De La Rue plc
Interim Report 2013

De La Rue is the world's largest integrated commercial banknote printer and is a trusted partner of governments, central banks, issuing authorities and commercial organisations around the world.

In recent years, the Group has been involved in the design or production of over 150 national currencies and a wide range of security documents including passports, driving licences, authentication labels and tax stamps. In addition, the Group manufactures sophisticated, high speed cash sorting and inspection equipment.

De La Rue also offers a range of specialist services and software solutions including government identity schemes, product authentication systems and cash management processing solutions.

De La Rue employs approximately 4,000 people worldwide and is listed on the London Stock Exchange.

Throughout this interim report, 'Group' is used as a collective term to describe De La Rue plc and its subsidiary companies. 'Company' is a reference to De La Rue plc.

For further information visit De La Rue's website at www.delarue.com

Key financials

Revenue
Half year 2013/14

£234.0m

Half year 2012/13: £245.4m

Operating profit**
Half year 2013/14

£39.1m

Half year 2012/13: £33.2m

Reported operating profit
Half year 2013/14

£34.1m

Half year 2012/13: £28.8m*

Profit before tax and exceptional items
Half year 2013/14

£32.8m

Half year 2012/13: £27.4m*

Profit before tax
Half year 2013/14

£28.4m

Half year 2012/13: £23.8m*

Headline earnings per share***
Half year 2013/14

25.7p

Half year 2012/13: 20.7p*

Dividend per share
Half year 2013/14

14.1p

Half year 2012/13: 14.1p

* Restated to reflect the amendments to IAS19 Employee Benefits.

** Operating profit is before an exceptional charge of £4.4m (2012/13: £3.6m) and before an IAS19 charge of £0.6m (2012/13: £0.8m).

*** Headline EPS is reported before the exceptional charge and exceptional tax credits of £0.7m (2012/13: £5.0m).

The Directors are of the opinion that these measures give a better indication of underlying performance.

Headlines

- Operating profit up 18% to £39.1m
- Improvement Plan benefits of £10m realised in the period
- Banknote print volumes down 10% to 2.6bn notes reflecting the timing of shipments between the first and second half of the current year
- Banknote paper volumes up 4% to 4,700 tonnes
- Headline EPS up 24% at 25.7p
- Group 12 month order book up £25m at £232m, of which Currency orders up 14% at £180m
- Continuous improvement programme on track to deliver full year target cost savings

Interim statement

For the six months to 28 September 2013

Tim Cobbold, CEO, commented:

"Overall De La Rue performed well in the first half with operating profits up 18% at £39m, on slightly lower revenues. This improvement, despite more challenging trading conditions, reflects the good progress made on the ongoing cost reduction programme which is on track to meet the targets for the year.

As previously announced the current overcapacity in the banknote paper market has led to a more difficult pricing environment in the printed banknote market. Accordingly the Board still expects operating profit for the current financial year to be c£90m. This is an increase of over 40% on the previous year and a 125% increase on the performance in 2010/11 when the Improvement Plan began.

Despite the challenging market De La Rue is in good shape and benefiting from the many initiatives within the Improvement Plan. The Group's 12 month order book at the end of the first half was £232m, up £25m since the year end."

De La Rue has reported a good result in the first half of 2013/14 with operating profit up 18 per cent on revenues modestly lower than the corresponding period. Good progress has been made on the ongoing cost reduction programme which realised further benefits of £10m in the period and which remains on track to deliver its target by the year end.

The Group's 12 month closing order book at 28 September 2013 was £232m, up £25m since the year end. The Currency business' closing order position was up 14 per cent reflecting some significant contract wins albeit at reduced contribution levels. These reduced contribution levels reflect the continuing overcapacity in the banknote paper market which has led to a more difficult pricing environment in the printed banknote market.

Recently confirmed orders, for delivery in the second half of 2013/14 and in the 2014/15 financial year reflect this pricing pressure and as a result the Board announced, on 23 October 2013, its revised expectation that the operating profit for 2013/14 will be c£90m (pre IAS19 adjustments).

Financial results

Amendments to the IAS19 accounting standard are effective for the 2013/14 financial year. This requires the replacement of the expected return on assets and interest charge on pension scheme liabilities with a net financing cost based on the discount rate as well as the recognition of the pension scheme administration costs in operating profit. The impact of IAS19 in the current period has been to reduce operating profit from £39.1m to £38.5m, comparatives have been restated as required by the standard.

Group revenue fell by 5 per cent to £234.0m in the first half (2012/13: £245.4m). However, Group operating profit before exceptional items (but after IAS19 adjustments) increased by 19 per cent to £38.5m (2012/13: £32.4m) reflecting the continued good progress on the cost reduction programme.

Profit before tax and exceptional items increased 20 per cent to £32.8m (2012/13: £27.4m). Exceptional charges in the period of £4.4m (2012/13: £3.6m) relating to the Improvement Plan and a legacy indirect tax issue, result in a profit before tax of £28.4m compared with £23.8m in 2012/13. Headline earnings per share increased by 24 per cent to 25.7p (2012/13: 20.7p).

Cash inflow from operating activities in the first half was £43.9m (2012/13: £11.7m) largely reflecting an improved working capital movement and the higher operating profit. Net debt at 28 September 2013 was £88.7m up £12.0m since the year end due to the ongoing capital investment programme and payment of the 2012/13 final dividend.

Cash conversion (operating cash flow excluding exceptional items, special pension contributions and the movement in advance payments, less capital expenditure, divided by operating profit excluding exceptional items) in the period was 89 per cent (2012/13: negative 7 per cent).

Dividend

An interim dividend of 14.1p has been declared for the half year ended 28 September 2013 (2012/13: 14.1p). This will be paid on 8 January 2014 to shareholders on the register on 6 December 2013.

