

Half Yearly Report

RNS Number : 3826Q
DX (Group) PLC
29 February 2016

29 February 2016

AIM: DX.

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

Unaudited Interim Results
for the six months ended 31 December 2015

DX, a leading independent mail, parcels and logistics network operator announces its unaudited interim results for the six months to 31 December 2015.

KEY POINTS

Financial

- Half year results in line with revised management expectations
- Revenue of £141.6m (2014: £147.4m)
- Adjusted* profit before tax, before one-off exceptional item, of £2.4m (2014: £10.7m)
- Profit before tax, before one-off exceptional item, of £1.3m (2014: £9.9m)
- Goodwill impairment of £88.4m (2014: nil) in the period - a non-cash charge - reflecting challenging industry conditions and profit decline
- Reported loss before tax, after exceptional item, of £87.1m (2014: profit of £9.9m)
- Adjusted EPS of 1.1p (2014: 4.3p) / Reported LPS, after exceptional item, of 43.6p (2014: profit of 3.9p)
- Net debt at 31 December 2015, a high point in the annual cycle, of £12.3m (2014: £12.1m)
- Interim dividend of 1.0p per share proposed (2014: 2.0p), subject to shareholder and Court approval of a capital reduction. Board commitment to full year dividend of 2.5p per share

Operations

- Plans are in place to proceed with the third party development of the new central hub in the West Midlands subject to planning permission and developer funding, that will:
 - o require no additional debt borrowings for DX
 - o provide for significant operational and financial benefits
 - o enable DX management to remain focused on delivering the OneDX strategy
- OneDX integration programme progressed steadily - with two further site co-locations and additional IT integration
- Continuing service improvements - with launch of 'DX Parcel Exchange' service - offers customers a market-leading 'pick up and drop off' solution
- Sales team transformation completed - now beginning to deliver material new business wins to replace managed exit of low margin contracts

* The following definition has been applied consistently throughout the announcement of interim results:

Adjusted profit before tax and adjusted earnings per share:

- exclude the £1.1m amortisation of acquired intangible assets for the six months to 31 December 2015 (£0.8m for the six months to 31 December 2014 and £1.9m for the year to 30 June 2015). The remaining amortisation relates to capitalised developed software that is being written down over 3 to 5 years.

- exclude £88.4m exceptional items reflecting impairment of goodwill (£nil for both the six months to 31 December 2014 and the year to 30 June 2015).

Petar Cvetkovic, Chief Executive Officer, commented:

"Half year results are in line with revised management expectations, having been substantially impacted by the specific trading pressures outlined in November. The management team continues to focus on responding to these issues.

Although market conditions remain difficult, we have completed the managed exit of a number of unattractive contracts and have seen our sales team start to secure attractive new contracts. In addition, we continue to make steady progress with our strategic OneDX programme including our plans to develop our new central hub.

Despite the current headwinds to the business, and with much to do still in the seasonally important second half, the Board anticipates that the Company will trade over the full year broadly in line with its expectations. We continue to position the Group for longer term sustainable growth and the Board remains confident in the medium term outlook for the Group."

Enquiries:

DX (Group) plc

Bob Holt, Chairman M: 07778 798816
Petar Cvetkovic, Chief Executive Officer T: 01753 631 624
Ian Pain, Chief Financial Officer T: 01753 631 624

Zeus Capital (Nominated Advisor and Joint Broker) T: 020 3829 5000

Nick How, Dan Bate
John Goold, Dominic King

Numis Securities (Joint Broker) T: 020 7260 1314

Stuart Skinner

KTZ Communications T: 020 3178 6378

Katie Tzouliadis, Viktoria Langley, Emma Pearson

CHIEF EXECUTIVE'S STATEMENT

INTRODUCTION

The Company's half year results for the six months to 31 December 2015 are in line with revised management expectations following the Company's trading update on 13 November 2015. Revenue reduced by 3.9% to £141.6m (2014: £147.4m) and profit before tax, excluding a one-off exceptional item, was £1.3m (2014: £9.9m). These disappointing results directly reflect the specific trading pressures outlined last November.

As previously indicated, three major factors have impacted the Company's profitability: a higher than expected level of volume erosion in the period for the DX Exchange service; cost base pressures resulting from driver resourcing issues; and a slower than expected conversion of our new business pipeline in our parcels operations. These factors are discussed in more detail below.

