21 September 2015
AIM: DX.

DX (Group) plc
('DX' or 'the company' or 'the group')

Leading independent parcels, mail and logistics operator

Preliminary results for the year to 30 June 2015

It should be noted that the comparative results for the prior year include eight months when DX was under private equity ownership and only four months as an AIM-quoted company with a recapitalised balance sheet.

KEY POINTS

- A satisfactory performance - continuing progress with business transition

Financial

- Revenues from ongoing activities of £297.5m (2014: £304.2m)
  – progress with new customer wins offsetting programme to exit commercially unattractive contracts
- Adjusted EBITDA steady at £33.7m (2014: £33.7m)
- Adjusted PBT of £26.7m (2014: £27.7m) / Statutory PBT of £24.8m (2014: loss of £55.7m)
- Adjusted EPS of 10.9p (2014: 10.7p) / Statutory EPS of 9.9p (2014: loss of 70.2p)
- Strong cash generation from operating activities of £27.7m (2014: £23.8m)
- Net debt reduced to £1.8m at year end (2014: £12.2m)
- Significant capital expenditure of £9.9m (2014: £8.7m) – to support OneDX programme
- Proposed final dividend of 4p, taking the total for the year to 6p (2014: 2.0p - in respect of the four month period post AIM admission)

Operational

- Continued progress with OneDX programme
  - all trading entities integrated under one company structure
  - operational management brought under a single reporting structure
  - key functions centralised, including sales, operations, customer services, finance, HR and IT
  - ongoing network consolidation and development
- Acquisition of certain assets from City Link (in Administration) and purchase of a 49.8% shareholding in Gnewt Cargo, a zero-emissions logistics company

- Ongoing IT investment to enhance service levels

- Proposed development of a major new hub - 44 acre site in the West Midlands acquired, subject to planning consent

- Board confident of strategy to deliver long-term growth

Petar Cvetkovic, Chief Executive Officer of DX, said:

"We have continued to make steady progress with our OneDX programme. This substantial and ongoing investment across the business supports our aim of providing enhanced delivery solutions to our customers. It is also creating a more efficient operating structure to underpin our offering, which is based on a market-leading range of services, value and high customer service levels.

"Trading conditions in the second half remained challenging and given these tough conditions the performance of the business for the year has been satisfactory. The group continues to generate strong cash flows, which supports our investment programme, including our proposed major new hub, and our progressive dividend policy.

"Looking forward, our OneDX programme remains a key focus and we have a solid strategy supported by a robust balance sheet. Trading conditions continue to be tough but we are well placed to take advantage of any improvement and we have started the year in a positive manner. The Board remains confident of our strategy to deliver long term growth."

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About DX
www.thedx.co.uk
Established in 1975 and based in Iver, Buckinghamshire, DX is a leading independent logistics and parcel distribution company. It operates throughout the UK and Ireland, delivering c. 170 million items a year. The company offers an unrivalled range of services, providing next day delivery services for mail, parcels and 2-Man deliveries to business and residential addresses. In particular, DX specialises in next day or scheduled delivery of time-sensitive, mission critical and high value items. Its customers are mainly commercial organisations but also include public sector companies and national and local governmental organisations.

CHAIRMAN'S STATEMENT

Results Overview

I am pleased to report DX's trading results for the year to 30 June 2015.

In a difficult trading environment, the group's financial results show a satisfactory performance. Revenues from ongoing activities totalled £297.5 million for the year (2014: £304.2 million from ongoing activities and £7.8 million from activities ceased during 2014). The 2% net decline in ongoing revenue masks progress with new customer wins, which largely offset our contract review programme, where we have reviewed and exited from business not providing acceptable returns.

Earnings before interest, tax, depreciation and amortisation ('EBITDA') from ongoing activities of £33.7 million was consistent with the prior year (2014: £33.7 million from ongoing activities and £0.7 million from ceased activities). Cash generation remained strong and DX closed the year with net debt of £1.8 million (2014: £12.2 million), an 85% improvement on the corresponding date last year. The group's strong cash flows support our significant investment plans for the business as well as our progressive dividend policy.

It should be noted that the comparative results for the prior year include eight months when DX was under private equity ownership and only four months as an AIM-quoted company with a recapitalised balance sheet.

Dividend

The Board is pleased to propose the payment of a final dividend of 4p per share (2014: 2p per share). This, together with the interim dividend of 2p per share, paid on 27 March 2015, takes the total dividend for the year to 6p per share (2014: 2p per share in respect of the four month period post AIM admission).

The final dividend, which is subject to shareholder approval, will be paid on 16 November 2015 to shareholders on the register on 9 October 2015.

A Business in Transition

As previously stated, DX is a business which is in transition as we execute our OneDX integration and development plan. Under this major initiative, we are putting in place solid foundations for future growth. Our OneDX plan is bringing all our operations together onto a single enhanced operating platform, with the latest technology driving systems and processes throughout the business. This far-reaching programme includes the phased implementation of a new routing and scheduling system across our operations, and the rationalisation and development of our site network. Our goal is to deliver strong customer service benefits and generate efficiencies.

