, Group-wide staffing levels have dropped 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 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.

Chief Executive's market and performance review continued

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 offset 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 rightsizing 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.

Our people

This year we continued to embed 'One Volex' – our programme of cultural transformation – throughout the organisation. The programme aims to unify and strengthen our teams, refocusing our people on the key issues and behaviours that influence our productivity, performance and efficiency.

In addition to strengthening the sales team mentioned above, we made several other key appointments this year.

David McKinney was appointed to the newly-created role of Chief Operating Officer in May 2012. During the year he introduced some key initiatives to improve Consumer gross margin including creating a New Product Introduction process and establishing focused quality and engineering teams.

Daniel Abrams, who joined as Chief Financial Officer in December, has led the reorganisation of the finance function and completed the restructuring programme, incorporating the necessary cost containment initiatives.

Outlook

Our refocused sales organisation will provide a firm foundation from which we can deliver sustainable and profitable growth.

Our cost structure is more closely aligned to current trading levels. It is also flexible and scalable, allowing us to increase output and capitalise on opportunities when market conditions improve.

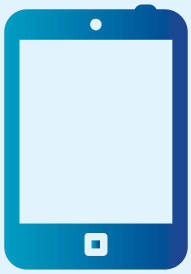
Our newly-formed technology team, based in Santa Clara, has enjoyed success on a series of product development initiatives. Our acquisition of the active optical technology platform is an indicator of the strong 'technology' focus that Volex is adopting.

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

Ray Walsh
Group Chief Executive

Operating review

Consumer



Despite tough trading conditions, Volex increased its sales with the Consumer sector's largest customer by 35% in FY2013.

Business focus

Our Consumer Products customers comprise well-known brand names in the consumer electronics sector. They principally include manufacturers of computers and printers, TVs, games consoles and laptops as well as makers of domestic appliances such as fridges, freezers, floor care products, power tools and gardening equipment.

Market

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. According to Gartner, PC shipments worldwide in 2012 were down by 3.5% and competition became more intense in a shrinking market. The traditional desktop and laptop computing markets is, however, forecast to return to growth and provide high single digit growth percentages out to 2016.

Long term, consumer sentiment is shifting away from PCs towards the adoption of mobile devices such as tablets and smartphones, the power requirements for which are significantly smaller. Forecast growth between 2012 and 2016 for tablets and smartphones is 15%. Although we currently have a smaller presence in the mobile device arena, this smaller form factor market represents a significant opportunity for Volex.

Performance

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.

Business away from our largest customer has proved to be challenging. As a result of weak demand for Consumer electronics products – from individuals and corporate customers – we experienced lower year-on-year demand for our power solutions from most other customers in the sector. This macroeconomic adversity also resulted in increased price competition, which held back sales revenue growth and impacted our ability to win new business.

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, including the recruitment and training of more than 1,000 new production employees together with additional tooling and site expansion costs. 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 normalised gross margin was also impacted by temporary production inefficiencies arising on certain new products (including scrap rates above the historic average and labour productivity rates below the historic average). 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.

These two issues, combined with the operating leverage effect of decreasing sales and heightened price pressure, resulted in the normalised gross margin decline.

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Capital expenditure

Significant investments were made to our production facilities during the year, and we implemented several essential upgrades to equipment and capacity at our largest Chinese facility in Shenzhen. We established local production in Brazil in response to our largest customer's request for in-country manufacturing.

We are investing in internal cable capabilities with several key accounts and successful penetration of this market will enable us to diversify with our largest customer. It will allow us to pursue new business in this field to grow revenue.

These investments demonstrate our ongoing commitment to our key customers through creation of an environment that supports their long term requirements. The expertise acquired through these enhanced facilities and technologies will help us access other customers with similar design requirements.

Looking ahead

Trading in the Consumer sector will continue to be competitive in FY2014 as customer demand continues to reflect broader economic conditions.

However, the newer generations of mobile devices such as smartphones and tablets represent a considerable opportunity for Volex, which we plan to pursue with vigour. USB duck head adapters are becoming increasingly widely used, as consumers migrate towards smaller devices that require USB power delivery systems. To date we have not had a significant presence in the USB transformer space, but recognise that this field represents a promising area of opportunity for Volex, which we plan to develop.

Our design capabilities, global footprint, strong brand and reputation for quality all ensure we have a strong competitive edge going forward.

$19.3m

investment in Consumer manufacturing facilities

Operating review
continued

Telecoms/ Datacoms

Acquisition of Active Optical Cable technology in FY2013 for $1.8m represents Volex's first entry into the strongly growing high speed optical interconnect market.

Business focus

Volex 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 datacentre environments.

Market

Key market drivers for the telecoms industry continue to be the increases in subscriber numbers and data traffic alongside a corresponding decrease in voice traffic. Speed and miniaturisation are high priorities and there is a growing demand from telecoms providers for fibre optics to boost transmission speeds and reduce bottlenecks.

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

The rapid expansion of cloud computing and the increasing requirement for the capture, storage and transfer of 'big data' are two of the principal drivers behind the growth of datacentres. Increasing volumes of internet traffic and the universal demand for high speed connections from consumers and businesses alike are also continuing to drive high performance datacentre requirements.

23.7%
normalised gross margin up 2.5% on FY2012

Performance

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 ongoing economic uncertainty. The North American market in contrast showed growth of 16%, driven primarily by mobile broadband investment by the telecoms operators.

During the year, we successfully negotiated the engagement and pre-qualification process with several key customers that offer significant growth potential for the future.

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 opportunities.

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.

Optical interconnect technology

Our datacentre and telecoms customers have been seeking cost effective high speed optical solutions to replace legacy copper interconnects.

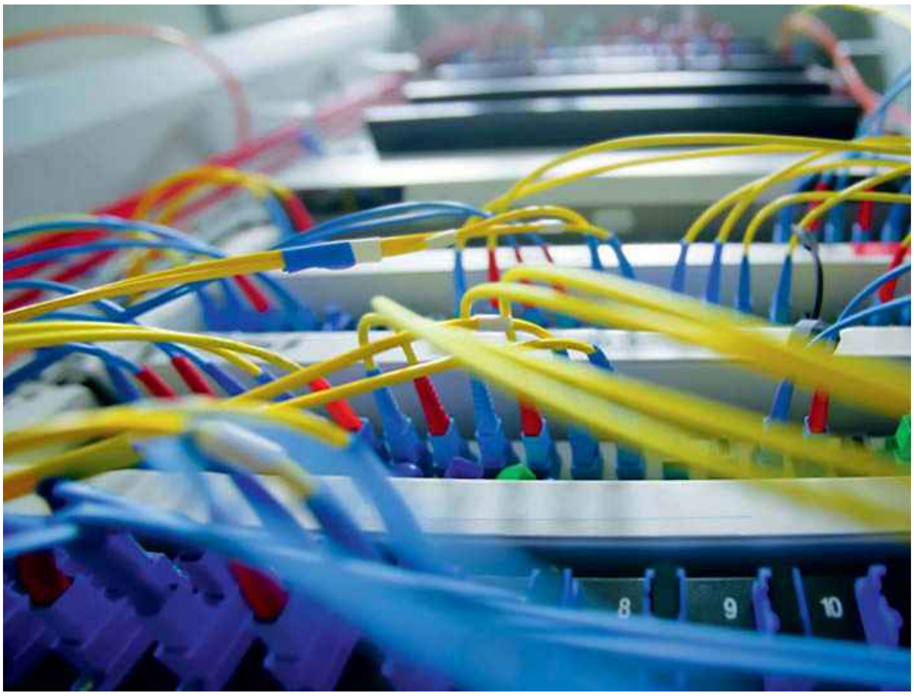
In December we acquired the active optical technology platform of Applied Micro Circuits Corporation for $1.8m. The acquisition of a robust patent portfolio, technology, laboratory equipment and product designs supports our entry into the emerging, strongly growing optical interconnect market for high speed data applications in datacentres 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 competitive active optical solutions, including active optical cables and transceivers.

Looking ahead

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, healthcare 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.



Operating review
continued

Healthcare

27.3% normalised gross margin supports the Healthcare sector's key design partner strategy.

Business focus

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. With a proven track record and a committed, collaborative approach, we provide our customers with international coverage, a wide range of solutions and outstanding product and engineering support.

Market

Healthcare is considered to be more stable than other high technology sectors and is characterised by long product development and lifecycles. Relationships between equipment manufacturers and their suppliers also tend to be long term.

The ageing global population and the increase in chronic 'lifestyle' diseases are two of the principal drivers in this market. There is increasing demand for early diagnosis, comprehensive patient monitoring and high quality treatment. Use of disposable products to prevent the spread of infection has also increased and there has been a move towards minimally invasive procedures. Cost containment is also a key driver.

Notwithstanding the growth opportunities in the industry, the sector was not immune to general macroeconomic pressures. The market in FY2013 was challenging with intense competition and pricing pressures. In addition, there was a marked focus on cutting inventories across Volex's customer base as healthcare equipment manufacturers attempted to reduce working capital.

Performance

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.

37%

increase in Volex India's healthcare sales reflecting growth in emerging markets

Design wins on new X-ray and infant care products, however, helped offset this revenue pressure. Further, we experienced early design-in success and stable demand from a major imaging systems provider in Europe. Additional business was also won with several customers offering the potential for considerable revenue growth in the next three to five years.

We also successfully supported the transfer of customer programmes from developed to emerging markets and focused our business development activity on new divisions or acquisitions within our existing customer base.

Away from our traditional customer base, we secured a number of prestigious customers for cabling solutions in new healthcare niches, including next-generation robotic surgery. This enhances our presence in this field and supports our efforts to engage and secure additional surgical systems customers.

Despite the decline in revenues, normalised 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. Further by working with our customers on mutually beneficial cost reduction programmes, we have been able to reduce our selling prices whilst not adversely impacting margin.

During the year, we underwent and passed several new customer audits and retained our strategic supplier status with our largest healthcare customer.

Capital expenditure

Volex invested to facilitate expansion into new healthcare segments with both new and existing customers. We are establishing a new silicone moulding process capability at our Tijuana plant, which will enable us to offer sophisticated products to potential customers in patient monitoring, cardiac care and pain therapy.

We are also investing in multi-mode fibre optic cables assemblies (MTO/MTP) which will support further penetration into the surgical systems market. Our recent acquisition of active optical technology platform complements this drive.

Looking ahead

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.

Operating review
continued

Industrial

A tough trading year saw the Industrial sector revenues decline by 9% with the resultant leverage effect adversely impacting gross margin.

Business focus

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.

Market

A key driver in this market is the growing prevalence of sensors across the industrial sector. The growing field of data analytics requires high speed interconnects capable of handling today's data transmissions. Customers are also moving to greater automation in their manufacturing operations, with the increasing use of robotics on assembly lines and testing equipment across multiple industrial processes.

Additional growth opportunities in this market lie in the renewable energy sector, where customers require cabling and harnesses for wind and solar power generation. There is also an increasing need for durable, 'ruggedised' products to withstand harsh environment conditions. However, the prevailing macroeconomic situation has slowed the rate at which customers are investing in new product development.

Performance

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.

Despite the difficult trading conditions, we secured additional business this year with new designs for existing major customers. We developed a standard solution for light-truck local applications for our largest customer, creating custom derivatives for high volume traffic. We also developed a complex hybrid assembly for surface mount technology applications.

During the year we worked closely with an innovative British company specialising in solutions using alternative hydrogen fuel cells. Our unique AC/DC adapter design delivers off-grid power from the customer's PEM fuel cell to users of handheld devices. This represents a growth opportunity for Volex in a new field with promising revenue stream potential. We worked closely with this customer from the earliest stages of the design process to ensure alignment of all electrical, mechanical and cosmetic aspects of the design with the customer's product.

Industrial normalised gross margin 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.

Capital expenditure

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.

Looking ahead

The acquisition of the AOC optical technology platform and the development of the USB3.0 and HDMI derivatives provides us with significant opportunities in FY2014. For example, the use of USB3.0 optical solutions in machine vision increases performance and reduces the overall weight of the solution, which in turn reduces power consumption and operating expenditure. Use of an HDMI interface in digital signage enables more flexible placement, reduced equipment costs and higher definition solutions.

14% growth

in our robotics/automation accounts

Operating review
continued

Manufacturing operations and supply chain

Significant investment in manufacturing facilities leaves us well positioned to serve our customers in FY2014 and beyond.

Manufacturing operations

David McKinney took up the new executive position of Chief Operating Officer in May 2012 and developed his team over the year. Investment was made in the Engineering function in order to improve Volex's product and process design capability. Further, a value-stream based approach was adopted in Shenzhen to ensure better alignment with – and accountability for – satisfying customer needs.

During FY2013, an extensive upgrade of the Shenzhen manufacturing plant in China was completed 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.

Our plant at Batam, Indonesia was also expanded 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 site expanded site commenced in April 2014.

During the year, production inefficiencies arose on the introduction of certain new products. This saw scrap rates rise to 3.6% (as a percentage of material cost) during the first half of FY2013. However, through the continued implementation of LEAN manufacturing techniques and the introduction of the Volex Production System at Shenzhen, this was reduced by 42% to 2.1% by year end.

Improved labour efficiency through the year has helped offset minimum wage inflationary pressure in our manufacturing territories with labour cost as a percentage of sales being held below 8%, excluding the ramp up impact.

The introduction of the 3P (Production, Preparation, Process) initiative shortened the new product introduction process at Tijuana, where we also achieved ISO13845 quality certification.

In addition to the initiatives described above, low cost automation in Zhongshan has also been introduced and a more flexible workforce has been created across several of our facilities.

Supply chain

During the year we worked to identify alternative sources in Asia with the aim of keeping our costs down and reducing lead-times. We exceeded our purchase price variance goal, generating 2.3% of cost savings and succeeded in reducing our tool fabrication lead-times from between six and eight weeks to four weeks.

Inventory increased this year, principally in our Consumer business as a result of the halogen-free introduction programmes. Non-consumer inventory remained relatively flat, reducing towards the end of the year. Overall, our raw material lead-time reduced by 30 days through a combination of local/regional sourcing and vendor managed inventory.

Looking ahead

In FY2014 we will broaden our product design capability and make the best use of our manufacturing footprint and people. We will maintain our focus on quality improvement and cost containment.

The investment during FY2013 in our global manufacturing base leaves us well positioned to serve our customers going forward and gives us a competitive advantage as we seek new business in an increasingly challenging market.

Technology

Acquisition of AOC technology is a significant step forwards in the development of a high margin product portfolio.

This year our technology team worked on a series of product development initiatives including active optical technology, rapid prototyping and alternative power supplies. Based in Santa Clara, California, this group is focused on innovation, design and technology improvements. The team works closely with our customers and sales teams, devising solutions to current challenges and developing and commercialising future products.

We collaborated with iWatt – a leading power interconnect company – to develop an innovative new power supply, producing 20 prototypes with the smallest footprint of a <85W supply on the market. The collaboration enabled us to gain valuable insight into the exact specifications customers are demanding in power solutions.

The acquisition of the active optical cable platform from Applied Micro filled a gap in our product offering and provided us with 29 optical interconnect issued and pending patents. Active optical technology is the next step in the high speed interconnect field, and presents Volex with a large addressable market as the industry continues the migration from copper to optical fibre technology.

For FY2014, we are focused on successfully launching out AOC product offering with our first customers having already received initial product samples. Going forward, we are excited about the opportunities to leverage this technology platform in multiple form functions across industry sectors.

The transaction with Applied Micro created a natural platform for the ongoing collaboration between our companies. Since the transaction closed, we have collaborated with Applied Micro on several projects to advance our AOC products and marketing opportunities, leveraging their knowledge of networking and datacentre customers. This was our first technology acquisition and we intend to pursue similar promising opportunities as they arise in future.

We showcased our products and expertise at a number of high profile global technology events during the year. We also continued to play an active role on key standards committees and industry associations including the Video Electronics Standards Association (VESA) and the Ethernet Alliance.

Looking ahead

The coming year will see us accelerate our prototyping capabilities and develop our expertise in PCB layout and design for power supplies. With a one-stop shop for design, prototyping and manufacturing, we are able to produce designs that add genuine value for our customers; helping them access markets and drive revenues faster.

The future will see us actively develop our expertise and capabilities in new areas. For example, MTO/MTP multi-mode fibre products target datacentre build-outs and can be sold with Volex's other high speed cable offering. We are also actively exploring strategic partnership possibilities for entry into the USB and power adapter market, which focuses on the high value combination of higher wattage and smaller size. Our AOC technology has promising potential for use in markets including digital signage and storage and we are actively pursuing new applications for these products.

Over the next 12 to 18 months we will expand our industrial design capabilities to enable us to handle more projects.

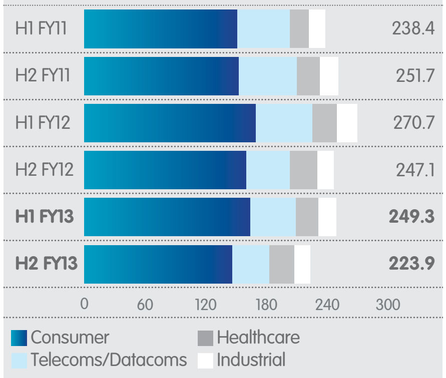
Financial review

Investment for the future despite current disappointments.

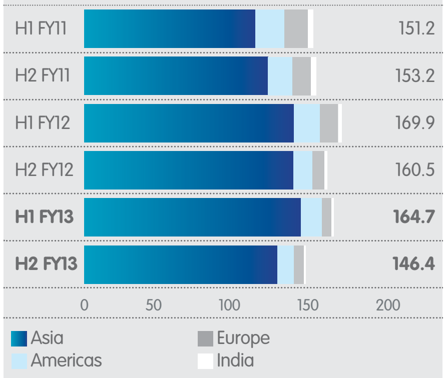
Daniel Abrams
Chief Financial Officer

Performance indicators

Group half-yearly revenue by sector $m



Consumer half-yearly revenue by region $m



Swift action taken in response to challenging market conditions

The current year trading performance has been disappointing with revenues down across all four sectors. The global macroeconomic 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 across function restructuring programme.

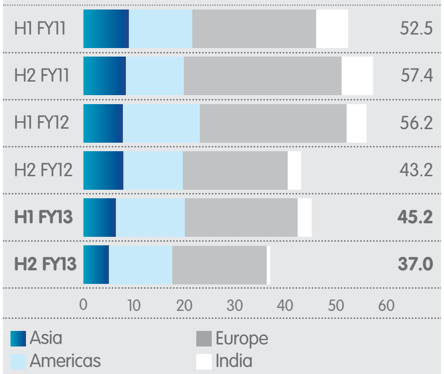
Measuring financial performance

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

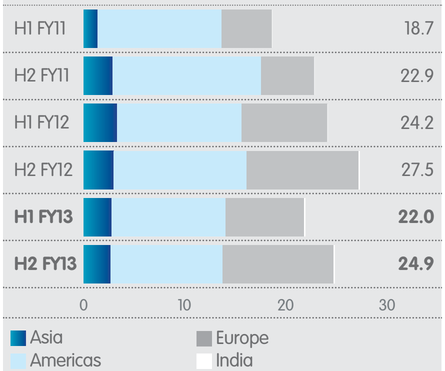
Measure	Definition
Normalised profit	Profit before non-recurring items and share-based payment expenses
Normalised EPS	Earnings per share adjusted for the impacts of non-recurring items and share-based payments

Performance indicators

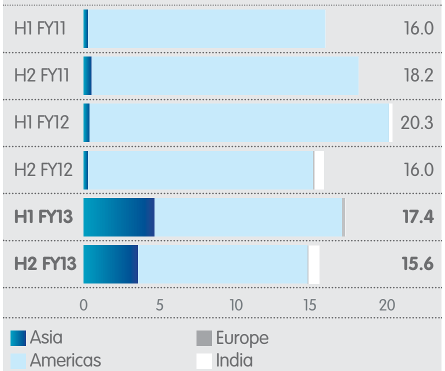
Telecoms/Datacoms half-yearly revenue by region $m



Healthcare half-yearly revenue by region $m



Industrial half-yearly revenue by region $m



Trading performance

Financial performance by sector

Consumer	2011 $'000	2012 $'000	**2013 $'000**
Revenue	304,336	330,372	**311,026**
Normalised gross profit	53,609	59,113	**44,715**
Normalised gross margin	17.6%	17.9%	**14.4%**

Telecoms/Datacoms	2011 $'000	2012 $'000	**2013 $'000**
Revenue	109,948	99,440	**82,184**
Normalised gross profit	20,653	21,034	**19,504**
Normalised gross margin	18.8%	21.2%	**23.7%**

Healthcare	2011 $'000	2012 $'000	**2013 $'000**
Revenue	41,536	51,663	**46,944**
Normalised gross profit	9,735	14,186	**12,811**
Normalised gross margin	23.4%	27.5%	**27.3%**

Industrial	2011 $'000	2012 $'000	**2013 $'000**
Revenue	34,189	36,294	**33,000**
Normalised gross profit	8,072	8,186	**7,087**
Normalised gross margin	23.6%	22.6%	**21.5%**

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 offset by a 23% decline in the remainder of our Consumer customer base. The 23% decline was primarily due to the well documented macroeconomic 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.

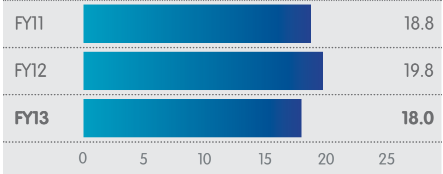
The Healthcare revenue was down 9% from $51.7m in FY2012 to $46.9m in FY2013 due to reduced demand in the nuclear medicine imaging field and delayed orders from the sector's largest customer as they postponed their rollout of new imaging systems. The normalised gross margin remained strong at 27.3%,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

Financial review
continued

Performance indicators

Group normalised gross margin by year %



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 enhanced 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 removed approximately 300 staff directly 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 temporary 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 has 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 lapsed during FY2013 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 also 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.

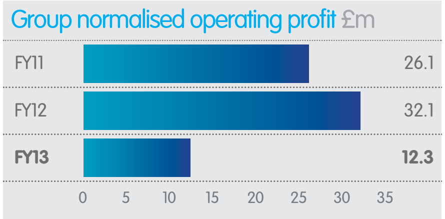
Subsequent to the acquisition, the Group has incurred $0.2m of development costs in integrating the acquired technology with the Group's existing product range. Having met the conditions of IAS 38 'Intangible assets' these costs have been capitalised.

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.

Performance indicators



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 profitability, 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. The Board is also proposing to introduce a Scrip Dividend Scheme which will give shareholders the right to elect to receive new ordinary shares in the Company (credited as fully paid) instead of future cash dividends when a scrip dividend alternative is offered.

The Scrip Dividend Scheme is intended to replace the Dividend Re-investment Plan which shareholders were previously invited to participate in. Under the Scrip Dividend Scheme, new ordinary shares will be allotted by the Company whereas under the Dividend Re-investment Plan existing ordinary shares were purchased in the market, which was subject to stamp duty and commission. As it will not be possible to participate in the Scrip Dividend Scheme (subject to shareholder approval being received) and the Dividend Re-investment Plan, any shareholders who have elected to join the Dividend Re-investment Plan will have their participation in the Dividend Re-investment Plan terminated by notification in writing by the plan provider.

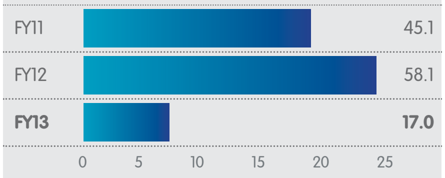
Details of how Shareholders can elect to participate in the Scrip Dividend Scheme and the terms and conditions of the scheme are set out in the Notice of Meeting which will be sent out in a separate document to this report and also in a booklet which will be posted to Shareholders. Both the Notice of Meeting and the booklet will also be made available on the Company's website at www.volex.com.

Subject to shareholder approval at the forthcoming Annual General Meeting, the FY2013 final 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. 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.

Financial review
continued

Performance indicators

Return on capital employed (ROCE) %



	FY12 $'m	FY13 $'m
Normalised operating profit	32.0	**12.3**
Capital employed		
Intangible assets (excluding goodwill)	2.9	**4.1**
Property, plant and equipment	20.0	**39.7**
Inventories	49.8	**43.0**
Trade and other receivables	106.2	**84.5**
Trade and other payables	(123.9)	**(98.6)**
	55.1	**72.7**
Return on Capital Employed	58%	**17%**

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.

The above table defines how the Group calculates ROCE:

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 (FY 2012: $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.

