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Pace plc: Preliminary Results for the year ended 31 December 2013

Saltaire, UK, 4 March 2014: Pace plc, a leading global developer of technologies and products for PayTV and broadband service providers, today announces its results for the year ended 31 December 2013.

Strong performance in 2013: Adjusted EBITA up 22.5% to $193.6m, Free cash flow up 14.4% to $209.0m, Dividend up 22% to 5.49c per share.

Financial highlights

- Revenue up 2.7% to $2,469.2m (2012: $2,403.4m).
- Adjusted EBITA[1] up 22.5% to $193.6m (2012: $158.1m).
- Operating margin[2] up 1.2 percentage points to 7.8% (2012: 6.6%).
- Profit after tax up 65.6% to $96.7m (2012: $58.4m).
- Basic EPS up 60.8% to 31.2c (2012: 19.4c) with Adjusted basic EPS[3] up 26.2% to 44.3c (2012: 35.1c).
- Proposed final dividend 3.66c per share, resulting in full year dividend of 5.49c per share, a 22% increase on 2012 (2012: 4.50c).
- Free cash flow[4] $209.0m (2012: $182.7m).
- Debt repaid in full prior to the end of the financial year (nil gross debt), cash position of $33.0m as at 31 December 2013 (31 December 2012: $163.3m net debt[5]).

Operating highlights

- Increased operating profit through top-line growth, improved revenue mix, supply chain efficiency and increased operational efficiency.
- Highly accretive acquisition of Aurora Networks, Inc (“Aurora”) (completed on 6 January 2014), a leading provider of Optical Transport and Access Network solutions.
- Further progress made against the Strategic Plan laid out in November 2011:
  - **Transform core economics**:
    - The rationalisation of the Electronic Manufacturing Services (“EMS”) footprint was completed, delivering significant operational and financial benefits in 2013 and beyond.
    - Continued focus on efficiency has delivered further sustainable overhead savings; $16.2m (5.8%) underlying savings compared to 2012.
    - Further Working Capital reductions and robust cash management enabled a second consecutive year of over 100% free cashflow to EBITA generation.
  - **PayTV hardware leadership**:
    - Reconfirmed as the market leader in PayTV hardware; global number one in Media Servers[6], Set-top boxes (“STBs”)[7] and Telco Gateways[8].
    - 2.6% revenue growth in PayTV hardware (2012: 3.9%) to $2,355.4m with strong demand from major customers and a number of wins achieved in previously under-penetrated markets such as cable in Europe and Internet Protocol Television (“IPTV”).
  - **Widen out into Software, Services and Integrated Solutions**:
    - Built on the momentum of 2012 with a number of key wins across all areas of our software and services offerings and a strong focus on product and customer project delivery for major launches and deployments in 2014.
    - 5.4% growth in software and services revenue to $113.8m (2012: 7.6% to $108.0m).

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[1] Adjusted EBITA is operating profit before exceptional costs and amortisation of other intangibles.
[2] Operating margin is adjusted EBITA as a percentage of revenue.
[3] Adjusted basic EPS is based on earnings before the post-tax value of exceptional costs and the amortisation of other intangibles.
[4] Free cash flow is calculated as cash flow before proceeds from issue of shares, dividends, acquisition cash flows and debt repayment / draw down.
[5] Net debt is borrowings net of cash and cash equivalents.
[6] By volume (2012): IHS Research Multimedia Home Gateways: The future of the digital home.
[7] By volume (2012): IHS Screen Digest Set-Top Box Market Monitor H1 2013.
[8] By value (2012): Infonetics Broadband CPE and Subscribers Report 4Q 2012.

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2014 Outlook

Considerable progress has been made in delivering on our strategy in 2013 and there remains further opportunity in 2014 to build on this success to develop and improve the performance of the Company.

The Board is confident that the Group (including Aurora) will make further progress in 2014:

- Revenues for 2014 expected to be c. $2.7bn.
- Operating margin for 2014 is expected to be c. 8.5%.
- Strong cash flow will continue, and Pace expects to generate in excess of $185m of free cash flow.

Commenting on the results, Mike Pulli, Chief Executive Officer said:

"I am pleased to report that Pace has performed above expectations in 2013, by delivering increased operating profits through both top-line growth and operational efficiency, with a sustainable high level of cash generation. We have made good headway on executing our strategy and there remains significant opportunity for further improvement.

Pace continues to lead the market in innovation with great products and services, demand from our customers has remained strong and we continue to win new business.

I am excited about the acquisition of Aurora Networks, which will enable Pace to widen out into network infrastructure and build deeper, more embedded relationships with our customers, strengthening Pace's position as a market leading solutions provider for the PayTV and broadband industries. The teams have hit the ground running and made great progress with the integration of Aurora. I am confident that we will complete the integration by the end of Q2 2014 and deliver the expected synergy benefits.

The strong performance in 2013 and the momentum of the business going into 2014 give the Board confidence to increase the final dividend by 20%. The Board is recommending a final dividend of 3.66c per share, giving a full year dividend of 5.49c per share, a 22% increase on 2012.

We are confident about our trajectory and are focused on making further progress in 2014 and beyond".

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Pace's Full Year Results Presentation to Analysts will be held at the offices of Jefferies International Ltd at Vintners Place, 68 Upper Thames Street, London EC4V 3BJ, commencing at 09:00am.

This Presentation will also be available via live audio webcast, commencing at 09:00am. To register for this audio webcast, please go to: http://www.pace.com/ir

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Business Review

2013 has been a year of further recovery and expansion for Pace. We have delivered a strong set of financial results, made good progress on our Strategic Plan, and created a platform for continued improvement in operating performance over the next few years.

Key highlights of the year

The Strategic Review undertaken in 2011 highlighted that Pace operates in sustainable and profitable markets where we have differentiated capabilities; however, the Group must execute on its three primary objectives to take advantage of the opportunities for improving both the level and quality of its earnings. We remain focused on these objectives and have made good progress both in delivering strong results in 2013, building on the recovery made in 2012 and paving the way for improvement in 2014 and beyond.

This progress is reflected in 2013 revenues of $2,469.2m, up 2.7% on 2012, and adjusted EBITA of $193.6m up 22.5% on 2012, equivalent to 7.8% of revenues, up 1.2ppt on 2012.

