



Delivering Value to Shareholders

Preliminary Results
24 May 2006



DeLaRue

Leo Quinn

Chief Executive



DeLaRue



Agenda

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

Highlights

- Operating margins* improved by 2.6 percentage points to 11.4%
- Profit before tax* up 16.9% to £76.2m
- Headline earnings per share* up 21.2% to 31.4p
- Operating cash flow generated £106.7m up 8.1%
- Increase in the full year dividend to 17.0p per share up 11.1%
- Closing net cash of £91.6m after capital returns of £103.6m through ordinary and special dividends and the share buy back programme

* before net exceptional charges of £2.5m (2004/2005 : £24.6m)

STRONG RESULTS DRIVEN BY MARGIN IMPROVEMENT

Stephen King

Finance Director



DeLaRue



Financial Results

Year to 25 March 2006, £m	2005/06	2004/05	Change
Continuing Operations			
Sales	610.8	620.1	(1.5)%
Underlying operating profit	69.4	54.8	26.6%
Share of profits of associated companies	6.8	6.4	
Interest	-	4.0	
Profit before tax and exceptional items	76.2	65.2	16.9%
Group headline earnings per share (pence)	31.4p	25.9p	21.2%
Exceptional charges	2.5	15.7	
Basic earnings per share (pence)	30.2	18.5	63.2%
Dividends per share (pence)	17.0p	15.3p	11.1%
Operating Cash flow	106.7	98.7	8.1%
Net Cash	91.6	106.5	

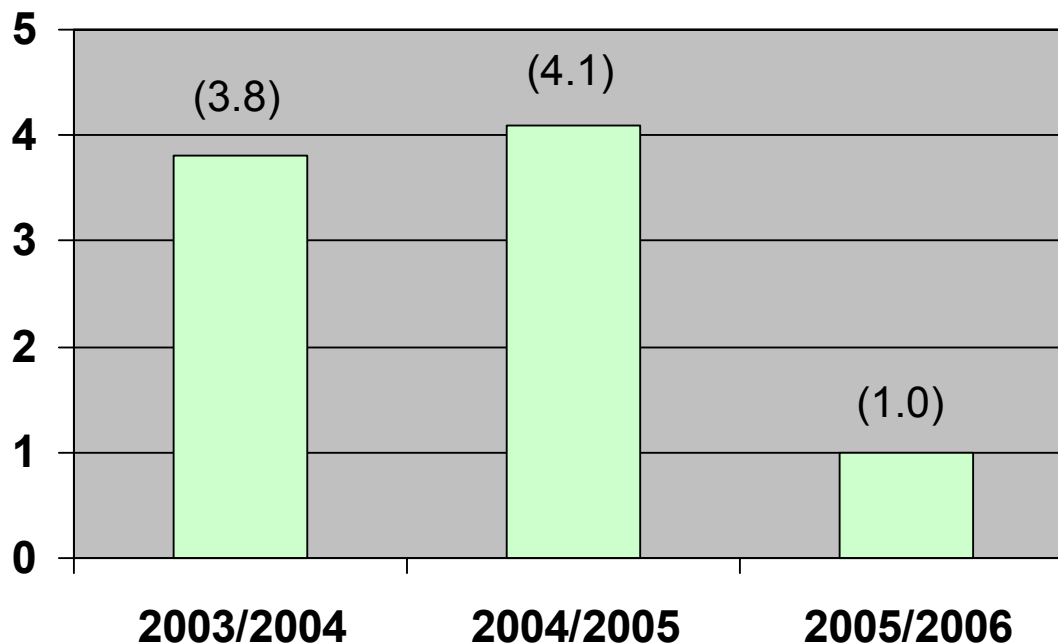
Segmental Analysis

	Sales £m	Operating Profit £m	Margins %
Security Paper and Print			
Reported 2004/2005	317.9	45.4	14.3%
Exchange			
- Transaction		(1.1)	
- Translation	1.2	0.1	
Underlying change	(0.7)	6.6	
Reported 2005/2006	318.4	51.0	16.0%
Cash Systems			
Reported 2004/2005	302.2	9.4	3.1%
Exchange			
- Transaction		(1.0)	
- Translation	4.6	0.2	
Underlying change	(14.4)	9.8	
Reported 2005/2006	292.4	18.4	6.3%