Operating reviews

Currency

	Half year 2013/14	Half year 2012/13	Change
Banknote print volume (bn notes)	**2.6**	2.9	(10%)
Banknote paper output ('000 tonnes)	**4.7**	4.5	4%

	Half year 2013/14 £m	Half year 2012/13 £m	Change
Revenue	**145.4**	139.7	4%
Operating profit*	**23.7**	22.4	6%

*Segmental operating profit is stated before exceptional items and IAS19 administration charges

Banknote print volumes at 2.6bn notes (2012/13: 2.9bn) were 10 per cent down on the corresponding period reflecting the timing of shipments between the first and second half of the current year. Paper volumes at 4,700 tonnes were up 4 per cent compared with 2012/13 albeit with lower contributions on external paper sales, reflecting the continuing overcapacity in the banknote paper market.

Revenue grew by 4 per cent to £145.4m (2012/13: £139.7m) due to increased direct sales of low contribution banknote paper to certain state print works. Operating profit improved by 6 per cent to £23.7m (2012/13: £22.4m) largely reflecting the benefits from the ongoing cost reduction programme partially offset by the reduced print volumes and the adverse impact of the low margin paper sales. The operating profit impact of foreign exchange in the period was minimal.

At the period end the 12 month order book, excluding currently suspended orders, was up 14 per cent at £180m (2012/13 year end: £158m).

Based on current manufacturing and shipment schedules we expect 2013/14 full year volumes to be c7bn banknotes and 10,700 tonnes of banknote paper.

Solutions

	Half year 2013/14 £m	Half year 2012/13 £m	Change
Revenue:			
CPS	**32.0**	37.8	(15%)
Security Products	**22.6**	25.1	(10%)
Identity Systems	**40.7**	45.7	(11%)
Total Solutions	**95.3**	108.6	(12%)
Operating profit:*			
CPS	**(3.2)**	1.1	–
Security Products	**5.2**	4.0	30%
Identity Systems	**13.4**	5.7	135%
Total Solutions	**15.4**	10.8	43%

*Segmental operating profit is stated before exceptional items and IAS19 administration charges

Cash Processing Solutions (CPS)

The CPS business performance was disappointing with lower revenues and an operating loss of £3.2m (2012/13: operating profit £1.1m) reflecting lower than expected sales of large sorters and upgrades to installed equipment. A cost reduction programme has been initiated with a target of achieving break even in 2014/15 while maximising opportunities in the large projects currently being tendered by central banks.

Security Products

Although revenue fell in the period operating profit increased to £5.2m (2012/13: £4.0m), reflecting an improved mix of work and reduced costs following the relocation of manufacturing from Dunstable to the Gateshead factory.

Identity Systems

The Identity Systems operation has performed strongly in the first half. Although revenue declined, largely as the corresponding period included one off sales in relation to the HM Passport Office regional office roll out project, operating profit increased to £13.4m (2012/13: £5.7m). The increase in operating profit primarily reflects a strong performance within the International part of the business where an unusually high number of longer term contracts were completed in the first half. The UK Passport contract continues to perform well and in line with expectations.

Solutions Order Book

At the period end, the Solutions 12 month order book was £52m (2012/13 year end: £49m). These figures include committed orders but exclude regular call off orders which are variable in nature and not yet specifically confirmed.

Improvement plan

The Improvement Plan has provided a strong focus on customers, revenue growth and cost reduction. The Plan also included a programme of long term investment to improve manufacturing capability, quality and efficiency. The initiatives supporting the Plan have become even more important in the current more challenging trading conditions.

Although good progress continues to be made on revenue growth initiatives, we have yet to see the full benefit of these activities owing to the more challenging market conditions in general and a more difficult pricing environment in particular. Country plans are now firmly established throughout the business and are key to the sales planning process. We continue to invest in innovation, with a strong pipeline of new technologies, solutions and security features. Our new industry leading technology centre was recently completed and is now operational. It will provide the platform for increased focus on and investment in research and development.

We are on track to achieve our increased cost reduction target of £40m per annum. In addition to the cumulative £20m of annual savings we delivered by the end of 2012/13, a further £10m of annual savings have been generated in the first half. An additional £10m of savings have been identified for delivery in the second half of 2013/14. These savings are being achieved as planned through facility optimisation, targeted procurement initiatives and process improvement.

Strategy

De La Rue's historic strength lies in its relationships with central banks, governments and specialist commercial organisations. Looking ahead, and building on these strengths, our strategy is to be a lean, professional and innovative leader in the markets in which we operate. We will focus on the Currency market and on selected markets within Solutions and concentrate on four key areas:

- Focusing on and anticipating the needs of customers
- Driving innovation and new product development to meet customer needs
- Increasing the professionalism of all aspects of the business
- Delivering operational excellence throughout the business through continuous improvement

In doing so we will ensure that employees are empowered and fairly rewarded as part of generating the performance culture our customers demand.

The successful execution of the strategy will provide shareholders with increasing value from each of our businesses and from the Group as a whole by delivering:

- Sustainable revenue growth over the longer term
- Improved profitability through continuous improvement
- Strong cash flows
- Increased returns to shareholders

Over the longer term, the outlook for the markets in which we operate remains positive despite the current challenging conditions. We see attractive growth opportunities in both the Currency business and in certain parts of the Solutions division. The immediate focus in Cash Processing Solutions is to deliver a break even result in 2014/15.

Revenue growth
We will continue to invest in new technologies throughout the business with a particular emphasis within Currency on security features for use in printed banknotes and polymer substrates sold to state print works. In both cases we see growth opportunities in excess of the underlying market growth rate. This will reinforce our position as a leading integrated supplier and equip us to target many more opportunities in state paper mills and state print works. Within Solutions we will invest further in the development of software solutions, particularly for the nascent government revenue solutions business where our new track and trace solution is now being marketed, and in security features to strengthen our position in the ePassport market.

Continuous improvement
The Improvement Plan, in addition to delivering cost savings, has established a culture of continuous improvement.

