



Delivering Value to Shareholders

Interim Results
28 November 2006



Leo Quinn

Chief Executive



DeLaRue





Interim Results 2006/2007

Agenda

- Highlights
- Financials
- Update on operations
- Summary and outlook
- Q&A

Interim Results 2006/2007

Highlights

- Strong first half:
 - Sales up 13.0% to £328.4m
 - Profit before tax up 43.5% to £43.9m
 - Group operating margins improved by 2.6 percentage points to 12.0%
 - Headline earnings per share up 56.8% to 18.5p
 - Operating cash flow up 10.1% to £51.2m

- Increase in the interim dividend of 12% to 5.8p per share

- Ongoing share buy back programme – during H1 acquired 2.5m shares at a cost of £13.5m bringing total to 4.1m at cost of £21.3m

- Review of means and amount of capital return to shareholders at the time of the preliminary results

Stephen King

Finance Director



Financial Results

Half year ended 30 September 2006, £m	1st half 2006/07	1st half 2005/06	Change
Sales	328.4	290.7	13.0%
Underlying operating profit*	39.4	27.3	44.3%
Share of profits of associated companies	2.2	2.9	
Interest - On net bank balances	1.5	1.1	
- Retirement benefit obligation	0.8	(0.7)	
Profit before tax and exceptional items*	43.9	30.6	43.5%
Group headline earnings per share*	18.5p	11.8p	56.8%
Dividends per share	5.8p	5.2p	11.5%
Net Cash	98.9	61.6	

* before net exceptional charges of £nil (2005/2006 : £3.0m)

Segmental Analysis - First Half 2006/2007

£m	Revenue	Operating Profit
Security Paper and Print		
Reported H1 2005/2006	149.7	21.1
Exchange	(0.1)	(1.1)
Underlying change	20.6	8.7
Reported H1 2006/2007	170.2	28.7
Cash Systems		
Reported H1 2005/2006	141.0	6.2
Exchange	(0.3)	(0.5)
Underlying change	17.5	5.0
Reported H1 2006/2007	158.2	10.7
Group Total	328.4	39.4

Associates

£m	1 st half 2006/07	1 st half 2005/06	Full Year 2005/06
Profit before tax	3.3	4.2	9.9
Tax	(1.1)	(1.3)	(3.1)
Profit after tax	2.2	2.9	6.8

- Camelot, the UK lottery operator
- Bid for third lottery licence underway:
 - January 2007– bids submitted to National Lottery Commission
 - June 2007 – winner announced

Group Earnings per Share

£m	1 st half 2006/07	1 st half 2005/06	Change
Profit before tax and exceptional items	43.9	30.6	43.5%
Tax charge (effective rate – 29.9%) (2005/6: 29.4%)	(13.1)	(9.0)	
Minority Interests	(1.1)	(0.9)	
Underlying Earnings	29.7	20.7	43.5%
Average number of shares (millions)	160.9	174.8	
Headline earnings per share	18.5p	11.8p	56.8%
Basic earnings per share	18.5p	10.6p	

- Underlying EPS improvement reflects:
 - Higher Profit Before Tax
 - Reduction in average number of shares (full impact of share consolidation and share buy back)
 - Partially offset by increased effective tax rate

Exceptional Items

£m	H1 2006/2007	H1 2005/2006
Reorganisation Costs - Cash Systems	-	(4.2)
Income from investment previously impaired	-	0.4
Income from disposal of investment	-	0.8
Exceptional pre-tax costs	-	(3.0)

- Cash Systems restructuring summary:
 - Total restructuring charges £18.5m
 - Annualised benefits of £9.5m
 - Annualised run rate as follows:
 - 2004/2005 : £1.5m
 - 2005/2006 : £6.5m
 - 2006/2007 : £9.5m

Cash flow

£m	1 st Half 2006/07	1 st Half 2005/06	Change
Underlying Operating Profit	39.4	27.3	44.3%
Depreciation and amortisation	11.3	13.6	
Working Capital	(0.3)	8.8	
Exceptional items – cash expenditure	(2.6)	(3.2)	
Other items	3.4	-	
Cash flow from operating activities	51.2	46.5	10.1%
Interest and taxation	(7.8)	(0.4)	
Capital expenditure	(9.2)	(9.7)	
Equity dividends - Ordinary	(19.0)	(19.1)	
- Special	-	(67.8)	
Share buy backs	(13.5)	-	
Acquisitions and disposals, fixed asset sales	1.2	2.9	
Associate dividends received	4.0	4.2	
Share capital issues, exchange and other	0.4	(1.5)	
Net cash flow	7.3	(44.9)	
Net cash	98.9	61.6	

