

Interim Results

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DX (Group) PLC
31 March 2017

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AIM: DX.

This announcement contains inside information

DX (Group) plc ("DX" or "the Company" or "the Group")

Unaudited Interim Results for the six months ended 31 December 2016

DX, a leading independent mail, parcels and logistics network operator announces its unaudited interim results for the six months to 31 December 2016.

KEY POINTS

Financial

- Revenue of £142.7m (2015: £141.6m)
- EBITDA of £3.9m (2015: £5.6m) / Adjusted* PBT of £0.6m (2015: £2.4m)
- Reported LBT of £29.3m (2015: £87.1m) - after exceptional items of £28.8m, relating mainly to goodwill impairment (2015: £88.4m)
- Loss before tax and exceptional items of £0.5m (2015: £1.3m profit)
- Adjusted* EPS of 0.5p (2015: 1.1p) / Reported LPS after exceptional items of 14.4p (2015: 43.6p)
- Wide-ranging review of the Company's operations underway to improve financial performance and increase revenues
- Refinancing terms agreed which better match the needs of the business

Operations

- Change in overall revenue mix resulted in lower average margin
- Parcels & Freight revenue increased by 2.8% to £80.3m:
 - Strong volume growth at DX 2-Man but flat growth in DX Courier and DX 1-Man
- Mail & Packets revenue declined by 3.6% on a like-for-like basis but is up 1.0% overall at £55.5m:
 - Decrease in DX Exchange was in line with management expectations
 - Growth in DX Secure was below targeted levels
 - Addition of Legal Post and First Post, acquired in May 2016, added £2.6m of revenues
- Logistics revenue decreased by £1.7m to £6.9m but prior year included £4.3m of low margin discontinued contracts. Significant wins:
 - Three year contract with Avon UK post period - worth in excess of £10m p.a.
 - IKEA relationship is expanding
- 'OneDX' network optimisation and development programme experienced short term operational issues with a co-location, resulting in temporary higher costs:
 - A further major site consolidation project was completed - at Norwich
 - Both projects will drive customer service benefits and efficiencies
- Management is considering its options on a new hub with stakeholders
- Management team significantly strengthened, and business transformation specialist has been working

with the Company since mid-January

- Current trading is in line with management expectations
- The Board is in discussions with John Menzies plc regarding the potential combination of DX and the distribution business of John Menzies plc - see separate announcement
 - A further announcement will be made when appropriate

* Adjusted profit before tax and adjusted EPS exclude amortisation of acquired intangibles and exceptional items

Petar Cvetkovic, Chief Executive Officer, commented:

"Results have been impacted by the trading pressures reported in February and we have since initiated a wide-ranging review of the Company's operations to improve financial performance and drive revenues. We have also significantly strengthened our senior management team and have been working with a business transformation specialist since mid-January.

"We are pleased with progress with recent initiatives and are encouraged by recent new business wins, including our major contract with Avon UK. Our pipeline of new business is also currently standing at its strongest level in recent years.

"The Board remains highly focused on implementing measures to turnaround business performance and in addition is currently in discussions regarding the potential combination of DX and the Distribution division of John Menzies. We believe that the combination of the businesses has strong strategic logic for all stakeholders and represents an opportunity to deliver significant value to both companies' shareholders. We will provide a further update in due course."

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About DX

www.dxdelivery.com

Established in 1975, [DX](http://www.dxdelivery.com) 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.

CHIEF EXECUTIVE'S STATEMENT

INTRODUCTION

Results for the six months to 31 December 2016 show revenue of £142.7m (2015: £141.6m) and adjusted profit before tax of £0.6m (2015: £2.4m).

As we stated in our February update, against a challenging trading background, profitability has been impacted by a number of factors. The key elements were margin erosion from the ongoing change in revenue mix, with DX Courier and Freight operations, both higher margin activities, not meeting expected growth targets, and the growth trend in DX Secure coming in below last year's level. The integration of five different sites into one at Swanley, which is part of our 'OneDX' programme, incurred higher costs than expected. However, the issues have now largely been resolved and the benefits from this integration programme, as well as a second co-location also completed in the period, will start to come through in the second half and beyond.

Swanley. As in the previous year, a shortage of CPC-qualified drivers remains an issue for the industry, but we have reduced the impact by investing in the driver network.

