

AIM: DX
29 September 2014



DX (Group) plc
(“DX” or “the company” or “group”)

Leading independent parcels, mail and logistics operator

Full year results for the year to 30 June 2014

Key Points

Please note that these results include eight months of trading with the pre-AIM admission capital structure and four months of trading with the recapitalised post-AIM admission structure.

- Maiden full year results in line with market expectations
- Admission to AIM & Placing in February 2014 – recapitalisation has substantially strengthened DX’s balance sheet
- Revenues from ongoing activities up 4% to £304.2m (2013: £292.5m)
Total revenues up 2% to £312.0m (£305.7m)
- EBITDA of £34.4m (2013: £34.4m)
Pro forma EBITDA, after all lease costs, up 2.4% to £33.7m (2013: £32.9m)
- Exceptional items and non-recurring costs totalled £59.0m and mainly related to financial restructuring completed prior to AIM admission
- Proposed final dividend of 2.0p per share in respect of the four month period post AIM admission
- Encouraging progress over the year with turnaround programme and operational initiatives
- Positive outlook – strengthened platform to pursue growth strategy

Peter Cvetkovic, Chief Executive Officer, commented,

“Our recapitalisation and admission to AIM in February has marked an important point in DX’s development. We are now very well placed financially and operationally to pursue our long term growth strategy, underpinned by a strong balance sheet and good cash flows.

Over the next three years, our main focus continues to be on the turnaround of DX Freight, the underperforming delivery business we acquired in 2012. Hand in hand with this, we are streamlining and developing DX’s distribution network. Our goal is to create a ‘OneDX’ culture and service offering, underpinned by enhanced technology and unified systems. This transition puts us in a better position both to grow profitably and to provide Customers with the outstanding service delivery that we are constantly striving for.

We have accomplished much in the year. Trading in the new financial year is in line with management expectations and we continue to view prospects for the new financial year positively as we implement our turnaround and efficiency programmes.”

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CHAIRMAN'S STATEMENT

Introduction

I am very pleased to report that DX's maiden full year results since its Admission to AIM are in line with market forecasts. This has been a very important year for DX, with the successful flotation on AIM on 27 February 2014 and the associated placing substantially strengthening the company's financial position. The period covered includes 8 months under private equity ownership and four months as an AIM-quoted company with a recapitalised balance sheet. DX is now very well placed financially to pursue its growth strategy, underpinned by a strong balance sheet and very good cash flows.

There have been a number of key elements behind the trading improvement in the year, including further steady organic growth, continuing efficiency improvements, the beginning of the consolidation of DX's distribution network as well as the ongoing turnaround at DX Freight, the underperforming delivery business which we acquired in 2012 (formerly known as Nightfreight). The acquisition of DX Freight added significant scale to our operations and substantially increased our exposure to the fast growing parcels and freight market. There is still much to be done in turning around this business, which suffered from years of under-investment and numerous management changes before we acquired it. However we have firmly established a programme of investment and transformation which we will be implementing over the next three years. The process of bringing DX Freight together with our wider operations to create a 'OneDX' proposition, underpinned by common technology and systems, will establish a stronger platform for long term growth.

Financial Results

For the year to 30 June 2014, total revenues increased by 2.1% to £312.0 million with revenues from ongoing activities increasing by 4% to £304.2 million.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") were £34.4 million (2013: £34.4 million), in line with market forecasts. However, during the year, we completed a change in the way that we finance the vehicle fleet at DX Freight and, taking account of this, on a pro forma basis, EBITDA increased by £0.8m after all finance and operating lease costs year-on-year, a rise of 2.4%.

Pre-tax profit before exceptional items for the year was £7.1 million (2013: £0.3 million). DX listed at the end of February therefore for 8 months of the year to 30 June 2014 we traded with a now replaced debt structure, including high coupon shareholder debt, all of which has now been eliminated. Pre-tax profit before this shareholder-related interest increased by 31% to £21.9 million (2013: £16.7 million).

The reported loss before tax of £55.7m (2013: loss of £1.9m) was after exceptional costs of £13.6m (2013: £2.2 million), mainly relating to impairment charges, and non-recurring costs of £49.2m, which largely related to the pre-Admission repayment of a debt instrument.

Basic earnings per share for the year before exceptional items were 5.1p (2013: loss of 12.2p). The reported losses per share were 70.2p (2013: loss of 22.9p).

Cash flows and banking

DX generates strong cash flows, with a significant weighting to the second half of the financial year. Adjusting for £57.3 million of exceptional costs, cash generated from operating activities was £23.8 million (2013: £28.9 million).

DX's debt structure has been simplified on Admission to AIM, with the repayment in full of all loan instruments. New banking facilities of £23.0 million have been agreed, including a £13.0 million revolving capital facility. At 30 June 2014, net debt was £12.2m, equivalent to 35% of EBITDA. DX's net debt is expected to reduce over the next financial year.

Dividend

The Board is pleased to propose a final dividend of 2p per share. As the company was only listed for four of the 12 months ended 30 June 2014, this represents a pro forma, post Admission equivalent full year dividend of 6p per share. Subject to shareholder approval, the dividend will become payable on 12 December 2014 to shareholders on the register on 14 November 2014 and will have an ex-dividend date of 13 November 2014.

DX's Annual General Meeting will be held on 4 November 2014 at 10am at DX House, Ridgeway, Iver, Bucks, SL0 9JQ.

Board changes

In July, we announced that non-executive chairman, David Hoare, was stepping down from both the Board and the company after overseeing four and a half years of transformational change at DX. On behalf of all his colleagues, I would like to record our thanks to David for the enormous contribution he has made to DX and for the support he has provided to the Board.

I am delighted to have assumed the role of Chairman and look forward to reporting on the company's further progress in future years.

In July, we also welcomed Paul Murray to the Board as a non-executive director. Paul has over twenty five years' senior level experience of the transport and logistics industry. We intend to make a further non-executive Director appointment in due course.

Our People

DX's success is founded on its people and the teams across DX's operations have worked hard and shown great commitment to the improvements we are making to the business as we move towards our 'OneDX' goal. I would like to thank everyone at DX for their efforts over the year.

Outlook

Looking ahead, while we face a number of challenges, including the structural decline of the mail market, the vast majority of DX's revenues is in the growth areas of parcels, freight and outsized deliveries. The company has opportunities to grow profitability, supported by a strong balance sheet.