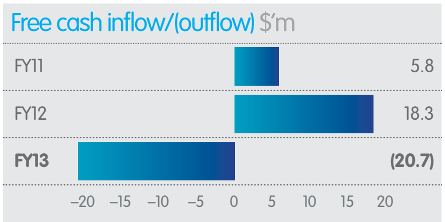
To finance the capital expenditure in the year, a further $6.0m of debt finance has been drawn down against the senior credit facility. In the prior year, as part of the refinancing $26.4m was repaid to close the pre-existing facility and $39.5m drawn down under the current facility. Professional fees 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 incurred a $17.2m cash outflow for the year (FY2012: $23.7m cash inflow). As at 31 March 2013, the Group held net debt of $19.5m compared with a $3.6m net cash position as at 1 April 2012.

The above cash flow movements have resulted in the following free cash flow for the period.

Annual free cash flow	FY12 $'m	FY13 $'m
Net cash generated from operating activities	30.4	**6.4**
Cash flow from investing activities	(15.1)	**(26.7)**
	15.3	**(20.3)**
Add back:		
Acquisition of own shares	3.0	**(0.4)**
Cash flow on disposal of operations	0.0	**0.0**
Free cash flow	18.3	**(20.7)**

Performance indicators



Banking facilities, covenants and going concern

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 agreed to fund future, as yet unidentified, acquisitions.

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 are met.

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

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 (see page 35 where rising commodity prices has been identified as a key risk).

These contracts act as an economic hedge against the impact of copper price movements. They meet the technical requirements of IAS 39 and therefore are accounted for as cash flow hedges of forecast future purchases of copper. As at 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 will be recycled through the income statement.

Defined benefit pension scheme

The Group's net pension deficit under IAS 19 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.

Daniel Abrams
Chief Financial Officer

Group risk management

Risk management is an ever-present consideration in the day-to-day running of our business and we operate a continuous process of identifying, evaluating and managing significant risks faced by the Group.

What is our approach to risk management

The Executive Management team has an established risk management framework designed to identify the key risks facing each of our businesses. This framework includes a review of a key business controls and risk mitigation activities. The Executive Management team reports to the Board on risk matters and how these are being managed.

The Board is responsible for the Group's risk management and also reviews the role of insurance and other measures used in managing risk across the Group. The Board receives regular reports on any major issues that have arisen during the year and makes an annual assessment of how the risks have changed under the period under review.

During the year, the in-house internal audit function was temporarily suspended as part of the cost restructuring initiative. The Executive Management team plans to use external consultants in the short term to provide internal audit assurance and are considering the best structure for our internal audit function going forward.

Key features of our system of risk management are:

- detailed monthly business and financial reviews by the Executive Management team and the Board;
- established and documented risk management policies;
- periodic education programmes to ensure front-of-mind of individual's management, legal and fiduciary responsibilities and periodic self-certification of compliance therewith;
- ongoing monitoring of significant risks and internal and external environmental factors that may change the Group's risk profile; and regular review of insurance cover, bearing in mind the availability of such cover, its cost and the likelihood and magnitude of the risks involved.

Risk management framework

The Board

- Has overall responsibility for the Group's risk management and internal control systems.
- Determines appetite for risk. Monitors and reviews risk exposures against this risk appetite.
- Sets strategic objectives, including consideration of risk profile of these objectives.
- Provides leadership and direction on the importance of risk management and risk management culture.

Volex Executive Management Team

- Identifies, assesses, mitigates and reports group risks.
- Group risks categorised as either strategic, financial, compliance or operational.

Audit Committee

- Supports the Board in monitoring risk exposure against risk appetite.
- Reviews the effectiveness of our risk management system.

Internal Audit

- Oversees the risk management process and provides guidance on risk management matters.
- Liaise with senior management to review risks and mitigating actions.
- As at 31 March 2013, in-house internal audit function temporarily suspended whilst Executive Management review most cost effective means of provision.

Our principal risks

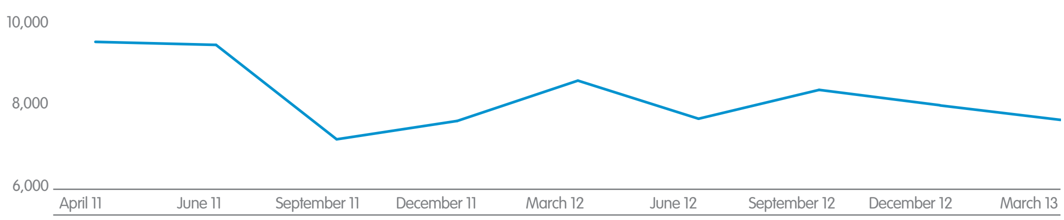
The below table summarises our principal risks and what we do to manage these risks. The Board considers these to be the most significant risks that could materially affect the Group's financial condition, performance, strategies and prospects. The risks listed do not comprise all risks faced by the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

Risk	Description and possible impact	Mitigation activities
Uncertain economic environment	The financial performance and condition of Volex may be adversely impacted by a significant weakening in end-market demand, associated with a deterioration in global economic conditions. The Group's business and trading performance have been, and will continue to be, affected by global economic conditions. Should global economic conditions deteriorate or economic uncertainty increase, our customers and potential customers may experience deterioration of their businesses, which may result in the delay or cancellation of plans to purchase our products. Volex supplies power and interconnect solutions, on short lead-times, to the global consumer, telecoms/datacoms, healthcare and industrial sectors. End-market economic conditions in these sectors is subject to some uncertainty and may cause Volex to experience further reductions in trading activity, a lower share price, the financial failure of one or more of its key customers and suppliers, asset impairments, lower profitability and a material adverse impact on its financial position.	– The Board regularly reviews Group strategy which determines the markets in which the Group operates. – Current spread of Group's businesses, both geographic and by end-market served, provides some protection to the Group, should conditions in a particular market deteriorate. – Ongoing close working relationships with suppliers and customers to monitor performance. – Adapting product ranges to meet changing customer needs. – Early communication of adverse trading through functional and regional lines. Such early identification enables more effective management of trading risk.
Loss of a key customer	The Group's profitability, financial condition and future prospects may suffer significantly if it were to lose a key account. A significant proportion of the Group's trading activity is with a relatively small number of large global accounts. Over 80% of total Group revenue is generated by the Group's top 25 customers, mostly prestigious global OEMs. One of the Group's customers individually accounts for more than 10% of total Group revenue.	– The Group mitigates the risk of fluctuations in revenues from these customers by strong trading relationships with them, while diversifying into other markets and new customers. – Initiatives in place to align our capabilities and resources with customers' needs, and to improve quality systems. – Global key account managers in place for major customers. – In practice these key customers operate in many business sectors and regions with somewhat independent trading relationships in each sector/region. The loss of business in one particular area would not necessarily result in the loss of all of that customer's business. – Strong credit control.

Group risk management
continued

Risk	Description and possible impact	Mitigation activities
Production challenges and risks	The Group's financial performance and condition may be materially adversely affected by production related challenges and risks. The Group operates nine production facilities across the globe and inefficiencies in the production process may lead to a deterioration in gross margins and operating profit. Examples of challenges that may lead to production inefficiencies include: – Our customers specify quality, performance and reliability standards. If flaws in either the design or manufacture of our products were to occur, we could experience a rate of failure in our products that could result in significant delays in shipment and product re-work or replacement costs. – Fluctuating customer production schedules as a result of customer design changes, changes in customer manufacturing strategies or customer inventory management initiatives, amongst others. – The majority of our manufacturing sites are located in China and other developing markets. Changes in these labour markets as well as the rapid economic growth and social progress may continue to result in high labour turnover and increases in labour costs. – Our operations and those of our suppliers and customers may be vulnerable to interruption by natural disasters or other catastrophic events. If a business interruption should occur, our business could be materially and adversely affected.	– Our operations are designed to be extremely flexible and can accommodate a degree of volume fluctuation. We work very closely with our key suppliers to minimise lead-times and maintain flexibility in material supplies. – Additionally, we work closely with key customers to ensure that we understand their requirements and develop our manufacturing capabilities to meet their needs. – We have invested in new moulds, tooling and technology and have acquired new skills as part of our quality continuous improvement programme to sustain high quality output. – We are constantly reviewing our global footprint to ensure that we are located in the most cost effective area. – We are also engaged in driving LEAN manufacturing and automation strategies to reduce our overall labour content. – Our newly expanded Batam factory will give better geographic coverage and reduce our exposure in China. Our coverage gives us flexibility in the event of business interruptions.
Non-compliance with legislation and regulation	Failure to comply with applicable legal and regulatory requirements may result in financial loss, a restriction on our business's ability to operate or reputational damage. The Group operates in diverse global markets and therefore is exposed to a wide range of legal, fiscal and regulatory frameworks, including employment, environmental and health and safety legislation, along with product liability and contractual risks. In particular, operating within the rapidly evolving developing nations can expose the Group's businesses to significant local risks and challenges.	– External consultants have been engaged to perform a number of corporate health checks in high risk markets to identify any compliance gaps and assist in the development of appropriate solutions. – We maintain a number of general compliance policies to ensure compliance with local laws, regulations and standards and any other laws with international reach, such as the UK Bribery Act, where relevant. These policies are reinforced through our ongoing training to employees. – Code of Business Conduct communicated to the Group and third parties to make sure business is carried out in line with our policies and procedures.

Copper Spot Prices US$/metric tonne



Risk	Description and possible impact	Mitigation activities
Breach of financial covenants	The financial performance and condition of Volex may be adversely impacted if the Group was not to meet its financial covenants. The Group's $75m multi-currency revolving credit facility requires a quarterly assessment of the following two covenants (defined in the financial review): – Leverage covenant. – Interest covenant. Failure to meet these covenants would result in an 'Event of Default' which would allow the lender to cancel the facility and request immediate repayment.	– Through the development and delivery of the Group's strategy, sufficient profits should be generated to ensure no breach of the financial covenants. – The Group monitors forecast covenant ratios using the latest available financial information (budget/forecast). These calculations include sensitivities to de-risk the future performance. – If there were to be any indication of breach or headroom below 10%, mitigating actions would be implemented. – The Group maintains an open and transparent dialogue with the facility providers to ensure they are aware of developments in the business.
Rising commodity prices	The Group may experience short term volatility in gross margin and operating profit as a consequence of significant changes in raw material commodity input prices. Many of the Group's products, in particular power cords which represent the majority of the sales in the Consumer sector, are manufactured from components that contain significant proportions of copper and, to a lesser extent, other metals and oil-based products such as PVC. Increases in the prices of these commodities are reflected in the prices charged to our customers but delays in passing through these costs can cause short term volatility in the Group's gross margins. Copper price volatility is the single largest commodity price exposure facing the Group. The graph above illustrates how LME copper spot prices have fluctuated during the period from April 2011 to March 2013	– The Board regularly reviews the prices of these commodities and effects a number of measures to mitigate the impact of volatility. – With respect to copper, prices are fixed quarterly with major suppliers based on average LME rate over prior quarter. – Approximately a third of the revenues in our Consumer sector are covered by copper clauses which provide for quarterly adjustments to our selling prices based on our input costs. – Occasionally, we employ back-to-back arrangements to match customer demand with cable supplier arrangements. – Strategic relationships established with key suppliers. – We maintained a copper hedging programme, which fixes the cost for a portion of our unmatched copper purchases. These forward copper purchase contracts extend out 12 months and are refreshed on a rolling monthly basis.
Failure to attract, develop and retain key personnel	Inability to retain key knowledge and adequately plan for succession could have a negative impact on Group performance. The knowledge, skills and performance of our employees are central to our success. We must attract, develop and retain the talent required to fulfil our ambitions.	– Remuneration policies designed to attract, retain and reward appropriate employees. – Talent strategy to provide opportunities for employees to develop careers. – Formalised objective setting in place for employees. – Bonus scheme in place for relevant employees based on business and individual objectives. – In FY2013 the Group continued its global cultural change initiative. This is a multi-year programme that will see all employees engaged in the development and implementation of 'One Volex' and its supporting values.

Group risk management
continued

Principal exchange rates used in the year

	Period end rate (Statement of Financial Position)		Average rate (Income statement)	
	FY2013	FY2012	FY2013	FY2012
GBP	0.658	0.626	0.631	0.626
Euro	0.780	0.750	0.775	0.721

Risk	Description and possible impact	Mitigation activities
Increased competition	The Group's financial performance and future prospects may be adversely impacted through loss of business to competitors with new or alternative technologies if its businesses either do not adequately adapt to market developments, or are unable to protect, maintain and enforce their intellectual property. The markets in which the Group operates are mature and highly competitive with respect to price, geographic distinction, functionality, brand recognition and the effectiveness of sales and marketing strategies. Our competitive position results from a range of factors including the price, quality and performance of our products, technology innovation, the level of customer service levels and lead-times, the development of new technologies and our geographic footprint. Increased competition may result in price reductions, reduced margins increased expense or investment, or loss of contracts, any of which could adversely affect our business and trading performance.	– Strategic relationships with customers. – Investing in new technology and developing new products to maintain the Group's competitive position, for example the Group's investment in Active Optical cable solutions during FY2013. – Close monitoring of market trends and industry developments (e.g. by participating in Standards Committees) to shape, or at least gain early sight of, future product requirements.
Exchange rate fluctuations	The Group's financial position and trading results may be adversely impacted by fluctuations in exchange rates. The Group operates in many different countries and is subject to currency fluctuations arising on transactional foreign currency exposures and the translation of overseas subsidiaries' results which could create earnings and balance sheet volatility.	– Group Treasury Policy Statement sets out procedures on exchange rate risk management. – During FY2012 the Group adopted the US Dollar as its presentation currency. With the majority of the Group's transactions denominated in US Dollars, or currencies tied to the US Dollar, this has continued to significantly reduce the effect of exchange rate fluctuations in the financial statements of the Group. – Billing currencies have been adjusted to achieve a higher level of natural hedging. – Where there are material remaining exposures, the Company enters into financial hedging to mitigate these exposures. – The impact of foreign exchange movements on the Consolidated Statement of Financial Position is mitigated by a natural hedge arising as a result of the Group's US Dollar and Euro denominated borrowings.

Corporate responsibility

Our corporate Code of Business Conduct, introduced in August 2010, codified that Volex's relationships with employees, the environment, the surrounding community and stakeholders were paramount. In that context, corporate responsibility has been a fundamental aspect of the cultural transformation underway at Volex.

During the year, we have made a considerable investment in employee training, which has enhanced our production capabilities and reduced staff attrition. There have been decreased environmental impacts, largely through the Company's ongoing commitment to waste reduction. Commitment to the surrounding community is found not only through employee involvement in community life, but also in a continuing programme to provide transitional training to nurture and develop the skills of our workforce.

Relationship with the employees

To act on the Company's corporate responsibility to employees requires having the infrastructure in place to enable those actions. Until last year, Volex had a centralised human relations (HR) function in the London offices to support programmes for some 8,000 employees spread across four continents. In line with the precepts of the Code of Business Conduct, the Company established in FY2011 an HR office for the Asia region, which has enabled employee programmes to be tailored to the specific needs of the region where the majority of Volex employees are located. In FY2013, a senior HR professional was hired to support the Company's North American operations.

Localised HR offices better enable Volex to negotiate the delicate balance between fundamental corporate mandates and the culture and customs of a region. This is a particularly crucial balance as the 'One Volex' cultural transformation continues throughout the company, and as new processes and more rigorous customer specifications create new and often greater demands on employees. Many changes in Volex practices have been designed to provide greater job fulfilment for employees, which is critical to enabling higher performance.

Communications and training

It is a significant advantage for Volex if our staff, particularly our production workers, understand that they are an integral part of the Company and not just doing a job. To that end, we have created more extensive internal communications. In FY2013, regional newsletters were launched to communicate with our Chinese employees. In September 2012, we launched the Volex Connected newsletter in order to communicate with our employees and provide quarterly updates on the new developments and ongoing strategy within the global enterprise.

Training programmes are focused primarily on the production workforce, bringing them up to speed on new processes, more advanced tooling and machinery, and quality concerns. As additional IT investments were made in FY2013, additional training across other functions was performed in order to optimise the return on those investments.

Health and safety

Health and safety is not only a corporate responsibility, it is also a core business value. The Company is committed to health and safety from a social and pragmatic level, and is a healthier company when it looks after the welfare of its people.

In the third year of a codified health and safety policy, the Company has seen continued improvement, both in its ability to monitor and review health and safety performance, and in the quantifiable results of the policy as risks are more accurately identified and addressed. As risks continue to be assessed and analysed, the Company will be able to develop and implement highly targeted safety initiatives, producing more efficient and effective results.

Relationship with the environment

Volex pays close attention to the environmental impact of our activities related to ongoing operations and new developments. We are committed to environmental sustainability and will continue to raise awareness with our staff to encourage waste reduction, recycling and responsible disposal, whilst engaging with suppliers/vendors on responsible procurement.

Corporate responsibility continued

As part of our estates development strategy, we have recently completed the first phase of our building expansion project in Batam, Indonesia. The new facility has become a flagship factory for Volex and boasts first class air-conditioned facilities in addition to energy efficient lighting. The Batam facility will be the first Volex factory to adopt direct shipment of products as well as introduce new utility service equipment and plant cooling systems, all of which provide environmental and financial benefits. These enhancements form part of our continual improvement programme to reduce carbon emissions through the performance of the organisation and to support and develop a high performing health, safety and environmental culture.

Our policy development and implementation work continues as we drive change in operational practices throughout our production facilities. Every Volex facility, therefore, seeks to identify opportunities to reduce its environmental impact. Operations continue to evolve as our LEAN manufacturing initiative is more deeply adopted, reducing waste through more efficient production as well as reductions in defective and damaged product.

Compliance with a range of accepted environmental regulations and certifications is another part of the Volex strategy for environmental sensitivity. Through the end of FY2013, all of the Company's production facilities had met the requirements in the ISO 14001 Environmental Management System.

Finally, the Company is still making strides to reduce the use of hazardous materials in production. The Company is committed to following known legislation and regulatory requirements in every region we work in. These include the Restrictions of Hazardous Substances (RoHS) directive and the Registration, Evaluation, Authorisation and Restriction of Chemical substances (REACH) regulation. Volex also aligns operations with the Waste Electrical and Electronic Equipment (WEEE) regulations and assists our customers in achieving compliance.

The Board regards responsible corporate behaviour in respect of environmental, social and governance (ESG) matters as an integral part of the overall governance framework and believes that it should be fully integrated into management structures and systems. Further information on this is included in the Corporate Governance Report (internal controls section) in this document. Therefore the risk management policies, procedures and monitoring methods described in that section apply equally to the identification, evaluation and control of Volex's safety, ethical and environmental risks and opportunities. And the key risks addressed in the Risk Management section encompass important environmental, social and governance concerns.

Carbon reporting

At Rio+20 it was announced that the UK Government will introduce a regulation requiring reporting of greenhouse gas (GHG) emissions by UK quoted companies. The guidance for companies to help comply with the requirements of the regulation was published on 9 April 2013. Volex intends to be able to fully comply and report on the relevant information in next year's Annual Report.

Relationship with the community

Volex has always encouraged its employees to be active participants in the life of their community – sponsoring sports teams, volunteering with local organisations, contributing with their time, energy and even finances to local social causes. It is a point of corporate pride that when recruiting we employ local staff as much as possible.

Relationship with the stakeholders

The Company's business is built on the confidence and commitment of our stakeholders. Whether they are investing in us, buying from us, or selling to us, those relationships are crucial to the success of Volex – as a business, and as a responsible body corporate.

Shareholders

As Volex's business model has become more strategic and sophisticated in recent years, Investor Relations has taken on greater importance. The Company sees its investor community as active partners in the transformation being undertaken and efforts are under way to engage our shareholders more regularly and routinely through an expanded communications programme.

Customers

Volex's customers are companies that have their own corporate responsibility positions. As vital and trusted partners of the Company, they can directly influence the approach Volex takes through their processes for awarding contracts. So it is incumbent on the Company to adopt the most rigorous corporate responsibility policies in preparation for customers who may demand a certain sustainable approach or environmental prerequisite. By being proactive around corporate responsibility issues, Volex is a better partner to its customers.

Suppliers

'Supply-chain integration' has now taken on a much richer and more nuanced definition: more than mere integration of systems and processes, it now also encompasses a dovetailing of corporate values. Thus, in the same way that Volex has proactively taken on higher-level positions of corporate responsibility, it expects the same of its suppliers: in part, because it is the right way to do business; and in part, because the only way Volex can meet the corporate-responsibility criteria of its own customers is to get our suppliers aligned with the Company's own corporate-responsibility positions and initiatives. To that end, we have continued our Supply Chain Excellence programme and carried out extensive annual audits of supplier practices, policies and processes, insisting on corrective action for those suppliers who do not meet baseline criteria.

Chairman's introduction to governance

Strong governance is crucial in helping our business deliver its strategy. My role as Chairman is to provide leadership to the Board and to ensure that we have established the right environment to enable the Directors and the Board as a whole to perform effectively for the success of the Company and the benefit of its shareholders.

We are continuing to infuse the principles of the UK Corporate Governance Code 2010 (the 'UK Corporate Governance Code') into the organisation by ensuring we have the right management structures and processes in place to support our strategies.

Achieving good governance and being a responsible company is inextricably linked with the organisational culture and the manner in which we manage our business. Equally, it is about what standards we apply in how we deal with people in whichever stakeholder group they may be. What we strive to do is to adopt and implement what is right for our business, whilst being open and transparent.

Our governance structure

The Company's governance structure is organised to provide clear and responsible corporate governance practices. In addition to the Board, the committees supplement and help contribute to reinforce these practices. While we believe that Volex's current governance structure is adequate to ensure compliance with the principles of the UK Corporate Governance Code, we have taken and continue to take steps to improve these structures and practices to support the overall strategy of the Company.

The reports of the committees on the following pages in this section explain the structures and systems we have in place to ensure compliance with applicable corporate governance policies in the areas of board composition, assessment of board effectiveness, and accountability.

A balanced Board

We believe that the Board is appropriately balanced for the needs of the Company and the stakeholders that the Company serves. The composition of the Board has been developed to ensure that the Company can benefit from the depth of experience and knowledge of our Directors, whilst allowing the Board to discharge its duties effectively. Having a balanced Board helps to facilitate objective judgement on corporate affairs independently, in an open and honest environment. No individual or small group of individuals is in a position to dominate the Board's decision making.

The Board is comprised of three Executive Directors, three Non-Executive Directors and myself as Non-Executive Chairman. The Non-Executive Directors have all enjoyed successful business careers, and are well qualified to serve on the Board. The diversity of opinions, perspectives and insights given by the Non-Executive Directors inevitably contribute to having a balanced Board.

Skills and experience

We have a solid and experienced leadership team covering a wide combination of skills and expertise. This team of executives has been put in place to allow for significant growth of the Company, in a way that fits their extensive and diverse experiences. We have a rigorous approach to Director selection and an annual evaluation process that includes assessing a Director's time commitments as well as their skills. Whilst our current practice is to use self-directed survey and questionnaire tools and personal interviews to conduct our evaluation, we will continue to evaluate and consider the use of external consultants to support this process. For both Executive and Non-Executive Directors, it is my responsibility to ensure that the Board maintains the best possible balance and that this balance is continuously reviewed in line with the Company's needs and objectives.

Board diversity

We review the shape and composition of the Board for the future, ensuring that the benefits and importance of a diverse Board will be at the heart of our selection criteria and that the right mix of gender, expertise and experience is reflected on the Board.

Having the mix of Executive and Non-Executive Directors enables us to bring together a wealth of experience gained from a variety of different professional and cultural backgrounds. Currently we have one woman Director on the Board, who also serves as Deputy Chairman. We are in the process of developing our board diversity policy, which we plan to implement during the upcoming financial year, taking into account the principles set out in the Financial Reporting Council report on Boardroom Diversity and the guidance set out by Lord Davies in his Review on Women on Boards in February 2011. Volex recognises the importance of considering diversity when making appointments to the Board, whilst ensuring all appointments are in line with improving the effectiveness of the Board.

Board evaluation

Volex is committed to best practice in its governance activities. In line with best practices, we conduct Board evaluations of the Full Board, our committees and individual Board Members to review the performance of the Board. The last evaluation was performed in the prior year and in order to gauge progress on those areas identified for development, we will be conducting the review again in the coming year. Further information on this can be found at page 45.

Priorities for FY2014

Volex strives to comply with and implement the principles of the UK Corporate Governance Code, with focus on monitoring the effectiveness of the Board and using the UK Corporate Governance Code to help guide and shape the corporate governance of the Company as it continues to grow.