A sustained focus on 'lower level' improvement initiatives throughout the business will be complemented by specific investments and programmes to enhance the flexibility and responsiveness of the supply chain. Together these will generate industry leading levels of customer service. This combined approach to continuous improvement will further enhance our competitive position, progressively reduce the volume sensitivity of the business and generate higher margins in the medium to longer term.

Interest
The Group's net interest charge was £2.1m (2012/13: £1.7m). The IAS19 related finance cost, which represents the difference between the interest on pension liabilities and assets, was £3.6m (2012/13: £3.3m).

Exceptional items
The results for the first half include £2.3m of exceptional operating charges relating to the ongoing costs of implementing the Improvement Plan (2012/13: £3.6m) in addition to £2.1m in respect of the resolution of a legacy overseas indirect tax issue. Tax credits relating to these charges were £0.7m (2012/13: £5.0m comprising £0.9m for the period and £4.1m on prior year exceptional items).

UK pension scheme
Pension deficit
The valuation of the UK pension scheme under IAS19 indicates a scheme pre tax deficit, which represents a very long term liability, at 28 September 2013 of £198.7m (2012/13 full year: £166.7m). The increase of £32.0m since the year end largely reflects a decrease in the discount rate used to value the scheme liabilities. In common with other final salary schemes, the scheme valuation is very sensitive to any movement in the discount rate and hence the deficit would reduce should interest and discount rates increase in the future.

Recognition of the current deficit in accordance with IFRS results in the negative net assets shown on the balance sheet. The arrangements in respect of the annual special pension funding payments remain unchanged and are expected to eliminate the deficit in line with the original timetable by 2022.

IAS19 – Employee Benefits
Amendments to the IAS19 accounting standard are effective for the 2013/14 financial year. This requires the replacement of the expected return on assets and interest charge on pension scheme liabilities with a net financing cost based on the discount rate as well as the recognition of the pension scheme administration costs in operating profit. IAS19 requires retrospective adoption and therefore prior periods have been restated.

The impact of the change has been to increase operating costs by £0.6m (2012/13: £0.8m), increase the net interest expense by £3.6m (2012/13: £3.3m), reduced taxation by £1.0m (2012/13: £1.0m), with compensating adjustments in other comprehensive income leaving equity unchanged. This has reduced profit after tax by £3.2m (2012/13: £3.1m) and reduces headline and basic EPS by 3.2p (2012/13: 3.1p).

The estimated impact for the 2013/14 full year is to reduce operating profits by £1.7m and increase the net interest expense by £6.7m, reduce tax by £1.9m and hence reduce headline and basic EPS by 6.5p.

2010 paper production issues
Discussions remain ongoing with the principal customer concerned and the authorities, and therefore there remains uncertainty as to the ultimate outcome of these issues, including their financial impact (described more fully in note 11).

Outlook
As previously announced, although the cost reduction plans are on target to deliver the planned cumulative savings of £40m per annum, the overcapacity in the banknote paper market has led to a more difficult pricing environment in the printed banknote market. Accordingly the Board still expects operating profit for the current financial year to be c£90m (pre IAS19 adjustments). This is an increase of over 40 per cent on the previous year and a 125 per cent increase on the performance in 2010/11 when the Improvement Plan began.

The Board is pleased with the level of order intake in the Currency division but still anticipates that the pricing environment in the second half of 2013/14 will continue throughout 2014/15.

Philip Rogerson
Chairman

Tim Cobbold
Chief Executive

26 November 2013

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, changes to the market environment), General and legal risks (economic conditions, laws and regulations), Operational risks (loss of a key site or customer, reputational damage, product security and integrity, supplier failure, health and safety) and Financial risks (timing of contract awards, currency risk, credit risk, liquidity risk, interest rate risk, commodity price risk).

As described in the 2013 Annual Report, the principal risks include loss of a key site, loss of a key customer, timing of contract awards, failure to innovate, contract issues, product security and integrity, supplier failure, health and safety failure, environmental breach, breach of competition regulations, information security and actions of its employees and third parties. These risks, along with the risk management systems and processes used to manage them remain unchanged since the Annual Report was published.

The principal risks and uncertainties faced by the Group for the remaining six months of the year and the risk management systems and processes used to manage them are unchanged from those described further in the 2013 Annual Report, a copy of which 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.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 20 to 23 and 27 to 30 of the 2013 Annual Report. The accounting policies used in the preparation of the financial position are described in pages 65 to 70 of the 2013 Annual Report and note 1 to this document. In addition, pages 79 to 84 of the 2013 Annual Report include the Group's objectives, policies and processes for financial risk management, details of its financial instruments and hedging activities and its exposure to credit risk, liquidity risk and commodity pricing risk. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pages 24 to 26 of the 2013 Annual Report.

As described on page 26 of the 2013 Annual Report, the Group meets its funding requirements through cash generated from operations and a revolving credit facility which expires in December 2016. The Group's forecasts and projections, which cover a period of more than twelve months, taking into account reasonably possible changes in normal trading performance, show that the Group should be able to operate within its currently available facilities. The Group has sufficient financial resources together with assets that are expected to generate cash flow in the normal course of business. As a consequence and notwithstanding the net liability position being reported in the consolidated balance sheet, which has primarily arisen due to the value of the deficit in the retirement benefit obligations, or the uncertainty as to the outcome of the 2010 paper production issues summarised in note 11, the Directors have a reasonable expectation that the Company and the Group are well placed to manage their business risks and to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed interim financial statements.

A copy of the 2013 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.

Responsibility statement of the Directors in respect of the interim statement
We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS34 'Interim Financial Reporting' as adopted by the EU
- the Interim Management Statement includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statement; and a description of the principal risks and uncertainties for the remaining six months of the year and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions to those described in the last Annual Report that could do so

The Board
The Board of Directors that served during the six months to 28 September 2013 and their respective responsibilities can be found on pages 36 and 37 of the De La Rue plc Annual Report 2013.

For and on behalf of the Board.