We continue to focus on the ongoing turnaround of DX Freight, which will have a positive impact on group margins as the turnaround comes through over the next three years. We are also concentrating on increasing our penetration of market segments requiring our more specialist services, including our time-sensitive, mission critical/high value delivery services and our 2-Man delivery services.

I am pleased to report that the new financial year has started well. As previously stated, historically, there is a strong weighting in trading profit to the second half of the financial year. The company remains well-positioned to continue to deliver on its growth strategy and I look forward to providing a further update on DX's progress at our Annual General Meeting.

Bob Holt
Chairman

CHIEF EXECUTIVE'S STATEMENT

STRATEGY

The Customer experience is at the heart of our culture. Our goal is to achieve steady, controlled growth in our core activities over the next two to three years while planning the 'bringing together' of DX Freight and DX Express in order to create a better Customer experience across all our activities.

Integrating our wide and complementary services under a single brand and streamlining their delivery through an efficiently run network will put us in a strong position to provide Customers with the outstanding service delivery that we are constantly striving for. Our objective is to create a 'OneDX' offering which provides Customers with market-leading choice and outstanding service levels delivered at commercially attractive prices.

A key objective for the Board over the next three years is to complete the turnaround of DX Freight. Purchased in 2012, DX Freight was a substantial acquisition, adding more than £120 million to DX's existing revenues, which at that time were approximately £170 million. Whilst its acquisition has helped to position DX as an operator with scale and an unrivalled range of services, there is still considerable work to be done to achieve DX Freight's full turnaround. We believe that this business has the potential to deliver a significantly enhanced performance as part of our 'OneDX' platform.

The ongoing design and development of our future 'OneDX' network is a key element in creating an efficient delivery platform. Further efficiency savings are being targeted through investment in both technology and infrastructure. This will also help to improve our Customer service levels as real time and 'on road' data is improved. As we combine delivery routes and different services into fewer sites, underpinned by a common technology platform, we will create a more streamlined and effective network that will be better able to serve our Customers. The continuing integration of DX Freight within the wider DX operations will contribute significantly to this streamlining and efficiency programme over the next few years.

We are focusing on the growing segments of the market - parcels, freight and irregular dimension and weight ("IDW") deliveries. While our Document Exchange business, which is mainly used by the legal and financial services industries, is facing some of the challenges that are impacting on the mail market, this remains an important market for us. This business has demonstrated some resilience through its long-established, end-to-end, superior service and through a secure network that offers earlier deliveries, later collections and cost saving opportunities against competitors' mail services.

OUR BUSINESS MODEL

DX provides parcel, mail and logistics services through a number of different channels. Our focus is away from the mass market sectors of the delivery chain and on the growth segments of the market. Our approach to the business is founded on 'the 5Cs': Customers, Cost & productivity, Core, Cash and Colleagues.

Customers

- Delivering a superior service to our Customers throughout the UK and Ireland
- Understanding our Customers' needs and providing solutions that offer them competitive advantage
- Delivering new services that our Customers require

Cost & Productivity

- Focusing on tight cost controls
- Driving programmes to improve productivity throughout DX, with a particular focus on IT, operations, property and finance
- Meeting Customers' price expectations

Core

We are focusing the business on core market segments and services:

- B2B and B2C parcels & mail services, especially for important, urgent, critical deliveries
- B2B and B2C network solutions, utilising the DX infrastructure to deliver cost effective solutions
- Larger items in the 2-Man, 1-Man, Irregular Dimension & Weight and Logistics markets

Cash

Continuing focus on:

- Strong cash management
- EBITDA growth
- Investing in training, facilities, IT and equipment to improve Customers' service experience

Colleagues

- Rewarding and incentivising our Colleagues for delivering a great service to Customers
- Recruiting, retaining and developing talented people
- Creating a culture which promotes pride in what we do

THE MARKET

In 2012, approximately 15.5 billion items were delivered in the UK with an estimated market value of £10.5 billion. Of these items, approximately 13.8 billion were letters, with a market value of c.£6.0 billion, and 1.7 billion were parcels, with a market value of c.£4.5 billion.

Parcels

The parcel market broadly divides into three segments:

- B2B – accounting for c. 40% of the parcel delivery market. It generally tracks GDP growth and offers higher margins
- B2C – accounting for c.55% of the parcel delivery market. It has grown quickly driven by online retailing
- C2X (Consumer to Business or Consumer) - accounting for 5% of the parcel delivery market and growing rapidly

The parcel market is forecast to see steady absolute volume growth, with growth predominantly driven by the B2C market as internet retailing continues to gain market share.

Letters

The letters market can be divided into four areas: transactional items (such as invoices, bank statements and utility bills); direct mail (advertising, promotional material and catalogues); publishing (newsletters and magazines) and social mail (personal correspondence). Of these, the most significant sector is transactional letters, which makes up approximately 56% of the market.

Electronic substitution in letters has seen volumes decline substantially. The market is estimated to have fallen at a CAGR of 3.1% between 2005 and 2008, and then at a CAGR of 6.3% between 2008 and 2013. It is forecast to decline at a CAGR of 4.9% between 2013 and 2018. However, this expected rate of decline may be offset by a continuation of the improving economic backdrop in the UK.

Market Dynamics

The internet and electronic substitution will continue to have a material impact on mail and parcels, with mail in absolute decline and parcels benefiting from increasing use of internet retailing. While

these are the major structural trends, the market is very complex, with some areas of growth in the letter market and electronic substitution adversely affecting some areas of the parcel market such as music, books and video games.

The internet shopping basket is becoming increasingly diverse as consumers' adoption of the internet for shopping grows. This is especially evident in the parcels market where there is an increasing demand for the delivery of higher value items such as clothing, footwear, domestic appliances and furniture. Consumers' use of the internet has also placed a greater emphasis on both the security and speed of deliveries, including increased demand for specified delivery time slots. All these trends play in our favour.

Overall, the Directors anticipate that the long term reduction in DX's mail volumes, which is most evident in our legal and public sector markets, will be offset by increased parcel volumes. The recovering economy and the trends highlighted above are presenting us with opportunities in many sectors of the parcel and mail markets, from the public sector through to the online retail market.

At the same time, the market remains competitive. While not immune to this competitive environment, our Customer-led approach means that we constantly strive for new and improved service levels, and our wide service offering is helping us to create solutions that meet the needs of our Customers.