UK Pension Scheme Review

- Commenced a review in H1 of the future benefits structure of the UK Final Salary Pension Scheme
- Discussions have commenced with UK employees
- Review expected to be complete prior to the year end
- Triennial valuation of the De La Rue UK Pension Scheme as at April 2006 is continuing and will be completed prior to the year end

Leo Quinn

Chief Executive





Group Strategy

- Modest top line growth
- Profit improvement through cost reduction and productivity improvement
- Increase cash generation
- Improve returns to shareholders

GROUP STRATEGY ANNOUNCED AT INTERIM RESULTS 2004/2005

Security Paper and Print

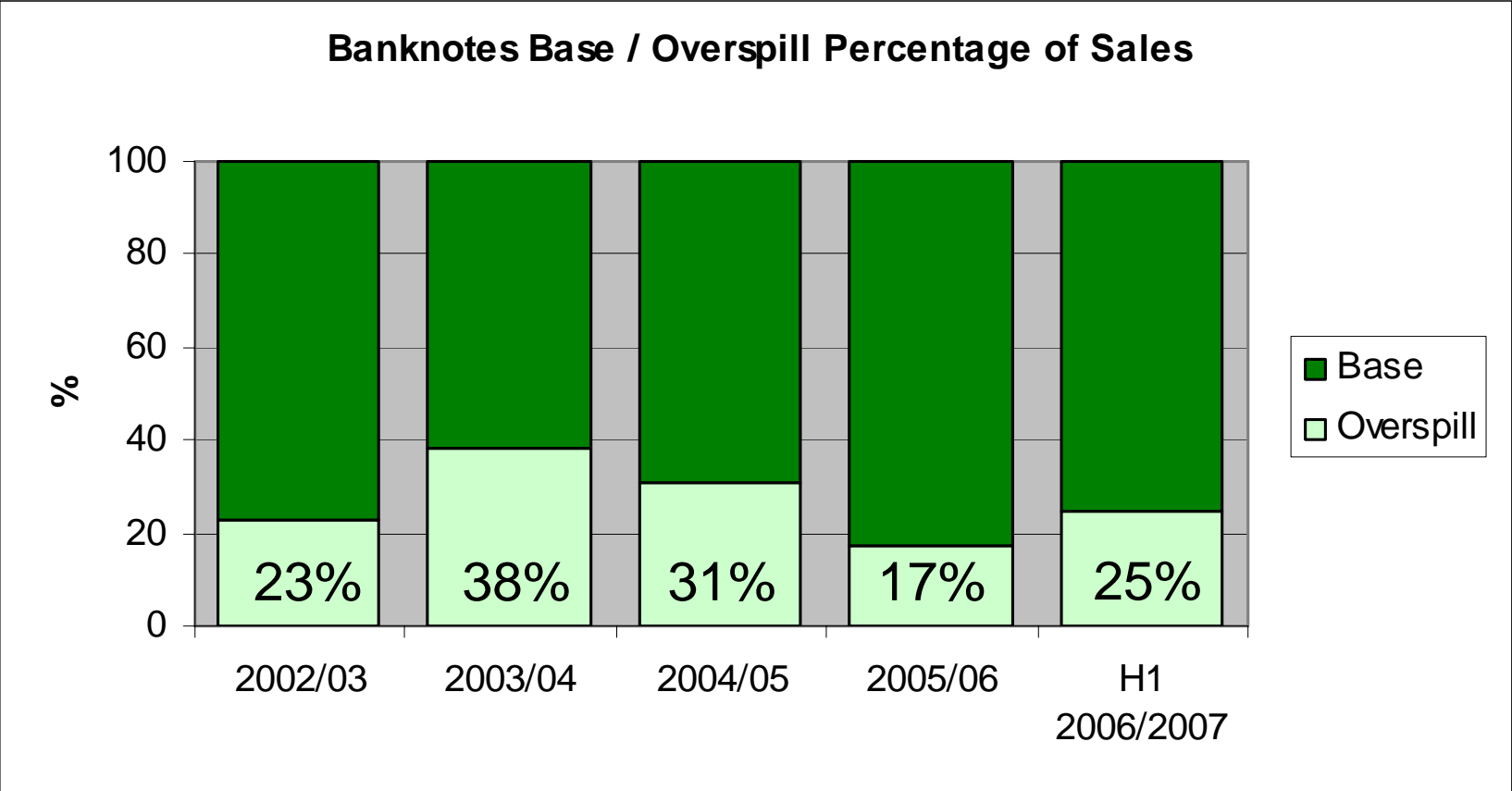
£m	At Constant FX Rates 2006/07	1 st half 2006/07	1 st half 2005/06	Full Year 2005/06
Sales	170.3	170.2	149.7	318.4
Underlying operating profit*	29.8	28.7	21.1	51.0
<i>Operating profit margin</i>	17.5%	16.9%	14.1%	16.0%