In addition to the various organic developments Pace has undertaken over the past two years, the acquisition of Aurora is a key step in the evolution of Pace and enhances our strategy to grow a broader platform across Hardware, Software and Services.

Strategic plan

Transform core economics

Continued focus on efficiency has delivered further sustainable overhead savings and the transformation and rationalisation of our supply chain was completed, delivering significant benefits in 2013 and beyond.

- Underlying operating expenses, excluding the impact of IAS 38 accounting and foreign exchange variances, reduced by $16.2m (5.8%) in 2013. This was due to further efficiency programmes across the business and the impact of a full year's run-rate of the changes implemented in 2012. Whilst reducing the overall operating expenses, Pace has continued to invest further in Software and Services and other growth opportunities.
- The transition to a consolidated Electronics Manufacturing Services ("EMS") partner footprint was completed in the year. All new products are being developed through this model and the financial and operational benefits are now being realised and will drive 2014 profitability. Further supply chain transformation activities are underway that will deliver value in 2014 and beyond.
- Cash generation was strong throughout the year; free cash flow was $209.0m (2012: $182.7m), due to further re-alignment of working capital and tight management of capital expenditure. This enabled Pace to repay its debt in full prior to the end of the financial year[9], and achieve a net cash position of $33.0m at 31 December 2013 (Net debt at 31 December 2012: $163.3m).

The various components of the Transform Core Economics stream of the Strategic Plan are now well embedded across the Company and are delivering significant financial and operational benefits. However, the Company believes significant opportunities remain for further improvement and will pursue areas of inefficiency and relentlessly strive to continuously improve operating effectiveness across all areas of the business.

PayTV hardware leadership

Pace was reconfirmed as the market leader in PayTV hardware; global number one in Set-top boxes[10], Media Servers[11] and Telco Gateways[12]:

- STB and Media Server revenues were up 8.4% to $1,979.6m in 2013 (2012: $1,826.0m), driven largely by the high demand for Media Servers in H1 2013 in North America and a number of new deployments in H2 2013.
- The move to Media Servers and whole home solutions is continuing at speed across the globe. Demand from customers in North America was strong with Media Servers now comprising over 28% of shipments in that market (2012: 14%). In the year, Pace announced a number of Media Server wins beyond North America, with the first

[9] A new 5 year $150m revolving credit facility plus a 5 year term loan for $310m to finance the acquisition of Aurora Networks, Inc was put in place on 6th January 2014.
[10] By volume (2012): IHS Screen Digest Set-Top Box Market Monitor H1 2013
[11] By volume (2012): IHS Research Multimedia Home Gateways: The future of the digital home.
[12] By value (2012): Infonetics Broadband CPE and Subscribers Report 4Q 2012.

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international deployment at Get TV in Norway and further deployments planned in 2014 including Liberty Global, and Foxtel. We have a strong Media Server pipeline and anticipate increased demand across the globe in 2014 and beyond.

- IPTV is a segment in which Pace has previously been under-represented. In 2013, Pace began shipping Mediaroom enabled Digital Video Recorders ("DVRs") and STBs to AT&T and CenturyLink, two of the largest telecommunications providers in North America, and Telefonica in Brazil and Chile.
- Demand for traditional STBs remains strong; in the year, Pace achieved next generation hardware wins at a number of longstanding tier one customers and announced a multi-product deal with Charter Communications, a major cable operator in North America that Pace had not previously supplied product to.
- Gateway revenues were down 19.9% to $375.8m in 2013 (2012: $469.4m) as the impact of expected dual sourcing at a major customer was only partially offset by new wins at customers such as GVT and MTS.

Widen Out in Software, Services and Integrated Solutions

Pace achieved a number of key wins and deployments across all areas of our Software and Services offerings and we have a strong pipeline into 2014. Revenues in this area increased 5.4% to $113.8m in 2013 (2012: $108.0m).

- The Pace Elements software platform continues to gain significant traction as part of an advanced integrated solution with a number of wins in the year, deliveries underway for wins achieved in 2013 at Foxtel and other customers, and deployments at customers such as Telefonica Vivo, Sky New Zealand, Altibox, and Elisa. The Elements platform is currently being used by over 3.3m subscribers.
- Pace Elements is also a key part of our integrated solutions for emerging markets; we have a number of operators deployed with this solution (Pace hardware, software and Latens Conditional Access System ("CAS")) in India and have an encouraging pipeline in Southern Asia, Central and Eastern Europe and CIS.
- The Pace ECO Service Management Suite continues to evolve with a number of new modules launched in the year to provide increased functionality and wins at customers such as Telstra, Telmex and Bell Aliant. These wins build on a strong global customer footprint that includes AT&T and BSkyB. The ECO platform is currently supporting our customers to manage over 30m devices across the world.
- The Latens software-based CAS and Digital Rights Management ("DRM") business made good headway, with a 52% growth in the number of subscribers the product is deployed to in 2013, on both Pace and other vendors' hardware and wins at a number of customers including Telenet.

Aurora acquisition

The acquisition of Aurora Networks, Inc for a headline consideration of US$310m (on a debt and cash free basis) plus a further US$13m relating to tax benefits to be recovered over the three years post acquisition, was announced on 23 October 2013 and completed on 6 January 2014. The headline consideration represents a historic EV/EBITDA[13] multiple of 10.5x before synergies and 8.2x after expected annual run rate synergies, based on the results of Aurora for the 12 months to 31 March 2013.

What does Aurora do?

Aurora is a leading developer and manufacturer of advanced, next-generation Optical Transport and Access Network solutions for broadband networks that support the convergence of video, data and voice applications. With a leading presence in products that are increasingly important for cable operators as they fulfil consumers' constant demand for ever increasing bandwidth, the acquisition further strengthens Pace's relationships with its customers.

What does Aurora bring to Pace?

- Positions Pace to support operators' and consumers' constant demand for cost effective delivery of ever increasing bandwidth.
- Highly profitable and growing business with blue chip customer base and market leading positions, serving over 200 customers in 50 countries, including all of the top 10 cable operators in the US.
- Strong management team that has delivered 30 straight quarters of profitability.
- Creates deeper and more embedded relationships with key customers.
- Cross-sell opportunity across customer footprints.
- Further widens Pace out beyond PayTV Customer Premise Equipment ("CPE").

