Volex

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Volex

Return to growth

Annual Report & Accounts 2010

Volex is committed to enhancing shareholder value by providing high-quality interconnect solutions and power products to our customers around the world, and to working closely with our customers to optimise our solutions' contribution to the performance of their own high-tech products and solutions.

With expertise across a broad range of interconnect and power products, Volex provides its customers with complete cable-assembly solutions encompassing design, manufacturing, testing and flexible delivery to all regions.

Our products are used in many high-tech products and services vital to modern life: communications networks, medical equipment, power generation, and everyday business devices and domestic equipment.

Highlights

Operating highlights

- > Executive management team now fully established and set to drive strategic and operational improvements
- > Reorganisation of business along market sector and functional lines completed, enabling implementation of coherent, global initiatives
- > Strategy of increasing Volex designed content contributing to improving gross margins
- > Targeted investment in new product development reaping benefits in halogen-free power cords, high-speed data transmission products and outdoor fibre-optic solutions

Financial highlights

- > Revenue up quarter on quarter from Q2
- > Gross margin up to 20 2% (2009· 15 9%)
- > Adjusted operating profit up 19% to £13.4m
- > Adjusted EPS up 36% to 14 8 pence
- > Net debt halved to £7 6m (2009. £14 8m)

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Introduction to Volex: a global business operating in high-growth markets

Volex is a leading provider of interconnect solutions and power products, servicing the telecommunications, datacoms/data-centre, industrial, consumer and healthcare sectors Our range of products and solutions encompasses interconnect cable assemblies – including fibre-optic (FO), high-speed copper, radio frequency (RF), and industry-standard assemblies – and a wide range of power products

Established over 100 years ago, Volex operates nine manufacturing locations around the globe, with strong capabilities in product development, manufacturing and testing Volex also runs over twenty sales and support offices located strategically in Asia, North and South America and Europe

We seek to offer our customers a complete solution to their interconnect or power-cable requirements, by exploiting our broad product portfolio, our engineering design and development capabilities, our superior quality and wide variety of assembly and supply services

Telecoms / Datacoms

We supply to manufacturers of equipment for telecoms networks and high-performance computing centres and data-centres Our product innovation is geared to supporting requirements for ever-increasing rates of data transmission and the roll-out of broadband and mobile-phone networks in developing countries

Drivers

> Demand for data-intensive services delivered over mobile-phone networks, leading to deployment of 3G and 4G/LTE networks
> On-going build-out of mobile-phone networks in developing countries
> Investment in data-centre infrastructure – for example to support hosted business services and increasing video traffic on the internet

Key product examples

> High-speed copper cable assemblies
> Fibre-optic cable assemblies
> Radio frequency cable assemblies

Healthcare

Volex has a successful history serving key accounts in the medical equipment field, including supply to all forms of medical imaging equipment We aim to continue developing our healthcare business in North America and Europe, while also targeting the manufacturers located in Asian countries

Drivers

> Increased demand in developing countries for good-quality healthcare provision
> Treatment requirements for ageing populations in developed countries
> Emphasis on preventative health monitoring and early diagnosis to avoid high-cost hospital treatments

Key product examples

> Complex equipment harness assemblies
> Patient monitoring cables
- for ECG / EKG machines
- for home-healthcare monitoring

Consumer

Our Consumer sector supplies to manufacturers of electrical / electronic devices and appliances targeted at domestic consumers and business users We supply into laptop / desktop computers, printers, televisions, power tools and floor cleaning equipment

Drivers

> Growth in new product categories such as netbook computers, tablet PCs, 3D-TVs
> Increasing demand for environmentally-friendly power cords, e g using halogen-free materials
> Manufacturers moving from in-house or local suppliers to global, high-quality suppliers

Key product examples

> High-volume power cords and adaptors
> Video-monitor cables
> Power distribution units

Global headquarters
1 London, United Kingdom

Manufacturing units
2 Tijuana, Mexico
3 Jacarei, Brazil
4 Bydgoszcz, Poland
5 Chennai, India
6 Batam Indonesia
7 Ha Noi, Vietnam
8 Shenzhen, China
9 Zhongshan, China
10 Suzhou, China

Sales/Engineering units
11 Castlebar, Ireland
12 Hickory, NC, USA
13 Singapore
14 Indianapolis, IN, USA
15 Istanbul Turkey
16 Bangkok, Thailand
17 Selangor, Malaysia
18 Hong Kong China
19 Beijing, China
20 Yokohama Japan
21 Osaka, Japan
22 Ottawa Canada
23 Taipei, Taiwan
24 Laguna Philippines

Industrial

Our Industrial sector supplies to customers in industries such as test and measurement equipment, manufacturing automation, refrigeration, vehicle telematics, and renewable energy

Drivers
> Private and public investment in renewable energy, such as solar and wind power
> Enhanced manufacturing quality and productivity through automation of manufacturing / operational processes

Key product examples
> Solar power grid cable assemblies
> Machine tool cable harnesses

Telecoms / Datacoms

Volex has a successful track record of servicing the world's top telecommunication and data-communication equipment manufacturers in Europe and North America. More recently we have secured significant new business with a number of Asian manufacturers who are increasingly at the forefront of market innovation. One such example is Huawei from whom we received a prestigious Core Partner Award during the year.

Volex's industry-leading high-speed copper solutions and patented manufacturing technology have allowed us to meet these companies' demanding technical specifications for their next generation telecommunications equipment Our global manufacturing footprint and flexible supply chain solutions have also been critical winning business – for example in securing a contract with one of Asia's fastest growing telecoms-infrastructure companies in support of their ambitious international expansion plans

This increased customer engagement is key to increasing the percentage of higher margin products that contain Volex engineered content and establishing our reputation for more value-added solutions

Telecoms / Datacoms accounted for 25.9% of the Group's revenue in FY2010.

Healthcare

Success in the Healthcare sector is dependent on innovative engineered solutions and excellence in quality. The sector is characterised by extended product development lead-times and long product lifecycles, which can result in long-term supplier relationships. Last year Volex's strengths in this respect were recognised by being awarded 'Best Overall Supplier' to Royal Philips with whom we have worked for over 20 years.

Volex has worked with a major global healthcare equipment provider for over two years on the design and prototyping of complex cable assemblies that will be used in their next generation MRI scanner system which contains over 100 different complex cable assemblies Volex has been approved for production and is assisting the customer in bringing the product from prototype to full production releases Pre-production systems will ship to hospitals during 2010 with full production in early 2011

The Healthcare sector offers significant opportunities for growth as Volex targets new customers and exploits its established pedigree in fast-growth healthcare manufacturing markets such as China, India and Brazil

Healthcare accounted for 8.4% of the Group's revenue in FY2010.

Adding value to products and customers

Consumer

Working with our customers to address 'green' concerns, Volex has developed environmentally-friendly products which replace traditional PVC and BFR (Brominated Flame Retardant) materials with halogen-free materials which do not emit toxic gases when disposed of at end of life and phthalate-free products which do not contain carcinogens.

These products were developed by working with our global customers, including a leading brand for personal computers, digital music players and smart phones to whom we have supplied customised plugs and power cords for over ten years, and where we have embedded our own engineering resource within their product development team

Volex's leadership in these innovative, environmentally-friendly products has generated increased volumes while the product's higher specifications command higher prices helping to drive both revenues and margins

Consumer accounted for 60.9% of the Group's revenue in FY2010.

Industrial

Industrial is Volex's smallest but fastest growing sector. This is exemplified by our new product launches in the solar energy segment where we have developed junction boxes and cable assemblies that interconnect solar arrays for Photovoltaic (PV) installations.

Volex is working with one of the fastest growing suppliers of such installations We were chosen because of our ability to serve them in different geographies, our competitive pricing, our willingness to develop customer-specific solutions and our ability to support their speed to market

With the number of PV installations growing at 35% per annum over the last ten years and the market now estimated be worth more than US$16bn, Solar has the potential to become a significant revenue contributor to the Industrial sector

Industrial accounted for 4.8% of the Group's revenue in FY2010.

Offering genuine innovation

Chairman's statement

Building a world class team

Following a very challenging and turbulent period, Volex entered the financial year under the strong leadership of a new Group Chief Executive, Ray Walsh, and Group Finance Director, Andrew Cherry, and achieved a much improved performance, increasing operating profits, improving margins and significantly reducing net debt.

We are now targeting growth through:

> Strong executive leadership team

> A single, global strategy for Volex

> Unified organisational structure

> World-class quality and customer service

> Cost-competitiveness

A strong performance

The new team has made substantial progress in its mission to restore financial stability to the Group. The team has concentrated on bringing the global operations together under a new unified organisational structure focused on delivering on a single, global strategy for Volex.

This strategy is already starting to achieve results. Operating profits* have improved quarter on quarter throughout the year, contributing £13.4m in 2010, 19% ahead of 2009 (2009: £11.2m). Net debt has been almost halved to £7.6m – the lowest level in ten years (2009: £14.8m). Equally importantly, quarter on quarter revenue growth from Q2 has been achieved during exceptionally challenging economic conditions.

Building a world class team

The new Chief Executive, Ray Walsh, was appointed to the Board in April 2009, bringing to Volex considerable experience of leading technology companies. Working with Andrew Cherry, who was appointed towards the end of the last financial year, he has made an immediate impact on the business and put in place a clear strategy for the future.

* Before non-recurring items and share-based payments

The executive management team has also been strengthened with the addition of two senior executives to lead the critical sales and marketing and operations functions The executive team has a clear mandate, to deliver world-class quality and customer service, cost-competitiveness, improving margins, and to return the business to growth

It has been a tough year and I would like to thank all our employees, in every location, for their hard work and positive response to the huge changes being implemented across the Group

Restoring market confidence
The Board and executive management have worked hard in the last year to restore confidence in the Group, following a period of underachievement As the new team's strategy, which is already delivering results in a difficult economic environment, becomes fully embedded throughout the business, we hope to build confidence in the Group still further

Outlook
Although we are operating well within our banking covenants, we remain focused on cash generation and reducing net debt

The Board remains cautious on revenue growth rates as a slow return to global financial stability and emergence from recession is likely to continue in the near-term However, this will not diminish our focus on improving our proposition to customers and effecting wide-ranging internal improvements to help deliver continuing improvements to our P&L and balance sheet We believe that this will in turn translate into long-term value for our shareholders

Mike McTighe
Chairman

Our year in review

Here are some of our highlights from FY2010. But we're aware there is much more to do to continue developing the business.

Recruited a strong leadership team
We have put in place a strong executive team, including three new senior executives with global responsibility for Sales and Marketing, Operations, and HR, in addition to the new CEO and Finance Director appointed early in 2009

Restructured around market sectors and global functions
We have re-organised our sales teams around market sectors, with global account teams for our customers Our operations are organised globally along functional lines, enabling delivery of coherent global strategies

Growth in revenue from own-design products
We have strengthened our technical design teams to increase early engineering engagement with our customers, driving improvements in our gross margins

Increased focus on Asia
We have increased our sales and operational focus on the high-growth economies in China and India, working closely with our customers' Asian operations The proportion of our revenue from Asia (incl India) was 59% (2009 53%)

Improving performance trend
Revenues have grown consistently, quarter on quarter, from Q2, and operating profits* have grown quarter on quarter, throughout the year, contributing £13 4m this year

* Before non-recurring items and share-based payments

Chief Executive's review

Executing a defined strategy:

> Drive sales growth with global, sector-based sales and increasing focus on customers in high-growth developing countries

> Drive margin improvement through increasing designed-in content and advanced engineering engagement

> Implement LEAN manufacturing techniques to improve utilisation, productivity and quality

> Implement standardised processes, measurements and IT systems to underpin one global team

Our objective last year was to demonstrate clearly to all Volex stakeholders that we have stabilised the business – both operationally and financially.

Return to growth

Our objective last year was to demonstrate clearly to all Volex stakeholders that we have stabilised the business – both operationally and financially Our quarter on quarter improvements in revenues, operating profit and cash flow are evidence of our progress and set the stage for the next phase of development – a return to growth

Sound foundations for the future have been put in place Volex now has a strong, dynamic executive team with in-depth experience in our products and markets, combined with leadership, organisational and process capabilities honed in organisations much larger than Volex today This talented team brings a high level of professionalism to the Group and the strategies we are currently implementing will grow Volex to a size and scale that matches this expertise

Developing a clear strategy

Setting a clear direction and purpose has been key to revitalising the business Our strategy focuses on becoming a truly global business, driving sales growth via strong global, sector-based sales and account management Our sales and operations focus is on the high growth, emerging economies in India, Brazil and China, while continuing to deliver for our established customers in North America and Europe

Margin improvement is also a key strategic objective through designed-in content and early engineering engagement with customers This investment in early product lifecycle and key client engagement was integral to our improved gross margin performance in the last financial year, increasing to 20 2% (2009 15 9%) To continue that improvement, we need to increase the percentage of products shipped that contain this Volex engineered content

In our manufacturing operations we are implementing LEAN manufacturing techniques to increase utilisation of existing factory capacity and to deliver improved speed, efficiency and quality

To provide a firm foundation for our growth targets, we will be implementing standardised processes, measurements and IT systems to provide a platform for sound, data-driven decisions and to help optimise operations Standardising our products, organisation, processes and platforms will enable us to produce real and sustainable growth in revenues and significant efficiency and quality gains in operations and supply chain processes

Aligning the organisation

During the year, the business was reorganised along market sector and functional lines, under the new management team We can now implement coherent, global strategies that cross geographical boundaries

Our market sectors are now defined as Telecommunications/DataCommunications (Telecoms / Datacoms), Healthcare, Consumer and Industrial Today, all staff across the Group report to their functional, global head including Sales & Marketing, Operations, Finance, Engineering and Human Resources Through this organisation structure, Volex can align its global strategies and capabilities with our strategic clients and targets Building a more balanced business will also increase our resilience to market fluctuations and enhance our ability to capitalise on opportunities

Telecoms/Datacoms

This market sector serves the mobile connectivity, broadband networks and high-performance data-centre markets In the last year, the segment has penetrated key emerging accounts such as Huawei and ZTE in

China at a strategic level, while keeping our long-term relationships healthy with core clients like Ericsson and Alcatel-Lucent Although we maintain a modest capital expenditure to revenue ratio, we have invested in product development in this area, particularly in high-speed copper and fibre connectivity These are used in all types of communications networks and are particularly effective in extremely dense, high-performance cloud computing environments Our industry leadership in standards definition in these areas allows us to play an important part in our customers' product development lifecycles

Healthcare
Volex has a long and successful history of servicing key accounts in the medical equipment field including all forms of imaging technologies from x-ray to MRI machinery, where we supply cable assembly and connector technologies This segment is optimally aligned with our strategy of increasing engineering content as our clients require customised solutions and early product lifecycle engagement We are now taking our best-in-class expertise in serving European and North American clients and applying this to emerging suppliers of these technologies in China, Japan and India The Group expects significant long-term growth in this sector not only due to well-documented demographics on ageing populations and anticipated spend on medical care, but also as a result of our broadening product scope to include home-healthcare products, patient monitoring cables, patient-related equipment and consumables

Consumer
Representing more than half of our revenue in the last financial year, our Consumer sector supplies power and data cables and cable assemblies for consumer and business hardware such as laptop/desktop computers, printers, televisions, power tools, floor cleaning equipment and many other applications We are the market leader in this sector and have been able to leverage this strong position to significantly increase production allocations from our key clients Our considerable engineering talent and experience has developed an industry leading, environmentally responsible, halogen-free powercord production process which is beginning to replace traditional PVC compounds This not only meets or exceeds the environmental safety expectations of our clients, but also enables us to take market share from competitors who have not invested in next generation technology

Industrial
The Industrial sector, while the smallest by share of revenues, has some of the most exciting growth prospects Historically this area of the business served industrial manufacturing and test equipment, large scale cooling hardware, satellite tracking systems and even vending machines We are extending our product range to include green energy and smart grid technologies Volex has developed specific cables, assemblies and connectors for the solar energy market where we have already signed new clients The team is now developing products and relationships in the wind power segment where we can supply power and control cable assemblies for what is an exciting and growing market opportunity

Operational excellence
All our factories and operations are now functioning under a single management structure and are beginning to implement a common set of operational processes and measurements, in addition to implementing a unified LEAN manufacturing strategy While we start the new financial year with a utilisation rate of approximately 50% across our total factory capacity, we expect to add an additional 30% capacity through efficiency programmes and LEAN manufacturing by the end of the year We have no plans to further restructure or reduce our factory footprint, but intend to capitalise on our current fixed cost base as we grow revenues This will increase our operating margin through more efficient use of space, equipment and labour and give us a more competitive cost base Our factories are rapidly becoming a strategic asset to the Group, helping us differentiate our offering to the market based on capability, cost and quality

Volex continues to drive efficiency through our supply chain processes In the last year we reduced the supplier base by more than 30% and anticipate we will repeat that performance in the coming year Consolidating our spend with fewer suppliers gives negotiating leverage in price and enables us to participate in supplier managed hubs so we only replenish inventories when raw materials are consumed

Good progress, but much more to do
While we have done much in the last year to stabilise the business, there is still demanding work ahead as we return to growth and further improve the business

We enter the new financial year with the tools to face the challenging tasks ahead in driving efficiency improvements in all of our factories and operational processes, reforming our Information Technology platforms, accelerating the deployment of higher margin / engineered products and serving our customers with a more strategic and global perspective It is only the talent and dedication of our people across the globe that makes such complex and far-reaching change possible and it is in this resource that we entrust our future

Ray Walsh
Group Chief Executive

Financial review

The Group has made significant progress during the year to 4 April 2010, despite a challenging market environment.

Revenues in the year ending April 2010 (Financial Year 2010, or FY2010) were down on the prior year (FY2009) However, the decline was less than experienced by our major competitors and the industry as a whole, giving encouragement that if anything the Group has strengthened its competitive positioning during the year Equally importantly, revenues grew consistently quarter on quarter during FY2010 (from Q2) and we anticipate the current financial year (FY2011) will see year on year growth

Gross profit, adjusted operating profit, adjusted profit before tax and adjusted profit after tax (adjusting for non-recurring items and share-based payments) were all significantly ahead of the prior year – up 10%, 19%, 22% and 35% respectively Indeed this illustrates the operational leverage enjoyed by the business which positions the Group well for the anticipated economic recovery amplified further by a range of ongoing commercial and operational improvements which will begin to deliver financial improvements during FY2011

The Group also remains focused on cash generation and strengthening the balance sheet with net debt halved during the year from £15m to £8m and shareholders' equity doubled from £6m to £13m

Revenues
Revenue from continuing operations of £229m was 14% down in FY2010 compared with FY2009, due to reduced consumer and business spending associated with the difficult economic conditions Currency movements, in particular the weakening of Sterling against the US Dollar, benefited the year on year comparison, with revenue down 19% on a constant currency basis (17% on a pro rated 52 week basis) Constant currency comparisons are derived by translating both years at FY2010 exchange rates

Encouragingly, after three quarters of declining sales from the third quarter of FY2009, the final three quarters of FY2010 saw quarter on quarter revenue growth, with performance since the year end suggesting a continuation of this momentum into FY2011

Telecoms / Datacoms
Our Telecoms / Datacoms sector experienced the largest year on year revenue decline falling 27% from £81m to £59m Telecoms/Datacoms revenues are primarily driven by infrastructure spend on wireless and broadband network builds or upgrades and on investments in high-performance computing centres and data centres During FY2009 revenue growth in this sector was especially driven by network roll-outs in China and India However, investment levels were reduced by the telecommunications service providers following the global credit crunch and this adversely impacted on Volex revenues In India this was compounded by delays in the award of the 3G licences which were originally scheduled to be auctioned in

August 2009 but which were only awarded in May 2010 and also by the introduction, by the Indian Department of Telecommunications in December 2009, of a requirement to get security clearance for specified telecommunications equipment which essentially stalled the market in the final quarter of FY2010 Year on year comparisons are also adversely impacted by the loss of Nortel, which had been one of the sector's principal accounts However, we have seen confidence return to the Telecoms /Datacoms sector in recent months and, with the exception of temporary considerations in India, this has already translated into improved sales and an increasing order book In addition to this improving business backdrop we are also confident that FY2011 revenues will benefit from investment made during FY2010 into new products, in particular high-speed copper products, and into relationships with a number of new accounts including leading edge datacoms equipment providers and fast growing Chinese telecoms OEMs such as Huawei and ZTE

Healthcare
Healthcare delivered a solid performance during the year, down slightly in FY2010 from £21m to £19m Healthcare was the first of our sectors to be formed in our new market sector-driven sales organisation and is already gaining significant traction with new accounts outside of our traditional customer base There are significant long-term growth prospects in this sector driven by growing and ageing populations Volex's healthcare revenues have historically been concentrated in developed economies but we are rapidly increasing our presence in emerging markets and expect that this will drive growth in FY2011 and beyond

Consumer
Consumer, our largest sector, experienced a 9% year on year decline in revenues from £153m to £139m Consumer revenues are driven by underlying consumption of electrical and electronic equipment – generally by end consumers, although businesses also account for a significant proportion of spend especially in the computer and peripherals segments As such our Consumer revenues declined in response to falling consumer confidence post the Lehman collapse which was exacerbated by destocking by OEMs and retailers Since the beginning of FY2010 we have experienced improving confidence on behalf of our customers and a gradual increase in our Consumer order book This improving scenario is most pronounced in Asia where consumer confidence was less impacted and which has benefited from the shifting regional focus of our OEM customers At the same time the migration from traditional PVC-based products to more environmentally-friendly halogen-free products has boosted revenues since Volex enjoys a competitive advantage in this emerging technology and by increasing our average selling price per unit The Group is also enjoying higher allocations of our customer spend due to improved quality, our much improved credit rating and the trend by our OEM customers to consolidate their vendor portfolio – something which generally favours Volex given our clear market leadership in Consumer products

Industrial
Industrial is currently the smallest of our sectors but is also the best performing, up 10% from £10m to £11m during FY2010 While the majority of this increase is due to just a couple of accounts we anticipate that additional customer wins and new product introductions, particularly in the renewable energy segment, will help to continue this momentum

Profits
In addition to top line growth, Volex's other main objective is margin improvement As the table below and the graph on page 18 illustrate, the last two years have demonstrated significant success in this respect, with gross margin increasing from 15 9% in FY2009 to 20 2% in FY2010 The decline in reported gross margins in Q4 FY2010 to 19 9% is due entirely to £1 0m of one-off charges in India explained further below Excluding this, the gross margin percentage in Q4 FY2010 would have been 21 5%

Even with reduced revenues absolute gross margin has increased by 10% from £42m to £46m Given our focus on this measure, we have enhanced the presentation of our income statement to include gross margin and we will also be reporting gross margins by sector on an annual and half-yearly basis One of the main contributors to improved margins has been an increasing proportion of Volex designed-in content within our products and advanced engineering engagement with our customers at an earlier stage in the product lifecycle, allowing us to contribute greater value added to the design and development of our customer's products This strategic repositioning is an ongoing process and we expect to continue increasing the proportion of Volex designed content in our products We have also seen benefits from our new global procurement and logistics practices, reduced factory overheads and favourable year on year reductions in the cost of commodities – primarily copper and oil Looking forward the introduction of LEAN manufacturing methodologies and upgraded and harmonised manufacturing systems will yield additional benefits in FY2011

Consumer, Healthcare and Industrial all saw strong year on year improvements in gross margin % – moving from an average of 15 2% in FY2009 to 22 1% in FY2010 Reported Telecoms / Datacoms gross margin percentage fell to 14 8% which after adjusting for the £1 0m one-off India charge described above would have been 16 4% Telecoms / Datacoms margins were impacted by the suppressed market noted above and by the amortisation of fixed factory overheads across a significantly reduced revenue base

Gross margin percentage of ongoing operations by sector

	FY2010	FY2009
Telecoms / Datacoms	14 8%	17 4%
Consumer	22 1%	15 2%
Healthcare	21 6%	16 2%
Industrial	22 7%	14 1%
Total ongoing operations	20 2%	15 9%

Despite the year on year decline in revenue, operating profit increased by £3 6m (56%) from £6 6m to £10 2m – due entirely to the higher gross margin noted above

Financial review continued

On an adjusted basis operating profit increased £2 2m (19%) from £11 2m to £13 4m The Board considers this to be the best indicator of underlying profit and we are delighted to have returned the Group to a path of steady improvement following years of fluctuating and unpredictable profitability or intermittent losses In particular, as the graph below shows, the Group has now delivered five consecutive quarters of quarter on quarter profit growth Similar improvements have also been achieved in adjusted profit before tax which has increased by £1 8m (22%) from £8 2m to £10 0m