We made steady progress over the year in the execution of our OneDX programme.

Our plans to develop a major new UK distribution hub took a significant step forward in May, when we announced the proposed purchase of a 44-acre site in the West Midlands. As we reported, the site purchase is conditional on planning consent, and we estimate net capital expenditure of approximately £35 million for the project, including the site acquisition and proceeds from the sale of existing freeholds.

Our OneDX strategy remains a key focus for the group and we anticipate similar levels of capital expenditure in the new financial year, as well as additional investment for the proposed new hub.

We will continue to lay the foundations to support DX's long term success, whilst also continuing to manage DX Exchange, our bespoke secure document handling business which is exposed to e-substitution.

Our People

Our colleagues have shown tremendous dedication and commitment to our customers and to the group, and their hard work and passion helps to drive the company's success. On behalf of the Board, I would like to acknowledge everyone's contribution and to thank all our colleagues whose efforts are greatly appreciated.

Outlook

We are establishing firm foundations for DX's long term growth under our OneDX programme and this will remain a major focus over the new financial year. As we move through the programme, we expect to see efficiency gains as well as capacity and service benefits. At the same time, we are working on initiatives to enhance the services we provide our customers. Our aim is to expand within those areas where we have strong differentiation, including highly secure deliveries, 2-Man and larger, heavier, more awkward to handle consignments (irregular weight and dimension items).

We remain confident of further progress as we continue to deliver on the group's corporate strategy.

Bob Holt
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

We have continued to make steady progress with our OneDX programme over the year.

This substantial and ongoing investment across the business supports our aim of providing enhanced delivery solutions to our customers. It is also creating a more efficient operating structure to underpin our offering, which is based on a market-leading range of services, value and high customer service levels.

The major proportion of our £9.9 million of capital investment in the business over the year was in technology. It included the first phase of the roll-out of a new routing and scheduling system. Two of DX's three operating networks now use a common software platform as well as uniform handheld scanners. This will enable an enhanced service to our customers and significant efficiencies as it facilitates the switching of shipments between networks. Property is another key area of investment and part of the ongoing optimisation of our site network. Over the year we have continued with our co-location plans, consolidating sites onto better and larger units. The proposed development of a 44-acre site announced in May will significantly accelerate our network development plans.

Our new investment in Gnewt Cargo Limited ('Gnewt'), the emission-free delivery services provider, is progressing well. We are now assisting in the business's expansion outside its existing London base into a second city location, with plans in place for further steady geographic expansion.

Trading conditions in the second half remained challenging and given these tough conditions the performance of the business for the year has been satisfactory. While we added approximately £20 million of new business (on an annualised basis), focusing on customers who value high levels of service, there was a 2.2% reduction in revenues from ongoing activities. This reduction reflected our contract review programme, set in place to ensure that all contracts deliver an acceptable return. We continue to focus on margin enhancement which should come through as we progress our OneDX programme.

Review of Activities

Parcels and freight

Our activities within the parcels and freight segment comprise three core services, DX 1-Man, DX Courier, and DX 2-Man.

DX 1-Man specialises in the delivery of irregular dimension and weight ('IDW') items (i.e. those items which are unsuitable for parcel conveyors and require instead mechanical lifting and/or manual handling). In addition, DX 1-Man delivers pouches, parcels and pallets for next day arrival and offers an international network option. Over 63% of deliveries are B2B although the IDW market in B2C is growing significantly, reflecting trends in online shopping.

DX Courier provides next day parcel services and is a B2B service. Focused on smaller packets and parcels requiring a single driver, it provides a highly reliable delivery service for branch networks, high street shops and government premises. It has developed a strong presence in several market sectors including pharmaceuticals, optical, retail and gambling.

DX 2-Man offers a B2C home delivery solution for heavier and bulkier items, such as furniture. Its services also include furniture assembly, the installation of white goods and 'white glove' delivery to a room of the customer's choice.

Parcels and freight revenues for the year decreased by 5.8% to £154.1 million against £163.6 million in the prior year and accounted for 51.8% of DX's total ongoing revenues. The decrease reflects our contract review programme, as previously highlighted, and masks the progress made in new business. We are continuing to focus on expanding our presence within those market sectors where our offering, especially for 1-Man and 2-Man deliveries, is well differentiated. These markets include construction, optical, pharmaceutical, public sector and retail.

Mail and packets

Our activities within mail and packets comprise three core services: DX Exchange, DX Secure and DX Mail. DX Exchange is a private B2B network and this year celebrates its 40th year of operation.

DX Exchange provides a reliable and secure overnight delivery service, using approximately 4,200 exchanges across the UK and Ireland. Customers are predominantly from the legal, financial and healthcare sectors. Each customer is provided with a unique DX reference number and a mailbox at a local exchange, with mail collected after 5.00pm and delivered prior to 9.00am. Customers pay an annual subscription with monthly audits to assess usage levels from which subscription levels are derived.