Nevertheless, despite these issues, the transitioning of the business under our OneDX integration and development programme continued steadily over the period. As previously stated, we are bringing together all areas of our operations onto a single enhanced operating platform and implementing new IT processes and systems. As part of this major change, we are also rationalising and further developing our network of sites.

The development of a major new hub in the West Midlands is an important part of our plans for our new network and will drive significant operational benefits over time in the form of reduced trunking, collection and delivery costs. We are now moving forward with our identified site and have submitted a revised planning application. We have also agreed terms with a specialist developer under a 25 year lease to manage the construction and deliver the facility to DX. This will enable us to proceed with the development without increasing DX's current low debt levels and will enable management to focus on delivering the OneDX strategy. We estimate that the project will take approximately 24 months to complete, including a phased relocation of existing operations once construction and fit-out is complete.

During the period we also invested in a comprehensive sales transformation programme that has upgraded and unified our sales capability. This will enhance our focus on both customer service and the

£4.1m). In line with our capital expenditure plans, the main projects in the period have been the continuing development of the Group's operational IT infrastructure and the refurbishment costs of two new service centres opened in the first half.

Impairment of goodwill

Against the decline in profit, we have conducted an impairment review of goodwill in accordance with the requirements of IAS 36 'Impairment of assets'. The value in use method used supports a goodwill carrying value of £100m and consequently an impairment charge of £88.4m has been recognised (see note 5 for further details).

Adjusted profit/(loss) before tax

As a result of lower EBITDA, the Adjusted profit before exceptional items and tax was £2.4m (2014: £10.7m)

As a result of the recognition of an impairment charge, the reported loss before tax was £87.1m (2014: profit before tax £9.9m).

Cash flows and net debt

	Six months ended 31 December 2015 £m	Six months ended 31 December 2014 £m	Change £m
<i>Cash flow:</i>			
EBITDA	5.6	14.2	(8.6)
Reduction in deferred income	(5.5)	(5.5)	-
Net improvement in other working capital	3.4	1.4	2.0
Tax paid	(2.6)	(0.8)	(1.8)
Other	-	(0.1)	0.1
Net cash generated from operating activities	0.9	9.2	(8.3)
Capital expenditure	(1.1)	(2.3)	1.2
Development expenditure	(2.3)	(2.1)	(0.2)
Free cash flow	(2.5)	4.8	(7.3)
Drawings on revolving credit facility	11.0	9.0	2.0
Repayment of bank borrowings	(0.6)	(0.6)	-
Equity dividends paid	(8.0)	(4.0)	(4.0)
Acquisition of associate	-	(1.9)	1.9
Proceeds from sale of DX Business Direct	-	1.2	(1.2)
Net (decrease)/increase in cash	(0.1)	8.5	(8.6)
	31 December 2015 £m	31 December 2014 £m	Change £m
<i>Net debt:</i>			
Gross debt	19.2	18.4	(0.8)
Cash and cash equivalents	(6.9)	(6.3)	0.6
Net debt	12.3	12.1	(0.2)

DX absorbed £0.1m of cash in the period (2014: cash generated £8.5m). The reduction principally reflects the contraction in profits as well as the payment of the final dividend of 4p per share for the year ended 30 June 2015 (a cash outflow of £8.0m). The equivalent payment in the first half of last year was 2p per share (a cash outflow of £4.0m) reflecting the pro rata period between the date of Admission to AIM and the year end.

The subscription payment model for the DX Exchange means revenue declines drive a reduction in deferred income. DX made good progress in managing other working capital, yielding £3.4m of cash.

Debtor day performance was strong during the period and at 23.4 days remains industry leading.

As expected, net debt at 31 December 2015, a date that represents a relatively high point in the Company's net debt cycle, increased to £12.3m (2014: £12.1m) from £1.8m at 30 June 2015, a correspondingly low point in the cycle. The seasonal cash profile reflects the renewal dates for DX Exchange customers and the seasonality of certain major customer contracts.