In the B2C market, the continued trend towards 'click and collect' and collection from alternative locations is creating pressures for retailers, whilst the B2B market is relatively static with the decline of the High Street remaining a challenge. Nevertheless, we are supporting our Customers by providing 'deliver-to-store' solutions as part of their supply chain, enabling smaller companies to offer 'click and collect' options. Another growth market for our e/retail Customers are orders placed from outside the UK. These create opportunities for the cross-border movement of goods, which we have the capability to service.

OPERATIONAL REVIEW OF THE BUSINESS

Introduction

Revenues from ongoing activities increased by 4% to £304.2 million (2013: £292.5 million), a very satisfactory performance against a challenging market background. We saw encouraging levels of new business wins, helped by our expanded range of services. The full benefits of these new contracts will be felt in the new financial year.

We continued to make further progress with the turnaround at DX Freight and across the company we have invested significantly in our IT infrastructure, which will improve our service levels and delivery capability in the coming years. The consolidation and development of our site network is another major and ongoing initiative.

In June 2014, we were delighted to win 'Secure Delivery Service Provider of the Year' in the annual Business Excellence Awards. The award is especially pleasing because it is voted for by our Customers. We also won 'Net Express Export Volume Award 2014' in July. This award was secured by our international service, which is delivered through the Net Express System, our international partner. In September 2013, DX Freight won the 'National Courier Award for Technology 2013' for excellence in delivery time technology.

Parcels and freight

Revenues from our parcels and freight activities were broadly similar to last year at £163.6 million (2013: £162.6 million) and accounted for 52% of DX's total revenue. The results reflect strong growth in parcels, especially tracked parcels. However, there was an adverse impact to revenue from our decision to withdraw from lower margin freight business and untracked courier services. While the decision has a short term negative impact on revenues, it is in line with our strategy to focus on market segments where we can make more of a difference to our Customers.

We were pleased to win a significant number of new contracts in the second half of the financial year, the benefits of which will be felt more fully in the new financial year.

We continued with our programme to update DX Freight's fleet. Currently, we operate 730 vehicles and 554 trailers and are in the process of applying the DX livery across these fleets. So far, 180 vehicles and 166 trailers carry the livery. We have started to add 50 DX-liveried double-deck trailers, which will improve consignment integrity, while increasing capacity and the speed of loading and unloading. DX Freight is primarily a B2B operation but where we are using the operation for B2C deliveries we now have a home delivery surcharge.

Mail and packets

Revenues from mail and packets delivery activities decreased by 3% to £116.1 million (2013: £119.2 million) as anticipated. Our core Document Exchange service which principally supports the legal sector but is also used by the financial and healthcare sectors, continues to see sales attrition, reflecting electronic substitution.

However, we continue to innovate and launched a secure email offering, eDX, and a secure paper shredding service exclusively for our Document Exchange Customers. While we expect attrition to continue, this service remains important to us and is a highly differentiated offering.

At the end of the year, we withdrew completely from the publications distribution market and from non-Document Exchange, untracked mail. Revenue from this business of £3.6 million was low margin and not in keeping with our brand values. The capacity freed up in our network as a result will be better utilised by our growing parcels business.

We continue to broaden the sectors we target in mail and packets, although maintaining our focus on urgent, valuable or important items where we can deliver Customers' added value. Newer market segments where we are making progress include ticket agencies and retailers. We are also developing a pre-delivery text alert system and alternative collection points to enhance our service offering.

Logistics

Revenues from logistics rose by 35% to £32.3 million (2013: £23.9 million). This strong growth principally reflected the growth of our services with existing Customers in the retail sector.

In December 2013, we sold our non-core Business Direct unit, an in-night distributor of engineering parts via a network of intelligent lockers and in-boot distribution. Adjusting for the sale of this activity, underlying revenue growth on continuing operations was 85%.

Although logistics is our smallest activity, it is a core part of our offering. We provide transport solutions to those owner operators who wish to outsource their vehicle fleet operations and often our DX 2-Man and DX Freight service are also selected as additional services to the core logistics contract. Our aim is to remain focused on developing further relationships with Customers' requiring an outsourced fleet size of up to approximately 20 vehicles.

Network consolidation and development

Currently, DX operates from over 70 service centres across the UK, with DX Freight largely operating across separate centres. We are moving towards a fully unified 'OneDX' network infrastructure, with economies of scale, efficiencies of flow and improved site utilisation, which is critical to our ambitions to provide Customers an enhanced service experience. This work will continue over the next few years.

During the year, we closed 12 sites and opened 3 new large co-located sites, with a fourth opened in September. We brought DX Express (our mail and packets operations) and DX Freight (our parcels and freight operations) together onto the same sites in Exeter, Plymouth, Northampton and Heathrow, our new Southern hub.

As part of our co-location programme, we completed an evaluation of our trunking and delivery networks and have aligned delivery routes. This has created later trunking times, benefiting both DX and our Customers.

OUR PEOPLE

We are delighted that many of our Colleagues are now DX shareholders with a tangible stake in the company's future. Our plan to harmonise pay and conditions will simplify how we run the business and provide a level playing field for all of our Colleagues to prosper and advance their careers.

We continue to invest in our teams, with over 8,000 man days of training undertaken across DX. Our training programmes are vital to ensuring high service levels for Customers and creating the culture that reflects our 'Delivered Exactly' commitment. It is important to us that our Customer promise is owned and delivered by all.

Our new apprenticeship scheme is bringing new talent into DX across the UK. We have added experienced and successful senior managers from both inside and outside our industry. The new talent we are bringing on board, combined with our existing team, will help to drive DX forward.

The last year has been exciting and challenging, and I would like to thank everyone for their outstanding efforts in helping to meet the company's objectives and deliver a solid performance for DX's first set of results as an AIM-quoted company.

OUTLOOK

DX's Admission to AIM and its associated recapitalisation has created a firm financial foundation from which to build the business and greatly strengthens our ability to execute our longer term growth strategy.

With some three quarters of DX's revenues coming from the growing markets for parcels and freight, there is good resilience in the business model. There are also clear opportunities to build on our position in specific sectors such as secure mail and parcel deliveries for mission-critical, high-value items and time-sensitive deliveries.

Our 'OneDX' vision is driving significant operational improvements across the company that will underpin future organic profit growth. There is still a good deal to be accomplished, with the turnaround of DX Freight, a three year programme, and the design and development of our 'bringing together' project. We have made encouraging progress over the year and we are increasingly becoming 'Stronger Together'.

Trading in the first few months of the new financial year is in line with management expectations and we look forward to another year of steady, controlled progress as we continue to manage the turnaround of DX Freight and the creation of our 'OneDX' proposition.