DX Secure was established to deliver bank and credit cards and has a market-leading level of security in the delivery of high value items and important personal documents to residential and business addresses. Security is supported by a rigorous vetting process for staff and an end-to-end security audit trail for deliveries. Her Majesty's Passport Office ('HMPO') is a major customer as DX Secure has the exclusive contract for the national delivery of all UK passports. More recently DX Secure has moved into the e-tail market, in the B2C space, where the same level of rigour and high customer service is required.

DX Mail is a low cost, second class mail service which offers Downstream access for smaller volume users. DX will collect and sort second-class letters from customers, with the final mile delivery provided by our contracted access supplier through Downstream access. This market has been an area of growth for DX over the last few years.

Mail and packets generated a 3.5% increase in ongoing revenues over the year to £116.4 million from £112.5 million in the prior year. (This result excludes revenues from untracked mail and publication activities which were ceased from 30 June 2014). Revenue from this segment represented 39.1% of DX's total ongoing revenues. The rise was driven by good growth from both existing and new DX Secure customers, including increased volumes from HMPO. As previously reported, HMPO also extended our current three year contract for a further year to July 2016. The good growth in DX Secure more than offset the ongoing decline in volumes at DX Exchange. This decline reflects general e-substitution trends and was at the upper end of our expected range for the year. The service remains an important offering and we continue to look for ways to add further value to our customers.

Logistics

DX Logistics provides a full outsource service to those owner operators who wish to outsource their vehicle fleet operations. The focus is on medium-sized contracts with an outsourced fleet size of 10-20 vehicles. DX 1-Man and DX 2-Man can provide additional services to our core logistics contracts.

Logistics revenue for the year decreased by 16.4% to £27.0 million from £32.3 million and accounted for 9.1% of group ongoing revenues. However, last year's revenue includes £4.2 million from Business Direct which was sold in December 2013.

We are pleased to announce a new five year contract with Vaculug, one of our major logistics customers, which has benefited from the specialist services provided by the logistics team.

OneDX Programme

Our OneDX programme, which commenced in 2013, continued steadily this financial year, reaching some notable milestones. One of our principal goals is an optimised and fully integrated site network. To date, as a part of our development plans, we improved the quality and increased the overall size of our footprint by 285,000 sq ft. This has involved the consolidation of 21 sites into six locations.

The bringing together of facilities provides opportunities for service enhancements and route optimisation. This will drive efficiencies and better vehicle utilisation whilst preparing for savings in our trunking operations. As we continue with the network development plan, we have been working on the identification of a site for a major new hub and in late May reached agreement for the acquisition of a 44-acre site in the West Midlands. Its purchase is conditional on planning consent and our estimated net capital investment, including the site purchase, is approximately £35 million. The hub is intended to replace DX's current sites at Willenhall and will create substantial additional capacity and significant operational benefits, including increased efficiencies and enhanced customer service levels. Subject to planning consent, our intention is to have the new hub operational by the summer of 2017.

Our network development is supported by significant investment in IT and business infrastructure with the aim of building a common operating platform across all activities. We have commenced the roll-out of a new leading-edge routing and scheduling system, with further phases to come over the next two years.

We continued to invest in our fleet, introducing double deck trailers for our trunking routes. In addition, we introduced a new, specially designed, five tonne vehicle, which is currently exclusive to DX. These vehicles are better suited for the growing B2C market and provide us with a reduced carbon footprint with no loss in carrying capacity compared to the larger vehicles they replace. We have also created a 3.5 tonne version to be introduced later in 2015.

Colleagues

Much has been achieved at DX over the year and I would like to record my personal thanks to all our colleagues for their hard work and dedication. In a challenging marketplace, we are moving the business forward and continuing to focus on providing outstanding customer service.

Outlook

We have a solid strategy supported by a robust balance sheet. Trading conditions continue to be tough but we are well placed to take advantage of any improvement and we have started the year in a positive manner. The Board remains confident of our strategy to deliver long term growth.

Petar Cvetkovic

Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REVIEW

Summary

DX has delivered a satisfactory result in its first full financial year on AIM. The company has maintained underlying EBITDA on slightly lower revenues and generated strong cash flows, funding both material capital expenditure and a significant reduction in net debt.

With net debt decreased to £1.8 million, DX is in a strong financial position to invest in a proposed major new hub. The new hub will create substantial additional capacity and provide for enhanced customer service and increased efficiencies. The agreement to purchase the land for the hub is subject to approved planning permission and will be funded through future operating cash flows and new loan facilities.

The shares of DX (Group) plc were admitted to the London Stock Exchange's AIM market on 27 February 2014. The comparative period therefore includes eight months where DX traded as a private equity-backed business, with a much more leveraged capital structure.