[13] EBITDA calculated as Income from Operations plus Depreciation and Amortisation (US GAAP as reported).

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How is the integration going?
Aurora is now operating as a standalone Strategic Business Unit ("SBU") retaining the Aurora brand and managing a separate P&L to retain focus and accountability for business performance, whilst leveraging Pace Group common services. As such, revenue and adjusted EBITA contribution for Aurora will be broken out as a separate SBU in subsequent statutory reports. The integration of Aurora into the Pace structure is progressing well. Based on current progress, the Company is confident that the integration of Aurora will be complete by the end of Q2 2014, and is highly confident that the expected synergies stated at the point of the acquisition will be achieved; $4m realised in 2014 at a cost of $4m and $8m run-rate saving realised in 2015 at no additional cost.

A further update on integration and Aurora trading will be provided in the Q1 2014 Interim Management Statement on Thursday 24 April 2014.

Business performance
Pace has a broad global footprint within which individual markets are at varying stages of development. Overall, these markets have remained strong during the year, with PayTV continuing to show varying levels of subscriber and Average Revenue Per User ("ARPU") growth despite perceived disruptive threats from new Over-the-Top ("OTT") market entrants and economic uncertainty in emerging markets. On a global basis, digital PayTV subscribers are expected to grow at c.2.8% Compound Annual Growth Rate ("CAGR") between 2014 and 2017[14].

North America
North America is the largest, most advanced and most profitable market for digital PayTV and broadband technology in the world, with over 112m PayTV subscribers and close to 104m fixed broadband connections[15]. We believe the digital PayTV market in North America will remain flat in terms of the number of subscribers for the foreseeable future with gross subscriber acquisition being offset by customer churn between the various PayTV offerings.

Pace is the only vendor to all of the largest operators in each of the Cable, Satellite and Telco markets; serving Comcast, DirecTV and AT&T respectively. In each case Pace supplies their most advanced in-home technology. In addition, Pace also serves a large number of other Cable and Telco operators in both the USA and Canada.

Total revenues in North America increased by 16.9% to $1,540.5m in 2013 (2012: $1,317.6m), driven largely by strong demand from DirecTV and Comcast for Media Server products in H1 2013, and new wins in H2 2013. This confirmed Pace's continued position of technological leadership in our sector and we remain confident about the long-term strength of the market for our products in North America.

Gateway revenues decreased by 22.3% to $348.6m, reflecting a strong comparative period in 2012 and the dual-sourcing of supply by a major customer. The Company believes overall market demand remains strong for high performance Residential Gateways from Telcos and Internet Service Providers ("ISPs") to effectively deliver high quality triple-play services.

Software and Services revenues in North America decreased by 18.9% to $68.1m reflecting a decreased call volume in the customer care business. The Software and Services revenue in North America is primarily comprised of customer care, ECO Service Management software and professional services.

Latin America
The Latam market is a large, diverse and fast growing market, within which Pace serves Satellite, Cable, IPTV and hybrid operators across the region, with Brazil, Mexico and Argentina the key markets.

The overall market has expanded significantly over the last few years and continues to display strong digital subscriber growth with 10% growth predicted from 2014 to 2017[16]. This growth is led by a number of factors including greenfield markets, deregulation in Brazil, the 2014 World Cup and 2016 Olympics in Brazil and a number of growing PayTV operators in the region. Demand for PayTV is strong at all levels of technology; Standard Definition ("SD") continues to

[14, 15, and 16] IHS Television Intelligence Service 2014.

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support analogue to digital transition, High Definition ("HD") and high-end Personal Video Recorders ("PVRs") to meet growing consumer expectations and operators are starting to develop Media Servers for rollout in 2014 and beyond.

Revenue in Latam decreased by 4.3% to $358.4m (2012: $374.4m). Pace continues to have a diverse business in Latam; providing product to eight of the ten largest PayTV providers in the region and has made good progress in widening out the solutions delivered to this market. In 2013 Pace achieved its first deployments of the following products; Gateway solutions at GVT, integrated solution of Pace Elements and Pace hardware with Vivo Telefonica and ECO Service Management at OnDigital in Brazil. The Company expects to make further progress with these solutions and remains confident that Latam offers strong revenues and profitability and that Pace is strategically well positioned in key markets and customers in the region.

Europe
Europe remains a fragmented and highly customer specific territory for Pace. Revenues in Europe were down by 19.5% to $323.9m (2012: $402.4m), however sustainable improvements in product mix ensured that the Company generated the same profit on the lower revenue base. The decrease in revenue was mainly due to a reduced win rate of new products in 2011, which adversely affected revenue in 2012 and 2013. Sales performance is improving and we have achieved key wins in new and existing customers which we expect will lead to growth in H2 2014.

Single-digit digital subscriber growth is predicted in the underlying European PayTV market[17]; however, we expect significant growth in the Media Server segment of the market as operators in Europe follow the innovation of North American operators. Pace launched its first Media Server outside of North America at Get TV in Norway and has been awarded Media Server contracts with a number of operators including Liberty Global.

In addition, the Group is seeing increasing demand from operators for integrated solutions, incorporating Pace hardware and software assets, that can be quickly deployed and that enable the operator to innovate and differentiate in highly competitive markets. Pace is focused on developing opportunities in this area of the market, and has a number of projects underway.

Rest of World
Rest of World covers a diverse range of markets which are developing at different rates: the highly developed markets in Australia, New Zealand and South East Asia, the "fast following" markets in Middle East and Africa, and the fast growing Indian market. Revenues in Rest of World are down 20.3% to $246.4m (2012: $309.0m). This decrease was due to reduced demand from a number of large customers as they prepared for new product launches in H2 2013 and 2014. However, despite the reduced revenue, profitability increased in the year reflecting improved product mix.

India is a key growth market for Pace as the country experiences large PayTV subscriber growth and the transition from analogue to digital progresses in the Cable sector. During the year, Pace secured deals with a number of operators for its integrated solution for Cable which combines STB hardware, Elements software platform and Latens Conditional Access System.