Reported operating expenses were largely unchanged year on year at £35 9m, up £0 3m (1%) on FY2009 On an adjusted basis the increase was greater – up £1 8m from £31 0m to £32 8m However, half of this increase is due to charges of £0 9m in India relating to legacy issues

In particular, following the appointment of a new Indian Finance Director, we have effected improvements in a number of controls particularly pertaining to accounting for excise taxes and customs duties As a result of these improvements we have written off or provided for amounts totalling £2 0m, including £1 0m charged to cost of sales and £0 9m within operating expenses These expenses are one-off items that relate exclusively to issues which existed prior to FY2010 and in some cases several years previously However, consistent with the Group's stated objective of minimising the classification of items as 'non-recurring charges' we have incorporated the £2 0m of charges above adjusted operating profit The remaining £0 9m increase in normalised operating expenses reflects targeted strategic investments primarily in strengthening management across the Group The Group will continue to focus on its cost base and fixed/variable cost structure and stands to benefit from significant operating leverage effects as and when the anticipated revenue increases materialise

Non-recurring items

The Group incurred £3 1m of non-recurring charges in the year as part of management's transformation programme which, together with a small share-based payments charge, reconcile the statutory operating profit of £10 2m with the adjusted operating profit of £13 4m discussed above These charges relate to

(i) £1 2m of redundancy, recruitment and set-up costs associated with the relocation of the Group's corporate headquarters from Warrington to London
(ii) a non-cash charge of £0 9m relating to an onerous lease provision established on exiting the Warrington premises
(iii) £0 9m of costs associated with a facilities rationalisation programme
(iv) £0 5m resulting from the conclusion of all outstanding issues pertaining to the disposal of the Wiring Harness business in the prior year
(v) offset by a partial write-back of £0 4m on the onerous lease provision relating to a vacant UK property which was sub-let during the year

Cashflows, net debt and gearing

The Group continues to be strongly cash generative with cash generated by operations before non-recurring items of £18 6m in FY2010 compared to £21 8m in FY2009 After aggregate outflows for tax, interest and capital expenditures, operating cash flow before non-recurring items was £13 2m (2009 £17 9m) One-off outflows whi h we would not expect to be repeated in FY2011 totalled £6 2m – comprising non-recurring items of £2 7m, refinancing costs of £1 5m and outflows associated with the disposal of VWS of £2 0m Despite these outflows the Group was able to repay £6 0m of borrowing and almost halve its net debt from £14 8m to £7 6m

Shareholders' funds increased during the year from £6 3m to £12 7m mainly due to retained profit for the year of £5 3m Also impacting shareholders' funds during the period was a favourable foreign exchange movement of £1 6m and a charge of £0 5m in respect of the IAS 19 actuarial loss on the Group's two defined benefit pension schemes A full analysis of the movement in shareholders' funds is shown in the Consolidated Statement of Changes in Equity on page 53

As a result of these movements, headline gearing (defined as net debt divided by shareholders' funds) at year end decreased to 60% (2009 236%)

Total interest costs in the year increased to £3 4m from £3 2m in FY2009 Interest on bank borrowings decreased by £0 1m compared to prior year, with lower average borrowings broadly offsetting the small increases in margin over LIBOR payable on the extended Lloyds facility This bank interest saving was offset by increases in non-cash interest costs of £0 3m in the year, primarily relating to amortisation of bank fees and net pension interest, charged to the income statement in accordance with IAS 19 A full analysis of interest costs is shown in note 6 to the Financial Statements on page 67

Banking facilities

The Group has a revolving credit facility (RCF) with Lloyds Banking Group plc which, after amortisation, had an available limit of US$57 7m as at 4 April 2010, comprising both a US Dollar and a Euro component At the year end, amounts drawn under this facility were US$21 7m and €13 5m and average combined utilisation during the year was US$45 6m In addition, the Group has a separate €6 8m invoice discounting facility with Lloyds Banking Group plc, (a facility that had previously been established with HBOS plc, now a part of Lloyds) At 4 April 2010 the Group had undrawn committed borrowing facilities of £14 0m (2009 £11 4m) These Lloyds facilities (the RCF and the former HBOS invoice discounting facility) mature in March 2012 The RCF amortises by US$2 5m per calendar quarter, with the remaining facility balance amortising on maturity The invoice discounting facility does not reduce until the maturity date

Based on the Group's projected financial performance the Board is confident that the combination of the above facilities provides adequate liquidity and covenant headroom for the Group's operations and the successful execution of its strategy

Tax

The Group incurred a tax charge of £1 6m (2009 £2 0m) representing an effective tax rate (ETR) of 24% (2009 56%) The principal cause of the reduction in the ETR in FY2010 is the release of £1 1m of tax provisions previously held in respect of tax exposures associated with local tax authority compliance Following successful finalisation of tax computation filings in a number of regions and across a number of tax years, these provisions are no longer required and have been released back to the income statement

In addition, the Group has recognised £0 1m of deferred tax asset in respect of unused tax losses, following the initiation of a global supply chain optimisation project This deferred tax asset is only in respect of a small proportion of the Group's tax losses The Group expects to increase the recognition of deferred tax assets relating to tax losses over the next few years as the benefits anticipated from the global supply chain project accrue with greater certainty Total Group losses at 4 April 2010 were £54m (2009 £46m) On a full recognition basis this represents a potential deferred tax asset of £14 6m We expect that the above optimisation project will result in a significantly lower ETR and tax cash outflows in future years than has been the case in the past

Earnings per share

Basic earnings per share from continuing operations for the year was 9 3p, significantly ahead of the 2 8p reported last year on account of the substantial improvement in profit after tax Adjusted earnings per share increased to 14 8p from 10 9p last year

Dividends

The Company has negative distributable reserves and accordingly is currently unable to declare and pay a dividend Management is reviewing ways in which it can reorganise the Company balance sheet Any such reorganisation would need shareholder approval and the sanction of the courts and it is anticipated that proposals to address this issue will be developed during FY2011

Defined benefit pension schemes

The Group's net pension deficit under IAS 19 at the year end increased from £1 8m at 5 April 2009 to £2 4m at 4 April 2010 While the fair value of assets increased during the period from £9 2m to £11 1m, the present value of the defined benefit obligations increased from £11 1m to £13 5m, primarily due to a decrease in discount rate used to value the pension scheme's obligations As required by IAS 19, the discount rate used by the Group is determined with reference to yields on corporate bonds and these yields decreased significantly between 5 April 2009 and the balance sheet date

Andrew Cherry
Group Finance Director

Operating review

Volex is a global electrical and electronic cable assemblies group, with approximately 6,800 employees based in 20 sales and support offices and nine manufacturing locations across the world.

We are...

> Customer-facing, with sector-driven sales teams

> Transforming our operations to further improve quality and efficiency

> Providing high-value engineering design and manufacturing expertise

> Thinking and acting as one global company

We are a leading provider of interconnect cable assemblies, including fibre-optic (FO), high-speed copper, radio frequency (RF), and industry-standard assemblies, and of a wide range of power products to the telecommunications, datacoms / data-centre, industrial, consumer products and healthcare sectors

Driving our sales

In the FY2010 financial year, Volex maintained its focus on implementing a new global sales structure concentrating on key market sectors in an environment of global economic challenge Working globally in close partnership with our customers, Volex has positioned itself into new long-term programmes in growing technologies such as 4G/LTE, High-Performance Computing (HPC), tablet PCs, 3DTV, Alternative Energy and next-generation Medical Imaging Systems The sector strategy has aligned engineering, Research and Development (R&D), production, test and quality enabling Volex to improve speed to market, lower end-product costs and enhance product reliability

Telecoms/Datacoms

Volex is a global interconnect provider to the telecom and datacoms infrastructure market, we service mobile telecoms networks, fixed-line broadband networks, and HPC centres and data-centres

This is a high-growth international sector and a significant contributor to the world economy The global market for telecoms carrier network infrastructure was $88 3bn in 2008, falling by 7 4% to under $82bn in 2009 Strong mobile and broadband expansion in emerging markets and substantial economic recovery in developed countries result in a market forecast showing recovery to $88bn by 2013 The emergence of Chinese telecom equipment manufacturers as leading players in the global market adds significant momentum to the sector

"Focusing our sales and product development capabilities on the Telecoms / Datacoms sector has enabled us to build a solid foundation for capturing future opportunities. Building tailored products, developing our strategic customers and capitalising on our geographic presence has enabled us to position ourselves well as we enter FY2011."

Jeff Bierman, Senior VP Sales and Marketing

The worldwide deployments of high-speed mobile (3G and 4G/LTE) and high-speed fixed-line broadband access are shifting consumer usage to a wider range of data and content services, including more data-intensive services (e g video) over telecom and data networks This is driving the infrastructure equipment market to provide faster transmission with greater storage and processing capacities, and to upgrade core/backbone networks into multi-service all-IP (all-Internet Protocol) networks The trend to deliver software as a service is opening up a new model, called Cloud Computing, for the hosting and delivery of IT services across the Internet

Volex is well positioned to service these developments with our existing portfolio and new products, including both FO and high-speed copper cable assemblies, to support the high-bandwidth transmission requirements for these data-intensive services

In support of our Telecoms business, we have expanded our product offering for both RF and FO technologies For example, in RF we now offer an end-to-end solution for RF transmission that provides board or box receptacles for all previously offered cable solutions In addition Volex has developed a line of outdoor FO solutions in support of this industry These products all interconnect with our competitors' products, to increase the market opportunity for us, and are patent-protected

By maintaining our long-term relationships with core telecom OEMs and establishing strategic partnerships with leading Chinese telecom equipment manufacturers, Volex is now providing interconnect solutions to all the major global OEMs of basestation infrastructure equipment

During the year, our R&D team, in conjunction with our HPC System and server/storage customers in the datacoms market, has designed high-bandwidth (high-speed) connectors and cable assemblies that are now in mass production Volex has had a very successful year delivering its SFP, SAS and Mini SAS products and is seeing a keen interest in its SFP+ and QSFP products as they ramp up in production Going into FY2011 the focus is on developing CXP products, for which we have obtained a licence with Molex to manufacture, and developing Active Optical Cables (AOC) for which we are making significant investments in both China and North America

These entire high speed data transmission product families go beyond our traditional range of cable-assembly products, with Volex now incorporating the 'mated-pair' of connectors into its design and manufacturing activities for all board/box products This is a significant shift from the Volex of old, moving into supporting customers' complete signal transmission requirements

Our R&D resources are continuing to develop faster and broader high-speed interconnect solutions to meet the critical criteria for the next-generation HPC Systems including price/node, processor speed, reliability/serviceability, system scalability and power efficiencies Volex's range of interconnect offerings include InfiniBand and Ethernet Interconnect Solutions, which combined have more than 83% share of the HPC market

Our global presence, combined with a strong Asia-centric supply chain, has proved to be a key strength during the economic crisis by enabling us to keep costs down whilst maintaining high quality levels Significant new accounts have been secured in key markets in China, India and Brazil

Operating review continued

Adding value to products and customers.

> Working closely with our customers

> Developing products, increasing our design content

> Using award-winning computer-aided design tools

> Supplying interconnect and power-cable solutions

Healthcare

Volex has a long and successful history of servicing key accounts in the medical equipment field including all forms of imaging technologies where we supply cable assembly and connector technologies. The Healthcare equipment sector is more stable than other high-tech sectors, with long product development cycles and long product lifecycles, underpinned by long-term relationships between equipment manufacturers and their suppliers.

This sector has been less impacted than others by the market downturn in 2009. While imaging systems markets have suffered, particularly in North America, this has been partially offset for many of our customers by improved sales in developing markets. Developing markets are expected to drive future growth opportunities as access to healthcare increases, while in developed markets the ageing population trend will go some way to offset price erosion.

Our global healthcare sales were £19.3m in FY2010 (2009: £21.1m). The majority of revenue (89%) was generated in North America and Europe, with 11% from other regions including China and Japan. Looking forward, we aim to increase the share of our healthcare revenues from developing markets to over 20% within four years.

Our ability to design and produce a wide portfolio of products, including high-performance cable assemblies, high-volume powercords, and complex hybrid cable harnesses, has been instrumental in winning important new customers and projects during the year.

Imaging equipment such as MRI scanners, x-ray machines, computed tomography (CT), nuclear medicine and ultrasound scanners accounted for over 50% of our healthcare sales in FY2010, with the balance spread across a wide range of medical equipment including patient monitoring, patient therapy and clinical diagnostic equipment. Volex's strategy is to align with industry-leading healthcare equipment manufacturers in both mature and developing markets. Working with our customers at the early stages of design and development allows us to exploit our wide product portfolio and depth of knowledge. In the last year Volex has used a variety of tools and processes to shorten product-design cycles, such as rapid prototyping, and mold-flow analysis.

We are now engaged in application-specific solutions, across both connector and cable design solutions, requiring a much deeper engineering support than we previously provided For products outside our areas of expertise, we have established partnerships with specialist providers

Our engineers work closely with our key customers, in many cases operating on site at customer locations This approach had led to the introduction of Volex bill-of-materials (BOM) content and new manufacturing processes that have delivered reduced costs and better performance for our customers whilst achieving improved margins for Volex

Looking forward, we are confident that the market for healthcare equipment will continue to grow across both developed and developing countries, for example the demand for MRI scan procedures is expected to grow 3–5% per annum worldwide Our aim is to target new high-growth segments, such as patient monitoring and home healthcare, and to drive up sales in new territories such as Japan In addition, exploiting our local manufacturing sites will enable us to penetrate the major developing markets

Consumer

Whilst the global consumer-products market is recovering, growth rates vary across regions and segments There is strong momentum in Asia, which contrasts with the USA, where unemployment remains high, and Europe, where domestic consumption remains slow With 75% of our shipments in FY2010 taking place in Asia, we are well positioned in the higher growth markets

Growth in flat-panel LCD televisions (LCD TV) and personal computing (PC) markets is driving demand Key factors influencing the LCD TV market include the continuous reduction of retail prices, the coming World Cup in South Africa and innovation such as high definition and 3D technologies PC demand is being driven by institutional spending, as economies recover, the affordability of notebooks and tablet PCs, such as the Apple iPad, and the new Microsoft Windows 7
We have focused our sales resources into these highly attractive consumer markets, tailoring products and solutions to match market requirements As a result the LCD TV and PC markets now account for approximately 55% of our Consumer sector's revenues

In a tough market, revenues for the year were 9% down on 2009, at £139 4m (2009 £152 5m) reflecting weak economies, particularly in the USA and Europe However, the revenue profile showed a positive growth trajectory, increasing quarter on quarter from £30 7m in Q1 to £38 5m in Q4

Demand was difficult to predict as our customers faced considerable market uncertainty Despite this, we were able to meet their extremely short lead-time for orders, enabling us to maintain our preferred vendor position and to win new customers During the financial year, we won several important orders totalling £22 6m from leading brands including Apple, Toshiba, Sony, HP, Lenovo, Samsung and Microsoft We will continue to focus on our strategic partnerships with the leading consumer electronics manufacturers to increase revenues and capitalise on opportunities in Asia and Europe

The development of environmentally-friendly products is paramount to our R&D focus in the Consumer sector In FY2010 Volex's customers have increased their demand for 'green' products In response, we have developed industry leading power products, including products compliant with 'EU REACH' (Registration, Evaluation, Authorisation, and Restriction of Chemicals) as well as halogen-free (HF) and Phthalate-free products HF initiatives contributed 5% of revenue in the Consumer sector in Q4 of FY2010 and we expect demand to double next year

We have also added video transmission products to our portfolio These products include DisplayPort cable assembly jumpers, developed in compliance with the digital display interface standards set by the Video Electronics Standards Association (VESA) We are already working with customers on their product development of 3D-ready TVs Sales for this next-generation product are forecast to reach 64 million units in 2018

As part of our strategy to move up the value chain, we conduct regular safety seminars in Japan, China, Korea and Malaysia, attended by our major customers

Looking forward, growth is returning, particularly in Asia We will continue to focus on the fast growing PC and LCD TV markets to capitalise on our strong market position Development of HF materials and alternative sourcing to meet the growing demand for environmentally-friendly products will remain a priority Sales will focus on extending our customer base beyond our well-established global OEM relationships into new developing markets in Brazil, Russia, India and China

Industrial

The Industrial sector for Volex comprises a diverse set of markets but offers some of the most exciting growth prospects These markets include test and measurement equipment, manufacturing automation, refrigeration, trucking telematics, and renewable energy

Operating review continued

Demand in the Industrial sector returned to growth in FY2010, as companies invested once more in automation and increased capacity We saw an increase in orders in the second half of the year, a trend that has continued into the new financial year

A new product developed for the trucking telematics sector has been one of our successes in the financial year Of the £11 0m revenue from the Industrial sector in FY2010, 70% was secured from the truck-fleet telematics segment, where we worked closely with our main customers to develop the new product which was quickly adopted by major trucking companies and led to strong bookings and revenue in the second half of the year

New products are being developed for the renewable energy market, for example junction boxes with properties unique to the solar industry Long life-cycle and environmental requirements have yielded new manufacturing techniques and material considerations With many new companies forming in this segment, the development of a full range of products to support the solar market will continue into next year, and we are now providing engineering and design advice to customers and partners

Looking forward, the renewable energy market will be a key area of focus, building relationships with market leaders This will include the solar and wind markets providing solutions for fuel cell and smart grid technologies, capitalising on our global footprint and interconnect knowledge

Manufacturing operations and supply chain

Volex has nine manufacturing locations, six in Asia, two in the Americas and one in Europe supported by various local hubs to ensure we can deliver fast response times and minimise our customers' inventory

Laying the foundations for growth

During the first half of the financial year we reduced manufacturing capacity to match the reduced market demand at that time, cutting headcount, both direct and indirect, and undertaking a number of other cost-cutting activities In the second half of the year, as sales stabilised, the emphasis switched to positioning ourselves for a return to growth and ensuring we can move more quickly than our competitors when manufacturing volumes start to pick up We are now in a strong position to exploit our existing infrastructure to deliver rapid and controlled growth Many of our factories are operating on one or two shifts giving significant scope to expand our capacity quickly

We began implementing a new LEAN manufacturing strategy due for completion in FY2011 This will increase productivity and asset utilisation and also improve the output product quality through rigorous process improvement approaches and enhanced process standardisation

The operations team are working very closely with each of the sector sales teams to characterise their market and customer needs – identifying the technologies, capabilities and capacities that we need in each location to meet the needs of our customers In this way we can design operations and supply chain strategies tailored to the needs of these different customer groups One recent example is where we worked with the installation engineers at our customer's factory and identified several design modifications for our product that make it easier for their technicians to install

Transforming our operational performance
We have embarked on an operational transformation programme that is aimed at enhancing the value we deliver for our customers and eliminating the waste from all aspects of our operations We continue to make investments in new process technology aimed at improving our product quality and cost Examples include the use of lasers for applications like welding and marking/printing and the use of advanced test methodologies to help optimise process parameters for complex high-speed data cable assemblies

Data-driven management processes are being introduced, linked to the business strategy Every function has a set of goals aligned to achieve the Company targets and a governance process designed to ensure we stay on track Deviations from the plan can now be made visible much more rapidly so that any correcting actions can be taken These are supported by collaboration tools that allow all areas of the business to communicate with each other and share their ideas for improvement

Managing our supply chain
During the financial year, our supply chain team began working as a single global team, moving away from the regional silos that had existed previously We have started the journey of process standardisation with purchase price variance reporting and supplier management tools being implemented on the same platform during the course of the year The team made some significant strides during the year with materials cost reductions exceeding our budgeted plans while at the same time reducing our supply base by close to 400 suppliers globally

Increasing commodity prices, particularly for copper, were a challenge during the second half of the year While price increases are ultimately passed onto our end customers, timing delays can introduce volatility into our financial results Processes to minimise this impact were established in the year, primarily involving the use of purchase and sale contracts to more closely align committed customer orders with purchases from suppliers

We are anticipating continued cost challenges in key commodities such as copper and PVC during FY2011 In spite of these cost challenges the team is pressing forward with aggressive targets to bring material costs down, streamline suppliers and reduce working capital

Going into FY2011 we expect our team to continue to develop We will be evolving into a commodity team structure during the year so that we can focus in detail on costs and suppliers in key areas

Technology capabilities and product development

In-depth engineering expertise is one of Volex's key strengths We have continued to enhance our engineering capabilities internally and also to develop our external engineering workforce who engage with customers on-site regarding application specific solutions As part of our strategy, Volex is seeking to increase the proportion of our revenue resulting from products with our own design content and this will include 'end-to-end' solutions which address the entire signal transmission path from the cable (plug) to the board or box receptacles

Enhancing our technical capabilities worldwide
In North America, we have already engaged with customers beyond the level of cable assemblies Volex has taken on 'next level' assembly activity for several customers completing system sub-assembly builds for these key partners This allows customers to reduce costs and enables them to focus on their core design capabilities using the manufacturing expertise of Volex for the product assembly activity Applying a strengthened team of field application engineers (FAEs) we have completed several projects where customers have outsourced key activities to the Volex facility in Tijuana, Mexico In some cases we have embedded engineers at customer sites to contribute expertise for the interconnect solutions for system level designs at the product concept stage This leads to more cost-effective, application-specific solutions for the interconnect needs of the products involved

Operating review continued

In Europe, Volex has achieved ISO 13485 certification for design and development activity as well as strengthening the FAE teams who are similarly embedded within key customers Computer-aided engineering tools have been added such as mold-flow analysis which are intended to assist in 'getting it right the first time' leading to accelerated product development

Our Chinese operations have been strengthened considerably by increasing our FAE resources and engineering skills in printed circuit board connector design, signal integrity testing and materials engineering A programme to further strengthen FO product development is in place where we intend to grow our design and test-level competencies beyond those that presently exist in North America and Europe

In India, Volex has aggressively built up resources to extend support to customers participating in the huge expansion of mobile communications This support includes FAEs as well as product manufacturing/test for all technologies such as RF and FO, adding to existing strengths for power products Future plans include adding antenna manufacture / test competencies to the factory in Chennai to complement our successful basestation installation kits business

New product development

In such a fast moving market, innovation is an essential criterion for success and our new product development throughout the past year was significant for all technologies and market sectors

New products were introduced into all our sectors and the details of these are covered in the sector reviews on pages 20 to 24 A key area of focus has been on developing environmentally-friendly products, and the 'green drive' will be a key component of all new product development in the coming year We have made significant advances in the power cord market, where we are market leader, and our overall product portfolio has extended to include a new line of outdoor FO solutions that are patent protected and a complete family of high-speed data transmission products

Contributing to industry standards

Volex is an influential member of a number of leading industry standards bodies for our product portfolio

For the Telecoms/Datacoms markets, Volex participates actively in the following Standards Committees to assist in the development of product performance specifications Institute of Electrical and Electronics Engineers (IEEE), Infiniband Trade Association (IBTA), Ethernet Alliance (EA), Small Computer System Interface Trade Association (STA), Video Electronics Standards Association (VESA) and Fiber to the Home (FTTH)

And in support of our 'green' and safety initiatives Volex participates in the following committees European Safety Standards, China Technical Committee TCO7, BIS (India Safety Standards) and CNS (Taiwan Safety Standards)

This activity allows us to gain early sight of emerging standards, an important contributor to keeping our product development at the forefront of the industry It also enables us to influence the direction and content of the next generation of standards, reflecting our position as a leading player in the industry

People, systems and processes

The current financial year has seen wide ranging people changes The Group Chief Executive and Group Finance Director were appointed just before the start of the year Their arrival has been followed by an entirely new executive management team comprising the Operations, Sales & Marketing and Human Resources Directors A number of new roles have been created and filled heading the Marketing, Information Technology, Commercial Finance and Business Assurance functions The relocation of the Group's head office from Warrington to London marked a key point in revitalising the Group and was

"The relocation of the Group's head office from Warrington to London marked a key point in revitalising the Group and was successfully completed in July 2009."