Board of Directors

Non-Executive Directors

Mike McTighe

Chairman

Year of appointment

Mike McTighe, 59, was appointed as Non-Executive Chairman of the Board on 1 March 2008.

Former roles and experience:

Mike was previously the chairman at Pace plc, a Director of London Metal Exchange Holdings and Chairman and Chief Executive officer of Carrier International SA. Prior to that Mike was Executive Director and Chief Executive for the global operations of Cable & Wireless plc. Mike has also held senior roles with Philips, Motorola and GE and has more than 30 years' experience in the TMT sector worldwide.

Board Committees

Nomination Committee (Chairman)
Remuneration Committee

Current Directorships:

Chairman of WYG Group plc
Chairman of Nujira Ltd
Chairman of Quinn Group Holdco Ltd
Board member of Ofcom
Non-Executive Director of Betfair Group
Non-Executive Director of Arran Isle Ltd

Karen Slatford

Deputy Chairman

Year of appointment

Karen Slatford, 56 was appointed as a Non-Executive Director on 27 May 2008 and was appointed as Deputy Chairman of the Board on 14 December 2012.

Former roles and experience:

Karen was previously a Non-Executive Director for HAL Knowledge Solutions, Portwise AB and Compel Group plc. Between 1983 and 2011 Karen was employed by Hewlett Packard Ltd and whilst working across various capacities and roles, was focused on improving the Company's sales and marketing throughout the UK and globally. In 2000, Karen was appointed Chairman of Hewlett Packard UK Ltd and also undertook the position of Vice President and General Manager Worldwide of sales and marketing, business customer organisation until 2001.

Board Committees

Audit Committee
Nomination Committee
Remuneration Committee

Current Directorships:

Chairman of Neverfail Group
Chairman of the Foundary Visionmongers,
Chairman of Featurespace Limited
Chairman of Acunu Limited
Non-Executive Director of Microfocus International plc
Non-Executive Director of Cambridge Broadband Network
Member of the advisory board at Pentech Ventures LLP

Chris Geoghegan

Senior Independent Director

Year of appointment

Chris Geoghegan, 58, was appointed a Non-Executive Director on 1 March 2008 and became the Board's Senior Independent Director with effect from 31 December 2008.

Former roles and experience:

Until 31 December 2007, Chris was a group Director of BAE Systems plc, responsible for all European joint ventures, the company's commercial aerospace interests as well as the UK wholly-owned electronics business and shared services. Chris is a Fellow of the Royal Aeronautical Society and was previously president of the Society of British Aerospace Companies

Board Committees

Audit Committee
Nomination Committee
Remuneration Committee (Chairman)

Current Directorships:

Non-Executive Director of Kier Group plc
Non-Executive Director of SIG plc

Richard Arkle

Non-Executive Director

Year of Appointment

Richard Arkle, 64, joined the Board as a Non-Executive Director on 20 April 2005. Richard was Chairman of the Board from 6 May 2006 until 1 March 2008, when he resumed the role of a Non-Executive Director.

Former roles and experience:

Richard was a partner at KPMG LLP from 1 October 1982 until he retired on 30 September 2004, where as a senior partner, he played a key role in developing the transaction services practice. Richard is a Fellow of the Institute of Chartered Accountants of England and Wales and has extensive experience in a range of businesses across a number of market sectors. Richard also provides consultancy services to a variety of businesses and professional firms. He is a Trustee of the Dinwoodie Trust, a charity which owns and extracts mineral deposits and donates the proceeds to support post graduate medical education.

Board Committees

Audit Committee (Chairman)

Executive Directors

Ray Walsh

Chief Executive Officer

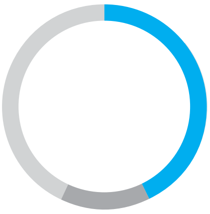
Ray Walsh, 48, was appointed Group Chief Executive on 6 April 2009. He served previously as Chief Executive of VIA NET. WORKS Inc. servicing global clients from its head office in Amsterdam and immediately prior to joining Volex he led the operations, technology, products, communications and research of a leading market research firm in the US. Ray has more than 20 years' experience in technology leadership and, for more than half of his career, held senior executive roles with international and global organisations. Ray has led numerous organisational and technological integrations in global technology and telecommunications concerns in addition to driving sales and operational transformations in both large scale and venture capital backed firms.

Daniel Abrams

Chief Financial Officer

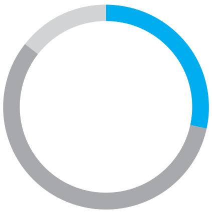
Daniel Abrams, 57, was appointed Chief Financial Officer on 17 December 2012. Prior to joining Volex, Daniel was Chief Financial Officer of Fiberweb plc a position which he was appointed to in February 2008 until April 2012. Prior to joining Fiberweb he was chief financial officer of Cambridge Display Technology Inc and was Finance Director of Xenova Group plc between 1997 and 2005. He had previously held senior finance roles with Diageo plc, including Head of Corporate Finance and Strategy, and PepsiCo Inc, where he was VP Finance for one of the beverage divisions. He holds an MA in law from Cambridge, is a qualified barrister and is a chartered accountant having qualified at Arthur Andersen & Co. He has been a member of the Financial Reporting Review Panel since January 2007 and is a Non-Executive Director at BioCity (Nottingham) Ltd and Vincennes Ltd.

Composition of the Board



Male Non-Executive	3
Female Non-Executive	1
Executive	3

Length of service of the Board



0-3 years	2
3-6 years	4
6-9 years	1

David McKinney

Chief Operating Officer

David McKinney, 52, was appointed to the new position of Chief Operating Officer on 2 May 2012. From November 2005 to January 2012, David served as Chief Operating Officer of Pace plc where he was also a member of the Board of Directors. David has over 20 years of experience in senior executive and operational roles, spending ten years in the semiconductor industry including NEC Semiconductors and Digital Equipment Corporation, before moving to and spending over ten years in the telecommunications sector including Motorola and Royal Philips Electronics. David is a Graduate of the Royal Society of Chemistry (hons) and holds an MBA from Heriot Watt University.

Christoph Eisenhardt

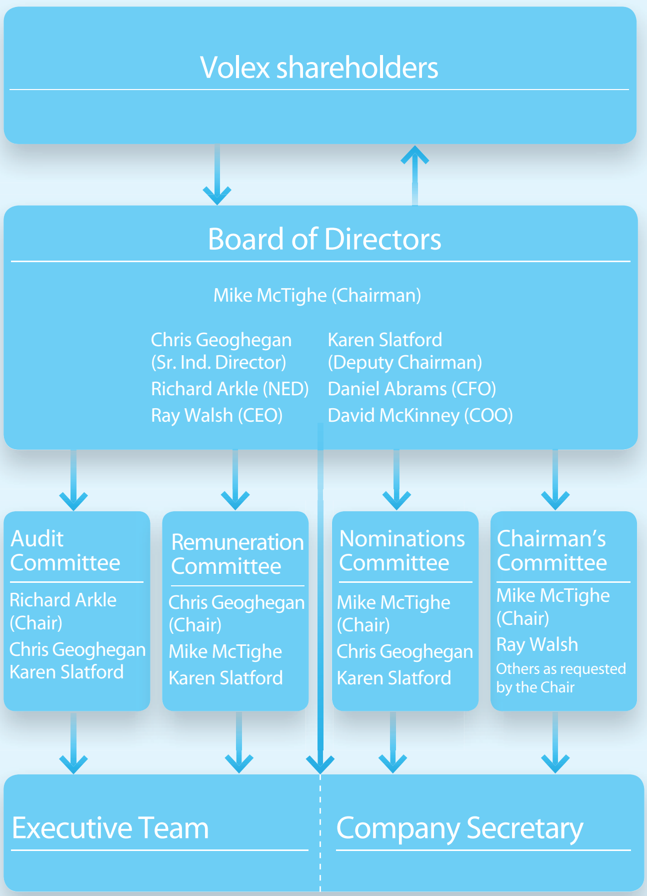
Chief Executive Officer (from 1 July 2013)

Christoph Eisenhardt, 45, joins Volex on 1 July 2013 from KVT-Koenig Group ('KVT'), the industrials group, headquartered in Switzerland. Prior to working for KVT, Christoph spent six years at Siemens and then Continental as Chief Executive of Siemens VDO Automotive/Continental Commercial Vehicles and Aftermarket products division and before that was Executive Vice President of the security systems division of Siemens Building Technologies Group.

Corporate governance report

Volex is committed to maintaining good, responsible and transparent corporate governance practices. A strong corporate governance structure is vital to achieving this. The Board is responsible for ensuring that the Company can generate sustainable growth and deliver long term value to all stakeholders of the Company. The Board's activities are supplemented by Nomination, Audit, Remuneration and Chairman's Committees. Essential support to the Board and Board Committees is also provided by the Company Secretary together with a strong and experienced global executive team.

Governance Structure



Statement of compliance with the UK Corporate Governance Code

In the opinion of the Directors, the Company has complied with the provisions of the UK Corporate Governance Code throughout the 52 week period ended 31 March 2013, (FY2013), including any additional requirements set out in the updated Code released in September 2012 by the FRC, and up to the date of reporting except for the following matters:

In accordance with section B.1.1 of the UK Corporate Governance Code, the Board has considered whether each of the Non-Executive Directors is independent in character and judgment. All Directors are required to disclose any additional commitments and positions they hold for the Company to have full transparency into the review of their independence. After having fully reviewed the factors that were identified as causing doubt over their independence, it has concluded that all of the Non-Executive Directors are independent.

Mike McTighe, Chris Geoghegan and Karen Slatford have held long term incentive awards under the Volex plc Non-Executive Director Long term Incentive Scheme (Non-Executive LTIS). Following approval by the shareholders at a General Meeting on 1 October 2010, the terms of these awards were amended. Prior to the General Meeting, the Remuneration Committee of the Board engaged with shareholders in a dialogue to remind the shareholders of the unique circumstances under which the Non-Executive LTIS was initially adopted and the reasons for the amendments. Full details of the scheme, and the amendments made, are given on page 54 of the Remuneration Report, respectively. The continuing view of the Board is that the Non-Executive LTIS does not compromise the independence of the Non-Executive Directors, as they have each applied an objective approach and demonstrated both dedication and integrity in their roles as Non-Executive Directors and the Board has no reason to believe that this will change in the future.

Copies of the UK Corporate Governance Code are publicly available from the website of the Financial Reporting Council (www.frc.org.uk).

Statement of how the principles of the UK Corporate Governance Code have been applied

The following paragraphs together with the Directors' Remuneration Report set out on pages 48 to 56 and the Directors' Report set out on pages 57 to 63 describe how the principles of the UK Corporate Governance Code have been applied.

Board of Directors

The Board currently comprises a Non-Executive Chairman, a Non-Executive Deputy Chairman and two Non-Executive Directors, all of whom the Board consider to be independent, together with three Executive Directors. Volex is in compliance with the UK Corporate Governance Code's requirement to have at least half its Board comprise of independent Non-Executive Directors. Volex's Articles of Association provide that all Directors are subject to re-election every three years, which is in line with principle B.7.1 of the UK Corporate Governance Code. Details of those Directors who will be offering themselves for election can be found on page 61 of the Directors' Report. The Directors are in agreement that the Board is of a sufficient size in order that the requirements of the Company can be met, and will continue to review this in accordance with its needs. The biographies of the Directors can be found on pages 40 and 41.

There has been much discussion regarding gender and diversity on the boards of listed companies. The European Commission in November 2012, released its proposals for the reforms of women on boards, which proposed setting a minimum objective of 40 per cent of female Non-Executive Directors on the boards of all companies by 2020. Currently the proposal is in the draft stage, awaiting approval from the European Parliament and Council of Ministers.

The Board is in agreement with the view of UK Ministers to not impose mandatory quotas. Volex is aware of the importance of ensuring gender balance. It is of the view that the primary focus during the selection process of appointing a new Director should take into consideration a variety of factors, including a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. Candidates are identified and selected on merit against objective criteria and with due regard to the benefits of diversity on the Board, including gender Volex awaits the outcome of the European Commission's proposals and would seek to comply with the requirements set as a result of the directives passed.

There is currently one woman Director from a total of seven on the Board. Volex values the significant benefits of diversity, including gender diversity, among its Directors and will continue to ensure that for all new appointments, strong consideration is given to diversity and gender as key critical selection criteria.

Director induction

On appointment, Directors receive an induction to the business that includes a briefing on the activities of the Group. In addition, the Chairman and Company Secretary ensure that all new Directors have access to appropriate training and advice in relation to their ongoing duties as Directors.

As part of the induction, all new Directors are invited to take part in a full-day training session to assist in their understanding and preparation of their fiduciary responsibilities. The training is led by a third party global leader in corporate governance and compliance. Members of the Volex extended leadership team and fellow colleagues who have been invited to become Directors for Volex entities are also invited to attend. It is also mandatory for all senior level staff appointed as Directors of Volex's subsidiary companies to attend at least one session upon their appointment.

The training is intended to provide information and support to Directors in understanding the fiduciary duties and obligations as a Director. The Company also holds discussions on how to balance Director duties with the internal functional structure. We believe the training is a useful opportunity for continuing professional development of senior management and reinforces our commitment to a strong leadership culture throughout Volex. The Company held sessions in February, March and November 2012. We are looking to hold a further session later this year, and will continue to conduct sessions as and when new Directors are appointed.

The Board is supported by Company Secretary, Matt Nydell, who was appointed on 18 September 2010 and brings a wealth of experience in corporate governance and development.

Operation of the Board

The Board is scheduled to meet at least ten times a year and during FY2013 it met fifteen times. The Board also engages in active and regular dialogue and consideration of various Volex issues through frequent electronic mail dialogue and ad-hoc conference calls.

Last year, the Board, Board committee and Board Member evaluations were conducted with the assistance of the Company Secretary, to review the performance of the Board for the financial year ending 2012. The results of the evaluation indicated a general satisfaction of the members as to the workings of the Board and its interaction with senior management. Board members also sought further opportunities for continuing development and a more active role in the Company's strategic planning process. As a result of last year's evaluation, the Chairman has established a regular calendar of meetings between the Executive Directors, CEO and Senior Independent Non-Executive Director. The Chairman holds meetings with the Non-Executive Directors without the Executive Directors present, and vice versa. There are also meetings held with the CEO without the presence of either Non-Executive Directors or Executive Directors present. These meetings were instituted to foster an open environment for the Company to address any issues they may have.

The frequency of the Board meetings is dictated by the supervision and direction required and sought by the Company's Executives in managing the affairs and strategy of the Company as well as the pace of change within the organisation. The Board is satisfied that it meets sufficiently regularly in order to discharge its duties effectively. The table below summarises the attendance by Board or Committee members at meetings held during the year.

Corporate governance report
continued

Name	Board 15 meetings	Audit Committee 4 meetings	Remuneration Committee 3 meetings	Nominations Committee 1 meeting*	Chairman's Committee 0 meetings**
M McTighe	15	–	3	1	–
D Abrams***	5	–	–	–	–
R Arkle	14	4	–	–	–
A Cherry	10	–	–	–	–
C Geoghegan	11	4	3	1	–
D McKinney	14	–	–	–	–
P Mountford****	–	–	–	–	–
K Slatford	15	4	3	1	–
R Walsh	15	–	–	–	–

* The Nominations Committee meets only as required.

** The Chairman's Committee meets only as required and its membership includes the Chairman and CEO and other members as invited by the Chairman and appropriate to the topic to be addressed.

*** Daniel Abrams was appointed to the Board in December 2012.

**** Paul Mountford was promoted to a high level senior role within Cisco Systems shortly after his appointment to the Board of Volex. After time, he found himself incapable of devoting adequate time to his Director role with the Company and accordingly submitted his resignation. The Board accepted his resignation effective 2 May 2012.

The Board is provided with regular and timely information on the financial performance of businesses within the Company, and of the Group as a whole, together with reports on trading matters, markets, research and development, Health & Safety, sustainability and other relevant issues. The information is provided in a form and of a quality appropriate to enable the Board to discharge its duties.

The Board generally seeks to visit an overseas Volex site at least once a year. This helps ensure:

- that members are able to maintain a first-hand appreciation of local conditions and issues facing the Company;
- that the necessary financial and human resources are in place; and
- that the Company's values and standards are being met.

During FY2013 there were, however, no Board meetings held abroad. In FY2014, the Board intends to resume its annual overseas visit. Certain matters relating to the review of business performance, major strategy, policy and investment decisions affecting the Company and the development of Company policies in a number of areas including health and safety, social, ethical and environmental issues and insurance are reserved for the Board. Other matters are delegated to the discretion of management, such as items that are included in the approved annual budget.

The Board approves the annual business plan and budget of the Company which is initially prepared by senior management of each of the Company's sectors and then adopted by the executive team. Actual sector and Company performance against budget is reviewed by the Board at each Board meeting and Executive Directors comment on any areas where performance departs from current expectations. Significant variances are discussed by the Board and appropriate action is taken. If considered appropriate, the Board meets with senior operational management of the Company in order to further enhance its understanding of the Company's key developments. Procedures have been adopted to enable the Board to make informed decisions on a range of key issues including those relating to strategy and risk management.

A key role for the Non-Executive Directors is to provide constructive engagement with executive management in particular the Executive Directors, on the key issues affecting the Company. A balance of four independent Non-Executive Directors to three Executive Directors creates a healthy environment for executive management strategy and management proposals to be challenged and scrutinised, and for reporting of performances to be monitored.

Whilst the responsibilities of the Executive Directors and the Non-Executive Directors may differ, the Board collectively share the same responsibility and focus in ensuring the long term success of the Company.

The Chairman, Mike McTighe, is primarily responsible for leading the Board, ensuring its effectiveness in all aspects of its role, setting its agenda and also ensuring that each Director has adequate information before making decisions. The Chairman ensures effective communication with shareholders and makes himself available to meet with shareholders. As Chairman, Mike McTighe also facilitates the effective contribution of Non-Executive Directors in order to promote a culture of openness and debate, and ensures constructive relations between Executive and Non-Executive Directors.

Chris Geoghegan, as Senior Independent Director, makes himself available to meet with shareholders. The Chief Executive, Ray Walsh, is responsible for the Company's business overall and leads the execution of the Company's strategy. The Directors have access to the advice and services of the Company Secretary and both the appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board practices the policy that the Directors are able to take independent professional advice at the Company's expense.

The Chairman, the Company Chief Executive and the Chief Financial Officer are responsible to the Board for the timeliness and quality of all financial information submitted to the Board. The Company Secretary is responsible for the timeliness and quality of all other information submitted to the Board and for advising the Board through the Chairman on governance issues. The normal procedure is to distribute Board papers at least five days in advance of meetings.

Directors' and officers' insurance against legal action is in place providing cover for Directors and certain key officials of the Company and its subsidiaries. In accordance with the Company's Articles of Association and to the extent permitted by the laws of England and Wales, the Company has also granted qualifying third party indemnities to the Directors, which remain in force, copies of which will be available for inspection at the forthcoming AGM. Neither the insurance policy not our indemnity provides cover in the event that a Director is proven to have acted fraudulently or dishonestly.

Board effectiveness: Board evaluation

The Board considers essential a periodic evaluation of the effectiveness, quality and focus of its members, the committees and the full Board. This is done through the use of a series of questionnaire surveys prepared by the Company Secretary and Chairman, in consultation with corporate governance best practices. Volex is committed to ensuring that the surveys cover the relevant areas and are able to clearly reflect the opinions of the Members. The surveys request member feedback on a number of areas critical to the assessment of the Board's effectiveness, including questions about leadership within the Board, the appropriateness of the current Board composition, the process associated with the appointment of new members, the level of commitment of members, the Company's support for continuing development of the Directors, the quality and timeliness of information provided to the Board by management and the Company Secretary, engagement with shareholders, and an independent view of the Executive Directors and the Non-Executive Directors.

The last evaluation performed was in the prior year. All members of the Board were in agreement that the Board demonstrated an ethical leadership and the Executive Directors felt that the Non-Executive Directors had effectively discharged their duties. There was also strong consensus by the Directors that the Chairman's performance during the year was effective. A complete detailed breakdown of the results was presented by the Chairman at the Board Meeting, with the evaluation of the Chairman discussed by the full Board in his absence. The Board plans to perform a further evaluation in the coming year.

Board Committees

The Board has established the following Committees, each of which has adopted written terms of reference dealing clearly with the Committee's authority and duties. Revised terms of reference for the Audit and Remuneration Committees were adopted during FY2011 and all committee terms of reference are available on request and on the Company's website (www.volex.com) and are regularly reviewed by the relevant committee and the Board. During FY2011, the Board established the Chairman's Committee to address issues that fall outside the remit of other Committees and the regularly-scheduled Board meetings.

The Nomination Committee

The Nomination Committee is comprised of Mike McTighe, who is Chairman of the Committee, Chris Geoghegan and Karen Slatford, all of whom have been determined to be independent Non-Executive Directors.

Board appointments are considered initially by the Nomination Committee, which makes recommendations to the full Board for further consideration and approval. In performing its duties the Nomination Committee evaluates the balance of skills, knowledge and experience on the Board, which enables it to determine the roles and capabilities required for a particular appointment. The Nomination Committee takes advice from a variety of sources including external recruitment consultants when considered appropriate. The Board seeks to maintain an appropriate balance between Executive and Non-Executive Directors. The Company Secretary, Matt Nydell is Secretary to the Committee. Working with the guidance set out in the UK Corporate Governance Code, the Company is continuing to develop its policy on diversity, which will be fully supported and implemented by the Nomination Committee.

The Remuneration Committee

The members of the Remuneration Committee are Chris Geoghegan, who is Chairman of the Committee, Mike McTighe and Karen Slatford. The Company Secretary, Matt Nydell acts as Secretary to the Committee. The structure and business of the Remuneration Committee is summarised in the Directors' Remuneration Report on pages 48 to 56.

The Audit Committee

The Audit Committee is comprised of three Non-Executive Directors, Richard Arkle, Chairman of the Committee, Karen Slatford and Chris Geoghegan. Richard Arkle is regarded by the Board to have recent and relevant financial experience.

The Group Chief Executive, Chief Financial Officer, and Group Financial Controller are invited to attend regular meetings; however the Audit Committee also meets without the Executive Directors at least once a year.

The Audit Committee monitors the integrity of the financial statements of the Company and the Group together with any formal announcements in relation to the Group's financial performance. It reviews the Company's internal financial controls and also reviews the scope and effectiveness of the internal audit function, although the Company's internal control and risk management processes are considered by the Board as a whole. The Audit Committee makes recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors. It considers the scope and results of the external audit, its cost effectiveness

Corporate governance report
continued

and the effectiveness of the external audit process. Furthermore, the Audit Committee monitors the independence and objectivity of the auditors and the nature and extent of non-audit services supplied by the external auditor by analysing fees for audit and non-audit work; by receiving from, and discussing with, the auditors their annual report regarding their independence policies and procedures; and by receiving from the auditors confirmation that they have complied with APB Ethical Standards. Throughout the year, the Audit Committee reports to the Board on how it has discharged its various responsibilities.

During the year the Committee reviewed the provision of overall assurance within the Company, including a review of external audit arrangements. As part of this review, the Committee, jointly with the Board, recommended that the Company should seek the re-appointment of PricewaterhouseCoopers LLP as external auditors to the Company and Group at the AGM to be held on 22 July 2013. At the 2012 AGM, the resolution was passed to re-appoint PricewaterhouseCoopers LLP. The Board has adopted a policy statement setting out principles for the use of the external auditors for non-audit services. The policy ensures that the Board has an adequate opportunity to review the continuing independence and objectivity of the Company's external auditors and is in line with the Code and the Audit Practices Board Ethical Standards 5.

The respective responsibilities of the Directors in connection with the financial statements are explained in the Directors' Responsibilities Statement in the Directors' Report and in the Auditor's Report. The Directors seek to ensure the independence of the auditor by requesting an annual confirmation of independence, which includes the disclosure of all non-audit fees.

Chairman's Committee

The Chairman's Committee was established during 2010 and is comprised of Mike McTighe, Chairman of the Committee, Ray Walsh and one or more of the other Directors as invited by the Chairman of the Committee. The Committee acts on behalf of and with full power of the Board when, as between scheduled Board meetings, it is not practicable to convene a meeting of the Board and a matter is not reserved for the Nomination, Remuneration or Audit Committees; and when specific delegations are conferred upon it by the Board. The Chairman's Committee meets on an ad-hoc basis during the year, as required. This year, no Chairman's Committee meetings were held.