Cash Systems – Transactional Exchange Difference

£m

TRANSACTIONAL EXCHANGE LOSSES



US \$ Average	1.69	1.84	1.79
US \$: SEK Average Rate	7.80	7.26	7.65
% Change in Average Rate	-16%	-7%	+5%

**2006/2007 EXPOSURE LOW – HEDGING IN PLACE AT AVE. \$1.78
LONGER TERM EXPOSURE SIGNIFICANTLY REDUCED**

£m	2005/06	2004/05
Profit before tax	9.9	9.4
Tax	(3.1)	(3.0)
Profit after tax	6.8	6.4

- Camelot, the UK lottery operator
- Under IFRS now reported after tax
- Good sales performance – up 5.2% on previous year, reflecting new games and sales channels
- Increase in returns to good causes up by £50.5m on corresponding period last year (2004/2005 : £1,349.1m)

£m	2005/2006	2004/2005
Net Interest Income	1.8	2.5
IAS 19 Interest	(1.8)	1.5
	-	4.0

- Special dividend paid in August 2005
- IAS 19 related finance charge of £1.8m included here compared to a credit of £1.5m in 2004/2005. This reflects:
 - Difference between expected return on assets and interest on liabilities
 - Increase in liabilities due to decrease in bond rates (at assumed 100% bond investment)

Profit Before Tax – Continuing Operations

	2005/2006 £m	2004/2005 £m	Change %
Operating profit before exceptional items	69.4	54.8	26.6%
Associates (after tax)	6.8	6.4	
Interest	1.8	2.5	
Interest – IAS 19	(1.8)	1.5	
Profit before tax and exceptional items	76.2	65.2	16.9%
Exceptional Items	(2.5)	(24.6)	
Profit before tax	73.7	40.6	81.5%

	Profit before tax £m	Tax charge £m	Effective Tax rate 2005/06 %	Effective Tax rate 2004/05 %
Before exceptionals	76.2	(22.4)	29.4	26.4
Exceptional items	(2.5)	0.5		
Profit before tax	73.7	(21.9)		

- Increase reflects:
 - expected slow migration towards an effective rate of c.30%
 - mix of taxable profits from overseas activities
 - no US tax losses following disposal of Sequoia

Earnings per share

£m	2005/06	2004/05	Change
Profit before tax and exceptional items	76.2	65.0	
Tax charge (effective rate : 29.4%) (2004/2005: 26.4%)	(22.4)	(17.2)	
Minority Interests	(0.8)	(1.6)	
Underlying Earnings	53.0	46.2	
Average number of shares (millions)	168.6	178.3	
Headline earnings per share	31.4p	25.9p	21.2%
Basic earnings per share	30.2p	18.5p	63.2%

■ Underlying EPS improvement reflects:

- Higher Profit Before Tax
- Partially offset by increased effective tax rate
- Reduced number of shares from share consolidation and buy-back programme

Exceptional Items

£m	2005/2006 Total	2004/2005 Total
Reorganisation Costs - Cash Systems	4.2	14.3
- Security Products	(0.5)	(0.8)
Income from investment previously impaired	(0.4)	(0.4)
Profit from disposal of investment	(0.8)	-
Portuguese ATM business goodwill impairment	-	11.5
Exceptional items – continuing operations	2.5	24.6
Profit on disposal of discontinued operations	-	(8.9)

- Charge of £4.2m reflects balance of costs of Cash Systems' restructuring
- Total restructuring charges £18.5m in line with original expectations
 - Annualised benefits of £9.0m in 2006/2007
 - Annualised Run rate as follows:
 - 2004/2005 : £1.5m
 - 2005/2006 : £6.5m
 - 2006/2007 : £9.0m

- Under IAS 19, Pension deficit incorporated onto balance sheet
 - Scheme deficit at 25 March 2006 c.£80.5m after tax (March 2005 : £81.1m)

- Charge to operating profits for 2005/2006 was £9.1m (2004/2005 : £10.1m)
 - IAS 19 finance charge of £1.8m (2004/2005 : £1.5m credit)
 - Total charge to PBT, £10.9m (2004/2005 : £8.6m)

- Group currently in process of completing latest triennial valuation as at 6 April 2006
 - Will be consulting with Trustees and all stakeholders on the development of the UK defined benefit pension scheme