Progress is also being made towards standardising processes across the Group New product development processes have been introduced to improve speed to market Common sales techniques are being rolled out across the sectors and new capital expenditure approval processes are being introduced to help target resources and speed the decision making process For the first time the nine factories are being managed in a co-ordinated manner, rather than by region, with best practices being shared across the Group and production being sourced from wherever can provide it in the most timely and cost-effective way

successfully completed in July 2009 The finance function in particular has been strengthened – both in head office and also with the appointment of three new regional Finance Directors in North America, Europe and India The migration to a market and sector focused sales organisation has required increased levels of skills in several key sales positions as well as additional training for existing personnel

After several years of under-investment the Group is also making significant but affordable improvements in its information technology and systems BPCS, the Group-wide manufacturing and financial ledger system, is being upgraded for the first time since 2001 As part of this we will be introducing standard costing across the Group during 2010 Tagetik, a new corporate performance management system for financial consolidations and budgeting was implemented during the year as well as Qlikview, our new business intelligence system Saleforce com was successfully piloted as a new customer relationship management system within the Healthcare sector and will be rolled out to the rest of the Group during 2010 We are also in the process of upgrading our IT infrastructure We have upgraded our core AS400 systems, while outsourcing the hosting of these together with the associated high availability backup and disaster recovery, and we are in the process of consolidating to a single Group-wide data network We have also worked on harmonising the data structures and definitions around the Group, including for the first time a common Group-wide chart of accounts, and this will remain a key area of focus in the current financial year

Management of principal risks

The Group has an established risk management framework which is designed to identify, evaluate and manage the risks and uncertainties facing the Group. Within this framework we classify risks into four distinct categories according to their potential impact on the Group.

Strategic – risks impacting long-term strategic objectives

Operational – risks arising during day-to-day activities which if not managed could impact upon the running of the business

Financial – risks directly impacting upon the financial condition of the business

Compliance – risks relating to legal and regulatory sanctions and damage to goodwill arising from failure to comply with applicable laws and regulations

Principal risks and uncertainties

Customer concentration

A significant proportion of the Group's trading activity is with a relatively small number of large global accounts Approximately three quarters of total Group revenue is generated by the Group's top 25 customers, mostly prestigious global OEMs Two of the Group's customers individually account for more than 10% of total Group revenue, with the Group's largest customer, operating in the wireless infrastructure sector, accounting for 11% of total Group revenue

In practice these key global customers operate across a number of different business sectors and regions with somewhat independent customer relationships in each of the sectors and geographies The loss of business in one particular geography or sector would not necessarily result in the loss of all of that customer's business

The Group continues to mitigate the risk of fluctuations in revenues from these customers through closer trading relationships with individual customers while diversifying into other customers and market segments

Counter party risk

The Group regularly reviews the credit worthiness of all customers and operates appropriate credit limits to manage the exposure to any given customer The degree of customer concentration inherent in the Group's business means that the Group has substantial credit exposure to a few key customers Typically, however, these key customers are large, blue chip OEMs for whom the risk of default is relatively low The Group had no material bad debt write-offs in the year

The Group is also dependent upon a limited number of suppliers, particularly in respect of cable materials However, the Board believes that in the event of one of these suppliers failing to honour its obligations to the Group, alternative sources of supply could be engaged without substantial disruption to the business, nor any material financial loss

Commodity prices

Many of the Group's products, in particular power cords used 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 cost changes can cause short-term volatility in the Group's gross margins and working capital requirements

Copper price volatility is the single largest commodity price exposure facing the Group The graph on the facing page illustrates how LME copper spot prices have fluctuated during the two year period to 4 April 2010

The Board regularly reviews the prices of these commodities and effects a number of measures to mitigate the impact of excessive volatility With respect to copper specifically these include, but are not limited to, the use of purchase and sale contracts to more closely align committed customer orders with purchases from suppliers, to reduce the volatility caused by the time lag between purchase from supplier and sale to customer

Management assume that during FY2011 copper will continue in the range of US$7,000 – US$8,000 / ton

Foreign exchange

A substantial portion of the Group's revenues and expenditures are denominated in US Dollars and Euros During the financial year Sterling appreciated by 3% against the US Dollar and by 2% against the Euro

The Group's costs and revenues are broadly denominated in the same currencies For example, the majority of US Dollar denominated revenues are serviced from locations where the costs are incurred in US Dollars or US Dollar related currencies and likewise for the Euro As such there is no significant trading advantage or disadvantage resulting from these currency movements

The main impact of these movements is in the translation of foreign currency denominated income and expenses in the Consolidated Income Statement and foreign currency denominated assets and liabilities in the Consolidated Statement of Financial Position 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

The principal exchange rates used in the year were as follows

	Period end rate (Balance sheet)		Average rate (Income statement)	
	FY2010	FY2009	FY2010	FY2009
US Dollar	1 517	1 474	1 596	1 705
Euro	1 121	1 096	1 129	1 198

Competition

The Group's markets are highly competitive and we expect this competition will continue in the future Our overall competitive position depends on a number of factors including the price, quality and performance of our products, the level of customer service, the development of new technology and our ability to participate in emerging markets Competition may intensify from various international competitors and new market entrants and our markets have become increasingly concentrated and global Increased competition may result in price reductions, reduced margins or loss of market share, any of which could materially and adversely affect our business and trading performance

Exposure to global economic conditions

The Group's business and trading performance have been and will continue to be affected by global economic conditions As global economic conditions deteriorate or economic uncertainty increases, 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 This may have a material adverse effect on the Group's trading results

Corporate responsibility

At Volex we are committed to the operation of a responsible business model and to the delivery of our corporate responsibility strategy. For us it makes sound business sense.

The Board has adopted a Code of Business Conduct (the 'Code of Conduct') which applies to the entire Volex Group of companies It is circulated through the unit Managing Directors to all employees via the normal regional communication channels and is available on the Company's website (www volex com) and also in hard copy from the Company Secretary

This Code of Conduct is the foundation on which we build and conduct our business and we expect all Volex employees to support all elements of the policy

The Code of Conduct is based on the commitments set out above and outlines specific minimum standards in respect of five particular areas These deal with corporate conduct regarding our employees, health and safety, the environment, relationships with various stakeholder groups, and the personal conduct of everyone employed by the Group The Code of Conduct concludes with the outline of a compliance process, which reflects our normal management structures

Corporate conduct and employment practices
In all aspects of our business we seek to operate in compliance with the law, rules and regulations of the country of operation and this applies to all areas of our Code of Conduct However, in a number of areas we look to establish specific minimum standards, which will override any lower legal requirements For example, in our employment practices we will not use indentured or forced labour, we will not employ anyone under 16 years of age and we do not discriminate on the basis of sex, colour, race, religious belief, disability, age, sexual orientation or marital status

Health and safety
In matters of health and safety we will provide a safe and clean working environment with systems and procedures of a standard at least equivalent to those of comparable manufacturing companies of good reputation in the geographical area of operation The Board receives reports on the health and safety performance of the Group Our regional operations have adopted formal health and safety policy statements and continue to execute specific health and safety programmes to improve identified risks We collect and review various performance data ranging from monthly key performance indicators to annual insurance claims records and use these to identify areas for further improvement

Environment
We are committed to meeting the needs of our customers in an environmentally sound and sustainable manner through continuous improvement in all activities, using the best available technology without incurring excessive cost

At Volex we work towards the requirements stated in the ISO 14001 Environmental Management System As part of this system we review our environmental objectives and targets on a regular basis and ensure continuous improvement Our plan is to achieve the international environmental standard ISO 14001 in all our manufacturing locations over a number of years At the date of this report, certification has been achieved at each of our three facilities in China, at our two facilities in Indonesia and at facilities in Vietnam and Poland These sites are now maintaining and improving their environmental management systems to retain their ISO 14001 certification status A number of other locations are developing their systems with a view to applying for certification in the future

The Restriction of Hazardous Substances ('RoHS') and the Waste Electrical and Electronic Equipment ('WEEE') Regulations, both of which are aimed at reducing hazardous materials content in products as well as increasing the recycling of products, are applicable to the electronic sector Volex ensures that special formulated compound materials are part of the sourcing and engineering services in order that compliance with RoHS is met by both Volex and its customers Volex is recognised by its customers for its policy of being a total RoHS compliant organisation Volex also ensures that the design of its products is aimed at reducing their environmental impact in terms of production, product usage and disposal, which will assist producers in their compliance with the WEEE Regulation

Relationships with stakeholder groups
The standards we set ourselves in our relationships with our various groups of stakeholders are typified by the values of honesty, respect, diligence and professionalism The Board has identified a number of key values, which it expects all employees to apply to their work and which are intended to enhance teamwork, collaboration, integrity, diversity, commitment and community These values are the common thread linking our communications with shareholders, our business relationships with customers, suppliers, sub-contractors and agents, our interaction with local communities around the world and all our dealings with employees

Standards of personal conduct
The Group relies on its employees as individuals to practise the highest moral and ethical standards in all their business activities While we fully respect the privacy of employees' personal lives, we expect all employees to conduct their personal affairs so that the performance of their obligations to the Group is not prejudiced and the reputation of the Group is maintained

Volex is committed to

> Respecting the rule of law, conducting our business with integrity and showing respect for the rights of the individual,

> Creating mutual advantage in all our relationships so that people both inside and outside the Group trust us and want to work with us,

> Demonstrating respect for the environment and working continuously to improve business processes and practices to reduce the impact of our operations, and

> Managing our financial performance to maximise long-term value for our shareholders

Board of Directors

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1. Mike McTighe
Chairman
Mike McTighe, 56, was appointed Non-Executive Chairman of the Board on 1 March 2008 He is a member of the Remuneration Committee and Chairman of the Nomination Committee Mike is also chairman of Pace plc and a board member of Ofcom Mike was previously a non-executive director of Alliance & Leicester 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, 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

2 Ray Walsh
Group Chief Executive
Ray Walsh, 45, 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

3 Andrew Cherry
Group Finance Director
Andrew Cherry, 43, was appointed Group Finance Director on 19 February 2009, having held the position of Interim Finance Director since 5 January 2009 Andrew was previously chief financial officer of SpinVox Limited and prior to that had held a number of executive positions including that of chief financial controller of Vodafone UK, chief financial officer of Cable & Wireless Jamaica Ltd and chief financial officer of GoIndustry Plc He has also held positions in B A T Plc, PricewaterhouseCoopers and Cap Gemini Ernst & Young Andrew holds an MBA from the Kellogg Graduate School of Management, is a Fellow of the Institute of Chartered Accountants of England and Wales and has a Bachelors degree in Physics

4. Richard Arkle
Non-Executive Director
Richard Arkle, 61, 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 He is currently Chairman of the Audit Committee Richard was a partner at KPMG LLP (and predecessor practices) from 1 October 1982 until he retired on 30 September 2004, where as a senior partner, he played a key role in developing the transactions services practice into a UK market leadership position 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

5. Chris Geoghegan
Senior Independent Director
Chris Geoghegan, 55, was appointed a Non-Executive Director on 1 March 2008 and became the Board's Senior Independent Director with effect from 31 December 2008 Chris is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees Chris is also chairman of Hampson Industries plc and a non-executive director of Kier Group plc Up until 31 December 2007, Chris was the 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

6 Karen Slatford
Non-Executive Director
Karen Slatford, 53, was appointed a Non-Executive Director on 27 May 2008 and is also a member of the Nomination, Audit and Remuneration Committees Karen is currently chairman of Neverfail Group and the Foundry Visionmongers Karen was previously a non-executive director for HAL Knowledge Solutions, Portwise AB and Compel Group plc Between 1983 and 2001 Karen was employed by Hewlett Packard Ltd and whilst working across various capacities and roles, was focused on improving the Group'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

Corporate governance report

Volex Group is committed to business integrity, high ethical values and professionalism in all its activities The Company is committed to the principles of corporate governance contained in the Combined Code on Corporate Governance that was issued in June 2008 by the Financial Reporting Council ('the Code') for which the Board is accountable to shareholders

Statement of compliance with the Code
In the opinion of the Directors, the Company has complied with the provisions set out in section 1 of the Code throughout the 52 week period ended 4 April 2010 (the 'Year') and up to the date of reporting except for the following matters

During the Year, the Board evaluated its own performance through an extensive questionnaire sent to each director, the responses for which were considered and addressed by the Chairman and the findings were distributed to each director It was not considered appropriate to conduct either Committee or individual performance evaluations (section A 6 1) due to the position of company secretary being held on an interim basis in the year However, it is the intention to do so during the next financial year after a permanent appointment has been made

In accordance with section A 3 1 of the Code, the Board has considered whether each of the Non-Executive Directors is independent in character and judgement It has concluded that all of the Non-Executive Directors are independent, after having reviewed the following factors that may, from a distance, cast doubt over their independence

Richard Arkle, a Non-Executive Director and former Chairman of the Company, held a Share Appreciation Right, which has lapsed during the year

Pursuant to her letter of appointment, Karen Slatford is required to devote a minimum of 25 days to the Company each year to perform her duties as a Non-Executive Director Karen's letter of appointment provides that in the event that she is required to devote time to the Company outside of those 25 days, then she will be paid a daily rate of £1,500

Following approval by the shareholders of the Volex Group plc Non-Executive Director Long Term Incentive scheme ("Non-Executive LTIS") at an Extraordinary General Meeting on 5 December 2008, awards were made during the year to Mike McTighe, Chris Geoghegan and Karen Slatford Full details of the scheme, and awards made, are given on pages 41 to 42 and pages 44 to 45 of the Remuneration Report, respectively

The view of the Board is that these factors do 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

Statement of how the principles of the Code have been applied
The following paragraphs together with the Directors' Remuneration Report set out on pages 38 to 45 and the Directors' Report set out on pages 47 to 48 describe how the principles of the Code have been applied

Board of Directors
The Board currently comprises a Non-Executive Chairman, three Non-Executive Directors, all of whom the Board consider to be independent, as stated above, together with two Executive Directors The biographies of the Directors can be found on pages 32 to 33

The Board of Directors views its size and composition to be satisfactory in that the balance of skills and experience is appropriate for the business of the Group

On appointment, Directors receive an induction to the business and are briefed on the activities of the Group In addition, the Chairman and Company Secretary ensure that any new Director has access to appropriate training and advice in relation to the duties of Directors and receive regular updates The Directors are also encouraged to update and refresh their skills and knowledge

Details of those Directors who will be offering themselves for re-election can be found on page 48 of the Directors' Report

Directors' and officers' insurance against legal action is in place providing cover for Directors and certain key officials of the Company and its subsidiaries 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

Board and Committee meetings
The Board is scheduled to meet at least ten times a year and during the year it in fact met 13 times, some meetings having been called at short notice From time to time the Board also meets by telephone conference call to discuss ad hoc issues The table below summarises the attendance by Board or Committee members at meetings held during the year

	Board 13 meetings	Audit Committee 3 meetings	Remuneration Committee 9 meetings	Nomination Committee 1 meetings
Richard Arkle	13	3	–	–
Andrew Cherry	13	3	–	–
Chris Geoghegan	11	2	9	1
Mike McTighe	13	–	9	1
Karen Slatford	12	2	9	1
Ray Walsh	11	–	–	–

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 is in receipt of 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 and ensures constructive relations between Executive and Non-Executive Directors Chris Geoghegan, as the Senior Independent Director, makes himself available to meet with shareholders The Chief Executive, Ray Walsh, is responsible for running the Group's business and leads the execution of the Group'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 has adopted a policy under which the Directors are able to take independent professional advice at the Company's expense

The Chairman, the Group Chief Executive and the Group Finance Director 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 one week in advance of meetings

The Board has a formal list of matters specifically reserved to it including reviewing business performance, all major strategy, policy and investment decisions affecting the Group and the development of Group policies in a number of areas including health and safety, social, ethical and environmental issues and insurance

The Board approves each sector's annual business plan and budget, which is prepared by the senior management of each respective sector and which are compared with the monthly management accounts The Executive Directors are required to comment on any areas where performance departs from current expectations and any significant variances are discussed by the Board and appropriate action taken If considered appropriate the Non-Executive Directors and Chairman visit operations and the Board meets with senior operational management throughout the Group in order to further enhance its understanding of the Group's key developments

The procedures which have been adopted enable the Board to make informed decisions on a range of key issues including those relating to strategy and risk management

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 These were reviewed during the year and are available on request and on the Company's website (www volex com) In addition, the Board has established a number of other Committees, such as the Finance Committee and the Sealing Committee and also establishes ad hoc Committees from time to time to deal with specific issues

The Nomination Committee
The Nomination Committee comprised Mike McTighe, who is Chairman of the Committee, Chris Geoghegan and Karen Slatford

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 is secretary to the Committee

Corporate governance report continued

The Remuneration Committee
The members of the Remuneration Committee were Chris Geoghegan, who is Chairman of the Committee, Mike McTighe and Karen Slatford The Company Secretary acts as secretary to the Committee The structure and business of the Remuneration Committee is summarised in the Directors' Remuneration Report on pages 38 to 45

The Audit Committee
The Audit Committee comprised 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, Group Finance Director, Group Financial Controller and the Director of Business Assurance are invited to attend regular meetings, however the Audit Committee also meets without the Executive Directors being present 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 Group's internal financial controls and also reviews the scope and effectiveness of the internal audit function, although the Group's internal control and risk management processes are considered by the Board as a whole The Audit Committee recommends to the Board the appointment and re-appointment of the external auditors It considers the scope and results of the external audit, its cost effectiveness 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

During the year the Committee reviewed the provision of overall assurance within the Group, including a review of external audit arrangements As part of this review, the Committee considered proposals from its then auditors, Deloitte LLP, PricewaterhouseCoopers LLP and KPMG LLP The Committee, jointly with the Board, concluded on balance that the proposal from PricewaterhouseCoopers LLP should be accepted and PricewaterhouseCoopers LLP were appointed as external auditors to the Company and Group in June 2009 Deloitte LLP submitted their resignation and formally confirmed there were no matters concerning their resignation that needed to be brought to the shareholders' attention

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 Auditors' Report The Directors seek to ensure the independence of the auditors by requesting an annual confirmation of independence, which includes the disclosure of all non-audit fees

Internal controls
The Board has overall responsibility for the Group's system of internal control and risk management and for reviewing the effectiveness of this system Such a system is designed to identify, evaluate and control the significant risks associated with the Group's achievement of its business objectives with a view to safeguarding shareholders' investments and the Group'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 Combined Code 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 Group This process, which has been largely informal during the year ended 4 April 2010, and up to the date of approval of the Annual Report and Accounts, will be further developed and formalised in the next financial year

The Board has adopted a risk-based approach in establishing the Group'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 controlling the intensity of 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 Group'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
- monitoring by the Board of a comprehensive reporting system, including monthly results, annual budgets, and periodic forecasts
- a centrally co-ordinated business assurance programme which uses both internal and external resource to support the Board in its role of ensuring a sound control environment
- 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 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
The Board has completed its annual review of the effectiveness of the system of internal control for the year to 4 April 2010 and

is satisfied that it is in accordance with the Turnbull Guidance. The assessment included consideration of the effectiveness of the Board's on-going process for identifying, evaluating and managing the risks facing the Group.

Whistle-blowing policy
The Company has adopted a whistle-blowing policy, which is available to employees on the Group's website and onsite notice boards.

The aim of the policy is to encourage all employees, regardless of seniority, to bring matters which cause them concern to the attention of the Audit Committee.

Relations with shareholders
The Board has continued to establish and maintain a mutual understanding of objectives between the Group and its institutional shareholders by making annual and half-year presentations to institutional investors and stock broking analysts and meeting with potential and existing institutional shareholders. It is the Group's policy that all Directors attend the AGM 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.

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 and the Combined Code (the 'Code') A resolution to approve the Report will be proposed at the 2010 Annual General Meeting of the Company at which the financial statements will be approved

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 43

UNAUDITED INFORMATION

Remuneration Committee
The members of the Remuneration Committee (the 'Committee') were Chris Geoghegan, Chairman of the Committee, Mike McTighe and Karen Slatford The Company Secretary acts as secretary to the Committee

Kepler Associates is the appointed remuneration advisor to the Committee, and provides no other services to the Company

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, details of which are given on pages 41 to 42 of this Remuneration Report

During the fina cial period ended 4 April 2010 matters considered by the Committee included
- awards to be made under the Company's existing share incentive arrangements,
- new long-term incentive/pension arrangements for Executive Directors and other senior executives of the Company, and
- Executive Director pay benchmarking

Remuneration policy
The Committee agrees with the Board of Directors of the Company on the broad policy for the remuneration of the Executive Directors and such other senior executives as determined by the Committee Chairman, the Group Chief Executive and the Company Chairman 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 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

Kepler Associates assisted the Committee in determining the Executive Directors' remuneration for the year The advice provided by Kepler Associates showed the Executive Directors to be competitively paid

The balance of this report deals solely with the remuneration and terms of service of the Board of Directors of the Company No Director plays a part in any discussion regarding his/her own remuneration

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 Group

The fee payable to the Chairman is reviewed and determined annually by members of the Committee (excluding the 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

The objective of the remuneration policy is to provide a balanced remuneration package, which includes an appropriate level of basic salary and benefits-in-kind (including a pension provision where appropriate), together with both short-term and long-term incentives Short-term incentives are linked to challenging targets, which support and reinforce the objectives of the Company The standard long-term incentives, which are currently share-based awards, focus the executives on the sustained development of the Group and aligns their interests with those of the shareholders

There are four main elements of the remuneration package for Executive Directors
- basic annual salary and benefits-in-kind,
- annual bonus payments,
- long-term share related incentives, and
- pension arrangements

The Company's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance related and the Committee aims to provide a balanced remuneration package which links individual and corporate performance

Basic salary
In deciding and reviewing appropriate remuneration packages, the Committee considers
- the positioning of the Group relative to other comparable companies,
- the positioning of individual Directors relative to positions in other comparable companies,
- 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,
- remuneration relativities within the Group,
- the competition, risks, challenges, complexity, diversity and international spread of the Group's business, and
- the particular expertise and understanding required of the Directors concerned and the responsibilities undertaken

The Committee determines Executive Directors' basic salaries annually, with adjustments normally being made with effect from 1 April

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

In addition to basic salary and pension benefits, the Executive Directors 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

Bonus arrangements
A discretionary annual cash bonus scheme represents the short-term incentive element of the overall remuneration package for Executive Directors The Committee establishes the objectives that must be met in each financial year if a cash bonus is to be paid, reflecting the strategic objectives set by the Board for the year in question The bonus plan for the financial year to 4 April 2010 was structured to reward performance relative to financial targets and in certain cases personal objectives and details of the bonuses paid to the Executive Directors can be found on page 43 of the Remuneration Report

In certain circumstances the Committee may grant special bonus arrangements to Executive Directors Andrew Cherry's terms of appointment, as set out in his service agreement, include a retention bonus equal to 50% of Andrew's basic annual salary for the period 19 February 2009 to 31 March 2010 and a further bonus to cover the period 1 April 2010 to 18 August 2010 The first tranche of Andrew's retention bonus, in respect of the period to 31 March 2010, was paid on 31 March 2010 The second tranche is payable no earlier than 19 August 2010, subject to Andrew having 18 months continuous employment with the Company In the event that employment ceases at any time on or before 18 August 2010, the bonus becomes repayable in full This bonus is not pensionable

Long-term incentive schemes
Following its approval at an extraordinary general meeting of the Company held on 5 December 2008, Volex Group plc Performance Share Plan ('PSP') is the principal scheme through which the Company provides long term incentive arrangements to key executives

The PSP replaced two legacy longterm incentive scheme arrangements

- Volex 1994 Share Option Scheme ('1994 Scheme') and Volex 2001 Option plan ('Option Plan'), known together as Discretionary Share Option Schemes ('DSOS')
- Volex Group plc Long Term Incentive Plan ('LTIP')

Long-term incentive schemes for Non-Executive Directors in operation during the year were as follows

- Non-Executive Director Long Term Incentive Scheme ('LTIS')
- Share Appreciation Rights Scheme ('SAR Scheme')

Following its approval at an extraordinary general meeting of the Company held on 5 December 2008, the LTIS is the principal scheme through which the Company provides long-term incentive arrangements to Non-Executive Directors, replacing the SAR scheme

Volex Group plc Performance Share Plan (PSP)
The principal terms of the PSP Plan are as follows
- Any nominated employees of the Company or any subsidiary of the Company is eligible to participate in the PSP Plan It is intended that the PSP Plan will be limited to key executives
- An award will take the form of either a nil cost option which shall be granted by the trustee of an employee benefit trust established by the Company, or an option granted by the Company with an exercise price set at the nominal value of the Ordinary shares
- The aggregate nominal value of the Ordinary shares which the Company may on any day issue for the purpose of the PSP Plan and any other employee share scheme operated by the Company shall be limited to 11% of the nominal value of the Ordinary share capital of the Company in issue on that date
- No award may be granted to a participant if the market value of all shares under that award and any other awards granted under the PSP Plan in the same financial year will exceed 100% of the participant's annual salary In exceptional circumstances this limit may be exceeded
- The exercise of awards granted under the PSP Plan will in normal circumstances be conditional upon the achievement of objective performance targets set at the time of grant Such performance targets shall be measured over a performance period (determined by the Committee at the time of grant but which shall not be less than three years) ('the Performance Period') The extent to which such performance targets are met over the Performance Period shall determine the extent to which the awards are capable of exercise
  The Committee may waive or amend the original performance target provided that any such amended target is not more difficult to achieve than the original performance target
  - on the occurrence of a specific event or events which are fixed by the Committee on the grant of an award, and
  - if events occur which cause the Committee to reasonably consider that a different or amended target would be a fairer measure of performance
- An award will normally only be capable of exercise after the end of the Performance Period (subject to satisfaction of the performance target) However, an award may be exercised earlier in the event of a take-over, a scheme of arrangement being sanctioned by the court, the voluntary winding up of the Company or where the Company exercises its discretion on the cessation of employment of a participant (if the Company does not exercise such discretion then an award shall lapse on cessation of employment)
- In all those circumstances allowing for early exercise of an award, the award may not be exercised unless the performance condition (modified if necessary) has been satisfied The number of shares over which an award may be granted will also be pro rated down on a time-apportioned basis