* before exceptional income of nil (2005/2006 : £0.4m)

- Sales increased 13.7% - reflecting higher overall volumes in both paper and print
 - First half banknote volumes exceptional up 26.4% (2005/2006: decrease of 24.7%)
 - Paper volumes up 13.3% (2005/2006 : decrease of 1%) reflects operation of paper mill at near capacity levels
 - Overspill levels also higher at 25 per cent (2005/2006 : 21%)
 - Double digit growth of authentication labels and Identity Systems
- Operating profits increased by 36% to £28.7m
 - Operating profit margin improved by 2.8% points to 16.9%
 - Productivity improvements continue throughout the division



Currency Overspill / Base

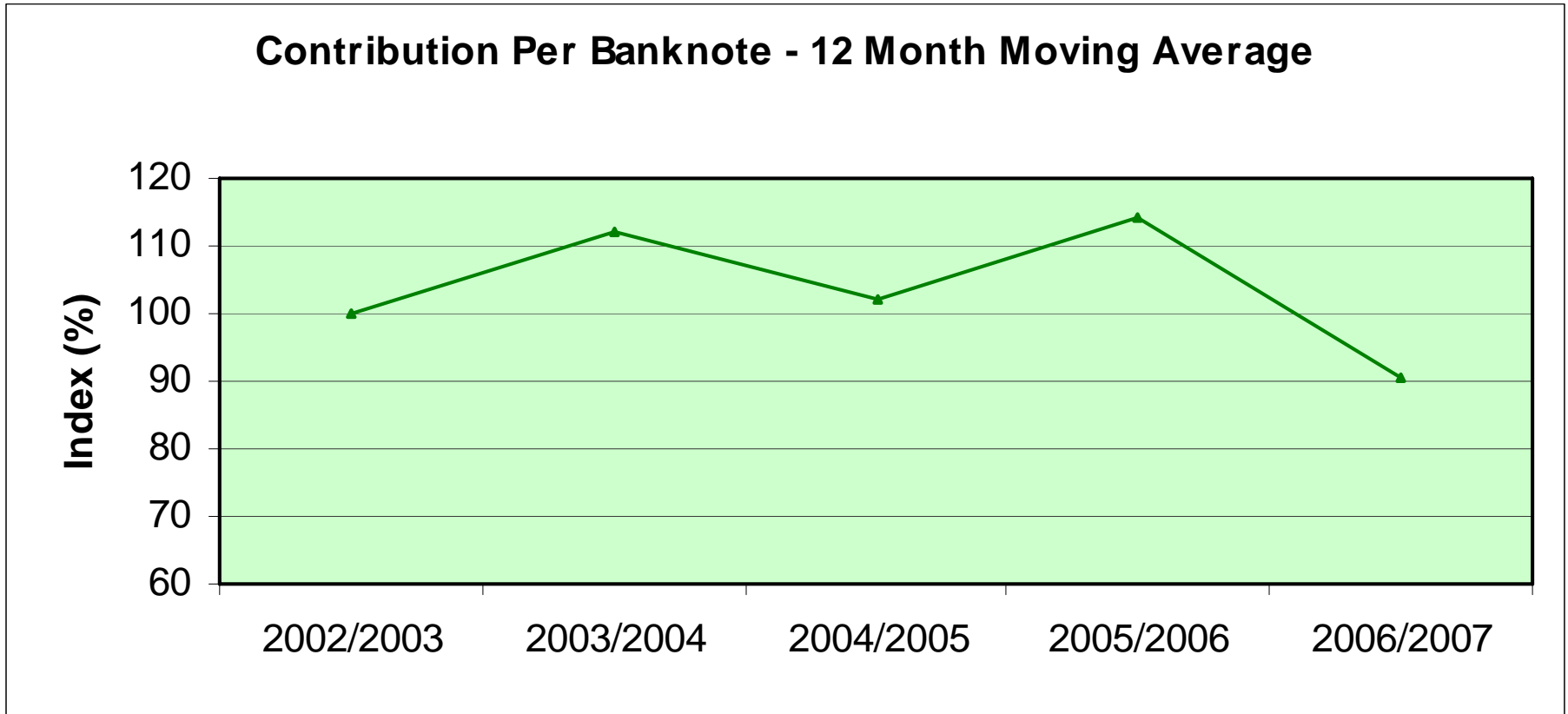


(Includes Debden activities)