Earnings before interest, taxation, depreciation and amortisation ("EBITDA") were £3.9m (2015: £5.6m).

Depreciation and amortisation decreased by £0.1m to £4.1m against the comparative period (2015: £4.2m). We continued to develop the Group's operational IT infrastructure and progress network consolidation and development, which is part of the 'OneDX' programme.

Exceptional items in the current year of £28.8m (2015: £88.4m) largely comprise a non-cash item of £27.4m relating to the impairment of goodwill. In addition, £0.8m related to the departure of previous senior management and a £0.6m cost related to the CMA investigation of our Legal Post and First Post acquisition.

As a result of the lower EBITDA, the adjusted profit before exceptional items and tax was £0.6m (2015: £2.4m). After exceptional items, the reported loss before tax was £29.3m (2015: £87.1m).

Adjusted EPS reduced to 0.5p (2015: 1.1p) reflecting the reduction in pre-tax profits. The reported loss per share after exceptional items was 14.4p (2015: 43.6p).

Cash flows and net debt

	Six months ended 31 December 2016	Six months ended 31 December 2015	Change £m
	£m	£m	
<i>Cash flow:</i>			
EBITDA	3.9	5.6	(1.7)
Movement in working capital	(4.4)	(2.1)	(2.3)
Tax paid	(0.8)	(2.6)	1.8
Exceptional items	(1.4)	-	(1.4)
Other	(0.2)	-	(0.2)
Net cash from operating activities	(2.9)	0.9	(3.8)
Capital expenditure	(0.9)	(1.1)	0.2
Development expenditure	(1.4)	(2.3)	0.9
Free cash flow	(5.2)	(2.5)	(2.7)
Drawings on revolving credit facility	10.5	11.0	(0.5)
Repayment of bank borrowings	(0.6)	(0.6)	-
Debt issue costs paid	(0.1)	-	(0.1)
Equity dividends paid	(3.0)	(8.0)	5.0
Deferred consideration for acquisitions	(0.3)	-	(0.3)
Net increase/(decrease) in cash	1.3	(0.1)	1.4

	31 December 2016	31 December 2015	Change £m
	£m	£m	
<i>Net debt:</i>			
Gross debt	24.0	19.2	(4.8)
Cash and cash equivalents	(5.6)	(6.9)	(1.3)
Net debt	18.4	12.3	(6.1)

Operating cash outflow of £2.9m was impacted by lower EBITDA and exceptional items. The movement in working capital largely relates to a reduction in deferred income. Net debt at 31 December 2016 increased to £18.4m (2015: £12.3m). The half year period end represents a relatively high point in the Company's net debt cycle whereas 30 June represents a relatively low point in the cycle.

Subsequent to the end of the period, we have agreed refinancing terms to 30 September 2018, including replacing the revolving credit facility with an invoice discounting facility. We are satisfied that our new arrangements better match the needs of the business than previously.

DIVIDENDS

In the light of current trading and, in line with our statement in our trading update in February 2017, the Board has taken the decision not to pay any dividends for the foreseeable future. This policy will be kept under review as appropriate.

REVIEW OF OPERATIONS

Parcels & Freight

Revenues from parcels and freight activities increased by 2.8% to £80.3m (2015: £78.1m) and accounted for 56% of overall income. Revenues from both DX Courier and DX 1-Man activities were flat due to attrition in existing contracts offsetting new business wins. Our DX 2-Man service traded well and achieved strong volume growth, benefitting from new business wins as well as existing customers trading up.

Mail & Packets

Mail and packets delivery activities generated revenues of £55.5m over the first half (2015: £54.9m), accounting for 39% of total revenues. The increase in revenues reflected the acquisition of Legal Post and First Post, bought at the end of May 2016 which contributed revenues of £2.6m. Excluding this acquisition, revenues were down by £2.0m (3.6%) which reflected the continued long term erosion of DX Exchange revenues.