Ongoing revenue at £297.5 million is 2.2% behind the prior year's result largely as a result of the continued programme of exiting commercially unsustainable long-term contracts, inherited with the acquisition of Nightfreight in 2012. This small decline masks the good progress DX has made in generating new business, particularly in parcels and freight. DX has a strong pipeline of new business opportunities that we will be working to secure in the current financial year.

Following the demise of City Link in December 2014, DX reached an agreement with the Administrator of City Link to acquire certain City Link assets, comprising cages, scanners and certain intellectual property, for a total cash consideration of £1.1 million. We were also able to offer employment to over 60 former City Link employees and a considerable number of contractors and courier owner drivers formerly engaged by City Link.

DX successfully attracted more than £10 million of annualised new business from former City Link customers and on sound commercial terms whilst providing added value services to our new customers. However, City Link's demise and the elimination of its distribution capacity has not led to a hardening of prices in the market.

Underlying EBITDA at £33.7 million is flat on last year after adjusting the prior year's result for the profit made by the DX Business Direct operation which was sold in December 2013. EBITDA margin has improved by 0.3% to 11.3% as a result of the contract review programme and successfully managing costs.

Profit from operating activities at £25.3 million is 6.6% lower year-on-year due to an increase in depreciation and amortisation. This reflects the continued investment DX is making and includes improving the IT infrastructure and new operational software and hardware.

As part of the continuing OneDX programme, during the year we transferred all of the assets and operations of our wholly-owned subsidiaries, DX Freight Limited and DX Secure Limited, into DX Network Services Limited. All DX operations in the UK now reside in one wholly-owned operating entity, providing for increased efficiency and reduced cost. Following completion of the transfers, DX

Freight Limited and DX Secure Limited became non-trading shell companies with no assets or third party liabilities. Both shell companies will in due course be formally extinguished by way of a Members Voluntary Liquidation.

Operating cash flow was again strong, enabling us to reduce net debt by 85% to £1.8 million and funding £9.9 million of capital expenditure and the acquisition of a 49.8% shareholding in Gnewt Cargo Limited ('Gnewt'), the emission-free delivery service provider. DX also paid £8.0 million of dividends to DX shareholders during the year.

Adjusted earnings per share were 10.9p, a 0.2p (1.3%) improvement on the prior year. Reported earnings per share were 9.9p (2014: 70.2p loss).

Revenue

Underlying revenue decreased by 2.2% after adjusting for the two activities that ceased in the year ended 30 June 2014. Including these activities, reported revenue declined by 4.6%.

Parcels and freight

Revenue from parcels and freight declined by 5.8% to £154.1 million which represented 51.8% (2014: 53.8%) of total ongoing revenue. This segment includes the DX 1-Man operation specialising in the next day delivery of irregular dimension and weight ('IDW') freight and DX 2-Man offering a delivery solution for heavier and bulkier items such as furniture and both white and brown goods. DX continued to exit from commercially unsustainable long-term contracts in these sectors inherited with the acquisition of Nightfreight in 2012. This together with the full year impact of the contract review programme from the prior year resulted in a decline in revenue.

DX Courier which provides next day tracked parcel services for the B2B market has experienced strong year-on-year revenue growth, benefiting from new business wins in this and the preceding financial year, particularly in the pharmaceutical sector.

Price competition for parcels and freight remains intense yet DX has continued to win new business supported by consistently good service levels during the year. Further new business wins are a priority for the current year.

Mail and packets

Ongoing revenues from mail and packets increased by £3.9 million or 3.5% on the prior year. This segment includes DX Exchange which provides a valuable and secure overnight service to members across the UK and Ireland. Mail volumes have been declining for a number of years, reflecting the trend towards e-substitution. Volumes declined at the higher end of our forecasts, however this was more than offset by strong growth in DX Secure.

DX Secure provides a market leading level of security in the delivery of urgent, important and valuable items to residential addresses. Growth has been supported by new business wins in the retail sector which continues to provide DX with strong growth opportunities in the B2C market. DX Secure also distributes all UK passports on behalf of Her Majesty's Passport Office and saw increased passport volumes year-on-year, with its current contract with HPMO extended to July 2016.

Logistics

Ongoing logistics revenue declined by £1.1 million or 3.9% on the prior year following the cessation of a low margin contract. DX can either act as a complete logistics outsource solution or offer a hybrid solution allowing the customer to use their own fleet operations in major cities and the DX 1-Man and 2-Man services in other less densely populated areas.

EBITDA

Underlying earnings before interest, tax, depreciation and amortisation ('EBITDA') for the year to 30 June 2015 of £33.7 million is unchanged on the prior year. The prior year result excludes the £0.7 million of EBITDA contributed by DX Business Direct in 2014, before the business was sold in December 2013.