DIVIDEND AND CAPITAL REDUCTION

An interim dividend of 1.0p per share is proposed (2014: 2.0p). This is scheduled to be payable in May 2016 to shareholders, subject to a proposed capital reduction to increase distributable reserves following the goodwill impairment, which requires shareholder and court approvals.

Full details of the proposed capital reduction and notice of a General Meeting are expected to be published shortly in a circular to shareholders. Once shareholder approval for the proposed capital reduction has been granted, final Court submissions will be filed, with confirmation and registration expected by the end of April 2016. A further announcement with full details of record, ex-dividend and payment dates for the interim dividend will be made shortly thereafter.

REVIEW OF OPERATIONS

Parcels & Freight

Revenue generated from our parcels and freight activities increased by 1.1% to £78.1m, representing 55% of the Group's total revenue. This increase reflects strong growth in our Courier service of 14.1% which more than offset a decrease in revenue from the exit of commercially unattractive contracts in 1-Man and 2-Man services and the reduction in fuel surcharges following lower oil prices.

We secured significant new business in our 2-Man service which has started to benefit the second half and we are continuing to target the 2-Man market as a growth area. We have now also launched a tracking application, DX2Me, that enables consumers to track their items in real time and to pre-booked timeslots.

Mail & Packets

Our mail and packets delivery activities generated revenues of £54.9m over the first half, accounting for 39% of the Group's total revenues. Revenues showed a £1.5m or 2.7% decline against the comparative period, reflecting a higher than anticipated reduction in our core DX Exchange revenue.

DX Exchange experienced a significant decline in revenues during the 2008-2010 period, reflecting the global credit crisis, and was then relatively stable for a sustained period thereafter. However, driven by e-substitution, reductions in public sector expenditure under budgetary pressures and consolidation of the legal sector, DX Exchange revenues have seen a marked reduction in the last 18 months. In the period under review, DX Exchange revenue declined by 10.5%, compared to a 4% decline in the same period in 2014. The second half of the financial year includes the key customer subscription renewal periods, in particular for Government and Legal sectors, and the Board will be monitoring this period for signs of improvement in any of these factors.

Revenues from our DX Secure service, that targets next day B2C deliveries and includes the distribution of all UK passports, grew by 10.6%.

Generally, pricing pressures in the packets market remains high. However we are continuing to improve and differentiate our service offering and in a new initiative in the period launched 'DX Parcel Exchange'. This new market-leading service combines offerings from both InPost, the provider of click & collect parcel lockers located at supermarkets, petrol stations and retail parks, and Doddle, the parcel collection operator with stores in railway stations across the UK, to create an unrivalled 1,000 plus delivery and collection points for our customers. We will be further expanding DX Parcel Exchange with additional locations, complementing InPost and Doddle's collection points. We are supportive of recent third party commentary that premium price opportunities continue to exist for added-value services.

Logistics

Logistics services generated revenues of £8.6m in the period, accounting for 6% of the Group's total revenue. This represented a £5.1m (37%) reduction year-on-year, largely due to the cessation of one low margin contract in August. This has been replaced by a new customer that commenced trading with DX in October, with DX's added-value offerings, including premium service and delivery to 'room of choice', supporting this major new win. Less than three months of revenue from the new contract is included in the first half and the contract is anticipated to grow significantly in the second half of the year.

NETWORK DEVELOPMENT

We made good progress with our ongoing network development programme in the period. Four service centres, each offering part of our full ranges of services, have been co-located into two new sites in Bristol and Glasgow. These new sites are now fully operational and both offer the full range of DX services. Consolidation and network development remains a key component of the continuing OneDX programme and will improve vehicle utilisation and deliver further efficiencies as well as provide customer service benefits.

A major next phase in the programme is the construction of the previously announced major new hub on a 44-acre site in the West Midlands. Plans have progressed well since signing the conditional purchase agreement in May 2015 and we have recently submitted a revised planning application. Following a significant review of the specific needs of the hub the Board took the decision to pass the funding and

construction requirements to a development partner with whom we have recently agreed terms under a 25 year lease. Subject to planning permission and developer funding, this will enable us to proceed with the site development without requiring any new borrowings and will enable DX management to remain focused on delivering the OneDX strategy. We expect the new site to open in late summer/autumn 2017. There will then be a phased relocation of existing hub operations with a view to the project being fully complete and operational within the next 24 months.