Internal controls

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

In accordance with the Turnbull Guidance on internal control, the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. During the year the Board continued to revisit its risk identification and assessment processes, inviting Board members and senior management to convene and discuss the Company's key risks and mitigating controls. The output from these sessions was a comprehensive Risk Register, explaining the key risks faced by the Company, their potential impacts and how these risks are being managed.

The Board has adopted a risk-based approach in establishing the Company's system of internal control and in reviewing its effectiveness. To identify and manage key risks, it has established a number of Group-wide procedures, policies and standards, has set up a framework for reporting and escalating matters of significance, has authorised the Audit Committee to undertake reviews of the effectiveness of management actions in addressing key Group risks identified by the Board, has developed a system of regular reports from management setting out key performance and risk indicators and has reserved specific, key matters for its decision. This process is designed to provide assurance by way of cumulative assessment and is embedded in operational management and governance processes.

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

- a clearly defined organisation structure with established responsibilities;
- a simple and focused business strategy, thus restricting potential risk exposures;
- Group financial, business conduct, operating and administrative policies and procedures which incorporate statements of required behaviour;
- continuous review of operating performance and monitoring of monthly results, annual budgets, and periodic forecasts;
- a centrally coordinated business assurance programme which uses both internal and external resource to support the Board in its role of ensuring a sound control environment. This programme was led by the Business Assurance Director until his departure at the half year. Management is currently reviewing an appropriate mix of internal and external resourcing to provide support to this programme in FY2014; and
- completion by business unit management of an annual internal control assessment confirming compliance with Group policies and procedures, detailing controls in operation and listing any weaknesses.

The Board regards responsible corporate behaviour as an integral part of the overall governance framework and believes that it should be fully integrated into management structures and systems. Therefore the risk management policies, procedures and monitoring methods described above apply equally to the identification, evaluation and control of Volex's safety, ethical and environmental risks and opportunities. This approach ensures that the Company has the necessary and adequate information to identify and assess risks and opportunities affecting the Company's long term value arising from its handling of corporate responsibility and corporate governance matters. Further, this approach has enabled the Company to comply with the disclosure guidelines issued by the Association of British Insurers on socially responsible investment which require listed companies to report to shareholders and give assurance that the Company is managing its risks in these matters.

Whistle blowing policy

The Company has a whistle blowing policy ('Right-to-Speak'), which is publicised to employees via email, on the Company's Intranet website and on-site notice Boards. The aim of the policy is to encourage all employees, regardless of seniority, to bring matters that cause them concern to the attention of the Audit Committee.

The executive management team decide on the appropriate method and level of investigation with regard to the Company's whistle blowing policy. The Audit Committee is notified of all material disclosures made and receives reports on the results of investigations and actions taken. The Audit Committee has the power to request further information, conduct its own inquiries or order additional action as it sees fit.

To ensure that the policy is properly understood, training sessions on the policy are held throughout the Group's locations. Further information regarding this policy can be found in the Corporate Responsibility Section on pages 37 and 38.

Relations with shareholders

Volex understands the importance of open dialogue with its investors. The Board actively engaged with shareholders throughout the year to explain corporate proposals and strategy and solicit their commentary and feedback. Our Executive Directors conducted numerous one-on-one and group investor meetings to ensure a detailed understanding of the Group's financial results and factors impacting our Group's performance. Maintaining an open channel for discussion with shareholders through face-to-face dialogue, investor seminars or presentations has allowed Volex to better understand the concerns and emerging governance views of our important stakeholders. This process alongside efforts from the Chairman and Chief Executive, is the most practical and efficient means of ensuring that the views of shareholders are communicated to the Board as a whole. The process has also allowed the Company to better and more pro-actively explain the Company strategy and business model to a wider group.

It is part of the Company's policy that all Directors attend the Annual General Meeting and the Board encourages all shareholders to attend and participate at the AGM to enable it to be a forum for substantive communication with investors.

What has the Board achieved this year?

- Continued to review corporate governance process;
- Actively engaged shareholders in dialogue and consultations;
- Refreshed the executive team and Board with the addition of a new Senior Vice President of Sales & Marketing, a Chief Financial Officer and a Chief Operating Officer;
- Upgraded the Group's sales organisation and production capabilities;
- Reduced the Group's cost base as a platform for future profitable growth;
- Revamped research, new product development and introduction programmes;
- Continued the supervision of the implementation of fiduciary training to all management and company subsidiary board members; and
- Oversaw and approved the acquisition of the active optical cable technology programme.

Directors' remuneration report

Introduction

This Report has been prepared in accordance with the Companies Act 2006 (the 'Act'). The Report also meets the relevant requirements of the Listing Rules of the Financial Services Authority, Schedule 8 of the Large & Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code 2010 (the 'Code'). A resolution to approve the Report will be proposed at the 2013 Annual General Meeting.

The Auditors are required to report to the shareholders on certain sections of this Report and to state whether those sections have been properly prepared in accordance with the Companies Act 2006. The Report has therefore been divided into separate sections for audited and unaudited information. The audited information commences on page 54.

Unaudited Information

Remuneration Committee

The members of the Remuneration Committee (the 'Committee') during the year were Chris Geoghegan, Chairman of the Committee, Mike McTighe and Karen Slatford, all of whom have been determined to be independent Non-Executive Directors. The Company Secretary acts as secretary to the Committee. The Chief Executive Officer, the Company Secretary and Group HR Director provide advice to and attend meetings of the Committee. No individual is present at discussions regarding his or her own remuneration. The Committee held three meetings during the year and the attendance of each member is set out on page 44.

During the year, the Committee kept itself informed of all relevant developments and best practice in the field of remuneration and sought advice from its appointed independent external advisers, Kepler Associates ('Kepler'). During the year, Kepler attended periodic Remuneration Committee meetings and provided advice on remuneration for Executives, analysis on all elements of the remuneration policy and regular market and best practice updates. Kepler reported directly to the Remuneration Committee Chairman and is a signatory to the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com).

None of the Committee members have any conflicts of interest arising from cross-directorships or day-to-day involvement in running the business. The only personal financial interest that any of the Committee members have in the Company, other than as shareholders, is in respect of their participation in the Non-Executive LTIS scheme under which one-off awards were made following approval by shareholders in December 2008. The performance period corresponding to these awards ended on 25 March 2012. As explained on page 54, two-thirds of the original award had vested as at 31 March 2013, with the remaining one-third vesting on 25 March 2014, subject to the award holder remaining in office at that date.

Key activities undertaken during FY2013

In line with the responsibilities set out in the Committee's terms of reference the following key issues were discussed during the year:

- approval of the FY2012 Directors' remuneration report;
- review of Performance Share Plan against targets set;
- evaluation of new Long Term Incentive plan proposals;
- review of Executive Directors' shareholdings;
- consideration of advisory bodies' and institutional investors' current guidelines on executive compensation;
- annual review and ratification of remuneration packages for Directors, incorporating institutional investor feedback;
- establish targets for FY2013 annual cash bonuses;
- approval of compromise agreements in relation to Directors; and
- review and approve remuneration packages and structure for key new hires, appointed as part of the restructuring of the Senior Executive team.

Remuneration policy

The Committee, together with the Board of Directors of the Company, sets the broad policy for the remuneration of the Executive Directors and other senior executives within the scope of the Committee remit. In the context of that broad policy for each of the Executive Directors and senior executives the Committee then determines and reviews, at least annually, the specific remuneration packages including annual bonus plans and awards under the Company's share incentive arrangements. In addition, the Committee approves the terms of service agreements of all Executive Directors and also the terms of appointment of certain senior executives. Termination payments are also considered by the Committee, although it is mindful of its duty not to reward failing performance.

This report deals solely with the remuneration and terms of service of the Board of Directors of the Company. The policy of the Committee in relation to the Executive Directors is to maintain remuneration packages sufficient to attract, retain and motivate executives of the calibre and experience necessary to provide a successful future for the business, within a framework that is aligned with the interests of the Company's shareholders, external stakeholders, and our risk policies and processes.

The objective of the remuneration policy is to provide a balanced remuneration package, with the main components of Executive Director remuneration being the following:

Component	Objective	Fixed or variable	Performance period	Current policy
Basic salary	To position the role to be competitive with similar roles in comparable international manufacturing companies	Fixed	Annual	Individual pay levels determined by reference to performance, responsibility, skills and experience in post. Consideration given to the wider pay levels and salary increases across the Group
Annual bonus scheme	To incentivise delivery of the Group's annual financial and strategic goals	Variable	Annual	Bonus payments are based on the achievement of challenging operating profit targets. Maximum bonus entitlement set at 100% of base salary. Bonus paid in cash
Performance Share Plan (PSP)	To drive performance, aid retention and align the interests of Executive Directors with shareholders	Variable	Three or four years	Annual Performance Share awards are normally limited to 100% of base salary per annum, except in circumstances in which the Committee deems it appropriate to exceed this limit. Vesting of awards has historically been based on total shareholder return ('TSR'). The performance conditions for future awards are currently being reviewed
Pension and other benefits	To provide competitive benefits in line with market practice	Fixed	Ongoing	Executive Directors receive a pension contribution of 20% of salary, a car allowance, private health insurance and death in service cover

The Company's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance related and that the remuneration package should reward both individual and corporate performance. Short term incentives are linked to challenging strategic targets, which support and reinforce the objectives of the Company. Long term share-based awards focus the executives on the sustained development of the Group and align their interests with those of the shareholders.

In deciding and reviewing appropriate remuneration packages, the Committee considers:

- the positioning of Executive Director pay relative to companies of a similar size and companies operating in a similar sector to Volex;
- remuneration expectations in the geographical area of operation;
- surveys published by leading remuneration consultants supplemented by specific advice and benchmarking exercises by external consultants and the knowledge and experience of the members of the Committee;
- the competition, risks, challenges, complexity, diversity and international spread of the Group's business;
- the particular expertise and understanding required of the Directors concerned, the responsibilities undertaken and their performance and progress in their role in the financial year; and,
- pay and employment conditions of employees across the Group.

Kepler Associates was invited to advise the Company in respect of general executive pay trends and specific pay comparators. These comparators are derived from companies of similar size and/or industry to Volex and specific comparisons are adjusted for market capitalisation and revenue. In addition, in determining increases in Director remuneration for the financial years, the Remuneration Committee took into account the relative pay of Executive Directors as compared to other senior and mid-level executives within the Company and its affiliates.

The Committee is currently reviewing the remuneration policy, including the performance condition for new grants under the Performance Share Plan having determined that the use of TSR as a single condition is no longer appropriate in the current market environment. The Committee intends consulting on its proposals with major shareholders to solicit their views.

Directors' remuneration report
continued

Basic salary and benefits
The Committee determines the Executive Directors' basic salaries annually, with adjustments normally being made with effect from 1 April each year. In reviewing Executive Director base salary levels for FY2013 the Committee considered current market conditions, the Company's performance in FY2012 and FY2013 and the principles applying to decisions on general salary increases across the rest of the organisation.

Salary increases for Executive Directors and executive team members for FY2013 was generally 3% annualised. Base salaries for FY2013 for Executive Directors are shown in the Directors' emoluments table on page 54. Salary increases for the general workforce are awarded on a geographic basis and informed by proprietary pay benchmark data provided by Mercer. These ranged from 3.0% at Head Office in the UK to 15% in Vietnam. Overall, the Group average pay increase was approximately 3% annualised.

In addition to basic salary and pension benefits, the Executive Directors also receive certain benefits-in-kind, principally a car allowance and fuel costs, private medical insurance, life assurance and assistance in the cost of relocation where considered appropriate.

In the event that an Executive Director is required to relocate to another country the Committee may award an expatriation allowance for a limited number of years.

Bonus arrangements
A discretionary annual cash bonus scheme represents the short term variable incentive element of the overall remuneration package for Executive Directors. Under the scheme, Executive Directors can earn up to a maximum of 100% of salary. The Committee establishes the objectives that must be met in each financial year if a cash bonus is to be paid, reflecting the key financial objectives set by the Board for the year in question. The bonus plan for the financial year to 31 March 2013 was structured to reward exemplary Group operating profit performance. Disappointing trading performance in FY2013 meant that the Group operating profit target was not met and therefore no bonuses were paid to Executive Directors under this scheme in respect of the year ended 31 March 2013.

Severance pay
Any severance payments for loss of office are negotiated between the outgoing Director and Volex management before final approval by the Remuneration Committee.

Volex Group plc Performance Share Plan (PSP)
Following its approval and subsequent amendment by shareholders in December 2008 and October 2010, respectively, the Volex Group plc Performance Share Plan 2009 ('PSP') is the principal scheme through which the Company provides long term incentive awards to Executive Directors and other senior executives.

The PSP seeks to reward and encourage long term performance by providing incentives linked to the long term performance of the Company's shares. Due to the Committee's ongoing review of the performance conditions relating to the Performance Share Plan and the level of existing awards, only one share award was made during FY2013. This was an award of 300,000 nominal value options with an exercise price of 25p to new Executive Director, David McKinney in connection with his joining the Company in June 2012. Annual Performance Share awards are normally limited to 100% of base salary per annum, except in circumstances in which the Committee deems it appropriate to exceed this limit. As the award was made at a time that the Committee was just beginning its consideration of a new policy regarding the issuance of long term incentive plan awards, the Committee granted Mr McKinney a three-year vesting award with conditions that tracked the Performance Share Plan awards previously granted to Executive Directors in September 2010, whose awards vested over three and four years. As with those previous awards, the sole performance condition of this award was based on a target TSR in order to ensure alignment of the interests of all Directors.

FY2013 PSP awards
For the award granted to David McKinney under the PSP in FY2013 the Committee determined to use a three-year performance period subject to TSR performance targets in line with awards granted to other executives in FY2013, as set out in the table below.

TSR[1] target	% of shares subject to award that vest
Less than or equal to 342p	Zero
Greater than or equal to 700p	100%

1. TSR is defined as the aggregate of share price (average mid-market quotations for a Company share over the five dealing days prior to the maturity date) plus any dividends paid (or declared, if the shares ex-dividend on the maturity date) during the period, rolled up at 3% per annum over the remainder of the performance period.

If TSR in the Performance Period is between the targets set out above, then the percentage of shares which vest will be calculated on a straight-line basis. The vesting date for the awards granted in FY2013 is the third anniversary of the date of grant.

Subject to the performance target attaching to an award being met, FY2013 PSP awards may be exercised at any time during the seven years that follow the vesting date.

FY2012 PSP awards

The Executive Directors were granted two awards under the PSP in FY2011, a three-year award vesting on the third anniversary of the date of grant and a four-year award vesting on the fourth anniversary of the date of grant. Consequently, no PSP awards were made to the Executive Directors in FY2012.

For awards granted to other executives during the financial year ended 1 April 2012, the Committee determined to use three-year performance period awards subject to Total Shareholder Return ('TSR') performance targets, as set out in the table below. In making these awards, the Committee believed that TSR was the most appropriate measure of long term performance for the Company under the then-current circumstances, and provided strong alignment with shareholder interests.

TSR[1] target	% of shares subject to award that vest
Less than or equal to 342p	Zero
Greater than or equal to 700p	100%

1. TSR is defined as the aggregate of share price (average mid-market quotations for a Company share over the five dealing days prior to the maturity date) plus any dividends paid (or declared, if the shares ex-dividend on the maturity date) during the period, rolled up at 3% per annum over the remainder of the performance period.

If TSR in the Performance Period is between the targets set out above, then the percentage of shares that vest will be calculated on a straight-line basis. The vesting date for the awards granted in FY2012 is the third anniversary of the date of grant.

Subject to the performance target attaching to an award being met, FY2012 PSP awards may be exercised at any time during the seven years that follow the vesting date.

FY2011 PSP awards

For PSP awards granted in FY2011, the Committee used a combination of three-year and four-year performance period awards, with both awards subject to absolute TSR performance targets, as set out in the tables below.

FY2011 three-year awards

TSR[1] target	% of shares subject to award that vest
Less than or equal to 225p	Zero
328p	25%
Greater than or equal to 620p	100%

FY2011 four-year awards

TSR[1] target	% of shares subject to award that vest
Less than or equal to 250p	Zero
372p	25%
Greater than or equal to 700p	100%

1. TSR is defined as the aggregate of share price (average mid-market quotations for a Company share over the five dealing days prior to the maturity date) plus any dividends paid (or declared, if the shares ex-dividend on the maturity date) during the period, rolled up at 3% per annum over the remainder of the performance period.

If TSR in the Performance Period is between the targets set out above, then the percentage of shares that vest will be calculated on a straight-line basis.

The vesting date for the three and four-year awards is the third and fourth anniversary of the date of grant respectively. As two awards were made under the PSP in FY2011, no PSP award was made to Executive Directors in FY2012.

Subject to the performance target attaching to an award being met, FY2011 PSP awards may be exercised at any time during the seven years that follow the vesting date.

Directors' remuneration report
continued

FY2010 PSP awards

All PSP awards granted during the financial year ended 4 April 2010 had a Performance Period of three years (commencing on the date of grant of award) and were subject to a TSR performance target, as shown in the table below:

TSR[1] target	% of shares subject to award that vest
Less than or equal to 90p	Zero
Greater than or equal to 170p	100%

1. TSR is defined as the aggregate of share price (average mid-market quotations for a Company share over the five dealing days prior to the maturity date) plus any dividends paid (or declared, if the shares ex-dividend on the maturity date) during the period, rolled up at 3% per annum over the remainder of the performance period.

TSR on the third anniversary of the date of grant amounted to 254p and therefore the TSR performance target was satisfied in full and all FY2010 PSP awards vested in full during FY2013. FY2010 awards of 452,322 shares vested in favour of Ray Walsh and were subsequently fully exercised during the year and 305,623 awards vested in favour of former Director Andrew Cherry, which had not been exercised as at 31 March 2013. David McKinney and Daniel Abrams did not participate in the FY2010 PSP.

Subject to the performance target attaching to an award being met, an award may be exercised at any time during the six months that follow the third anniversary of the date of grant.

Restricted Scheme

The Company also operates a Restricted Share Scheme. Any nominated employee of the Company or any of its subsidiaries may participate in the Restricted Scheme. It is intended that the Restricted Scheme will be limited to key executives. An award will take the form of a nil-cost option to acquire ordinary shares in the Company, granted by the trustee of an employee benefit trust established by the Company. No awards were made to Executive Directors under the Restricted Scheme in FY2013.

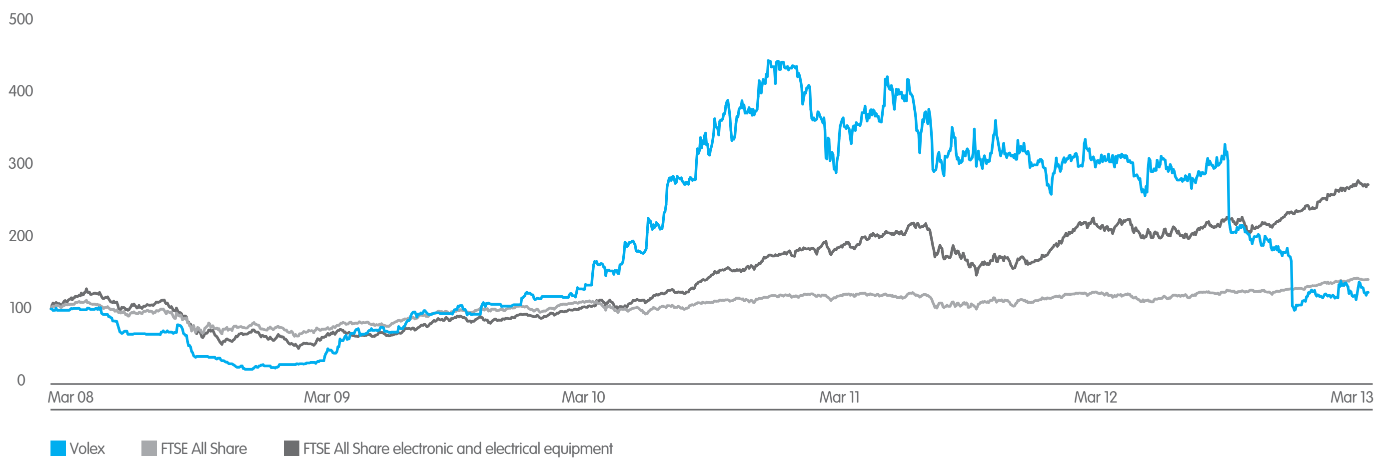
Pension arrangements

The provision of pension benefits for Executive Directors is considered in the context of the overall remuneration package and in the light of each executive's particular circumstances. Ray Walsh and David McKinney are members of the Volex Group Personal Pension Plan, a money purchase scheme, with entitlements to Company contributions of 20% of basic salary. Daniel Abrams receives pension contributions of 20% of basic salary from the Company and this is paid into his personal pension plan. It is the policy of the Company that only basic salary of the Executive Directors is pensionable.

Performance graph

The following graph shows the Company's performance, measured by TSR, compared with the performance of the FTSE All Share Index and the FTSE Electronic and Electrical Equipment sector, both also measured by TSR. These indices have been selected for this comparison because they represent the general and specific markets/sectors in which the Company is listed on the London Stock Exchange.

Five year total shareholder return



Directors' contracts

Executive Directors

It is the Company's policy that service contracts for each Executive Director continue until the Director's contractual retirement date (or such date as agreed between the Director and the Company) unless terminated earlier by either party, subject to the contractual notice period of not more than one year.

Details of the Directors' contracts are summarised in the table below:

Name of Director	Term	Effective date of service contract or letter of appointment	Notice period
Daniel Abrams[1]	Indefinite	17.12.2012	6 months
David McKinney[2]	Indefinite	02.05.2012	12 months
Ray Walsh	Indefinite	06.04.2009	12 months

1. Daniel Abrams was appointed as a Director of the Company on 17 December 2012.
2. David McKinney was appointed as a Director of the Company on 2 May 2012.

In accordance with the Company's policy, the Directors' contracts do not include any specific provisions relating to compensation in the event of termination. In the event of termination of an Executive Director's service agreement, the Company would give notice to the Executive Director and/or make payment in lieu of notice, with due allowance in appropriate circumstances for the Director's duty to mitigate his loss. There were no payments for compensation of loss of office made to any Directors during the year. After the year end a payment for compensation of loss of office of £164,328 was made to Andrew Cherry, following the cessation of his directorship on 31 March 2013.

Ray Walsh's service agreement provides for a payment for loss of service in the event of a change of control of the Company or similar event. This provision expired on 9 March 2012. Executive Directors' service contracts, which include details of remuneration together with copies of the Non-Executive Directors' letters of appointment, will be available for inspection prior to and at the 2013 AGM.

Under the Articles of Association of the Company, at each AGM any Director then in office who has been appointed by the Board since the previous AGM, and any Director then in office who at the date of the notice convening the AGM has (i) been appointed by the Board since the previous annual general meeting; or (ii) held office at the time of the two preceding annual general meetings and who did not retire at either of them; or (iii) has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, is required to retire from office but is eligible for re-election. At the 2013 AGM, Daniel Abrams will be up for re-election. Details of the Directors can be found on page 41 of the Directors' Report.

External appointments

Ray Walsh and David McKinney do not hold any external Director appointments.

Daniel Abrams is a Director of BioCity Nottingham Limited and Vincennes Limited.

Non-Executive Directors

All Non-Executive Directors have specific terms of engagement. The Company's policy for Non-Executive Directors, including the Chairman, is to have contracts for services, documented in a Letter of Appointment. These Letters of Appointment were renewed during the year and new rolling agreements were entered into, which remain in force until terminated by either party.

Details of the Non-Executive Directors' contracts are summarised in the table below:

Name of Director	Effective date of service contract or letter of appointment	Notice period
Non-Executive Directors		
Richard Arkle	26.04.2012	3 months
Chris Geoghegan	26.04.2012	3 months
Mike McTighe	26.04.2012	3 months
Paul Mountford[1]	03.12.2010	3 months
Karen Slatford	26.04.2012	3 months

1. Paul Mountford resigned from his role as Non-Executive Director of the Company on 2 May 2012. By mutual agreement, he was not paid any termination amounts.

The fee paid to each Non-Executive Director in the year is set out in the table on page 54. The fee payable to the Company Chairman is reviewed and determined annually by members of the Committee (excluding the Company Chairman) following consultation with the Group Chief Executive and assisted by market data provided by Kepler Associates. The remuneration of the Non-Executive Directors is determined by the Board of Directors of the Company within the limits set out in the Articles of Association.

Non-Executive Directors cannot participate in the PSP or the Restricted Scheme and are not eligible to join the Company's pension scheme.

