The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No.596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

26 November 2019

DE LA RUE
2019/20 HALF YEAR RESULTS

De La Rue plc (LSE: DLAR) ("De La Rue", the "Group" or the "Company") announces its half year results for the six months ended 28 September 2019 (the "period", "H1" or "half year"). The comparative period was the six months ended 29 September 2018.

Financial Summary	H1 2019/20 £m	H1 2018/19 [(3)] £m	Change %
Adjusted Revenue*	**205.9**	**242.0**	**-14.9%**
Currency	128.7	182.5	-29.5%
Product Authentication & Traceability	33.0	19.4	+70.1%
Identity Solutions	44.2	40.1	+10.2%
IFRS Revenue	**232.3**	**257.6**	**-9.8%**
Adjusted operating profit *(1)	**2.2**	**17.0**	**-87.1%**
IFRS operating (loss)/profit	**(9.2)**	**10.1**	**n/a**
Adjusted EPS basic (p) *(2)	(1.5)p	11.2	n/a
IFRS EPS basic (p)	(10.7)p	5.1	n/a
Dividend per share (p)	0p	8.3p	n/a

(1) Excludes exceptional items net charges of £11.0m (H1 2018/19: net charges of £6.6m) and amortisation of acquired intangible assets of £0.4m (H1 2018/19: £0.3m)

(2) Excludes exceptional item net charges net of tax of £9.2m (H1 2018/19: net charges of £6.0m) and amortisation of acquired intangible assets net of tax of £0.3m (H1 2018/19: £0.3m)

(3) Comparative figures have not been restated for the impact of IFRS 16.

* This is a non-IFRS measure. Amortisation of acquired intangible assets is a non-cash item, while exceptional items are considered to be items of income and expenditure which are both material by size/or by nature and not representative of normal business activities. Adjusted revenue excludes "pass-through" revenue relating to non-novated paper business contracts where the Group earns nil margin. By excluding these items from the adjusted operating profit and EPS metrics, the Directors are of the opinion that these measures give a more meaningful understanding of the underlying performance of the business. See note 17 for further explanations and reconciliation to the comparable IFRS measures.

H1 2019/20 financial performance

- IFRS revenue (including "pass-through" revenue on paper contracts) of £232.3m (H1 2018/19: £257.6m) and adjusted revenue of £205.9m (H1 2018/19: £242.0m), reflect a decline in Currency volumes and average price, more than offsetting the significant increase in PA&T revenue.
- Adjusted operating profit of £2.2m (H1 2018/19: £17.0m), resulting mainly from the decline in Currency volumes and margin.
- IFRS operating loss of £9.2m (H1 2018/19: profit £10.1m), which is stated after significant restructuring charges related to the reorganisation announced in May 2019.
- Adjusted basic EPS was a loss of 1.5p (H1 2018/19: 11.2p) and IFRS basic EPS was a loss of 10.7p (H1 2018/19: 5.1p).
- Net debt* of £170.7m (FY 2018/19: £107.5m), increased mainly due to adverse working capital movement on inventory, final dividend payment, pension funding contributions and capital expenditure. Proceeds of £42m from the sale of International Identity Solutions were received after the end of the reporting period.

- **Business update**
    - A period of significant management change and instability.
    - Reorganisation into two divisions – Authentication and Currency - launched on 4 November 2019.
    - On track and aiming to accelerate the three-year £20m cost reduction programme.
    - Sale of International Identity Solutions business for £42m completed on 14 October 2019.
    - The first state printworks customer for our security thread Ignite™ shipping in calendar 2020.
- **Dividend**
    - The Board has decided to suspend future dividend payments in order to manage net debt levels as one of the measures undertaken to respond to the identified material uncertainty (see Director's report for further details).

Clive Vacher, Chief Executive Officer of De La Rue, said:

"The business has experienced an unprecedented period of change with the Chairman, CEO, senior independent director and most of the executive team leaving or resigning in the period. This has led to inconsistency in both quality and speed of execution. The new Board is working to stabilise the management team, which we believe will take some time.

"At the same time, we have seen significant changes since the start of the year in the market for Currency, including pricing pressure as a result of reduced overspill demand. This has had a material impact on volumes and profitability in H1 2019/20 and it will also take time for the currency market to normalise. Our Authentication business continues to show good growth and provides some degree of balance to the Currency headwinds, while demand for polymer substrate is also exceeding our expectations.

"In response, we are reviewing our cost base and will make the structural changes that will further strengthen our competitiveness in a challenging market. We continue to focus on building momentum in the higher-margin security feature market and continue to innovate to improve our position in this fast-growing area.

"Between now and the end of calendar Q1 2020, we will complete a full review of the business and design a comprehensive turnaround plan for the Company. In the meantime, we have already identified and started to implement the urgent actions needed to stabilise the business and allow us to complete the review. With strong emphasis on cost control and cash management, coupled with a focus on innovation and reversing the revenue decline, we will become a leaner, more efficient Company and drive shareholder value."

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A conference call will take place at 9:00 am on 26 November 2019, which is also accessible via webcast on www.delarue.com

Live conference call	**UK Primary: 0330 336 9411**	**Passcode: 8163199**

For the live webcast, please register at www.delarue.com/investors/ where a replay will also be available subsequently.

BUSINESS UPDATE

Group reorganisation

In these results, we report on the financial performance of the Currency, Product Authentication & Traceability (PA&T) and Identity Solutions divisions (see pages 8 and 9), reflecting our operating structure for H1 2019/20. We have seen a significant level of senior management change in H1 2019/20, in addition to Board changes (please see page 9).

We have taken several actions in recent years to reshape De La Rue, including divesting our Cash Processing Solutions (CPS), Paper and International Identity Solutions businesses, and in May 2019, we announced our intention to realign the Group into two divisions focused on:

- **Authentication**: encompassing security features for product authentication and brand protection; software solutions and services for customer revenue protection and identity security components. The division is focused on the supply of solutions to authenticate goods as genuine and to assure tax revenues.

- **Currency**: encompassing our banknote print, security features for currency and polymer product lines, focused on the provision of finished banknotes, as well as security features/banknote substrate into central banks and state print works.

The two divisions are organised to serve the different types of solutions that customers require and their varying buying preferences. By aligning the Group structure into two divisions, we aim to optimise the operations of each division to meet the customer's current and future requirements.

We launched our new divisional structure on 4 November 2019, and the new divisions are led by Ruth Euling, Managing Director, Currency (previously Global Sales Director for Currency), and Andrew Clint, Managing Director, Authentication (previously Global Business Development Director PA&T).

In order to provide increased insight into the underlying performance of our business, we intend to report revenue and gross margin for our two divisions and sales, general & administrative costs and operating profit for the consolidated Group, in addition to other financial measures. This will commence with our full year results for FY 2019/20.

We continue to work with Her Majesty's Passport Office (HMPO) on the phased transition to the new supplier for the UK Passport production contract and we expect revenue from this contract at the same level in H2 2019/20.

Authentication

Authentication is focused on providing physical and digital solutions to authenticate products through the supply chain and to provide tracking of excisable goods to support compliance with government regulations. Working across the commercial and government sectors, we address consumer and brand owner demand for protection against counterfeit goods. As purchasing increasingly moves online, brand owners are seeking new and innovative ways of protecting their consumers against counterfeit and interacting with them through applications which enable digital verification of the physical authentication token.

There is a structural shift in the Government Revenues Solutions (GRS) market as more countries adopt the World Health Organisation's Framework Convention on Tobacco Control (FCTC) into law. All our previously announced contracts, including the UAE and Kingdom of Saudi Arabia, are now live and delivering volumes in line with expectations and we are continuing the roll-out to cover other tobacco products.

In September 2019, KushCo Holdings, Inc. entered into an exclusive distribution agreement with De La Rue to offer standard and custom branded anti-counterfeit security labels in North America to the growing legalised cannabis and related industries.

We continue to invest in software capabilities, service provision and R&D focused on IP generation and are exploring blockchain technologies. Our consumer application for validation holograms, DLR Validate, has been piloted.

The transfer of the security print line from Gateshead, UK to Malta is now completed and the line is fully operational.

We continue to expect the revenues from PA&T to double from FY2018/19 to FY2021/22.

Currency

While the underlying Currency market continues to grow, the market is impacted by the more unpredictable overspill activity (state print work demand that cannot be satisfied by their own internal capacity), customers' irregular buying patterns and rapid demand changes. Current customer demand is resulting in over-capacity in the industry, which has led to lower margins and a weaker pipeline of orders. We aim to maintain a leading market position in banknote print and security features, and to focus our innovation in developing technology and products customers want to buy. We will continue to grow our polymer substrate business.

With overspill volumes in banknote print expected to reduce year-on-year, we are continuing with our programme to optimise our banknote print capacity with expected long-term demand.

In security features, we will be shipping our new security feature Ignite™ to our first customer during calendar year 2020. Our Safeguard® polymer substrate is seeing good growth and is currently adopted by 26 note issuing authorities across 50 denominations.

COMPANY TURNAROUND

In order to improve the Company performance, we are continuing the detailed review of its operations, costs, and product and service portfolios. The review is being led by the CEO and management, with contributions from across the Company. The intention is to establish industry-leadership positions in the areas in which we choose to participate. We are implementing a set of immediate actions, in addition to undertaking a full review of the business, which is expected to complete during calendar Q1 2020.

Immediate actions include:

- A reduction in discretionary spend;
- A deeper focus on cash items including inventory management, accounts receivable and operational efficiency drivers;
- An acceleration of our restructuring plan, specifically targeting company-wide overhead cost reduction;
- Risk-mitigating actions to deliver our H2 2019/20 and full year forecasts; and
- Ensuring the right leadership at all levels of the organisation.

Our turnaround plan is reviewing:

- Our market position and sales strategies for each of our products;
- Our R&D projects, with a view to increasing investment in those with the best commercial potential, while curtailing peripheral activities, and reducing time-to-market;
- Our site footprint, in the context of the changing marketplace;
- Our supply chain inputs and operational effectiveness in order to reduce our cost of goods sold;
- Our contract bid strategy; and
- The viability of our historic contracts.

Our review aims to:

- Ensure that the Company generates sufficient cash to meet all liabilities as they fall due;
- Accelerate and go beyond our previously-announced initiative of £20m in annual savings by FY 2021/22;
- Enable us to bring a targeted set of new security feature products quicker to market;
- Improve customer satisfaction, while enhancing operational efficiency and quality; and
- Demonstrate good year-on-year growth for our Authentication business.

