

Chairman's statement

We enter the year with increased cost savings identified and a strong pipeline of order opportunities, which must of course be secured for delivery in the year. As a result, the Board remains confident of achieving the 2013/14 Improvement Plan target.



Philip Rogerson
Non-executive Chairman

Group results

Against a backdrop of a more challenging currency market, including delays in expected orders, the Group has reported an 8 per cent reduction in revenue to £483.7m (2011/12: £528.3m).

Operating profit before exceptional items was in line with the prior year at £63.2m (2011/12: £63.1m). Profit before tax and exceptional items increased by 2 per cent to £59.1m (2011/12: £57.7m) reflecting lower finance costs.

Exceptional charges in the year totalled £7.6m (2011/12: £24.8m) predominantly in relation to the ongoing implementation of the Improvement Plan.

Headline earnings per share, before exceptional items, increased by 2 per cent to 44.4p (2011/12: 43.5p). Basic earnings per share was 43.3p (2011/12: 31.8p).

De La Rue has continued its track record of good cash generation with net cash of £40.4m generated from operations. At the year end, the Group had a modest level of net debt of £76.7m (2011/12: £24.8m). Interest cover, before exceptional items, remained strong at 18 times (2011/12: 15 times).

Dividend

The Board is recommending a final dividend of 28.2p per share (2011/12: 28.2p per share), reflecting its continuing confidence in both the strength of the business and in delivering the Improvement Plan. Together with the interim dividend paid in January 2013, this will give a total dividend for the year of 42.3p per share (2011/12: 42.3p per share). Subject to approval by shareholders, the final dividend will be paid on 1 August 2013 to shareholders on the register on 5 July 2013.

Strategy

In May 2011 the Group announced the three year Improvement Plan, and focus on this will remain the priority for the business until the conclusion of the 2013/14 financial year. In the year to March 2013 we continued to build on De La Rue's fundamental strengths and on addressing the opportunities for improvement in many parts of the business. As is reported below, significant progress, particularly on process improvement and cost reduction, has been delivered and will continue in the 2013/14 financial year.

We are, however, well advanced in developing the Group strategy for the period following completion of the Improvement Plan and expect to be able to share conclusions with investors during the later part of the financial year. The strategy will build further on the Group's fundamental strengths of brand, market access, innovation and geographic reach and will also leverage leaner operating capability, further cost reduction opportunities and enhanced R&D performance post the Improvement Plan.

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

Sir Julian Horn-Smith, who was appointed a Non-executive Director of the Company on 1 September 2009, stepped down as a Director on 31 December 2012 owing to his other business commitments. The Board would like to thank Julian for his wise counsel and significant contribution to the business.

Andrew Stevens joined as a Non-executive Director of the Company on 2 January 2013, bringing extensive international experience in the technology and engineering sectors, having spent over 30 years operating across the globe.

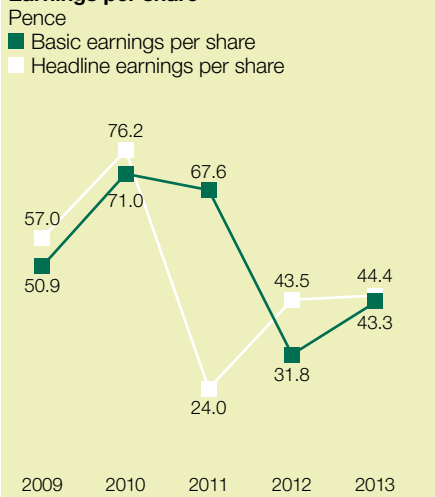
Sir Jeremy Greenstock, who was appointed a Non-executive Director of the Company on 1 March 2005, and has served as the Senior Independent Director since January 2010, has decided to retire from the Board following the AGM in July 2013. Jeremy has made an invaluable contribution during his time on the Board and the Group has benefited greatly from his sound advice and international experience. The Board thanks Jeremy for his commitment and guidance and wishes him well.

Warren East will become the Senior Independent Director with effect from 25 July 2013.

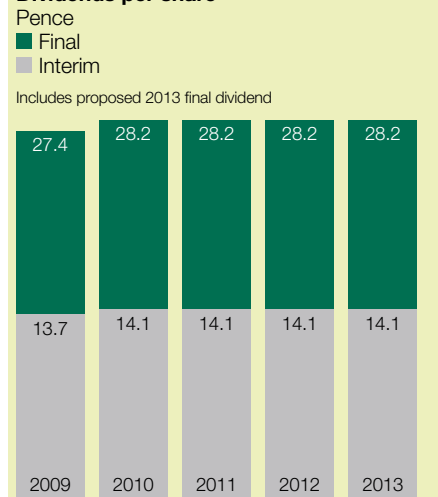
Outlook

We enter the new financial year with increased cost savings identified and a strong pipeline of order opportunities, more than 10 per cent higher than at the same time last year. Whilst these opportunities must be secured for delivery in the year, the Board remains confident of achieving the 2013/14 Improvement Plan target of an operating profit in excess of £100m (excluding the impact of IAS 19).

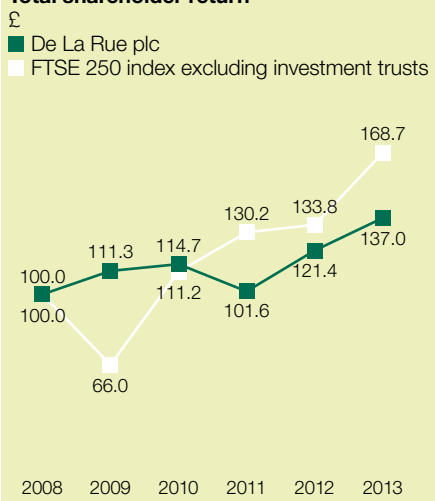
Earnings per share



Dividends per share



Total shareholder return



The graph shows the value, at 30 March 2013, of £100 invested in De La Rue plc on 29 March 2008 compared with the value of £100 invested in the FTSE 250 index excluding investment trusts, assuming in each case the reinvestment of dividends. The other points plotted are the values at intervening financial year ends. The FTSE 250 has been chosen as the index as De La Rue is a constituent. (Source: Thomson Reuters)