In relation to PSP awards granted during the financial year ended 4 April 2010, the Committee has determined that the Performance Period will be a three-year period commencing on the date of grant of the awards and that the awards will be subject to a total shareholder return target, as set out in the table below

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

1 Total shareholder return 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) dividends declared but not paid during the Performance Period dividends paid during the Performance Period and cumulative interest on any dividends paid during the Performance Period accruing at 3% per annum

Directors' remuneration report continued

If total shareholder in the Performance Period falls between the two targets set out above, then the percentage of shares that may be vested will be calculated on a straight-line basis

The Committee believes that total shareholder return is the best measure of long-term performance for the Company, and provides strong alignment with shareholder interests

- 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

Between September 2009 and January 2010, 1,672,945 of share option awards were granted, pursuant to the PSP plan The exercise price attached to the options was 25p, the nominal value of the Company's shares

The Committee is also considering the possibility of structuring future awards under the PSP in a potentially more tax efficient manner for participants

Long Term Incentive Plan
Prior to the adoption of the PSP Plan, the Volex Group plc Long Term Incentive Plan (LTIP) was the Company's principal long-term incentive scheme The scheme was specifically designed to provide high rewards to executives for high performance by linking a substantial part of the long-term reward of executives to the investment of their own funds in the Company's shares Under the LTIP two types of awards were made Share Matching Awards and Performance Share Awards At 4 April 2010, all Share Matching Awards had lapsed

A Performance Share Award is structured as an option to acquire shares in the Company for their nominal value The option is normally capable of exercise if the participant is an employee at the point of exercise and demanding performance conditions set at the date of grant of the Performance Share Award are satisfied at the end of the three-year performance period Performance Share Awards to any individual in any one financial year are limited to 100% of basic salary

FY2009 LTIP awards
No Share Matching Awards were granted under the LTIP during the financial year ended 5 April 2009

In relation to the Performance Share Awards made during the financial year ended 5 April 2009 all of the shares subject to each award were subject to the 'share price target' set out in the table below

Share price target	% of shares subject to award that vest
Less than 115p	Zero
Equal to 115p	25%
Equal to 155p	50%
Equal to 200p	100%

In determining the percentage of shares subject to an award that will vest, the share price target is compared with the average mid-market quotations for a Company share over the five dealing days prior to the maturity date (i e three years from the grant of the award)

If the average falls between any two of the share price targets set out above, then the percentage of shares that may be vested will be calculated on a straight-line basis between the vesting thresholds

In addition to the share price targets, all the LTIP awards are subject to an EPS underpin Accordingly, for the LTIP awards granted in July 2008, should the EPS of the Company in respect of the financial year ending 3 April 2011 ('Actual EPS') equal 18p per share or more, then the EPS underpin for awards made during the financial year ended 5 April 2009 will have been satisfied The number of shares over which an award may be exercised shall be determined by applying the share price target to the relevant number of shares subject to the award

If however the Actual LTIP is less than 18p per share, then the total number of shares subject to the award will be reduced downwards before the share price target is applied The reduced number of shares over which the award may be exercised (prior to the application of the share price target) shall be determined by multiplying the number of shares subject to such award by the fraction determined by dividing the Actual EPS by 18

FY2008 LTIP awards
No Share Matching Awards were granted under the LTIP during the financial year ended 30 March 2008

In relation to the Performance Share Awards made during the financial year ended 30 March 2008 all of the shares subject to each award were subject to the 'share price target' set out in the table below

Share price target	% of shares subject to award that vest
Less than 225p	Zero
Equal to 225p	25%
Equal to 275p	50%
Equal to 325p	100%

In determining the percentage of shares subject to an award that will vest, the share price target is compared with the average mid-market quotations for a Company share over the five dealing days prior to the maturity date (i e three years from the grant of the award)

If the average falls between any two of the share price targets set out above, then the percentage of shares that may be vested will be calculated on a straight-line basis between the vesting thresholds

In addition to the share price targets, all the LTIP awards are subject to an EPS underpin Accordingly, for the LTIP awards granted in June 2007 to become capable of exercise, the EPS for the financial year ended 4 April 2010 must equal 22 5p per share If the Actual EPS is less than 22 5p per share, then the total number of shares subject to an award will be reduced downwards before the share price targets are applied As reported on page 70 the EPS for the financial year ending 4 April 2010 is 14 8p ('Actual EPS') Therefore the total number of shares subject to an award granted in FY2008 will be reduced downwards before the share price target is applied The reduced number of shares over which an award may be exercised (prior to the application of the share price target) shall be determined by multiplying the number of shares subject to such an award by 14 8/22 5

FY2007 LTIP awards
All of the awards granted under the LTIP during the financial year ended 1 April 2007 lapsed during the year, as a result of the performance conditions not being met

In respect of all LTIP awards, the share price target and the percentage of shares over which an LTIP award is capable of exercise in accordance with such target shall in each case take effect over such reduced number of shares as is determined by the prior application of the EPS underpin

The Actual EPS will be as disclosed in the Group's consolidated audited accounts for the accounting period in question (subject to adjustments the Committee, in its absolute discretion, considers to be reasonable including but not limited to any adjustments for exceptional items)

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

Restricted Scheme
No awards were made under the Restricted Scheme during the Year

Discretionary share option schemes
Historically, and prior to the adoption of the PSP and LTIP schemes, the Company's standard long term incentives for Executive Directors and senior executives were in the form of share option schemes, which included the 1994 Share Option Scheme ('1994 Scheme') and the Volex 2001 Option Plan (the 'Option Plan') Following the adoption of the PSP, the Company has not issued any further options under the discretionary share option schemes and does not propose to issue any further options under such schemes in the forthcoming financial year No Executive Director currently holds any options granted pursuant to the 1994 Scheme

Share Appreciation Rights
Richard Arkle's Share Appreciation Right Scheme
Richard Arkle was Chairman of the Company from 6 May 2006 until 1 March 2008 As part of the terms of his recruitment and retention, the Company agreed, following consultation with its major shareholders, to establish a long-term incentive scheme for Richard Arkle under which he was the sole participant This has now lapsed and no payment has been made as the performance conditions were not met

Share Appreciation Right (SAR) Scheme for Non-Executive Directors
No awards have been granted pursuant to the SAR Scheme during the year and the Company does not intend to grant any awards pursuant to the SAR Scheme during the next financial year Instead the Non-Executive Director LTIS is expected to be the principal scheme for any provision of long-term incentive arrangements for Non-Executive Directors

Non-Executive Director LTIS
The current principal terms of the LTIS are as follows
- Awards under the Non-Executive Director LTIS shall only be made to the Chairman and other Non-Executives, selected by the Chairman, who take ownership of duties for the benefit of the Company over and above those reasonably expected to be undertaken by a Non-Executive Director
- Awards will take the form of an option over a number of units, which upon exercise will give rise to the award holder receiving a cash payment
- The maximum number of units subject to all outstanding awards shall be 1,000 and the maximum aggregate cash payment that can be made pursuant to all awards will be limited to £2,013,227
- Only one award may be granted to a participant
- The ability to exercise an award will only be triggered by the first to occur of
  - the third anniversary of the adoption by the Company of the scheme, ('Third Anniversary'),
  - a change of control of the Company ('Take-over'), or
  - a restriction for the voluntary winding-up of the Company being passed ('Liquidation')

However, the exercise of an award in any of these circumstances will only give rise to an obligation on the Company to make a payment to the award holder concerned if the aggregate of all of the returns made to shareholders ('Cumulative Share Return') during the period commencing on the date of adoption of the Non-Executive Director LTIS by the Company and ending with the event that triggers the ability to exercise the award, (whether this is the Third Anniversary, the Take-over or the Liquidation) exceeds £1 14 per Ordinary share of the Company

For the purpose of calculating the Cumulative Share Return over the relevant period, any return of cash ('Return of Capital') paid to shareholders (by any means whatsoever including, but not limited to, a buy back of its own Ordinary shares by the Company, the payment of a special dividend on Ordinary shares in the capital of the Company or a reduction of its share capital approved by the court) during that period, shall be taken into account All such Returns of Capital shall be aggregated with any return delivered to shareholders by virtue of a Take-over or a Liquidation where such Take-over or Liquidation is the event that triggers the ability to exercise the awards (Accordingly, any return delivered to shareholders by virtue of a Take-over or Liquidation that occurs after the Third Anniversary shall not be taken into account in the calculation of the Cumulative Share Return)

In the case of a Take-over, the return delivered to shareholders shall be measured as the aggregate of the cash consideration and the value of non-cash consideration (if any) payable per Ordinary share of the Company under the terms of the Take-over In the case of a Liquidation, the return delivered to shareholders shall be measured as the amount of cash per Ordinary share available for distribution to shareholders of the Company as fairly and reasonably determined by the Committee at the time of the Liquidation (for these purposes taking into account payments to be made under the scheme) In each case the amount of the return shall be measured in Sterling

The amount of cash available for distribution between all award holders under the Non-Executive Director LTIS ('Bonus Pool') will be determined by reference to the Cumulative Share Return delivered to shareholders Where the Cumulative Share Return per Ordinary share in the capital of the Company
- is less than £1 14, the Bonus Pool will be zero,
- is equal to or greater than £1 14 but less than £1 31, the Bonus Pool will be £800,000,
- is equal to or greater than £1 31 but less than £1 49, the Bonus Pool will be £1m,
- is exactly equal to £1 49, the Bonus Pool will be £1 2m, and
- is exactly equal to £2 50, the Bonus Pool will be £2,013,227

Directors' remuneration report continued

Where the Cumulative Share Return deliverable to shareholders per Ordinary share in the capital of the Company is greater than £1 49 but less than £2 50, then the amount of the Bonus Pool will be calculated on a straight-line basis between £1 2m and £2,013,227

- If an award holder ceases to be a Director of the Company by reason of ill health, injury, disability, death or retirement an award holder will be entitled to retain his award for a short period following such cessation Should the Third Anniversary, a Take-over or a Liquidation occur prior to the expiry of such relevant period then the award holder will be entitled to exercise his award If an award holder ceases to be a Director for any other reason then their award shall lapse on cessation except within three months of cessation the Company may exercise its discretion to allow an award holder to retain the award for a short period
- Should an award holder cease to be a Director prior to receiving notification from the Company that the Third Anniversary, a Take-over or a Liquidation has occurred the number of units in respect of which the award may be exercised shall be pro rated down on a time apportioned basis

Grants made to Non-Executive Directors during the year under the LTIS are shown on page 44 of this report

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 Andrew Cherry is a member of the Volex Group Personal Pension Plan, with a Company contribution of 20% of basic salary

Performance graph
The following graph shows the Company's performance, measured by total shareholder return, compared with the performance of the FTSE All Share Index and the FTSE Electronic and Electrical Equipment sector, both also measured by total shareholder return 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
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

The Company's policy for Non-Executive Directors, including the Chairman, is to have contracts for services, documented in a Letter of Appointment, with an initial period of appointment of three years, renewable by agreement for successive periods

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 had held office for more than 30 months since he was elected or last re-elected by the Company in General Meeting is required to retire from office but is eligible for re-election Details of those Directors seeking election can be found on page 48 of the Directors' Report

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

Name of Director	Effective date of service contract or letter of appointment	Notice period
Executive Directors		
Andrew Cherry	19 02 2009	6 months
Ray Walsh	06 04 2009	12 months
Non-Executive Directors		
Richard Arkle[1]	21 04 2008	3 months
Chris Geoghegan	01 03 2008	3 months
Mike McTighe	01 03 2008	3 months
Karen Slatford	27 05 2008	3 months

1 Richard Arkle joined the Company on 20 April 2005 and his terms of appointment were renewed in 2008

The Directors' contracts do not include any specific provisions relating to compensation in the event of early termination In the event of early 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 Details of payments with regard to compensation of loss of office are included in the table below

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 the 2010 AGM

Outside appointments
None of the Executive Directors hold outside Director appointments

Non-Executive Directors
All Non-Executive Directors have specific terms of engagement Their fees are determined by the Board within the limits set by the Articles of Association and taking into account market data provided by Kepler Associates The fee paid to each Non-Executive Director in the year is set out in the table below Non-Executive Directors cannot participate in the LTIP, the PSP Plan nor the Restricted Scheme and are not eligible to join the Company's pension scheme, however, in exceptional circumstances Non-Executive Directors may be awarded options over a number of units pursuant to the Non-Executive Directors LTIS, details of which can be found on pages 41 to 42 of this Remuneration Report

AUDITED INFORMATION

Directors' emoluments
Details of the emoluments of those Directors who were in office during the financial period ended 4 April 2010 are set out below

	Fees/basic salary £	Benefits in kind £	Annual bonuses £	Compensation for loss of office[3] £	**2010 Total £**	2009 Total £
Executive Directors						
Andrew Cherry[1]	250,000	12,256	277,449	–	**539,705**	31,058
Ray Walsh[2]	370,000	144,988	273,060	–	**788,048**	–
Heejae Chae[3]	–	–	–	–	–	311,621
Ian Degnan[4]	–	–	–	–	–	210,254
Non-Executive Directors						
Richard Arkle[5]	35,000	–	–	–	**35,000**	35,000
David Beever[6]	–	–	–	–	–	22,500
Chris Geoghegan[7]	35,000	–	–	–	**35,000**	30,833
Mike McTighe	125,000	–	–	–	**125,000**	125,000
Craig Mullett[8]	–	–	–	–	–	10,500
Karen Slatford[9]	30,000	–	–	–	**30,000**	28,733
	845,000	157,244	550,509	–	**1,552,753**	805,499

1 Andrew Cherry was appointed Group Finance Director on 19 February 2009, having served as Interim Group Finance Director during the period 5 January 2009 to 19 February 2009 Included in Mr Cherry's annual bonus is the first tranche of a contractual retention bonus amounting to £92,949

2 Ray Walsh was appointed as Chief Executive Officer on 6 April 2009 Benefits-in-kind received by Mr Walsh included £74 000 in respect of a cash payment in lieu of pension contribution and £48,313 relating to relocation costs

3 Heejae Chae ceased to be a Director on 9 March 2009 £241 000 was paid to him in the year in respect of compensation for loss of office This matter is scheduled to be concluded at an Employment Tribunal in July 2010 (see note 24 to the Financial Statements)

4 Ian Degnan resigned as a Director on 5 January 2009

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 £26,000 and an additional £9,000 for chairing the Audit Committee

6 David Beever resigned as a Non Executive Director on 31 December 2008

7 As the Board's Senior Independent Non-Executive Director Chris Geoghegan receives an annual fee of £35 000, which includes a fee of £4 000 for chairing the Remuneration Committee

8 Craig Mullett resigned as a Non-Executive Director on 30 June 2008

9 Karen Slatford receives an annual Non-Executive Director fee of £30,000 Pursuant to her service contract Karen is required to devote a minimum of 25 days to the Company each year to perform her duties as a Non-Executive Director Karen s service contract provides that in the event that she is required to devote time to the Company outside of those 25 days then she will be paid a daily rate of £1,500 Fees received by Karen during the year included an additional payment amounting to £nil for additional days worked

Directors' remuneration report continued

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

Directors' interest in long-term incentive schemes
Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire Ordinary shares in the Company or rights to cash-settled share-based payments granted to or held by the Directors 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 5 April 2009	Number of shares subject to PSP options granted during FY2010	Number of shares subject to PSP options lapsed during FY2010	**Number of shares subject to PSP options held at 4 April 2010**	Exercise price of shares subject to PSP options granted during FY2010 (£)	Market price[1] of shares subject to PSP options at date of grant	Date of grant of shares subject to PSP options
Andrew Cherry	–	305,623	–	**305,623**	0 25	0 795	07 09 2009
Ray Walsh	–	452,322	–	**452,322**	0 25	0 795	07 09 2009

1 The market price of a share at the date of grant is taken to be the average of the mid-market quotation for a Company s share over the period of five dealing days preceding the date of grant

There have been no variations to the terms and conditions of the awards granted pursuant to the PSP during the financial year

No PSP awards vested during the year ended 4 April 2010 Details of the performance targets applying to the awards made under the PSP during the year ended 4 April 2010 are set out in full on pages 39 to 40

No PSP options were held during the year by Mike McTighe, Chris Geoghegan, Richard Arkle or Karen Slatford

Long term incentive plan (LTIP)
No LTIP options or awards were held during the year by any of the Directors

Share Appreciation Rights (SAR)
Details relating to Richard Arkle's share appreciation right (SAR) are shown in the table below

	Number of notional shares subject to SAR at 5 April 2009	**Number of notional shares subject to SAR granted during FY2010**	**Number of notional shares subject to SAR lapsed during FY2010**	**Number of notional shares subject to SAR at 4 April 2010**
Richard Arkle	140,562	–	**140,562**	–

Performance targets associated with Richard Arkle's SAR were not met during the vesting period (the six month period following the third anniversary of date of grant, 29 September 2006) and consequently the SAR has lapsed and no payment has been made

Non-Executive Director Long Term Incentive Scheme (LTIS)
Non-Executive Directors interest in the LTIS are as follows

	Number of options over Bonus Pool units at 5 April 2009	Number of options over Bonus Pool units granted during FY2010	Number of options over Bonus Pool units lapsed during FY2010	**Number of options over Bonus Pool units at 4 April 2010**	% interest in Bonus Pool at 4 April 2010
Chris Geoghegan	–	100	–	**100**	10%
Mike McTighe	–	800	–	**800**	80%
Karen Slatford	–	100	–	**100**	10%
Total units in Bonus Pool				**1,000**	
Total maximum Bonus Pool payable (£)				**£2,013,227**	

In the event that the performance condition, details of which can be found on pages 41 to 42 of this Remuneration Report, has been achieved Chris Geoghegan, Mike McTighe and Karen Slatford may exercise their options over Bonus Pool units which will give rise to a cash payment These awards over Bonus Pool units do not entitle the award holder to receive shares in the Company

Full details of the LTIS are set out on pages 41 to 42 of this Remuneration Report

Directors' pension entitlements
Pension contributions in respect of Directors payable by the Group during the year were as follows

	2010 £	2009 £
Heejae Chae[1]	**-**	55,975
Andrew Cherry[2]	**50,000**	5,513
Ian Degnan[3]	**-**	26,750
	50,000	88,238

1 Heejae Chae ceased to be a Director of the Company on 9 March 2009
2 Andrew Cherry joined the Company on 19 February 2009 He is a member of the Volex Group Personal Pension Plan a money purchase scheme to which the Company makes a contribution of 20%
3 Ian Degnan ceased to be a Director of the Company on 31 January 2009

Directors' interest in shares of the Company
As at the date of this report the interests in the share capital of the Company of those Directors who were in office at 4 April 2010, together with their shareholding at 5 April 2009, or date of appointment if later, are detailed below The table details separately beneficial interests in shares held through share options issued to the Directors, under the PSP All interests relate solely to 25p Ordinary shares

	Shares held at 4 April 2010	Shares held at 5 April 2009	**PSP options at 4 April 2010**	PSP options at 5 April 2009
Richard Arkle	**184,000**	184,000	**-**	-
Andrew Cherry	**41,765**	41,765	**305,623**	-
Chris Geoghegan	**-**	-	**-**	-
Mike McTighe	**100,000**	100,000	**-**	-
Karen Slatford	**-**	-	**-**	-
Ray Walsh	**40,000**	-	**452,322**	-

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 1 June 2010

Chris Geoghegan
Chairman of the Remuneration Committee

1 June 2010

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations

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

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

The Directors confirm that they have complied with the above requirements

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

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

Directors' statement pursuant to the Disclosure and Transparency Rules
Each of the Directors, whose names and functions are listed in the section, Board of Directors, annual report 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, and
- the management report contained within the Directors' Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces

By order of the Board

Ray Walsh
Group Chief Executive

1 June 2010

Andrew Cherry
Group Finance Director

1 June 2010

Directors' report

The Directors present their Annual Report on the affairs of the Group together with the audited financial statements and independent auditors' report for the financial year ended 4 April 2010

Principal activities and business review
Volex Group plc is a leading global provider of power products and interconnect cable assemblies and provides global support to leading producers of computers, telecommunication systems and networking devices The Group produces cable assemblies for consumer products and data & telecommunications, healthcare and industrial applications

The Group operates through overseas subsidiary companies in Asia, Europe, North and South America The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed on page 90

A review of the development and performance of the business of the Group, including the financial performance during the year, the key performance indicators focused on and a description of the principal risks and uncertainties facing the Group, are set out in the Business review which can be found on pages 12 to 29 and also the Corporate Responsibility Statement which can be found on pages 30 to 31

Principal risks and uncertainties
Included in the business review on pages 28 to 29 is an outline of the principal risks facing the Group 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

Financial instruments
An indication of the Company's financial risk management objectives and policies and the exposure of the Company to new business development, customer concentration, commodity price fluctuations, foreign exchange rates, pricing, credit, liquidity and cash flow risks is set out in note 34 to the accounts and in the Business Review on pages 28 to 29

Research and development
The Group continues to place great emphasis on product and process research and development to satisfy customer demand and to ensure world class manufacturing standards are achieved Tom Aubin, Director of Global Technology, is responsible for leading the implementation of and developing the technology strategy, which has resulted in enhanced engineering competencies in North America and China Each operating unit allocates considerable time and financial resources for these purposes

Continuous improvement
The Group continues to use a range of management tools to achieve a culture of continuous improvement throughout its operations Continuous improvement processes are in place throughout the Group

Share capital
As at 4 April 2010, the Company's total issued share capital comprised 56,821,563 Ordinary shares of 25p each, which represents 99 9% of the issued share capital together with 80,000, 7% cumulative preference shares of £1 00 each, which represents 0 1% of the issued share capital 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 In accordance with the Articles of Association of the Company, in view of the deferment of the payment of dividends in respect of the cumulative preference shares, holders of the cumulative preference shares are entitled to attend and vote, whether in person or by proxy, at the 2010 AGM, each share carrying the right to one vote Details of the Company's share capital can be found in note 25 to the accounts

There are no specific restrictions on the size of a holding nor 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

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 Group 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.