Directors' remuneration report
continued

Non-Executive Director Long Term Incentive Scheme (LTIS)

The LTIS was approved by shareholders in 2008 when it was considered imperative by the Directors that the Non-Executive Directors be incentivised to return cash to shareholders over the three-year period to 25 March 2012. Decisions on the LTIS are made by the Executive Directors of the Board.

The terms of the LTIS were amended during FY2011, following approval by the shareholders in October 2010, such that the number of LTIS awards receivable by each eligible Non-Executive is calculated as an option over a number of units based on the Average Value Attained[1] at the end of the three-year period to 25 March 2012, subject to the Non-Executive Director remaining in office.

Subject to the achievement of the Average Value Attained target and the award holder remaining in office at the relevant date, awards vest in three equal tranches on 25 March in each of 2012, 2013 and 2014. Assuming these conditions have been satisfied, awards may be exercised at any time during the period commencing 21 days after the vesting date (of that tranche) until the fifth anniversary of the vesting date (of that tranche). The amendments made in 2010 allow the Company to satisfy the LTIS award in either Company shares or cash.

The number of units awarded under the LTIS was 800,000 units and the Average Value Attained at 25 March 2012 amounted to 264.7p, in excess of the 250p threshold at which 100% of LTIS awards vest, and all three eligible Non-Executive Directors were still in office at that date.

Accordingly 533,333 units (two-thirds of the total 800,000 units) had vested as at 31 March 2013. Each holder is now entitled to exercise two-thirds of the number of units held by the holder. At the date of this report, none of the Non-Executive Directors had exercised any portion of their award. The remaining tranche of 266,667 units will vest on 25 March 2014, and each award holder will be entitled to exercise the final third of the award number on that date, subject to the award holders remaining as Directors as that date.

Awards held by Non-Executive Directors under the LTIS are shown on page 55 of this report. The Board intends that no further awards will be made under the LTIS.

The market price of Volex plc shares, to which the PSP and LTIS awards relate, at 31 March 2013 was 102.75p. The highest and lowest market prices of the shares during FY2013 was 274.0p and 84.0p respectively.

1. Average Value Attained is defined as the average price per ordinary share in the Company on 25 March 2012 averaged over a period of 20 dealing days preceding that date, plus dividends paid in the three years preceding that (or, if the shares are ex-dividend on 25 March 2012, the corresponding dividend declared).

Audited Information

Directors' emoluments

Details of the emoluments of those Directors who were in office during the financial period ended 31 March 2013 are set out below:

	Fees/basic salary £	Benefits in kind £	Annual bonuses £	Severance £	**2013 Total £**	2012 Total £
Executive Directors						
Daniel Abrams[1]	70,154	4,428	–	–	**74,582**	–
Andrew Cherry[2]	248,571	15,438	–	164,328	**428,337**	259,590
David McKinney[3]	221,469	12,421	–	–	**233,890**	–
Ray Walsh[4]	391,772	53,770	–	–	**445,542**	427,459
Non-Executive Directors						
Richard Arkle[5]	35,000	–	–	–	**35,000**	35,000
Chris Geoghegan[6]	35,000	–	–	–	**35,000**	35,000
Mike McTighe	125,000	–	–	–	**125,000**	125,000
Paul Mountford[7]	–	–	–	–	**–**	30,000
Karen Slatford[8]	57,103	–	–	–	**57,103**	30,000
	1,184,069	86,057	–	164,328	**1,434,454**	942,049

1. Daniel Abrams was appointed a Director of the Company on 17 December 2012.
2. Andrew Cherry ceased to be a Director of the Company on 31 March 2013.
3. David McKinney was appointed a Director of the Company on 2 May 2012.
4. Included in Ray Walsh's benefits-in-kind is £28,354 received as a cash payment in lieu of pension contribution.
5. For his services as a Non-Executive Director Richard Arkle receives an annual fee of £35,000, comprising a Non-Executive Director fee of £30,000 and an additional £5,000 for chairing the Audit Committee.
6. As the Board's Senior Independent Non-Executive Director, Chris Geoghegan receives an annual fee of £35,000, which includes a fee of £5,000 for chairing the Remuneration Committee.
7. Paul Mountford resigned on 2 May 2012.
8. Karen Slatford was appointed Deputy Chairperson on 14 December 2012. Accordingly, her annual fee was increased to £70,000 from this date.

The Directors do not receive general expense allowances but are reimbursed specific reasonable expenses incurred in connection with the Company's business.

Andrew Cherry received £164,328 as part of a compromise agreement following his departure on 31 March 2013.

No payments of any kind were made to former Directors during the year.

Directors' interest in Long Term Incentive Scheme

Details of the Directors' interest in Long Term Incentive Schemes are set out below:

Volex Group plc Performance Share Plan (PSP)

	Number of shares subject to PSP options held at 2 April 2012	Number of shares subject to PSP options granted during FY2013	Number of shares subject to PSP options exercised during FY2013	Number of shares subject to PSP options lapsed during FY2013	**Number of shares subject to PSP options held at 31 March 2013**	Exercise price of shares subject to PSP options (£)
Daniel Abrams[1]	–	–	–	–	**–**	–
Andrew Cherry[2]	905,623	–	–	(341,667)	**563,956**	0.25
David McKinney[3]	–	300,000	–	–	**300,000**	0.25
Ray Walsh	1,252,322	–	(452,322)	–	**800,000**	0.25

1. Daniel Abrams was appointed a Director of the Company on 17 December 2012.
2. Andrew Cherry ceased to be a Director of the Company on 31 March 2013.
3. David McKinney was appointed a Director of the Company on 2 May 2012.

305,623 PSP awards held by Andrew Cherry and 452,322 PSP awards held by Ray Walsh vested on 7 September 2012. In order to comply with section 409A of the United States Internal Revenue Code, Ray Walsh, a US taxpayer, exercised his vested award in full on 30 November 2012. The exercise price of the award was 25p per share and the market price of Volex plc shares at the date of exercise was £1.465.

Under the terms of Andrew Cherry's compromise agreement, the 305,623 PSP awards that have vested remain exercisable until 31 March 2014. The remaining options outstanding at 31 March 2013 vest on 31 August 2013, subject to achievement of performance conditions.

The date of the FY2013 grant of shares subject to PSP options was 28 June 2012. The market price of the shares subject to PSP options on this date was £2.53.

Non-Executive Director Long Term Incentive Scheme (LTIS)

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

	Number of Award units at 2 April 2012	Number of award units granted during FY2013	Number of award units lapsed during FY2013	**Number of award units at 31 March 2013**	% interest in Award units at 31 March 2013
Chris Geoghegan	80,000	–	–	**80,000**	10%
Mike McTighe	640,000	–	–	**640,000**	80%
Karen Slatford	80,000	–	–	**80,000**	10%
Total units in Bonus Pool	800,000			**800,000**	

Details of the LTIS, including explanation of the vesting of the first two tranches of the award, representing two-thirds of each Non-Executive Director's LTIS interest, are set out on page 54 of this Remuneration Report.

Directors' pension entitlements

Pension contributions in respect of Directors payable by the Group during the year were as follows:

	2013 £	2012 £
Daniel Abrams[1]	**14,031**	–
Andrew Cherry[2]	**68,002**	61,118
David McKinney[3]	**59,886**	–
Ray Walsh[4]	**50,000**	54,182

1. Daniel Abrams was appointed a Director of the Company on 17 December 2012 and has received contributions of 20% from the Company paid into his personal pension plan since that date.
2. Andrew Cherry was a member of the Volex Group Personal Pension Plan, to which the Company made a contribution of 20%. Andrew ceased to be a Director of the Company on 31 March 2013.
3. David McKinney was appointed a Director of the Company on 2 May 2012 and joined the Volex Group Personal Pension Plan on that date, to which the Company makes a contribution of 20%.
4. Ray Walsh is a member of the Volex Group Personal Pension Plan, to which the Company makes a contribution of 20%. Ray elected to take £28,354 of his pension entitlement as a cash payment in lieu of pension contribution and this cash payment is reflected in the table of Directors' emoluments on page 54.

Directors' remuneration report
continued

Directors' interest in shares of the Company

The interests in the share capital of the Company of those Directors who were in office at 31 March 2013, together with their interests at 1 April 2012, or date of appointment if later, are detailed below. The table details separately beneficial interest and share options issued to the Directors (both prior to and upon their appointment), under the PSP and the LTIS. All interests relate solely to 25p Ordinary shares.

	Shares held at 31 March 2013	Shares held at 1 April 2012	**PSP awards at 31 March 2013**	PSP awards at 1 April 2012	**LTIS awards at 31 March 2013**	LTIS awards at 1 April 2012
Daniel Abrams	**71,849**	–	**–**	–	**–**	–
Richard Arkle	**184,000**	184,000	**–**	–	**–**	–
Chris Geoghegan	**30,000**	–	**–**	–	**80,000**	80,000
David McKinney	**4,220**	–	**300,000**	–	**–**	–
Mike McTighe	**117,000**	107,000	**–**	–	**640,000**	640,000
Karen Slatford	**30,000**	–	**–**	–	**80,000**	80,000
Ray Walsh	**250,000**	57,000	**800,000**	1,252,322	**–**	–

There have been no changes to the Directors' interests in the shares of the Company between 31 March 2013 and the date of this report.

Directors' interest in transactions with related parties

None of the Directors had a material interest in any contract of significance with the Company or with any other related party.

Approval

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

Chris Geoghegan
Chairman of the Remuneration Committee
27 May 2013

Directors' report

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, and the Company and parent Company financial statements in accordance with applicable law and regulations.

The Companies Act 2006 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Company and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Companies Act 2006, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

The Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with applicable law and regulations.

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

Each of the Directors, whose names and functions are listed in the section of Board of Directors on page 40 and 41, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the business review, contained in the Directors' Report and the operating and financial review section in this 2013 Annual Report and Accounts, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces;
- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware;
- each of the Directors has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information; and
- The Directors consider the report and accounts as a whole to be fair, balanced and understandable, in a format to provide the information necessary for shareholders to assess the Company's performance and strategy.

By order of the Board

Ray Walsh
Group Chief Executive
27 May 2013

Daniel Abrams
Chief Financial Officer
27 May 2013

Directors' report
continued

The Directors present their Annual Report on the affairs of the Company together with the audited financial statements and independent auditors' report for the financial year ended 31 March 2013.

Principal activities and business review

Volex plc is a leading global provider of customised electrical and optical interconnect solutions and provides global support to leading producers of consumer products, telecommunication systems, networking devices, medical equipment and other industrial products.

The Company operates through overseas subsidiary companies in Asia, Europe, North and South America. The subsidiary undertakings principally affecting the profits or net assets of the Company in the year are listed on page 111.

A review of the development and performance of the business of the Company, including the financial performance during the year, the key performance indicators focused on and a description of the principal risks and uncertainties facing the Company, can be found on pages 32 to 36 and also the Corporate Responsibility Statement which can be found on pages 37 and 38.

Principal risks and uncertainties

Included on pages 32 to 36 is an outline of the principal risks facing the Company. Given the current economic circumstances and the guidance issued by the Financial Reporting Council, additional disclosures are included in note 2 to the Financial Statements regarding the basis on which the Directors have continued to adopt the going concern basis in preparing these financial statements.

Dividend

The Directors recommend that a final dividend of 3.0 cents per share be paid to the holders of ordinary shares on the register of members of the Company at the close of business on 6 September 2013, or the record date. After taking into account the 2.0 cents per share paid as an interim dividend to shareholders, the total dividend payable in respect of FY2013 is 5.0 cents. (FY2012: 4.5 cents).

Shareholders will continue to have the option to receive this dividend in either USD or GBP with the Company's Registrars providing a currency election facility. Any election made by shareholders for the FY2013 interim dividend will continue in force unless rescinded. Shareholders who prefer to receive their dividend in USD must make their election to receive their dividend in USD by 5 p.m. on 26 September 2013. If no election is made, the dividend will be paid in GBP, the default currency for the dividend, with the GBP amount payable calculated by reference to the GBP:USD exchange rate prevailing at the record date. If you hold your ordinary shares in certificated form, you may only elect to receive your dividend in US dollars by signing and returning a currency election form, available from Capita Registrars Limited, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. If you hold your ordinary shares in uncertificated form, to elect to receive your dividend in US dollars you must input a valid Dividend Election Input Message, in accordance with the CREST procedures described in the CREST manual. Partial elections will not be permitted.

The Company will be communicating separately with all shareholders, to provide more details and instructions for use of this currency election facility.

At the Company's forthcoming AGM, the Directors are proposing to offer an optional scrip dividend alternative scheme to shareholders (the 'Scrip Dividend Scheme'). The Scrip Dividend Scheme will give shareholders the right to elect to receive new Ordinary shares in the Company (credited as fully paid) instead of future cash dividends when a scrip dividend alternative is offered. The Scrip Dividend Scheme will apply to the final dividend for the year ended 31 March 2013, although those shareholders that do not want to join the Scrip Dividend Scheme may nonetheless elect for a scrip dividend in respect of just the final dividend for the year ended 31 March 2013 only. At the Directors' discretion, the Scrip Dividend Scheme may also be offered in respect of any future final or interim dividends.

If approved, the Scrip Dividend Scheme would be effective for a period of five years, to expire on 21 July 2018. Unless circumstances change, the Directors would expect to renew this authority at the Annual General Meeting of the Company to be held in 2018.

Financing and Financial Risk

On 31 May 2011 the Company refinanced its borrowing facilities by signing and entering into a new four year $75m multi-currency revolving credit facility agreement with Lloyds, HSBC and Clydesdale banks. Further details of this new financing facility are given in note 19 to the accounts.

The Company remained focused on effective financial risk management and made significant progress in the year in extending its commodity hedging programme to protect the Company's margins and profits from the impact of commodity (particularly copper) price volatility.

The Company's financial risk management objectives and exposure of the Company to customer concentration, commodity price fluctuations, foreign exchange rates, pricing, credit, liquidity and cash flow risks is set out in note 32 to the accounts and in the Managing Group Risk section on pages 32 to 36.

Research and development

The Company's research and development activities are focused on driving innovation throughout its product portfolio, to enable it to deliver new or enhanced customer-specific connection solutions. For example, we have developed prototype cable assemblies and connectors for a specific type of high speed copper solution. We have continued to recruit design and development expertise to drive these activities and to build a forward-looking industry expertise that enables us to engage effectively in industry standards bodies and positions the Company well with customers for next-generation interconnect products and technologies.

Continuous improvement

The Company has continued to embed a range of management tools to promote a culture of continuous improvement across all our functions. In our manufacturing operations further LEAN management techniques have been incorporated to provide additional production efficiencies, while improved engagement with customers and suppliers has delivered benefits in our sales and supply chain functions.

Furthermore the Company has recognised the critical importance of corporate culture to underpin the continuing transformation of Volex. The Company is continuing its culture transformation programme which is being implemented throughout the Company. In addition to helping Volex transform itself into a customer-focused and innovation driven organisation, this culture programme is intended to provide a more rewarding work environment for our employees.

Share capital

As at 31 March 2013, the Company's total issued share capital comprised 62,493,578 Ordinary shares of 25p each.

Included in the 62,493,578 ordinary shares of 25p are 5,055,598 (FY2012: 5,871,815) ordinary shares held by the Volex Employee Share Trust and the Volex Group Guernsey Purpose Trust as Treasury shares to satisfy the potential future vesting of long term incentive awards held by certain Directors and key management. During the year 816,217 (FY2012: 570,000) treasury shares were utilised by the Volex Employee Share Trust to satisfy the vesting of such awards. Further details of the employee share schemes can be found in the Remuneration Committee Report on pages 50 to 52.

The ordinary shares carry no right to a fixed income and each Ordinary share carries the right to one vote at general meetings of the Company. Details of the Company's share capital can be found in note 24 to the accounts.

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights or control over the Company's share capital and all issued shares are fully paid.

The Directors have the authority (on the terms set out in the Notice to the FY2013 Annual General Meeting): (i) to allot shares representing two-thirds of the issued share capital of the Company and (ii) to disapply statutory pre-emption rights for cash issues of shares representing not more than 5% of the issued share capital of the Company. These authorities are renewed annually at the Annual General Meeting. The Company also has authority, renewed annually, to purchase not more than 10% of the issued share capital of the Company. Any shares purchased will either be cancelled, and the number of Ordinary shares in issue reduced accordingly, or held in Treasury. The Directors will be seeking a new authority for the Company to purchase its Ordinary shares at the 2013 AGM.

Cautionary statement

The purpose of the Annual Report is for the Company to provide information to its members. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Company. By their nature these statements involve uncertainty, since future events and circumstances can cause results and developments to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.

Directors' report
continued

Summary review of operations

	2013 $'000	2012 $'000
Normalised operating profit (before non-recurring items and share-based payments)	**12,342**	32,004
Non-recurring Items	**(7,966)**	(4,990)
Share-based payments charge	**(181)**	(3,976)
Operating profit	**4,195**	23,038
Finance income	**141**	73
Financing costs	**(2,410)**	(3,900)
Profit on ordinary activities before taxation	**1,926**	19,211
Taxation	**(2,813)**	(2,029)
Profit for the period, being the retained profit for the year attributable to the equity holders of the parent	**(887)**	17,182

Net assets employed by the Company were:

	2013 $'000	2012 $'000
Non-current assets	**52,107**	31,645
Other assets and liabilities	**13,039**	16,024
	65,146	47,669
Net cash/(debt)	**(19,500)**	3,643
Net assets	**45,646**	51,312
Gearing[1]	**43%**	(7%)

1. Net debt divided by net assets.

Directors and their interests

(a) Directors

The Directors who served during the year were as follows:

Richard Arkle, Non-Executive Director

Chris Geoghegan, Senior Independent Director

Mike McTighe, Chairman

Paul Mountford, Non-Executive Director*

Karen Slatford, Non-Executive Director

Ray Walsh, Chief Executive Officer

David McKinney, Chief Operating Officer

Andrew Cherry, former Chief Financial Officer**

Daniel Abrams, Chief Financial Officer

On 17 December 2012, Daniel Abrams was appointed to the Executive Director position of Chief Financial Officer.

Karen Slatford was appointed as Deputy Chair on 14 December 2012.

Subsequent to 31 March 2013, Christoph Eisenhardt has been announced as the new Chief Executive Officer of the Group, succeeding Ray Walsh effective 1 July 2013.

There have been no other changes to the Board since the end of the financial year. Biographical details of the current Directors can be found on pages 40 and 41.

* Paul Mountford served until May 2012

**Andrew Cherry served until 31 March 2013

(b) Election of Directors
In accordance with the provisions of the Articles of Association of the Company, Mike McTighe, Richard Arkle, Daniel Abrams and Christoph Eisenhardt will retire at the 2013 AGM and being eligible, offer themselves for election by the shareholders.

It is the Company's policy that service contracts for each Executive Director continue for an indefinite term until such date as agreed between the Director and the Company or terminated earlier by either party.

(c) Directors' interests and remuneration
Details of the Directors' remuneration and their interests in the share capital of the Company are disclosed in the Directors' Remuneration Report on pages 48 to 56.

(d) Third party indemnities
The Company has granted qualifying third party indemnities to the Directors, which remain in force, copies of which will be available for inspection at the forthcoming AGM. In addition, the Company has granted qualifying third party indemnities to Directors of the Company's associated companies, which remain in force.

Substantial shareholdings
Pursuant to the Disclosure and Transparency Rules, issued by the Financial Services Authority, the major shareholders of the Company are as follows:

	Number of Ordinary shares	Percentage held[1]
NR Holdings Ltd	14,855,000	23.77%
GoldenPeaks Active Value Master Fund	11,721,991	18.76%
Volex Group plc Employee Share Trust	4,050,598	6.48%
Artemis Intertrade (via Neue Helvetische Bank)	2,204,419	3.53%
M&G Investment Management	2,099,936	3.36%
Legal & General Investment Management	1,952,300	3.12%
Bank Vontobel	1,906,452	3.05%

1. Percentage calculated on the total number of Ordinary and preference shares outstanding at the date of this report, which is 62,493,578.

Restrictions on voting rights
Volex's Articles of Association provide that voting on resolutions at a general meeting shall be decided on a show of hands unless a poll is demanded by the chairman of the meeting or by those members entitled under the provisions of the Companies Act 2006 to demand a poll. Subject to the following paragraph, on a show of hands every member who is present in person or by proxy, shall have one vote and, on a poll, every member who is present in person or by proxy, shall have one vote for every share in the capital of Volex.

Appointment and replacement of Directors
The Directors may appoint any person to be a Director either to fill a vacancy or as an additional Director provided the total number of Directors does not at any time exceed 15. In addition, provided the procedural requirements prescribed in Volex's Articles of Association are followed, Volex may by ordinary resolution appoint any person to be a Director of Volex either to fill a vacancy or as an additional Director.

At each AGM, all Directors who (i) were appointed by the Board since the last AGM, (ii) were elected or last re-elected at or before the AGM held in the second calendar year before the current year or (iii) have held office (other than employment or executive office) for a continuous period of nine years or more, shall automatically retire.

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

As set out in the Articles of Association there are circumstances where a Director will immediately cease to hold office. These circumstances include where he or she is prohibited by law from being or acting as a Director, where a Director has been made bankrupt or is where he or she is unable to perform their duties through long term ill health.

Directors' report
continued

Charitable and political contributions

It is the Company's policy not to make political donations or donations to UK charitable organisations, accordingly there were no political donations or charitable donations made during the year.

Amending Volex's Articles of Association

The Companies Act 2006 requires that any alteration to Volex's Articles of Association must be approved by a special resolution of the shareholders.

Director's powers

The Directors are empowered to exercise all the powers of Volex subject to any restrictions in Volex's Articles of Association, the Companies Act 2006 and any special resolution.

Under Volex's Articles of Association, a Director cannot vote in respect of any proposal in which the Director, or any person connected with the Director, has an interest that conflicts, or may conflict, with the interests of Volex other than by virtue of the Director's (or their connected persons) interest in Volex's shares or other securities. However, this restriction on voting does not apply to resolutions (i) giving the Director any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of Volex or any of its subsidiary undertakings, (ii) giving any guarantee, security or indemnity to a third party in respect of a debt or obligation of Volex or any of its subsidiary undertakings for which the Director has assumed responsibility under an indemnity or guarantee or by the giving of security, (iii) granting the Director an indemnity or provision of funding in relation to liabilities incurred by him in the execution and discharge of his duties, powers or office as a Director of any member of the Group, (iv) relating to an offer for subscription or purchase of securities of Volex or any of its subsidiary undertakings in which the Director is or may be entitled to participate as a holder of securities or as a underwriter or sub-underwriter, (v) concerning any other company in which the Director (together with any connected person) is a shareholder or an officer or is otherwise interested, provided that the Director (together with any connected person) is not interested in 1% or more of any class of equity share capital of such company or the voting rights available to the shareholders of such company, (vi) relating to the arrangement of any employee benefit in which the Director will share equally with other employees, or (vii) relating to any insurance that Volex purchases or maintains for the benefit of its Directors or persons including its Directors. The Board considers that the procedures it has in place for reporting and considering conflicts of interest are effective.

The Directors are empowered to exercise all the powers of Volex to borrow money, subject to the limitation that the aggregate amount of all liabilities and obligations of the Group outstanding at any time shall not exceed an amount equal to three times the aggregate of the Group's share capital and reserves calculated in the manner prescribed in the Volex Articles of Association unless sanctioned by an ordinary resolution of Volex's shareholders.

Volex can make market purchases of its own shares provided it is duly authorised by its members in a general meeting and subject to and in accordance with section 701 of the Companies Act 2006.

Significant agreements

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

Details of the Directors' service contracts can be found in the Remuneration Committee Report on page 53.

Supplier payment policy

The Group's policy is to pay suppliers on settlement terms agreed with each supplier. The total amount of Group trade payables falling due within one year at 31 March 2013 represents 82 days' worth (2012: 90 days), as a proportion of the total amount invoiced by suppliers during the year ended on that date.

Audit and auditors

In accordance with the recommendation of the Audit Committee as disclosed on pages 45 and 46 and section 489 of the Companies Act 2006, a resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditors will be proposed at the forthcoming AGM.

Directors' indemnities

The Company's Articles of Association contain a qualifying third party indemnity provision (as per the Companies Act 2006) that provides that the Company may pay for Directors' indemnities out of its own assets. The Company has procured Directors' and Officers' insurance for this purpose.

AGM

The Board regards the AGM as an important opportunity to communicate directly with shareholders. The 2013 AGM of the Company will be held on 22 July 2013. The Notice of Meeting will be sent out in a separate document to this report, and is also available on the Company's website.