The Company remains confident that these markets will provide significant growth opportunities both at the high end of the market with HD, PVR and Media Server products, and also as the uptake of PayTV and digitisation continues in emerging greenfield markets allowing Pace to increase its footprint with new customers through Software and Integrated Solutions.

Board changes
Mike Inglis retired from his role as a Non-executive Director on the Board at the Annual General Meeting on 24 April 2013.

2014 outlook
Considerable progress has been made in delivering on our strategy in 2013 but there remains further opportunity in 2014 to develop and improve the performance of the Company.

The Board is confident that the Group (including Aurora) will make further progress in 2014:

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[17] IHS Television Intelligence Service 2014.

- Revenues for 2014 expected to be c. $2.7bn.
- Operating Margin for 2014 is expected to be c. 8.5%.
- Strong cash flow will continue, and Pace expects to generate at least $185m of free cash flow.

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Financial Review

The financial position of Pace improved significantly in 2013. This improvement is reflected in the 2.7% increase in revenue (to $2,469.2m), a 5.8% reduction in underlying operating costs, a 22.5% increase in adjusted EBITA (to $193.6m) and the repayment of the Company's external debt.

Pace has become a more profitable Company with operating margin increasing from 6.6% to 7.8%. In addition, free cash flow has been strong at $209.0m (108.0% of adjusted EBITA), due to the continued benefits of robust cash management and further re-alignment of working capital (which reduced by 46.4% to $58.4m). As a result of the strong cash flow, the existing debt facility was repaid in full and ahead of schedule (nil gross debt) and a cash position of $33.0m was achieved at the close of the year (net debt of $163.3m at 31 December 2012).

New five year facilities were put in place on 6 January 2014 to fund the acquisition of Aurora Networks, Inc and the Company is well placed and efficiently funded to develop and grow in 2014.

Group trading results

	FY 2013 $m	FY 2012 $m
Revenue	**2,469.2**	**2,403.4**
Gross profit	448.2	433.0
Gross margin %	*18.2%*	*18.0%*
Adjusted operating costs*	(254.6)	(274.9)
Adjusted EBITDA[18]*	**218.6**	**179.1**
Adjusted EBITA*	**193.6**	**158.1**
Operating margin	*7.8%*	*6.6%*
Exceptional costs	(12.2)	(12.5)
Amortisation of other intangibles	(42.6)	(51.8)
Net finance expense	(8.0)	(13.7)
Profit before tax	**130.8**	**80.1**
Tax charge	(34.1)	(21.7)
Profit after tax	**96.7**	**58.4**

*Pre-exceptional costs and amortisation of other intangibles

Group Revenue of $2,469.2m (2012: $2,403.4m) increased by 2.7%; driven by strong demand for next generation Media Servers plus a 5.4% increase in Software and Services partly offset by lower revenue from Gateways and STBs. In the year, 57% of revenue was generated by the top 3 customers (2012: 49%), a reduction from 59% in H1 2013 as customer concentration decreased, a trend expected to continue into 2014.

Gross profit of $448.2m (2012: $433.0m) is up 3.5%. Gross margin percentage in 2013 was 18.2%, an increase of 0.2ppt on 2012, reflecting the supply chain transformation and an improved revenue mix as Pace broadens out its customer base.

Operating costs pre-exceptional charges and amortisation of other intangibles decreased by $20.3m (7.4%) to $254.6m (2012: $274.9m). The underlying decrease, excluding the impact of IAS 38 accounting adjustments and foreign exchange adjustments, is a decrease of $16.2m (5.8%) to $261.9m (2012: decrease of $27.8m). Considerable progress has been made in improving operating efficiency across the Company during the year; the

[18] Operating profit before exceptional costs, amortisation of other intangibles and depreciation

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cost savings reflect a scaling down of Corporate resources and a re-organisation of the Americas and International business units over the past 2 years.

Adjusted EBITA was $193.6m (2012: $158.1m); an operating margin of 7.8% against 6.6% in 2012.

Exceptional costs of $12.2m (2012: $12.5m) relate to restructuring costs in the Americas and International SBUs and Corporate ($4.2m), acquisition costs relating to Aurora Networks Inc. ($6.9m) and aborted acquisition costs incurred in the year ($1.1m).

Amortisation of other intangibles, primarily reflecting the annual charge for intangible assets acquired in 2010, was $42.6m (2012: $51.8m).

Segmental analysis

The Group operates through SBUs. Pace Americas and Pace International are deemed by the Board to represent operating segments under IFRS 8, with revenues and EBITA as follows:

	FY 2013 $m	FY 2012 $m
Revenue		
Pace Americas	1,679.5	1,441.9
Pace International	781.2	953.6
Other	8.5	7.9
Total Revenue	**2,469.2**	**2,403.4**
Adjusted EBITA		
Pace Americas	152.7	144.0
Pace International	83.5	72.3
Other	(42.6)	(58.2)
Total Adjusted EBITA	**193.6**	**158.1**

Movements in revenue are described above. Although not wholly consistent, revenues in North America belong primarily to the Americas SBU, revenues in Europe and Rest of World belong largely to the International SBU, and revenues in Latam belong to both the Americas and International SBUs.

Pace Americas' revenue increased by $237.6m (16.5%) in 2013 reflecting strong demand for next generation Media Server products, and operating margin decreased to 9.1% (2012: 10.0%). The performance of Pace International improved with adjusted EBITA contribution increasing 15.5% despite revenue decreasing by 18.1%, and operating margin improved from 7.6% to 10.7%.

Other amounts include central and unallocated costs and other immaterial SBUs, which are operating segments that are allowed to be aggregated under IFRS 8.

The loss in Other, primarily Corporate costs, decreased by 26.8% to ($42.6)m (2012: $(58.2m)).

Finance costs
Net financing costs of $8.0m (2012: $13.7m) reflect a reduction in average net debt during the period. Costs incurred include the amortisation of facilities fees of $2.1m, $0.3m of which was accelerated during the year as debt was repaid in full.

Profit before tax
Profit before tax was $130.8m (2012: $80.1m); an increase of $50.7m (63.3%) on 2012.