OVERSPILL HIGHER ON INCREASED VOLUMES OF BANKNOTES



Currency Banknote Contribution



THIS WAS PARTIALLY OFFSET BY A LESS FAVOURABLE WORK MIX IN H1 2006/2007

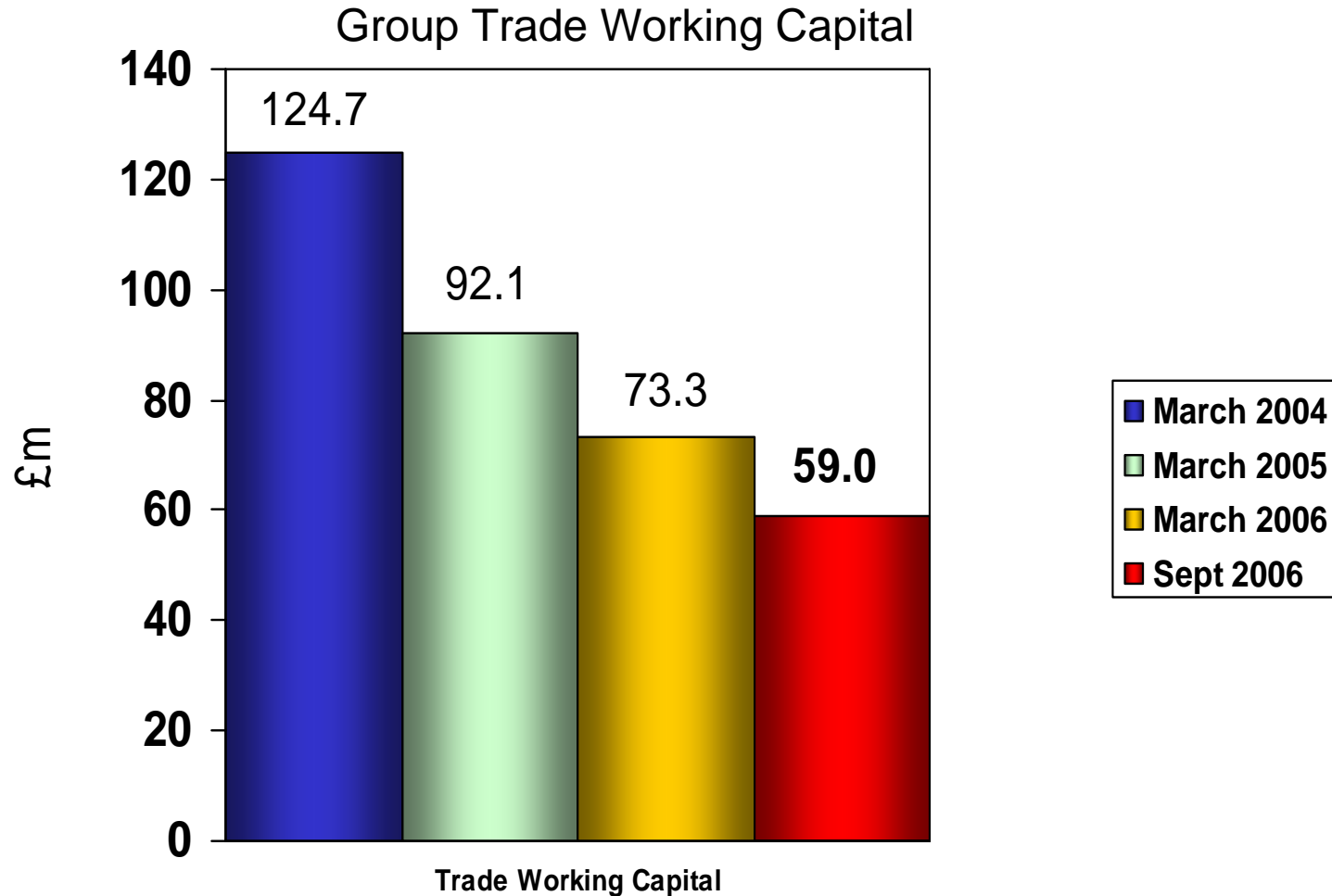
Cash Systems

£m	At Constant FX Rates 2006/07	1 st half 2006/07	1 st half 2005/06	Full Year 2005/06
Sales	158.5	158.2	141.0	292.4
Underlying operating profit*	11.2	10.7	6.2	18.4
<i>Operating profit margin</i>	7.1%	6.8%	4.4%	6.3%

* before exceptional charges of nil (2005/2006 : £3.4m)

- Sales increased 12.2% reflecting higher overall volumes in Teller Automation
 - Teller Automation volume growth driven principally by North America
 - Sorter growth focussed on geographical expansion
 - Double digit volume growth in OEM and Desktop Products aided by pull forward of orders as a consequence of China manufacturing outsourcing
- Operating profit margins improved by 2.4 percentage points to 6.8%
 - Restructuring benefits of incremental £3.0m as full benefits come through from previously announced actions
 - Benefit of increased sales volumes partially offset by investment in sales capability and new product development