Summary review of operations

	2010 £'000	2009 £ 000
Continuing operations		
Operating profit before non-recurring items and share-based payments	**13,353**	11,175
Restructuring costs	**(3,095)**	(4,740)
Facilities rationalisation	**(941)**	-
Provision for onerous lease arising on disposal of discontinued operations	**-**	(3,000)
Aborted disposal costs	**-**	(1,020)
Share-based payments (charge)/credit	**(9)**	132
Investment income	**71**	226
Financing costs	**(3,410)**	(3,210)
Profit on ordinary activities before taxation	**6,910**	3,583
Taxation	**(1,631)**	(1,991)
Profit for the period from continuing operations	**5,279**	1,592
Discontinued operations		
Loss for the period from discontinued operations	**-**	(20,976)
Profit/(loss) for the period, being the retained profit/(loss) for the year attributable to the equity holders of the parent	**5,279**	(19,384)

Directors' report continued

Net assets employed by the Group were

	2010 £'000	2009 £ 000
Non-current assets	**10,570**	11,228
Other assets and liabilities	**9,661**	9,828
	20,231	21,056
Net debt	**(7,571)**	(14,787)
Net assets	**12,660**	6,269
Gearing[1]	**60%**	236%

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
Andrew Cherry
Chris Geoghegan
Mike McTighe
Karen Slatford
Ray Walsh (appointed 6 April 2009)

There have been no changes to the Board since the end of the financial year Biographical details of the current Directors can be found on pages 32 to 33

(b) Election of Directors

In accordance with the provisions of the Articles of Association of the Company, Mike McTighe and Richard Arkle will retire at the 2010 AGM and being eligible, offer themselves for re-election by the shareholders

(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 38 to 45

(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

Substantial shareholdings

The Company is aware of the following interests in the share capital of the Company

	Number of Ordinary shares	Percentage held[1]
NR Investments Ltd	15,090,119	26 52
GoldenPeaks Capital Partners AG	11,178,454	19 65
Gartmore Investment Management	4,457,969	7 83
Cycladic Capital LLP	2,586,564	4 55
Stanhope Capital LLC	2,557,741	4 50

1 Percentage calculated on the total number of Ordinary and preference shares outstanding at the date of this report which was 56 901 563

Charitable and political contributions

During the year the Group made charitable donations of £nil (2009 £2,000) No political donations were made in the year (2009 £nil)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of an employee becoming disabled, every effort is made to ensure that his/her employment with the Group continues and that, where necessary, appropriate re-training is arranged It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible in the circumstances of each particular case, be the same as that of other employees Both employment and policy in the Group are based on non-discrimination and equal opportunities

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group The Group has continued its policy and practice of informing and consulting its employees through a system of regular joint meetings between members of the operational management teams and the employees themselves and, where appropriate, employee representatives Details of the Group's employees can be found in note 10 to the accounts

Supplier payment policy

The Group's policy is to pay suppliers on settlement terms agreed with each supplier The average number of days outstanding during the financial year ended 4 April 2010 in respect of trade creditors was approximately 79 days (2009 77 days)

Audit and auditors

In the case of each of the persons who are Directors of the Company at the date when the report was approved

- 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 he/she ought to have taken individually 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

In accordance with the recommendation of the Audit Committee as disclosed on page 36 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 2010 AGM of the Company will be held on 14 July 2010 in accordance with the Notice of Meeting, which is included at the end of this Annual Report

The meeting will consider items of ordinary business and items of special business Each resolution will be proposed as a separate resolution

By order of the Board

Nick Temple
Company Secretary
1 June 2010

Independent auditors' report to the members of Volex Group plc

We have audited the financial statements of Volex Group plc for the 52 week period ended 4 April 2010, which comprise 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 46, 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 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 Sections 495 to 497 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

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 4 April 2010 and of the Group's profit and Group's and parent company's cash flows for the year 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 34 to 37 with respect to internal control, risk management systems and 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 56, in relation to going concern, and
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review

Nigel Reynolds
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 June 2010

Consolidated income statement

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

	Notes	Group 2010 £'000	Group 2009 £'000
Continuing operations			
Revenue	3	**228,995**	265,116
Cost of sales		**(182,834)**	(222,963)
Gross margin		**46,161**	42,153
Operating expenses		**(35,912)**	(35,586)
Operating profit		**10,249**	6,567
Analysed as			
Operating profit before non-recurring items and share-based payments		**13,353**	11,175
Restructuring costs	4	**(3,095)**	(4,740)
Share-based payments (charge)/credit		**(9)**	132
Operating profit		**10,249**	6,567
Investment income	5	**71**	226
Finance costs	6	**(3,410)**	(3,210)
Profit on ordinary activities before taxation		**6,910**	3,583
Taxation	11	**(1,631)**	(1,991)
Profit for the period from continuing operations attributable to owners of the parent	7	**5,279**	1,592
Discontinued operations			
Loss for the period from discontinued operations attributable to owners of the parent	8	**-**	(20,976)
Profit/(loss) for the period attributable to the owners of the parent		**5,279**	(19,384)
Earnings/(loss) per share (pence)[1]			
From continuing operations			
Basic	13	**9.3**	2 8
Diluted	13	**9 1**	2 8
From continuing and discontinued operations			
Basic	13	**9 3**	(34 1)
Diluted	13	**9 1**	(34 1)

1 Earnings per share before non-recurring items, loss on disposal and share-based payments is shown in note 13

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company income statement The profit for the parent company for the year was £533,000 (2009 loss of £14,427,000)

Consolidated statement of comprehensive income

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

	Notes	Group 2010 £'000	Group 2009 £'000
Profit/(loss) for the year		**5,279**	(19,384)
Other comprehensive income:			
Gain/(loss) on hedge of net investment taken to equity		**532**	(5,554)
Exchange difference on translation of foreign operations		**1,073**	8,948
Actuarial losses on defined benefit pension schemes	33	**(516)**	(285)
Other comprehensive income for the year		**1,089**	3,109
Total comprehensive income for the period attributable to the owners of the parent		**6,368**	(16,275)

Consolidated and company statement of financial position

As at 4 April 2010 (5 April 2009)

	Notes	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Non-current assets					
Goodwill	14	**1,930**	1,930	**–**	–
Other intangible assets	15	**658**	566	**357**	177
Property, plant and equipment	16	**7,501**	8,040	**192**	15
Investments	17	**–**	–	**90,668**	92,373
Trade and other receivables	19	**213**	–	**200**	–
Deferred tax asset	23	**268**	692	**–**	–
		10,570	11,228	**91,417**	92,565
Current assets					
Inventories	18	**27,502**	24,135	**3,847**	3,464
Trade and other receivables	19	**60,146**	59,751	**54,376**	46,730
Current tax assets		**385**	56	**–**	–
Cash and cash equivalents	19	**18,220**	16,877	**3,049**	1,458
		106,253	100,819	**61,272**	51,652
Total assets		**116,823**	112,047	**152,689**	144,217
Current liabilities					
Bank overdrafts and loans	19	**282**	–	**–**	–
Obligations under finance leases	21	**64**	2	**64**	–
Trade and other payables	22	**61,949**	56,332	**69,313**	53,297
Current tax liabilities		**5,402**	5,842	**–**	63
Retirement benefit obligation	33	**155**	153	**155**	153
Provisions	24	**4,055**	3,735	**1,882**	1,853
Liability for share-based payments	32	**–**	14	**–**	14
Derivative financial instruments	34	**371**	248	**199**	215
		72,278	66,326	**71,613**	55,595
Net current assets/(liabilities)		**33,975**	34,493	**(10,341)**	(3,943)
Non-current liabilities					
Bank loans	20	**25,356**	31,662	**13,314**	19,379
Obligations under finance leases	21	**89**	–	**89**	–
Trade and other payables	22	**–**	631	**47,618**	48,982
Deferred tax liabilities	23	**65**	–	**–**	–
Retirement benefit obligation	33	**2,231**	1,683	**2,231**	1,683
Provisions	24	**4,064**	5,396	**3,168**	3,732
Non-equity preference shares	26	**80**	80	**80**	80
		31,885	39,452	**66,500**	73,856
Total liabilities		**104,163**	105,778	**138,113**	129,451
Net assets		**12,660**	6,269	**14,576**	14,766
Equity attributable to owners of the parent					
Share capital	25	**14,205**	14,205	**14,205**	14,205
Share premium account		**1,357**	1,357	**1,357**	1,357
Hedging and translation reserve		**3,138**	1,533	**(1,569)**	(1,339)
Merger reserve		**–**	–	**8,224**	8,224
Non-distributable special reserve	27	**–**	–	**18,125**	18,125
Accumulated losses		**(6,040)**	(10,826)	**(25,766)**	(25,806)
Total equity		**12,660**	6,269	**14,576**	14,766

The financial statements on pages 50 to 89 were approved by the Board of Directors and authorised for issue on 1 June 2010
They were signed on its behalf by

Ray Walsh
Group Chief Executive

Andrew Cherry
Group Finance Director

Consolidated and company statement of changes in equity

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

Group	Share capital £'000	Share premium account £'000	Hedging and translation reserve £'000	Accumulated losses £'000	Total equity £'000
Balance at 30 March 2008	**14,205**	**1,357**	**(1,861)**	**8,935**	**22,636**
Loss for the period attributable to the owners of the parent	–	–	–	(19,384)	(19,384)
Reserve entry for share option credit	–	–	–	(92)	(92)
Actuarial loss on defined benefit pension schemes	–	–	–	(285)	(285)
Exchange difference on translation of overseas operations	–	–	8,948	–	8,948
Loss recognised on net investment hedge	–	–	(5,554)	–	(5,554)
Balance at 5 April 2009	**14,205**	**1,357**	**1,533**	**(10,826)**	**6,269**
Profit for the period attributable to the owners of the parent	–	–	–	5,279	5,279
Reserve entry for share option charge	–	–	–	23	23
Actuarial loss on defined benefit pension schemes	–	–	–	(516)	(516)
Exchange difference on translation of overseas operations	–	–	1,073	–	1,073
Profit recognised on net investment hedge	–	–	532	–	532
Balance at 4 April 2010	**14,205**	**1,357**	**3,138**	**(6,040)**	**12,660**

Company	Share capital £'000	Share premium account £'000	Hedging and translation reserve £'000	Merger reserve £'000	Non distributable special reserve £'000	Accumulated losses £'000	Total equity £'000
Balance at 30 March 2008	**14,205**	**1,357**	**(2)**	**8,224**	**18,125**	**(11,002)**	**30,907**
Loss for the period attributable to owners of the parent	–	–	–	–	–	(14,427)	(14,427)
Exchange differences on translation of overseas operations	–	–	(1,337)	–	–	–	(1,337)
Reserve entry for share option credit	–	–	–	–	–	(92)	(92)
Actuarial gains on defined benefit pension schemes	–	–	–	–	–	(285)	(285)
Balance at 5 April 2009	**14,205**	**1,357**	**(1,339)**	**8,224**	**18,125**	**(25,806)**	**14,766**
Profit for the year attributable to the owners of the parent	–	–	–	–	–	533	533
Exchange differences on translation of overseas operations	–	–	(230)	–	–	–	(230)
Reserve entry for share option charge	–	–	–	–	–	23	23
Actuarial gains on defined benefit pension schemes	–	–	–	–	–	(516)	(516)
Balance at 4 April 2010	**14,205**	**1,357**	**(1,569)**	**8,224**	**18,125**	**(25,766)**	**14,576**

Consolidated and company statement of cash flows

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

		Group		Company	
	Notes	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Net cash generated from/(used in) operating activities	29	**11,868**	13,359	**10,590**	(483)
Cash flows from investing activities					
Dividends received from subsidiary undertakings		**-**	-	**-**	5,092
Interest received		**71**	226	**53**	972
Proceeds on disposal of intangible assets, property, plant and equipment		**73**	283	**-**	-
Purchases of property, plant and equipment		**(1,619)**	(2,016)	**(42)**	(11)
Purchases of intangible assets		**(237)**	(418)	**(237)**	(181)
Net cash outflow arising on disposal of operations		**(1,979)**	(762)	**(1,979)**	(762)
Loans to subsidiary undertakings		**-**	-	**406**	(1,276)
Net cash (used in)/from investing activities		**(3,691)**	(2,687)	**(1,799)**	3,834
Cash flows before financing activities		**8,177**	10,672	**8,791**	3,351
Cash generated before non-recurring items		**12,811**	15,966	**12,339**	6,524
Net cash outflow arising on disposal of operations	30	**(1,979)**	(762)	**(1,979)**	(762)
Cash utilised in respect of non-recurring items		**(2,655)**	(4,532)	**(1,569)**	(2,411)
Cash flows from financing activities					
Repayments of borrowings	28	**(5,994)**	(49,038)	**(5,994)**	-
Advances of borrowings		**-**	49,038	**-**	-
Refinancing costs paid		**(1,512)**	-	**(1,512)**	-
Decrease in bank overdrafts		**-**	-	**-**	(2,406)
Repayments of obligations under finance leases	28	**(2)**	(42)	**-**	-
Net cash used in financing activities		**(7,508)**	(42)	**(7,506)**	(2,406)
Net increase in cash and cash equivalents		**669**	10,630	**1,285**	945
Cash and cash equivalents at beginning of period	28	**16,877**	4,317	**1,458**	-
Effect of foreign exchange rate changes	28	**392**	1,930	**306**	513
Cash and cash equivalents at end of period	28	**17,938**	16,877	**3,049**	1,458

Notes to the financial statements

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

1. Presentation of financial statements
Volex Group plc ('the Company') 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 page 92 The nature of the Group's operations and its principal activities are set out in the Chairman's Statement and Business and Financial Reviews on pages 12 to 27

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

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), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS

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

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 The areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant to the consolidated financial statements are disclosed on page 62

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 and have affected the amounts reported in these financial statements

(i) New and amended standards adopted by the Group

- IAS 1 (revised) 'Presentation of financial statements' – effective 1 January 2009 IFRS 1 (revised) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements A new primary statement 'Statement of changes in equity' has been introduced, which was previously a note in the financial statements The revised standard has had no impact on the reported results or financial position of the Group, and consequently no impact on earnings per share
- IFRS 8 'Operating segments' – effective 1 January 2009 This standard replaced IAS 14 'Segment reporting' IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance
- IFRS 7 'Financial instruments – disclosures' (amendment) – effective 1 January 2009 The amendment requires enhanced disclosures about fair value measurement and liquidity risk In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share

(ii) Standards and Interpretations adopted with no effect on the financial statements

- IAS 23 (revised) 'Borrowing costs' – the principal change to the standard was to eliminate the option to expense all borrowing costs incurred This change has had no impact on these financial statements because it has always been the Group's accounting policy to capitalise borrowing costs as incurred on qualifying assets
- IFRS 2 (amendments) Share-based payment – vesting conditions and cancellations The amendments clarify the definition of vesting conditions for the purposes of IFRS2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations
- IAS 32 (amendments) 'Financial Instruments Presentation and IAS 1 (amendments) 'Presentation on financial statements – puttable financial instruments and obligations arising on liquidation' – the revisions amend the criteria for debt/equity classifications by permitting certain puttable instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met
- IAS 39 (amendments) 'Financial Instruments Recognition and measurement – eligible hedged items' – the amendments clarify two aspects of hedge accounting identifying inflation as a hedged risk or portion, and hedging with options
- IFRIC 15 'Agreements for the construction of real estate' – the interpretation helps determine if construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue
- IFRIC 16 'Hedges of a net investment in a foreign operation' – the interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

2. Significant accounting policies continued

(iii) Standards, amendments and interpretations to existing standards that are not yet effective and have been early adopted by the Group

- IFRS 8 (amendment) 'Operating segments' – effective from reporting period 1 January 2010

(iv) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

- IFRS 2 (amendments) 'Group cash-settled and share-based payment transactions' – effective from reporting period 1 July 2009
- IFRS 3 (revised) 'Business combinations' – effective from reporting period 1 July 2009
- IFRS 5 (amendment) 'Measurement of non-current assets (or disposal groups) classified as held-for-sale' – effective from reporting period 1 January 2010
- IFRS 9 Financial instruments for financial assets – effective from reporting period 1 January 2011
- IAS 1 (amendment) 'Presentation of financial statements' – effective from reporting period 1 January 2010
- IAS 7 (amendment) 'Financial instruments' – effective from reporting period 1 January 2010
- IAS 24 (amendment) 'Related party disclosures' – effective from reporting period 1 January 2011
- IAS 27, (revised) 'Consolidated and separate financial statements', – effective from reporting period 1 July 2009
- IAS 38 (amendment) 'Intangible assets' – effective from reporting period 1 January 2010
- IFRIC 17 'Distribution of non-cash assets to owners' – effective from reporting period 1 July 2009
- IFRIC 18 'Transfer of assets from customers' – effective from reporting period 1 July 2009
- IFRIC 14 (amendment) 'Pre-payments of a Minimum Funding Requirement' - effective from reporting period 1 January 2011

Basis of consolidation

The consolidated financial statements of Volex Group plc incorporate the financial statements of the Company and entities which it controls (its subsidiaries), (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

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries The cost of an acquisition is measured as the fair value of assets given, equity instruments issued and liabilities, including contingent liabilities, incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition 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

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 12 to 27 The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance Review on pages 16 to 19 In addition note 34 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 and foreign exchange risk

As highlighted in note 34 to the financial statements, the Group meets its day-to-day working capital requirements through a revolving credit facility which is renewable in March 2012

The Group forecast and projections, taking reasonable account of possible changes in trading performance, show that the Group should be able to operate within the level of its current facility The Group has access to additional undrawn committed facilities together with long established contracts with a number of customers and suppliers across different geographic areas and industries As a consequence, the Directors believe that the Group is well placed to manage its business risk successfully despite the current uncertain economic outlook

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the Annual Report & Accounts

Investment in subsidiary undertakings

In the Company balance sheet, investments in subsidiary undertakings are recorded at cost less provision for impairment The excess of fair value over the normal value of shares issued in consideration for investments is recorded in the Company's merger reserve

Foreign currency translation

The individual financial statements of each Group company are presented 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 pounds Sterling, which is the functional currency of the Company, and 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 balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date when the fair value was determined Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

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

- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting), and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur 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 balance sheet 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 Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of

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 significant risks and rewards of ownership have been transferred to the buyer, determined with reference to the specific contract in place

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

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 years 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 balance sheet 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 income tax is provided on temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amounts of deferred tax assets are reviewed at each balance sheet 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

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 Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

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

Property, plant and equipment
Land and buildings comprise factories, warehouses and offices Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss, where cost includes the original purchase price of the asset and the 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

Freehold and long leasehold buildings	up to 50 years or period of lease, if shorter
Plant and machinery	up to 10 years

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the fixed asset might not be recoverable An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds the higher of an asset's fair value less cost to sell and value in use Any impairment charge is recorded in the income statement

A gain or loss on disposal is determined by comparing the proceeds with the asset's carrying amount and is recognised in the income statement

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

Goodwill
Goodwill arising on the acquisition of subsidiaries and businesses represent an excess of the cost of acquisition over the fair value of the net identifiable net assets acquired at the date of acquisition and is carried at cost less accumulated impairment losses Goodwill is tested annually for impairment An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds the higher of an asset's fair value less cost to sell and value in use Any impairment is recognised immediately in profit and loss and is not subsequently reversed The gain or loss on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold

Goodwill is allocated to cash-generating units for the purpose of impairment testing 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 identified according to operating segments

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts Goodwill arising on acquisitions in the year ended 31 March 1998 and earlier periods has been written off to reserves and has not been reinstated in the balance sheet and is not included in determining any subsequent profit or loss on disposal

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

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and use specific software These costs are included in the balance sheet within intangible assets and are amortised over their estimated useful lives, not exceeding five years

Inventories
Inventories are stated at the lower of cost and net realisable value Cost includes 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

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

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 sale 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

For defined benefit schemes, the retirement benefit obligation recognised in the balance sheet 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 balance sheet 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 balance sheet The assets of the scheme are held separately from those of the Group in an independently administered fund

Government grants
Government grants towards staff re-training costs are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense

Government grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the Group reviews the carrying amounts of its tangible 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 An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

2. Significant accounting policies continued
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 (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 (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 (cash-generating unit) in prior years 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

Discontinued operations
In accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, the Group has separately disclosed the results of the Wiring Harness Division as discontinued following the disposal of the business completed on 3 April 2009

Share-based payments
The requirements of IFRS 2 have been applied, in accordance with the transitional provisions, to all grants of equity instruments made after 7 November 2002 that were unvested at 1 January 2005 Equity-settled share-based payments are issued to certain employees and are measured at fair value at the date of grant 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 Cash-settled share-based payments are measured at the fair value at the balance sheet date and the movement in this liability is recorded in the income statement

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

Financial instruments
Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange risks Further details of derivative financial instruments are disclosed in note 34 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 hedges of net investments in foreign operations

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months

Derivatives not designated into an effective hedge relationship are classified as a current asset or a current liability

Hedge accounting
The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk as 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

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 the foreign currency translation reserve, the gain or loss relating to the ineffective portion is recognised immediately in profit or loss

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

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

Subsequent to initial recognition, investments in subsidiaries are measured at cost

Other financial assets are classified into specified categories The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition

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 balance sheet 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 When a trade receivable is uncollectible, it is written off against the allowance account Subsequent recoveries of amounts previously written off are credited against the allowance account Changes in the carrying amount of the allowance account are recognised in profit or loss

Debt and equity instruments
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

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 changes in value

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest 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 liability, or, where appropriate, a shorter period

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

2 Significant accounting policies continued
The Group's activities expose it to the financial risks of changes in foreign exchange rates 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

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts

Critical judgements and estimates in applying the accounting policies
In the process of applying the accounting policies described above, management has made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements

Restructuring provisions
As at 4 April 2010, the Group had restructuring provisions of £7 4 million (2009 £8 7 million) relating to termination costs, restructuring programmes and consequential onerous lease obligations arising from vacating leased premises The initial determination of the size of these provisions and the subsequent timing and amount of the expenditure in relation to these provisions is inherently difficult to estimate and is based on best management judgement at the time Property provisions represent the anticipated net costs of onerous leases The provisions have been recorded taking into account management's best estimate, following appropriate advice, of the anticipated net cost of the lease taking into account the remaining lease term and the level of sub-lease rental income, if any, that can be obtained from sub-tenants The provisions are regularly reviewed in light of the most current information available

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

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 The assumptions used in determining the net cost for pensions include the discount rate Any changes in these assumptions will impact the carrying amount of pension obligations The group determines the appropriate discount rate at the end of each year 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 33 to the financial statements

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

Inventory provisions
Inventories are carried at the lower of cost and net realiseable value, which is calculated as the estimated sales proceeds less costs of sale Factors considered in the determination of net realiseable 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

Operating segments

Following the disposal last year of the Wiring Harness division and the corporate restructuring initiatives implemented in the year, management have changed the organisation structure to a market sector focus This change enables the Group to align itself more closely with its customers and markets, to better leverage our global customer relationships and to maximise opportunities for cross selling These new market sectors, namely Consumer, Telecom/Datacom, Healthcare and Industrial, are based on the end markets that our products are supplied into

In this, the year of transition to market sector focus, management considers it useful to present its operating segment information on both the outgoing divisional basis, Power Products and Interconnect, and the new market sector basis, in which future segmental information will be reported The segmental information has also been amended to reflect the requirements of IFRS 8 The Chief Operating Decision Maker is the Board

The Group's revenue predominantly relates to the sale of goods

Former operating segments

Revenue	**2010 £'000**	2009 £ 000
Continuing operations		
Power Products	**135,373**	150,680
Interconnect	**93,622**	114,436
	228,995	265,116
Discontinued operations		
Wiring Harness	**-**	37,704
	228,995	302,820

Operating profit before non-recurring items and share-based payments	**2010 £'000**	2009 £ 000
Continuing operations		
Power Products	**11,842**	6,014
Interconnect	**1,511**	5,161
	13,353	11,175
Non-recurring items and share-based payments		
Power Products	**(1,884)**	(2,619)
Interconnect	**(1,220)**	(1,989)
	(3,104)	(4,608)
Operating profit		
Power Products	**9,958**	3,395
Interconnect	**291**	3,172
	10,249	6,567
Investment income	**71**	226
Finance costs	**(3,410)**	(3,210)
Profit before tax from continuing operations	**6,910**	3,583
Tax	**(1,631)**	(1,991)
Profit from continuing operations	**5,279**	1,592
Loss from discontinued operations (see note 8)	**-**	(20,976)
Profit/(loss) after tax and discontinued operations	**5,279**	(19,384)

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

3. Segment information continued

New operating segments

Revenue	2010 £'000	2009 £'000
Continuing operations		
Consumer	**139,350**	152,516
Telecoms/Datacoms	**59,384**	81,495
Healthcare	**19,281**	21,093
Industrial	**10,980**	10,012
	228,995	265,116
Discontinued operations		
Wiring Harness	**-**	37,704
	228,995	302,820

Gross profit	2010 £'000	2009 £'000
Continuing operations		
Consumer	**30,738**	23,178
Telecoms/Datacoms	**8,769**	14,154
Healthcare	**4,166**	3,412
Industrial	**2,488**	1,409
	46,161	42,153
Unallocated overhead costs	**(32,808)**	(30,978)
Non-recurring items and share-based payments	**(3,104)**	(4,608)
Operating profit	**10,249**	6,567
Investment income	**71**	226
Finance costs	**(3,410)**	(3,210)
Profit before tax from continuing operations	**6,910**	3,583
Tax	**(1,631)**	(1,991)
Profit from continuing operations	**5,279**	1,592
Loss from discontinued operations (see note 8)	**-**	(20,976)
Profit/(loss) after tax and discontinued operations	**5,279**	(19,384)

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

Information about major customers
Two of the Group's customers individually account for more than 10% of total Group revenue, with the Group's largest customer, operating in the wireless infrastructure sector, accounting for 11% of total Group revenue

Balance sheet	Power Products 2010 £'000	Interconnect 2010 £'000	Unallocated 2010 £'000	Consolidated 2010 £'000
Assets				
Segment assets	57,487	40,463	-	97,950
Deferred tax asset	-	-	268	268
Current tax asset	-	-	385	385
Cash and cash equivalents	-	-	18,220	18,220
Total assets	57,487	40,463	18,873	116,823
Liabilities				
Segment liabilities	42,711	27,357	-	70,068
Bank loans and overdrafts	-	-	25,638	25,638
Obligations under finance leases	-	-	153	153
Current tax liabilities	-	-	5,402	5,402
Deferred tax liability	-	-	65	65
Retirement benefit obligations	-	-	2,386	2,386
Non-equity preference shares	-	-	80	80
Derivative financial instruments	-	-	371	371
Total liabilities	42,711	27,357	34,095	104,163
Other information				
Capital additions	1,166	412	431	2,009
Depreciation and amortisation	1,523	694	75	2,292