Taxation
The tax charge of $34.1m (2012: charge $21.7m) results from the full year effective tax rate of 26.1% (2012: 27.1%). The rate reduction reflects lower corporate tax rates in the UK. The cash cost of corporate tax was $23.8m, 12.3% of adjusted EBITA (2012: $23.8m, 15.1% of adjusted EBITA).

Profit after tax
Profit after tax was $96.7m (2012: $58.4m); an increase of $38.3m (65.6%) on 2012.

Earnings per share
Basic earnings per share ("EPS") was 31.2c (2012: 19.4c), an increase of 60.8%. Adjusted basic EPS, which removes the tax affected impact of the exceptional costs and amortisation of other intangibles to reflect underlying performance, is 44.3c (2012: 35.1c), an increase of 26.2%.

Balance sheet

Intangible development expenditure assets increased by $8.1m (2012: $2.4m increase) due to continued investment in product development and an increased number of development projects.

Tangible fixed assets decreased in the period as the depreciation charge of $25.0m exceeded capital expenditure of $21.6m. The $21.6m capital expenditure reflected a reduction of $1.0m from 2012 and is in-line with the expected ongoing level for the Company.

Working capital
Net working capital was reduced by $50.6m (46.4%) to $58.4m in the period as commercial terms with suppliers were re-aligned to match Pace's working capital cycle, inventory control processes strengthened and a more focused approach was taken to cash collection from our customers.

Inventory reduced by $25.3m (13.9%) to $156.8m during 2013 as a result of improved controls in the business. Average stock turn in the year was 8.4 times against 8.7 times in 2012, due to the additional inventory required to support the EMS rationalisation.

Debtor days increased by 7 days to 60 days at December 2013 reflecting a change in sales mix. The quality of the Company's customer base is excellent and our customers pay us to terms.

Creditor days increased from 83 days to 90 days at 31 December 2013 contributing a one-off benefit to cash flow of c.$29m.

Debt
The cash balance of $33.0m at 31 December 2013 compares to a net debt of $163.3m at the end of the prior year. During the year two scheduled facility re-payment instalments were paid of $37.5m each in June and December 2013 and the remaining $75.0m of the term loan taken out to buy 2Wire, Inc was repaid ahead of plan on 31 December 2013. In addition the outstanding balance of the Revolving Credit Facility was fully repaid in the year (31 December 2012: $90.1m draw down).

The Company believes that a net debt to EBITDA ratio of not more than 2 times is an appropriate and efficient capital structure for Pace.

New borrowing facilities were put in place on 6 January 2014 to finance the purchase of Aurora Networks Inc; a five year $310m term loan, plus a 5 year revolving credit facility of $150m to give the Company flexibility around investment and working capital. Post the Aurora acquisition, the proforma net debt to EBITDA ratio is just above 1 times.

Liquidity and cash flows
A key performance measure for the Group is free cash flow, which was $209.0m (2012: $182.7m) and represented 108.0% of adjusted EBITA (2012: 115.6%). Cash outflows from interest payable net of interest received were $5.9m (2012: $11.1m). Cash invested in acquisitions in the form of deferred consideration paid was nil (2012: $15.7m). Cash spent on exceptional costs was $10.4m (2012: $17.9m).

The Board is confident that the Group will continue to be strongly cash flow positive in 2014 and that the Group's committed bank facilities are more than sufficient to meet its short to medium term funding needs.

Foreign currency

In the period, approximately 81.2% of the Group's revenues were denominated in USD (2012: 76.5%), 7.7% in Euros (2012: 10.0%), 10.7% in Brazilian Real (2012: 13.0%) and 0.4% in Sterling (2012: 0.5%).

The impact of non-USD revenues, costs and overheads continues to be addressed through Pace's foreign exchange hedging strategy.

Critical accounting policies

The Directors consider that the Group has the following critical accounting policies, as they require the use of estimates and are subjective in their nature:

- Revenue recognition
- Impairment
- Provisions
- Intangible assets

Dividend

The Board has recommended a final dividend of 3.66c per share (2012: 3.06c per share), an increase of 20% in line with the progressive dividend policy introduced in 2009. The full year proposed dividend increases 22% to 5.49c per share (2012: 4.5c per share). The increase reflects the Board's confidence in the outlook for the Company and its improving financial position.

Dividends will be paid in sterling, equivalent to 2.192 pence per share. This is based on an exchange rate of £ = $1.670, being the closing rate applicable on 3 March 2014, the date on which the Board resolved to recommend the final dividend. The proposed dividend will be payable on 4 July 2014 to shareholders on the register on 6 June 2014.

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CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**2013** **$m**	2012 $m
Revenue	2	**2,469.2**	2,403.4
Cost of sales		**(2,021.0)**	(1,970.4)
Gross profit		**448.2**	433.0
Administrative expenses:			
Research and development expenditure		**(132.6)**	(155.4)
Other administrative expenses			
Before exceptional costs		**(122.0)**	(119.5)
Exceptional costs	3	**(12.2)**	(12.5)
Amortisation of other intangibles		**(42.6)**	(51.8)
Total administrative expenses		**(309.4)**	(339.2)
Operating profit		**138.8**	93.8
Finance income - interest receivable		**1.8**	0.5
Finance expenses - interest payable		**(9.8)**	(14.2)
Profit before tax		**130.8**	80.1
Tax charge	4	**(34.1)**	(21.7)
Profit for the year		**96.7**	58.4
Profit attributable to:			
Equity holders of the Company		**96.7**	58.4
Earnings per ordinary share			
Basic earnings per ordinary share (cents)	5	**31.2**	19.4
Diluted earnings per ordinary share (cents)	5	**29.8**	18.5

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 $m	2012 $m
Profit for the year	**96.7**	58.4
Other comprehensive income:		
Items that are or may be subsequently reclassified to profit and loss:		
Exchange differences on translating foreign operations	**(4.8)**	(2.7)
Net change in fair value of cash flow hedges transferred to profit or loss gross of tax	**(2.7)**	(11.2)
Deferred tax adjustment on above	**0.7**	3.0
Effective portion of changes in fair value of cash flow hedges gross of tax	**4.7**	4.9
Deferred tax adjustment on above	**(1.2)**	(1.3)
Other comprehensive income for the year, net of tax	**(3.3)**	(7.3)
Total comprehensive income for the year	**93.4**	51.1
Attributable to:		
Equity holders of the Company	**93.4**	51.1