DX's network development is supported by significant IT investment to build a common operating platform across all services. In the period we continued to progress the development and roll-out of our new leading-edge routing and scheduling system and to improve our scanning capability. The process remains ongoing and, in the second half of the year, we will also be rolling out a network-wide digital contact management system to improve the overall customer experience.

SUMMARY AND OUTLOOK

The management team remain focused on responding to the recent trading issues that have substantially impacted the Group's results. Although market conditions remain difficult, we have completed the managed exit of a number of commercially unattractive contracts and have seen our sales team transformation starting to secure attractive new contracts. In addition, we continue to make steady progress with our strategic OneDX programme.

Despite the current headwinds to the business, and with much to do still in the seasonally important second half, the Board anticipates that the Company will trade over the full year broadly in line with its expectations. We continue to position the Group for longer term sustainable growth and the Board remains confident in the medium term outlook for the Group.

Petar Cvetkovic
Chief Executive Officer

Consolidated statement of comprehensive income

		Six months ended 31 December 2015	Six months ended 31 December 2014	Year ended 30 June 2015
	Note	Unaudited £m	Unaudited £m	Audited £m
Continuing operations				
Revenue	4	141.6	147.4	297.5
Operating costs before exceptional items		(140.2)	(137.3)	(272.2)
Operating profit before exceptional items		1.4	10.1	25.3
Exceptional items	5	(88.4)	-	-
Operating (loss)/profit after exceptional items		(87.0)	10.1	25.3
Analysis of operating (loss)/profit:				
Profit before interest, tax, depreciation and amortisation ('EBITDA')		5.6	14.2	33.7
Depreciation and amortisation		(4.2)	(4.1)	(8.4)
Exceptional items	5	(88.4)	-	-
Operating (loss)/profit after exceptional items		(87.0)	10.1	25.3
Net finance costs	6	(0.2)	(0.2)	(0.5)
Share of profits from associates	8	0.1	-	-
(Loss)/profit before tax		(87.1)	9.9	24.8
Tax expense	7	(0.2)	(2.1)	(4.9)
(Loss)/profit for the period		(87.3)	7.8	19.9

Other comprehensive income	-	-	-
Total comprehensive (expense)/income for the period attributable to owners of the parent	(87.3)	7.8	19.9
Earnings per share - basic (pence):			
Trading	0.5	3.9	9.9
Exceptional items	(44.1)	-	-
Total	(43.6)	3.9	9.9
Earnings per share - adjusted (pence):			
Trading	1.1	4.3	10.9

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

Consolidated statement of financial position

	31 December 2015 Unaudited £m	31 December 2014 Unaudited £m	30 June 2015 Audited £m
Note			
Non-current assets			
Property, plant and equipment	18.2	19.3	18.6
Intangible assets and goodwill	110.5	197.4	199.3
Investment in associates	8 2.0	1.9	1.9
Deferred tax assets	1.4	1.3	1.3
Total non-current assets	132.1	219.9	221.1
Current assets			
Trade and other receivables	30.9	36.7	38.8
Cash and cash equivalents	6.9	6.3	7.0
Total current assets	37.8	43.0	45.8
Total assets	169.9	262.9	266.9
Equity			
Share capital	2.0	2.0	2.0
Share premium	181.4	181.4	181.4
Reverse acquisition reserve	-	280.0	-
Other reserves	0.1	0.1	0.1
Retained earnings	(84.5)	(277.7)	10.7
Total equity	99.0	185.8	194.2
Non-current liabilities			
Loans and borrowings	9 6.8	7.9	7.3
Provisions	2.4	4.4	3.5
Total non-current liabilities	9.2	12.3	10.8
Current liabilities			
Current tax liabilities	0.3	2.2	2.6
Loans and borrowings	9 12.2	10.2	1.2
Trade and other payables	30.8	29.9	34.2
Deferred income	18.4	22.5	23.9
Total current liabilities	61.7	64.8	61.9
Total liabilities	70.9	77.1	72.7
Total equity and liabilities	169.9	262.9	266.9