DX has successfully maintained EBITDA despite a year-on-year decline in revenue. The expected reduction in DX Exchange volumes does not translate to cost reduction since collection and delivery still needs to be made unless an Exchange site closes. DX delivered savings through managing its fixed cost base and gaining efficiencies by delivering parcels through the most optimal network. This was made more challenging due to cost increases arising from a short supply of qualified drivers holding a CPC licence for 7.5 tonne vehicles, following changes in regulation. The shortage of qualified drivers remains a challenge in the industry and DX is investing in training its drivers to gain CPC licenses.

Exceptional items

There are no exceptional items reported in 2015. Prior year charges relate largely to: the continuing turnaround of DX Freight; charges in relation to the corporate reorganisation in preparation for admission to AIM; and the profit on sale of DX Business Direct.

Exceptional items	**2015 £m**	**2014 £m**
Restructuring costs	-	4.7
Impairment charges	-	10.0
Gain in disposal of DX Business Direct	-	(1.1)
Total	-	**13.6**

Investment in Associate

In December 2014 DX acquired a 49.8% shareholding in Gnewt at a cost of £1.9 million. Gnewt is a fast growing zero-emissions delivery service provider. Its fleet of electric zero-emission vehicles operate only in London but DX intends to support the roll-out of Gnewt's services across other UK cities. A profit after tax of £39,000 from this investment is recognised in the statement of comprehensive income.

Cash flow

Cash generated from operating activities (after tax) grew by 16% and represented 82% of EBITDA (2014: 69%) reflecting the continued high level of cash generation by DX. Debtor days improved by 4.3 days on the preceding year to 23.2 days which remains industry leading and partly reflects the move towards collecting more cash by direct debit. Net working capital decreased by £2.7 million, largely as a result of a reduction in deferred income as DX Exchange declined.

Net assets

Net assets increased by £12.2 million largely as a result of DX's strong cash generation that increased cash balances by £5.9 million to £7.0 million, and reduced debt and borrowings by £4.5 million to £8.8 million.

Non-current assets have increased by £3.5 million and include a £1.9 million investment in Gnewt and the £1.1 million purchase of certain assets from the Administrators of City Link. The remaining increase is largely represented by the continued investment in IT infrastructure less amortisation.

Trade and other receivables have fallen by £10.4 million largely due to the excellent performance in reducing debtor days. Last year's balance included £2.5 million deferred consideration from the sale of DX Business Direct which was received in full in the year ended 30 June 2015.

Current liabilities, excluding debt, reduced by £5.0 million to £60.7 million. This reflected a reduction in deferred income due to the reduced annual subscriptions for DX Exchange, and an increase in corporation tax and other tax liabilities.

During the year DX resolved litigation with a leasehold property landlord in relation to three sites. DX has acquired the freehold for two of the sites, one of which has subsequently been sold, and terminated the contract for the third, avoiding several years of future rental and dilapidation liabilities. This settlement contributed to a £3.8 million reduction in non-current liabilities.

Net debt

Net debt reduced by 85% against the prior year to £1.8 million due to strong cash generation. This is equivalent to 5% of EBITDA (2014: 35%) as at 30 June 2015.

A new senior term loan of £10.0 million was drawn down last year against which £1.2 million was repaid during the year ended 30 June 2015. DX also has access to a £13.0 million Revolving Credit Facility which was not utilised at the year end. Both facilities charge interest at LIBOR plus 2%.

DX operates within its banking covenants with strong levels of headroom.

As previously announced, DX is planning to develop a major new hub in the West Midlands. Planning permission on a site has been applied for, with a response anticipated by November 2015. After planning permission is received, DX will complete the acquisition of the freehold site, valued at circa £12.5 million, and commence construction with completion and fit-out targeted for the second quarter of calendar 2017. The transfer of operations to the new facility is expected to be completed over the ensuing 9-12 months. The gross cost of the completed facility is estimated at £38 million, or a net investment of £35 million following the sale of existing freehold sites to be vacated as part of the plan. Funding for the development of the site will be from a combination of future trading cash flows and new bank facilities currently being negotiated.

The new hub will strengthen the customer experience by allowing customers to use all DX services through one channel. It will also consolidate hub and trunking operations and increase operational capacity to accommodate future growth. Management anticipates £4 million per annum of operational savings although we believe there is potential to exceed this figure.

Capital expenditure

As in previous years, DX has continued to invest in capital expenditure. More than half of the expenditure was on IT hardware and development costs as the business continues to invest in the operational IT infrastructure under the OneDX programme. The principal benefit of a large part of technology spend is in developing a route planning system which will drive greater efficiencies in our collection and delivery routes. During the year the business invested in updating the mail automation machines and acquired assets from City Link as mentioned earlier.

Movement on reserves

Following a reclassification decision, the reverse acquisition reserve of £280 million has been transferred to the retained earnings reserve during the year.

Taxation

The underlying effective tax rate of 19.8% (2014: 43.7%) is below the prevailing UK corporate tax rate of 20.75%. This small difference arises due to the impact of capital allowances from the long term capital investment programme and because some of the profit derived in the year is from DX's operations in Eire which has a lower rate of corporation tax.