Philip Rogerson
Chairman

26 November 2013

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 2013 which comprises Group condensed consolidated interim income statement, the Group condensed consolidated interim balance sheet, the Group condensed consolidated interim statement of cash flows, the Group 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 the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

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 DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS34 *Interim Financial Reporting* as adopted by the EU.

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 UK. 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 Ireland) 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 2013 is not prepared, in all material respects, in accordance with IAS34 as adopted by the EU and the DTR of the UK FCA.

Ian Bone
Senior Statutory auditor
for and on behalf of KPMG LLP,
Statutory auditor
Chartered accountants
15 Canada Square
London E14 5GL

26 November 2013

Group condensed consolidated interim income statement – unaudited

For the half year ended 28 September 2013

	Notes	2013/14 Half year £m	2012/13 Half year Restated* £m	2012/13 Full year Restated* £m
Revenue	2	**234.0**	245.4	483.7
Operating expenses – ordinary		**(195.5)**	(213.0)	(422.2)
Operating expenses – exceptional	3	**(4.4)**	(3.6)	(7.6)
Total operating expenses		**(199.9)**	(216.6)	(429.8)
Operating profit		**34.1**	28.8	53.9
Comprising:				
Operating profit before exceptional items and IAS19R	2	**39.1**	33.2	63.2
Defined benefit pension administration costs (IAS19R)**		**(0.6)**	(0.8)	(1.7)
Exceptional items	3	**(4.4)**	(3.6)	(7.6)
Profit before interest and taxation		**34.1**	28.8	53.9
Interest income		**0.1**	0.1	0.2
Interest expense		**(2.2)**	(1.8)	(3.8)
Net retirement benefit obligation finance cost		**(3.6)**	(3.3)	(6.6)
Net finance expense		**(5.7)**	(5.0)	(10.2)
Profit before taxation		**28.4**	23.8	43.7
Comprising:				
Profit before tax and exceptional items		**32.8**	27.4	51.3
Exceptional items		**(4.4)**	(3.6)	(7.6)
Taxation – UK	4	**(5.1)**	0.6	(1.3)
– Overseas	4	**(1.1)**	(1.9)	(4.2)
Total taxation		**(6.2)**	(1.3)	(5.5)
Comprising:				
Tax on profit before tax and exceptional items		**(6.9)**	(6.3)	(12.0)
Tax on exceptional items	3	**0.7**	5.0	6.5
Profit for the period		**22.2**	22.5	38.2
Comprising:				
Profit for the period before exceptional items		**25.9**	21.1	39.3
(Loss)/profit for the period on exceptional items	3	**(3.7)**	1.4	(1.1)
Profit attributable to equity shareholders of the Company		**21.9**	22.0	37.2
Profit attributable to non controlling interests		**0.3**	0.5	1.0
		22.2	22.5	38.2
Basic earnings per ordinary share	5	**21.9p**	22.1p	37.4p
Diluted earnings per ordinary share	5	**21.7p**	21.9p	36.9p
Impact of IAS19R			3.1p	5.9p
Basic earnings per ordinary share as previously reported			25.2p	43.3p
Diluted earnings per ordinary share as previously reported			25.0p	42.8p

*Restated to reflect the amendments to IAS19 Employee Benefits – see note 1.

**The impact of IAS19R has been separately disclosed above as we consider this to be useful to the users of the accounts given the importance of the Group's operating profit target, which is before exceptional items and IAS19R.

Group condensed consolidated interim statement of comprehensive income – unaudited

For the half year ended 28 September 2013

	2013/14 Half year £m	2012/13 Half year Restated* £m	2012/13 Full year Restated* £m
Profit for the financial period	**22.2**	22.5	38.2
Other comprehensive income			
Items that are not reclassified subsequently to profit or loss:			
Re-measurement (losses)/gains on retirement benefit obligations	**(28.5)**	14.5	(29.5)
Tax related to re-measurement of net defined benefit liability	**0.4**	(4.8)	5.6
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation difference for foreign operations	**(1.6)**	(3.7)	1.0
Change in fair value of cash flow hedges	**(1.9)**	(2.0)	(0.9)
Change in fair value of cash flow hedges transferred to profit or loss	**(0.8)**	1.9	2.1
Income tax relating to components of other comprehensive income	**0.5**	–	(0.1)
Other comprehensive income for the period, net of tax	**(31.9)**	5.9	(21.8)
Total comprehensive income for the period	**(9.7)**	28.4	16.4
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company	**(10.0)**	27.9	15.4
Non controlling interests	**0.3**	0.5	1.0
	(9.7)	28.4	16.4

*Restated to reflect the amendments to IAS19 Employee Benefits – see note 1.

Group condensed consolidated interim balance sheet – unaudited

At 28 September 2013

	Notes	**2013/14 Half year £m**	2012/13 Half year £m	2012/13 Full year £m
ASSETS				
Non current assets				
Property, plant and equipment		**185.8**	164.5	179.7
Intangible assets		**27.4**	24.3	26.0
Investments in associates		**0.1**	0.1	0.1
Deferred tax assets		**46.4**	37.0	45.5
Derivative financial instruments	7	**0.2**	–	–
Other debtors		**2.2**	–	–
		262.1	225.9	251.3
Current assets				
Inventories		**81.3**	82.0	73.4
Trade and other receivables		**84.1**	95.0	89.2
Current tax assets		**0.2**	0.5	0.3
Derivative financial instruments	7	**2.7**	3.8	4.9
Cash and cash equivalents	8	**41.3**	24.3	24.8
		209.6	205.6	192.6
Total assets		**471.7**	431.5	443.9
LIABILITIES				
Current Liabilities				
Borrowings	8	**(130.0)**	(88.2)	(101.5)
Trade and other payables		**(171.3)**	(166.6)	(167.4)
Current tax liabilities		**(32.2)**	(34.3)	(29.1)
Derivative financial instruments	7	**(4.7)**	(5.5)	(3.9)
Provisions for liabilities and charges		**(21.8)**	(36.6)	(26.0)
		(360.0)	(331.2)	(327.9)
Non current liabilities				
Retirement benefit obligations	9	**(201.1)**	(136.1)	(169.1)
Deferred tax liabilities		**(2.4)**	(1.6)	(2.8)
Derivative financial instruments	7	**(1.1)**	(0.4)	(1.2)
Provisions for liabilities and charges		**(4.2)**	(6.3)	(4.5)
Other non current liabilities		**(7.3)**	–	(5.0)
		(216.1)	(144.4)	(182.6)
Total liabilities		**(576.1)**	(475.6)	(510.5)
Net liabilities		**(104.4)**	(44.1)	(66.6)
EQUITY				
Ordinary share capital		**45.9**	45.8	45.8
Share premium account		**32.2**	30.8	31.9
Capital redemption reserve		**5.9**	5.9	5.9
Hedge reserve		**(2.4)**	(1.3)	(0.3)
Cumulative translation adjustment		**(2.0)**	(5.1)	(0.4)
Other reserves		**(83.8)**	(83.8)	(83.8)
Retained earnings		**(105.0)**	(40.6)	(70.4)
Total equity attributable to shareholders of the Company		**(109.2)**	(48.3)	(71.3)
Non controlling interests		**4.8**	4.2	4.7
Total equity		**(104.4)**	(44.1)	(66.6)