Revenue in DX Exchange declined by 6.7%, with favourable exchange rates arising from our activities in Ireland lifting this result by 3%. DX Exchange revenues in the UK declined by 9.7% (2015: 10.9%), which was in line with management expectations. E-substitution is driving the overall downward trend, together with Government reductions in public sector expenditure and consolidation in the legal sector. The second half of the year includes some key customer subscription periods, in particular in the Government and Legal sectors, and we will be monitoring this period carefully. We are also working on initiatives to enhance customer service with new capabilities. The integration of the acquisition of Legal Post and First Post in Scotland with our own operations will benefit both sets of customers as well as drive efficiencies and improve financial performance.

DX Secure, which provides next day B2C deliveries and handles the distribution of all UK passports, traded well, increasing revenues by 1.7%. In November 2016, we were pleased to confirm that our tender for the renewal of our contract with Her Majesty's Passport Office had been successful. The contract, which was awarded following a competitive tender process, is for another two years, with a possible extension of up to a further two years. DX Secure was also awarded ISO27001 information security management system certification, making DX only the second parcel carrier in the UK to have achieved this level of certification and further reinforcing DX Secure's security credentials.

Logistics

Logistics services generated revenues of £6.9m (2015: £8.6m), which accounted for 4.9% of Group revenues. Whilst this represents a reduction of £1.7m on 2015, that period included revenues of £4.3m from a discontinued contract that was exited last year. Our relationship with IKEA continued to progress well and we generated £2.5m of new business from IKEA, helped by the opening of its new Reading store in July 2016.

Post period, in February 2017, we were delighted to secure a major contract worth in excess of £10m per annum with Avon UK. The contract was awarded after a lengthy competitive tender process and is for an initial 3-year term. DX is replacing three existing suppliers and will manage the delivery and returns of products.

NETWORK DEVELOPMENT

At the end of February 2017, we were disappointed to hear that our revised planning application for a proposed new hub in the West Midlands had been declined. We are reviewing our options, including developing a possible alternative site. At the same time, we are continuing to rationalise our network, in order to improve the regional hub infrastructure and reduce regional trunking times and distances. As part of this process, during the first half, we closed five sites, consolidating these operations into a new regional hub at Swanley. We also completed a second consolidation project, opening a modern large site at Norwich while consolidating smaller nearby sites. Over the past three years, our depot rationalisation and development programme has transferred the operations of 27 sites to larger depots, with enhanced facilities, enabling us to improve customer service as well as deliver efficiencies.

We have continued to invest in our fleet and have launched two new vehicles, a 3.5 tonne and 5 tonne truck. These vehicles give us greater flexibility and options in freight transport and both are capable of taking 6m lengths and heavy payloads of up to 2,200kg and 1,255kg respectively. They are also suitable for city centre deliveries, meeting Euro 6 standards, and have improved fuel efficiency. Additionally, the 3.5 tonne vehicles do not require CPC-qualified drivers and provides further mitigation against the continuing industry-wide shortage of qualified drivers.

We continue to invest in the future, with solutions for new and existing customers, including a common operating platform across all of our services which will support one booking portal that will allow customers to order any of our services from one place. Service improvements include the development of DX2Me, which allows customers to control their delivery from booking a time slot via SMS to following their delivery to the destination. New application programming interfaces have also been developed to

facilitate connections to customer's EPOS systems. In the period we implemented a market leading solution to support the on-boarding of a new client, implemented new capabilities to enhance the service for existing customers and continue to develop the integrated 'OneDX' solution.

MANAGEMENT TEAM

We have considerably strengthened the management team.

Following the appointment of Daljit Basi to the Board as Finance Director, we have further strengthened the senior management team. In January we appointed Nick Cullen as Chief Operations Officer. Nick has over twenty years of senior level experience in Operations across a number of industries including logistics, transportation and retail. Most recently, he was Group Supply Chain Director at C&J Clark International Limited and Managing Director, UK and Ireland of CEVA Logistics.

Our other new appointments included Stuart Godman as Chief Commercial Officer, Zoe Pepper as Chief Legal Officer and Company Secretary, Gary Lay as Support Services Director, and Hugh Owens as Chief People Officer. These talented individuals bring additional expertise and experience to the Group.

As previously reported, since mid-January, the Board has been working with Ian Gray, a highly experienced business transformation specialist. He has provided high-level counsel to UK companies across a range of industry sectors, including distribution, retail and food production. He is currently Chairman of Avicenna plc, the UK's largest independent pharmacy support group, and of Atlantic Holdings Limited, a world-leading media production company. He is also a Non-executive Director of Kent Messenger Group and a Director of the European Association of Certified Turnaround Professionals.