The meeting will consider items to be passed as ordinary or special resolutions. In accordance with UK Corporate Governance Code provision E2.1, each resolution will be proposed as a separate resolution.

By order of the Board.

Matt Nydell
Company Secretary
27 May 2013

Independent auditor's report

To the members of Volex plc

We have audited the financial statements of Volex plc for the 52 week period ended 31 March 2013 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company statement of financial position, the Consolidated and Company statement of changes in equity, the Consolidated and Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 57, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2013 and of the Group's loss and the Group's and parent Company's cash flows for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate governance statement set out on pages 42 to 47 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 72, in relation to going concern;
- the parts of the Corporate governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Darryl Phillips
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 May 2013

Consolidated income statement

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

		Group					
		2013			2012		
	Notes	**Before non-recurring items and share-based payments $'000**	**Non-recurring items and share-based payments $'000**	**Total $'000**	Before non-recurring items and share-based payments $'000	Non-recurring items and share-based payments $'000	Total $'000
Revenue	3	**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		**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)		**12,342**	**(8,147)**	**4,195**	32,004	(8,966)	23,038
Finance income	5	**141**	**–**	**141**	73	–	73
Finance costs	6	**(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	10	**(3,605)**	**792**	**(2,813)**	(3,445)	1,416	(2,029)
Profit/(loss) for the period attributable to the owners of the parent	7	**6,468**	**(7,355)**	**(887)**	24,732	(7,550)	17,182
Earnings/(loss) per share (cents)							
Basic	12	**11.4**		**(1.6)**	43.7		30.4
Diluted	12	**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)

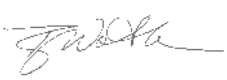
	Notes	Group 2013 $'000	Group 2012 $'000
Profit/(loss) for the period		**(887)**	17,182
Other comprehensive income/(loss):			
Gain/(loss) on hedge of net investment taken to equity		**(2,256)**	(479)
Gain/(loss) arising on cash flow hedges during the period		**(1,868)**	1,295
Exchange gain/(loss) on translation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

Consolidated and Company statement of financial position

As at 31 March 2013 (1 April 2012)

	Notes	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current assets					
Goodwill	13	**2,932**	3,085	**–**	–
Other intangible assets	14	**4,147**	2,897	**1,932**	1,955
Property, plant and equipment	15	**39,691**	20,022	**438**	426
Investments	16	**–**	–	**151,275**	153,197
Other receivables	18	**605**	543	**–**	320
Deferred tax asset	22	**4,732**	5,098	**2,021**	2,024
		52,107	31,645	**155,666**	157,922
Current assets					
Inventories	17	**43,016**	49,790	**2,348**	3,062
Trade receivables	18	**73,026**	90,612	**2,873**	3,349
Other receivables	18	**10,829**	15,092	**31,534**	57,061
Current tax assets		**1,414**	703	**–**	–
Derivative financial instruments	32	**–**	1,453	**–**	1,453
Cash and bank balances	28	**25,044**	43,578	**–**	–
		153,329	201,228	**36,755**	64,925
Total assets		**205,436**	232,873	**192,421**	222,847
Current liabilities					
Borrowings	19	**1,255**	2,398	**10,249**	12,572
Obligations under finance leases	20	**–**	117	**–**	117
Trade payables	21	**73,184**	88,551	**1,705**	1,547
Other payables	21	**24,880**	34,574	**30,822**	44,779
Current tax liabilities		**5,924**	5,938	**–**	–
Retirement benefit obligation	31	**585**	596	**585**	596
Provisions	23	**2,266**	1,078	**1,773**	832
Derivative financial instruments	32	**399**	54	**399**	34
		108,493	133,306	**45,533**	60,477
Net current assets/(liabilities)		**44,836**	67,922	**(8,778)**	4,448
Non-current liabilities					
Borrowings	19	**43,289**	37,420	**29,192**	22,757
Other payables	21	**575**	706	**56,205**	58,938
Deferred tax liabilities	22	**1,789**	2,563	**–**	–
Retirement benefit obligation	31	**3,039**	2,976	**3,039**	2,976
Provisions	23	**2,605**	4,590	**2,553**	4,540
		51,297	48,255	**90,989**	89,211
Total liabilities		**159,790**	181,561	**136,522**	149,688
Net assets		**45,646**	51,312	**55,899**	73,159
Equity attributable to owners of the parent					
Share capital	24	**28,180**	28,180	**28,180**	28,180
Share premium account		**2,586**	2,586	**2,586**	2,586
Hedging and translation reserve		**(6,553)**	(4,252)	**(10,836)**	(8,263)
Own shares	26	**(4,945)**	(5,271)	**–**	–
Merger reserve		**–**	–	**15,540**	15,540
Retained earnings		**26,378**	30,069	**20,429**	35,116
Total equity		**45,646**	51,312	**55,899**	73,159

The financial statements on pages 66 to 110 were approved by the Board of Directors and authorised for issue on 27 May 2013. They were signed on its behalf by:



Ray Walsh
Group Chief Executive

Daniel Abrams
Chief Financial Officer

Volex plc Company Number: 158956

Consolidated and Company statement of changes in equity

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

Group	Share capital $'000	Share premium account $'000	Hedging and translation reserve $'000	Own shares $'000	Merger reserve $'000	Retained earnings/ (losses) $'000	Total equity $'000
Balance at 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**

Company	Share capital $'000	Share premium account $'000	Hedging and translation reserve $'000	Own shares $'000	Merger reserve $'000	Retained earnings/ (losses) $'000	Total equity $'000
Balance at 3 April 2011	28,180	2,586	(8,050)	–	15,540	34,917	73,173
Profit/(loss) for the year attributable to the owners of the parent	–	–	–	–	–	1,254	1,254
Other comprehensive income/(loss) for the period	–	–	(213)	–	–	(1,828)	(2,041)
Total comprehensive income/(loss) for the period	–	–	(213)	–	–	(574)	(787)
Issue of share capital	–	–	–	–	–	(2,712)	(2,712)
Dividends	–	–	–	–	–		
Reserve entry for share option charge	–	–	–	–	–	3,485	3,485
Balance at 1 April 2012	**28,180**	**2,586**	**(8,263)**	**–**	**15,540**	**35,116**	**73,159**
Profit/(loss) for the year attributable to the owners of the parent	–	–	–	–	–	(11,850)	(11,850)
Other comprehensive income/(loss) for the period	–	–	(2,573)	–	–	(755)	(3,328)
Total comprehensive income/(loss) for the period	–	–	(2,573)	–	–	(12,605)	(15,178)
Dividends	–	–	–	–	–	(2,813)	(2,813)
Reserve entry for share option charge	–	–	–	–	–	731	731
Balance at 31 March 2013	**28,180**	**2,586**	**(10,836)**	**–**	**15,540**	**20,429**	**55,899**

Consolidated and Company statement of cash flows

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

	Notes	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Net cash generated from/(used in) operating activities	28	**6,365**	30,353	**1,540**	(19,014)
Cash flow generated from/(used in) investing activities					
Interest received	5	**141**	73	**–**	–
Proceeds on disposal of intangible assets, property, plant and equipment		**263**	79	**16**	–
Purchases of property, plant and equipment	15	**(24,860)**	(10,263)	**(306)**	(399)
Purchases of intangible assets	14	**(2,567)**	(1,986)	**(778)**	(738)
Acquisition of own shares (net of funds received on option exercise)		**359**	(3,031)	**–**	–
Net cash outflow arising on disposal of operations		**–**	–	**–**	–
Net cash inflow/(outflow) on intercompany funding		**–**	–	**(1,331)**	(8,357)
Net cash generated from/(used in) investing activities		**(26,664)**	(15,128)	**(2,399)**	(9,494)
Cash flows before financing activities		**(20,299)**	15,225	**(859)**	(28,508)
Cash generated/(used) before non-recurring items		**(13,405)**	19,932	**1,623**	(28,508)
Cash utilised in respect of non-recurring items		**(6,894)**	(4,707)	**(2,482)**	–
Cash flow generated from/(used in) financing activities					
Dividends paid	11	**(2,813)**	(2,712)	**(2,813)**	(2,712)
Repayment of preference shares	25	**–**	(130)	**–**	(130)
Refinancing costs paid	27	**–**	(1,655)	**–**	(1,655)
Repayment of borrowings	27	**–**	(26,377)	**–**	(7,300)
New bank loans raised	27	**6,000**	39,544	**6,000**	24,000
Repayments of obligations under finance leases	20	**(117)**	(181)	**(117)**	(181)
Net cash generated from/(used in) financing activities		**3,070**	8,489	**3,070**	12,022
Net increase/(decrease) in cash and cash equivalents		**(17,229)**	23,714	**2,211**	(16,486)
Cash and cash equivalents at beginning of period	27	**41,180**	18,525	**(12,572)**	4,086
Effect of foreign exchange rate changes	27	**(162)**	(1,059)	**112**	(172)
Cash and cash equivalents at end of period	27	**23,789**	41,180	**(10,249)**	(12,572)

Notes to the financial statements

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

1. Presentation of financial statements

Volex plc ('the Company' and together with its subsidiaries 'the Group') is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 and listed on the London Stock Exchange. The address of the registered office is given on the inside back cover. The nature of the Group's operations and its principal activities are set out in the Business Review on pages 10 to 38.

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

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

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company statement of comprehensive income (and separate income statement). The loss for the parent company for the period was $11,850,000 (2012: profit of $1,254,000).

2. Significant accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs as adopted by the EU'), International Financial Reporting Interpretations Committee ('IFRIC') Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements therefore comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis except for the revaluation of financial instruments.

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

The following new and revised Standards and Interpretations have been adopted in the current period. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

- IFRS 7 (amended) 'Financial Instruments: Disclosures'
- IAS 12 (amended) 'Income Taxes'

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU). The Directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Group in future periods.

- IFRS 11 'Joint Arrangements' – effective for period ending 30 March 2014
- IFRS 12 'Disclosure of Interests in Other Entities' – effective for period ending 30 March 2014
- IAS 1 (amendment) 'Financial Statement Presentation' – effective for period ending 30 March 2014
- IAS 27 (revised) 'Separate Financial Statements' – effective for period ending 30 March 2014
- IAS 28 (revised) 'Associates and Joint Ventures' effective for period ended 30 March 2014

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU). The Group is currently reviewing these standards to determine the likely impact on the financial statements of the Group in future periods.

- IFRS 7 (amendment) 'Disclosures – Offsetting Financial Assets and Financial Liabilities' – effective for period ending 30 March 2014
- IFRS 9 'Financial Instruments' – effective for period ending 3 April 2016
- IFRS 10 'Consolidated Financial Statements'– effective for period ending 30 March 2014
- IFRS 13 'Fair Value Measurement' – effective for period ending 30 March 2014
- IAS 19 (amendment) 'Employee Benefits' – effective for period ending 30 March 2014
- IAS 32 (amended) 'Offsetting Financial Assets and Financial Liabilities' – effective for period ending 5 April 2015

Notes to the financial statements
continued

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

2. Significant accounting policies continued

Basis of consolidation

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

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

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Going concern

The Group's business activities, together with the factors likely to affect its future developments, performance and position are set out in the Business Review on pages 10 to 38. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance Review on pages 26 to 31. In addition Note 32 to the financial statements includes the Group objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk, liquidity risk, interest rate risk, commodity price risk and foreign exchange risk.

As highlighted in Note 19 to the financial statements, the Group met its day-to-day working capital requirements through a $75 million multi-currency revolving credit facility ('RCF') with a syndicate of three banks. The principal terms of this financing facility are given in Note 19. The facility requires the Group to perform quarterly financial covenant calculations with respect to leverage (adjusted net debt to adjusted rolling 12 month EBITDA) and interest cover (adjusted rolling 12 month EBITDA to adjusted rolling 12 month interest). Breach of these covenants could result in cancellation of the facility.

The Group's forecast and projections, taking reasonable account of possible changes in trading performance, show that the Group should operate within the level of the 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 financial statements.

Business combinations

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets acquired, the difference is recognised directly in the income statement. Acquisition related costs are recognised in the income statement as incurred.

Where the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, it is measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Investment in subsidiary undertakings

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

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

Foreign currency translation

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

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

2. Significant accounting policies continued

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

- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur and which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment. The principal balances on which these exchange differences arise are treated as quasi-equity.

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

Revenue recognition

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

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

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

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

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

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

Taxation

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

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

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

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

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

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

Notes to the financial statements continued

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

2. Significant accounting policies continued

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

Goodwill

Goodwill arising on the acquisition of subsidiaries and businesses represents an excess of the cost of acquisition over the fair value of the identifiable net assets acquired at the date of acquisition and is carried at cost less accumulated impairment losses.

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

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

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

Property, plant and equipment

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

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over the expected useful life, as follows:

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

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Intangible assets – computer software and licences

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

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

Intangible assets – patents

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

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

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

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

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

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

2. Significant accounting policies continued

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

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

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

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

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

Leases

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

The Group as lessee

Assets held under finance leases and similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as property, plant and equipment and are depreciated over the shorter of the lease term and their economic useful life. Assets are recognised at their fair value or if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income statement over the period of the lease to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised as a liability and are allocated on a straight-line basis as a reduction of rental expense over the lease term.

The Group as lessor

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

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

Notes to the financial statements
continued

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

2. Significant accounting policies continued

Bank borrowings

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Present obligations arising under onerous lease contracts are recognised as property provisions and measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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

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

Retirement benefits

The Group has both defined benefit and defined contribution schemes, the former of which is now closed to new entrants.

For defined benefit schemes, the retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation less the fair value of the plan assets. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in the statement of comprehensive income in full in the period in which they occur. As the defined benefit schemes are now closed, no service cost is incurred.

For defined contribution schemes the amount charged to the income statement in the period is the amount of contributions payable in the period. The difference between contributions payable in the period and contributions actually paid are shown either in accruals or prepayments in the statement of financial position. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Share-based payments

Equity-settled share-based payments are issued to certain employees and are measured at the fair value of the equity instruments at the date of grant. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 30.

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

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

Non-recurring items

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Non-equity share capital, which includes preference shares, is classified within non-current liabilities.

2. Significant accounting policies continued

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

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

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

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

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

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

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

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

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

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

Notes to the financial statements
continued

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

2. Significant accounting policies continued

Financial liabilities and equity

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

Derecognition of financial liabilities

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

Derivative financial instruments

The Group's activities expose it to the financial risks of changes in foreign exchange rates, interest rates and commodity prices. The Group enters into a variety of derivative financial instruments to manage its exposure to these risks. The use of financial derivatives is governed by a Group policy approved by the Board of Directors which provides written principles on the use of financial derivatives to hedge certain risk exposures. The Group does not use derivative financial instruments for speculative purposes. Further details of derivative financial instruments are disclosed in Note 32 to the financial statements.

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

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

Hedge accounting

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

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

Cash flow hedge

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

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

Hedges of net investments in foreign operations

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

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

2. Significant accounting policies continued

Critical judgements and estimates in applying the accounting policies

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

Property provisions

As at 31 March 2013, the Group had property provisions of $4,055,000 (2012: $5,371,000) relating to onerous lease obligations arising from vacated leased premises and dilapidations. The provisions have been recorded taking into account management's best estimate, following appropriate advice, of the anticipated net cost of the lease over the remaining lease term and the level of sublease rental income, if any, that can be obtained from subtenants. The net cost of the leases is then discounted using a 2.25% pre-tax risk free discount rate (2012: 2.5%). The provisions are regularly reviewed in light of the most current information available.

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the appropriate discount rate. Any changes in these assumptions will impact the carrying amount of the pension obligations. The Group determines the appropriate discount rate at the end of each period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 31 to the financial statements.

Taxation

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

Deferred tax

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

Inventory provisions

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

3. Segment Information

The internal reporting provided to the Group's Board for the purpose of resource allocation and assessment of Group performance is based upon the end markets the Group's products are supplied into. The four reportable segments are:

Consumer	The Consumer sector supplies interconnect solutions and power products to manufacturers of electrical/electronic devices and appliances (including laptop/desktop computers, printers, televisions, power tools and floor cleaning equipment).
Telecoms/Datacoms	The Telecoms/Datacoms sector supplies customised interconnect solutions to manufacturers of equipment servicing the telecoms network, high performance computing and datacentre markets.
Healthcare	The Healthcare sector serves key accounts in the medical equipment field, supplying complex cable assembly and connector solutions for a broad range of medical equipment.
Industrial	The Industrial sector supplies cable assemblies to a diverse set of industrial markets, including test and measurement equipment, manufacturing/automation, refrigeration, vehicle telematics and renewable energy.

The Board believes that this segmentation of the customer base best aligns the Group with its customers and markets and allows it to best leverage the global customer relationships in order to maximise opportunities for cross-selling.

Notes to the financial statements continued

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

3. Segment Information continued

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

Revenue	2013 $'000	2012 $'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

Gross profit	Before non-recurring items $'000	Non-recurring items $'000	2013 $'000	Before non-recurring items $'000	Non-recurring items $'000	2012 $'000
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
Taxation			**(2,813)**			(2,029)
Profit after tax			**(887)**			17,182

The accounting policies of the reportable segments are in accordance with the Group's accounting policies.

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

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

Depreciation and amortisation	2013 $'000	2012 $'000
Consumer	**2,628**	1,222
Telecoms/Datacoms	**638**	448
Healthcare	**323**	187
Industrial	**412**	274
	4,001	2,131
Depreciation and amortisation included in unallocated overhead costs	**1,942**	1,472
Total depreciation and amortisation charge for the period	**5,943**	3,603

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

Information about major customers

One (2012: two) of the Group's customers individually accounts for more than 10% of total Group revenue. This customer operates in the Consumer sector and accounts for 28% (2012: 19%) of total Group revenue.

3. Segment Information continued

Geographical information

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

	Revenue		Non-Current Assets	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'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

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

4. Non-recurring items

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

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 year, 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.

5. Finance income

	Group	
	2013 $'000	2012 $'000
Interest on bank deposits	**141**	73

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

Notes to the financial statements
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For the 52 weeks ended 31 March 2013 (52 weeks ended 1 April 2012)

6. Finance costs

	Notes	Group 2013 $'000	Group 2012 $'000
Interest on bank overdrafts and loans		**1,459**	1,839
Interest on obligations under finance leases		**11**	10
Interest on pension scheme liabilities	31	**1,086**	1,109
Return on pension assets	31	**(1,038)**	(1,135)
Fair value (gain)/loss on interest rate swap contracts	32	**–**	(214)
Unwinding of discount on long term provisions	23	**287**	216
Loss on ineffective cash flow hedges		**–**	842
Other		**215**	–
Total interest costs		**2,020**	2,667
Amortisation of debt issue costs	27	**390**	1,233
Total finance costs		**2,410**	3,900

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

7. Profit for the period

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

	Group 2013 $'000	Group 2012 $'000
Net foreign exchange losses	**977**	1,936
Research and development costs	**3,936**	4,579
Depreciation of property, plant and equipment (note 15)	**4,812**	2,448
Amortisation of acquired intangible assets (note 14)	**1,131**	1,155
Cost of inventories recognised as an expense	**297,210**	331,215
Write down of inventories recognised as an expense	**36**	1,080
Reversal of write down of inventories recognised in the period	**(721)**	–
Staff costs (note 9)	**91,272**	90,895
Impairment loss recognised on trade receivables	**298**	317
Reversal of impairment losses recognised on trade receivables	**(225)**	–
(Gain)/Loss on disposal of property, plant and equipment	**(27)**	48
Operating lease payments (note 29)	**5,999**	6,009

During the period, management initiated a sales campaign targeting excess and aged inventories. Through successful sale of such aged items, $721,000 (2012: $nil), of stock provision was released.

7. Profit for the period continued

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

	Group	
	2013 $'000	2012 $'000
Employment costs	**2,713**	3,268
Raw materials and consultancy	**951**	916
Other	**272**	395
	3,936	4,579

A further $237,000 (2012: $nil) of development costs have been capitalised in relation to our newly acquired 'AOC' technology (see note 14).

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

	Group	
	2013 $'000	2012 $'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

8. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	Group	
	2013 $'000	2012 $'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**295**	301
Fees payable to the Company's auditor and their associates for other audit services to the Group		
– the audit of the Company's subsidiaries pursuant to legislation	**360**	369
– the audit of the Group's Restatement of Historical Financial Information to USD	**–**	40
Total audit fees	**655**	710
Other services pursuant to legislation		
Tax advisory services	**58**	15
Other services	**43**	19
Total non-audit fees	**101**	34

A description of the work of the Audit Committee is set out in the Corporate Governance Report on pages 45 and 46 and includes an explanation of how auditor objectivity and independence is safeguarded when the auditors provide non-audit services.

Notes to the financial statements
continued

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

9. Staff costs

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

	Group 2013 No.	Group 2012 No.
Production	**7,392**	7,095
Sales and distribution	**565**	616
Administration	**638**	690
	8,595	8,401

Their aggregate remuneration comprised:

	Group 2013 $'000	Group 2012 $'000
Wages and salaries	**79,405**	76,231
Social security costs	**9,995**	9,487
Share-based payment charge/(credit) (note 30)	**181**	3,976
Other pension costs (note 31)	**1,691**	1,201
	91,272	90,895

In addition to the above $5,344,000 (2012: $nil) has been paid in severance costs.

Details of Directors' remuneration, share options, pension contributions, pension entitlements, fees for consulting services and interests for the period required by the Companies Act 2006 are provided in the audited part of the Directors' Remuneration Report on pages 54 to 56 and form part of the financial statements.

10. Taxation

	Group 2013 $'000	Group 2012 $'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 – origination and reversal of temporary differences (note 22)	**(421)**	(2,683)
Income tax expense	**2,813**	2,029

UK corporation tax is calculated at 24% (2012: 26%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	2013 $'000	2013 %	2012 $'000	2012 %
Profit/(loss) before tax	**1,926**	**100**	19,211	100
Tax at the UK corporation tax rate of 24% (2012: 26%)	**462**	**24**	4,995	26
Tax effect of expenses that are not deductible and income that is not taxable in determining taxable profit	**2,501**	**130**	3,116	16
Tax effect of non-utilisation of tax losses	**2,335**	**121**	959	5
Tax effect of adjustment in respect of previous periods	**452**	**23**	303	2
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,087)**	**(56)**	(1,732)	(9)
Tax effect of recognised deferred tax	**(421)**	**(22)**	(2,683)	(14)
Tax effect of loss utilisation	**(1,429)**	**(74)**	(2,929)	(15)
Tax expense and effective tax rate for the period	**2,813**	**146**	2,029	11

11. Dividends

	2013 $'000	2012 $'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 approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

12. Earnings per Ordinary share

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

		Group	
	Notes	2013 $'000	2012 $'000
Profit/(loss) for the purpose of basic and diluted earnings/(loss) per share being net profit attributable to equity holders of the parent		**(887)**	17,182
Adjustments for:			
Non-recurring items	4	**7,966**	4,990
Share-based payments charge	30	**181**	3,976
Tax effect of above adjustment		**(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

Basic earnings per share	2013 Cents	2012 Cents
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	2013 Cents	2012 Cents
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

The 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 this earnings per share calculation gives a better understanding of the Group's earnings per share in the current and prior period.

Notes to the financial statements
continued

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

13. Goodwill

	Group 2013 $'000	Group 2012 $'000
Cost		
At beginning of the period	**6,071**	6,119
Exchange differences	**(302)**	(48)
At the end of the period	**5,769**	6,071
Accumulated impairment losses		
At beginning of the period	**2,986**	3,010
Exchange differences	**(149)**	(24)
At the end of the period	**2,837**	2,986
Carrying amount at the end of the period	**2,932**	3,085
Carrying amount at the beginning of the period	**3,085**	3,109

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

	2013 $'000	2012 $'000
Volex North America	**2,177**	2,291
Volex Europe	**673**	709
Volex India	**82**	85
	2,932	3,085

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

The Group prepares cash flow forecasts derived from the most recently approved annual budget. Growth has then been forecast for the next four years at rates that do not exceed the average long term growth rates for the sector markets. No growth is forecast for cash flows for years beyond 2018.

The rate used to discount the forecast cash flows is a pre-tax discount rate of 15.5% (2012: 10.47%), which reflects the Group's estimated cost of capital.