Segment assets consist primarily of intangible assets, property, plant and equipment, inventories and trade and other receivables Segment liabilities consist primarily of trade and other payables and provisions Segment assets and liabilities are those that can be allocated on a reasonable basis

Capital additions and depreciation and amortisation comprise those relating to goodwill (note 14), property, plant and equipment (note 16) and intangible assets (note 15)

Balance sheet	Power Products 2009 £'000	Interconnect 2009 £ 000	Unallocated 2009 £ 000	Consolidated 2009 £ 000
Assets				
Segment assets	47,847	46,575	–	94,422
Deferred tax	-	–	692	692
Current tax asset	–	–	56	56
Cash and cash equivalents	–	–	16,877	16,877
Total assets	47,847	46,575	17,625	112,047
Liabilities				
Segment liabilities	32,669	33,439	-	66,108
Bank loans and overdrafts	–	–	31,662	31,662
Obligations under finance leases	–	-	2	2
Current tax liabilities	–	-	5,842	5,842
Retirement benefit obligations	-	–	1,836	1,836
Non-equity preference shares	–	-	80	80
Derivative financial instruments	-	–	248	248
Total liabilities	32,669	33,439	39,670	105,778
Other information				
Capital additions	1,457	628	348	2,433
Depreciation and amortisation	1,514	697	404	2,615

Segmental asset information is not provided by market sector as the Group is not able to analyse assets and liabilities in detail by market sector and this information is not provided to the Chief Operating Decision Maker

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

3 Segment Information continued
Geographical information
The following table provides an analysis of the Group's sales by geographical market, based both on source and destination of the sale Segment assets and capital expenditure are allocated on the basis of where the assets are located

	External revenue by source		External revenue by destination	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Continuing operations				
Asia (excluding India)	**133,351**	142,190	**113,003**	110,260
India	**22,209**	31,692	**22,222**	30,219
Americas	**49,170**	52,889	**51,286**	60,587
Europe (including UK)	**24,265**	38,345	**42,484**	64,050
	228,995	265,116	**228,995**	265,116
Discontinued operations				
Asia (excluding India)	**–**	8,334	**–**	46
India	**–**	–	**–**	–
Americas	**–**	–	**–**	7
Europe (including UK)	**–**	29,370	**–**	37,651
	–	37,704	**–**	37,704
	228,995	302,820	**228,995**	302,820

	Segment assets		Capital expenditure	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Asia (excluding India)	**49,230**	40,647	**1,394**	1,687
India	**9,155**	13,490	**76**	45
Americas	**19,765**	20,405	**68**	193
Europe (including UK)	**19,800**	19,880	**471**	508
	97,950	94,422	**2,009**	2,433

4. Non-recurring items

	Group	
	2010 £'000	2009 £'000
Continuing operations		
Corporate restructuring	**2,154**	720
Facilities rationalisation	**941**	–
Provision for onerous lease arising on disposal of discontinued operations	**–**	3,000
Aborted disposal costs	**–**	1,020
Restructuring costs	**3,095**	4,740
Discontinued operations		
Restructuring programme	**–**	2,628
	3,095	7,368

Continuing operations
Corporate restructuring
As part of the corporate restructuring programme commenced last year, the Group relocated its corporate headquarters ('HQ') from Warrington to London Costs associated with this HQ relocation include £1,233,000 of redundancy, recruitment and office set-up costs and £905,000 relating to an onerous lease provision established on exiting the Warrington premises The provision represents management's best estimate, following appropriate advice, of the anticipated net cost of the lease taking into account the remaining lease term and the level of sub-lease rental income, if any, that can be obtained from sub-tenants

During the year the Group successfully completed an agreement to sub-lease one of its vacant premises in the UK Management have revised the required onerous lease provision accordingly, to reflect the commercial terms of the sub-lease agreement, resulting in a partial write-back of the provision of £439,000, which is included above

Also included in corporate restructuring costs above are additional disposal costs of £455,000 in respect of the conclusion of all outstanding issues arising from the disposal of the Wiring Harness business in the prior year

Costs of £720,000 in the prior period include an estimate of the compensation for loss of office payable to the former CEO of the Group, who left the Group on 9 March 2009

Facilities rationalisation
In response to a strategic review of business operations the Board initiated a rationalisation programme to align the Group's manufacturing capacity and support facilities more closely with its customer base and market environment Costs associated with this rationalisation programme relate primarily to redundancy and severance costs

Provision for onerous lease arising on disposal of discontinued operations
In the prior year the Group completed the disposal of its Wiring Harness Division As part of the conditions pertaining to the disposal the Group retains the liability for the lease of the Wiring Harness premises in the UK until 2020 and as a consequence reflected a provision for the resulting onerous lease The provision represents management's best estimate, following appropriate advice, of the anticipated net cost of the lease taking into account the remaining lease term and the level of sub-lease rental income, if any, that can be obtained from sub-tenants

Aborted disposal costs
Costs of £1,020,000 were incurred last year in relation to the Board's investigation into the potential for realising value from a possible sale or flotation of its Power Products business The Board announced on 9 February 2009 that it had terminated the divestment process

The taxation effect of the above charges in the year was £nil (2009 £nil)

Discontinued operations
Pre-disposal restructuring programme
Prior to completing the disposal of the Wiring Harness Division the Group implemented a substantial redundancy programme to reduce the cost base of the division, in response to continued trading losses Costs incurred in the year to 5 April 2009 relating to this programme amounted to £1,278,000

In addition, as part of the disposal of the Wiring Harness Division, the Group recognised a further exceptional charge of £1,350,000, following the acquirer's decision to terminate a supply agreement for wiring harness products manufactured in China This amount comprised redundancy costs of £350,000 and asset impairment charges of £750,000 in respect of inventory and £250,000 in respect of fixed assets

5 Investment income

	Group	
	2010 £'000	2009 £ 000
Interest on bank deposits	**71**	226

All investment income was derived from continuing operations

No gains or losses have been recognised on financial liabilities measured at amortised cost

6. Finance costs

		Group	
	Notes	**2010 £'000**	2009 £ 000
Interest on bank overdrafts and loans	20	**2,153**	2,230
Interest on pension scheme liabilities	33	**719**	775
Return on pension assets	33	**(536)**	(737)
Fair value loss on interest rate swap contracts	34	**156**	215
Unwinding of discount on long-term provisions	24	**281**	184
Other		**15**	23
Total interest costs		**2,788**	2,690
Amortisation of debt issue costs	28	**622**	520
Total finance costs		**3,410**	3,210

All finance costs relate to continuing operations

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

7. Profit/(loss) for the year

Profit/(loss) for the year has been arrived at after charging/(crediting)

Group	Continuing operations 2010 £'000	Continuing operations 2009 £'000	Discontinued operations 2010 £'000	Discontinued operations 2009 £'000	Total 2010 £'000	Total 2009 £'000
Raw materials	**144,484**	181,123	-	26,209	**144,484**	207,332
Net foreign exchange (gains)/losses	**(170)**	2,311	-	356	**(170)**	2,667
Research and development costs	**1,658**	1,656	-	–	**1,658**	1,656
Depreciation of property, plant and equipment	**2,200**	2,213	-	362	**2,200**	2,575
Impairment of property, plant and equipment	-	–	-	250	–	250
Amortisation of acquired intangible assets	**92**	27	-	15	**92**	42
Write down of inventories recognised as an expense	**1,684**	1,427	-	750	**1,684**	2,177
Staff costs (see note 10)	**39,546**	37,590	-	10,670	**39,546**	48,260
Impairment loss recognised on trade receivables	**134**	267	-	98	**134**	365
Loss on disposal of property, plant and equipment	**6**	18	-	–	**6**	18

Reconciliation of operating profit to EBITDA (earnings before interest, tax, depreciation and amortisation)*

Group	Continuing Operations 2010 £'000	Continuing Operations 2009 £'000
Operating profit	**10,249**	6,567
Add back		
Non-recurring items	**3,095**	4,740
Share-based payment charge/(credit)	**9**	(132)
Operating profit before non-recurring items and share-based payments	**13,353**	11,175
Depreciation of property, plant and equipment	**2,200**	2,213
Amortisation of acquired intangible assets	**92**	27
EBITDA*	**15,645**	13,415

EBITDA defined as operating profit before non-recurring items share-based payment charge/credit, depreciation and amortisation

8. Discontinued operations

In the prior year the Group disposed of the Wiring Harness Division

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Revenue	-	37,704	-	37,204
Expenses	-	(44,408)	-	(39,152)
Loss before tax	-	(6,704)	-	(1,948)
Attributable tax expenses	-	101	-	-
	-	(6,603)	-	(1,948)
Loss on disposal of discontinued operations	-	(14,373)	-	(19,516)
	-	(20,976)	-	(21,464)
Attributable tax expenses		–	-	-
Net loss attributable to discontinued operations	-	(20,976)	-	(21,464)

During the prior year, the Wiring Harness Division consumed £3 2m of the Group's net operating cash flows and paid £0 2m in respect of investing activities

A loss of £14 4m arose on the disposal of the Wiring Harness Division, being the proceeds of disposal less the carrying amount of the division's net attributable assets, see note 30 on page 82 No goodwill was attributable to the disposal

The effect of discontinued operations on segment results is disclosed in note 3

9. Auditors' remuneration

The analysis of auditors' remuneration is as follows

	2010 £'000	2009 £'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**180**	110
Fees payable to the Company's auditors and their associates for other services to the Group		
– the audit of the Company's subsidiaries pursuant to legislation	**226**	336
Total audit fees	**406**	446
Other services pursuant to legislation		
Tax services	**18**	313
Other services	**68**	–
Corporate finance services	**–**	115
Total non-audit fees	**86**	428
Fees payable to the Company's auditors and their associates in respect of the audit of associated pension schemes	**–**	10

A description of the work of the Audit Committee is set out in the Corporate Governance Report on page 36 and includes an explanation of how auditor objectivity and independence is safeguarded when the auditors provide non-audit services

10. Staff costs

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

	Group		Company	
	2010 No	2009 No	2010 No	2009 No
Production	**5,307**	5,768	**–**	128
Sales and distribution	**367**	253	**3**	19
Administration	**1,120**	1,617	**30**	91
	6,794	7,638	**33**	238

Their aggregate remuneration comprised

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Wages and salaries	**35,106**	42,821	**3,490**	7,625
Social security costs	**2,994**	3,982	**375**	689
Other pension costs (see note 33)	**1,446**	1,457	**308**	340
	39,546	48,260	**4,173**	8,654

Details of Directors' remuneration, share options, pension contributions, pension entitlements, fees for consulting services and interests for the year required by the Companies Act 2006 are provided in the audited part of the Directors' Remuneration Report on pages 43 to 45 and form part of the financial statements

11. Taxation

	Continuing operations		Discontinued operations		Total	
Group	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Current tax – charge for the period	**2,972**	2,685	**–**	–	**2,972**	2,685
Current tax – adjustment in respect of previous periods	**(1,801)**	(205)	**–**	–	**(1,801)**	(205)
Total current tax	**1,171**	2,480	**–**	–	**1,171**	2,480
Deferred tax (note 23)	**460**	(489)	**–**	(101)	**460**	(590)
Income tax expense	**1,631**	1,991	**–**	(101)	**1,631**	1,890

UK corporation tax is calculated at 28% (2009 28%) of the estimated assessable profit for the year Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

11 Taxation continued

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

Group	2010 £'000	2010 %	2009 £ 000	2009 %
Profit on ordinary activities before tax				
Continuing operations	**6,910**		3,583	
Discontinued operations	**-**		(6,704)	
Loss on disposal	**-**		(14,373)	
Profit/(loss) before tax	**6,910**	**100**	(17,494)	100
Tax at the UK corporation tax rate of 28% (2009 28%)	**1,935**	**28**	(4,898)	28
Tax effect of expenses that are not deductible and income that is not taxable in determining taxable profit	**1,466**	**21**	4,325	(25)
Tax effect of non-utilisation of tax losses	**848**	**12**	3,159	(18)
Tax effect of adjustments in respect of previous periods	**(1,493)**	**(21)**	(256)	1
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(631)**	**(9)**	(649)	4
Tax effect of unrecognised deferred tax	**151**	**2**	829	(5)
Tax effect of loss utilisation	**(645)**	**(9)**	(620)	4
Tax expense and effective tax rate for the year	**1,631**	**24**	1,890	(11)

12. Dividends

The Directors do not recommend a dividend on the Ordinary shares for the period (2009 £nil)

13 Earnings per Ordinary share

From continuing and discontinued operations

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

Earnings	Notes	2010 £'000	2009 £ 000
Profit/(loss) for the purpose of basic earnings/(loss) per share being net loss attributable to equity holders of the parent		**5,279**	(19,384)
Adjustments for			
Non-recurring items	4	**3,095**	7,368
Share-based payments charge/(credit)	32	**9**	(132)
Loss on disposal of discontinued operations		**-**	14,373
Adjusted earnings		**8,383**	2,225

	No shares	No shares
Weighted average number of Ordinary shares for the purpose of basis earnings per share	**56,821,563**	56,821,563
Effect of dilutive potential Ordinary shares – share options	**958,703**	45,579
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**57,780,266**	56,867,142

Basic earnings/(loss) per share	2010 pence	2009 pence
Basic earnings/(loss) per share	**9.3**	(34 1)
Adjustments for		
Non-recurring items	**5 5**	13 0
Share-based payments charge/(credit)	**-**	(0 2)
Loss on disposal of discontinued operations	**-**	25 2
Adjusted basic earnings per share	**14 8**	3 9

Diluted earnings/(loss) per share	2010 pence	2009 pence
Diluted earnings/(loss) per share	**9 1**	(34 1)
Adjustments for		
Non-recurring items	**5 4**	13 0
Share-based payments charge/(credit)	**-**	(0 2)
Loss on disposal of discontinued operations	**-**	25 2
Adjusted diluted earnings per share	**14.5**	3 9

The adjusted earnings per share has been calculated on the basis of continuing activities before non-recurring items, share-based payments and loss on disposal of discontinued operations, 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

Earnings per share from continuing operations

Earnings	Notes	2010 £'000	2009 £'000
Earnings/(loss) for the purpose of basic earnings/(loss) per share being net loss attributable to equity holders of the parent		**5,279**	(19,384)
Adjustments to exclude loss for the period from discontinued operations		**-**	20,976
Earnings from continuing operations for the purpose of basic earnings per share		**5,279**	1,592
Adjustments for			
Non-recurring items	4	**3,095**	4,740
Share-based payments charge/(credit)	32	**9**	(132)
Earnings from continuing operations for the purpose of adjusted earnings per share		**8,383**	6,200

The denominators (numbers of shares) are the same, for both basic and diluted earnings per share, as those used in the calculation of EPS from continuing and discontinued operations

Basic earnings per share	2010 Pence	2009 Pence
Basic earnings per share from continuing operations	**9.3**	2 8
Adjustments for		
Non-recurring items	**5.5**	8 3
Share-based payments charge/(credit)	**-**	(0 2)
Adjusted basic earnings per share	**14 8**	10 9

Diluted earnings per share	2010 pence	2009 pence
Diluted earnings per share from continuing operations	**9 1**	2 8
Adjustments for		
Non-recurring items	**5 4**	8 3
Share-based payments charge/(credit)	**-**	(0 2)
Adjusted diluted earnings per share	**14.5**	10 9

Loss per share from discontinued operations	2010 Pence	2009 Pence
Basic and diluted loss per share from discontinued operations	**-**	(36 9)

14. Goodwill

	2010 £'000	2009 £'000
Cost		
At beginning and end of the period	**3,798**	3,798
Accumulated impairment losses		
At beginning and end of the period	**1,868**	1,868
Carrying amount at the beginning and end of the period	**1,930**	1,930

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

	2010 £'000	2009 £'000
Power Products	**1,495**	1,495
Interconnect	**435**	435
	1,930	1,930

As stated in note 3, the Group has changed its organisation structure during the year to a market sector focus Although the Group is not able to analyse goodwill in detail by market sector, the majority of goodwill relates to the Consumer sector, with the balance pertaining to other sectors being immaterial

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 The Group prepares cash flow forecasts derived from the most recently approved three-year forecasts of the relevant businesses The cash flow forecasts reflect the risk associated with each asset Cash flows for years beyond 2013 are extrapolated using a growth rate of 3%, which does not exceed the average long-term growth rates for the relevant markets, and a pre-tax discount rate of 10% (2009 10%), which reflects the Group's estimated cost of capital

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

15 Other intangible assets

Software and licences	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Cost				
At beginning of year	**995**	601	**219**	124
Additions	**237**	418	**238**	181
Disposals	**–**	(107)	**–**	–
Disposal arising from sale of Wiring Harness Division	**–**	(89)	**–**	(86)
Reclassification	**(204)**	–	**–**	–
Exchange differences	**(7)**	172	**–**	–
At end of the year	**1,021**	995	**457**	219
Accumulated amortisation				
At beginning of year	**429**	340	**42**	50
Amortisation charge for the year	**92**	42	**58**	38
Disposals	**–**	(30)	**–**	–
Disposal arising from sale of Wiring Harness Division	**–**	(47)	**–**	(46)
Reclassification	**(140)**	–	**–**	–
Exchange differences	**(18)**	124	**–**	–
At end of the year	**363**	429	**100**	42
Carrying amount	**658**	566	**357**	177

Computer software is amortised over the estimated useful life, not exceeding five years

16 Property, plant and equipment

Group	Land and buildings Freehold £'000	Land and buildings Long leasehold £'000	Plant and machinery £'000	Total £'000
Cost				
At 30 March 2008	37	2,497	25,728	28,262
Additions	–	121	1,895	2,016
Reclassification	–	(2)	(574)	(576)
Disposals	–	(276)	(2,438)	(2,714)
Disposals arising from sale of Wiring Harness Division	–	(801)	(4,189)	(4,990)
Exchange differences	13	1,228	5,462	6,703
At 5 April 2009	50	2,767	25,884	28,701
Additions	**–**	**–**	**1,772**	**1,772**
Reclassification	**–**	**(95)**	**(700)**	**(795)**
Disposals	**(46)**	**–**	**(488)**	**(534)**
Exchange differences	**(4)**	**(95)**	**(559)**	**(658)**
At 4 April 2010	**–**	**2,577**	**25,909**	**28,486**
Accumulated depreciation and impairment				
At 30 March 2008	–	1,506	18,972	20,478
Depreciation charge for the period	–	400	2,175	2,575
Impairment loss	–	–	250	250
Reclassification	–	–	(571)	(571)
Disposals	–	(362)	(2,128)	(2,490)
Disposals arising from sale of Wiring Harness Division	–	(473)	(3,644)	(4,117)
Exchange differences	–	707	3,829	4,536
At 5 April 2009	–	1,778	18,883	20,661
Depreciation charge for the period	**–**	**187**	**2,013**	**2,200**
Reclassification	**–**	**(61)**	**(797)**	**(858)**
Disposals	**–**	**–**	**(455)**	**(455)**
Exchange differences	**–**	**(52)**	**(511)**	**(563)**
At 4 April 2010	**–**	**1,852**	**19,133**	**20,985**
Carrying amount				
At 4 April 2010	**–**	**725**	**6,776**	**7,501**
At 5 April 2009	50	989	7,001	8,040

The carrying amount of the Group's fixtures and equipment includes an amount of £153,000 (2009 £2,000) in respect of assets held under finance leases At 4 April 2010, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £nil (2009 £nil)

Company	Land and buildings Long leasehold £ 000	Plant and machinery £ 000	Total £ 000
Cost			
At 30 March 2008	798	3,990	4,788
Additions	–	11	11
Disposals arising from sale of Wiring Harness Division	(798)	(3,420)	(4,218)
Exchange differences	–	201	201
At 5 April 2009	–	782	782
Additions	–	**196**	**196**
Disposals	–	**(202)**	**(202)**
Exchange differences	–	**(16)**	**(16)**
At 4 April 2010	–	**760**	**760**
Accumulated depreciation and impairment			
At 30 March 2008	440	3,499	3,939
Depreciation charge for the period	–	196	196
Disposals arising from sale of Wiring Harness Division	(440)	(3,120)	(3,560)
Exchange differences	–	192	192
At 5 April 2009	–	**767**	**767**
Depreciation charge for the period	–	**19**	**19**
Disposals	–	**(202)**	**(202)**
Exchange differences	–	**(16)**	**(16)**
At 4 April 2010	–	**568**	**568**
Carrying amount			
At 4 April 2010	–	**192**	**192**
At 5 April 2009	–	15	15

The carrying amount of the Company's fixtures and equipment includes an amount of £153,000 (2009 £nil) in respect of assets held under finance leases At 4 April 2010, the Company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £nil (2009 £nil)

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For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

17. Investments

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

	Shares £'000	Loans £'000	Total £'000
Cost			
At 30 March 2008	34,318	51,897	86,215
Additions	–	1,276	1,276
Disposals	(100)	(3,154)	(3,254)
Exchange differences	–	16,547	16,547
At 5 April 2009	34,218	66,566	100,784
Repaid	**–**	**(405)**	**(405)**
Exchange differences	**–**	**(1,144)**	**(1,144)**
At 4 April 2010	**34,218**	**65,017**	**99,235**
Accumulated depreciation and impairment			
At 30 March 2008	(3,642)	(4,462)	(8,104)
Exchange differences	–	(307)	(307)
At 5 April 2009	(3,642)	(4,769)	(8,411)
Repaid	**–**	**405**	**405**
Exchange differences	**–**	**(561)**	**(561)**
At 4 April 2010	**(3,642)**	**(4,925)**	**(8,567)**
Carrying amount			
At 4 April 2010	**30,576**	**60,092**	**90,668**
At 5 April 2009	30,576	61,797	92,373

In the United Kingdom, Volex Group plc includes an operational division, Volex Powercords Europe Details of the Company's principal subsidiary undertakings are set out on page 90

18. Inventories

	Group		Company	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Raw materials	**11,701**	10,729	**6**	16
Work-in-progress	**1,099**	1,489	**–**	–
Finished goods	**14,702**	11,917	**3,841**	3,448
	27,502	24,135	**3,847**	3,464

19 Other financial assets

	Group		Company	
Trade and other receivables	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000
Due for settlement within 12 months				
Amounts receivable for the sale of goods	**51,992**	52,090	**3,335**	4,045
Allowance for doubtful debts	**(618)**	(575)	**(66)**	(69)
	51,374	51,515	**3,269**	3,976
Amounts due from Group undertakings	**–**	–	**49,894**	42,672
Other debtors	**6,592**	7,354	**1,083**	54
Prepayments	**2,180**	882	**130**	28
	60,146	59,751	**54,376**	46,730

	Group		Company	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Due for settlement after 12 months				
Other debtors	**200**	–	**200**	–
Prepayments	**13**	–	**–**	–
	213	–	**200**	–

The average credit period taken on sales of goods is 83 days (2009 77 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 The Directors consider that the carrying amount of trade and other receivables approximates their fair value

Credit risk
The Group's principal financial assets are bank balances and cash, trade and other receivables

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 their fair value The Group's credit risk is primarily attributable to its trade receivables Two of the Group's customers individually account for more than 10% of total Group revenue, with the Group's largest customer, operating in the wireless infrastructure sector, accounting for 11% of total Group revenue Other than these two customers the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers Further information can be found in the Business Review on page 28

Included in trade receivables are receivables with a carrying value of £7,511,000 (2009 £6,951,000) and £823,000 (2009 £1,231,000) 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

	Group		Company	
Ageing of past due but not impaired receivables	**2010 £'000**	2009 £ 000	**2010 £'000**	2009 £ 000
0–60 days	**6,957**	6,350	**739**	1,177
60–90 days	**356**	207	**21**	–
90–120 days	**139**	270	**53**	–
120+ days	**59**	124	**10**	54
	7,511	6,951	**823**	1,231

Movement in the allowance for doubtful debts

	Group		Company	
	2010 £'000	2009 £ 000	**2010 £'000**	2009 £ 000
Balance at beginning of the year	**575**	326	**69**	121
Amounts written off during the year	**(21)**	(206)	**–**	(188)
Amounts recovered during the year	**(57)**	–	**(3)**	–
Increase in allowance recognised in income statement	**134**	365	**–**	136
Exchange differences	**(13)**	90	**–**	–
Balance at end of the year	**618**	575	**66**	69