SUMMARY AND OUTLOOK

The Board remains highly focused on implementing measures to turnaround business performance. Recent contracts wins are encouraging and the pipeline of potential new business is strong and continuing to build. Current trading to date remains in line with management expectations and we will be providing a further update on our discussions with the Board of John Menzies plc in due course.

Petar Cvetkovic
Chief Executive Officer

Consolidated statement of comprehensive income

		Six months ended 31 December 2016 Unaudited £m	Six months ended 31 December 2015 Unaudited £m	Year ended 30 June 2016 Audited £m
	Note			
Revenue	4	142.7	141.6	287.9
Operating costs before exceptional items		(142.9)	(140.2)	(278.1)
Results from operating activities before exceptional items		(0.2)	1.4	9.8
Exceptional items	5	(28.8)	(88.4)	(92.1)
Results from operating activities after exceptional items		(29.0)	(87.0)	(82.3)
Analysis of results from operating activities:				
Earnings before interest, tax, depreciation and amortisation ('EBITDA')		3.9	5.6	18.0
Depreciation and amortisation		(4.1)	(4.2)	(8.2)
Exceptional items	5	(28.8)	(88.4)	(92.1)
Results from operating activities after exceptional items		(29.0)	(87.0)	(82.3)
Net finance costs		(0.3)	(0.2)	(0.5)

Share of profits from associates	-	0.1	0.1
Loss before tax	(29.3)	(87.1)	(82.7)
Tax credit / (expense)	6 0.4	(0.2)	(1.7)
Loss for the period	(28.9)	(87.3)	(84.4)
Foreign currency translation differences	-	-	(0.1)
Total comprehensive expense for the period	(28.9)	(87.3)	(84.5)
Earnings per share - basic (pence):			
Trading	0.0	0.5	3.8
Exceptional items	(14.4)	(44.1)	(45.9)
Total	(14.4)	(43.6)	(42.1)
Earnings per share - adjusted (pence):			
Trading	0.5	1.1	4.9

The following notes are an integral part of these condensed interim financial statements.

Consolidated statement of financial position

	31 December 2016 Unaudited Note	31 December 2015 Unaudited £m	30 June 2016 Audited £m
Non-current assets			
Property, plant and equipment	16.7	18.2	17.3
Intangible assets and goodwill	84.5	110.5	113.3
Investments in associates	2.0	2.0	2.0
Deferred tax assets	1.4	1.4	1.3
Total non-current assets	104.6	132.1	133.9
Current assets			
Current tax assets	0.4	-	-
Trade and other receivables	28.6	30.9	39.1
Cash and cash equivalents	5.6	6.9	4.3
Total current assets	34.6	37.8	43.4
Total assets	139.2	169.9	177.3
Equity			
Share capital	2.0	2.0	2.0
Share premium	-	181.4	-
Translation reserve	-	0.1	-
Retained earnings	66.2	(84.5)	98.1
Total equity	68.2	99.0	100.1
Non-current liabilities			
Loans and borrowings	7 -	6.8	6.2
Provisions	3.5	2.4	3.2
Total non-current liabilities	3.5	9.2	9.4
Current liabilities			
Current tax liabilities	-	0.3	0.7
Loans and borrowings	7 23.9	12.2	7.7
Trade and other payables	25.4	30.8	36.6
Deferred income	18.2	18.4	22.8
Total current liabilities	67.5	61.7	67.8

Total liabilities	71.0	70.9	77.2
Total equity and liabilities	139.2	169.9	177.3

The following notes are an integral part of these condensed interim financial statements.