14. Other intangible assets

Group	Acquired patents $'000	Capitalised development costs $'000	Software and licences $'000	Total $'000
Cost				
At 3 April 2011	–	–	3,035	3,035
Additions	–	–	1,986	1,986
Disposals	–	–	(123)	(123)
Exchange differences	–	–	(101)	(101)
At 1 April 2012	–	–	4,797	4,797
Additions	**1,527**	**237**	**803**	**2,567**
Exchange differences	**(74)**	**(7)**	**(198)**	**(279)**
At 31 March 2013	**1,453**	**230**	**5,402**	**7,085**
Accumulated depreciation and impairment				
At 3 April 2011	–	–	915	915
Depreciation charge for the period	–	–	1,155	1,155
Disposals	–	–	(123)	(123)
Exchange differences	–	–	(47)	(47)
At 1 April 2012	–	–	1,900	1,900
Depreciation charge for the period	**–**	**–**	**1,131**	**1,131**
Exchange differences	**–**	**–**	**(93)**	**(93)**
At 31 March 2013	**–**	**–**	**2,938**	**2,938**
Carrying amount				
At 31 March 2013	**1,453**	**230**	**2,464**	**4,147**
At 1 April 2012	–	–	2,897	2,897
At 3 April 2011	–	–	2,120	2,120

On 14 January 2013, the Group completed the acquisition of the active optical technology platform from Applied Micro Circuits Corporation ('APM'). This acquisition included 29 patents for active optical cable ('AOC') assemblies. These patents are jointly owned with APM, however, for 5 years from the date of acquisition, the Group has exclusive use of the technology.

Subsequent to the acquisition, the Group has incurred 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. The Group expects commercial production of AOC products to commence in the 52 weeks to 30 March 2014.

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

Notes to the financial statements continued

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

14. Other intangible assets continued

The carrying amount of the Group's and Company's software and licences includes an amount of $nil (2012: $130,000) in respect of assets held under finance leases.

Company	Software and licences 2013 $'000	Software and licences 2012 $'000
Cost		
At beginning of period	**2,819**	2,107
Additions	**778**	738
Exchange differences	**(161)**	(26)
At end of the period	**3,436**	2,819
Accumulated amortisation		
At beginning of period	**864**	312
Amortisation charge for the period	**711**	552
Exchange differences	**(71)**	–
At end of the period	**1,504**	864
Carrying amount at end of period	**1,932**	1,955
Carrying amount at start of period	**1,955**	1,795

15. Property, plant and equipment

Group	Long leasehold buildings $'000	Plant and machinery $'000	Total $'000
Cost			
At 3 April 2011	4,097	42,722	46,819
Additions	589	9,674	10,263
Disposals	(76)	(6,195)	(6,271)
Exchange differences	(61)	(938)	(999)
At 1 April 2012	4,549	45,263	49,812
Additions	**2,017**	**22,843**	**24,860**
Disposals	**–**	**(2,014)**	**(2,014)**
Exchange differences	**(8)**	**(558)**	**(566)**
At 31 March 2013	**6,558**	**65,534**	**72,092**
Accumulated depreciation and impairment			
At 3 April 2011	2,995	31,359	34,354
Depreciation charge for the period	151	2,297	2,448
Disposals	(76)	(6,068)	(6,144)
Exchange differences	(23)	(845)	(868)
At 1 April 2012	3,047	26,743	29,790
Depreciation charge for the period	**1,666**	**3,146**	**4,812**
Disposals	**–**	**(1,778)**	**(1,778)**
Exchange differences	**(5)**	**(418)**	**(423)**
At 31 March 2013	**4,708**	**27,693**	**32,401**
Carrying amount			
At 31 March 2013	**1,850**	**37,841**	**39,691**
At 1 April 2012	1,502	18,520	20,022
At 3 April 2011	1,102	11,363	12,465

The carrying amount of the Group's plant and machinery includes an amount of $nil (2012: $88,000) in respect of assets held under finance leases. At 31 March 2013, the Group had no contractual commitments for the acquisition of property, plant and equipment (2012: $nil).

Of the $4,812,000 (2012: $2,448,000) depreciation charge for the period, $4,001,000 (2012: $2,131,000) was expensed through cost of sales and $811,000 (2012: $317,000) was expensed through operating expenses.

15. Property, plant and equipment continued

Company	Plant and Machinery $'000
Cost	
At 3 April 2011	1,192
Additions	399
Disposals	(789)
Exchange differences	(31)
At 1 April 2012	771
Additions	**306**
Disposals	**(113)**
Exchange differences	**(62)**
At 31 March 2013	**902**
Accumulated depreciation and impairment	
At 3 April 2011	983
Depreciation charge for the period	174
Disposals	(789)
Exchange differences	(23)
At 1 April 2012	345
Depreciation charge for the period	**244**
Disposals	**(98)**
Exchange differences	**(27)**
At 31 March 2013	**464**
Carrying amount	
At 31 March 2013	**438**
At 1 April 2012	426
At 3 April 2011	209

The carrying amount of the Company's plant and machinery includes no assets held under finance leases (2012: $88,000). At 31 March 2013, the Company had no contractual commitments for the acquisition of property, plant and equipment (2012: $nil).

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

16. Investments

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

Company	Shares $'000	Loans $'000	Total $'000
Cost			
At 3 April 2011	55,129	102,453	157,582
Additions	–	8,357	8,357
Exchange differences	(441)	(644)	(1,085)
At 1 April 2012	54,688	110,166	164,854
Additions	**–**	**1,331**	**1,331**
Exchange differences	**(2,713)**	**(924)**	**(3,637)**
At 31 March 2013	**51,975**	**110,573**	**162,548**
Accumulated depreciation and impairment			
At 3 April 2011	5,868	6,180	12,048
Exchange differences	(48)	(343)	(391)
At 1 April 2012	5,820	5,837	11,657
Exchange differences	**(288)**	**(96)**	**(384)**
At 31 March 2013	**5,532**	**5,741**	**11,273**
Carrying amount			
At 31 March 2013	**46,443**	**104,832**	**151,275**
At 1 April 2012	48,868	104,329	153,197
At 3 April 2011	49,261	96,273	145,534

In the United Kingdom, the Company includes an operational division, Volex Powercords Europe. Details of the Company's principal subsidiary undertakings are set out on page 111. Investments in subsidiaries are all stated at cost.

In the 52 weeks to 1 April 2012, the Company made a long term loan of $3,255,000 to the Volex Group plc Employee Share Trust. For further details on these loans see note 34. All loans are carried at amortised cost.

17. Inventories

	Group		Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Raw materials	**18,221**	19,343	**–**	693
Work-in-progress	**138**	153	**–**	–
Finished goods	**24,657**	30,294	**2,348**	2,369
	43,016	49,790	**2,348**	3,062

18. Trade and other receivables

Trade Receivables	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Amounts receivable for the sale of goods	**74,179**	91,866	**2,873**	3,364
Allowance for doubtful debts	**(1,153)**	(1,254)	**–**	(15)
	73,026	90,612	**2,873**	3,349

Other Receivables	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Amounts due from Group undertakings	**–**	–	**28,871**	55,794
Other debtors	**8,045**	13,619	**1,144**	1,064
Prepayments	**3,389**	2,016	**1,519**	523
	11,434	15,635	**31,534**	57,381
Due for settlement within 12 months	**10,829**	15,092	**31,534**	57,061
Due for settlement after 12 months	**605**	543	**–**	320
	11,434	15,635	**31,534**	57,381

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

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

One (2012: two) of the Group's customers individually accounts for more than 10% of total Group revenue. This customer operates in the Consumer sector and accounts for 28% (2012: 19%) of total Group revenue. Other than this customer, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. At 31 March 2013, this customer represented 23% of the net trade receivables (2012: the two customers represented 31%).

The average credit period taken on sales of goods is 62 days (2012: 65 days). An allowance has been made for estimated irrecoverable amounts from the sale of goods. This allowance has been determined by reference to past default experience and an analysis of the counterparty's current financial position.

Included in trade receivables are receivables with a carrying value of $6,775,000 (2012: $11,122,000) and $117,000 (2012: $600,000) for the Group and Company respectively which are past due at the reporting date for which no provision has been made as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group and Company does not hold any collateral over these balances.

Ageing of past due but not impaired receivables	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
0–60 days	**5,971**	10,034	**114**	521
60–90 days	**158**	660	**3**	27
90–120 days	**36**	96	**–**	–
120+ days	**610**	332	**–**	52
	6,775	11,122	**117**	600

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

18. Trade and other receivables continued

Movement in the allowance for doubtful debts	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Balance at beginning of the period	**1,254**	1,092	**15**	184
Amounts written off during the period	**(129)**	(35)	**–**	–
Amounts recovered during the period	**(1)**	(19)	**–**	–
Increase/(decrease) in allowance recognised in profit or loss	**73**	317	**(15)**	(169)
Exchange differences	**(44)**	(101)	**–**	–
Balance at end of the period	**1,153**	1,254	**–**	15

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

Ageing of impaired trade receivables	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
0–60 days	**9**	72	**–**	–
60–90 days	**–**	2	**–**	–
90–120 days	**–**	–	**–**	–
120+ days	**1,144**	1,180	**–**	15
	1,153	1,254	**–**	15

19. Borrowings

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Unsecured borrowings at amortised cost				
Bank overdrafts	**1,255**	2,398	**10,249**	12,572
Secured borrowings at amortised cost				
Bank loans	**43,289**	37,420	**29,192**	22,757
Total borrowings at amortised cost	**44,544**	39,818	**39,441**	35,329
Amount due for settlement within 12 months	**1,255**	2,398	**10,249**	12,572
Amount due for settlement after 12 months	**43,289**	37,420	**29,192**	22,757
	44,544	39,818	**39,441**	35,329

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

	2013 %	2012 %
Bank loans and overdrafts	**2.1**	2.5

19. Borrowings continued

On 31 May 2011 the Group entered into a US$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 amount available under the facility at 31 March 2013 was $75,000,000 (2012:$ 75,000,000). The facility was secured by fixed and floating charges over the assets of certain Group companies.

At 31 March 2013, the facility incurred interest at a margin of 2.00% (2012: 1.75%) above LIBOR.

Also drawn under the facilities, and not included above, are bonds, guarantees and letters of credit amounting to $3,107,000 (2012: $2,989,000).

Drawings under the facilities were made in various currencies. Total borrowings for the Group at 31 March 2013 can be analysed by currency as follows:

Group	**2013 $'000**	2012 $'000
US Dollar	**38,364**	26,102
Euro	**(2,245)**	7,357
British Pound	**9,216**	7,383
Singapore Dollar	**17**	219
	45,352	41,061
Less: debt issue costs	**(808)**	(1,243)
	44,544	39,818

Undrawn borrowing facilities

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

20. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
Group and Company	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Amounts payable under finance leases:				
Within one year	**–**	122	**–**	117
In second and third years	**–**	–	**–**	–
	–	122	**–**	117
Less: future finance charges	**–**	(5)	**–**	–
Present value of lease obligations	**–**	117	**–**	117
Less: amount due for settlement within 12 months	**–**	(117)	**–**	(117)
Amount due for settlement after 12 months	**–**	–	**–**	–

It is the Group's policy to lease certain of its plant and machinery under finance leases. At 31 March 2013 all finance leases had expired. At 1 April 2012, the average lease term on finance leases was 2.5 years and the average effective borrowing rate for the period was 4.1%. Interest rates were fixed at the contract date. All leases were on a fixed repayment basis and no arrangements were entered into for contingent rental payments. The fair value of the Group's lease obligations approximated their carrying amount. The Group's obligations under finance leases were secured by the lessors' rights over the leased assets.

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

21. Trade and other payables

Trade payables	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Trade payables	**73,184**	88,551	**1,705**	1,547

Other payables	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Amounts owed to Group undertakings	**–**	–	**83,647**	99,594
Other taxes and social security	**2,359**	7,041	**945**	1,430
Accruals and deferred income	**23,096**	28,239	**2,435**	2,693
	25,455	35,280	**87,027**	103,717
Due for settlement within 12 months	**24,880**	34,574	**30,822**	44,779
Due for settlement after 12 months	**575**	706	**56,205**	58,938
	25,455	35,280	**87,027**	103,717

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 82 days (2012: 90 days). The Group has financial risk policies in place to ensure that all payables are paid within the credit time frame.

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

22. Deferred tax

Group

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

	Unremitted earnings $'000	Trading losses $'000	Accelerated tax depreciation $'000	Other short-term timing differences $'000	Total $'000
At 3 April 2011	(2,178)	1,833	(198)	391	(152)
(Charge)/credit to income	(254)	3,168	85	(316)	2,683
Exchange differences	3	29	(16)	(12)	4
At 1 April 2012	(2,429)	5,030	(129)	63	2,535
(Charge)/credit to income	778	(314)	13	(56)	421
Exchange differences	(41)	(466)	(1)	495	(13)
At 31 March 2013	**(1,692)**	**4,250**	**(117)**	**502**	**2,943**

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

	2013 $'000	2012 $'000
Deferred tax assets	**4,732**	5,098
Deferred tax liabilities	**(1,789)**	(2,563)
	2,943	2,535

At the reporting date, the Group had unused tax losses of $90,000,000 (2012: $86,000,000) available for offset against future profits. The Group has recognised $4,250,000 (2012: $5,030,000) of deferred tax asset in respect of these unused tax losses. Included in unrecognised tax losses are losses of $43,000,000 (2012: $38,000,000) that cannot be carried forward indefinitely. Of this amount, $2,000,000 (2012: $100,000) expires during the next five accounting periods. Other losses may be carried forward indefinitely. The carrying amount of deferred tax assets is reviewed at each reporting date and recognised to the extent that it is probable that there are sufficient taxable profits to allow all or part of the asset to be recovered. Deferred tax assets have been recognised based on future forecast taxable profits.

22. Deferred tax continued

At the reporting date, a deferred tax liability of $1,692,000 (2012: $2,429,000) has been recognised relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will reverse in the foreseeable future. The temporary differences at 31 March 2013 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may still result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

Company

At the reporting date, the Company had unused tax losses of $37,000,000 (2012: $33,000,000) available for offset against future profits. The Company has recognised $1,691,000 (2012: $2,180,000) of deferred tax asset in respect of these unused tax losses plus a further asset of $330,000 (2012: $nil) in respect of share options. The losses may be carried forward indefinitely. There is no deferred tax liability offset against this deferred tax asset (2012: $156,000).

In addition to the changes in rates of Corporation tax disclosed in note 10, a reduction in the UK corporate tax rate to 23% from 1 April 2013 was enacted in the Finance Act 2012. Further changes to the UK Corporation tax system were announced in the March 2013 UK Budget Statement and legislation to reduce the main rate of corporation tax to 21% from 1 April 2014 is expected to be included in the Finance Act 2013. These further changes had not been substantively enacted at the reporting date and, therefore, are not included in these financial statements. It is not expected that these changes will have a material impact on the Group's or the Company's tax balances.

23. Provisions

Group	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 (Note 6)	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 (Note 6)	**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**

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23. Provisions continued

Company	Property $'000	Corporate restructuring $'000	Total $'000
At 3 April 2011	5,925	–	5,925
Charge/(credit) in the period	479	–	479
Utilisation of provision	(1,092)	–	(1,092)
Unwinding of discount	139	–	139
Transfers	–	–	–
Exchange differences	(79)	–	(79)
At 1 April 2012	5,372	–	5,372
Charge/(credit) in the period	**(452)**	**292**	**(160)**
Utilisation of provision	**(926)**	**–**	**(926)**
Unwinding of discount	**289**	**–**	**289**
Transfers	**–**	**–**	**–**
Exchange differences	**(237)**	**(12)**	**(249)**
At 31 March 2013	**4,046**	**280**	**4,326**
Less: included in current liabilities	**(1,493)**	**(280)**	**(1,773)**
Non-current liabilities	**2,553**	**–**	**2,553**

Property provisions

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

During the 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 outflow with respect to these claims is uncertain.

24. Share capital

Group and Company	2013 $'000	2012 $'000
Authorised:		
75,000,000 (2012: 75,000,000) Ordinary shares of 25p each	**34,513**	34,513
Issued and fully paid:		
62,493,578 (2012: 62,493,578) Ordinary shares of 25p each	**28,180**	28,180

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

Date of grant	Option price (p)	Exercise period	Number of shares 2013	Number of shares 2012
Performance Share Plan				
7 September 2009	25	Sept 2012 – Mar 2013	**305,623**	1,117,945
11 January 2010	25	Jan 2013 – July 2013	**–**	90,000
31 August 2010	25	Aug 2013 – Aug 2020	**1,063,333**	1,750,000
31 August 2010	25	Aug 2014 – Aug 2020	**650,000**	1,150,000
1 December 2010	25	Aug 2013 – Aug 2020	**30,000**	30,000
6 June 2011	25	Aug 2014 – June 2021	**–**	325,000
5 July 2011	25	July 2014 – July 2021	**45,884**	79,652
5 July 2011	25	July 2014 – July 2021	**142,116**	211,348
28 June 2012	25	June 2015 – June 2022	**300,000**	–
Restricted share scheme				
6 September 2010	–	Sept 2013 – Mar 2014	**42,016**	42,016
Non-Executive Director long term incentive scheme				
1 October 2010	–	Mar 2012 – Mar 2017	**266,666**	266,666
1 October 2010	–	Mar 2013 – Mar 2018	**266,667**	266,667
1 October 2010	–	Mar 2014 – Mar 2019	**266,667**	266,667
			3,378,972	5,595,961

For further details of the Group's share option schemes see note 30.

25. Non-equity preference shares

In the 52 weeks to 1 April 2012, the Company cancelled its 80,000 cumulative preference shares of £1 each at a cost of $130,000. The shares had rights to a fixed cumulative preference dividend payable, at the rate of 7% per annum, on the amount paid up or credited as paid up thereon on 31 March and 30 September in each year but not to any further participation in the profits of the Company. Prior to cancellation, accrued interest of $77,000 was paid.

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26. Own shares

	2013 $'000	2012 $'000
At beginning of the period	**5,271**	2,240
Issued in the period	**–**	–
Acquired in the period	**–**	3,256
Disposed of on exercise in the period	**(326)**	(225)
At end of the period	**4,945**	5,271

The own shares reserve represents both the cost of shares in the Company purchased in the market and the nominal share capital of shares in the Company issued to the Volex Group plc Employee Share Trust and the Volex Group Guernsey Purpose Trust to satisfy future share option exercises under the Group's share option schemes (see note 30).

The number of ordinary shares held by the Volex Group plc Employee Share Trust at 31 March 2013 was 4,050,598 (2012: 4,866,815) and the Volex Group Guernsey Purpose Trust was 1,005,000 (2012: 1,005,000). The market value of the shares as at 31 March 2013 was $7,929,000 (2012: $24,143,000).

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

27. Analysis of net debt

Group	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).

28. Notes to the statement of cash flows

	Group		Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Profit/(loss) for the period	**(887)**	17,182	**(11,850)**	1,254
Adjustments for:				
Finance income	**(141)**	(73)	**(157)**	(159)
Finance costs	**2,410**	3,900	**3,633**	1,825
Income tax expense	**2,813**	2,029	**94**	(379)
Depreciation on property, plant and equipment	**4,812**	2,448	**244**	174
Amortisation of intangible assets	**1,131**	1,155	**711**	552
(Gain)/loss on disposal of property, plant and equipment	**(28)**	48	**–**	–
Share-based payment charge	**181**	3,976	**181**	3,976
Effects of foreign exchange rate changes	**–**	–	**(2,292)**	(507)
(Decrease)/increase in provisions	**(1,444)**	(3,122)	**(1,243)**	(613)
Operating cash flow before movement in working capital	**8,847**	27,543	**(10,679)**	6,123
(Increase)/decrease in inventories	**6,374**	968	**711**	954
(Increase)/decrease in receivables	**19,504**	9,161	**24,191**	(17,200)
Increase/(decrease) in payables	**(22,712)**	(1,340)	**(11,405)**	(6,116)
Movement in working capital	**3,166**	8,789	**13,497**	(22,362)
Cash generated from operations	**12,013**	36,332	**2,818**	(16,239)
Cash generated by operations before non-recurring items	**18,907**	41,039	**5,300**	(16,239)
Cash utilised by non-recurring items	**(6,894)**	(4,707)	**(2,482)**	–
Taxation paid	**(3,868)**	(3,199)	**(175)**	(887)
Interest paid	**(1,780)**	(2,780)	**(1,103)**	(1,888)
Net cash generated from/(used in) operating activities	**6,365**	30,353	**1,540**	(19,014)

Cash and cash equivalents

	Group		Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Cash and bank balances	**25,044**	43,578	**–**	–
Bank overdrafts	**(1,255)**	(2,398)	**(10,249)**	(12,572)
	23,789	41,180	**(10,249)**	(12,572)

Cash and cash equivalents comprise cash held by the Group, short term bank deposits with an original maturity of three months or less and bank overdrafts. The carrying amount of these assets approximates their fair value.

Notes to the financial statements
continued

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

29. Operating lease arrangements

	Group		Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
The following have been recognised during the period:				
Minimum lease payments made under operating leases				
Paid	**7,274**	7,433	**1,621**	1,666
Recognised in operating profit	**5,999**	6,009	**346**	242

Payments made under operating leases net of sublease receipts and charged against the onerous lease provision in the period was $1,275,000 (2012: $1,424,000) for the Group and $1,275,000 (2012: $1,424,000) for the Company.

At the reporting date, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Within one year	**6,054**	6,807	**1,564**	1,797
In the second to fifth years inclusive	**8,414**	11,183	**3,641**	4,685
After five years	**4,113**	2,214	**1,443**	2,214
	18,581	20,204	**6,648**	8,696

Operating lease payments primarily represent rentals payable by the Group for its office and manufacturing properties. Leases are negotiated for an average term of five years (2012: five years).

At the reporting date, the Group had contracted with tenants under non-cancellable subleases for the following future minimum lease payments:

	Group		Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Within one year	**1,265**	1,065	**365**	352
In the second to fifth years inclusive	**687**	1,799	**253**	810
	1,952	2,864	**618**	1,162

30. Share-based payments

	Group 2013 $'000	Group 2012 $'000
Share-based payment charge	**731**	3,485
National insurance charge in relation to share awards	**(550)**	491
	181	3,976

During the period the Group had two types of equity-settled share option schemes in operation; a Performance Share Plan ('PSP') and a Non-Executive Director Long Term Incentive Scheme ('NED-LTIS'). In addition, the Group had issued Restricted Share Awards ('RSAs') under the Restricted Share Scheme. In the prior period the Group had a further scheme in the form of a Long Term Incentive plan ('LTIP').

Options issued under the PSP are exercisable between three years and ten years from the date of grant subject to the continued employment of the participant and achievement of share price performance targets. All awards under the PSP have an exercise price of 25p, which is equivalent to the nominal value of the underlying Ordinary share. Full details of how the scheme operates are explained on pages 50 to 52 of the Directors' Remuneration Report. Certain awards issued under the PSP have been, with the recipients' agreement, converted into shares held under a Joint Share Ownership Plan ('JSOP'). These shares are jointly held by the Volex Group Guernsey Purpose Trust, which under the terms of the agreement holds the majority of ownership rights until such time as the original awards vest. As the performance conditions and other key terms of the JSOP are the same as those of the PSP, and as the JSOP is used only as a structure to deliver PSP awards, these JSOP awards have been reported as PSP awards.

The NED-LTIS seeks to reward certain Non-Executive Directors subject to their continued employment and certain share price targets as at 25 March 2012. The awards vest in equal tranches at 25 March 2012, 25 March 2013 and 25 March 2014 and are exercisable for 5 years from the vesting date. The Group has the option to provide the award in shares of the Company or cash equivalent to the number of shares that would be awarded multiplied by the market price of the Company's shares at the date of exercise. Full details of how the scheme operates are explained on page 54 of the Directors' Remuneration Report.

The RSAs are nil cost options that vest, subject to continued employment, after three years from the date of grant. RSA awards have an exercise price of $nil.

During the prior period, the last and sole remaining grants under the LTIP, which were awarded in 2009, vested and were fully exercised by the beneficiaries. As a result, at 1 April 2012, there were no remaining awards outstanding under the LTIP.

Details of the share awards outstanding and the weighted average exercise price of those awards are as follows:

	2013		2012	
	Number of share awards	**Weighted average exercise price (p)**	Number of share awards	Weighted average exercise price (p)
Outstanding at beginning of period	**5,595,961**	**21**	6,206,607	22
Granted during the period	**300,000**	**25**	652,000	25
Exercised during the period	**(799,242)**	**25**	(570,000)	25
Expired during the period	**(1,717,747)**	**25**	(692,646)	25
Outstanding at the end of the period	**3,378,972**	**19**	5,595,961	21
Exercisable at the end of the period	**533,333**	**–**	266,667	–

Of the share awards that expired during the period, 1,717,747 (2012: 692,646) lapsed in respect of leavers and no options (2012: no options) expired due to failure to meet performance conditions.