Petar Cvetkovic
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REVIEW

The shares of DX (Group) plc were admitted to the AIM market of the London Stock Exchange on 27 February 2014. These first annual financial statements as a listed company for the year to 30 June 2014 therefore include 8 months of trading with the private equity backed pre-Admission capital structure and 4 months of trading with the deleveraged and simplified post-Admission structure.

For the year to 30 June 2014 the group has delivered an EBITDA of £34.4 million on revenues of £312.0 million, an EBITDA margin of 11%. DX has reported a loss before tax as a result of the early redemption of a shareholder instrument prior to the formal redemption date in 2018, which had previously carried a zero cash coupon and charged compounding interest, payable only on the redemption of the instrument. Underlying trading has remained profitable throughout and although the reported EBITDA of £34.4 million appears in line with the prior year, adjusting for a policy change at DX Freight relating to the way in which it finances its vehicle fleet, EBITDA after all lease costs increased by £0.8 million to £33.7 million.

The £185.0 million of equity funds raised as part of the Admission to AIM have been used to redeem all pre-existing third party and shareholder related debt facilities. New banking facilities of £23.0 million have been raised, comprising a £10.0 million term loan and a £13.0 million Revolving Capital Facility ("RCF"). At Admission the term loan was drawn down in full and £8 million of the RCF was drawn down. As at 30 June 2014 there were no drawings on the RCF and DX accordingly has a strong balance sheet with a ratio of debt to EBITDA of 35%. Cash generated from operating activities remains strong at £23.8 million.

Further to the fund raising and Admission to AIM, DX has a much simplified capital structure. As part of the preparation process for the AIM Admission, various non-trading exceptional costs were incurred to eliminate previous debt instruments. These pre-Admission, one-off exceptional items are reported in the results for the year to 30 June 2014, but separately identified. A pre-exceptional EPS figure has been calculated to eliminate the distortion of the one-off pre-Admission costs.

Revenue

Reported revenue for the year to 30 June 2014 grew by 2.1% whilst underlying revenue growth, adjusting for two businesses that were ceased during the year, was 4.0%.

During the year the cessation of two activities identified as non-core was completed. Business Direct, part of the Logistics operation, was sold in December 2013 yielding a profit on disposal of £1.1 million. In Mail & Packets, the distribution of publications and non-Documents Exchange untracked mail was ceased with effect from 30 June 2014. Both of these activities generated lower margins than in other core areas and the withdrawal provides additional capacity for DX to utilise on higher margin business.

Parcels and Freight

Parcels and Freight reported revenue growth of 1%, which reflected strong growth in the market for tracked parcels offset by a rationalisation of Freight business with a withdrawal from a number of loss-making or low margin contracts inherited with the acquisition of the Freight operations in 2012. A significant number of new Customer contracts were entered into in the second half of 2014 and the benefits of this new business will flow through into the new financial year.

Mail and Packets

Revenue from Mail and Packets declined by 3%, in line with expectations. DX's core Document Exchange offering continues to provide great value service to our many members in the Legal, Property, Financial and Healthcare communities but it is anticipated that volumes will continue to follow the market decline for mail as a result of e-substitution. Actions continue to be taken to provide additional value added benefits to our Document Exchange members and within the last 12 months we have launched a secure email offering, eDX, and a secure paper shredding service, although these new revenue streams will not fully offset the ongoing fall in mail volumes.

Our focus in Mail and Packets is on urgent, valuable and important items. From an initial focus on distributing UK passports, bank cards and visas, DX has successfully expanded its range to other sectors that value next-day delivery, market-leading proof of delivery and management information, and higher levels of security from a fully vetted workforce and courier network. New sectors include ticket agencies and retailers for whom security and urgency is a major requirement. In addition, development of a pre-delivery alert system and alternative collection points will further differentiate DX's service offering and provide for growth opportunities moving forward.

With effect from 30 June 2014 we have withdrawn from the market for the distribution of publications and non-Documents Exchange untracked mail as this business was low margin and did not fit with our target service profile. Revenue from this business in 2014 was circa £3.6 million and withdrawal will create spare capacity in the existing network that can be filled with the rapidly growing parcels business that is fully tracked and offers potential for higher margins.

Logistics

On 21 December 2013 DX sold its Business Direct operation, a specialist In-Night distributor of engineering parts via a network of intelligent lockers and in-boot distribution. Further details of the disposal are set out in note 6 to the financial accounts.

Logistics reported revenue grew strongly in 2014 by 35% to £32.3 million. Adjusting for the sale of Business Direct half way through the year, underlying revenue growth on continuing operations was 85%. The retained logistics operations are focused on the provision of innovative supply chain solutions with a focus on the retail, automotive components, education, office supplies and mechanical handling equipment sectors. Many contracts are operated on an open book cost plus basis with relatively low but secure margins. DX can either act as a complete logistics outsource solution or offer a hybrid solution allowing the Customer to use own fleet operations in high density population areas and the wider DX distribution capabilities in other less densely populated areas. The strong revenue growth in 2014 was primarily generated by the geographical expansion of services with one existing retail Customer.

EBITDA

Reported earnings before interest, tax, depreciation and amortisation ("EBITDA") for the year to 30 June 2014 of £34.4 million is unchanged on 2013. However, as part of an ongoing strategy, DX has changed the way in which it finances its vehicle fleet at DX Freight from finance leases to fully maintained operating leases. This transition was completed by the year end. The impact of this change has been to move finance lease costs from the interest cost category, below EBITDA, to operating lease costs reported as part of operating costs above the EBITDA line. (All vehicles were fully depreciated so that there was no corresponding distortion in the depreciation charge). Thus whilst reported EBITDA is unchanged on the previous year, the pro forma EBITDA on a like-for-like basis, reflecting the switch in lease format, increased by £0.8 million.

Exceptional items

Net exceptional items charged to the P&L during the year relate to costs incurred in the continuing turnaround of DX Freight, charges in relation to the corporate reorganisation in preparation for the Admission to AIM and the profit on sale of a trading operation.

The £4.7 million of restructuring costs relate to the implementation of the profit improvement plan for DX Freight, the primary components of which comprise provisions for ongoing rentals for vacated sites, redundancies and payroll costs for allocated staff and consultants. Such costs are not anticipated to recur.

The impairment charge relates to a loan written-off as part of the pre-Admission corporate reorganisation to disaggregate the company from its former ownership structure.

The £1.1 million gain on the disposal of DX Business Direct reflects the book profit on the disposal of these trading activities.