The turnaround plan for the Company will be based on a clear, compelling, simple and understandable vision for both business divisions, which is inclusive and open. It will be designed and executed with full and clear accountability, driven by data and a desire to problem solve. We will have regular follow-up reviews and actions to ensure initiatives are on track. Finally, we will focus on our customers, with excellent execution and dependability, thereby creating progressive and reliable commercial success.

OUTLOOK

The banknote print market and security features market has become increasingly competitive, as the strong demand driven by overspill in the last few years is normalising, impacting margins and creating significant headwinds. We see continuing growth in Authentication in FY 2019/20. Our three-year cost reduction programme intended to deliver in excess of £20m in annual savings by FY 2021/22 remains on track and we are aiming to accelerate this programme and to exceed the original savings target.

In H2 2019/20, we will benefit from cost reduction measures, which were implemented in H1 2019/20 and we continue to progress our Authentication contracts. As a result of this and a more favourable Currency volumes than in the first half, we expect an improving second half performance, leading to adjusted operating profit for FY2019/20 of between £20m and £25m.

FINANCIAL RESULTS SUMMARY

We have seen significant changes since the start of the year in the market for Currency, including pricing pressure as a result of reduced overspill demand. This has had a material impact on our volumes and profitability in H1 2019 which has resulted in adjusted revenue of £205.9m (H1 2018/19: £242.0), a decrease of 14.9%, driven by a decline in Currency, which more than offset the significant increase in PA&T volumes, (see below for details).

IFRS revenue reduced by 9.8% to £232.3m (H1 2018/19: £257.6m), a lower rate of decrease than on an adjusted basis due to increased pass-through paper revenue of £26.4m (H1 2018/19: £15.6m).

Adjusted operating profit of £2.2m (H1 2018/19: £17.0m) was lower, reflecting mainly the decline in Currency volumes and margin referred to above.

IFRS operating loss of £9.2m (H1 2018/19: profit £10.1m) was substantially lower than the adjusted operating profit due to the recognition of significant restructuring charges related to the reorganisation announced in May 2019.

Adjusted basic EPS was a loss of 1.5p (H1 2018/19: 11.2p) and IFRS basic EPS was loss of 10.7p (H1 2018/19: 5.1p).

Cash generated from operating activities was a net outflow of £32.2m (H1 2018/19: outflow £17.7m), due primarily to the loss for the period, net adverse working capital movements of £35.1m (see below for more details) and pension funding contributions of £10.7m. The total net cash outflow excluding £59m of net drawdown on Group borrowings in the period was £63.2m (H1 2018/19: £44.5m) including capital expenditure of £9.7m and dividend payments of £17.3m. The total net decrease in cash and cash equivalents in the period was £3.7m (H1 2018/19: decrease of £10.5m).

Our EBIT/net interest payable was 9.9 times (covenant of ≥4.0 times), and net debt/EBITDA 2.72 times (covenant of ≤3.0 times) as calculated in accordance with banking covenant definitions. Payment of £42m for the sale of the International Identity Solutions business was received after the end of the reporting period.

During the period the Group implemented IFRS 16 (leases). IFRS 16 has resulted in a small benefit to operating profit of £0.2m and a larger benefit of £1.4m to EBITDA. Further detail on IFRS 16 is provided in note 1.

OPERATING PROFIT

Adjusted operating profit was £2.2m (H1 2018/19: £17.0m) and reflected:

- A loss of £12.5m in Currency (H1 2018/19: profit of £6.5m) resulting from lower volumes and margin due to adverse product mix;
- A profit in PA&T of £7.7m (H1 2018/19: £3.6m) driven by increased volumes, partially offset by upfront operating expenses; and
- A profit in Identity Solutions of £7.0m (H1 2018/19: £6.9m).

On an IFRS basis, an operating loss of £9.2m was recorded (H1 2018/19: profit £10.1m), as in addition to the factors referred to above, net charges relating to exceptional items of £11.0m were incurred in the period. These primarily related to the recording of restructuring charges of £8.2m related to the reorganisation announced in May 2019.

FINANCE CHARGE

The Group's net interest charge was £2.2m (H1 2018/19: £2.2m), excluding IAS 19 and IFRS 16 finance charges and interest income due from the loan notes and preference shares obtained as part of the disposal of Portals paper.

The IAS 19 related finance cost, which represents the difference between the interest on pension liabilities and assets was £0.8m (H1 2018/19: £1.1m). The lower charge reflects the fall in the discount rate and the reduction in net pension liability compared to H1 2019/20.

Following the adoption of IFRS 16 (leases) the Group has also recognised in H1 2019/20 a finance cost relating to the unwinding of the discount on the lease liabilities of £0.3m.

Interest due on the loan notes and preference shares held in Mooreco Limited (obtained as part of the consideration for the Portals paper disposal) amounted to £0.4m (H1 2018/19: £0.2m). The loan notes and preference shares are included in the balance sheet as Other Financial Assets.

The total Group net finance charge was £2.9m (H1 2018/19: £3.0m).

EXCEPTIONAL ITEMS

Exceptional items during the period were a net charge of £11.0m (H1 2018/19: net charge of £6.6m).

These include: site relocation and restructuring costs of £8.2m, primarily related to the initial recognition of provisions for the anticipated cost of employee termination payments as part of the reorganisation announced in May 2019, and £1.0m relating to the closing of the hedge position taken out in relation to Venezuela receivables for which a credit loss of £18.1m was provided and reported in exceptional items in FY 2018/19. The hedge position was closed out following the further tightening of sanctions against Venezuela following the year end.

TAXATION

The net tax credit in respect of continuing operations for the first half was £2.0m (H1 2018/19: tax charge £1.7m). The effective tax rate on continuing operations before exceptional items and the amortisation of acquired intangibles was 16.4% (H1 2018/19: 16.7%). The effective tax rate for FY 2019/20 on continuing operations before exceptional items and amortisation of acquired intangibles is expected to be between 16-17%.

Net tax credits relating to exceptional items in the period were £1.8m (H1 2018/19: £0.6m). A tax credit of £0.1m (H1 2018/19: £0.1m) was recorded in respect of the amortisation of acquired intangibles.

EARNINGS PER SHARE

IFRS basic earnings per share (EPS) was a loss of 10.7p (H1 2018/19: 5.1p) and adjusted basic EPS was a loss of 1.5p (H1 2018/19: 11.2p).

CASH FLOW AND BORROWING

Cash flows from operating activities was a net outflow of £32.2m (HY 2018/19 outflow of £17.7m). The outflow was primarily due to:

- An adverse net working capital movement of £35.1m due to:
  - a build in inventory (negative impact £21.8m[1]), mainly within Currency, which in part was attributable to changes in production schedules by customers;
  - an increase in receivables (negative impact £5.8m[1]) due to growth in PA&T volumes and higher receivables in Currency due to the timing of receipts, a proportion of which have already been paid in H2 2018/19; and
  - a reduction in payables (negative impact £7.5m[1]) resulting from a net reduction in advanced payments and settlement of year end employee related accruals, the adverse impact of which was partially offset by timing of trade creditor payments;
- an increase in provisions (positive impact of £7.7m) following the recognition of the initial provisions for the expected employee costs associated with the reorganisation announced in May 2019.
- Pension fund contributions of £10.7m (H1 2018/19: £10.3m).

(1) Working capital movements include in HY 2019/20 amounts relating to IDS which have been transferred to held for sale in order to show true cashflows for the period.

Cash outflow from investing activities was £9.7m (H1 2018/19: outflow £9.5m), primarily on capital and development asset expenditure as we invest in the business. Capital expenditure is stated net of cash receipts from grants received in the half year of £3.9m.

Cashflows from financing activities were a net inflow of £38.2m (H1 2018/19: inflow of £16.7m) as proceeds from a net draw down in the revolving credit facility of £59.0m were partially offset by dividend payments of £17.3m, interest payments in relation to the Group's borrowings of £2.5m and IFRS 16 interest related payments of £1.1m.

As a result, Group net debt increased to £170.7m at 28 September 2019, from £107.5m at 30 March 2019. This net debt position does not include the benefit of proceeds of £42m from the sale of International Identity Solutions, which were received after the end of the reporting period.

The Board has reviewed a plan for the remainder of FY 2019/20 that shows the Group will operate within its banking covenants. See Directors Report for further discussion on going concern.

The Group has a revolving credit facility of £275m that expires in December 2021. At the period end, the covenant tests were as follows: EBIT/net interest payable 9.9 times (covenant of ≥4.0 times), net debt/EBITDA 2.72 times (covenant of ≤3.0 times). The covenant tests use earlier accounting standards and exclude adjustments including IFRS 16, IFRS 15 and IFRS 9.

PENSION DEFICIT AND FUNDING

The valuation of the Group's UK defined benefit pension Scheme (the "Scheme") under IAS 19 at 28 September 2019 is a net deficit of £37.9m (30 March 2019: £76.8m; 29 September 2018: £77.2m). The reduction in the liability since 30 March 2019 is due to pension funding contributions and an increase in the value of the Scheme's assets due to investment returns, the benefit of which was partially offset by an increase in Scheme liabilities due to a reduction in the discount rate to 1.85% at 28 September 2019 from 2.4% at 30 March 2019, due to the fall in corporate bond yields.

The charge to operating profit in respect of the Scheme in the period was £0.6m (H1 2018/19: £0.8m). In addition, under IAS 19 there was a finance charge of £0.8m arising from the difference between the interest cost on liabilities and the interest income on scheme assets (H1 2018/19: £1.1m).

Cash contributions to the Scheme will be £21.3m for FY 2019/20. The triennial funding valuation was initiated on 5 April 2018 and discussions with the Trustees are continuing.

DIVIDEND

The Board has decided to suspend future dividend payments in order to manage net debt levels as one of the measures undertaken to respond to the identified material uncertainty (see Director's report for further details).

SALE OF INTERNATIONAL IDENTITY SOLUTIONS BUSINESS

As noted above, on 14 October 2019, we completed the sale of our International Identity Solutions business to HID Corporation Limited, an ASSA ABLOY Group company, for a cash consideration of £42m on a cash-free, debt-free basis.