Earnings per share

Adjusted earnings per share, which excludes amortisation of intangibles and EBITDA from disposed activities, increased by 1.3% to 10.9p (2014: 10.7p).

	2015 £m	2014 £m
Results from operating activities	25.3	27.1
Less: ceased operations	-	(0.7)
Add back: amortisation of intangibles	1.9	1.6
Interest charge*	(0.5)	(0.3)
Adjusted profit before tax	**26.7**	**27.7**
Tax charge**	(4.9)	(6.2)
Adjusted profit after tax	**21.8**	**21.5**
Adjusted earnings per share	**10.9**	**10.7**

* 2014 Notional interest charge assuming the new capital structure was in place the whole year
** Tax charged calcuated at the prevailing tax rates at the time

Dividends

The Board has proposed a final dividend of 4p resulting in a total dividend of 6p (2014: 2p for the four month period post AIM admission). The final dividend is payable on 16 November 2015, to shareholders registered on 9 October 2015, and will have an ex-dividend date of 8 October 2015.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 12 months to 30 June

	Notes	2015 £m	2014 Trading £m	2014 Exceptional items £m	2014 Total £m
Revenue		**297.5**	**312.0**	**-**	**312.0**
Operating costs	5	(272.2)	(284.9)	(13.6)	(298.5)
Results from operating activities		**25.3**	**27.1**	**(13.6)**	**13.5**
Analysis of results from operating activities					
Earnings before interest, tax, depreciation and amortisation ('EBITDA') from ongoing activities		33.7	33.7	-	33.7
EBITDA from disposed activities		-	0.7	-	0.7
Depreciation		(3.4)	(3.1)	-	(3.1)
Amortisation of software and development costs		(3.1)	(2.6)	-	(2.6)
Amortisation of other intangibles		(1.9)	(1.6)	-	(1.6)
Exceptional items	6	-	-	(13.6)	(13.6)
Results from operating activities		**25.3**	**27.1**	**(13.6)**	**13.5**
Finance income	7	-	0.7	0.8	1.5
Finance costs	7	(0.5)	(20.7)	(50.0)	(70.7)
Net finance costs		**(0.5)**	**(20.0)**	**(49.2)**	**(69.2)**
Profit/(loss) before tax		**24.8**	**7.1**	**(62.8)**	**(55.7)**
Tax income/(expense)	8	(4.9)	(3.1)	3.8	0.7
Profit/(loss) for the period		**19.9**	**4.0**	**(59.0)**	**(55.0)**
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the period		**19.9**	**4.0**	**(59.0)**	**(55.0)**
Earnings per share (pence):					
Basic	9	9.9	5.1	(75.3)	(70.2)
Adjusted earnings per share		10.9			10.7

Adjusted earnings per share is calculated after:

- excluding amortisation of other intangibles;
- excluding EBITDA from disposed activities and exceptional items including third party and shareholder related interest on the pre-Admission capital structure for the year to 30 June 2014; and
- including in the comparative year to 30 June 2014 a notional third party interest charge to reflect the capital cost had the debt structure put in place at Admission been in place throughout the year ended 30 June 2014.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June

	Notes	2015 £m	2014 £m
Non-current assets			
Property, plant and equipment		18.6	18.7
Intangible assets and goodwill		199.3	197.7
Investments in associates		1.9	-
Deferred tax assets		1.3	1.2
Total non-current assets		221.1	217.6
Current assets			
Trade and other receivables		38.8	49.2
Cash and cash equivalents		7.0	1.1
Total current assets		45.8	50.3
Total assets		**266.9**	**267.9**
Equity			
Share capital		2.0	2.0
Share premium		181.4	181.4
Reverse acquisition reserve		-	280.0
Other reserves		0.1	0.1
Retained earnings		10.7	(281.5)
Total equity		**194.2**	**182.0**
Non-current liabilities			
Loans and borrowings – third party	10	7.3	8.4
Provisions		3.5	7.3
Total non-current liabilities		10.8	15.7
Current liabilities			
Current tax liabilities		2.6	0.8
Loans and borrowings – third party	10	1.2	4.5
Trade and other payables		34.2	36.9
Deferred income		23.9	28.0
Total current liabilities		61.9	70.2
Total liabilities		**72.7**	**85.9**
Total equity and liabilities		**266.9**	**267.9**

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 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**
Profit for the year	-	-	-	-	19.9	19.9
Reverse acquisition reserve transfer	-	-	(280.0)	-	280.0	-
Dividends	-	-	-	-	(8.0)	(8.0)
Share-based payment transactions	-	-	-	-	0.3	0.3
At 30 June 2015	**2.0**	**181.4**	**-**	**0.1**	**10.7**	**194.2**

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
For the 12 months to 30 June