Group condensed consolidated interim statement of cash flows – unaudited

For the half year ended 28 September 2013

	Notes	2013/14 Half year £m	2012/13 Half year Restated* £m	2012/13 Full year Restated* £m
Cash flows from operating activities				
Profit before tax		**28.4**	23.8	43.7
Adjustments for:				
Finance income and expense		**5.7**	5.0	10.2
Depreciation and amortisation		**15.6**	12.6	26.3
Increase in inventories		**(9.4)**	(14.4)	(4.1)
Decrease/(increase) in trade and other receivables		**7.0**	(9.3)	(6.9)
Decrease in trade and other payables		**(2.3)**	(1.7)	(3.8)
Decrease in reorganisation provisions		**(2.0)**	(4.2)	(10.4)
Special pension fund contribution		**–**	–	(16.2)
Loss on disposal of property, plant and equipment		**0.3**	0.4	0.3
Other non cash movements		**0.6**	(0.5)	1.3
Cash generated from operations		**43.9**	11.7	40.4
Tax paid		**(3.6)**	(1.8)	(7.5)
Net cash flows from operating activities		**40.3**	9.9	32.9
Cash flows from investing activities				
Purchases of property, plant and equipment (PPE) & software intangibles		**(20.4)**	(18.3)	(37.1)
Development expenditure capitalised		**(1.7)**	(1.1)	(3.7)
Proceeds from sale of PPE		**0.1**	0.2	0.2
Net cash flows from investing activities		**(22.0)**	(19.2)	(40.6)
Net cash flows before financing activities		**18.3**	(9.3)	(7.7)
Cash flows from financing activities				
Proceeds from issue of share capital		**0.3**	0.2	1.3
Proceeds from borrowing		**26.7**	39.0	50.9
Interest received		**0.1**	0.1	0.2
Interest paid		**(1.8)**	(1.6)	(3.5)
Dividends paid to shareholders		**(28.1)**	(28.1)	(42.1)
Dividends paid to non controlling interests		**(0.2)**	(0.2)	(0.2)
Net cash flows from financing activities		**(3.0)**	9.4	6.6
Net increase/(decrease) in cash and cash equivalents in the period		**15.3**	0.1	(1.1)
Cash and cash equivalents at the beginning of the year		**21.7**	22.5	22.5
Exchange rate effects		**(0.3)**	(0.2)	0.3
Cash and cash equivalents at the end of the period	8	**36.7**	22.4	21.7
Cash and cash equivalents consist of:				
Cash at bank and in hand		**41.3**	20.8	24.8
Short term bank deposits		**–**	3.5	–
Bank overdrafts		**(4.6)**	(1.9)	(3.1)
	8	**36.7**	22.4	21.7

*Restated to reflect the amendments to IAS19 Employee Benefits – see note 1.

Group condensed consolidated interim statement of changes in equity – unaudited

For the half year ended 28 September 2013

	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 2012	45.7	30.7	5.9	(1.2)	(1.4)	(83.8)	(45.4)	3.9	(45.6)
Total comprehensive income for the period	–	–	–	(0.1)	(3.7)	–	31.7	0.5	28.4
Transactions with owners of the company recognised directly in equity:									
Share capital issued	0.1	0.1	–	–	–	–	–	–	0.2
Employee share scheme:									
– value of services provided	–	–	–	–	–	–	1.0	–	1.0
Income tax on income and expenses recognised directly in equity	–	–	–	–	–	–	0.2	–	0.2
Dividends paid	–	–	–	–	–	–	(28.1)	(0.2)	(28.3)
Balance at 29 September 2012	**45.8**	**30.8**	**5.9**	**(1.3)**	**(5.1)**	**(83.8)**	**(40.6)**	**4.2**	**(44.1)**
Total comprehensive income for the period	–	–	–	1.0	4.7	–	(18.2)	0.5	(12.0)
Transactions with owners of the company recognised directly in equity:									
Share capital issued	–	1.1	–	–	–	–	–	–	1.1
Employee share scheme:									
– value of services provided	–	–	–	–	–	–	2.0	–	2.0
Income tax on income and expenses recognised directly in equity	–	–	–	–	–	–	0.4	–	0.4
Dividends paid	–	–	–	–	–	–	(14.0)	–	(14.0)
Balance at 30 March 2013	**45.8**	**31.9**	**5.9**	**(0.3)**	**(0.4)**	**(83.8)**	**(70.4)**	**4.7**	**(66.6)**
Total comprehensive income for the period	–	–	–	(2.1)	(1.6)	–	(6.3)	0.3	(9.7)
Transactions with owners of the company recognised directly in equity:									
Share capital issued	0.1	0.3	–	–	–	–	–	–	0.4
Employee share scheme:									
– value of services provided	–	–	–	–	–	–	0.2	–	0.2
Income tax on income and expenses recognised directly in equity	–	–	–	–	–	–	(0.4)	–	(0.4)
Dividends paid	–	–	–	–	–	–	(28.1)	(0.2)	(28.3)
Balance at 28 September 2013	**45.9**	**32.2**	**5.9**	**(2.4)**	**(2.0)**	**(83.8)**	**(105.0)**	**4.8**	**(104.4)**

Notes to the condensed consolidated interim financial statements – unaudited

1 Basis of preparation and accounting policies
This statement is the condensed consolidated financial information of the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and jointly controlled entities as at and for the half year ended 28 September 2013. It has been prepared in accordance with the requirements of IAS34 Interim Financial Reporting as adopted by the European Union.