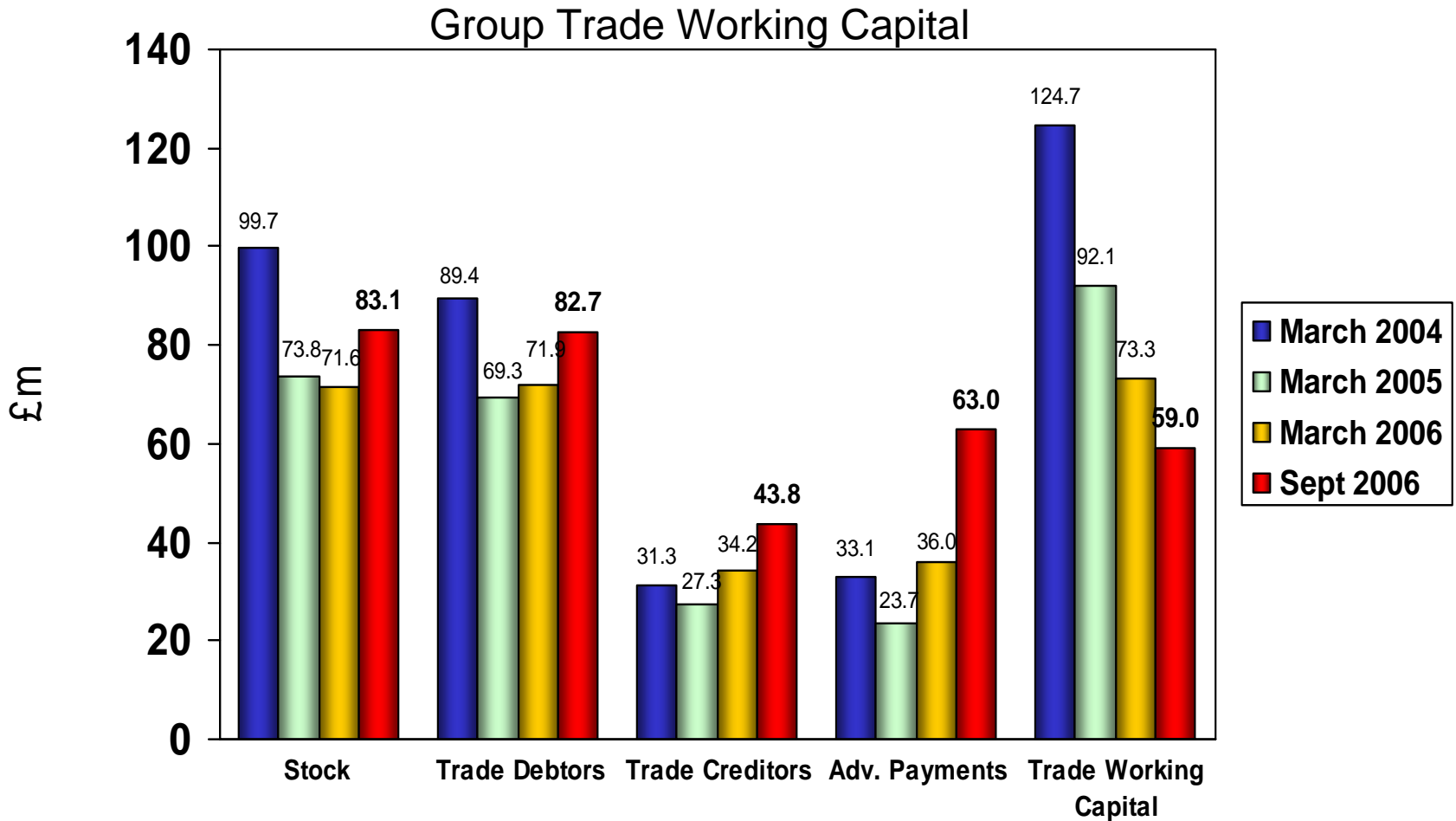
Working Capital Performance



**PROGRESSIVE REDUCTIONS IN TRADE WORKING CAPITAL
HAS SEEN OVER £65M FREED UP IN LAST 3 YEARS**

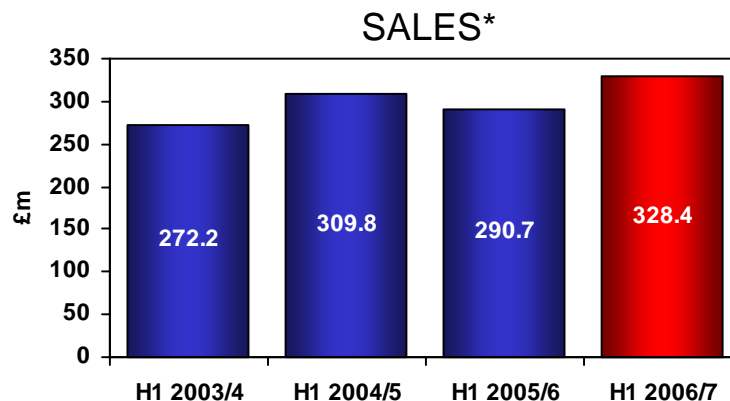


Working Capital Performance

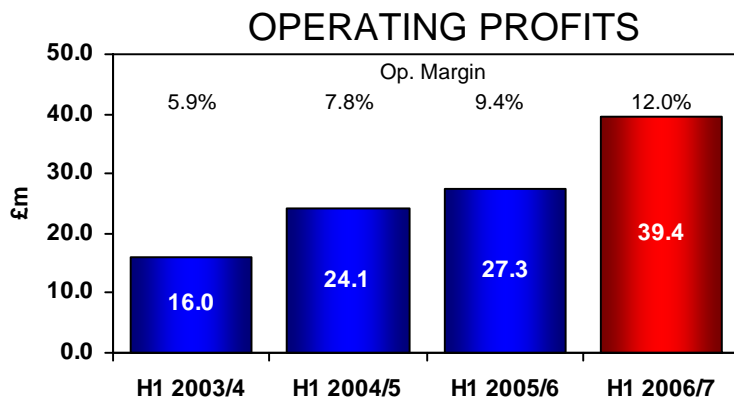


**WORKING CAPITAL IMPROVEMENT IN PERIOD
PRIMARILY DRIVEN BY STRONG ADVANCE PAYMENTS POSITION**

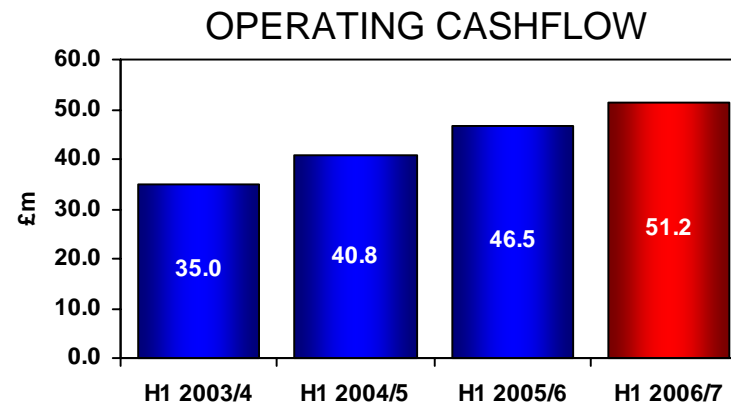
Progress Against Strategic Actions



MODEST TOP LINE GROWTH



MARGIN IMPROVEMENT