Consolidated statement of changes in equity

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 July 2015	2.0	181.4	0.1	10.7	194.2
<i>Total comprehensive expense for the period:</i>					
Loss for the period	-	-	-	(87.3)	(87.3)
Total comprehensive expense for the period	-	-	-	(87.3)	(87.3)
<i>Transactions with owners of the company, recognised directly in equity</i>					
Dividends	-	-	-	(8.0)	(8.0)
Share-based payment transactions	-	-	-	0.1	0.1
Total transactions with owners of the company	-	-	-	(7.9)	(7.9)
At 31 December 2015	2.0	181.4	0.1	(84.5)	99.0
<i>Total comprehensive income for the period:</i>					
Profit for the period	-	-	-	2.9	2.9
Other comprehensive expense	-	-	(0.1)	-	(0.1)
Share premium cancellation	-	(181.4)	-	181.4	-
Total comprehensive income for the period	-	(181.4)	(0.1)	184.3	2.8
<i>Transactions with owners of the company, recognised directly in equity</i>					
Dividends	-	-	-	(2.0)	(2.0)
Share-based payment transactions	-	-	-	0.3	0.3
Total transactions with owners of the company	-	-	-	(1.7)	(1.7)
At 30 June 2016	2.0	-	-	98.1	100.1
<i>Total comprehensive expense for the period:</i>					
Loss for the period	-	-	-	(28.9)	(28.9)
Total comprehensive expense for the period	-	-	-	(28.9)	(28.9)
<i>Transactions with owners of the company, recognised directly in equity</i>					
Dividends	-	-	-	(3.0)	(3.0)
Total transactions with owners of the company	-	-	-	(3.0)	(3.0)
At 31 December 2016	2.0	-	-	66.2	68.2

The following notes are an integral part of these condensed interim financial statements.

Consolidated statement of cash flows

		Six months ended 31 December 2016 Unaudited £m	Six months ended 31 December 2015 Unaudited £m	Year ended 30 June 2016 Audited £m
Cash (used in)/generated from operations	8	(1.9)	3.6	14.7
Interest paid		(0.2)	(0.1)	(0.4)
Tax paid		(0.8)	(2.6)	(3.6)
Net cash (used in)/generated from operating activities		(2.9)	0.9	10.7
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		-	-	0.8
Acquisition of property, plant and equipment		(0.9)	(1.1)	(2.3)
Software and development expenditure		(1.4)	(2.3)	(4.2)
Acquisitions of Legal Post and First Post		(0.3)	-	(3.1)
Net cash used in investing activities		(2.6)	(3.4)	(8.8)
Net (decrease)/increase in cash before financing activities		(5.5)	(2.5)	1.9
Cash flows from financing activities				
Movement on revolving credit facility		10.5	11.0	6.5
Repayment of bank borrowings		(0.6)	(0.6)	(1.2)
Debt issue costs paid		(0.1)	-	-
Equity dividends paid		(3.0)	(8.0)	(10.0)
Net cash generated from/(used in) financing activities		6.8	2.4	(4.7)
Net (decrease)/increase in cash and cash equivalents		1.3	(0.1)	(2.8)
Cash and cash equivalents at beginning of period		4.3	7.0	7.0
Effect of exchange rate fluctuations on cash held		-	-	0.1
Cash and cash equivalents at end of period		5.6	6.9	4.3

The following notes are an integral part of these condensed interim financial statements.

Notes to the condensed interim financial statements

1 General information

DX (Group) plc is incorporated in England and domiciled in the United Kingdom. The address of its registered office is Ditton Park, Riding Court Road, Datchet, Berkshire, SL3 9GL. The registered number of the company is 08696699.

The Group's activities are the provision of mail, packets, parcels and freight delivery services.

The condensed interim financial statements were approved by the board of directors on 31 March 2017.

2 Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting and the Disclosure and Transparency Rules of the UK's Financial Services Authority, which are applicable to DX (Group) plc.

The half year results for the current and comparative period are unaudited. The annual report and accounts for the year ended 30 June 2016 has been filed with the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under s498(2) or s498(3) of the Companies Act 2006.

The preparation of financial information in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual events ultimately may differ from those estimates.

3 Accounting policies

The accounting policies applied in these condensed interim financial statements are the same as those set out in the annual report and accounts for the year ended 30 June 2016.