	Notes	2015 £m	2014 £m
Cash generated from operating activities	12	**27.7**	**23.8**
Cash flows from investing activities			
Proceeds from sale of DX Business Direct		2.5	2.5
Proceeds from sale of property, plant and equipment		0.1	0.3
Acquisition of associate		(1.9)	-
Acquisition of trademarks and domain names		(1.0)	-
Acquisition of property, plant and equipment		(3.3)	(5.0)
Acquisition of Customer relationships		-	(0.3)
Software and development expenditure		(5.6)	(3.7)
Net cash used in investing activities		**(9.2)**	**(6.2)**
Net increase in cash before financing activities		**18.5**	**17.6**
Cash flows from financing activities			
Issue of shares		-	185.0
New bank loans		-	10.0
Repayment of bank borrowings		(1.2)	(155.9)
Repayment of mezzanine instrument		-	(79.0)
Repayment of mortgage facility		-	(3.1)
Payment of finance lease liabilities		-	(0.7)
Movement on invoice discounting facilities		-	(4.1)
Share issue expenses		-	(1.8)
Loan issue costs		-	(0.4)
Equity dividends paid		(8.0)	-
Net cash used in financing activities		**(9.2)**	**(50.0)**
Net increase/(decrease) in cash and cash equivalents		**9.3**	**(32.4)**
Cash and cash equivalents at beginning of period		(2.2)	30.2
Effect of exchange rate fluctuations on cash held		(0.1)	-
Cash and cash equivalents at end of period		**7.0**	**(2.2)**

NOTES TO THE FINANCIAL INFORMATION

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 financial statements are the same as those set out in the annual report and accounts for the year ended 30 June 2014.

This preliminary consolidated financial information does not constitute statutory consolidated financial statements for the year ended 30 June 2015 as defined in section 434 of the Companies Act 2006. The 2015 financial statements for DX (Group) plc have yet to be filed with the Registrar of Companies, they will be filed with the Registrar in due course.

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 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.

2 Principal accounting policies

The accounting policies applied in these condensed financial statements are the same as those set out in the annual report and accounts for the year ended 30 June 2014.

Critical accounting estimates and assumptions

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.

- IAS 19 'Employee Benefits' – amendments that will reduce the complexity and burden of accounting for certain contributions from employees and third parties
- IFRS 2 'Share-based payments' – amendments to definition of 'vesting condition'
- IFRS 3 'Business combinations' – amendments to classification and measurement of contingent consideration
- IFRS 8 'Operating segments' – amendments to disclosures on the aggregation of operating segments
- IFRS 13 'Fair value measurement' – amendments to measurement of short-term receivables and payables
- IAS 16 'Property, plant and equipment' – amendments to restatement of accumulated depreciation on revaluation
- IAS 38 'Intangible assets' – amendments to restatement of accumulated amortisation on revaluation
- IAS 24 'Related party disclosures' – amendments to definition of 'related party'

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

	2015 £m	2014 £m
Revenue:		
Parcels and freight	154.1	163.6
Mail and packets	116.4	116.1
Logistics	27.0	32.3
	297.5	**312.0**
Earnings before interest, tax, depreciation and amortisation ('EBITDA') from ongoing activities	33.7	33.7
EBITDA from disposed activities	-	0.7
Depreciation and amortisation	(8.4)	(7.3)
Exceptional items	-	(13.6)
Results from operating activities	**25.3**	**13.5**
Finance charges (net) – third party	(0.5)	(5.2)
Finance charges (net) – former shareholder related	-	(64.0)
Profit / (loss) before tax	**24.8**	**(55.7)**

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

	2015 £m	2014 £m
Other external charges	170.9	180.9
Employee benefit expense	77.5	84.5
Depreciation and other amounts written off property, plant and equipment:		
Owned assets	3.4	3.1
Leased assets	-	-
Amortisation of intangible assets	5.0	4.2
Profit on sale of property, plant and equipment	-	(0.1)
Hire of plant – other rentals	1.6	1.2
Other operating lease rentals (including land and buildings)	13.8	15.8
Other operating income	-	(1.1)
Impairment charges	-	10.0
Total operating costs	**272.2**	**298.5**
Trading activities	272.2	284.9
Exceptional items (see note 6)	-	13.6
Total operating costs	**272.2**	**298.5**

6 Exceptional items

	2015 £m	2014 £m
Restructuring costs	-	4.7
Impairment charges	-	10.0
Gain on disposal of DX Business Direct	-	(1.1)
	-	**13.6**

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 were incurred from this programme in the prior year.

Impairment charges
Following the capital reorganisation in prior to the company's admission to the AIM market of the London Stock Exchange in the prior year an amount of £10.0 million was owed to the group by its former ultimate parent undertaking. As that company had no assets following the prior year reorganisation this amount was fully impaired.

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 the remaining £2.5 million was received in the current year.

The net profit on the disposal was £1.1 million, all of which was recognised in the year ended 30 June 2014.