Leo Quinn

Chief Executive



DeLaRue



Executing the Strategy

- Simplify the Group structure
- Focus on driving the core business harder
 - Develop growth opportunities within core
- Lower the cost base and drive productivity improvement
- Eliminate losses
- At the appropriate time return surplus cash flow to shareholders

IMPROVE SHAREHOLDER VALUE

Focus on Driving the Core Business

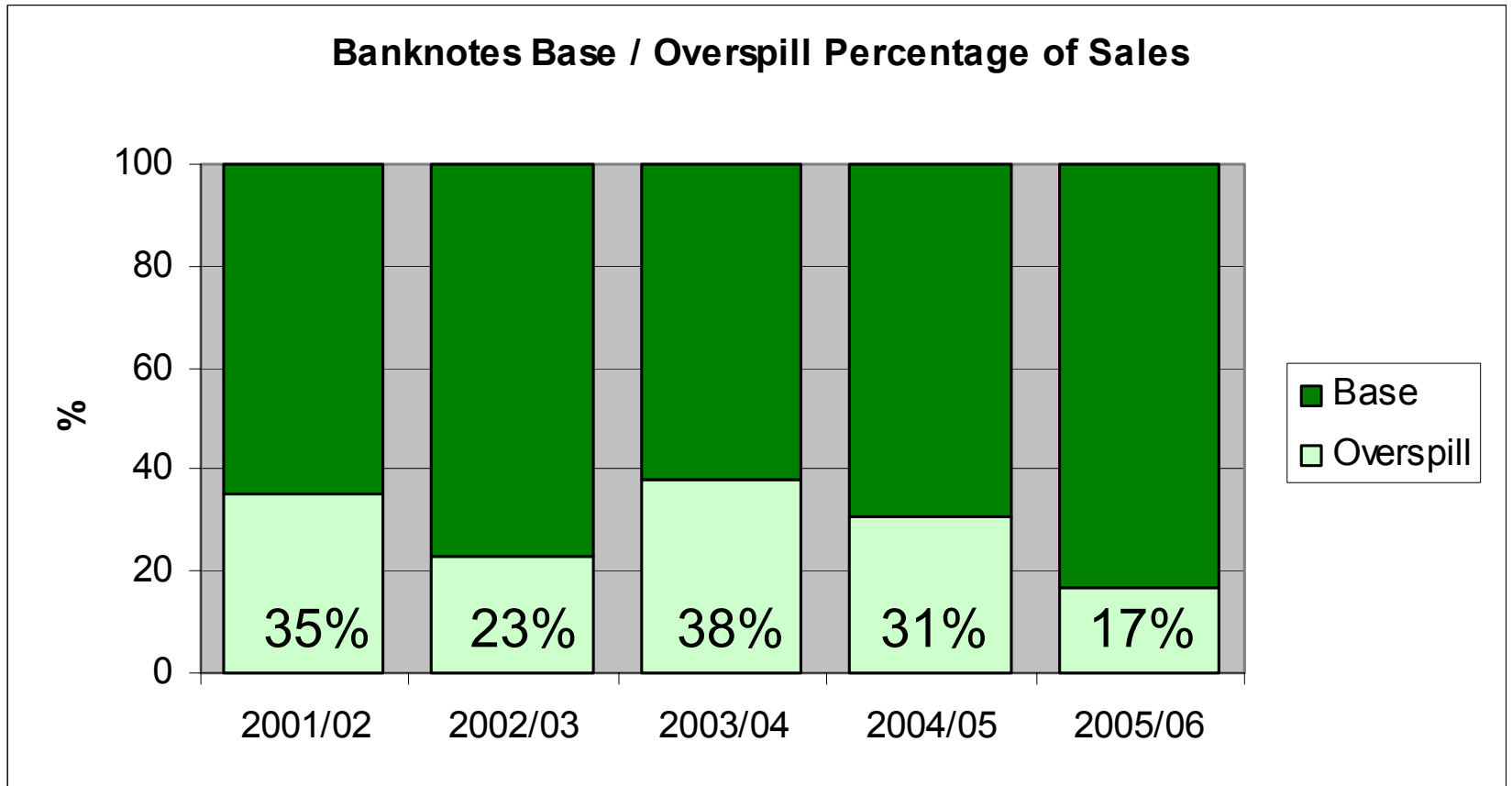
Security Paper and Print

£m	Same FX Rates 2005/2006	2005/2006	2004/2005
Sales	317.2	318.4	317.9
- Year on year increase/(decrease)	(0.2)%	0.2%	
Operating Profit*	52.0	51.0	45.4
Operating Profit Margin	16.4%	16.0%	14.3%