Cashflow

DX remains highly cash generative with cash generated from operating activities, after tax, at 69% of EBITDA. The company has achieved considerable success in the last two years in reducing the average number of debtor days. In the year to 30 June 2013 debtor days declined by 38 days to 30, generating £6.7 million of cash and fell by 2.5 days in 2014 generating a further £1.9 million. This compares very well to industry averages, albeit that the cash upside opportunity is getting smaller. There was some shortening of creditor payment days in 2014 resulting in a net £1.9 million absorption of working capital.

Reduced debt and strengthened balance sheet

The Admission to AIM enabled the group to substantially strengthen the balance sheet and simplify its debt profile.

The placing of new ordinary shares on Admission raised £185.0 million. Together with the redemption of the mezzanine instrument owned by the former shareholders and the elimination of loans to and from previous related companies as part of the corporate restructuring prior to Admission, consolidated net assets have risen to £182.0 million as at 30 June 2014.

The group's debt structure has also been simplified. All former senior debt, second lien and invoice discounting facilities were repaid in full. A new senior term loan of £10.0 million has been drawn down and DX has access to a £13.0 million Revolving Capital Facility of which none was drawn down at the year end. Both facilities charge interest at LIBOR plus 2%. At 30 June 2014 net debt was £12.2 million, equivalent to 35% of EBITDA.

Given the large reduction in net indebtedness and the lower interest rates on the current bank facilities, interest charges under the new capital structure will be materially lower than in previous years.

Capital Expenditure

The Board of DX is committed to maintaining high levels of capital expenditure to improve IT systems, facilities and Customer service. Total capital expenditure in 2014 was £8.7 million, of which £5.5 million was spent on IT hardware and development costs.

Capital expenditure is expected to continue at a similar level in 2015, with IT again expected to be the main component.

Taxation

The effective tax rate on the trading profit before tax is 44.0%, materially greater than the standard tax rate of 22.5%. The difference primarily arises because the interest on the mezzanine instrument owned by the former shareholders was effectively not deductible for tax purposes, thereby increasing the profit attributable to tax. Further to the repayment of this instrument the effective tax rate is expected to approximate closer to the expected tax rate, which will be 20.75% for the year ending 30 June 2015 (subject to any further changes that might be announced in the 2015 budget).

Earnings per share

The reported basic earnings per share for the year to 30 June 2014 of a loss of 70.2p is calculated with a weighted average number of shares on the full year's comprehensive income, including 8 months of trading with the historical financial structure and notional shareholder debt and after exceptional items. Basic earnings per share on trading activities after interest and tax were 5.1p. Given the seasonality of the earnings profile and the revised capital structure, pro forma basic earnings per share for the four month period since Admission pro forma earnings per share are 4.1p.

Dividends

DX's share capital was issued on 27 February 2014 and was therefore in existence for 4 of the 12 months for the year ended 30 June 2014. The Board has proposed a final dividend of 2p, representing a pro forma full year equivalent of 6p per share. The final dividend is payable on 12 December 2014 to shareholders registered on 14 November 2014, and will have an ex-dividend date of 13 November 2014.

Ian Pain
Chief Financial Officer

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Trading £m	2014 Excep- tional items £m	Total £m	2013 £m
Revenue		312.0	-	312.0	305.7
Operating costs		(284.9)	(13.6)	(298.5)	(280.3)
Results from operating activities		27.1	(13.6)	13.5	25.4
Analysis of results from operating activities					
Earnings before interest, tax, depreciation and amortisation ("EBITDA")		34.4	-	34.4	34.4
Depreciation		(3.1)	-	(3.1)	(3.2)
Amortisation		(4.2)	-	(4.2)	(3.6)
Exceptional items	6	-	(13.6)	(13.6)	(2.2)
Results from operating activities		27.1	(13.6)	13.5	25.4
Third party		(5.2)	-	(5.2)	(8.7)
Former shareholder related		(14.8)	(49.2)	(64.0)	(18.6)
Net finance costs	7	(20.0)	(49.2)	(69.2)	(27.3)
Profit/(loss) before tax		7.1	(62.8)	(55.7)	(1.9)
Tax income/(expense)	8	(3.1)	3.8	0.7	(1.7)
Profit/(loss) for the period		4.0	(59.0)	(55.0)	(3.6)
Other comprehensive income:					
Foreign currency translation differences		-	-	-	0.1
Other comprehensive income, net of tax		-	-	-	0.1
Total comprehensive income/(expense) for the period		4.0	(59.0)	(55.0)	(3.5)
Earnings per share (pence):					
Basic	9	5.1	(75.3)	(70.2)	(22.9)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

	Notes	2014 £m	2013 £m
Non-current assets			
Property, plant and equipment		18.7	18.7
Intangible assets and goodwill		197.7	198.3
Loans to former group companies		-	9.8
Deferred tax assets		1.2	-
Total non-current assets		<u>217.6</u>	<u>226.8</u>
Current assets			
Trade and other receivables		49.2	49.9
Cash and cash equivalents		1.1	30.2
Total current assets		<u>50.3</u>	<u>80.1</u>
Total assets		<u>267.9</u>	<u>306.9</u>
Equity			
Share capital		2.0	0.2
Share premium		181.4	-
Reverse acquisition reserve		280.0	142.2
Other reserves		0.1	0.1
Retained earnings		(281.5)	(226.5)
Total equity		<u>182.0</u>	<u>(84.0)</u>
Non-current liabilities			
Loans and borrowings:			
Third party	10	8.4	152.0
Mezzanine instrument	10	-	20.1
Loans from former group companies	10	-	131.3
		<u>8.4</u>	<u>303.4</u>
Other creditors		-	0.3
Provisions		7.3	8.9
Deferred tax liabilities		-	1.6
Total non-current liabilities		<u>15.7</u>	<u>314.2</u>
Current liabilities			
Current tax liabilities		0.8	-
Loans and borrowings – third party	10	4.5	10.4
Trade and other payables		36.9	37.1
Deferred income		28.0	29.2
Total current liabilities		<u>70.2</u>	<u>76.7</u>
Total liabilities		<u>85.9</u>	<u>390.9</u>
Total equity and liabilities		<u>267.9</u>	<u>306.9</u>