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CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2013

	Notes	2013 $m	2012 $m
ASSETS			
Non-Current Assets			
Property, plant and equipment		**60.0**	62.8
Intangible assets - goodwill		**342.6**	337.9
Intangible assets - other intangibles		**123.1**	166.2
Intangible assets - development expenditure		**64.4**	56.3
Deferred tax assets		**21.2**	37.4
Total Non-Current Assets		**611.3**	660.6
Current Assets			
Inventories		**156.8**	182.1
Trade and other receivables		**468.7**	558.7
Cash and cash equivalents		**33.0**	74.7
Current tax assets		**1.3**	12.0
Total Current Assets		**659.8**	827.5
Total Assets		**1,271.1**	1,488.1
EQUITY			
Issued capital		**29.0**	28.7
Share premium		**83.7**	79.0
Merger reserve		**109.9**	109.9
Hedging reserve		**(0.2)**	(1.7)
Translation reserve		**(59.6)**	(54.8)
Retained earnings		**384.2**	299.0
Total Equity		**547.0**	460.1
LIABILITIES			
Non-Current Liabilities			
Deferred tax liabilities		**56.3**	70.3
Provisions	7	**60.3**	51.5
Borrowings		**—**	74.7
Total Non-Current Liabilities		**116.6**	196.5
Current Liabilities			
Trade and other payables		**567.1**	631.8
Current tax liabilities		**8.5**	10.7
Provisions	7	**31.9**	25.7
Borrowings		**—**	163.3
Total Current Liabilities		**607.5**	831.5
Total Liabilities		**724.1**	1,028.0
Total Equity and Liabilities		**1,271.1**	1,488.1

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Group	Share capital $m	Share premium $m	Merger reserve $m	Hedging reserve $m	Translation reserve $m	Retained earnings $m	Total equity $m
Balance at January 2012	**28.3**	**73.1**	**109.9**	**2.9**	**(52.1)**	**245.0**	**407.1**
Profit for the year	-	-	-	-	-	58.4	58.4
Other comprehensive income	-	-	-	(4.6)	(2.7)	-	(7.3)
Total comprehensive income for the year	**-**	**-**	**-**	**(4.6)**	**(2.7)**	**58.4**	**51.1**
Transactions with owners:							
Dividends to equity shareholders	-	-	-	-	-	(12.3)	(12.3)
Employee share incentive charges	-	-	-	-	-	7.9	7.9
Issue of shares	0.4	5.9	-	-	-	-	6.3
Balance at December 2012	**28.7**	**79.0**	**109.9**	**(1.7)**	**(54.8)**	**299.0**	**460.1**
Profit for the year	-	-	-	-	-	96.7	96.7
Other comprehensive income	-	-	-	1.5	(4.8)	-	(3.3)
Total comprehensive income for the year	**-**	**-**	**-**	**1.5**	**(4.8)**	**96.7**	**93.4**
Transactions with owners:							
Dividends to equity shareholders	-	-	-	-	-	(15.6)	(15.6)
Employee share incentive charges	-	-	-	-	-	4.1	4.1
Issue of shares	0.3	4.7	-	-	-	-	5.0
Balance at December 2013	**29.0**	**83.7**	**109.9**	**(0.2)**	**(59.6)**	**384.2**	**547.0**

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 $m	2012 $m
Cash flows from operating activities		
Profit before tax	**130.8**	80.1
Adjustments for:		
Share based payments charge	**4.1**	7.9
Depreciation of property, plant and equipment	**25.0**	21.0
Amortisation of development expenditure	**45.6**	54.3
Amortisation of other intangibles	**42.6**	51.8
Loss on sale of property, plant and equipment	**0.2**	-
Net finance expense	**8.0**	13.7
Movement in trade and other receivables	**85.5**	(162.3)
Movement in trade and other payables	**(67.2)**	258.5
Movement in inventories	**24.2**	(33.0)
Movement in provisions	**14.4**	5.6
Cash generated from operations	**313.2**	297.6
Interest paid	**(7.7)**	(11.6)
Tax paid	**(23.8)**	(23.8)
Net cash generated from operating activities	**281.7**	262.2
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	**-**	(15.7)
Purchase of property, plant and equipment	**(21.6)**	(22.6)
Development expenditure	**(52.9)**	(57.4)
Interest received	**1.8**	0.5
Net cash used in investing activities	**(72.7)**	(95.2)
Cash flows from financing activities		
Repayment of long-term debt	**(240.1)**	(135.0)
Proceeds from issue of share capital	**5.0**	6.3
Dividend paid	**(15.6)**	(12.3)
Net cash used in financing activities	**(250.7)**	(141.0)
Net change in cash and cash equivalents	**(41.7)**	26.0
Cash and cash equivalents at the start of the year	**74.7**	48.7
Cash and cash equivalents at the end of the year	**33.0**	74.7

NOTES

1 Basis of preparation and business environment

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of derivative instruments.

Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US dollars which is the Company's functional and presentational currency.

The US Dollar/Pound Sterling exchange rate at 31 December 2013 was 1.64 (2012: 1.62).

Going concern

At 31 December 2013 the Group was debt free having repaid all instalments on its term loan and its revolving credit facility. The final payment on the term loan, which was due for repayment in March 2014, was settled early. On 6 January 2014, the group took out new borrowing facilities to fund the acquisition of Aurora Networks, Inc and to provide working capital. The facilities were in the form of a $310.0 million term loan, which is subject to regular repayments over a five year period and a $150.0 million revolving credit facility. These facilities are subject to financial performance covenants which the Group currently complies with.

The Group has prepared a financial and working capital forecast based upon trading assumptions and other short-term and medium-term plans. The Group has sensitised these plans for a number of potential scenarios, including working capital management and revenue reduction and has concluded that the Group will continue to meet its financial performance covenants and will have adequate working capital available to continue in operational existence for the foreseeable future.