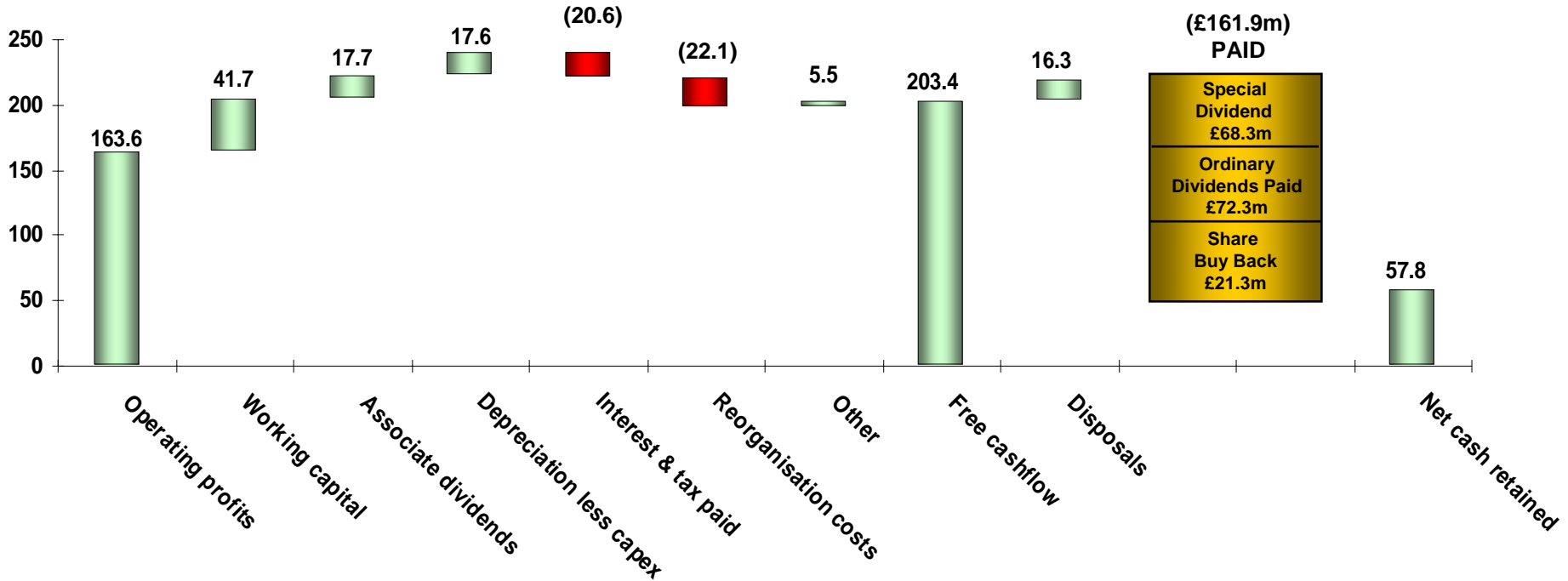
INCREASED CASH FLOW

RESULTING IN IMPROVED RETURNS TO SHAREHOLDERS

Returns to Shareholders

£m

CASH FLOW GENERATED OVER LAST 30 MONTHS (APRIL 04 TO SEPTEMBER 06)



**FREE CASH FLOW £203.4m OVER 30 MONTHS
RETURNED c.99% OF OPERATING PROFITS**



Outlook

- Strong order books in both Cash Systems and Currency underpin our confidence for the second half
- Weighting between first and second half trading to be more evenly balanced in 2006/2007 than in previous years



Delivering on Group Strategy

- Strategy delivering consistent improvements

- Continued focus on:
 - Core activities
 - Improving operational productivity
 - Sources of sustainable revenue growth

DELIVERING VALUE TO SHAREHOLDERS



SUPPLEMENTARY SLIDES

Interim Results 2006/2007

Banknote and Paper Volumes

	1st Half 2006/2007	1 st Half 2005/2006
Banknote volumes – increase/ (decrease)*	26%	(25%)
Overspill – as a % of total banknote volumes*	25%	21%
Paper volumes – (reduction)/ increase	13%	(1%)

*includes Bank of England volumes