The condensed consolidated interim financial statements have been prepared as at 28 September 2013, being the last Saturday in September. The comparatives for 2012/13 financial year are for the half year ended 29 September 2012 and the full year ended 30 March 2013. The condensed consolidated financial statements were approved by the Board of Directors on 26 November 2013.

The condensed consolidated financial statements do not constitute financial statements as defined in section 434 of the Companies Act 2006 and do not include all of the information and disclosures required for the full annual financial statements. They should be read in conjunction with the Group's Annual Report 2013 which is available on request from the Company's registered office at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS or at www.delarue.com

The comparative figures for the financial period ended 30 March 2013 are not the Company's statutory accounts for that financial period. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The auditor's report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The half yearly results for the current and comparative periods are unaudited. The auditors have carried out a review of the interim statement 2013/14 and their report is set out on page 6.

Except as described below, these condensed financial statements have been prepared using the same accounting policies as used in the preparation of the Group's annual financial statements for the period ended 30 March 2013, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

During the period the Group has adopted a number of revised and amended standards and interpretations, of which IAS19 – Employee Benefits has had a material impact on the Group's operating costs and earnings per share, as detailed below. IAS19 requires retrospective adoption and therefore prior periods have been restated.

As a result of IAS19 (2011) the Group has changed its accounting policy with respect to the basis for determining the income or expense related to its defined benefit scheme. Under IAS19 (2011) the Group determines the net interest income for the period on the net defined asset by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset at the beginning of the annual period, taking into account any changes in the net defined benefit asset during the period as a result of contributions and benefit payments. In addition, pension administration charges are now charged against operating profit.

The impact of the change has been to increase operating costs by £0.6m (Half Year 2012/13: £0.8m, Full Year 2012/13: £1.7m), increase the net interest expense by £3.6m (Half Year 2012/13: £3.3m, Full Year 2012/13: £6.1m), reduced taxation by £1.0m (Half Year 2012/13: £1.0m, Full Year 2012/13: £1.9m), with compensating adjustments in other comprehensive income leaving equity unchanged. This has reduced profit after tax by £3.2m (Half Year 2012/13: £3.1m, Full Year 2012/13: £5.9m), and reduces headline and basic EPS by 3.2p (Half Year 2012/13: 3.1p, Full Year 2012/13: 5.9p).

In applying the accounting policies, management has made appropriate estimates in many areas, and the actual outcome may differ from those calculated. The key sources of estimation uncertainty at the balance sheet date were the same as those that applied to the consolidated financial statements of the Group for the year ended 30 March 2013.

2 Segmental analysis
The Group has two business units, Currency and Solutions. Currency is a single operating unit. Solutions consists of three operating units: Cash Processing Solutions, Security Products and Identity Systems. The Board, which is the Group's Chief Operating Decision Maker, monitors the performance of the Group at an operating unit level and there are therefore four reportable segments. The principal financial information reviewed by the Board, is revenue and operating profit before exceptional items, measured on an IFRS basis.

The Group's segments are:

Currency
- provides banknote paper, printed banknotes and banknote security features

Solutions
- Cash Processing Solutions – primarily focused on the production of large banknote sorters and authentication machines for central banks, complimenting the Currency business
- Security Products – produces security documents, including authentication labels, brand licensing products, government documents, cheques and postage stamps
- Identity Systems – involved in the provision of passport, ePassport, national ID and eID, driving licence and voter registration schemes

2 Segmental analysis continued

Analysis by operating segment

	2013/14 Half year £m	2012/13 Half year Restated* £m	2012/13 Full year Restated* £m
Revenue by operating segment			
Currency	**145.4**	139.7	298.1
Solutions			
– Cash Processing Solutions	**32.0**	37.8	61.2
– Security Products	**22.6**	25.1	45.1
– Identity Systems	**40.7**	45.7	84.4
Eliminations	**(6.7)**	(2.9)	(5.1)
	234.0	245.4	483.7
Operating profit by operating segment			
Currency	**23.7**	22.4	38.0
Solutions			
– Cash Processing Solutions	**(3.2)**	1.1	–
– Security Products	**5.2**	4.0	8.9
– Identity Systems	**13.4**	5.7	16.3
	39.1	33.2	63.2
Defined benefit pension administration cost – unallocated	**(0.6)**	(0.8)	(1.7)
Operating profit before exceptional items	**38.5**	32.4	61.5
Exceptional items – Currency	**(1.8)**	(1.5)	(1.8)
Exceptional items – Cash Processing Solutions	**(2.3)**	–	–
Exceptional items – Security Products	**(0.8)**	(0.7)	(2.1)
Exceptional items – unallocated	**0.5**	(1.4)	(3.7)
Operating profit	**34.1**	28.8	53.9
Net finance expense	**(5.7)**	(5.0)	(10.2)
Profit before taxation	**28.4**	23.8	43.7
Assets by operating segment			
Currency	**234.2**	222.8	220.8
Solutions			
– Cash Processing Solutions	**51.1**	48.8	49.3
– Security Products	**25.9**	19.6	21.8
– Identity Systems	**36.9**	43.9	45.5
Unallocated assets	**123.6**	96.4	106.5
	471.7	431.5	443.9
Liabilities by operating segment			
Currency	**(124.1)**	(108.3)	(112.2)
Solutions			
– Cash Processing Solutions	**(19.3)**	(21.1)	(21.9)
– Security Products	**(10.4)**	(10.9)	(8.9)
– Identity Systems	**(20.5)**	(27.9)	(23.8)
Unallocated liabilities	**(401.8)**	(307.4)	(343.7)
	(576.1)	(475.6)	(510.5)

*Restated to reflect the amendments to IAS19 Employee Benefits – see note 1.