OPERATING REVIEW

Currency

The **Currency** business comprises banknote print, polymer and security features.

	Reported H1 2019/20	Reported H1 2018/19	Change
IFRS Revenue (£m)	155.1	198.1	*-21.7%*
Adjusted Revenue (ex-paper) (£m)*	128.7	182.5	*-29.5%*
IFRS operating (loss)/profit (£m)	(12.3)	2.3	*-634.8%*
Adjusted operating (loss)/profit* (£m)	(12.5)	6.5	*-292.3%*
Adjusted operating margin**	-9.7%	3.6%	*-1330bpts*

*Excludes "pass through" revenue of £26.4m related to non-novated paper contracts relating to the Portals De La Rue sale.
** Excludes exceptional item net credit of £0.2m (H1 2018/19: net charges of £4.2m).

Overall, we saw a decline in banknote and security feature volumes and price, with good growth in polymer volumes. Adjusted revenue was £128.7m (H1 2018/19: £182.5m) and IFRS revenue was £155.1m, 21.7% lower than the prior year and includes the recognition of £26.4m of "pass-through" paper revenue. At 28 September 2019, the 12-month order book for Currency was £238m (30 March 2019: £202m) and the total order book for Currency was £273m.

We saw a decline in adjusted profit from £6.5m in H1 2018/19, to a £12.5m loss in H1 2019/20 due to the reduction in banknote and security feature volumes and price, an adverse product mix and the impact of lower absorption of factory fixed costs into inventory due to lower production volumes.

Product Authentication & Traceability (PA&T)

The **PA&T** business comprises mainly GRS and brand protection products.

	Reported H1 2019/20	Reported H1 2018/19	Change
IFRS Revenue (£m)	33.0	19.4	*70.1%*
Adjusted Revenue (£m)	33.0	19.4	*70.1%*
IFRS operating profit (£m)	7.6	3.4	*123.5%*
Adjusted operating profit* (£m)	7.7	3.6	*113.9%*
Adjusted operating margin*	23.3%	18.6%	*470bpts*

*Excludes exceptional item charges of £nil (H1 2018/19: net charges of £0.1m) and amortisation of acquired intangibles of £0.1m (H1 2018/19: £0.1m).

IFRS and adjusted revenue was £33.0m (H1 2018/19: £19.4m), a significant year-on-year increase of 70.1% due to delivery of growing volumes for our GRS contracts and ongoing sales to current customers.

IFRS operating profit of £7.6m (H1 2018/19: £3.4m) and adjusted operating profit of £7.7m (H1 2018/19: £3.6m) were driven by growth in GRS volumes, partially offset by upfront operating expenses associated with new contracts.

Identity Solutions

The **Identity Solutions** business comprises mainly our passport and other personal identity products.

	Reported H1 2019/20	Reported H1 2018/19	Change
IFRS Revenue (£m)	44.2	40.1	*10.2%*
Adjusted Revenue (£m)	44.2	40.1	*10.2%*
IFRS operating profit (£m)	6.7	6.7	-
Adjusted operating profit* (£m)	7.0	6.9	*1.4%*
Adjusted operating margin*	15.8%	17.2%	*-140bpts*

*Excludes amortisation of acquired intangibles of £0.3m (H1 2018/19: £0.2m).

IFRS revenue and adjusted revenue was £44.2m (H1 2018/19: £40.1m), with growth of 10.2% driven by increased volumes within our UK Passport business. IFRS and adjusted operating profit of £6.7m and £7.0m respectively, are largely flat on H1 2018/19.

We continue to work with Her Majesty's Passport Office (HMPO) on the phased transition to the new supplier for the UK Passport production contract, and we expect revenue from this contract at the same level in H2 2019/20.

BOARD CHANGES

On 30 May 2019, we announced that Martin Sutherland had agreed with the Board of the Company that he would step down as Chief Executive Officer and as a Director of the Company following the appointment of his successor.

On 24 June 2019, we announced that Andy Stevens, Senior Independent Director, had informed the Board of his intention to step down as a Director of the Company due to his other commitments. In addition, we announced that the Chairman, Philip Rogerson, indicated his intention to retire from the Board.

On 2 September 2019, we announced the appointment of Kevin Loosemore as a non-executive Director and Chairman designate. Philip Rogerson retired as Chairman and as a non-executive Director on 1 October 2019, and Kevin succeeded Philip as Chairman on his retirement.

On 7 October 2019, we announced:

- the appointment of Clive Vacher as Chief Executive Officer and an Executive Director with immediate effect, and that accordingly Martin Sutherland would stand down as Chief Executive Officer and as a Director of the Company; and that,

- Andy Stevens, Senior Independent Director, had agreed to step down earlier than previously announced, to align with our organisational changes; Sabri Challah became Senior Independent Director and Maria Da Cunha, Non-executive Director, succeeded Sabri as Chair of the Remuneration Committee.

As Clive Vacher joined the Company after the end of the reporting period, this statement is issued solely by Helen Willis, Chief Financial Officer.

BREXIT IMPACT

De La Rue is preparing for all possible eventualities regarding Brexit in relation to impact on customs, VAT and excise arrangements, particularly as a large proportion of our supplier base is within the EU.

As part of the no deal preparations, De La Rue has held frequent updates, bringing together key stakeholders within the business and will continue to do so to ensure our preparedness and business continuity post-Brexit. HMRC has published technical notices on customs, excise and VAT encouraging businesses to view existing guidance explaining no deal arrangements. We continue to follow this guidance where applicable.

SFO

On 23 July 2019 we announced that the UK Serious Fraud Office (the "SFO") had informed the Company that it had opened an investigation into the De La Rue group and its associated persons in relation to suspected corruption in the conduct of business in South Sudan. De La Rue is co-operating with the SFO in its investigation.

We will provide a further update as and when appropriate. See note 13 contingent assets and liabilities.

Helen Willis
Chief Financial Officer

26 November 2019

Cautionary note regarding forward-looking statements

These results include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout these results and the information incorporated by reference into these results and include statements regarding the intentions, beliefs or current expectations of the directors, De La Rue or the Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of De La Rue and the industry in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond De La Rue's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, dividend policy and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in these results and/or the information incorporated by reference into these results. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Group and the development of the industry in which it operates, are consistent with the forward-looking statements contained in these results and/or the information incorporated by reference into these results, those results or developments may not be indicative of results or developments in subsequent periods.

Other than in accordance with its legal or regulatory obligations, De La Rue does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

DIRECTORS REPORT

Principal risks and uncertainties

Throughout its global operations De La Rue faces various risks, both internal and external, which could have a material impact on the Group's performance. The Group manages the risks inherent in its operations in order to mitigate exposure to all forms of risks, where practical, and to transfer risk to insurers, where cost effective.

The Group analyses the risks that it faces under the following broad headings: strategic risks (technological revolution, strategy implementation, changes to the market environment and economic conditions), operational risks, legal/ regulatory, information risks and financial risks (currency risk, credit risk, liquidity risk, interest rate risk and commodity price risk).

As described in the 2019 Annual Report, the principal risks include Bribery and corruption, Failure to integrate and execute M&A activity, Failure to innovate and modernise to be competitive, Quality management failure, Failure of a key supplier, Inability to accurately forecast financial information, Failure to win or renew a material contract, Management lack of bandwidth and clear prioritisation to execute the strategy and run the business, Pension fund liability, Loss of a key site or process, Failure in health, safety and environmental control, Breach of information security, Breach of product security and Breach of sanctions. All of these risks listed above, along with the risk management systems and processes used to manage them remain unchanged since the 2019 Annual Report was published.

Since the 2019 Annual report was issued there are two additional notable risk factors. Firstly, the SFO have opened up an investigation into De La Rue Group and secondly there has been a rapid change in market conditions which is impacting on our debt covenant ratios.

A copy of the 2019 Annual Report is available on request from the Company's registered office at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS.

Going Concern

The Group has prepared these condensed consolidated half-year financial results on a Going Concern basis. The Directors have considered a number of factors in concluding on the Going Concern assumption including the Group's trading results in the first six months of FY 2019/20 and its impact on future performance, the continued access to credit facilities and the Group's ability to operate within its banking covenants, in particular the net debt/EBITDA covenant. As described on page 33 of the 2019 Annual Report, the Group meets its funding requirements through cash generated from operations and a revolving credit facility which expires in December 2021.

The Group's principal risks are set out on pages 36 to 40 of the 2019 annual report and page 11 of the De La Rue 2019/20 condensed consolidated half-year financial results. The Group's current financial position is set out in the De La Rue 2019/20 condensed consolidated half-year financial results on page 16.

As at the 28 September 2019 the Group's net debt was £170.7m and the net debt/EBITDA ratio adjusted for the basis of the banking covenant was 2.72 times, both of which are significantly higher than previously forecast.

During the first six months of FY 2019/20 the Group generated lower adjusted operating profit as a result of significant changes since the start of the year in the market for Currency, including pricing pressure and lower volumes as a result of reduced overspill demand (which is difficult to predict). In addition the Group's working capital increased by £35.1m driven primarily by high levels of inventory partly attributable to changes in production and delivery schedules by customers (£21.8m); higher receivables due to growth in PA&T volumes and higher receivables in Currency due to the timing of payments (£5.8m) and a reduction in payables (£7.5m) due to a reduction in advanced payments and settlements of employee related accruals.

The Board believes that significant changes in the Board and Executive teams, along with a restructuring of the business has contributed to the poor performance of the business in the period. This has contributed to a larger variance between forecasts and performance than has been experienced historically.

The new Chief Executive has now engaged the Company in a turnaround plan as detailed on page 4 of the De La Rue 2019/20 condensed consolidated half-year financial results, in order to set a new vision for the Company and its divisions which reduces costs, improves cash management, accelerates the restructuring (specifically targeting company-wide overhead cost reduction) and repositions the company in its market places.

Following the challenging trading in the first six months of FY2019/20, the Group has prepared revised forecasts for the Going Concern period. These forecasts indicate that the Group can continue to operate within its banking covenant ratio Net Debt/EBITDA ≤3.0 times.

A series of plausible downside scenarios were also prepared (with their impact on EBITDA and net debt modelled) reflecting the adverse trading environment and binary nature of the large currency contracts that underpin the Group's business model. The most significant of the plausible scenarios reflect: the performance risk and timing of revenue recognition on jobs for delivery in P11 and P12 FY 2019/20; the risk that the Group is not able to generate the necessary cost savings to enable a significant contract to deliver required profitability levels and cashflow risk associated with the unwind of the working capital build from H1.

