



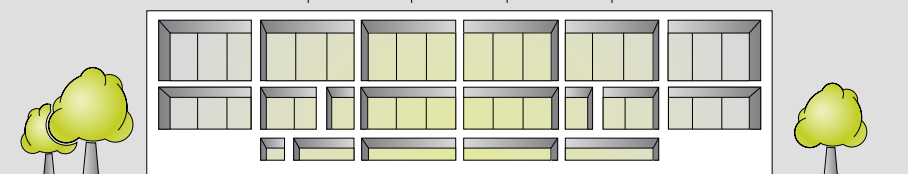
Innovation at work

50 staff including more than 20 PhDs

Investment in new equipment and pilot machines

Product performance analysis and testing

Development of new security features



Climate controlled laboratories

Counterfeit analysis

Our technology centre leads the way

Following two years' work and significant investment De La Rue's technology centre, opened in October 2013, features state of the art technology and equipment and provides a flexible, contemporary working environment. This lays the foundations to offer our customers a wider choice of secure solutions and further grow our patent portfolio. The centre has been built to European Central Bank standards.

The De La Rue technology centre was officially opened in December 2013 by His Royal Highness The Duke of Kent.

Recent R&D activity includes investment in state of the art micro-optic technology, an expansion of our scientific research team and an enhanced security features pipeline. The further development of security features for use on polymer is a particular area of focus.



Philip Rogerson
Chairman

Group results

In 2013/14 De La Rue grew underlying operating profit by 43 per cent and revenue by 6 per cent. These results demonstrate the significant progress the Group has made by implementing its three year Improvement Plan which has seen profit grow from £40m in 2010/11 to £90m in 2013/14.

Underlying operating profit (after IAS 19 adjustments) was up significantly at £89.3m (2012/13: £61.5m) and the operating profit margin improved to 17.4 per cent (2012/13: 12.7 per cent). Foreign exchange movements adversely impacted revenue by £3m but improved operating profit by £2m (2012/13: adverse £3m and £2m respectively).

Underlying profit before tax increased by 51 per cent to £77.3m (2012/13: £51.3m) despite higher net finance costs of £4.7m (2012/13: £3.6m) and IAS 19 finance charges of £7.3m (2012/13: £6.6m).

Underlying earnings per share increased by 58 per cent to 60.7p (2012/13: 38.5p).

Exceptional charges in the year totalled £17.5m (2012/13: £7.6m) predominantly due to asset impairments in relation to the Cash Processing Solutions business and the cost of implementing the Improvement Plan.

Basic earnings per share were 47.3p (2012/13: 37.4p).

The Group has generated a good underlying operating cash flow of £99.1m (2012/13: £73.0m). Net debt at 29 March 2014 remained modest at £89.9m, up £13.2m from the prior year end.

Dividend

The Board is recommending a final dividend of 28.2p per share (2012/13: 28.2p per share). Together with the interim dividend paid in January 2014, this will give a total dividend for the year of 42.3p per share (2012/13: 42.3p per share). Subject to approval by shareholders, the final dividend will be paid on 1 August 2014 to shareholders on the register on 4 July 2014.

2010 paper production issues

Discussions remain ongoing with the principal customer concerned and the authorities, and therefore there remains uncertainty as to the ultimate outcome of these issues, including their financial impact (described more fully in note 25).

Board changes

Tim Cobbold resigned from the Board as Chief Executive on 29 March 2014 and the Board would like to record its appreciation of Tim's significant contribution over the past three years.

On the same date, I assumed executive responsibilities until a new Chief Executive joins the Board. I now chair De La Rue's Executive Committee, supported by Colin Child, Group Finance Director, who was appointed Chief Operating Officer on a similar temporary basis. The Board's Nomination Committee is well advanced in the search to identify suitable candidates for the role.

People

De La Rue is proud of the quality of its employees who remain a vital part of its success. The results this year clearly demonstrate their dedication and hard work and the Board would like to thank everyone for their contribution in the past 12 months.

Outlook

While current market conditions remain challenging, the fundamental strengths of the business provide a strong foundation from which to deliver enhanced shareholder value.

De La Rue entered the new financial year with a good order book, albeit reflecting the recent more difficult pricing environment in the Currency market. The Board's expectations for 2014/15 remain unchanged.