Notes to the condensed consolidated interim financial statements – unaudited

Continued

3 Exceptional items

	2013/14 Half year £m	2012/13 Half year £m	2012/13 Full year £m
Site relocation and restructuring	**(2.3)**	(3.6)	(7.6)
Legacy indirect tax issues	**(2.1)**	–	–
Total exceptional items	**(4.4)**	(3.6)	(7.6)
Exceptional items – tax	**0.7**	5.0	6.5

Exceptional costs of £2.3m (Half Year 2012/13: £3.6m, Full Year 2012/13: £7.6m) were incurred in the period in relation to the ongoing implementation of the Improvement Plan, in addition, £2.1m of charges were incurred in relation to the resolution of an overseas historic indirect tax liability. The cumulative exceptional charges taken in respect of the Improvement Plan is £34.0m. The cash cost of exceptional items in the period was £6.1m (Half Year 2012/13: £7.5m, Full Year 2012/13: £17.3m).

Tax credits relating to exceptional items arising in the period were £0.7m (Half Year 2012/13: £0.9m, Full Year 2012/13: £2.1m). There were no prior year tax credits on exceptional items in the period (Half Year 2012/13: £4.1m, Full Year 2012/13: £4.4m).

4 Taxation

A tax charge of 21.0 per cent (Half Year 2012/13: 23.1 per cent, Full Year 2012/13: 23.4 per cent) has been provided based on management's best estimate of the effective rate of tax for the year arising on the profits before exceptional items giving rise to tax for the period of £6.9m. This is offset by tax credits of £0.7m on exceptional items as described in note 3.

5 Earnings per share

	2013/14 Half year pence per share	2012/13 Half year Restated* pence per share	2012/13 Full year Restated* pence per share
Earnings per share			
Basic earnings per share	**21.9**	22.1	37.4
Diluted earnings per share	**21.7**	21.9	36.9
Headline earnings per share			
Basic earnings per share	**25.7**	20.7	38.5
Diluted earnings per share	**25.4**	20.5	38.0

Earnings per share are based on the profit for the period attributable to equity shareholders as shown in the Group condensed consolidated income statement. The weighted average number of ordinary shares used in the calculations is 99,779,861 (Half year 2012/13: 99,544,705) for basic earnings per share and 100,843,747 (Half Year 2012/13: 100,451,204) for diluted earnings per share after adjusting for dilutive share options.

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

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

	2013/14 Half year £m	2012/13 Half year Restated* £m	2012/13 Full year Restated* £m
Earnings for basic earnings per share	**21.9**	22.0	37.2
Exceptional items	**4.4**	3.6	7.6
Tax on exceptional items	**(0.7)**	(5.0)	(6.5)
Earnings for headline earnings per share	**25.6**	20.6	38.3

*Restated to reflect the amendments to IAS19 Employee Benefits – see note 1.

6 Equity dividends

	2013/14 Half year £m	2012/13 Half year £m	2012/13 Full year £m
Final dividend for the year ended 30 March 2013 of 28.2p paid on 1 August 2013	**28.1**	–	–
Interim dividend for the period ended 29 September 2012 of 14.1p paid on 9 January 2013	**–**	–	14.0
Final dividend for the year ended 31 March 2012 of 28.2p paid on 2 August 2012	**–**	28.1	28.1
	28.1	28.1	42.1

The Directors declared a dividend of 14.1p per share for the half year ended 28 September 2013 which will be paid on 8 January 2014 and will utilise £14.1m of shareholders' funds. In accordance with IFRS the interim dividend has not been accrued in these condensed consolidated interim financial statements.

7 Financial instruments

Carrying amounts versus fair values

The fair value of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Total fair value Sep 2013 £m	Carrying amount Sep 2013 £m	Total fair value Mar 2013 £m	Carrying amount Mar 2013 £m
Financial assets				
Derivative financial instruments:				
– Interest rate swaps	**0.2**	**0.2**	–	–
– Forward exchange contracts designated as cash flow hedges	**0.8**	**0.8**	3.3	3.3
– Short duration swap contracts designated as fair value hedges	**0.1**	**0.1**	0.1	0.1
– Foreign exchange fair value hedges – other economic hedges	**1.7**	**1.7**	0.6	0.6
– Embedded derivatives	**0.1**	**0.1**	0.9	0.9
Total financial assets	**2.9**	**2.9**	4.9	4.9
Financial liabilities				
Derivative financial instruments:				
– Forward exchange contracts designated as cash flow hedges	**(4.0)**	**(4.0)**	(3.5)	(3.5)
– Short duration swap contracts designated as fair value hedges	**(0.1)**	**(0.1)**	(0.1)	(0.1)
– Foreign exchange fair value hedges – other economic hedges	**(0.1)**	**(0.1)**	(1.3)	(1.3)
– Embedded derivatives	**(1.6)**	**(1.6)**	(0.2)	(0.2)
Total financial liabilities	**(5.8)**	**(5.8)**	(5.1)	(5.1)

Fair value measurement basis for derivative financial instruments

Fair value is calculated based on the present value of future principal and interest cash flows, discounted 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. The financial assets and liabilities detailed in the above table are level 2 valuations. The details of how the fair value of each class of financial instrument is determined are covered on page 80 of the Group's Annual Report 2013.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's Annual Report 2013.