In addition to the above, the following other plausible downsides were modelled: a further deterioration in trading conditions; additional costs arising associated with contingent liabilities and the Group's growth areas generating lower than forecasted margin.

The revised forecasts prepared by management indicate that the Group can continue to operate within its banking covenant ratio Net Debt/EBITDA ≤3.0 times. In addition, the plausible downside risks referred to above continue to be actively managed to mitigate the impact on EBITDA and net debt. However, given the more binary nature of the most significant plausible downside scenarios, if more than one of these were to occur concurrently without mitigation the Group would breach its net debt/EBITDA ratio. Therefore, we have concluded there is a material uncertainty that casts significant doubt on the Group's ability to continue as a going concern. In mitigation the Directors have suspended future dividends and management is focused on delivering the Company turnaround plan.

A copy of the 2019 Annual Report is available at www.delarue.com or on request from the Company's registered office at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS.

Statement of Directors' responsibilities
The Interim Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Disclosure Guidance and Transparency Rules ("DTR") of the United Kingdom's Financial Conduct Authority ("FCA").

The DTR require that the accounting policies and presentation applied to the half yearly figures must be consistent with those applied in the latest published annual accounts, except where the accounting policies and presentation are to be changed in the subsequent annual accounts, in which case the new accounting policies and presentation should be followed, and the changes and the reasons for the changes should be disclosed in the Interim report, unless the United Kingdom's FCA agrees otherwise.

The Directors confirm that to the best of their knowledge the condensed set of financial statements, which have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, as required by DTR 4.2 and in particular include a fair review of:

- the important events that have occurred during the first six months of the financial year and their impact on the interim condensed consolidated set of financial statements as required by DTR 4.2.7R;
- the principal risks and uncertainties for the remaining half of the year as required by DTR 4.2.7R; and
- related party transactions that have taken place in the first half of the current financial year and changes in the related party transactions described in the previous annual report that have materially affected the financial position or performance of the Group during the first half of the current financial year as required by DTR 4.2.8R.

The Board of Directors of De La Rue plc at 30 March 2019 and their respective responsibilities can be found on page 52 and 53 of the De La Rue plc Annual Report 2019. Changes since that date are above under "Board Changes".

For and on behalf of the Board

Kevin Loosemore
Chairman
26 November 2019

INDEPENDENT REVIEW REPORT TO DE LA RUE PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 28 September 2019 which comprises the Group condensed consolidated interim income statement, the Group condensed consolidated interim statement of comprehensive (loss)/income, the Group condensed consolidated interim balance sheet, the Group condensed consolidated interim statement of cash flows, the Group condensed consolidated interim statement of changes in equity and the related explanatory notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 28 September 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Material uncertainty related to going concern

We draw attention to the Directors report on page 11 and 12 in the interim financial statements. This indicates that, if one or more of the most significant modelled downside scenarios (which are binary in nature) were to occur concurrently in the going concern period, without mitigation, a breach of covenants relating to the company's revolving credit facility would occur.

As stated on page 11 and 12, these events or conditions along with other matters set forth in the same section, indicate that a material uncertainty exists which may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Ernst & Young LLP
London, UK
26 November 2019

GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT - UNAUDITED

FOR THE HALF YEAR ENDED 28 SEPTEMBER 2019

	Notes	**2019/20 Half Year £m**	Restated 2018/19 Half Year £m	Restated 2018/19 Full Year £m
Revenue from customer contracts	2	**232.3**	257.6	564.8
Operating expenses – ordinary		**(229.4)**	(239.3)	(501.0)
Operating expenses – expected credit losses		**(1.1)**	(1.6)	(4.4)
Operating (expenses)/income – exceptional	4	**(11.0)**	(6.6)	(27.9)
Total operating expenses		**(241.5)**	(247.5)	(533.3)
Operating (loss)/profit		**(9.2)**	10.1	31.5
Comprising:				
Adjusted operating profit	2	**2.2**	17.0	60.1
Amortisation of acquired intangible assets		**(0.4)**	(0.3)	(0.7)
Net exceptional items	4	**(11.0)**	(6.6)	(27.9)
(Loss)/profit before interest and taxation		**(9.2)**	10.1	31.5
Interest income		**0.7**	0.4	0.6
Interest expense		**(2.8)**	(2.3)	(4.5)
Net retirement benefit obligation finance cost		**(0.8)**	(1.1)	(2.1)
Net finance expense		**(2.9)**	(3.0)	(6.0)
(Loss)/profit before taxation		**(12.1)**	7.1	25.5
Taxation		**2.0**	(1.7)	(4.8)
(Loss)/profit for the period from continuing operations		**(10.1)**	5.4	20.7
Loss from discontinued operations	3	**(0.7)**	(0.5)	(2.4)
(Loss)/profit for the period		**(10.8)**	4.9	18.3
Attributable to:				
-Owners of the parent		**(11.8)**	4.7	17.0
-Non-controlling interests		**1.0**	0.2	1.3
(Loss)/profit for the period		**(10.8)**	4.9	18.3
Earnings per ordinary share				
Basic				
Basic EPS continuing operations		**(10.7p)**	5.1p	18.8p
Basic EPS discontinued operations		**(0.6p)**	(0.5p)	(2.3p)
Total basic earnings per share		**(11.3p)**	4.6p	16.5p
Diluted				
Diluted EPS continuing operations		**(10.7p)**	5.1p	18.8p
Diluted EPS discontinued operations		**(0.6p)**	(0.5p)	(2.3p)
Total diluted earnings per share		**(11.3p)**	4.6p	16.5p

Comparatives have been restated to show expected credit losses on the face of the income statement.

GROUP CONDENSED CONSOLIDATED INTERIM
STATEMENT OF COMPREHENSIVE (LOSS)/INCOME - UNAUDITED
FOR THE HALF YEAR ENDED 28 SEPTEMBER 2019

	2019/20 Half Year £m	2018/19 Half Year £m	2018/19 Full Year £m
Loss for the financial period	**(10.8)**	4.9	18.3
Other comprehensive income			
Items that are not reclassified subsequently to income statement:			
Re-measurement gains on retirement benefit obligations	**29.0**	1.2	(4.8)
Tax related to re-measurement of net defined benefit liability	**(5.1)**	-	1.5
Other movements	**-**	-	0.7
Items that may be reclassified subsequently to income statement:			
Foreign currency translation difference for foreign operations	**2.9**	0.7	(0.9)
Change in fair value of cash flow hedges	**2.0**	0.4	(2.6)
Change in fair value of cash flow hedges transferred to income statement	**0.4**	0.5	0.4
Change in fair value of cash flow hedges transferred to non-current assets	**0.2**	-	-
Income tax relating to components of other comprehensive income	**(0.3)**	(0.2)	0.7
Other movements	**-**	0.6	-
Other comprehensive income for the period, net of tax	**29.1**	3.2	(5.0)
Total comprehensive income for the period	**18.3**	8.1	13.3
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company	**17.3**	7.9	12.0
Non-controlling interests	**1.0**	0.2	1.3
	18.3	8.1	13.3

GROUP CONDENSED CONSOLIDATED INTERIM BALANCE SHEET - UNAUDITED

AT 28 SEPTEMBER 2019

	Notes	**2019/20 Half Year £m**	2018/19 Half Year £m	2018/19 Full Year £m
ASSETS				
Non-current assets				
Property, plant and equipment		**127.4**	110.9	115.0
Intangible assets		**31.9**	31.1	33.3
Investments in associates		**-**	-	-
Deferred tax assets		**16.3**	18.0	18.4
Derivative financial instruments	8	**2.4**	-	0.2
Other financial assets		**7.6**	7.0	7.3
		185.6	167.0	174.2
Current assets				
Inventories		**62.4**	40.6	42.3
Trade and other receivables		**94.9**	146.5	114.4
Contract assets		**18.0**	11.2	24.9
Current tax assets		**1.6**	2.6	3.3
Derivative financial instruments	8	**8.0**	5.4	4.0
Cash and cash equivalents		**11.2**	9.8	12.2
Assets classified as held for sale		**31.6**	-	-
		227.7	216.1	201.1
Total assets		**413.3**	383.1	375.3
LIABILITIES				
Current liabilities				
Borrowings		**(180.9)**	(102.9)	(118.7)
Trade and other payables		**(154.5)**	(192.8)	(175.0)
Contract liabilities		**(0.2)**	(9.0)	(6.0)
Lease liabilities		**(2.8)**	-	-
Current tax liabilities		**(11.8)**	(13.1)	(11.7)
Derivative financial instruments	8	**(7.4)**	(5.0)	(6.7)
Provisions for liabilities and charges		**(11.0)**	(2.6)	(3.5)
Liabilities as held for sale		**(10.8)**	-	-
		(379.4)	(325.4)	(321.6)
Non-current liabilities				
Retirement benefit obligations	10	**(39.9)**	(79.3)	(78.6)
Deferred tax liabilities		**(3.7)**	(3.1)	(3.4)
Derivative financial instruments	8	**(2.3)**	-	(0.2)
Provisions for liabilities and charges		**-**	(2.2)	(0.7)
Lease liabilities		**(12.3)**	-	-
		(58.2)	(84.6)	(82.9)
Total liabilities		**(437.6)**	(410.0)	(404.5)
Net assets/liabilities		**(24.3)**	(26.9)	(29.2)
EQUITY				
Ordinary share capital		**47.8**	47.4	47.7
Share premium account		**42.2**	39.9	42.1
Capital redemption reserve		**5.9**	5.9	5.9
Hedge reserve	8	**(0.2)**	0.2	(2.5)
Cumulative translation adjustment		**7.9**	6.4	5.0
Other reserves		**(83.8)**	(83.8)	(83.8)
Retained earnings		**(59.2)**	(52.0)	(53.5)
Total equity attributable to shareholders of the Company		**(39.4)**	(36.0)	(39.1)
Non-controlling interests		**15.1**	9.1	9.9
Total equity		**(24.3)**	(26.9)	(29.2)