*before exceptional income of £0.9m (2004/2005 : income of £1.2m)

- Continued improvement across all business units, particularly Currency
- Currency banknote volumes decreased reflecting reduced overspill volumes
 - Banknote volumes down 11.4% on last year but improved mix
- Banknote paper volumes up 4.6% on last year
- Continued strength of authentication labels, fiscal stamps, passports
- Productivity improvements throughout the division
- Strong order book provides excellent visibility of first half 2006/2007

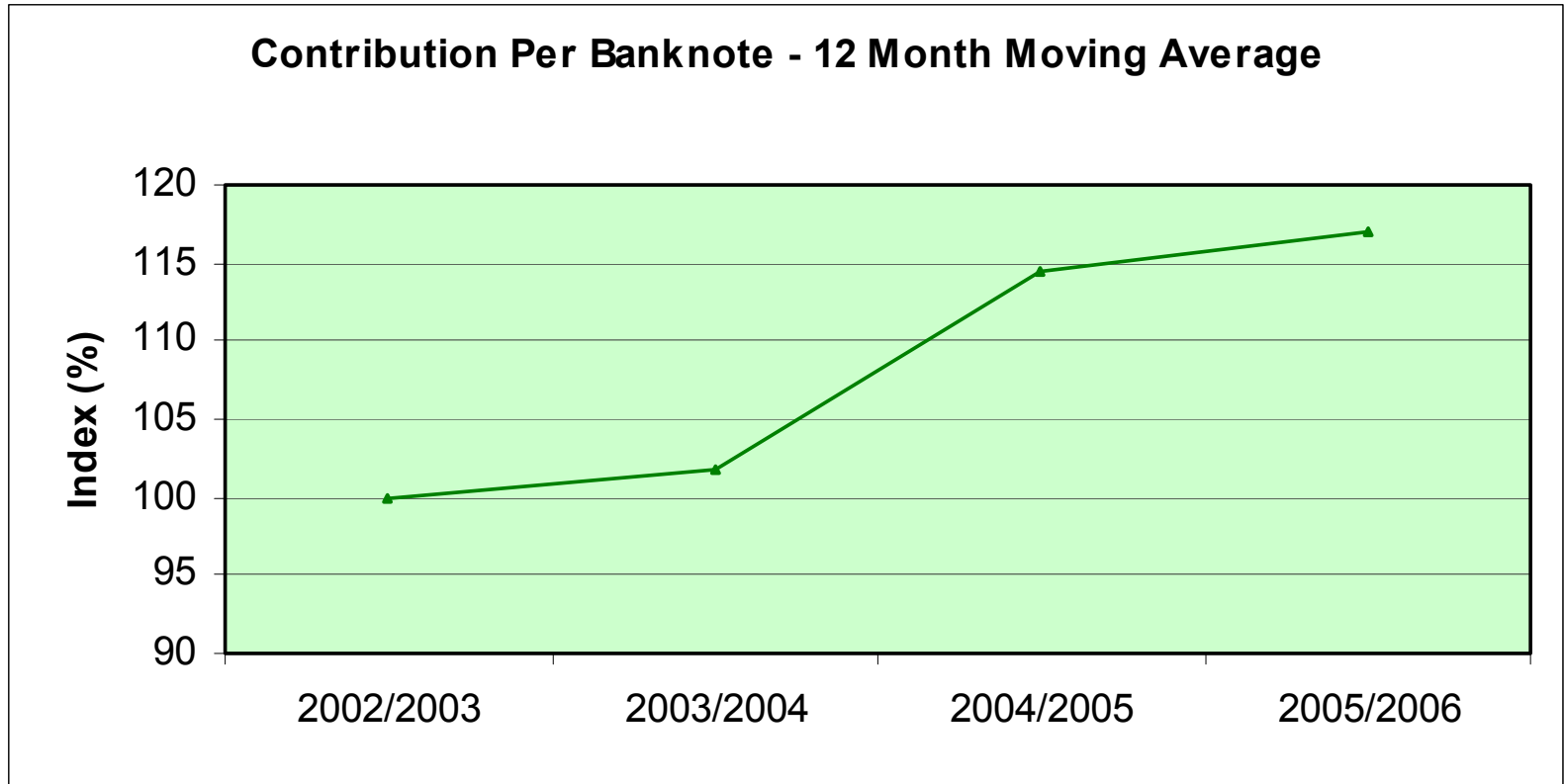
Currency Overspill / Base



(Includes Debden activities)

DESPITE LOWER LEVELS OF OVERSPILL ACTIVITY

Currency Banknote Contribution



CURRENCY HAS SEEN A CONTINUATION OF FAVOURABLE WORK MIX IN 2005/2006

Focus on Driving the Core Business

Cash Systems

£m	Same FX Rates 2005/2006	2005/2006	2004/2005
Sales	287.8	292.4	302.2
- Year on year increase/(decrease)	(4.8)%	(3.2)%	
Operating Profit*	19.2	18.4	9.4
Operating Profit Margin	6.7%	6.3%	3.1%

*before net exceptional charges of £3.4m (2004/2005 : £25.8m)

- Sales lower due to decline in mature European Teller Cash Dispenser markets
 - partially offset by continued growth of Teller Cash Recycler volumes in the USA
 - improved performance by OEM, Desktop Products and Sorters businesses
- Operating profit margins doubled from 3.1% to 6.3% driven by:
 - benefits of restructuring
 - ongoing productivity improvements
 - overhead reductions in mature European markets

Focus on Driving the Core Business

Cash Systems restructuring

- Manufacturing rationalisation on track:
 - Portsmouth and Eskilstuna factories closed in second half
 - China Manufacturing
 - OEM and DTP outsource facilities now commenced production
 - operating through 5 outsourced factories
 - Russia manufacturing
 - centre for small and medium sorter production
 - Total of 468 redundancies completed, 287 in current year
 - Supply chain arrangements at critical phase and will take time to bed in

Progress on Strategic Actions

- Productivity improvements

- Continuous improvement culture - 'My Contribution'
- Controls over working capital have shown sustained improvements
- Key performance indicators tracked by leadership team
 - eg manufacturing productivity, inventory, procurement, service
- Ongoing overhead reductions across organisation, particularly Europe