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date 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		Company	
	2010 £'000	2009 £ 000	**2010 £'000**	2009 £ 000
0–60 days	**55**	336	**–**	–
60–90 days	**45**	5	**–**	–
90–120 days	**62**	24	**53**	17
120+ days	**456**	210	**13**	52
	618	575	**66**	69

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

19. Other financial assets continued

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

Cash and cash equivalents

	Group		Company	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Cash and cash equivalents	**17,938**	16,877	**3,049**	1,458

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

20. Borrowings

	Group		Company	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Secured borrowings at amortised cost				
Bank loans	**25,356**	31,662	**13,314**	19,379
Amount due for settlement after 12 months	**25,356**	31,662	**13,314**	19,379

Drawings under the facilities can be made in various currencies Borrowings for the Group can be analysed by currency as follows

Group	**2010 Bank loans £'000**	2009 Bank loans £'000
US Dollar	**14,305**	20,831
Euro	**12,042**	12,313
	26,347	33,144
Less debt issue costs	**(991)**	(1,482)
	25,356	31,662

Also drawn under the facilities, and not included above, are bonds, guarantees and letters of credit amounting to £3 7m (2009 £4 2m)

The Group's principal funding is provided via a multi-currency combined revolving, overdraft and guarantee facility The facility commenced on 8 December 2006 and was extended in March 2009 for a further three years to March 2012 The amount available under the facility at 4 April 2010 was US$57 7m (2009 US$62 7m) Under terms of the restated facility the amount available will be reduced by a minimum, depending on the level of surplus funds available, of US$2 m for each financial quarter, commencing with the quarter ended 31 March 2010 The facility is secured by fixed and floating charges over the assets of certain Group companies At 4 April 2010, the facility incurred interest at a margin of 3 25% (2009 4 00%) above LIBOR

The weighted average interest rates paid during the period were as follows

	2010 %	2009 %
Bank loans and overdrafts	**5 9**	5 9

Undrawn borrowing facilities

At 4 April 2010, the Group had available £14,007,000 (2009 £11,424,000) of undrawn committed borrowing facilities

21. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
Group	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000
Amounts payable under finance leases				
Within one year	**72**	2	**64**	2
In second and third years	**100**	–	**89**	–
	172	2	**153**	2
Less future finance charges	**(19)**	–		
Present value of lease obligations	**153**	2		
Less amount due for settlement within 12 months	**(64)**	(2)	**(64)**	(2)
Amount due for settlement after 12 months	**89**	–	**89**	–

Company	Minimum lease payments 2010 £'000	2009 £'000	Present value of minimum lease payments 2010 £'000	2009 £'000
Amounts payable under finance leases				
Within one year	**72**	–	**64**	–
In second and third years	**100**	–	**89**	–
	172	–	**153**	–
Less future finance charges	**(19)**	–		
Present value of lease obligations	**153**	–		
Less amount due for settlement within 12 months	**(64)**	–	**(64)**	–
Amount due for settlement after 12 months	**89**	–	**89**	–

It is the Group's policy to lease certain of its plant and machinery under finance leases The average lease term is three years For the current period the average effective borrowing rate was 4 1% (2009 6 0%) Interest rates are fixed at the contract date All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments The fair value of the Group's lease obligations approximates their carrying amount The Group's obligations under finance leases are secured by the lessors' rights over the leased assets

The Group's lease obligations are denominated in the following currencies

	2010 £'000	2009 £'000
Sterling	**153**	–
US Dollar	–	2

22. Trade and other payables

	Group 2010 £'000	2009 £'000	Company 2010 £'000	2009 £'000
Due for settlement within 12 months				
Trade creditors	**45,173**	41,957	**1,098**	650
Amounts owed to Group undertakings	–	–	**65,589**	47,481
Other taxes and social security	**2,492**	911	**317**	–
Accruals and deferred income	**14,284**	13,464	**2,309**	5,166
	61,949	56,332	**69,313**	53,297
Due for settlement after 12 months				
Amounts owed to Group undertakings	–	–	**47,618**	48,351
Accruals	–	631	–	631
	–	631	**47,618**	48,982

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 79 days (2009 77 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

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

23 Deferred tax

Group

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

	Trading losses £'000	Accelerated tax depreciation £'000	Other short-term timing differences £'000	Total £'000
At 30 March 2008	–	(67)	(127)	(194)
Credit to income	–	(70)	(520)	(590)
Disposal	–	–	184	184
Exchange differences	–	(41)	(51)	(92)
At 5 April 2009	–	(178)	(514)	(692)
Charge/(credit) to income	**(117)**	**126**	**451**	**460**
Exchange differences	**–**	**14**	**15**	**29**
At 4 April 2010	**(117)**	**(38)**	**(48)**	**(203)**

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

	2010 £'000	2009 £'000
Deferred tax liabilities	**65**	–
Deferred tax assets	**(268)**	(692)
	(203)	(692)

At the balance sheet date, the Group had unused tax losses of £54 million (2009 £46 million) available for offset against future profits The group has recognised £0 1m of deferred tax asset in respect of these unused tax losses, following the initiation, shortly after the year end, of a global supply chain optimisation project The Group expects to increase the recognition of deferred tax assets relating to tax losses over the next few years as the benefits anticipated from the global supply chain project accrue with greater certainty Included in unrecognised tax losses are losses of £22 million (2009 £19 million) that cannot be carried forward indefinitely Of this amount, £0 5m (2009 £nil) expires during the next five accounting periods Other losses may be carried forward indefinitely

At the balance sheet date, no deferred tax liability is recognised on temporary differences of £14 million (2009 £78 million) 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 not reverse in the foreseeable future Temporary differences at 4 April 2010 are significantly reduced from the previous year as a result of a change to UK tax legislation which largely exempts overseas dividends received on or after 1 July 2009 from UK tax The temporary differences at 4 April 2010 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 balance sheet date, the Company had unused tax losses of £18 million (2009 £15 million) available for offset against future profits The Company has recognised £0 1m of deferred tax asset in respect of these unused tax losses, following the initiation, shortly after the year end, of a global supply chain optimisation project The Company expects to increase the recognition of deferred tax assets relating to tax losses over the next few years as the benefits anticipated from the global supply chain project accrue with greater certainty The losses may be carried forward indefinitely

24. Provisions

Group	Restructuring provisions: Property £'000	Restructuring provisions: Corporate restructuring £'000	Other £'000	Total £'000
At 5 April 2009	7,371	1,370	390	9,131
Charge in the year	**560**	**385**	**322**	**1,267**
Utilisation of provision	**(1,681)**	**(1,037)**	**(118)**	**(2,836)**
Unwinding of discount (note 6)	**281**	**–**	**–**	**281**
Transfers	**403**	**(161)**	**18**	**260**
Exchange differences	**(130)**	**54**	**92**	**16**
At 4 April 2010	**6,804**	**611**	**704**	**8,119**
Less included in current liabilities				**4,055**
Non-current liabilities				**4,064**

Company	Restructuring provisions: Property £'000	Restructuring provisions: Corporate restructuring £'000	Total £'000
At 5 April 2009	4,865	720	5,585
Charge in the year	**876**	**115**	**991**
Utilisation of provision	**(1,522)**	**(399)**	**(1,921)**
Unwinding of discount	**188**	**–**	**188**
Transfers	**58**	**149**	**207**
At 4 April 2010	**4,465**	**585**	**5,050**
Less included in current liabilities			**1,882**
Non-current liabilities			**3,168**

Property provisions

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

As referred to in note 4, the Group relocated its corporate headquarters (HQ) from Warrington to London during the year and has recognised a provision for £905,000 for the resulting onerous lease

During the year the Group successfully completed an agreement to sub-lease one of its vacant premises in the UK Management have revised the required onerous lease provision accordingly, to reflect the commercial terms of the sub-lease agreement

Corporate restructuring

Following the disposal of the Wiring Harness Division last year, the Board initiated a review of the corporate management structure This review has been completed during the year, with the establishment of a new corporate HQ and the appointment of a new, experienced management team The provision remaining at 4 April 2010 of £611,000 includes an amount relating to compensation for loss of office payable to the former CEO of the Group, who left the Group on 9 March 2009 The Company has been advised that the amount provided is adequate, should it be unsuccessful in defending the claims made by the former CEO, which are scheduled to be heard at an Employment Tribunal in July 2010

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25. Share capital

	2010 £'000	2009 £ 000
Authorised		
75,000,000 (2009 75,000,000) Ordinary shares of 25p each	**18,750**	18,750
Issued and fully paid		
56,821,563 (2009 56,821,563) Ordinary shares of 25p each	**14,205**	14,205

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

Date of grant	Option price (p)	Exercise period	Number of shares 2010	2009
Discretionary Share Option Schemes				
3 July 2000	1,475 0	July 2003 – July 2010	**13,500**	17,500
18 June 2001	788 0	June 2004 – June 2011	**13,500**	18,500
20 June 2003	87 0	June 2006 – June 2013	**45,000**	60,000
Long-Term Incentive Plan Performance Shares				
29 September 2006	25 0	Sept 2009 – Mar 2010	**-**	482,652
13 November 2006	25 0	Nov 2009 – May 2010	**-**	49,788
15 June 2007	25 0	Jun 2010 – Dec 2010	**140,736**	171,736
9 July 2008	25 0	July 2011 – Jan 2012	**591,646**	651,646
Matching Shares				
9 November 2006	25 0	Nov 2009 – May 2010	**-**	493,726
Performance Share Plan				
7 September 2009	25 0	Sept 2012 – Mar 2013	**1,407,945**	–
3 November 2009	25 0	Nov 2012 – May 2013	**90,000**	–
11 January 2010	25 0	Jan 2013 – July 2013	**90,000**	-
			2,392,327	1,945,548

For further details of the Group's share option schemes see note 32

26. Non-equity preference shares

The Company has authorised and issued 80,000 cumulative preference shares of £1 each with the 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 The preference shares confer the right on a winding up to have the capital paid or credited as paid up, including all arrears of dividend whether declared or not up to the commencement of the winding up, paid in priority to any payment of capital on the Ordinary shares but without any further right to participate in profits or assets There is no fixed repayment date

Since the dividends are in arrears for more than three months, the preference shares currently confer on the holders the right to have notice and to attend and vote, either in person or by proxy, at any General Meeting

These preference shares are recorded as non-current liabilities

27. Non-distributable reserve

On 12 October 2005, the cancellation of the Company's share premium was approved and the balance of £32m on the share premium account at that date was utilised to eliminate the deficit on the Company's retained earnings account As a condition of this cancellation, the Company has established a non-distributable 'special reserve' within retained earnings At 4 April 2010, the balance on this special reserve was £18 1m (2009 £18 1m)

Group retained earnings include a non-distributable reserve in subsidiary companies of £3 0m (2009 £3 0m)

28. Analysis of net debt

Group	5 April 2009 £'000	Cash flow £'000	Exchange movement £'000	Other non-cash changes £'000	4 April 2010 £'000
Cash & cash equivalents	16,877	**669**	**392**	**-**	**17,938**
Bank loans	(33,144)	**5,994**	**803**	**-**	**(26,347)**
Finance leases	(2)	**2**	**-**	**(153)**	**(153)**
Debt issue costs	1,482	**131**		**(622)**	**991**
Net debt	(14,787)	**6,796**	**1,195**	**(775)**	**(7,571)**

Debt issue costs relate to bank facility arrangement fees Amortisation of debt issue costs in the year amounted to £622,000 (2009 £520,000)

29 Notes to the cash flow statement

	Group		Company	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Profit/(loss) for the period	**5,279**	(19,384)	**533**	(14,427)
Adjustments for				
Investment revenue	**(71)**	(226)	**(1,947)**	(10,707)
Finance costs	**3,410**	3,210	**1,980**	2,280
Income tax expense	**1,631**	1,890	**311**	325
Loss on disposal of discontinued operations	**-**	14,373	**-**	19,516
Depreciation on property, plant and equipment	**2,200**	2,575	**18**	196
Impairment on property, plant and equipment	**-**	250	**-**	-
Amortisation of intangible assets	**92**	42	**57**	38
Loss on disposal of property, plant and equipment	**6**	18	**-**	-
Share option charge/(credit)	**9**	(132)	**9**	(132)
Effects of foreign exchange rate changes	**-**	-	**(208)**	(12,791)
(Decrease)/increase in provisions	**(1,301)**	929	**(598)**	3,041
Operating cash flow before movement in working capital	**11,255**	3,545	**155**	(12,661)
(Increase)/decrease in inventories	**(3,354)**	12,660	**(459)**	3,485
(Increase)/decrease in receivables	**(523)**	10,709	**(6,643)**	(14,825)
Increase/(decrease) in payables	**8,528**	(9,662)	**18,920**	25,212
Movement in working capital	**4,651**	13,707	**11,818**	13,872
Cash generated from operations	**15,906**	17,252	**11,973**	1,211
Cash generated by operations before non-recurring items	**18,561**	21,784	**13,542**	3,622
Cash utilised by non-recurring items	**(2,655)**	(4,532)	**(1,569)**	(2,411)
Taxation paid	**(1,840)**	(1,622)	**-**	(262)
Interest paid	**(2,198)**	(2,271)	**(1,383)**	(1,432)
Net cash generated from/(used in) operating activities	**11,868**	13,359	**10,590**	(483)

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

30. Disposal of Wiring Harness Division

As referred to in note 8, in the prior year the Group disposed of the Wiring Harness Division, on 3 April 2009 The net assets of the Wiring Harness Division at the date of disposal were as follows

	Group 3 April 2009 £'000	Company 3 April 2009 £'000
Intangible assets	42	40
Property, plant and equipment	874	658
Investments	–	101
Deferred tax asset	199	–
Inventories	6,366	5,016
Trade and other receivables	8,099	12,934
Bank balances and cash	608	608
Trade payables	(3,723)	(2,211)
Provisions	(462)	–
Net assets disposed	12,003	17,146
Loss on disposal	(14,373)	(19,516)
	(2,370)	(2,370)

Satisfied by	Group £'000	Company £'000
Deferred cash contribution	(1,816)	(1,816)
Costs of disposal	(554)	(554)
	(2,370)	(2,370)

	Group		Company	
Net cash outflows arising on disposal	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000
Settlement of deferred cash contribution	**(1,619)**	–	**(1,619)**	–
Costs of disposal	**(360)**	(154)	**(360)**	(154)
Cash and cash equivalents disposed of	**–**	(608)	**–**	(608)
	(1,979)	(762)	**(1,979)**	(762)

The settlement of deferred cash contribution includes £561,000 paid in respect of a working capital adjustment, £462,000 in respect of agreed restructuring expenditure incurred between the date of the disposal agreement and completion of the sale contract and £596,000 in relation to a specific trade receivable indemnity given to the acquirer

During the year the Group reached final agreement with the purchaser and concluded all outstanding issues arising from this disposal An amount of £159,000 remains payable to the purchaser at 4 April 2010 and is due to be settled in quarterly instalments during the next financial year

31. Operating lease arrangements

	Group		Company	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
The following have been recognised during the year				
Minimum lease payments made under operating leases				
Paid	**5,562**	7,671	**1,038**	966
Recognised in operating profit	**3,098**	4,389	**103**	571

Minimum sub lease payments received under operating leases and credited to onerous lease provisions in the year was £1,210,000 (2009 £1,219,000) for the Group and £nil (2009 £nil) for the Company

At the balance sheet 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	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Within one year	**5,510**	6,287	**1,088**	966
In the second to fifth years inclusive	**7,493**	8,295	**3,836**	4,150
After five years	**4,944**	3,254	**2,471**	3,245
	17,947	17,836	**7,395**	8,361

Operating lease payments represent rentals payable by the Group for certain of its office and manufacturing properties Leases are negotiated for an average term of seven years and rentals are fixed for an average of four years

At the balance sheet date, the Group expects to receive £2 2m (2009 £2 6m) under non-cancellable sub-leases

32. Share-based payments

Equity-settled share option schemes

During the period the Group had three types of equity-settled share option schemes in operation, Discretionary Share Option Schemes ('DSOS'), a Long Term Incentive plan ('LTIP') and a Performance Share Plan ('PSP')

Following shareholder approval of the PSP at the Extraordinary General Meeting held on 5 December 2008, it is anticipated that this scheme will be the primary scheme for providing long-term incentive arrangements to Executive Directors and other key executives and that future grants of equity-based share options will be made under this scheme

Options previously issued under the DSOS are exercisable between three and ten years from the date of the grant and are subject to the continued employment of the participant and the achievement of earnings per share performance targets The exercise price was determined based on the market share price at date of grant Further details of the scheme are given on page 41 of the Directors' Remuneration Report

Options previously issued under the LTIP are exercisable between three years and three years and six months from the date of grant subject to the continued employment of the participant and achievement of earnings per share and share price performance targets All awards under the LTIP 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 given on pages 40 to 41 of the Directors' Remuneration Report

Options issued under the PSP are exercisable between three years and three years six months 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 given on pages 39 to 40 of the Directors' Remuneration Report

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

	2010		2009	
	Number of share options	**Weighted average exercise price (p)**	Number of share options	Weighted average exercise price (p)
Outstanding at beginning of period	**1,945,548**	**48**	2,302,452	45
Granted during the period	**1,672,945**	**25**	1,644,292	25
Expired during the period	**(1,226,166)**	**79**	(2,001,196)	25
Outstanding at the end of the period	**2,392,327**	**39**	1,945,548	48

Of the share options that expired during the period, 998,456 options expired due to failure to meet performance conditions and 227,710 lapsed in respect of leavers

The options outstanding at 4 April 2010 had a weighted average remaining contractual life of 2 5 years (2009 1 2 years)

In 2010, the aggregate of the estimated fair values of the options granted during the year under the PSP on the dates stated in note 25 was £559,000 (2009 £263,000)

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

	2010	2009
Weighted average share price	**80.2p**	61 2p
Weighted average exercise price	**25p**	25p
Expected volatility	**50%**	50%
Expected life	**3.25 years**	3 25 years
Risk-free rate	**1 98%**	4 87%
Expected dividends	**–**	–

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

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

32 Share-based payments continued
The Group and Company recognised a total charge for equity-settled share options of £23,000 (2009 credit of £92,000)

Cash-settled share-based payments
In September 2006, the Company issued to Richard Arkle, who was Chairman at that time, a Share Appreciation Right ('Chairman SAR') that requires the Company to pay the intrinsic value of the SAR at the date of exercise, conditional upon the achievement of certain performance targets These performance targets have not been met and consequently the Chairman SAR has expired, with no payment payable For further details regarding this arrangement please see page 41 of the Directors' Remuneration Report

Accordingly, at 4 April 2010, the Group and the Company has recorded a liability of £nil (2009 £14,000) in the statement of financial position and a credit of £14,000 (2009 £40,000) in the income statement, in respect of this arrangement

33 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 two defined contribution schemes, one in the USA and one in Ireland

The total cost charged to the Group's income statement in the year was £1,446,000 (2009 £1,457,000) The total cost charged to the Company's income statement in the year was £308,000 (2009 £340,000)

Defined benefit schemes
The Company maintains two Inland Revenue approved defined benefit schemes that are funded by payments held in independent trusts Future accrual of retirement benefits under both schemes ceased on 31 March 2003 when the schemes were replaced with defined contribution arrangements The last full actuarial valuation of the schemes was carried out by a qualified independent actuary in 1 August 2007 This valuation has been updated on an approximate basis to 4 April 2010 and utilises the projected unit credit valuation method

The key assumptions utilised are

	Valuation at	
	2010	2009
Discount rate	**5.5%**	7 0%
Expected return on scheme assets	**6 3%**	6 3%
Future pension increases	**3 6%**	2 9%
Price inflation	**3 8%**	3 0%

The following mortality assumptions have been made

	Males	Females
Future life expectancy for a pensioner currently aged 65 (years)	22 1	25 0
Future life expectancy at age 65 for a non-pensioner currently aged 55 (years)	22 7	25 5

Amounts recognised in income statement (note 6)	**2010 £'000**	2009 £ 000
Interest cost	**(719)**	(775)
Expected return on scheme assets	**536**	737
Finance costs	**(183)**	(38)

No other amounts have been recognised in the income statement (2009 £nil)

Actuarial losses of £516,000 (2009 £285,000) have been reported in the statement of comprehensive income

Amounts recognised in balance sheet	**2010 £'000**	2009 £ 000
Fair value of scheme assets	**11,067**	9,217
Present value of defined benefit obligations	**(13,453)**	(11,053)
Deficit in scheme recognised in the balance sheet	**(2,386)**	(1,836)
Current liabilities	**155**	153
Non-current liabilities	**2,231**	1,683
	2,386	1,836

The Company has contributed £149,000 to its defined benefit pension plans in the period ended 4 April 2010 (2009 £149,000)

Movements in the present value of defined benefit obligations	2010 £'000	2009 £'000
At beginning of period	**(11,053)**	(13,181)
Interest cost	**(719)**	(775)
Actuarial (losses)/gains	**(3,247)**	2,388
Benefits paid	**1,566**	515
At end of period	**(13,453)**	(11,053)

Movements in the fair value of scheme assets	2010 £'000	2009 £'000
At beginning of period	**9,217**	11,519
Expected return on scheme assets	**536**	737
Actuarial gains/(losses)	**2,731**	(2,673)
Contributions from the sponsoring company	**149**	149
Benefits paid	**(1,566)**	(515)
At end of period	**11,067**	9,217

Composition of assets	2010 £'000	2009 £'000
Equity instruments	**7,833**	6,408
Debt instruments	**3,043**	2,673
Property	**191**	136
	11,067	9,217

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 (2009 £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

	2010 %	2009 %
Equity instruments	**6 8**	7 1
Debt instruments	**5.7**	4 6
Property	**6 8**	7 1
	6.3	6 3

The actual return on scheme assets for the year was a gain of £3,267,000 (2009 loss of £1,936,000)

Cumulative actuarial losses recognised in equity	2010 £'000	2009 £'000
At beginning of the year	**719**	1,004
Net actuarial losses recognised in the year	**(516)**	(285)
At end of the year	**203**	719

Five year history of experience adjustments	2010	2009	2008	2007	2006
Fair value of scheme assets	**11,067**	9,217	11,519	11,778	11,148
Present value of defined benefit obligations	**(13,453)**	(11,053)	(13,181)	(14,614)	(14,659)
Deficit in scheme	**(2,386)**	(1,836)	(1,662)	(2,836)	(3,511)
Experience adjustments on scheme liabilities					
£'000	**55**	(60)	493	–	–
% scheme liabilities	**0 4%**	(0 5%)	4 0%	–	–
Experience adjustments on scheme assets					
£'000	**2,731**	(2,673)	(906)	12	1,478
% scheme assets	**25%**	(29%)	(8%)	–	13%

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

34. 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 20, cash and cash equivalents disclosed in note 28 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 revolving credit facility, which after amortisation had an available limit of US$57 7m as at 4 April 2010 (2009 US$62 7m), comprising both a US Dollar and a Euro component At 4 April 2010 the amounts drawn under this facility were US$21 7m and €13 5m The average combined utilisation during the year was US$45 6m (2009 US$50 9m) In addition, the Group has a further €6 8m of undrawn committed facilities available at 4 April 2010

At 4 April 2010 the Group had undrawn committed borrowing facilities of £14 0m (2009 £11 4m)

The revolving credit facility is due to mature in March 2012

Based on the Group's projected financial performance 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, finance leases, cash and short-term deposits The Group also enters into derivative transactions, principally 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

	Book value 2010 £'000	Book value 2009 £'000	**Fair value 2010 £'000**	Fair value 2009 £'000
Financial assets				
Cash	**18,220**	16,877	**18,220**	16,877
Trade and other receivables	**58,166**	58,869	**58,166**	58,869
Financial liabilities				
Interest-bearing loans and borrowings	**25,638**	31,662	**25,638**	31,662
Obligations under finance leases	**153**	2	**153**	2
Trade and other payables	**61,949**	56,963	**61,949**	56,963
Derivative financial instruments	**371**	248	**371**	248
Property provisions	**6,804**	7,371	**6,804**	7,371

Financial risk management

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk 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

Interest rate risk

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

The Group manages its exposure to interest rate risk by fixing 100% of the interest arising on its borrowings through the use of interest rate swap contracts

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

	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	(64)	(51)	(38)	–	–	–	(153)
Floating rate							
Cash assets	18,220	–	–	–	–	–	18,220
Bank loans and borrowings	(282)	(26,347)	–	–	–	–	(26,629)

Interest rate sensitivity
During the year the Group was fully hedged against interest rate risk arising on its borrowings through the use of interest rate swap contracts Had interest rates been 0 5% higher/lower in the year, and all other variables were held constant, Group profit before tax would have been £56,000 higher / £28,000 lower (2009 £132,000 higher and lower)