GROUP CONDENSED CONSOLIDATED INTERIM
STATEMENT OF CASH FLOWS – UNAUDITED
FOR THE HALF YEAR ENDED 28 SEPTEMBER 2019

	Notes	**2019/20 Half Year £m**	2018/19 Half Year £m	2018/19 Full Year £m
Cash flows from operating activities				
(Loss)/profit before tax*		**(12.9)**	6.2	22.8
Adjustments for:				
Finance income and expense		**2.9**	3.0	6.0
Depreciation		**8.9**	8.4	16.7
Amortisation		**1.7**	1.9	3.2
(Increase)/decrease in inventories [1]		**(21.8)**	(3.8)	(7.3)
(Increase)/decrease in trade and other receivables [1]		**(5.8)**	(61.4)	(67.3)
(Decrease)/increase in trade and other payables [1]		**(7.5)**	35.1	14.7
Increase/(decrease) in provisions		**7.7**	(3.2)	(2.0)
Pension funding contributions		**(10.7)**	(10.3)	(20.5)
Share based payment expense		**0.1**	0.5	0.7
Non cash impairment of fixed assets		**1.3**	-	-
Add back of non-cash GMP pension liability adjustment		**-**	-	1.7
(Profit)/Loss on disposal of business		**(0.7)**	2.9	3.0
Add back of non-cash credit loss provision for Venezuela		**-**	-	18.1
Add back of non-cash net credit loss provision		**1.1**	-	4.4
Other non-cash movements		**2.4**	1.0	1.2
Cash generated from operations		**(33.3)**	(19.7)	(4.6)
Tax received/(paid)		**1.1**	2.0	(2.0)
Net cash flows from operating activities		**(32.2)**	(17.7)	(6.6)
Cash flows from investing activities				
Proceeds from the sale of subsidiary (net of cash disposed)		**-**	0.2	0.2
Purchases of property, plant and equipment and software intangibles		**(5.9)**	(7.9)	(18.9)
Development expenditure capitalised		**(3.8)**	(2.5)	(6.5)
Proceeds from sale of property, plant and equipment		**-**	0.7	-
Other investing		**-**	-	0.7
Net cash flows from investing activities		**(9.7)**	(9.5)	(24.5)
Net cash flows before financing activities		**(41.9)**	(27.2)	(31.1)
Cash flows from financing activities				
Proceeds from issue of share capital		**0.1**	1.8	4.3
Net drawdown of borrowings		**59.0**	34.0	53.5
Lease liability payments		**(1.1)**	-	-
Interest paid		**(2.5)**	(2.0)	(4.4)
Dividends paid to shareholders		**(17.3)**	(17.1)	(25.7)
Dividends paid to non-controlling interests		**-**	-	(0.5)
Net cash flows from financing activities		**38.2**	16.7	27.2
Net (decrease)/increase in cash and cash equivalents in the period		**(3.7)**	(10.5)	(3.9)
Cash and cash equivalents at the beginning of the period		**11.3**	15.2	15.2
Exchange rate effects		**0.1**	-	-
Cash and cash equivalents at the end of the period		**7.7**	4.7	11.3
Cash and cash equivalents consist of:				
Cash at bank and in hand		**11.2**	9.8	12.2
Cash transferred to held for sale		**0.6**	-	-
Bank overdrafts		**(4.1)**	(5.1)	(0.9)

*Profit before tax includes continuing and discontinued operations.

[1] Working capital movements include in HY 2019/20 amounts relating to IDS which have been transferred to held for sale in order to show true cashflows for the period.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE HALF YEAR ENDED 28 SEPTEMBER 2019

	Attributable to equity shareholders							Non-controlling interest	Total equity
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Hedge reserve £m	Cumulative translation adjustment £m	Other reserve £m	Retained earnings £m	£m	£m
Balance at 31 March 2018	**47.1**	**38.4**	**5.9**	**(0.5)**	**7.2**	**(83.8)**	**(44.4)**	**8.9**	**(21.2)**
Profit for the period	-	-	-	-	-	-	4.9	0.2	5.1
Other comprehensive income, net of tax	-	-	-	0.7	0.7	-	1.8	-	3.2
Other movement	-	-	-	-	(1.5)	-	1.5	-	-
Total comprehensive income	-	-	-	0.7	(0.8)	-	8.2	0.2	8.3
Transactions with owners of the company recognised directly in equity:	-	-	-	-	-	-	-	-	-
Share capital issued	0.3	1.5	-	-	-	-	-	-	1.8
Employee share scheme:	-	-	-	-	-	-	0.5	-	0.5
- value of services provided	-	-	-	-	-	-	-	-	-
Income tax on income and expenses recognised directly in equity	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(17.1)	-	(17.1)
Balance at 30 September 2018	**47.4**	**39.9**	**5.9**	**0.2**	**6.4**	**(83.8)**	**(52.8)**	**9.1**	**(27.7)**
Profit for the period	-	-	-	-	-	-	12.1	1.1	13.2
Other comprehensive income, net of tax	-	-	-	(2.7)	(1.1)	-	(4.4)	-	(8.2)
Other movements	-	-		-	(0.3)	-	0.1	0.2	-
Total comprehensive income	-	-	-	(2.7)	(1.4)	-	7.8	1.3	5.0
Transactions with owners of the company recognised directly in equity:									
Share capital issued	0.3	2.2	-	-	-	-	-	-	2.5
Employee share scheme:									
- value of services provided	-	-	-	-	-	-	0.4	-	0.4
Income tax on income and expenses recognised directly in equity	-	-	-	-	-	-	(0.3)	-	(0.3)
Dividends paid	-	-	-	-	-	-	(8.6)	(0.5)	(9.1)
Balance at 30 March 2019 as previously reported	**47.7**	**42.1**	**5.9**	**(2.5)**	**5.0**	**(83.8)**	**(53.5)**	**9.9**	**(29.2)**
Accounting policy restatement IFRS 16	-	-	-	-	-	-	(1.1)	-	(1.1)
Balance at 01 April 2019 (restated)	**47.7**	**42.1**	**5.9**	**(2.5)**	**5.0**	**(83.8)**	**(54.6)**	**9.9**	**(30.3)**
Loss for the period	-	-	-	-	-	-	(11.8)	1.0	(10.8)
Other comprehensive income, net of tax	-	-	-	2.3	2.9	-	23.9	-	29.1
Total comprehensive income	-	-	-	2.3	2.9	-	12.1	1.0	18.3
Transactions with owners of the company recognised directly in equity:	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests (see note11)	-	-	-	-	-	-	0.8	4.2	5.0
Share capital issued	0.1	0.1	-	-	-	-	-	-	0.2
Employee share scheme:	-	-	-	-	-	-	-	-	-
- value of services provided	-	-	-	-	-	-	0.1	-	0.1
Income tax on income and expenses recognised directly in equity	-	-	-	-	-	-	(0.3)	-	(0.3)
Dividends paid	-	-	-	-	-	-	(17.3)	-	(17.3)
Balance at 28 September 2019	**47.8**	**42.2**	**5.9**	**(0.2)**	**7.9**	**(83.8)**	**(59.2)**	**15.1**	**(24.3)**

Share premium account

This reserve arises from the issuance of shares for consideration in excess of their nominal value.

Capital redemption reserve

This reserve represents the nominal value of shares redeemed by the Company.

Hedge reserve

This reserve records the portion of any gain or loss on hedging instruments that are determined to be effective cash flow hedges. When the hedged transaction occurs, the gain or loss on the hedging instrument is transferred out of equity to the income statement. If a forecast transaction is no longer expected to occur, the gain or loss on the related hedging instrument previously recognised in equity is transferred to the income statement.

Other reserve

On 1 February 2000, the Company issued and credited as fully paid 191,646,873 ordinary shares of 25p each and paid cash of £103.7m to acquire the issued share capital of De La Rue plc (now De La Rue Holdings Limited), following the approval of a High Court Scheme of Arrangement. In exchange for every 20 ordinary shares in De La Rue plc, shareholders received 17 ordinary shares plus 920p in cash. The other reserve of £83.8m arose as a result of this transaction and is a permanent adjustment to the consolidated financial statements.

Cumulative translation adjustment (CTA)

This reserve records cumulative exchange differences arising from the translation of the financial statements of foreign entities since transition to IFRS. Upon disposal of foreign operations, the related accumulated exchange differences are recycled to the income statement. This reserve also records the effect of hedging net investments in foreign operations.

During the period ended 30 March 2019 an amount of £1.5m has been reclassified to the cumulative translation adjustment reserve from retained earnings.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – UNAUDITED

1 *Basis of preparation and statement of compliance*

These condensed consolidated financial statements have been prepared on a Going Concern subject to the matters noted in the Director's report on page 11. These condensed consolidated half-yearly financial statements of De La Rue plc (the Group) have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. The annual consolidated financial statements of the Group are prepared in accordance with EU-endorsed International Financial Reporting Standards (IFRSs). These condensed consolidated half-yearly financial statements do not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006 and should be read in conjunction with the Annual Report March 2019. The comparative figures for the period ended 29 September 2018 are not the Group's statutory accounts for that financial year. Those financial statements have been reported upon by the Group's auditor and delivered to the registrar of companies. The report of the auditor was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The accounting policies adopted in the preparation of these condensed consolidated half-yearly financial statements to 28 September 2019 are consistent with the accounting policies applied by the Group in its consolidated financial statements as at, and for the period ended, 30 March 2019 as required by the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority, with the exception of the adoption of new and amended standards as set out below.

New and amended standards adopted by the Group

Several new or amended standards became applicable for the current reporting period, and the Group changed its accounting policies as a result of adopting IFRS 16 Leases.

The impact of the adoption of the new leasing standard is disclosed below.

In addition, IFRIC 23 (uncertainty over income tax treatments) has been effective. IFRIC 23 has been adopted and is effective from 31 March 2019 but has not had a material impact.

The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments

Changes in accounting policies

IFRS 16 "leases"

IFRS 16 *Leases* ('IFRS 16') became effective for reporting periods beginning on or after 1 January 2019 and replaced IAS 17 Leases and related interpretations. It results in a substantial number of leases being recorded on the balance sheet, as the distinction between operating and finance leases is removed. There are exemptions for short-term leases and leases of low-value items which permit such leases to be excluded from the balance sheet and the lease payments to be recognised as an expense on a straight-line basis over the term of the lease.