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	Reverse acquisition reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 July 2014	2.0	181.4	280.0	0.1	(281.5)	182.0
Total comprehensive income for the period:						
Profit for the period	-	-	-	-	7.8	7.8
Total comprehensive income for the period	-	-	-	-	7.8	7.8
Transactions with owners of the company, recognised directly in equity						
Dividends	-	-	-	-	(4.0)	(4.0)
Share-based payment transactions	-	-	-	-	-	-
Total transactions with owners of the company	-	-	-	-	(4.0)	(4.0)
At 31 December 2014	2.0	181.4	280.0	0.1	(277.7)	185.8
Total comprehensive income for the period:						
Profit for the period	-	-	-	-	12.1	12.1
Reverse acquisition reserve transfer	-	-	(280.0)	-	280.0	-
Total comprehensive income for the period	-	-	(280.0)	-	292.1	12.1
Transactions with owners of the company, recognised directly in equity						
Dividends	-	-	-	-	(4.0)	(4.0)
Share-based payment transactions	-	-	-	-	0.3	0.3
Total transactions with owners of the company	-	-	-	-	(3.7)	(3.7)
At 30 June 2015	2.0	181.4	-	0.1	10.7	194.2
Total comprehensive expense for the period:						
Loss for the period	-	-	-	-	(87.3)	(87.3)
Total comprehensive expense for the period	-	-	-	-	(87.3)	(87.3)
Transactions with owners of the company, recognised directly in equity						
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

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

Consolidated statement of cash flows

	Six months ended 31 December 2015 Unaudited £m	Six months ended 31 December 2014 Unaudited £m	Year ended 30 June 2015 Audited £m	
Cash generated from operations	10	3.6	10.1	31.3
Interest paid		(0.1)	(0.1)	(0.4)
Tax paid		(2.6)	(0.8)	(3.2)
Net cash generated from operating activities		0.9	9.2	27.7
Cash flows from investing activities				
Proceeds from sale of DX Business Direct		-	1.2	2.5
Proceeds from sale of property, plant and equipment		-	-	0.1
Acquisition of associate		-	(1.9)	(1.9)
Acquisition of property, plant and equipment		(1.1)	(2.3)	(3.3)
Acquisition of trademarks and domain names		-	-	(1.0)
Software and development expenditure		(2.3)	(2.1)	(5.6)
Net cash used in investing activities		(3.4)	(5.1)	(9.2)
Net (decrease)/increase in cash before financing activities		(2.5)	4.1	18.5
Cash flows from financing activities				
Drawings on revolving credit facility		11.0	9.0	-
Repayment of bank borrowings		(0.6)	(0.6)	(1.2)
Equity dividends paid		(8.0)	(4.0)	(8.0)
Net cash generated from/(used in) financing activities		2.4	4.4	(9.2)
Net (decrease)/increase in cash and cash equivalents		(0.1)	8.5	9.3
Cash and cash equivalents at beginning of period		7.0	(2.2)	(2.2)
Effect of exchange rate fluctuations on cash held		-	-	(0.1)
Cash and cash equivalents at end of period		6.9	6.3	7.0

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 DX House, Ridgeway, Iver, Buckinghamshire SL0 9JQ. 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 29 February 2016.

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 2015 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 IFRS 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 2015.

4 Segment information

	Six months ended 31 December 2015 £m	Six months ended 31 December 2014 £m	Year ended 30 June 2015 £m
Revenue:			
Parcels and freight	78.1	77.3	154.1
Mail and packets	54.9	56.4	116.4
Logistics	8.6	13.7	27.0
Total revenue	141.6	147.4	297.5
EBITDA	5.6	14.2	33.7
Depreciation and amortisation	(4.2)	(4.1)	(8.4)
Exceptional items	(88.4)	-	-
Operating (loss)/profit after exceptional items	(87.0)	10.1	25.3
Finance charges (net)	(0.2)	(0.2)	(0.5)
Share of profits from associates	0.1	-	-
(Loss)/profit before tax	(87.1)	9.9	24.8

The Board of Directors are considered to be the chief operating decision maker ("CODM"). The CODM considers there to be only one material geographical segment, being the United Kingdom and the Republic of Ireland, and reviews profitability, assets and liabilities on a group basis.