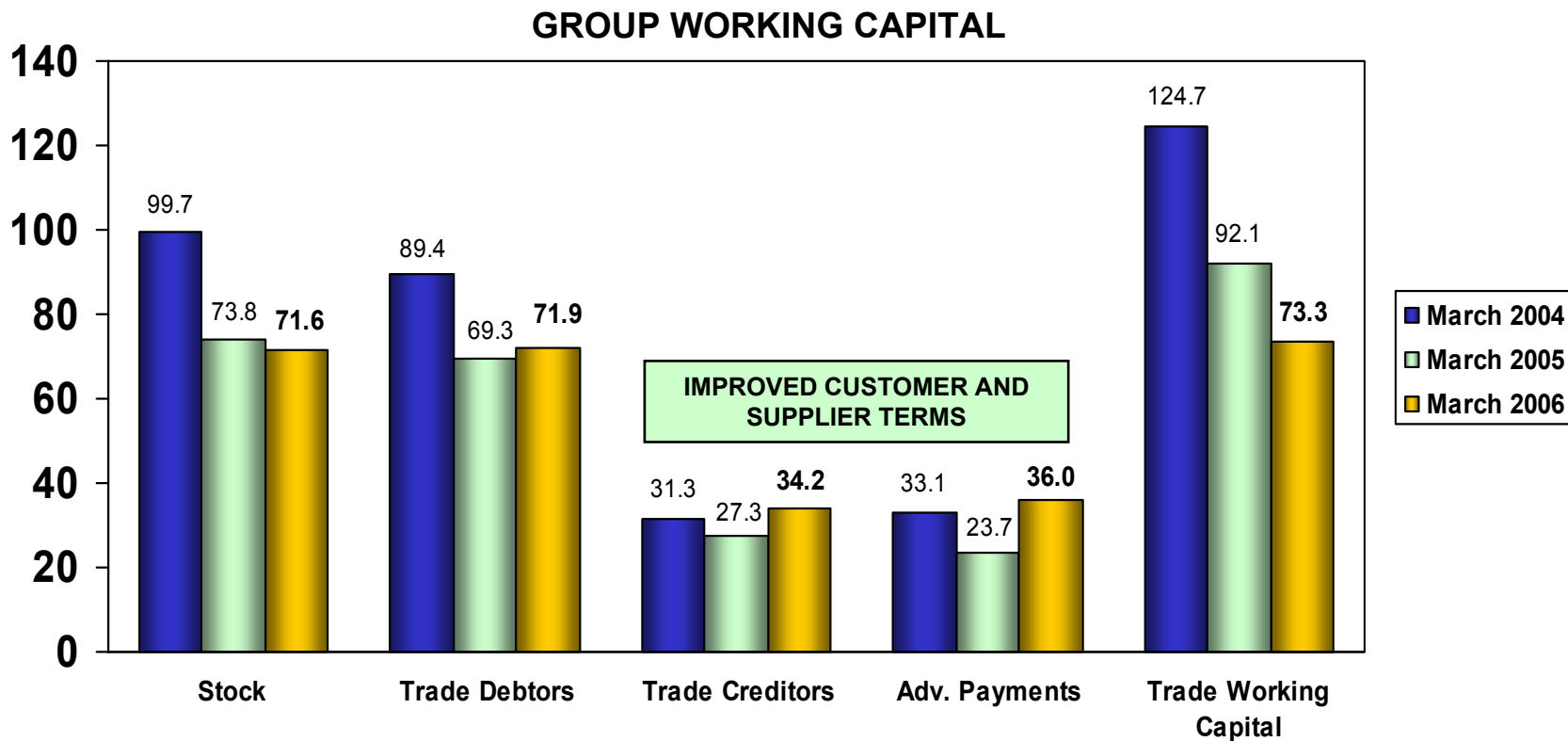


- Leadership

- Review process for leadership development and succession planning established
- Replaced 15% of top 100 managers in last 12 months
- Operating Board – three new members this year
- Incentives aligned to strategic priorities