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2014 £m	2013 £m
Cash generated from operating activities	12	23.8	28.9
Cash flows from investing activities			
Proceeds from sale of DX Business Direct		2.5	-
Proceeds from sale of property, plant and equipment		0.3	0.8
Part refund of DX Freight Limited purchase price		-	0.4
Acquisition of property, plant and equipment		(5.0)	(3.4)
Acquisition of Customer relationships		(0.3)	-
Development expenditure		(3.7)	(3.9)
Net cash used in investing activities		(6.2)	(6.1)
Net increase in cash before financing activities		17.6	22.8
Cash flows from financing activities			
Issue of shares		185.0	-
New bank loans		10.0	-
Repayment of bank borrowings		(155.9)	(7.8)
Repayment of mezzanine instrument		(79.0)	-
Repayment of mortgage facility		(3.1)	(0.3)
Payment of finance lease liabilities		(0.7)	(1.4)
Movement on invoice discounting facilities		(4.1)	(2.9)
Share issue expenses		(1.8)	-
Loan issue costs		(0.4)	-
Net cash used in financing activities		(50.0)	(12.4)
Net (decrease)/increase in cash and cash equivalents		(32.4)	10.4
Cash and cash equivalents at beginning of period		30.2	19.8
Cash and cash equivalents at end of period		(2.2)	30.2

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Reverse acqui- sition reserve £m	Trans- lation reserve £m	Retained earnings £m	Total £m
At 1 July 2012	0.2	-	142.2	-	(222.9)	(80.5)
Loss for the year	-	-	-	-	(3.6)	(3.6)
Total other comprehensive income	-	-	-	0.1	-	0.1
At 30 June 2013	0.2	-	142.2	0.1	(226.5)	(84.0)
Loss for the year	-	-	-	-	(55.0)	(55.0)
Issue of shares	1.8	183.2	-	-	-	185.0
Capital reconstruction	-	-	137.8	-	-	137.8
Share issue expenses	-	(1.8)	-	-	-	(1.8)
At 30 June 2014	2.0	181.4	280.0	0.1	(281.5)	182.0

UNAUDITED NOTES TO THE PRELIMINARY ANNOUNCEMENT

1. Basis of Preparation

This unaudited preliminary consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the IFRS Interpretation Committee (IFRIC) interpretations as endorsed by the European Union (EU). The accounting policies applied in these condensed interim financial statements are the same as those applied to the consolidated financial statements reported in the AIM admission document issued on 21 February 2014.

This preliminary consolidated financial information does not constitute statutory consolidated financial statements for the year ended 30 June 2014 or the year ended 30 June 2013 as defined in section 434 of the Companies Act 2006. No financial statements for DX (Group) plc have yet been filed with the Registrar of Companies. The financial statements for 2014 will be filed with the Registrar in due course.

The acquisitions during the year have been accounted for using the principles of reverse acquisition accounting. Therefore the financial statements as at and for the year ended 30 June 2014 are prepared as a continuation of the financial statements of the companies acquired. The comparative numbers presented in the consolidated financial statements are an aggregation of those reported in the financial statements as at and for the year ended 30 June 2013 for the companies acquired.

Capital structure

The company was incorporated and registered in England and Wales on 19 September 2013 under the Companies Act 2006 as a private company limited by shares with the name Tralee Properties Limited. The company changed its name to DX Newco Limited on 29 January 2014 and to DX (Group) Limited on 12 February 2014. The company was reregistered as a public limited company under the name DX (Group) plc on 19 February 2014.

On 20 February 2014 the company (through a new wholly owned subsidiary, DX (VCP) Limited) acquired all of the issued share capital of DX Holdings Limited and DX Secure Mail Limited from DX Finance Limited (a wholly owned subsidiary undertaking of the former parent undertaking). As a result of these acquisitions DX (Group) plc is now the parent undertaking of the subsidiaries acquired from DX Group Limited.

On 27 February 2014 the company's shares were admitted to the AIM market of the London Stock Exchange through a placing of 185,000,000 ordinary shares of £0.01 each at £1.00 per ordinary share and a vendor placing of 15,525,500 ordinary shares of £0.01 each at £1.00 per share.

The acquisitions of DX Holdings Limited and DX Secure Mail Limited and their subsidiaries have been accounted for using the principles of reverse acquisition accounting. Therefore the financial statements as at and for the year ended 30 June 2014 are prepared as a continuation of the financial statements of these two companies and their subsidiaries. The comparative numbers presented in the consolidated financial statements are an aggregation of those reported in the financial statements as at and for the year ended 30 June 2013 for DX Holdings Limited and DX Secure Mail Limited and their subsidiaries.

2. Principal accounting policies

Full disclosure of the group accounting policies can be found in the AIM admission document issued on 21 February 2014 as presented on the DX (Group) plc website. These have been consistently applied throughout the 2014 financial year.

Critical accounting policies

The group makes certain estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are considered to relate to:

(a) *Carrying value of goodwill:* The group tests annually whether goodwill has suffered any impairment. In assessing impairment, the lowest level of goodwill for which there are separately identifiable cash flows (cash generating units) that can reasonably be assessed is for the group as a whole. The recoverable amount of the goodwill is measured as the higher of its fair value less costs to sell and value in use. Value in use calculations require the estimation of future cash flows to be derived from the cash generating units and to select an appropriate discount rate in order to calculate their present value. The estimation of the timing and value of underlying projected cash flows and the selection of appropriate discount rates involves management judgement. Subsequent changes to these estimates or judgements may impact the carrying value of the goodwill.

(b) *Impairment of trade receivables:* The assessments undertaken in recognising provisions and contingencies have been made in accordance with IAS 39. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or significant delinquency in payments are considered indicators that the trade receivable is impaired.

(c) *Provisions:* Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The amount of the provision requires estimation of the extent and timing of probable outflows of resources and to select an appropriate discount rate in order to calculate their present value. The estimation of the timing and value of underlying projected outflows of resources and the selection of appropriate discount rates involves management judgement.

3. New standards and interpretations not yet adopted

The following standards are in issue but not yet effective and have not been adopted by the group.

- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' – provides clarification on the application of offsetting rules
- IFRS 10 'Consolidated Financial Statements' – builds on existing principles by highlighting the concept of control as the determining factor on whether an entity should form part of the consolidated financial statements
- IFRS 12 'Disclosure of Interests in Other Entities' – includes disclosure requirements for all forms of interest in other entities
- Amendments to IFRS 10, 12 and IAS 27 'Investment Entities' – includes provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10
- Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' – aligns the disclosure requirements of IAS 36 following the issuance of IFRS 13. It is intended that disclosures around recoverable amount will be required when that amount is based on fair value less costs of disposal, and discount rates when present value techniques have been used in assessing recoverable amount
- IFRIC 21 'Levies' – clarifies when to recognise a liability to pay a government levy that is accounted for in accordance with IFRS 37
- IFRS 9 'Financial Instruments' (2009 and 2010) – not yet endorsed by the European Union. It will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets

The group has not completed its assessment of the impact of these pronouncements but the implementation of these new standards is not expected to have a material impact on the consolidated results, financial position or cash flows of the group.