7 Finance income and expense

	2015	2014		
			Excep-tional	
		Trading	items	Total
	£m	£m	£m	£m
Finance income				
Third party				
Bank interest	-	0.3	-	0.3
Gain on debt buy back	-	-	0.8	0.8
	-	0.3	0.8	1.1
Former shareholder related				
Interest receivable from former group companies	-	0.4	-	0.4
	-	0.4	-	0.4
Total finance income	**-**	**0.7**	**0.8**	**1.5**
Finance costs				
Third party				
Interest on bank loans	0.2	4.7	-	4.7
Amortisation of financing costs	0.1	0.5	-	0.5
Other interest	0.2	0.3	-	0.3
Financing costs written off on debt repayment	-	-	0.8	0.8
	0.5	5.5	0.8	6.3
Former shareholder related				
Mezzanine instrument – amortised cost	-	9.8	49.2	59.0
Interest payable to former group companies	-	5.4	-	5.4
	-	15.2	49.2	64.4
Total finance costs	**0.5**	**20.7**	**50.0**	**70.7**

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. There were no similar transactions undertaken in the current year.

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 (expense)/income

(a) Analysis of charge in year

	2015 £m	2014 £m
Current tax		
United Kingdom corporation tax		
Current year	(4.9)	(2.2)
Adjustments in respect of prior periods	0.2	0.5
Total United Kingdom corporation tax	(4.7)	(1.7)
Overseas taxation	(0.3)	(0.3)
Total current tax	**(5.0)**	**(2.0)**
Deferred tax		
Current year	0.3	3.4
Adjustments in respect of prior periods	(0.2)	(0.7)
Total deferred tax	**0.1**	**2.7**
Tax (expense)/income	**(4.9)**	**0.7**
Trading	(4.9)	(3.1)
Exceptional items	-	3.8
Tax (expense)/income	**(4.9)**	**0.7**

Adjustments in respect of prior periods' deferred tax are increased by £0.1 million (2014: £nil) in respect of reductions in tax rates.

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

The tax (expense)/income 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:

	2015 £m	2014 £m
Profit/(loss) before tax	24.8	(55.7)
(Profit)/loss before tax at the standard rate of UK corporation tax of 20.75% (2014: 22.50%)	(5.2)	12.5
Factors affecting charge for year:		
Non-cash finance charges in accordance with IAS 39 not deductible for tax purposes	-	(10.4)
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
Effect of different tax rates	0.2	0.4
Other	0.1	0.1
Tax (expense)/income	**(4.9)**	**0.7**

9 Earnings per share

Basic earnings per share
The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the average number of shares (2014: weighted average) in issue during the year.

10 Loans and borrowings

Third party

	2015 £m	2014 £m
Non-current liabilities		
Bank loans	7.6	8.8
Deferred loan issue costs	(0.3)	(0.4)
	7.3	**8.4**
Current liabilities		
Cash book balance	-	3.3
Bank loans	1.2	1.2
	1.2	**4.5**

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.

Bank term loan

	2015 £m	2014 £m
Fixed rate	-	-
Floating rate	8.8	10.0
Total	**8.8**	**10.0**

(b) Fair values

Financial instruments utilised by the group during the years ended 30 June 2014 and 30 June 2015, 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 Aa2 and Ba2.

£0.7 million (2014: £1.8 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% strengthening of Sterling against the Euro at 30 June 2015 would have reduced equity and profit by £0.1 million (2014: £0.2 million).

A 1% 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:

	2015 £m	2014 £m
Neither past due nor impaired	23.3	34.4
Past due 1 - 30 days	1.0	1.4
Past due 31 – 90 days	0.2	0.2
Past due more than 90 days	-	0.3
	24.5	**36.3**

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 2013	0.4	0.6
Impairment losses recognised	-	0.1
Amounts written (back)/off	(0.4)	0.1
At 30 June 2014	-	0.8
At 1 July 2014	-	0.8
Amounts written back	-	(0.3)
At 30 June 2015	**-**	**0.5**

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.

12 Cash generated from operating activities

	2015 £m	2014 £m
Cash flows from operating activities		
Profit/(loss) for the period	19.9	(55.0)
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)
Cash flow before exceptional items	**19.9**	**2.3**
Adjustments for non-cash items:		
- Depreciation	3.4	3.1
- Amortisation of intangible assets	5.0	4.2
- Non-cash finance costs	0.1	16.9
- Gain on sale of property, plant and equipment	-	(0.1)
- Equity-settled share-based payment transactions	0.3	-
- Tax	1.7	(0.7)
Net cash profit	**30.4**	**25.7**
Changes in:		
- trade and other receivables	7.9	3.0
- trade and other payables	(2.7)	(1.9)
- deferred income	(4.1)	(1.1)
- provisions	(3.8)	(1.9)
Net change in working capital	**(2.7)**	**(1.9)**
Cash generated from operating activities	**27.7**	**23.8**