The awards outstanding at 31 March 2013 had a weighted average remaining contractual life of 6 years (2012: 6 years).

Notes to the financial statements continued

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

30. Share-based payments continued

Of the 3,378,972 awards outstanding at 31 March 2013, 2,536,956 had an exercise price of £0.25 and 842,016 had an exercise price of £nil.

Of the 5,595,961 awards outstanding at 1 April 2012, 4,753,945 had an exercise price of £0.25 and 842,016 had an exercise price of £nil.

The aggregate of the estimated fair values of the options granted during the period was $325,000 (2012: $1,734,000).

The fair values of the awards granted in the period were calculated at the date of grant using a stochastic (Monte Carlo binomial) model. The inputs into the valuation models were as follows:

	2013	2012
Weighted average share price	**£2.53**	£3.41
Weighted average exercise price	**£0.25**	£0.25
Expected volatility	**44%**	50%
Expected life (years)	**3.50**	3.25
Risk-free rate	**0.36%**	1.41%
Expected dividends	**1.10%**	0.65%

Expected volatility was determined with reference to historical volatility of the Group's share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

31. Retirement benefit schemes

Defined contribution schemes

The Company operates two Inland Revenue approved defined contribution schemes and makes contributions to a Group pension plan. Overseas the Group operates three defined contribution schemes, one in the USA, one in Ireland and one in Brazil.

The total cost charged to the Group's income statement in the period was $1,691,000 (2012: $1,201,000). The total cost charged to the Company's income statement in the period was $986,000 (2012: $715,000).

Defined benefit schemes

In September 2010 the Company's two Inland Revenue approved defined benefit pension schemes were merged, after appropriate approval had been obtained from the members and trustees of both schemes. During the period ended 3 April 2011, the assets and liabilities of the Volex No. 1 Pension Scheme were transferred into the Volex Executive Pension Scheme, with the latter scheme now the sole vehicle for the provision of accrued pension rights in the future. Wind-up of the Volex No. 1 Pension Scheme was completed during the prior period with the signing, by the Trustees and the Company, of the Deed of Dissolution, in November 2011.

Future accrual of retirement benefits under the scheme(s) ceased on 31 March 2003 when the scheme(s) were replaced with defined contribution arrangements. The last full actuarial valuation of the scheme(s) was carried out by a qualified independent actuary on 31 July 2010, and the assumptions used and results from this valuation have been incorporated, as appropriate, in the following IAS19 disclosures. This valuation has been updated on an approximate basis to 31 March 2013 and utilises the projected unit credit valuation method.

The key assumptions utilised are:

	Valuation at	
	2013	2012
Discount rate	**4.4%**	4.6%
Expected return on scheme assets	**5.2%**	6.3%
Future pension increases	**2.5%**	2.3%
Price inflation	**3.5%**	3.3%

31. Retirement benefit schemes continued

The following mortality assumptions have been made:

	2013	2012
Future life expectancy for a pensioner currently aged 65 (years)		
– Male	**23.4**	23.3
– Female	**24.5**	24.4
Future life expectancy at age 65 for a non–pensioner currently aged 55 (years)		
– Male	**24.2**	24.2
– Female	**25.5**	25.4

Amounts recognised in income statement (Note 6)	2013 $'000	2012 $'000
Interest cost	**(1,086)**	(1,109)
Expected return on scheme assets	**1,038**	1,135
Finance income / (costs)	**(48)**	26

No other amounts have been recognised in the income statement (2012: $nil).

Actuarial losses of $755,000 (2012: $1,828,000) have been reported in the statement of comprehensive income.

Amounts recognised in the statement of financial position	2013 $'000	2012 $'000
Fair value of scheme assets	**18,380**	18,245
Present value of defined benefit obligations	**(22,004)**	(21,817)
Deficit in scheme recognised in the statement of financial position	**(3,624)**	(3,572)
Current liabilities	**585**	596
Non-current liabilities	**3,039**	2,976
	3,624	3,572

The Company has contributed $597,000 to its defined benefit pension plans in the period ended 31 March 2013 (2012: $294,000).

Movements in the present value of defined benefit obligations	2013 $'000	2012 $'000
At beginning of period	**(21,817)**	(20,794)
Interest cost	**(1,086)**	(1,109)
Actuarial gains/(losses)	**(1,399)**	(1,089)
Benefits paid	**1,106**	983
Foreign exchange	**1,192**	192
At end of period	**(22,004)**	(21,817)

Movements in the fair value of scheme assets	2013 $'000	2012 $'000
At beginning of period	**18,245**	18,660
Expected return on scheme assets	**1,038**	1,135
Actuarial gains/(losses)	**644**	(739)
Contributions from the sponsoring company	**597**	294
Benefits paid	**(1,106)**	(983)
Foreign exchange	**(1,038)**	(122)
At end of period	**18,380**	18,245

Notes to the financial statements
continued

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

31. Retirement benefit schemes continued

Composition of assets	2013 $'000	2012 $'000
Equity instruments	**11,763**	11,677
Debt instruments	**6,617**	6,021
Property	**–**	547
	18,380	18,245

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied or other assets used by the Company (2012: $nil).

Expected long term rates of return

To develop the expected long term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long term rate of return on assets assumptions for the portfolio.

The expected long term rates of return are as follows:

	2013 %	2012 %
Equity instruments	**5.8**	6.9
Debt instruments	**4.6**	5.2
Property	**5.8**	6.9
	5.2	6.3

The actual return on scheme assets for the period was a gain of $1,600,000 (2012: $422,000).

Cumulative actuarial gains/(losses) recognised in equity	2013 $'000	2012 $'000
At beginning of the period	**620**	2,448
Net actuarial gains/(losses) recognised in the period	**(755)**	(1,828)
At end of the period	**(135)**	620

Five-year history of experience adjustments	2013	2012	2011	2010	2009
Fair value of scheme assets $'000	**18,380**	18,245	18,660	16,788	13,584
Present value of defined benefit obligations $'000	**(22,004)**	(21,817)	(20,794)	(20,407)	(16,290)
Deficit in scheme $'000	**(3,624)**	(3,572)	(2,134)	(3,619)	(2,706)
Experience adjustments on scheme liabilities					
$'000	**(242)**	56	23	83	(88)
% scheme liabilities	**1%**	–	–	–	0.5%
Experience adjustments on scheme assets					
$'000	**644**	(713)	129	4,143	(3,939)
% scheme assets	**4%**	(4%)	1%	25%	(29%)

The estimated amount of contributions expected to be paid to the scheme during the 52 weeks to 30 March 2014 is $585,000 (2012: $596,000).

32. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as contained in the statement of changes in equity.

The Board reviews the capital structure on a regular basis including facility headroom, forecast working capital and capital expenditure requirements.

The Group has a multi-currency revolving credit facility ('RCF'), which had an available limit of $75,000,000 as at 31 March 2013 (2012: $75,000,000). At 31 March 2013 the amounts drawn under this facility included term loans of $30,000,000 and €11,000,000 (2012: $24,000,000 and €11,000,000) and overdrafts of $1,255,000 (2012: $2,398,000) denominated in a variety of currencies. The average combined utilisation during the period was $43,983,000 (2012: $40,127,000).

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

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

Based on the Group's projected financial performance, taking reasonable account of possible downsides, the Board are confident that the combination of the above facilities provides adequate liquidity headroom for the successful execution of the Group's operations and the Group will be able to operate in agreement with the required covenant levels.

The Group is not subject to externally imposed capital requirements.

Financial instruments

The Group's principal financial instruments comprise bank borrowings and overdrafts, cash and short term deposits, trade and other receivables and trade and other payables. The Group also enters into derivative transactions, principally copper forward contracts to manage the commodity price risk arising from its operations, interest rate swaps to manage the interest rate risk arising from its borrowings and forward currency contracts to manage the currency risks arising from its operations.

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements. Except as detailed below, the Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost approximate their fair values:

	Book value 2013 $'000	Book value 2012 $'000	**Fair value 2013 $'000**	Fair value 2012 $'000
Financial assets – loans and receivables				
Cash	**25,044**	43,578	**25,044**	43,578
Trade and other receivables	**74,789**	92,635	**74,789**	92,635
Financial liabilities – Amortised cost				
Interest-bearing loans and borrowings	**(44,544)**	(39,818)	**(45,352)**	(41,061)
Obligations under finance leases	**–**	(117)	**–**	(117)
Trade and other payables	**(91,899)**	(107,433)	**(91,899)**	(107,433)
Financial derivatives for which hedge accounting has been applied				
Derivative financial instruments	**(399)**	1,453	**(399)**	1,453
Financial derivatives for which hedge accounting has not been applied				
Derivative financial instruments	**–**	(54)	**–**	(54)

The financial derivatives above fall into level 3, as defined by IFRS 7: Financial Instruments Disclosures. The fair value has been calculated at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Notes to the financial statements
continued

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

32. Financial instruments continued

Financial risk management

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financing, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (interest rate risk, currency risk and commodity price risk), credit risk and liquidity risk.

The Group seeks to minimise these risks by using derivative financial instruments to hedge these risk exposures and external borrowings denominated in currencies that match the net asset currency profile of the Group. The Board reviews and agrees policies for managing these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments. It is, and has been throughout the periods under review, the Group's policy that no trading in financial instruments shall be undertaken.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and copper commodity prices.

Interest rate risk

The Group's interest rate risk arises principally from borrowings issued at variable rates which expose the Group to cash flow interest rate risk.

Management does not consider the risk arising from finance leases to be significant.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

2013	**Within 1 year $'000**	**1–2 years $'000**	**2–3 years $'000**	**3–4 years $'000**	**4–5 years $'000**	**More than 5 years $'000**	**Total $'000**
Fixed rate:							
Obligations under finance leases	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Floating rate:							
Cash assets	**25,044**	**–**	**–**	**–**	**–**	**–**	**25,044**
Bank loans and borrowings	**(1,255)**	**–**	**(43,289)**	**–**	**–**	**–**	**(44,544)**

2012	Within 1 year $'000	1–2 years $'000	2–3 years $'000	3–4 years $'000	4–5 years $'000	More than 5 years $'000	Total $'000
Fixed rate:							
Obligations under finance leases	(117)	–	–	–	–	–	(117)
Floating rate:							
Cash assets	43,578	–	–	–	–	–	43,578
Bank loans and borrowings	(2,398)	–	–	(37,420)	–	–	(39,818)

32. Financial instruments continued

Interest rate swap contracts

The Group manages its exposure to interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost effective hedging strategies are applied.

The interest rate hedge contracts which were in place during the previous period matured in May 2012. At this time management reviewed the interest rate risk exposure and decided not to renew these contracts. We are therefore exposed to floating rate interest on our borrowings as at 31 March 2013. The floating rate interest as at 31 March 2013 was a margin of 2.00% (1 April 2012: 1.75%) above LIBOR.

At 1 April 2012, the Group had two interest rate swap contracts outstanding. Under these interest rate swap contacts, the Group agreed to exchange differences between fixed and floating interest rate amounts calculated on agreed notional principal amounts. Such contracts enabled the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of the interest rate swaps at 1 April 2012 was determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the period.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the reporting date.

	Average contract fixed interest		Notional principal amount	
Outstanding receive floating pay fixed contracts	**2013 %**	2012 %	**2013 $'000**	2012 $'000
Less than one year	**–**	2.2	**–**	14,999
1–2 years	**–**	–	**–**	–
2–3 years	**–**	–	**–**	–
Fair value	**–**	–	**–**	(54)

The interest rate swaps settled on a quarterly basis. The floating rate on the interest rate swaps was three months LIBOR. The Group settled the difference between the fixed and floating interest rate on a net basis.

The interest rate swap contracts were not designated as either cash flow or fair value hedges and consequently a fair value gain (excluding the impact of foreign exchange) of $214,000 was reflected in the 2012 results (see note 6).

Interest rate sensitivity

During the period the Group reduced the extent of cover provided by interest rate swaps from 45% at 1 April 2012 to nil at 31 March 2013. The sensitivity analysis prepared is after including the movement in fair value on the interest rate swaps. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the 31 March 2013 was outstanding for the whole period.

Had interest rates been 0.5% higher/ 0.25% lower in the period, and all other variables were held constant, Group profit before tax would have been $215,000 higher/$107,000 lower (2012: $32,000 higher/$18,000 lower). A 0.5% increase/0.25% decrease interest rate sensitivity test has been performed since this represents the Directors' assessment of a reasonably possible change in interest rates.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and Sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's policy is to hedge its related translation exposures through the designation of certain amounts of its foreign currency denominated debt as a hedging instrument.

Notes to the financial statements
continued

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

32. Financial instruments continued

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Euro	**6,296**	18,076	**11,073**	11,737
US Dollar	**97,617**	102,840	**64,521**	95,849
Sterling	**10,556**	8,732	**695**	916
Chinese Renminbi	**9,017**	13,507	**10,553**	8,159
Indian Rupee	**872**	791	**3,542**	4,882
Other	**12,084**	3,476	**9,848**	16,123

Foreign currency sensitivity

The following table details the Group's sensitivity to a 10% increase and decrease in USD against the relevant foreign currencies. The 10% rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes both external loans and loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

	GBP impact		EURO impact	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
10% depreciation in foreign currency				
(i) Profit before tax	**968**	617	**585**	(210)
(ii) Equity*	**(10,835)**	(12,005)	**242**	271
10% appreciation in foreign currency				
(i) Profit before tax	**(792)**	(505)	**(479)**	172
(ii) Equity*	**8,865**	9,822	**(198)**	(222)

(i) This is mainly attributable to the exposure on GBP/EURO monetary assets and liabilities in the Group at the reporting date.

(ii) This is mainly attributable to changes in the carrying value of external loans designated a hedge of overseas investments and of intercompany loans for which settlement is not planned.

* Excludes any deferred tax impact.

Copper commodity price risk

Copper price volatility is the single largest commodity price exposure facing the Group. Many of the Group's products, in particular power cords used in the Consumer sector, are manufactured from components that contain significant amounts of copper. Where possible the Group will pass on copper price movements to its customers. In order to mitigate the remaining volatility associated with copper, the Group has entered into arrangements with its key suppliers to purchase copper. Coupled with these purchases, the Group has entered into a number of contracts with financial institutions which are linked to the average copper price as published by the London Metal Exchange ('LME'). These contracts have been deemed cash flow hedges of forecast future copper purchases. At the reporting date, the open copper contracts are as follows:

Copper cash flow hedges	**2013**		2012	
Contracted copper price	Contracted volume (MT)	Fair Value $'000	Contracted volume (MT)	Fair Value $'000
$7,000 – $7,500	**350**	**103**	800	1,028
$7,500 – $8,000	**1,980**	**(386)**	700	418
$8,000 – $8,500	**200**	**(116)**	200	7
	2,530	**(399)**	1,780	1,453

All contracts expire within 12 months of 31 March 2013.

32. Financial instruments continued

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Bank and cash balances comprise cash held by the Group and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value. The credit risk on these assets is limited because the counterparties are predominantly financial institutions with investment grade credit ratings assigned by international credit rating agencies.

The Group's credit risk is therefore primarily attributable to its trade receivables. The Group's customers are predominantly large blue chip OEMs, contract equipment manufacturers and distributors. The Group regularly reviews the credit worthiness of significant customers and credit references are sought for major new customers where relevant. The Board recognises that credit risk is a feature of all businesses, especially international businesses. However, it believes that all reasonable steps to mitigate any loss are taken.

The net amount of trade receivables reflects the maximum credit exposure to the Group. No other guarantees or security have been given. For further information on the credit risk associated with trade and other receivables, see note 18.

Liquidity risk

The Group manages liquidity risk by maintaining adequate banking facilities, regular monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 19 is a description of undrawn facilities as at the reporting date.

In addition to the banking facilities available to the Group, the Group has access to a non-recourse invoice discounting facility. Under the terms of the arrangement, the Group can sell up to $15 million of trade receivables associated with a specific customer. As at 31 March 2013, the Group had utilised $9.0 million (2012: $9.5 million) of this facility.

The following table analyses the Group's financial liabilities into relevant maturity groupings to show the timing of cash flows associated with the financial liabilities from the reporting date to the contracted maturity date. The amounts disclosed represent the contracted (based on the earliest date on which the Group may be required to pay) undiscounted cash flows.

2013	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000
Non-derivative financial liabilities						
Trade and other payables	**91,899**	**91,899**	**91,324**	**126**	**93**	**356**
Obligations under finance leases	**–**	**–**	**–**	**–**	**–**	**–**
Bank overdrafts and loans	**44,544**	**45,352**	**1,255**	**–**	**44,097**	**–**
Derivative financial liabilities						
Interest rate swaps	**–**	**–**	**–**	**–**	**–**	**–**

2012	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000
Non-derivative financial liabilities						
Trade and other payables	107,433	107,433	106,727	450	80	176
Obligations under finance leases	117	122	122	–	–	–
Bank overdrafts and loans	39,818	41,061	2,398	–	38,663	–
Derivative financial liabilities						
Interest rate swaps	54	54	54	–	–	–

The Group had available to it, $26,541,000 of undrawn committed borrowing facilities as at 31 March 2013 (2012: $30,950,000).

Notes to the financial statements
continued

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

33. Contingent liabilities

As a global group, subsidiary companies, in the normal course of business, engage in significant levels of cross-border trading. The customs, duties and sales tax regulations associated with these transactions are complex and often subject to interpretation. While the Group places considerable emphasis on compliance with such regulations, including appropriate use of external legal advisors, full compliance with all customs, duty and sales tax regulations cannot be guaranteed.

The Company enters into financial guarantee contracts to guarantee the indebtedness of other Group companies. The Company considers these to be insurance arrangements and treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

34. Related party transactions

Group

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

Compensation of key management – Directors of Parent Company	**2013 $'000**	2012 $'000
Short term employee benefits	**2,014**	1,504
Post-employment benefits	**304**	184
Share-based payments	**849**	2,800
	3,167	4,488

In addition to the above, $250,000 (2012: $nil) has been expensed in the period for severance costs. Details of Directors' remuneration, share options, pension contributions, pension entitlements, fees for consulting services and interests for the period are provided in the audited part of the Directors' Remuneration Report on pages 54 to 56.

On 23 August 2011, Andrew Cherry fully repaid an advance of $105,535 (£65,505) from the Volex Group Employee Share Trust. This advance had been issued on 4 March 2011 and had been outstanding as at 3 April 2011.

Company

During the period the Company levied the following charges on its subsidiary undertakings:

	2013 $'000	2012 $'000
Management fees	**3,975**	17,188
Royalty fees	**4,339**	4,790
Interest	**157**	159
	8,471	22,137

Amounts due to and from subsidiary undertaking are shown in Notes 18 and 21.

The Company had an interest free loan of $4,253,000 (2012: $4,830,000) and $380,000 (2012: $400,000) to the Volex Group plc Employee Share Trust ('EST') and the Volex Group Guernsey Purpose Trust ('GPT') respectively. The EST and GPT used these funds to acquire shares in the Company to satisfy future employee exercises of long term incentive awards under the Group's various incentive schemes. As at 31 March 2013, the EST held 4,050,598 (2012: 4,866,815) shares and the GPT held 1,005,000 (2012: 1,005,000) shares.

On 23 August 2011, the EST fully repaid an interest free loan of $105,535 (£65,505) from the Company. This loan had been issued on 4 March 2011 and had been outstanding as at 3 April 2011.

Principal operating subsidiaries

United Kingdom

Volex Powercords Europe is a trading division of Volex plc.

Volex Group Holdings Limited is a wholly owned subsidiary of Volex plc which is registered in England and Wales and which acts as a holding Company, as detailed below.

Overseas

The principal overseas subsidiary undertakings, the business of which is the manufacture and/or sale of interconnect and cable assembly products, all of which are wholly owned, are as follows:

Name of entity	Notes	Country of incorporation/registration and operation
Volex Pte Ltd	1	Singapore
Volex (Asia) Pte Ltd	5	Singapore
PT Volex Indonesia	7	Indonesia
PT Volex Cable Assembly	7	Indonesia
Volex Cable Assemblies (Phils) Inc.	2	Philippines
Volex Japan KK	2	Japan
Volex (Taiwan) Co. Ltd	2	Taiwan
Volex (Thailand) Co. Ltd	2	Thailand
Volex Cable Assembly (Vietnam) Pte Ltd	2	Vietnam
Volex Cable Assemblies Sdn Bhd	3	Malaysia
Volex Cables (HK) Ltd	3	Hong Kong
Volex Interconnect (India) Pvt Ltd	8	India
Volex Interconnect Systems (Suzhou) Co. Ltd	3	China
Volex Cable Assembly (Shenzhen) Co. Ltd	3	China
Volex Cable Assembly (Zhongshan)	3	China
Volex Holdings Inc	1	USA
Volex Inc.	4	USA
Volex Canada Inc.	1	Canada
Volex de Mexico SA de CV	6	Mexico
Volex do Brasil Ltda	9	Brazil
Volex Europe Ltd	3	Ireland
Volex Poland SP z.o.o	9	Poland
Volex Sweden AB	1	Sweden

1. Interests held by Volex plc
2. Interests held by Volex (Asia) Pte Ltd
3. Interests held by Volex Group Holdings Limited
4. Interest held by Volex Holdings Inc
5. Interest held by Volex Pte Ltd
6. Interest held by Volex Holdings Inc and Volex Inc
7. Interest held by Volex Pte Ltd and Volex (Asia) Pte Ltd
8. Interest held by Volex Plc and Volex Group Holdings Limited
9. Interest held by Volex Plc and Volex (No. 4) Limited

Five year summary

Results	Unaudited IFRS 2013 $'000	Unaudited IFRS 2012 $'000	Unaudited IFRS 2011 $'000	Unaudited IFRS 2010 $'000	Unaudited IFRS 2009 $'000
Revenue – total Group	**473,154**	517,769	490,009	365,437	516,710
Revenue from continuing operations	**473,154**	517,769	490,009	365,437	451,429
Revenue from discontinued operations	**–**	–	–	–	65,281
Gross margin – total Group	**83,171**	97,529	92,069	73,665	69,423
Gross margin from continuing operations	**83,171**	97,529	92,069	73,665	70,544
Gross margin from discontinued operations	**–**	–	–	–	(1,121)
Operating expenses – total Group	**(78,976)**	(74,491)	(68,596)	(57,309)	(64,924)
Operating expenses from continuing operations	**(78,976)**	(74,491)	(68,596)	(57,309)	(59,257)
Operating expenses from discontinued operations	**–**	–	–	–	(5,667)
Normalised operating profit[i] – total Group	**12,342**	32,004	26,075	21,313	11,284
Normalised operating profit[i] from continuing operations	**12,342**	32,004	26,075	21,313	18,072
Normalised operating profit[i] from discontinued operations	**–**	–	–	–	(6,788)
Operating exceptional items	**(7,966)**	(4,990)	–	(4,943)	(6,988)
Share-based payment (charge)/credit	**(181)**	(3,976)	(2,602)	(14)	203
Profit/(loss) on ordinary activities before taxation	**1,926**	19,211	20,312	11,028	6,228
Depreciation and amortisation – continuing operations	**5,943**	3,603	3,431	3,610	3,386

	Cents	Cents	Cents	Cents	Cents
Basic normalised earnings/(loss) per share – total Group[ii]	**11.4**	43.7	33.7	23.5	16.8
Basic earnings/(loss) per share – total Group	**(1.6)**	30.4	29.3	14.8	(50.8)

Statement of financial position	$'000	$'000	$'000	$'000	$'000
Non-current assets	**52,107**	31,645	20,173	16,034	16,548
Other assets and liabilities	**13,039**	16,024	25,561	14,655	14,483
	65,146	47,669	45,734	30,689	31,031
Less net debt	**(19,500)**	3,643	(7,448)	(11,485)	(21,793)
Net assets	**45,646**	51,312	38,286	19,204	9,238
Gearing	**43%**	–	19%	60%	236%

(i) Defined as operating profit before non-recurring items and share-based payment charge.

(ii) Defined as earnings/(loss) per share before share-based payments, loss on disposal of operations and non-recurring items.

Shareholder information

Financial calendar

2013/14

Interim results announced	w/c 28 October 2013
Year end	30 March 2014
Final results announced	w/c 26 May 2014

2014/15

Interim results announced	w/c 27 October 2014
Year end	29 March 2015
Final results announced	w/c 25 May 2015

Read more online
www.volex.com

Reducing our environmental impact

As part of our desire to reduce our environmental impact, you can view key information on our website at www.volex.com.

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