5 Exceptional items

	Six months ended 31 December 2015 £m	Six months ended 31 December 2014 £m	Year ended 30 June 2015 £m
Impairment charges	88.4	-	-
	88.4	-	-

During the period management reviewed the carrying value of the group's goodwill and concluded that an impairment charge of £88.4m was required. This followed the challenging industry conditions and the decline in profits which suggested an indicator of impairment. The recoverable amount of goodwill is calculated with reference to its value in use, the key assumptions for which were revisited following the indicator of impairment.

These calculations consider future cash flow projections along with the below assumptions

Six months ended 31 December 2015	Year ended 30 June 2015
--	----------------------------

Impairment charge recognised	£88.4m	-
Basis of valuation	Value in use	Value in use
Discount rate applied for impairment test	9.7%	8.1%
Long term growth rate	2.6%	2.6%

6 Finance costs

	Six months ended 31 December 2015 £m	Six months ended 31 December 2014 £m	Year ended 30 June 2015 £m
Interest payable:			
Interest on bank loans and other	0.1	0.1	0.4
Amortisation of financing costs	0.1	0.1	0.1
Net finance costs	0.2	0.2	0.5

7 Taxation

The UK corporation tax rate is 20% with effect from 1 April 2015. The Summer Budget 2015 announced that the UK corporation tax rate would reduce to 19% from 1 April 2017 and to 18% from 1 April 2020.

The tax expense of £0.2 million for the six months ended 31 December 2015 is based on a current and deferred tax rate of 20% for the year ended 30 June 2016.

8 Investment in associates

	31 December 2015 £m	31 December 2014 £m	30 June 2015 £m
Gnewt Cargo Limited:			
Non-current assets	0.3	0.2	0.2
Current assets	1.0	0.6	0.7
Non-current liabilities	(0.1)	(0.2)	-
Current liabilities	(0.8)	(0.4)	(0.7)
Net assets	0.4	0.2	0.2
Group's share of net assets	0.2	0.1	0.1
Goodwill	1.8	1.8	1.8
Carrying amount of investment	2.0	1.9	1.9

On 9 December 2014 the group acquired a 49.8% non-controlling interest in Gnewt Cargo Limited, an environmentally-friendly delivery services provider in the UK. The 49.8% interest was acquired for £1.9 million in cash at completion. Gnewt is a rapidly growing company and the investment will enable further growth by supporting the roll-out of its services across other cities in the UK, whilst enhancing their existing operations in Central London.

In the 6 months to 31 December 2015, Gnewt Cargo Limited made profits of £0.2 million, of which £0.1 million is attributable to the group (2014: £nil).

9 Loans and borrowings

	31 December 2015 £m	31 December 2014 £m	30 June 2015 £m
Non-current liabilities:			
Bank loans	7.0	8.2	7.6
Deferred loan issue costs	(0.2)	(0.3)	(0.3)
	6.8	7.9	7.3
Current liabilities:			
Bank loans	1.2	1.2	1.2
Revolving credit facility	11.0	9.0	-
	12.2	10.2	1.2

10 Reconciliation of (loss)/profit for the period to cash generated from operations

	Six months ended 31 December 2015 £m	Six months ended 31 December 2014 £m	Year ended 30 June 2015 £m
(Loss)/profit for the period	(87.3)	7.8	19.9
Adjustments for:			
- Impairment charges	88.4	-	-
- Depreciation	1.6	1.7	3.4
- Amortisation of intangible assets	2.6	2.4	5.0
- Finance costs	0.2	0.2	0.5
- Tax expense	0.2	2.1	4.9
- Share of profits of associates	(0.1)	-	-
- Equity-settled share-based payment transactions	0.1	-	0.3
	5.7	14.2	34.0
Changes in:			
- Trade and other receivables	7.9	11.3	7.9
- Trade and other payables	(3.4)	(7.0)	(2.7)
- Deferred income	(5.5)	(5.5)	(4.1)
- Provisions	(1.1)	(2.9)	(3.8)
Cash generated from operations	3.6	10.1	31.3

11 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 2015.

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.

No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements speak only as at the date of this announcement and DX (Group) plc and its advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this announcement. No statement in the announcement is intended to be, or intended to be construed as, a profit forecast or to be interpreted to mean that earnings per DX (Group) plc share for the current or future financial years will necessarily match or exceed the historical earnings. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.

END

IR AKADKCBKDBBB