Significant judgements, key assumptions and estimation uncertainty

The Group's main accounting policies affecting its results of operations and financial condition are set out in the Group's financial statements. Judgements and assumptions have been required by management in applying the Group's accounting policies in many areas. Actual results may differ from the estimates calculated using these judgements and assumptions. Key areas of estimation uncertainty and critical accounting judgements are as follows:

Warranties

Pace provides product warranties for its products. Although it is difficult to make accurate predictions of potential failure rates or the possibility of an epidemic failure, as a warranty estimate must be calculated at the outset of a product before field deployment data is available, these estimates improve during the lifetime of the product in the field.

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities. The level of warranty provision required is reviewed on a product by product basis and provisions are adjusted accordingly in the light of actual performance.

Royalties

Pace's products incorporate third party technology, usually under licence. Inadvertent actions may expose Pace to the risk of infringing third party intellectual property rights. Potential claims can still be submitted many years after a product has been deployed. Any such claims are always vigorously defended.

A provision for royalties is recognised where the owners of patents covering technology allegedly used by the Group have indicated claims for royalties relating to the Group's use (including past usage) of that technology. Having taken legal advice, the Board considers that there are defences available that should mitigate the amounts being sought. The Group will vigorously negotiate or defend all claims but, in the absence of agreement, the amounts provided may prove to be different from the amounts at which the potential liabilities are finally settled. The provision is based on the latest information available.

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Revenue Recognition
Some of the Group's sales involve the delivery of more than one product or service (multiple components) as part of a single transaction. The amount recognised as revenue for each component is calculated by reference to the fair value of the element in relation to the fair value of the arrangement as a whole. This requires a degree of management judgement and the fair value allocations are, by their nature, best estimates.

Impairment Reviews
As is required by International Accounting Standards, the Group carries out impairment reviews of its non-financial assets on an annual basis, or when indicators of impairment exist. Such reviews involve assessing the value in use of an asset or CGU by reference to its estimated future cash flows, discounted to their present value. The judgements in relation to impairment reviews relate to the assumptions applied in calculating the value in use, and the future performance expectations.

Intangible assets – Capitalised Development Costs
The Group business includes a significant element of research and development activity. Under accounting standards, principally IAS 38 'Intangible Assets', there is a requirement to capitalise and amortise development spend to match costs to expected benefits from projects deemed to be commercially viable. The application of this policy involves the on-going consideration by management of the forecasted economic benefit from such projects compared to the level of capitalised costs, together with the selection of amortisation periods appropriate to the life of the associated revenues from the product.

Financial information
The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2013 or 2012. Statutory accounts for 2012 have been delivered to the registrar of companies, and those for 2013 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2 Segmental analysis
In accordance with IFRS 8 "Operating Segments", the chief operating decision-maker ("CODM") has been identified as the Board of Directors which reviews internal monthly management reports, budget and forecast information to evaluate the performance of the business and make decisions.

The Group determines operating segments on the basis of SBU areas, being the basis of which the Group manages its worldwide interests.

The Group has the following reportable segments:
- Pace Americas;
- Pace International; and
- Other.

Other includes central and unallocated costs and other immaterial SBUs, which are operating segments that are aggregated under IFRS 8.

Performance is measured based on segmental adjusted EBITA, as included in the internal management information which is reviewed by the CODM. Adjusted EBITA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments, relative to other entities that operate within these industries.

Revenues disclosed on the following page materially represent revenues to external customers and where appropriate, pricing is determined on an arm's length basis. There are no material Inter-segment transactions.

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The tables below present the segmental information:

Year ended 31 December 2013	**Pace Americas $m**	**Pace International $m**	**Other $m**	**Total $m**
Segmental income statement				
Revenue	**1,679.5**	**781.2**	**8.5**	**2,469.2**
Adjusted EBITA	**152.7**	**83.5**	**(42.6)**	**193.6**
Exceptional items				**(12.2)**
Amortisation of other intangibles				**(42.6)**
Interest				**(8.0)**
Tax				**(34.1)**
Profit for the year				**96.7**

Year ended 31 December 2012	**Pace Americas $m**	**Pace International $m**	**Other $m**	**Total $m**
Segmental income statement				
Revenue	1,441.9	953.6	7.9	2,403.4
Adjusted EBITA	144.0	72.3	(58.2)	158.1
Exceptional items				(12.5)
Amortisation of other intangibles				(51.8)
Interest				(13.7)
Tax				(21.7)
Profit for the year				58.4

Major customers

Transactions with the Group's three largest customers represented 57% (2012: 49%) of the Group's total revenues and are disclosed within the Pace Americas reporting segment.

Geographical analysis

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Revenue by destination	**2013 $m**	2012 $m
Europe	**323.9**	402.4
North America	**1,540.5**	1,317.6
Latin America	**358.4**	374.4
Rest of World	**246.4**	309.0
	2,469.2	2,403.4

Segment assets are based on the geographical location of the assets. The split of non-current assets by location is as follows:

Non-current assets	**2013 $m**	2012 $m
UK	**136.5**	134.4
Europe	**127.5**	124.7
Latin America	**2.7**	3.5
North America	**321.8**	359.8
Rest of World	**1.6**	0.8
	590.1	623.2

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Non-current assets relate to property, plant and equipment and intangible assets, and, as required under IFRS 8, exclude deferred tax assets, financial instruments and post-employment benefit assets.

The Group has three main revenue streams, being Set-top boxes & Media Servers, Gateways, and Software & Services. These revenue streams arise in each operating segment and are not defined by geographical locations. The following table provides an analysis of the Group's revenue streams according to those classifications.

	2013 $m	2012 $m
Set-top boxes & Media Servers	**1,979.6**	1,826.0
Gateways	**375.8**	469.4
Software & Services	**113.8**	108.0
	2,469.2	2,403.4

3 Exceptional items

	2013 $m	2012 $m
Acquisition costs	**6.9**	-
Restructuring and reorganisation costs	**4.2**	7.6
Aborted acquisition costs	**1.1**	3.5
Directors' loss of office	**-**	1.4
	12.2	12.5

Acquisition costs in 2013 relate to professional service fees in respect of the acquisition of Aurora Networks, Inc on 6 January 2014. Restructuring and reorganisation costs in 2013 and 2012 relate to different restructuring programmes within the Group and represent the costs of redundancy and restructuring. Aborted acquisition costs in 2013 and 2012 relate to professional services fees in respect of aborted acquisitions.