IFRS 16 introduces a single, on-balance sheet, lease accounting model for lessees. The Group will recognise a right-of-use ('ROU') asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - UNAUDITED

The Group has applied the modified retrospective transition approach. On a lease by lease basis the Group has either measured the right to use asset at the amount of the liability adjusted for any prepaid or accrued lease payments or followed the asset recalculated approach. The determination has been made based on the availability of historical lease data. Under the asset recalculated approach, the right to use asset recorded on transition measured as if IFRS 16 had been applied as the start of the lease but using the incremental borrowing rate as at the transition date. Under both methods the lease liability will be calculated based on the estimated future lease payments. The cumulative effect of adopting IFRS 16 has been recognised as an adjustment to retained earnings as at 31 March 2019, with no restatement of comparative information.

The Group has taken the following practical expedients on transition:

- to exclude initial direct cost from the measurement of the right to use asset;
- to not recognise a right to use asset and lease liability where the lease expires within 12 months;
- to apply the portfolio approach where a group of leases has similar characteristics including applying the same incremental borrowing rate;
- to not record a right to use asset or related lease liability for low-value items; and
- to grandfather the definition of a lease on transition.

Impact on adoption

The cumulative effect of adopting IFRS 16 has been recognised as an adjustment to retained earnings as at 31 March 2019, with no restatement of comparative information:

Impact on the Balance Sheet as previously reported at 31March 2019:			
	As at 31 March 2019 £m	Impact of IFRS16 £m	As at 31 March 2019 restated for IFRS16 £m
Right to use asset – property	-	12.6	12.6
Right to use asset – plant and machinery	-	0.7	0.7
Prepayments and accrued income	3.4	(0.2)	3.2
Lease liability	-	(14.3)	(14.3)
Deferred tax assets	18.4	0.1	18.5
Total impact on net assets		**(1.1)**	
Impact on retained earnings:			
Total impact on retained earnings		**(1.1)**	

The following summarises the impacts of adopting IFRS 16 on the Group's income statement in H1 2019/20. The adoption of IFRS 16 has had an impact on several of the Group's key metrics due to operating lease payments under IAS 17 being replaced with depreciation and interest charges:

The impact on the income statement for the period to 28 September 2019			
	Pre the impact of IFRS16 £m	Impact of IFRS16 £m	As reported post adoption of IFRS16 £m
Operating expenses – ordinary*	(230.7)	0.2	(230.5)
IFRS operating profit	(10.1)	0.2	(9.9)
Adjusted operating profit	2.0	0.2	2.2
Adjusted EBITDA	11.0	1.4	12.4
Net finance charges	(2.6)	(0.3)	(2.9)
Loss before tax - IFRS	(12.8)	-	(12.8)

*Comprises reversal of rental expense previously recognised under IAS 17 of £1.4m and the recognition of depreciation on the right to use asset of £1.2m.

Reconciliation between operating lease commitments and lease liability:

	£m
Total minimum lease payments reported at 30 March 2019 under IAS 17	34.8
Impact of discounting	(22.4)
Change in assessment of lease term under IFRS 16	1.9
Lease Liability recognised on transition to IFRS 16 at 31 March 2019	14.3

The adoption of IFRS 16 has resulted in an improvement of £1.4m to operating cashflows as lease payments are now shown within finance activities split between interest payments and repayment of principle. The overall impact on the net cash outflow to the Group in H1 2019/20 is nil.

The weighted average incremental borrowing rate used for discounting the lease liabilities under IFRS 16 is 4.0%.

During H1 2019/20 an amount of less than £0.1m has been recorded to the income statement in relation to leases where the low value or short term practical expedients have been applied.

IFRS 16 – accounting policy applied since 31 March 2019.

Previously, the Group recognised operating lease payments as an expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Management has also made certain judgements on lease terms based on the Group's current expectations of whether break or renewal options will be taken. Judgements have also been made in estimating the incremental borrowing rates to use when discounting lease payments.

From 31 March 2019, leases are recognised on the balance sheet (unless they are low value or for a term of less than 12 months) with a right to use asset and corresponding lease liability being recorded at the date the lease asset is available for use. The right to use asset is depreciated over the shorter of the assets useful economic life and the lease term. Each lease payment is allocated between repayment of the lease liability and finance cost. The finance cost is charged to the income statement over the lease term to produce a constant periodic rate of interest on the remaining lease liability.

The lease liability is initially recognised on the balance sheet at the present value of future lease payments (including fixed payments and variable lease payments that depend upon an index) discounted using the incremental borrowing rate appropriate for that lease absent of the interest rate implicit in the lease being available.

The right to use asset is initially measured at cost, being the initial value of the lease liability, any lease payments made (net of any incentives received from the lessor) before the commencement of the lease and any initial direct costs and any restoration costs. Payments in respect of short term leases (duration of less than 12 months) or low value leases continue to be charged to the income statement on a straight line basis over the lease term.

Critical accounting judgements

In addition to the new critical accounting judgements and key sources of uncertainty relating to the adoption of IFRS 16 as referred to above, during the current period the Group has also considered whether the sale of the IDS business in October 2019 would require that business to be presented as discountinued operations in the H1 2019/20 financial statements. Management has considered whether the business being sold is considered a clear independent component of the Group operationally, a separate CGU for financial reporting purposes and is deemed to be major line of business. Management has determined that the IDS business being sold only represents part of the total IDS segment and it

does not therefore represent a separate major line of business. As such disclosure as discontinued is not considered appropriate.

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2 Segmental analysis

The continuing operations of the Group have three main operating units: Currency, Identity Solutions and Product Authentication & Traceability. The Board, which is the Group's Chief Operating Decision Maker, monitors the performance of the Group at this level and there are therefore three reportable segments. The principal financial information reviewed by the Board is revenue and adjusted operating profit.

The Group's segments are:

- · **Currency** - provides printed banknotes, polymer substrates and banknote security features
- · **Identity Solutions** - involved in the provision of passport, ePassport, national ID and eID, driving licence and voter registration schemes
- · **Product Authentication & Traceability** - produces security documents, including authentication labels, brand licensing products, government documents, cheques and postage stamps

2019/20 Half Year	Currency	Identity Solutions	Product Authentication and Traceability	Unallocated	Total
	£m	**£m**	**£m**	**£m**	**£m**
Total revenue from contracts with customers	155.4	44.2	33.0	-	232.6
Less: inter-segment revenue	(0.3)	-	-	-	(0.3)
Revenue from contracts with customers	155.1	44.2	33.0	-	232.3
Timing of revenue recognition:					
Point in time	128.4	40.1	33.0	-	201.5
Over time	26.7	4.1	-	-	30.8
Operating profit/(loss)	(12.3)	6.7	7.6	(11.2)	(9.2)
Net interest expense	0.1	-	-	(2.2)	(2.1)
Retirement benefit obligations net finance expense	-	-	-	(0.8)	(0.8)
Profit/(loss) before taxation	(12.2)	6.7	7.6	(14.2)	(12.1)
Segment assets	222.9	56.6	46.0	87.8	413.3
Segment liabilities	(93.9)	(37.4)	(14.8)	(291.5)	(437.6)
Capital expenditure on property, plant and equipment[(1)]	3.3	(1.4)	1.6	2.2	5.8
Capital expenditure on intangible assets	1.0	0.9	1.1	0.8	3.8
Depreciation of property, plant and equipment	6.0	1.1	0.9	0.9	8.9
Amortisation of intangible assets	-	0.3	0.1	1.3	1.7

Unallocated assets principally comprise deferred tax assets of £16.7m, cash and cash equivalents of £11.2m which are used as part of the Group's financing offset arrangements and derivative financial instrument assets of £10.4m as well as current tax assets, associates and centrally managed property, plant and equipment.

Unallocated liabilities principally comprise retirement benefit obligations of £39.9m, borrowings of £180.9m, current tax liabilities of £11.8m and derivative financial instrument liabilities of £9.4m as well as deferred tax liabilities and centrally held accruals and provisions.

(1) Capital expenditure is stated net of receipt of grant income of £3.9m. Allocated between the segments as follows: Currency (£1.5m), Identify Solutions (£1.6m) and, PAT (£0.8m).

2018/19 Half Year	Currency	Identity Solutions	Product Authentication and Traceability	Unallocated	Total
	£m	£m		£m	£m
Total revenue from contracts with customers	198.1	40.1	19.4	-	257.6
Timing of revenue recognition:					
Point in time	182.5	36.5	19.4	-	238.4
Overt time	15.6	3.6	-	-	19.2
Adjusted operating profit/(loss)	6.5	6.9	3.6	-	17.0
Amortisation of acquired intangible assets	-	(0.2)	(0.1)	-	(0.3)
Exceptional items – operating (note 4)	(4.2)	-	(0.1)	(2.3)	(6.6)
Operating profit/(loss)	2.3	6.7	3.4	(2.3)	10.1
Net interest expense	-	-	-	(1.9)	(1.9)
Retirement benefit obligations net finance expense	-	-	-	(1.1)	(1.1)
Profit/(loss) before taxation	2.2	6.7	3.5	(5.3)	7.1
Segment assets	199.0	58.3	32.7	93.1	383.1
Segment liabilities	(111.5)	(40.7)	(10.5)	(247.5)	(410.0)
Capital expenditure on property, plant and equipment	(3.0)	(0.2)	(2.2)	(2.5)	(7.9)
Capital expenditure on intangible assets					
Depreciation of property, plant and equipment	(5.0)	(2.2)	(0.5)	(0.7)	(8.4)
Amortisation of intangible assets	-	(0.3)	(0.1)	(1.5)	(1.9)

Geographic analysis of revenue

	2019/20 Half Year £m	2018/19 Half Year £m	2018/19 Full Year £m
Middle East and Africa	**81.9**	54.8	154.1
Asia	**39.0**	65.0	83.7
UK	**64.1**	35.2	149.2
The Americas	**18.1**	95.7	153.6
Rest of Europe	**18.4**	6.7	20.1
Rest of world	**10.7**	0.2	4.1
	232.2	257.6	564.8

3 Discontinued operations

The Group completed the sale of the entire issued share capital of Cash Processing Solutions Limited and related subsidiaries (together 'CPS') to CPS Topco Limited, a company owned by Privet Capital on 22 May 2016.

The loss on discontinued operations in the period of £0.7m relates to the winding down of remaining activity related to CPS (net of associated tax credits). Charges in HY 2018/19 and FY 2018/19 included net costs associated with a loss making CPS contract that was not novated post disposal. This contract is expected to conclude in FY 2021/22.