Interest rate swap contracts
Under interest rate swap contacts, the Group agrees to exchange differences between fixed and floating interest rate amounts calculated on agreed notional principal amounts Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of interest rates on 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 the reporting date is 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 financial year

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	**2010 %**	2009 %	**2010 £'000**	2009 £ 000
Less than one year	**2 2**	3 9	**29,841**	16,571
1-2 years	**2.2**	–	**19,894**	–
2-3 years	**2 2**	–	**9,947**	–
Fair value			**(371)**	(215)

The interest rate swap contracts are not designated as either cash flow or fair value hedges and consequently the fair value adjustment of £371,000 has been reflected in the results for the year (2009 £215,000) (note 6)

Foreign currency risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Indian Rupee and Euro Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations

The Group utilises currency derivatives to hedge significant future transactions and cash flows At the balance sheet date the Group had £nil (2009 £1,357,000) of US Dollar/Indian Rupee forward exchange contracts in existence The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk The Group's policy is to hedge its related translation exposures through the designation of certain amounts of its foreign currency denominated debt as a hedging instrument

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows

	Liabilities		Assets	
	2010 £'000	2009 £ 000	**2010 £'000**	2009 £ 000
Euro	**16,685**	18,666	**15,311**	13,210
US Dollar	**51,260**	42,869	**44,264**	34,772
Indian Rupee	**8,508**	5,709	**13,345**	12,655

Notes to the financial statements continued

For the 52 weeks ended 4 April 2010 (53 weeks ended 5 April 2009)

34. Financial instruments continued

Foreign currency sensitivity

The following table details the Group's sensitivity to a 10% change in exchange rates against the Sterling equivalents The 10% rate used represents management's assessment of the possible change in foreign exchange rates The sensitivity analysis of the Group's exposure to foreign exchange risk at the reporting date has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period

	US$ impact		EURO impact		INR impact	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000
10% depreciation in rates						
(i) Profit before tax	**(2,082)**	(1,187)	**(451)**	(262)	**(119)**	(345)
(ii) Equity*	**(92)**	389	**(1,834)**	(1,680)	**(275)**	(62)
10% appreciation in rates						
(i) Profit before tax	**2,545**	1,450	**552**	322	**144**	422
(ii) Equity*	**113**	(475)	**2,241**	2,053	**336**	75

(i) This is mainly attributable to the exposure on net US$/EURO sales offset by gains against US$/EURO purchases and retranslation of foreign currency balance sheet items

(ii) This is mainly attributable to the issue above and change in fair value of derivatives at the end of the financial year and the impact of the translation of foreign owned subsidiaries translated into Sterling

* Excludes any deferred tax impact

Credit risk

This refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group

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 loss are taken

The net amount of trade receivables reflects the maximum credit exposure to the Group No other guarantees or security has been given

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 20 is a description of undrawn facilities as at the balance sheet date

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 balance sheet date to the contracted maturity date The amounts disclosed represent the contracted undiscounted cash flows

2010	**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 & other payables	**61,949**	**61,949**	**61,949**	–	–	–
Obligations under finance leases	**153**	**172**	**72**	**57**	**43**	–
Bank overdrafts and loans	**26,629**	**26,629**	**282**	**26,347**	–	–
Property provisions	**6,804**	**7,411**	**2,983**	**1,136**	**2,175**	**1,117**
Derivative financial liabilities						
Interest rate swaps	**371**	**381**	**206**	**175**	–	–

2009	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	56,963	56,963	56,332	631	–	–
Obligations under finance leases	2	2	2	–	–	–
Bank overdrafts and loans	31,662	31,662	–	–	31,662	–
Property provisions	7,371	7,971	2,568	2,962	1,128	1,313
Derivative financial liabilities						
Interest rate swaps	248	248	248	–	–	–

35. 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

Customs and excise authorities in India and the USA are currently involved in examining customs and duty declarations made by subsidiary companies, Volex Interconnect (India) Pvt Ltd and Volex de Mexico SA de CV, across a number of years Although the outcome of these investigations is uncertain and reliable measurement of any potential exposure not possible, the Directors are confident that any liability arising from these matters will not be material to the Group

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

36 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 note

Compensation of key management – Directors of Parent Company	2010 £'000	2009 £ 000
Short-term employee benefits	**1,553**	852
Money purchase pension contributions	**50**	88
Other long-term benefits	**-**	(159)
Share-based payments	**36**	(43)
	1,639	738

Other long-term benefits in 2009 are shown as a credit balance due to benefits previously accrued reversing as the vesting conditions were not achieved

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 43 to 45

Company

During the period the Company levied the following charges on its subsidiary undertakings

	2010 £'000	2009 £ 000
Management fees	**6,131**	4,633
Royalty fees	**2,133**	2,547
Interest	**1,947**	4,643
	10,211	11,823

Amounts due to and from subsidiary undertaking are shown in notes 19 and 22

Principal operating subsidiaries

United Kingdom
Volex Powercords Europe is a trading division of Volex Group plc

Volex Group Holdings Ltd is a wholly owned subsidiary of Volex Group 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	Note	Country of incorporation/registration and operation
Volex (Asia) Pte Ltd	1	Singapore
PT Volex Indonesia	2	Indonesia
PT Volex Cable Assembly	2	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	3	India
Volex Interconnect Systems (Suzhou) Co Ltd	3	China
Volex Cable Assembly (Shenzhen) Co Ltd	3	China
Volex Cable Assembly (Zhongshan)	3	China
Volex Inc	1	USA
Volex Canada Inc	1	Canada
Volex de Mexico SA de CV	4	Mexico
Volex do Brasil Ltda	1	Brazil
Volex Europe Ltd	3	Ireland
Volex Poland SP z o o	1	Poland

1 Interests held by Volex Group plc
2 Interests held by Volex (Asia) Pte Ltd
3 Interests held by Volex Group Holdings Ltd
4 Interests held by Volex Inc

Five year summary

Results	Unaudited IFRS 2010 £'000	Unaudited IFRS 2009 £'000	Unaudited IFRS 2008 £ 000	Unaudited IFRS 2007 £ 000	Unaudited IFRS 2006 £ 000
Revenue – total Group	**228,995**	302,820	259,765	248,725	250,378
Revenue from continuing operations	**228,995**	265,116	223,426	214,584	217,673
Revenue from discontinued operations	**-**	37,704	36,339	34,141	32,705
Gross margin – total Group	**46,161**	41,368	30,703	38,239	39,414
Gross margin from continuing operations	**46,161**	42,153	30,792	35,748	36,867
Gross margin from discontinued operations	**-**	(785)	(89)	2,491	2,547
Operating expenses – total Group	**(32,808)**	(34,269)	(26,365)	(30,970)	(42,683)
Operating expenses from continuing operations	**(32,808)**	(30,978)	(23,474)	(24,548)	(36,818)
Operating expenses from discontinued operations	**-**	(3,291)	(2,891)	(6,422)	(5,865)
Operating profit[i] – total Group	**13,353**	7,099	4,338	7,269	(3,269)
Operating profit[i] from continuing operations	**13,353**	11,175	7,318	11,200	49
Operating profit[i] from discontinued operations	**-**	(4,076)	(2,980)	(3,931)	(3,318)
Operating exceptional items	**(3,095)**	(4,740)	(2,676)	(1,994)	(8,598)
Share-based payment (charge)/credit	**(9)**	132	132	(379)	-
Profit/(loss) on ordinary activities before taxation	**6,910**	3,583	(853)	2,816	(6,658)
Depreciation & amortisation – continuing operations	**2,292**	1,996	2,554	2,608	3,430
Depreciation & amortisation – discontinued operations	**-**	621	432	336	491

	Pence	Pence	Pence	Pence	Pence
Adjusted earnings/(loss) per share – total Group	**14.8**	3 9	(1 5)	7 7	(1 0)
Basic earnings/(loss) per share – total Group	**9 3**	(34 1)	(6 0)	1 5	(18 5)

Balance sheet	£'000	£ 000	£ 000	£ 000	£ 000
Non-current assets	**10,570**	11,228	10,287	11,550	13,837
Other assets and liabilities	**9,661**	9,828	33,359	24,092	25,532
	20,231	21,056	43,646	35,642	39,369
Less net debt	**(7,571)**	(14,787)	(21,010)	(9,583)	(13,274)
Net assets	**12,660**	6,269	22,636	26,059	26,095
Gearing	**60%**	236%	93%	37%	51%

(i) Defined as operating profit before goodwill amortisation exceptional items and share-based payment charges/(credits)

Shareholder information

Financial calendar
2009/10

Final results announced	1 June 2010
AGM	14 July 2010

2010/11

Interim results announced	November 2010
Year end	3 April 2011
Final results announced	June 2011

Registered office and advisors

Registered office
10 Eastbourne Terrace, London, W2 6LG, UK

www volex com

Registered number
158956 (Registered in England and Wales)

Registrars
Capita Registrars plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

www capita-irg com

Auditors
PricewaterhouseCoopers LLP

Financial advisors
RBS Hoare Govett
NM Rothschild Ltd

Bankers
Lloyds TSB Bank plc

Stockbrokers
RBS Hoare Govett/
Charles Stanley Securities

Solicitors
Eversheds LLP

Financial PR
Buchanan Communications

Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek you own advice from a stockbroker, bank manager, solicitor, accountant, or other professional adviser duly authorised under the Financial Services and Markets Act 2000

If you have sold or otherwise transferred all of your shares in Volex Group plc, please pass this document together with any accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the purchaser or transferee who now holds the shares

Volex Group plc
(the 'Company')

(incorporated and registered in England and Wales under number 00158956)

NOTICE OF ANNUAL GENERAL MEETING

Notice of Annual General Meeting of the Company to be held at 10 Eastbourne Terrace, London W2 6LG on 14 July 2010 at 10 30am (the 'Annual General Meeting') is set out on pages 96 to 97 of this document

A Form of Proxy for use at the Annual General Meeting accompanies this document

Whether or not you proposed to attend the Annual General Meeting, please complete and submit the Form of Proxy in accordance with the instructions printed on it The Form of Proxy must be deposited at the offices of the Registrar of the Company, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 10 30am on 12 July 2010

Dear Shareholder

The 2010 Annual General Meeting of the Company will be held on Wednesday 14 July 2010 in accordance with the Notice of the Meeting included on page 96 to 97 of the document The Form of Proxy is enclosed separately

The meeting will consider five items of ordinary business and five items of special business, details of which are set out below Each resolution will be proposed as a separate resolution

Ordinary Business
Resolution 1 – Annual Reports and Accounts
Shareholders will be asked to receive and adopt the Accounts for the year ended 4 April 2010 together with the Reports of the Directors and the Auditors therein

Resolution 2 – Approve the Directors' Remuneration Report
In accordance with Section 241B of the Companies Act 2006 (the 'Act') the Company is required to submit the Directors' Remuneration Report to its shareholders for approval

Resolution 3 – Re-election of Richard Arkle
In accordance with the Company's Articles of Association, Richard Arkle, offers himself for re-election

Resolution 4 – Re-election of Michael McTighe
In accordance with the Company's Articles of Association, Michael McTighe, offers himself for re-election

Resolution 5 – Re-appointment of Auditors
The Company is required to appoint auditors at each general meeting at which its accounts are presented, to hold office until the next general meeting This resolution proposes that PricewaterhouseCoopers LLP, having indicated their willingness to continue in office, be re-appointed as auditors for the current financial year and that the Directors be authorised to determine their remuneration

Special Business
Resolution 6 – Authority to allot relevant securities
Pursuant to section 551 of the Companies Act, 2006 ('the Act') the Directors may only issue relevant securities, including new shares if the Company has given them prior authority to do so It is common practice for public companies to renew this authority each year at the annual general meeting The Board recommends that this authority be renewed and paragraph (a) of resolution 6 will, if passed, authorise the Directors to allot the Company's unissued shares up to a maximum nominal amount of £4,735,130 which represents an amount equal to one-third of the aggregate nominal value of the issued and unconditionally allotted ordinary share capital of the Company All previous authorities under section 551 of the Act shall cease to have effect

In December 2008 the Association of British Insurers issued guidance on the approval of authorities to allot shares, in which it stated that, in addition to requests for authorisation to allot new shares in an amount up to one-third of the existing issued share capital of a company, it would regard as routine, requests to authorise the allotment of a further one-third in connection with a rights issue In the light of this, paragraph (b) of resolution 6 proposes that a further authority be conferred on the Directors to allot shares in connection with a rights issue up to a maximum aggregate nominal amount of £9,470,260 (such amount to be reduced by the nominal amount of any relevant securities issued under the authority conferred by paragraph (a) of resolution 6) This represents an amount which is equal to two thirds of the aggregate nominal value of the issued and unconditionally allotted ordinary share capital of the Company

In the event that this further authority is exercised, the Directors intend to follow best practice as regards its use (including as to the requirement for Directors to stand for re-election) as issued by the Association of British Insurers

The authorities sought in paragraphs (a) and (b) of resolution 6 are in substitution for all existing authorities granted in the Company's articles of association or otherwise

The Directors have no present intention of exercising this authority

Resolution 7 – Authority to allot equity securities
Where Directors are authorised to allot equity securities, then pursuant to section 570 and section 573 of the Act, a company may by special resolution, resolve that the Directors be empowered to allot equity securities for cash without first being required to offer such shares to existing shareholders in accordance with section 561(1) of the Act At the 2009 Annual General Meeting of the Company, a special resolution was passed, pursuant to section 95 of the Companies Act 1985 providing for such authorisation to expire at the next Annual General Meeting of the Company It is proposed that this authority be renewed until the conclusion of the next Annual General Meeting following the passing of this resolution or on 30th September 2011, whichever is earlier All previous authorities under section 95 of the Companies Act 1985 shall cease to have effect If approved, the resolution will authorise the Directors, in accordance with Articles of Association, to issue shares in connection with a rights issue and otherwise to issue shares for cash up to the aggregate nominal amount of £1,420,540 which represents approximately 10% of the issued ordinary share capital of the Company as at 4 April 2010 The Board does not intend to issue more than 10% of the issued share capital of

the Company in any rolling three year period without prior consultation with the Investment Committees of the Association of British Insurers and the National Association of Pension Funds This authority also allows the Directors, within the same aggregate limits, to sell relevant shares held by the Company as treasury shares for cash The Directors have no present intention of exercising this authority

Resolution 8 – Authority to purchase own shares
At the Extraordinary General Meeting of the Company held 29th July 2009, shareholders authorised the Company to make market purchases of its own shares If passed this resolution will allow for the renewal of the Company's authority to make market purchase of its own ordinary shares of 25p each, up to a maximum of 8,523,234 shares (being approximately 15% of the current issued ordinary share capital of the Company), such authority to expire at the conclusion of the next Annual General Meeting of the Company or on 30th September 2011, whichever is earlier The amount paid for each share (exclusive of expenses) shall not be more than the higher of (i) five per cent above the average market value of an Ordinary Share as derived from the Daily Official List of London Stock Exchange for the five business days before the purchase is made, (ii) the price of the last independent trade and current independent bid as derived from the London Stock Exchange Trading system or less than 25p per share The Directors have no present intention of exercising this authority

In accordance with the Articles of Association, and in view of the deferment of payment of dividends in respect of cumulative preference shares of the Company, holders of such cumulative preference shares are entitled to attend the vote, either in person or by proxy, at the Annual General Meeting

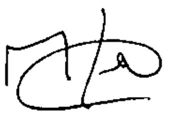
Resolution 9 – Electronic communications with shareholders
To authorise the Company to supply any document or information to shareholders that is required or authorised to be sent or supplied by the Company by making it available on a website or by other electronic means

Resolution 10 – Length of notice of general meetings other than AGMs
Under the Companies Act 2006 prior to 3 August 2009, the minimum notice period to be given for general meetings other than Annual General Meetings was 14 days However, the Companies (Shareholders' Rights) regulations 2009, which came into force on 3 August 2009 amended this requirement by increasing the minimum notice period for general meetings of a listed company to 21 days but with an ability for such a company to reduce this period back to 14 days provided that

(a) the company offers a facility for shareholders to vote by electronic means This condition is met if the company has a facility enabling all shareholders to appoint a proxy by means of a website, and
(b) on an annual basis, a shareholders' resolution approving the reduction of the minimum notice period from 21 days to 14 days is passed

Resolution 10 therefore proposes as a special resolution that the minimum period of notice for all general meetings of the Company other than annual general meetings be reduced to 14 days The approval of this resolution will be effective until the conclusion of the Annual General Meeting in 2011, when it is intended that the approval will be renewed

Recommendations
The Board of Directors of the Company consider the resolutions set out in the Notice of the Annual General Meeting on pages 96 to 97 of this document to be in the best interests of the Company and the shareholders of the Company as a whole and therefore recommend that you vote in favour of these resolutions



Mike McTighe
Chairman

NOTICE IS HEREBY GIVEN that the ninetieth Annual General Meeting of Volex Group plc (the 'Company') will be held at 10 Eastbourne Terrace, London, W2 6LG on 14th July 2010 at 10 30am for the following purposes

Ordinary Business
As ordinary business to consider and, it thought fit, to pass the following resolutions to be proposed as ordinary resolutions

1 To receive and adopt the Reports of the Directors and the Auditors and the Accounts for the year ended 4 April 2010

2 To approve the Director's Remuneration Report as set out in the Annual Report and Accounts 2010

3 To re-elect Richard Arkle as a Director

4 To re-elect Michael McTighe as a Director

5 To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next general meeting of the Company at which the accounts are laid before the Company and to authorise the Directors to determine their remuneration

Special Business
As special business to consider and, if thought fit, to pass the following resolutions of which resolution 6 will be proposed as an ordinary resolution and resolutions 7 to 10 will be proposed as special resolutions

To consider, and if thought fit, pass the following resolution which will be proposed as an ordinary resolution

6 THAT the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ('the Act') to allot

(a) relevant securities (within the meaning of section 551 of the Act), up to an aggregate nominal amount of £4,735,130 representing a number of ordinary shares of 25 pence each (the 'Shares') equivalent to approximately one third of the issued share capital of the Company at the date of this notice, and

(b) equity securities (within the meaning of section 560 of the Act) up to an aggregate nominal amount of £9,470,260 representing a number of ordinary shares of 25 pence each (the 'Shares') equivalent to approximately two thirds of the issued share capital of the Company at the date of this notice (such an amount to be reduced by the aggregate nominal amount of relevant securities issued under paragraph (a) above) in connection with a rights issue to holders of Shares in proportion (as nearly as maybe) to their holding of such Shares and so that the Directors may impose such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with equity securities representing fractional entitlements and with legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise

7 THAT, subject to the passing of resolution 6 as set out in the notice of this meeting, and in accordance with Article 17 of the Articles of Association of the Company, the Directors be empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash pursuant to the general authority conferred by resolution 6 as set out in the notice of this meeting and sell relevant shares (as defined in section 560 of the Companies Act 2006) held by the Company as treasury shares (as defined in section 560 of the Companies Act 2006) for cash, as if section 561(1) of the Companies Act 2006 did not apply to such allotment or sale, provided that this power shall be limited to allotments of equity securities and the sale of treasury shares

(i) in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory

(ii) otherwise than pursuant to sub-paragraph (i) above, up to an aggregate nominal amount of £1,420,540 and such power shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2011 or on 30 September 2011, whichever is earlier, but so that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry, and the Directors may allot equity securities or sell treasury shares in pursuance of such offer or agreement as if the power conferred by this resolution had not expired

8 THAT, the Company be generally and unconditionally authorised, pursuant to Article 10 2 of the Articles of Association of the Company and pursuant to section 701 of the Companies Act 2006, to make market purchases (as defined in section 693 of the Companies Act 2006) of up to 8,523,234 Ordinary Shares of 25p each in the capital of the Company (being approximately 15 per cent of the current issued ordinary share capital of the Company) on such terms and in such manner as the Directors of the Company may from time to time determine, provided that

(a) the amount paid for each share (exclusive of expenses) shall be not more than the higher of (i) five percent above the average market value of an Ordinary Share as derived from the Daily Official List of London Stock Exchange plc for the five business days before the date on which the contract for the purchase is made, or (ii) an amount equal to the higher of the price of the last independent trade and current independent bid as derived from the London Stock Exchange Trading system or less than 25p per share, and
(b) the authority herein contained shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2011 or on 30 September 2011, whichever is earlier, provided that the Company may, before such expiry, make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuance of such contract as if the authority hereby conferred hereby had not expired

9 THAT
(a) the Company may send or supply any document or information to shareholders that is required or authorised to be sent or supplied by the Company
   (i) under the Act, or
   (ii) pursuant to the Company's Articles of Association, or
   (iii) pursuant to any other rules or regulations to which the Company may be subject
   by making it available on a website or by other electronic means,
(b) the relevant provisions of the Act shall apply,
(c) this resolution shall supersede any provision of the Articles of Association to the extent that it is inconsistent with this resolution

10 THAT as permitted by section 307A of the Companies Act 2006 any general meeting of the Company (other than the Annual General Meeting of the Company) shall be called by notice of at least 14 clear days in accordance with the provisions of the Articles of Association of the Company provided that the authority of this Resolution shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2011

By order of the Board,

Nick Temple
Company Secretary

Volex Group plc
Registered in England and Wales No 00158956

Registered Office
10 Eastbourne Terrace
London W2 6LG

Notes of the Notice of Annual General Meeting

1 Resolutions 1 to 6 are proposed as ordinary resolutions This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolutions Resolutions 7 to 10 are proposed as special resolutions This means that for each of these resolutions to be passed, as least three-quarters of the votes cast must be in favour of the resolution

2 Holders of ordinary shares and holders of preference shares are entitled to attend, speak and vote at the Annual General Meeting convened by this Notice

3 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only the holders of ordinary and holders of preference shares entered on the register of members of the Company as at 6 00pm on, 12 July 2010 shall be entitled to attend either in person or by proxy, and the number of ordinary and preference shares then registered in their respective names shall determine the number of notes such persons are entitled to case at the meeting Changes to entries on the register of members after 6 00pm on 12 July 2010, shall be disregarded in determining the rights of any person to attend or vote at the meeting

4 A member entitled to attend, speak and vote at the above meeting may appoint another person as his proxy to attend, speak and vote on his behalf A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him A proxy need not be a member of the Company Completion and return of a form of proxy will not preclude a member from attending and voting in person, should he / she subsequently decide to do so

To appoint more than one proxy you may photocopy the form of proxy Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you) Please also indicate in the box provided, if the proxy instruction is one of multiple instructions being given All forms must be signed and should be returned together in the same envelope

5 To be valid, the instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed (or an office copy thereof or a copy thereof certified in accordance with section 3 of the Powers of Attorney Act 1971), must reach the Company's Registrars, Proxy Department, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less that 48 hours before the time appointed for holding the meeting

6 Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights

7 The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 5 and 6 above does not apply to Nominated Persons The rights described in these paragraphs can only be exercised by shareholders of the Company

8 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 14 July 2010 and any adjournment(s) thereof by utilising the procedures described in the CREST Manual, CREST Personal Members of other CREST sponsored members and those CREST members who have appointed a voting service provider, who will be able to take the appropriate action on their behalf

In order for a proxy appointment made my means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK and Ireland Limited's ('EUROCLEAR') specifications and must contain the information required for such instructions, as described in the CREST Manual The message must be transmitted so as to be received by the Company's agent (ID RA 10) by the latest time for the receipt of proxy appointments specified in this Notice of Annual General Meeting For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message and enquiry to CREST in the manner prescribed by CREST

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUROCLEAR does not make available special procedures in CREST for any particular messages Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions It is the responsibility of the CREST member concerned to take (or if, CREST member is CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time In this context, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001

9 As at Monday 14 June (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 56,821,563 ordinary shares of 25p each carrying one vote each and 80,000 7% cumulative preference shares of £1 00 each In accordance with the Articles of Association of the Company, in view of the deferment of the payment of dividends in respect of the cumulative preference shares, holders of those shares are entitled to attend and vote whether in person or by proxy at the 2010 Annual General Meeting Therefore, the number of total voting rights in the Company (on a poll) as at Monday 14 June are 56,901,563

10 Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to

(i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting, or
(ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006 The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006 Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must be forward the statement to the Company's auditor not later than the time when it makes the statement available on the website The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website

11 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that
(i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions, and
(ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www icsa org uk) for further details of this procedure The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above

12 Copies of the service contracts and letters of appointed of each of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) and at the place of the Annual General Meeting from at least 15 minutes prior to and until the conclusion of the Annual General Meeting

13 Biographical details of each Director who is being proposed for re-election, including their membership of Board committees, are set out on pages 32 to 33 of the Report and Accounts 2010