4 Taxation

	2013 $m	2012 $m
Current tax charge:		
Charge for the year	**29.7**	21.0
Adjustments in respect of prior years	**2.7**	(3.7)
Total current tax charge	**32.4**	17.3
Deferred tax charge:		
Origination and reversal of timing differences in the current year	**2.7**	-
Impact of change in tax rate	**(1.0)**	(0.3)
Adjustment in respect of prior years	**-**	4.7
Total deferred tax charge	**1.7**	4.4
Total tax charge	**34.1**	21.7

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5 Earnings per ordinary share

	2013	2012
Basic earnings per ordinary share	**31.2c**	19.4c
Diluted earnings per ordinary share	**29.8c**	18.5c
Adjusted basic earnings per ordinary share	**44.3c**	35.1c
Adjusted diluted earnings per ordinary share	**42.2c**	33.4c

The calculation of basic earnings per share is based on a profit after tax of $96.7m (2012: $58.4m) divided by the weighted average number of ordinary shares in issue of 309,740,316 (2012: 300,344,669), excluding shares held by the Employee Benefits Trust.

	2013	2012
Number of shares (million)		
Weighted average number of ordinary shares in issue during the year	**309.7**	300.3
Dilutive effect of options outstanding	**15.3**	15.1
Diluted weighted average number of ordinary shares in issue during the year	**325.0**	315.4

Diluted earnings per ordinary share varies from basic earnings per ordinary share due to the effect of the notional exercise of outstanding share options.

To better reflect underlying performance, adjusted earnings per share is also calculated (adjusting profit after tax to remove amortisation of other intangibles and exceptional items, post tax). The earnings amount is calculated as follows:

	2013 $m	2012 $m
Profit after tax	**96.7**	58.4
Amortisation charge	**42.6**	51.8
Tax effect of above	**(11.1)**	(14.0)
Exceptional items	**12.2**	12.5
Tax effect of above	**(3.2)**	(3.4)
Adjusted profit after tax	**137.2**	105.3

The Group's effective tax rate of 26.1% (2012: 27.1%) has been used to calculate the tax effect of adjusted items.

6 Dividend per ordinary share

	2013		2012	
	Per share	**$m**	Per share	$m
2012 Final: paid 5 July 2013	**3.06c**	**9.5**	2.50c	7.5
2013 Interim: paid 6 December 2013	**1.83c**	**6.1**	1.44c	4.8
	4.89c	**15.6**	3.94c	12.3

In addition, the directors are proposing a final dividend for 2013 of 3.66 cents per ordinary share. This will be payable on 4 July 2014 to shareholders on the register at 6 June 2014, subject to approval by shareholders at the forthcoming Annual General Meeting, and has not been included as a liability in these Financial Statements.

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7 Provisions

	Royalties under negotiation $m	Warranties $m	Other $m	Total $m
At 31 December 2011	20.8	35.8	30.4	87.0
Net charge for the year	8.5	21.0	5.2	34.7
Utilised	(2.4)	(18.9)	(26.3)	(47.6)
Transfer	-	1.6	-	1.6
Exchange adjustments	0.6	0.5	0.4	1.5
At 31 December 2012	**27.5**	**40.0**	**9.7**	**77.2**
Net charge for the year	**9.8**	**24.7**	**14.4**	48.9
Utilised	**(1.4)**	**(24.9)**	**(10.5)**	**(36.8)**
Transfer	-	**0.1**	-	**0.1**
Exchange adjustments	**1.0**	**0.2**	**1.6**	**2.8**
At 31 December 2013	**36.9**	**40.1**	**15.2**	**92.2**
Due within one year	-	**20.0**	**11.9**	**31.9**
Due after one year	**36.9**	**20.1**	**3.3**	**60.3**

Other provisions mainly relate to retirement and exceptional restructuring provisions within the Group, along with professional fees to be incurred in relation to the Aurora acquisition, and certain other provisions.

8 Free cash flow

	2013 $m	2012 $m
Free cash flow		
Cash generated from operations	**313.2**	297.6
Tax paid	**(23.8)**	(23.8)
Purchase of property, plant and equipment	**(21.6)**	(22.6)
Development expenditure	**(52.9)**	(57.4)
Net interest paid	**(5.9)**	(11.1)
Free cash flow	**209.0**	182.7

9 Post Balance Sheet Events

On 6 January 2014 the Group acquired 100% of the share capital of Aurora Networks Inc, a group of companies leading the development and manufacture of advanced, next-generation Optical Transport and Access Network solutions for broadband networks that support the convergence of video, data and voice applications, for a cash consideration of $327.1 m. Prior to the acquisition the Group had no interest in the acquiree, and an explanation of the rationale for the acquisition is set out on pages 4 to 5.

Details of the net assets acquired and goodwill are as follows:

	On Acquisition $m
Purchase consideration:	
Headline consideration	310.0
Cash paid for tax benefits	13.0
Working capital adjustment	4.1
Total Cash Consideration	327.1
Fair value of assets acquired (see below)	(101.9)
Goodwill and other intangibles	**225.2**

There was no contingent consideration as part of the acquisition.

Goodwill and other intangibles mainly relate to acquired technologies, customer relationships, the assembled workforce and expected synergies with the wider Group. Due to the proximity of the acquisition to the year end, the information provided is provisional and other intangibles have not yet been calculated as separate from goodwill.

The assets and liabilities arising from the acquisition, provisionally determined, are as follows:

	Fair Value $m
Property, plant and equipment	7.2
Deferred tax assets	11.2
Inventories	62.1
Trade and other receivables	39.0
Cash and cash equivalents	31.6
Current tax assets	10.9
Deferred tax liabilities	(1.6)
Other non-current liabilities	(6.3)
Provisions	(4.6)
Trade and other payables	(46.1)
Current tax liabilities	(1.5)
Net assets acquired	**101.9**

Circulation to shareholders

The Annual Report and Accounts will be made available in due course to Pace shareholders via Pace's website (www.pace.com) unless a shareholder has requested to receive a printed copy. The Annual Report and Accounts will be available to the public from the Company's registered office at Pace plc, Victoria Road, Saltaire, West Yorkshire, BD18 3LF.