Progress on Strategic Actions

Improved Working Capital

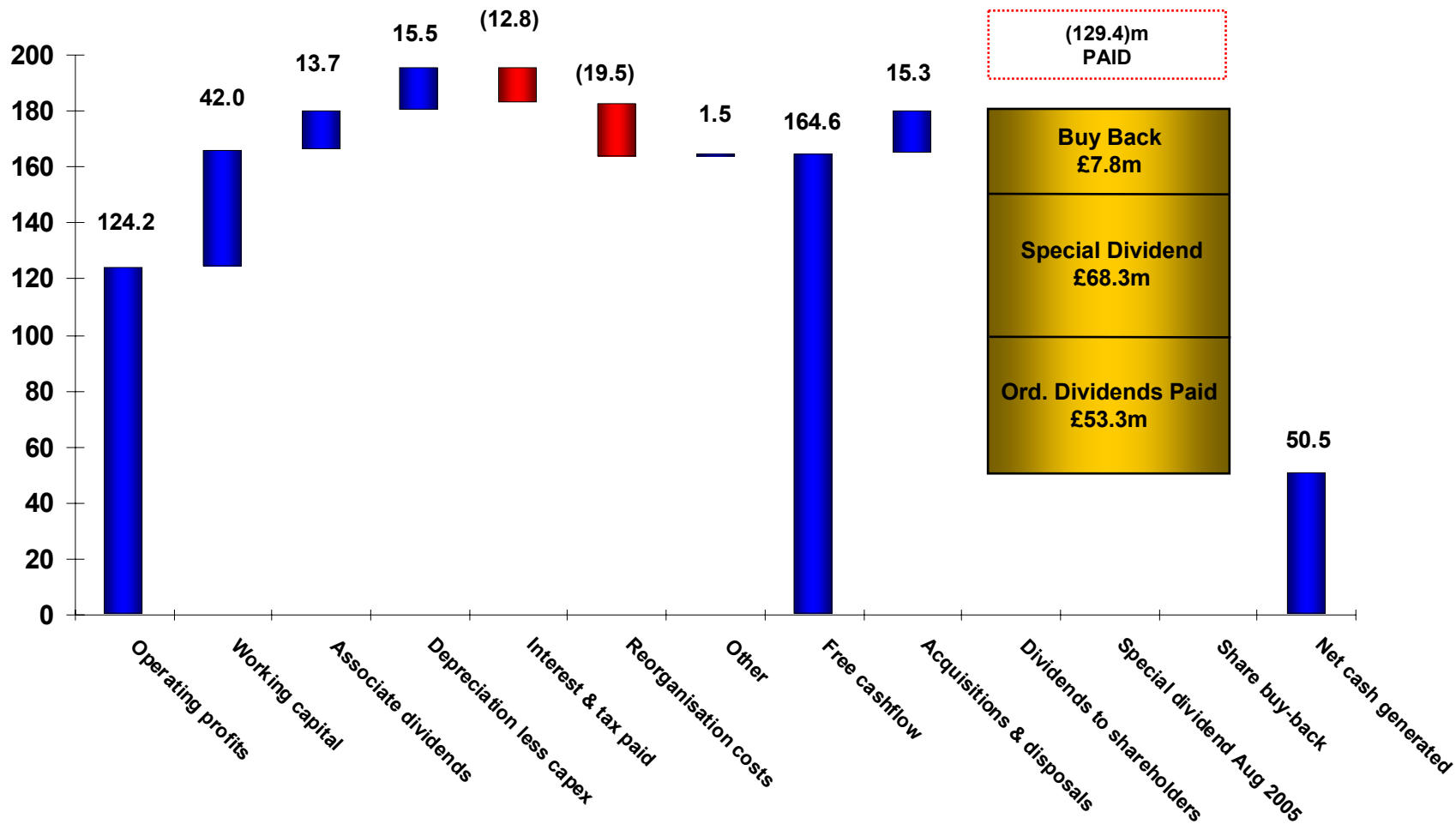


TRADE WORKING CAPITAL REDUCED BY 40 PER CENT IN TWO YEARS

Returns to Shareholders

£m

CASH FLOW GENERATED OVER LAST TWO YEARS



**FREE CASH FLOW £165m OVER 2 YEARS
RETURNED £129m TO SHAREHOLDERS**

- Total dividend for year up 11.1% to 17.0p
- Special dividend of £68.3m paid on 1 August 2005
- Ongoing share buy back
 - Acquired 1.6 million shares to date at cost of £7.8m
 - Intention to continue share buy back programme

RETURNED £103.6m TO SHAREHOLDERS THIS YEAR

- Group order book has excellent visibility for the first half of 2006/2007
- First half banknote and paper volumes in the Currency activities expected to be ahead of last year
- Ongoing benefits of restructuring and productivity

A SOUND PLATFORM FOR 2006/2007

- Delivering value to shareholders:
 - Achievements since 2003/2004:
 - Profits before tax and exceptional items up 30%
 - £42m cash unlocked from working capital
 - Ordinary dividends up 20%
 - £129m returned to shareholders
 - Continue share buy back programme
- Strengthening platform
 - Productivity improvements have more than offset volume swings
 - Group operating margin up 4.2 percentage points since 2003/04
 - Ongoing upgrade of leadership and skills in core businesses
 - Lower cost base has improved competitiveness



SUPPLEMENTARY SLIDES

Preliminary Results 2005/2006

Currency Volumes

	2005/2006	2004/2005
Underlying banknote volumes – increase/(decrease)	(11)%	(6)%
Overspill – as a % of total banknote volumes	17%	31%
Paper volumes – (reduction)/increase	5%	(15)%

Exchange Rate



Source: Reuters

Pensions Current Issues

Key Investment Criteria For Defined Benefit Scheme

	2005/2006	2004/2005
Interest Rate (AA bond rate)	4.9	5.5
Salary Growth	3.9	4.25
Inflation	2.9	3.0
Assets	£510m	£438m
Liabilities	£625m	£554m
(Deficit) - gross	(£115m)	(£116m)
- after tax	(£81m)	(£81m)

- Inflation and salary growth stable over period
- Decrease in discount rates has had impact on scheme liabilities
- Latest mortality tables adopted
- Value of assets increased due to recovery in equity market