4 Exceptional Items

	2019/20 Half Year £m	2018/19 Half Year £m	2018/19 Full Year £m
Site relocation and restructuring	**(8.2)**	(3.3)	(4.8)
Costs associated with disposal of subsidiary	**(2.0)**	(0.4)	-
Pension underpin costs	**(0.5)**	-	(0.5)
Costs associated with the close out of hedge positions relating to the Venezuela contract	**(1.0)**	-	-
Gain/(Loss) on disposal	**0.7**	(2.9)	(2.6)
Venezuela credit loss provision	**-**	-	(18.1)
Acquisition related	**-**	-	(0.2)
Guaranteed minimum pension adjustment (GMP)	**-**	-	(1.7)
Total exceptional items – (charge)/credit	**(11.0)**	(6.6)	(27.9)
Exceptional items – tax credit/(charge)	**1.8**	0.6	4.2

Site relocation and restructuring costs
Site relocation and restructuring costs in FY 2019/20 included: Charges of £7.8m relating to the reorganisation in May 2019, primarily relating to provisions for estimated redundancy costs, in addition to consultant and advisor fees. Costs in relation to this programme are expected to be incurred until the end of FY 2021/22.

£0.2m (H1 2018/19: £1.2m) relating to the finalisation of the manufacturing footprint review announced in December 2015, the costs are associated to employees working on project completion.

£0.2m (H1 2018/19: £0.5m) in relation to the finalisation of the upgrade to our finance systems and processes comprising personnel costs for individuals solely employed to work on the project and consultancy fees.

Costs associated with disposal of subsidiary
Resulting from the sale of our IDS business to HID Global, costs of £2.0m have been incurred comprising advisor fees coupled with salaries for contractors and temporary employees employed to work solely on the sale.

Pension underpin costs
Legal fees of £0.5m were incurred in the rectification of certain discrepancies identified in the Scheme's rules.

Gain/(Loss) on disposal
A £0.7m gain was made in H1 2019/20 (H1 2018/19: loss £2.9m) on the final release of the recompense provision provided for in relation to the sale of the Portals De La Rue business. Delivery against the remaining contracts for which a recompense provision was recognised has now been satisfactorily completed and as such no further risk of the recompense provision being triggered is considered to exist.

Venezuela Credit loss provision
£1.0m were recognised relating to the close out of the hedge position taken out in relation to Venezuela receivables for which a credit loss of £18.1m was provided and reported in exceptional items in FY 2018/19. The hedge position was closed out in H1 2019/20 as subsequent to year end sanctions have further tightened against Venezuela.

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5 Taxation

A tax rate of 16.4% (H1 2018/19: 16.7%, FY 2018/19: 16.1%) has been provided based on management's best estimate of the effective rate of tax for the year arising on the loss before exceptional items and tax on the amortisation of acquired intangibles giving rise to a tax credit for the period of £0.1m (on a non-IFRS basis). In addition, tax credits of £0.1m in relation to the tax on the amortisation of acquired intangibles and £1.8m on exceptional items recognised in the period as described in note 4, resulting in an overall tax credit on continuing operations for the period of £2.0m (on an IFRS basis).

6 Earnings per share

	2019/20 Half Year pence per share	2018/19 Half Year pence per share	2018/19 Full Year pence per share
Earnings per share			
Basic earnings per share from continuing operations	**(10.7)**	5.1	18.8
Diluted earnings per share from continuing operations	**(10.7)**	5.1	18.8
Basic earnings per share from discontinued operations	**(0.6)**	(0.5)	(2.3)
Diluted earnings per share from discontinued operations	**(0.6)**	(0.5)	(2.3)
Basic earnings per share – total	**(11.3)**	4.6	16.5
Diluted earnings per share – total	**(11.3)**	4.6	16.5
Adjusted earnings per share			
Basic earnings per share from continuing operations	**(1.5)**	11.2	42.9

Earnings per share is calculating by dividing the profit attributable to equity shareholders by the weighted average number of shares. The weighted average number of ordinary shares used in the calculations for earnings per share is 103.9m (H1 2018/19: 102.6m; FY 2018/19: 102.9m) for basic earnings per share. Due to the loss for H1 2019/20 potential ordinary shares which may be issued to satisfy share option awards have not been included in the calculation of a share number for diluted earnings per share as their inclusion would be anti-dilutive. The dilutive impact of shares options for H1 2018/19 was 103.2m and for FY 2018/19 was 103.2m was) for diluted earnings per share after adjusting for dilutive impact of share options.

The Directors are of the opinion that the publication of the adjusted earnings per share is useful as it gives a better indication of underlying business performance.

Adjusted earnings per share excludes discontinued operations

Reconciliations of the earnings used in the calculations are set out below:

	2019/20 Half Year £m	2018/19 Half Year £m	2018/19 Full Year £m
Earnings for basic earnings per share – Total	**(11.8)**	4.7	17.0
Add: Earnings for basic earnings per share - discontinued operations	**0.7**	0.5	2.4
Earnings for basic earnings per share – continuing operations	**(11.1)**	5.2	19.4
Add: amortisation of acquired intangibles	**0.4**	0.3	0.7
Add: exceptional items (excluding non-controlling interests)	**11.0**	6.6	27.9
Less: tax on amortisation of acquired intangibles	**(0.1)**	(0.1)	0.3
Less: tax on exceptional items	**(1.8)**	(0.6)	(4.2)
Earnings for adjusted earnings per share	**(1.6)**	11.4	44.1

7 Equity dividends

	2019/20 Half Year £m	2018/19 Half Year £m	2018/19 Full Year £m
Final dividend for the year ended 31 March 2018 of 16.7p paid on 03 August 2018	**-**	17.1	17.1
Interim dividend for the period ended 29 September 2018 of 8.3p paid on 03 January 2019	**-**	-	8.6
Final dividend for the year ended 30 March 2019 of 16.7p paid on 03 August 2019	**17.3**	-	-
	17.3	17.1	25.7

8 Financial Instruments
Carrying amounts versus the fair value

	Total fair value Sep 2019 £m	**Carrying amount Sep 2019 £m**	Total fair value Mar 2019 £m	Carrying amount Mar 2019 £m
Financial assets				
Trade and other receivables[1]	**87.7**	**87.7**	114.4	114.4
Contract assets	**18.0**	**18.0**	24.9	24.9
Other financial assets[2]	**7.6**	**7.6**	7.1	7.1
Cash and cash equivalents	**11.2**	**11.2**	12.2	12.2
Derivative financial instruments:				
- Forward exchange contracts designated as cash flow hedges[4]	**2.5**	**2.5**	2.0	2.0
- Short duration swap contracts designated as fair value hedges[4]	**0.1**	**0.1**	-	-
- Foreign exchange fair value hedges - other economic hedges[4]	**1.3**	**1.3**	1.2	1.2
- Embedded derivatives[4]	**6.5**	**6.5**	1.0	1.0
Total financial assets	**134.9**	**134.9**	162.8	162.8

Financial liabilities				
Unsecured bank loans and overdraft[3]	**(181.9)**	**(181.9)**	(119.7)	(119.7)
Trade and other payables	**(154.5)**	**(154.5)**	(170.3)	(170.3)
Derivative financial instruments:				
- Forward exchange contracts designated as cash flow hedges[4]	**(2.4)**	**(2.4)**	(4.7)	(4.7)
- Short duration swap contracts designated as fair value hedges[4]	**(0.5)**	**(0.5)**	(0.5)	(0.5)
- Foreign exchange fair value hedges - other economic hedges[4]	**(6.1)**	**(6.1)**	(0.8)	(0.8)
- Embedded derivatives[4]	**(0.5)**	**(0.5)**	(0.8)	(0.8)
- Interest rate swaps[4]	**(0.2)**	**(0.2)**	(0.1)	(0.1)
Total financial liabilities	**(346.1)**	**(346.1)**	(296.9)	(296.9)

(1) Excludes prepayments
(2) Excludes ordinary shares of £0.2m which are accounted for as fair value through profit and loss
(3) Excludes unamortised pre-paid loan arrangement fees
(4) Level 2 valuations

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Fair Value measurement for derivative financial instruments

Fair value is calculated based on the future principal and interest cash flows, discontinued at the market rate of interest at the reporting date. The valuation bases are classified according to the degree of estimation required in arriving at the fair values. Level 1 valuations are derived from unadjusted quoted prices for identical assets or liabilities in active markets, level 2 valuations use observable inputs for the assets or liabilities other than quoted prices, while level 3 valuations are not based on observable market data and are subject to management estimates. There has been no movement between levels during the current or prior periods.

9 Analysis of net debt

	2019/20 Half Year £m	2018/19 Half Year £m	2018/19 Full Year £m
Cash at bank and in hand	**11.2**	9.8	12.2
Short term bank deposits	**-**	-	-
Bank overdrafts	**(4.1)**	(5.1)	(0.9)
Cash and cash equivalents	**7.1**	4.7	11.3
Other debt due within one year	**(177.8)**	(99.0)	(118.8)
Net debt at end of period	**(170.7)**	(94.3)	(107.5)

The Group has a revolving credit facility of £275m. As the drawdowns on this facility are typically rolled over on terms of between one and three months the borrowings are disclosed as a current liability. This is notwithstanding the long-term nature of this facility which expires in December 2021.

As at 28 September 2019, the Group has a total of undrawn committed borrowing facilities, all maturing in more than one year, of £97.5m (29 September 2018: £176m, 30 March 2019: £156.5m, all maturing in more than one year). The amount of loans drawn on the £275m facility is £177.5m.

Net debt above is presented excluding unamortised pre-paid borrowing fees of £0.9m. Net debt also excludes £15.2m of lease liabilities recognised following the adoption of IFRS 16.

10 Retirement benefit obligations

The Group has pension plans, devised in accordance with local conditions and practices in the country concerned, covering the majority of employees. The assets of the Group's plans are generally held in separately administered trusts or are insured.