4. Segment information

	2014 £m	2013 £m
Revenue:		
Parcels and freight	163.6	162.6
Mail and packets	116.1	119.2
Logistics	32.3	23.9
	312.0	305.7
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	34.4	34.4
Depreciation and amortisation	(7.3)	(6.8)
Exceptional items	(13.6)	(2.2)
Results from operating activities	13.5	25.4
Finance charges (net) – third party	(5.2)	(8.7)
Finance charges (net) – former shareholder related	(64.0)	(18.6)
Loss before tax	(55.7)	(1.9)

The board of directors is considered to be the chief operating decision maker (‘CODM’). Due to the integrated nature of the operations the CODM considers there to be only one operating unit and reviews profitability, assets and liabilities on a group basis. The CODM also considers there to be only one material geographical segment, being the United Kingdom and the Republic of Ireland.

5. Operating costs

	2014 £m	2013 £m
Other external charges	180.9	168.0
Employee benefit expense (see note 8)	84.5	91.3
Depreciation and other amounts written off property, plant and equipment:		
Owned assets	3.1	2.6
Leased assets	-	0.6
Amortisation of intangible assets	4.2	3.6
Profit on sale of property, plant and equipment	(0.1)	(0.4)
Hire of plant – other rentals	1.2	1.2
Other operating lease rentals (including land and buildings)	15.8	13.4
Other operating income	(1.1)	-
Impairment charges	10.0	-
Total operating costs	298.5	280.3
Trading activities	284.9	278.1
Exceptional items (see note 6)	13.6	2.2
Total operating costs	298.5	280.3

6. Exceptional items

	2014 £m	2013 £m
Restructuring costs	4.7	2.1
Impairment charges	10.0	-
Gain on disposal of DX Business Direct	(1.1)	-
DX Freight Limited acquisition costs	-	0.1
	13.6	2.2

Restructuring costs

The group acquired DX Freight Limited (formerly known as Nightfreight) in March 2012 and commenced a programme of improving the operating efficiency of that company and integrating its activities into those of the group. Costs of £4.7 million (2013: £2.1 million) were incurred during the year on this programme.

Impairment charges

Prior to the company's admission to the AIM market of the London Stock Exchange the group undertook a capital reorganisation, as a result of which an amount of £10.0 million (2013: £9.8 million) was owed to the group by its former ultimate parent undertaking. As that company has no assets following the reorganisation this amount has been fully impaired in the year ended 30 June 2014 (2013: £nil).

Gain on disposal of DX Business Direct

On 21 December 2013 the group completed the disposal of the trade and assets of the DX Business Direct trading activity. The consideration for the disposal was £5.5 million, of which £3.0 million was received on completion and £0.6 million in July 2014. A further £0.6 million and £1.25 million is receivable in September and December 2014 respectively.

The net profit on the disposal was £1.1 million (2013: £nil).

7. Finance income and expense

	2014 £m	2013 £m
Third party		
<i>Interest payable</i>		
Interest on bank loans	4.7	7.8
Other interest	0.3	0.6
Amortisation of financing costs	0.5	0.7
	<u>5.5</u>	<u>9.1</u>
<i>Interest receivable</i>		
Bank interest	0.3	0.4
	<u>0.3</u>	<u>0.4</u>
Net third party interest	<u>5.2</u>	<u>8.7</u>
Former shareholder related		
<i>Interest payable</i>		
Mezzanine instrument – amortised cost	9.8	11.0
Interest payable to former group companies	5.4	8.6
	<u>15.2</u>	<u>19.6</u>
<i>Interest receivable</i>		
Interest receivable from former group companies	0.4	1.0
	<u>0.4</u>	<u>1.0</u>
Net shareholder related interest	<u>14.8</u>	<u>18.6</u>
Net finance costs – excluding exceptional costs	<u>20.0</u>	<u>27.3</u>
	2014 £m	2013 £m
Financing costs written off on debt repayment	0.8	-
Gain on debt buy back	(0.8)	-
	<u>-</u>	<u>-</u>
Total third party interest	-	-
Former shareholder related		
<i>Interest payable</i>		
Mezzanine instrument – exceptional charge	49.2	-
	<u>49.2</u>	<u>-</u>
Net finance costs – exceptional costs	<u>49.2</u>	<u>-</u>

During the year ended 30 June 2014 the group negotiated to purchase some of its bank debt at a discount to par value. £10.8 million of debt was purchased for a cash cost of £10.0 million, realising a gain of £0.8 million (2013: £nil).

The mezzanine instrument was originally recognised at a fair value of £nil at the date of transition to IFRSs, 1 July 2010. Finance charges in the three years to 30 June 2013 had increased the amortised cost of the instrument to £20.1 million at that date. The instrument was repaid on 4 March 2014 in the amount of £79.0 million.

The finance charges on the mezzanine instrument represent non-cash charges on these borrowings to bring them to amortised cost in accordance with IAS 39. In the year ended 30 June 2014 the amount required to increase amortised cost to the amount repaid is also included as an exceptional cost.

8. Income tax income/(expense)

(a) Analysis of charge in year

	2014 £m	2013 £m
Current tax		
United Kingdom corporation tax		
Current year	(2.2)	(1.5)
Adjustments in respect of prior periods	0.5	0.5
Total United Kingdom corporation tax	(1.7)	(1.0)
Overseas taxation	(0.3)	(0.4)
Total current tax	(2.0)	(1.4)
Deferred tax		
Current year	3.4	0.2
Adjustments in respect of prior periods	(0.7)	(0.5)
Total deferred tax	2.7	(0.3)
Net tax income/(expense)	0.7	(1.7)
Trading	(3.1)	(2.2)
Exceptional items	3.8	0.5
Net tax income/(expense)	0.7	(1.7)

(b) Factors affecting the net tax income/(expense) for year

The net tax income/(expense) for the year differs from the expected amount that would arise using the weighted average rate of corporation tax in the UK for each year. The differences are explained below:

	2014 £m	2013 £m
Loss before tax	(55.7)	(1.9)
Loss before tax at the standard rate of UK corporation tax of 22.50% (2013: 23.75%)	12.5	0.5
Factors affecting charge for year:		
Non-cash finance charges in accordance with IAS 39 not deductible for tax purposes	(10.4)	(2.6)
Impairment charges not deductible for tax purposes	(2.3)	-
Gain on disposal of DX Business Direct not taxable	0.3	-
Adjustments in respect of prior years	0.1	0.1
Effect of changes in tax rates	0.4	0.4
Other	0.1	(0.1)
Net tax income/(expense)	0.7	(1.7)

9. Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

10. Loans and borrowings

(a) Third party

	2014 £m	2013 £m
Non-current liabilities		
Bank loans	8.8	150.2
Deferred loan issue costs	(0.4)	(1.0)
	<hr/>	<hr/>
	8.4	149.2
Secured mortgage facility	-	2.8
	<hr/>	<hr/>
	8.4	152.0
Current liabilities		
Cash book balance	3.3	-
Invoice discounting facility	-	4.1
Bank loans	1.2	5.2
Secured mortgage facility	-	0.4
Finance lease liabilities	-	0.7
	<hr/>	<hr/>
	4.5	10.4

(b) Mezzanine instrument

	2014 £m	2013 £m
Non-current liabilities		
Mezzanine instrument	-	20.1
	<hr/>	<hr/>
	-	20.1

(c) Loans from former group companies

	2014 £m	2013 £m
Non-current liabilities:		
Amounts owed to former parent companies	-	131.3
	<hr/>	<hr/>
	-	131.3

11. Financial instruments

Short term debtors and creditors have been excluded from the following disclosures.

(a) Interest rate profile

The table below shows the levels of fixed and floating third party financial liabilities.

At 30 June 2013

	Fixed rate £m	Floating rate £m	Total £m
Bank loan	-	155.4	155.4
Mortgage facility	3.2	-	3.2
Finance leases	0.7	-	0.7
	<hr/>	<hr/>	<hr/>
	3.9	155.4	159.3
Effect of interest rate swaps to convert floating rate borrowings to fixed rate	93.3	(93.3)	-
	<hr/>	<hr/>	<hr/>
	97.2	62.1	159.3

At 30 June 2014

	Fixed rate £m	Floating rate £m	Total £m
Bank term loan	-	10.0	10.0
	-	10.0	10.0

(b) Fair values

Financial instruments utilised by the group during the years ended 30 June 2013 and 30 June 2014, together with information regarding the methods and assumptions used to calculate fair values, can be summarised as follows:

Current assets and liabilities

Financial instruments included within current assets and liabilities (excluding cash and borrowings) are generally short-term in nature and accordingly their fair values approximate to their book values.

Borrowings and cash

The carrying values of cash and short-term borrowings approximate to their fair values because of the short-term maturity of these instruments.

The financial instruments held by the group do not, either individually or as a class, create potentially significant exposure to the market, credit, liquidity or cash flow interest rate risk.

Fair values of financial assets and liabilities

Carrying amount and fair value

The fair value of all financial assets and liabilities is considered to be equal to the carrying values of these items due to their short-term nature. Cash is held with counterparties with a Moody's credit rating of A2 and Ba3.

£1.8 million (2013: £1.5 million) of net financial assets and liabilities at the statement of financial position date were denominated in Euros. All other net financial assets and liabilities were denominated in Sterling. A 10 per cent strengthening of Sterling against the Euro at 30 June 2014 would have reduced equity and profit by £0.2 million (2013: £0.1 million).

A 1 per cent increase or reduction in the interest rate applicable to the term loan and revolving capital facility would have had a negligible impact on the profit for the year.

Credit risk

Credit risk is the risk of financial loss to the group if a Customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from Customers and investment securities. The maximum exposure to credit risk is the amount of the receivables balance.

The ageing of trade and other receivables at the statement of financial position date that were not impaired was as follows:

	2014 £m	2013 £m
Neither past due nor impaired	34.4	33.3
Past due 1 - 30 days	1.4	2.7
Past due 31 – 90 days	0.2	0.7
Past due more than 90 days	0.3	0.2
	36.3	36.9

The movement in the allowance for impairment in respect of trade and other receivables was as follows:

	Individual impairments £m	Collective impairments £m
At 1 July 2012	0.4	1.6
Impairment losses recognised	0.9	(1.0)
Amounts written off	(0.9)	-
At 30 June 2013	0.4	0.6
At 1 July 2013	0.4	0.6
Impairment losses recognised	-	0.1
Amounts written off	(0.4)	0.1
At 30 June 2014	-	0.8

The Group considers that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and extensive analysis of Customer credit risk, including underlying Customers' credit ratings, when available.

Derivative financial instruments

	2014 £m	2013 £m
Interest rate swaps	-	0.1

The notional principal amount of the outstanding interest rate swap contract at 30 June 2013 was £93.3 million. The fixed interest rate payable under the terms of the contract was 1.25%, and the floating rate was LIBOR. The interest rate swap expired on 31 July 2013 and was not replaced.

IFRS 13 (amended), 'Financial Instruments: Disclosures', requires the disclosure of financial instruments measured at fair value, grouped into Levels 1 to 3 below, based on the degree to which fair value is observable:

- Level 1 – fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs, other than quoted prices included within Level 1 above, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The group's derivative financial instruments as described above were classified as Level 2.

12. Cash generated from operating activities

	£m	£m
Cash flows from operating activities		
Loss for the period	(55.0)	(3.5)
Exceptional items:		
- Non-cash finance costs	49.2	-
- Gain on sale of DX Business Direct	(1.1)	-
- Impairment charges	10.0	-
- Gain on debt buy back	(0.8)	-
	<hr/>	<hr/>
Cash flow before exceptional items	2.3	(3.5)
Adjustments for non-cash items:		
- Depreciation	3.1	3.2
- Amortisation of intangible assets	4.2	3.6
- Non-cash finance costs	16.9	20.8
- Gain on sale of property, plant and equipment	(0.1)	(0.4)
- Tax expense	(0.7)	(2.1)
	<hr/>	<hr/>
Net cash profit	25.7	21.6
Changes in:		
- trade and other receivables	3.0	6.5
- trade and other payables	(1.9)	2.5
- deferred income	(1.1)	1.3
- provisions	(1.9)	(3.0)
	<hr/>	<hr/>
Net change in working capital	(1.9)	7.3
Cash generated from operating activities	23.8	28.9