4 Segment information

	Six months ended 31 December 2016 £m	Six months ended 31 December 2015 £m	Year ended 30 June 2016 £m
Revenue:			
Parcels and freight	80.3	78.1	159.3
Mail and packets	55.5	54.9	113.8
Logistics	6.9	8.6	14.8
Total revenue	142.7	141.6	287.9
EBITDA	3.9	5.6	18.0
Depreciation and amortisation	(4.1)	(4.2)	(8.2)
Exceptional items	(28.8)	(88.4)	(92.1)
Results from operating activities	(29.0)	(87.0)	(82.3)
Net finance charges	(0.3)	(0.2)	(0.5)
Share of profits from associates	-	0.1	0.1
Loss before tax	(29.3)	(87.1)	(82.7)

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 Exceptional items

	Six months ended 31 December 2016 £m	Six months ended 31 December 2015 £m	Year ended 30 June 2016 £m
Impairment charges	27.4	88.4	88.4
Planning and acquisition costs on proposed hub	-	-	3.3
Share-based payments accelerated charge	-	-	0.4
Senior management departures	0.8	-	-
CMA investigation	0.6	-	-
	28.8	88.4	92.1

Impairment charges:

During the period management reviewed the carrying value of the Group's goodwill and concluded that an impairment charge of £27.4m (2015: £88.4m) was required. The recoverable amount of goodwill is calculated with reference to its value in use based on future cash flow projections. The key assumptions used in this calculation are shown below:

Six months ended 31 December 2016	Year ended 30 June 2016
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Impairment charge recognised	£27.4m	£88.4m
Period on which management approved forecasts are based	Three years	One year
Growth rate applied beyond approved forecast period	2.2%	2.2%
Discount rate	8.8%	8.8%

CMA investigation:

As previously reported, in July 2016 the Competition & Markets Authority ("CMA") commenced a review of the acquisitions of Legal Post and First Post, serving an Initial Enforcement Order at the same time, which halted our integration process. This order was revoked in September allowing us to recommence the integration process. The group incurred £0.6m of costs in the period as a result of this process.

Senior management departures:

Restructuring costs of £0.8m were incurred as a result of Board and senior management changes.

6 Taxation

The UK corporation tax rate is 20% with effect from 1 April 2015. Reductions to 19% (effective 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively.

The tax calculation for the period and the deferred tax asset at 31 December 2016 is calculated based on these rates.

7 Loans and borrowings

	31 December 2016 £m	31 December 2015 £m	30 June 2016 £m
Non-current liabilities:			
Bank loans	-	7.0	6.4
Deferred debt issue costs	-	(0.2)	(0.2)
	-	6.8	6.2
Current liabilities:			
Bank loans	7.0	1.2	1.2
Deferred debt issue costs	(0.1)	-	-
Revolving credit facility	17.0	11.0	6.5
	23.9	12.2	7.7

8 Cash (used in)/generated from operations

	Six months ended 31 December 2016 £m	Six months ended 31 December 2015 £m	Year ended 30 June 2016 £m
Loss for the period	(28.9)	(87.3)	(84.4)
Adjustments for:			
- Impairment charges	27.4	88.4	88.4
- Depreciation	1.4	1.6	3.0
- Amortisation of intangible assets	2.7	2.6	5.2
- Finance costs	0.3	0.2	0.5
- Tax (credit) / expense	(0.4)	0.2	1.7
- Gain on sale of property, plant and equipment	-	-	(0.1)
- Share of profits of associates	-	(0.1)	(0.1)
- Equity-settled share-based payment transactions	-	0.1	0.4
Net cash profit	2.5	5.7	14.6
Changes in:			
- Trade and other receivables	10.4	7.9	(0.3)
- Trade and other payables	(10.5)	(3.4)	1.8
- Deferred income	(4.6)	(5.5)	(1.2)
- Provisions	0.3	(1.1)	(0.2)

Net change in working capital	(4.4)	(2.1)	0.1
Cash (used in)/generated from operations	(1.9)	3.6	14.7

9 Related party transactions

The nature of the related party transactions of the group have not changed from those described in the annual report and accounts for the year ended 30 June 2016.

All transactions undertaken with related parties were undertaken at arms' length and on normal commercial terms.

Forward-looking statements

This announcement may include certain forward-looking statements, beliefs or opinions, including statements with respect to DX's business, financial condition and results of operations. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology. These statements are made by the DX Directors in good faith based on the information available to them at the date of this announcement and reflect the DX Directors' beliefs and expectations. By their nature these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, developments in the global economy, changes in UK government policies, spending and procurement methodologies, and failure in health, safety or environmental policies.

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