	2019/20 Half Year £m	2018/19 Half Year £m	2018/19 Full Year £m
UK retirement benefit obligations	**(37.9)**	(77.2)	(76.8)
Overseas retirement benefit obligations	**(2.0)**	(2.1)	(1.8)
Retirement benefit obligations	**(39.9)**	(79.3)	(78.6)

The majority of the Group's retirement benefit obligations are in the UK:

	2019/20 Half Year £m	2018/19 Half Year £m	2018/19 Full Year £m
Amounts recognised in the consolidated Balance Sheet:			
Fair value of plan assets	**1,116.8**	952.5	1,004.8
Present value of funded obligations	**(1,149.4)**	(1,023.5)	(1,076.4)
Funded defined benefit pension plans	**(32.6)**	(71.0)	(71.6)
Present value of unfunded obligations	**(5.3)**	(6.2)	(5.2)
Net liability	**(37.9)**	(77.2)	(76.8)
Amounts recognised in the consolidated Income Statement:			
Included in employee benefits expense:			
Administrative expenses	**0.6**	0.8	2.7
Included in net finance cost:			
Net retirement benefit obligation finance cost	**0.8**	1.1	2.1
Total recognised in the consolidated Income Statement	**1.4**	1.9	4.8

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10 Retirement benefit obligations (continued)

Principal actuarial assumptions:	**2019/20 Half Year UK %**	2018/19 Half Year UK %	2018/19 Full Year UK %
Future pension increases – past service	**3.20**	3.25	3.25
Discount rate	**1.85**	2.85	2.40
Inflation rate – RPI	**3.00**	n/a	3.15
Inflation rate – CPI	**1.90**	2.05	2.05

At 28 September 2019 mortality assumptions were based on tables issued by Club Vita, with future improvements in line with the CMI model, CMI_2018 and a long-term rate of 1.25 per cent per annum.

The Group's formal triennial valuation of the UK defined benefit scheme (the "Scheme") was finalised in June 2016. The underlying funding deficit was valued at £252m. The Group agreed a revised funding plan with the Trustee to eliminate the deficit over a period of 12 years from 31 March 2016. A new triennial review of the Scheme's valuation was due as at 5 April 2018. The review is ongoing and the Company is engaging with the Trustees on funding arrangements. The existing funding plan agreed in June 2016 will remain in place until the review is concluded.

The cash contributions to the Scheme of £10.7m (in addition to the regular contributions outside of the revised funding plan) have been made in the half year and by the end of the full year these will amount to £21.3m. From 2019 to 2022 cash contributions will rise by 4% per annum. They will be frozen at £23.0m per year between 2023 and 2028. The Group will continue to pay annual fees of around £1.6m for managing the Scheme in addition to the cash contributions.

In November 2017 the Trustee of the Scheme decided to change indexation of future increases to the Scheme benefits from the Retail Prices Index ('RPI') to the Consumer Prices Index ('CPI'), effective from April 2018. The decision was made following a request from the Company and a detailed legal review upon which the Trustee concluded that CPI is currently a more suitable index for the calculation of annual increases in the Scheme. This change led to a past service credit of £80.5m reported in the 31 March 2018 full year results which was recorded within exceptional items. The directors continue to assess any residual impact from this change.

On 26th October 2018, a landmark pension case involving the Lloyds Banking Group's defined benefit pension schemes was handed down by the High Court. The judgement brings some clarity to defined benefit pension schemes in general and requires schemes to equalise pension benefits between men and women relating to Guaranteed Minimum Pensions (or "GMP"). The estimated impact of this in relation to the Scheme is £1.7m and this was charged to exceptional items at 30 March 2019. The estimate was performed based on method C2 (under the terminology of the High Court Judgement), which compares each member's accumulated benefits, with interest, to the same benefits if the member were the 'opposite sex' and ensuring the higher of the two accumulated amounts has been paid in each year.

In addition during FY20 fees of £0.5m have been incurred in the rectification of certain discrepancies identified in the Scheme's rules. The Directors do not consider this to have an impact on the UK defined benefit pension liability at the current time but they are continuing to assess this.

11 Transactions with non controlling interests

On 16 April 2019 the Group commenced a commercial partnership with the Government of Kenya on our currency and secure printing site in Nairobi, Kenya. Under the terms of the agreement, the National Treasury of Kenya has taken a 40% stake in De La Rue's wholly owned subsidiary De La Rue Kenya EPZ Limited, for a consideration of £5 million which was received in September 2017 and included within advanced payments on the balance sheet as at 31 March 2019.

De La Rue have a long history of supporting governments in Africa with currency and identity solutions and this joint venture enhances our position in East Africa. Management believes the transaction provides an opportunity to create greater long term value for shareholders and this joint venture fits with our strategy of expanding into key growth markets through long term partnerships and local investment.

De La Rue continues to operate and manage the business day to day and appoints three of the five directors on the commercial partnership's Board. In applying the definitions of control identified in IFRS 10, it has been determined that the Group retains outright control over De La Rue Kenya EPZ Limited and as such the results of the subsidiary are fully consolidated in to the Group's financial statements.

The Group recognised an increase in non controlling interests of £4.2m and an increase in equity attributable to owners of the parent of £0.8m. The effect on the equity attributable to the owners of De La Rue plc during the period is summarised as follows:

	Half Year 2019/20 £ m	Half Year 2018/19 £ m
Consideration received	5.0	-
Carrying amount of non controlling interests disposed of	(4.2)	-
Excess of consideration received recognised in the transactions with non controlling interests reserve within equity	0.8	-

12 Related party transactions

During the year the Group traded on an arm's length basis with the associated company Fidink (33.3% owned). The Group's trading activities with Fidink in the period comprise £6.1m (H1 2018/19: £12.1m) for the purchase of ink and other consumables on an arm's length basis. At the balance sheet date there was £3.8m (H1 2018/19: £2.4m) owing to this company.

13 Contingent assets and liabilities

De La Rue has extensive international operations and is subject to various legal and regulatory regimes, including those covering taxation matters from which, in the ordinary course of business, contingent liabilities can arise. De La Rue currently has certain ongoing taxation assessments which are provided for based on whether it is probable or not the tax authority will accept the tax treatment. Specifically, there is one tax assessment where no provision has been made on the basis that management believes the most likely outflow as a result of the assessment is insignificant. In the possible event that there was an adverse outcome this could result in a material outflow.

During 2017 an employee at the Paper Mill in Bathford suffered a serious injury. The investigation by the enforcing authorities is ongoing. In accordance with IAS 37, the Group has recorded its best estimate of the likely economic outflow that may arise in relation to this claim. It is possible the final outcome could be different to the amount provided.

On 23 July 2019 we announced that the UK Serious Fraud Office (the "SFO") had informed the Company that it had opened an investigation into the De La Rue group and its associated persons in relation to suspected corruption in the conduct of business in South Sudan. De La Rue is co-operating with the SFO in its investigation. Given the early stage of the investigation, it is not yet possible to estimate any potential financial impact and accordingly no provision has been made under IAS 37.

The group also provides guarantees and performance bonds which are issued in the ordinary course of business. In the event that a guarantee bond is called, provision may be required subject to the particular circumstances including an assessment of its recoverability.

14 Capital commitments

	2019/20 Half Year	2018/19 Half Year	2018/19 Full Year
	£m	£m	£m
The following commitments existed at the balance sheet date:			
Contracted but not provided for in the accounts	**548.7**	588.0	582.3

Included in the table above is an amount in relation to the sale of Portals De La Rue Limited to EPIRIS Fund II on 29 March 2018. As part of the transaction Portals De La Rue supplies security paper to meet the Group's anticipated internal requirements with pre agreed volumes and price mechanisms for a period of 10 years from 29 March 2018. Based on the terms of the agreement the Group has a remaining capital commitment of appropriately £519.7m over the next 10 years.

15 De La Rue financial calendar: 2019/20

Financial year end	28 March 2020

16 Subsequent events

On 14 October 2019 Group completed the sale of its International Identity Solutions business to HID Corporation Limited, an ASSA ABLOY Group company, for a cash consideration of £42m on a cash-free, debt-free basis.

17 Non-IFRS Financial measures

De La Rue plc publishes certain additional information in a non-statutory format in order to provide readers with an increased insight into the underlying performance of the business and use these internally for assessing the business performance. The Directors are of the opinion that these measures give a better understanding of the underlying performance of the business. Amortisation of acquired intangible assets is a non-cash item and by excluding this from the adjusted operating profit metrics this is deemed to be a more meaningful metric of the contribution from the underlying business. The measures the Group uses along with appropriate reconciliations where applicable are shown below.

Non-IFRS measures have not been restated for the impact of the adoption of IFRS 16. The key non-IFRS financial profit measure used by management to assess business performance is adjusted operating profit. The impact of the adoption of IFRS 16 is £0.2m and it has therefore not had a significant impact on this key measure.

Adjusted revenue

Adjusted revenue excludes “pass-through” revenue relating to non-novated paper business contracts where the Group earns nil margin. During HY 2019/20 pass through revenue amounted to £26.4m (HY 2018/19: £15.6m).

Adjusted operating profit

Adjusted operating profit represents earnings from continuing operations adjusted to exclude exceptional items and amortisation of acquired intangible assets.

	2019/20 Half Year £m	2018/19 Half Year £m	2018/19 Full Year £m
Operating profit from continuing operations on an IFRS basis	**(9.2)**	10.1	31.5
- Amortisation of acquired intangible assets	**0.4**	0.3	0.7
- Exceptional items – operating	**11.0**	6.6	27.9
Adjusted operating profit from continuing operations	**2.2**	17.0	60.1

Adjusted basic earnings per share

	2019/20 Half Year £m	2018/19 Half Year £m	2018/19 Full Year £m
Profit attributable to equity shareholders of the Company from continuing operations on an IFRS basis	**(11.1)**	5.2	19.4
- Amortisation of acquired intangible assets	**0.4**	0.3	0.7
- Exceptional items – operating	**11.0**	6.6	27.9
- Tax on amortisation of acquired intangibles	**(0.1)**	(0.1)	0.3
- Tax on exceptional items	**(1.8)**	(0.6)	(4.2)
Adjusted profit attributable to equity shareholders of the Company from continuing operations	**(1.6)**	11.4	44.1
Weighted average number of ordinary shares for basic earnings	**103.9**	102.6	102.9

	2019/20 Half Year Pence per share	2018/19 Half Year Pence per share	2018/19 Full Year Pence per share
Basic earnings per ordinary share continuing operations on an IFRS basis	**(10.7)**	5.1	18.8
Adjusted basic per ordinary share for continuing operations	**(1.5)**	11.2	42.9

Net debt

Net debt is a non-IFRS measure. See note 9 for details of how net debt is calculated.