8 Analysis of net debt

	2013/14 Half year £m	2012/13 Half year £m	2012/13 Full year £m
Cash at bank and in hand	**41.3**	20.8	24.8
Short term bank deposits	**–**	3.5	–
Bank overdrafts	**(4.6)**	(1.9)	(3.1)
Cash and cash equivalents	**36.7**	22.4	21.7
Other debt due within one year	**(125.4)**	(86.3)	(98.4)
Borrowings due after one year	**–**	–	–
Net debt at end of period	**(88.7)**	(63.9)	(76.7)

The Group has a revolving credit facility of £200m. As the draw downs 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 2016.

As at 28 September 2013, the Group has a total of undrawn committed borrowing facilities, all maturing in more than one year, of £69.7m (29 September 2012: £88.6m in more than one year). The amount of loans drawn on the £200m facility is £125.4m. Guarantees of £4.3m have also been drawn using the facility.

9 Retirement benefit obligations

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

	2013/14 Half year £m	2012/13 Half year Restated* £m	2012/13 Full year Restated* £m
UK retirement benefit obligations	**(198.7)**	(133.9)	(166.7)
Overseas retirement benefit obligations	**(2.4)**	(2.2)	(2.4)
Retirement benefit obligations	**(201.1)**	(136.1)	(169.1)
Deferred tax	**40.4**	31.5	39.0
Net retirement benefit obligations	**(160.7)**	(104.6)	(130.1)

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

	£m	£m	£m
At 30 March 2013 / 31 March 2012	**(166.7)**	(143.3)	(143.3)
Current service cost included in operating profit	**–**	(4.1)	(7.8)
Administrative expenses	**(0.6)**	(0.8)	(1.7)
Curtailments	**–**	–	–
Net interest cost	**(3.6)**	(3.3)	(6.6)
Re-measurement (losses) and gains arising over the period	**(28.5)**	14.5	(29.7)
Cash contributions and benefits paid	**0.7**	3.1	22.4
At 28 September 2013 / 29 September 2012 / 30 March 2013	**(198.7)**	(133.9)	(166.7)

	2013/14 Half year £m	2012/13 Half year Restated* £m	2012/13 Full year Restated* £m
Amounts recognised in the consolidated Balance Sheet:			
Fair value of plan assets	**757.1**	734.9	761.1
Present value of funded obligations	**(948.2)**	(861.8)	(920.2)
Funded defined benefit pension plans	**(191.1)**	(126.9)	(159.1)
Present value of unfunded obligations	**(7.6)**	(7.0)	(7.6)
Net liability	**(198.7)**	(133.9)	(166.7)
Amounts recognised in the consolidated Income Statement:			
Included in employee benefits expense:			
Current service cost	**–**	(4.1)	(7.8)
Administrative expenses	**(0.6)**	(0.8)	(1.7)
Included in net finance cost:			
Net retirement benefit obligation finance cost	**(3.6)**	(3.3)	(6.6)
Total recognised in the consolidated Income Statement	**(4.2)**	(8.2)	(16.1)

*Restated to reflect the amendments to IAS19 Employee Benefits – see note 1.

	2013/14 Half year UK %	2012/13 Half year UK %	2012/13 Full year UK %
Principal actuarial assumptions:			
Future salary increases	**–**	–	–
Future pension increases – past service	**3.70**	3.40	3.70
Future pension increases – future service	**3.20**	2.60	3.30
Discount rate	**4.30**	4.20	4.50
Inflation rate	**3.30**	2.60	3.40

The mortality assumptions used to assess the defined benefit obligation for the UK plan are based on tables issued by the Continuous Mortality Investigation Bureau. At 28 September 2013, 29 September 2012 and 30 March 2013 mortality assumptions were based on the PxA92 birth year tables multiplied by a rating of 125% and allowance for medium cohort mortality improvements in future, with a 0.5% mortality improvement underpin. The resulting life expectancy for a 65 year old pensioner is 20.6 years.

10 Related party transactions

During the year the Group traded with Fidink (33.3% owned).

The Group's trading activities with Fidink in the period comprise £9.3m for the purchase of ink and other consumables on an arms length basis. At the balance sheet date there was no outstanding balance with this company.

11 Contingent liabilities

De La Rue has extensive international operations and is subject to various legal and regulatory regimes, including those covering taxation matters. While the outcome of litigation and other disputes can never be predicted with certainty, having regard to legal advice received and the insurance arrangements of the Company and its subsidiaries, the Directors believe that adequate provision has been made to cover these matters. The Group provides guarantees and performance bonds which are issued in the ordinary course of business. In the event that a guarantee or bond is called provision may be required subject to the particular circumstances, including an assessment of its recoverability.

In July 2010 the Board commissioned an investigation by external lawyers into issues that had been brought to its attention internally. The investigation, which was completed in October 2010, found nothing of substance to support the matters raised other than in respect of some paper production issues where it was found that a small number of the many detailed specification parameters of some paper had fallen marginally short of specification. It was also established that certain paper specification test certificates had been deliberately falsified. The Board reported the findings of the investigation to the appropriate authorities, who are considering the matter, and has implemented a number of measures arising from the findings of the investigation.

Provision has been made in prior years for the costs associated with the paper production issues identified at this stage including the write off of trade receivables and other costs relating to the investigation, production and rectification of these matters.

Provision has not been made for the potential cost of resolutions or for potential fines from regulatory authorities. The nature and extent of these resolutions will be the subject of ongoing discussions, the outcome of which cannot be estimated reliably at present. The timing, response and outcome of the consideration by the authorities of the reported findings of the investigation is also uncertain and the financial consequences, if any, cannot be estimated reliably at present.

12 Capital commitments

	2013/14 Half year £m	2012/13 Half year £m	2012/13 Full year £m
The following commitments existed at the balance sheet date:			
Contracted but not provided for in the accounts	**19.9**	10.6	19.9

13 De La Rue financial calendar: 2013/14

Ex dividend date for interim dividend	4 December 2013
Record date for interim dividend	6 December 2013
Payment of interim dividend	8 January 2014
Financial year end	29 March 2014

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