



MAKING
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Interim Statement 2007/2008

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IBC	Shareholders' Information

We produce over 150 national currencies and a wide range of security documents such as passports, authentication labels and fiscal stamps. We are also a leading provider of cash handling equipment and software solutions to banks and retailers worldwide helping them reduce the cost of handling cash. We employ over 6,000 people across 31 countries worldwide. We are also pioneering new technologies in government identity solutions for national identification, driver's licence and passport issuing schemes.

Trading Summary

	Half Year 2007/2008	Half Year 2006/2007	Change
Sales	£345.1m	£328.4m	+5.1%
Profit before tax	£53.8m	£43.9m	+22.6%
Headline earnings per share*	24.9p	18.5p	+34.6%
Basic earnings per share	22.9p	18.5p	+23.8%
Operating cash flow	£30.6m	£51.2m	-40.2%
Net cash at end of period	£43.3m	£98.9m	
Dividends per share	6.53p	5.83p	+12.0%

*See note 6 to the financial statements.

Highlights

- Sales up 5.1 per cent, profit before tax up 22.6 per cent and headline earnings per share up 34.6 per cent*
- Group operating profit margin up 2.2 percentage points to 14.2 per cent
- Interim dividend increase of 12 per cent to 6.53p per share
- Closing net cash of £43.3m after capital returns of £99.8m in the first half through ordinary and special dividends and share buy back programme
- Review of the Group's strategy and financial structure going forward
- Security Paper and Print second half performance will be significantly ahead of last year

Directors' Review

Interim Statement

De La Rue is pleased to report an excellent performance for the half year ended 29 September 2007. The increases in revenue, margins and operational efficiencies demonstrate the progress the Group has made in implementing its strategy. Revenue was up 5.1 per cent to £345.1m in the first half (2006/2007 : £328.4m). Group operating profits of £48.9m (2006/2007 : £39.4m) represented an increase of £9.5m or 24.1 per cent while profit before tax rose 22.6 per cent to £53.8m (2006/2007 : £43.9m). Headline earnings per share increased by 34.6 per cent to 24.9p (see note 6 to the financial statements). Basic earnings per share were 22.9p compared with 18.5p last year. As in 2006/2007, there were no exceptional charges in the period.

In Security Paper and Print, year on year revenue and margin improvement were driven by a strong opening order book with high overspill content and continuing exceptional levels of banknote demand during the first half. Further progress in margins in Cash Systems, underpinned by improvements to the supply chain, was reflected in the excellent operating performance of the division, despite a weakness in the US Dollar and an increasingly competitive market. Overall Group operating margins were 2.2 percentage points higher at 14.2 per cent (2006/2007 : 12.0 per cent).

Cash generated from operations in the first half was £30.6m (2006/2007: £51.2m). Increased working capital in the period reflected both the increased trading activity, particularly in Security Paper and Print, and the phasing of shipments between the first and second half. Advance payments have remained at historically high levels during the period. Consequently, we remain confident in the Group's cash generation for the year as a whole.

The Group ended the half year with net cash of £43.3m, compared with net cash of £137.3m at the start of the year. The reduction included the payment of the second special dividend (£74.4m) in August 2007.

Operating Reviews

Security Paper and Print

	2007/2008 Half Year £m	2006/2007 Half Year £m	2006/2007 Full Year £m
Sales	183.5	170.2	354.5
Operating profit	34.7	28.7	61.7
Operating profit margin	18.9%	16.9%	17.4%

In Security Paper and Print, first half sales grew strongly by 7.8 per cent to £183.5m (2006/2007 : £170.2m) and operating profits of £34.7m were 20.9 per cent ahead of last year (2006/2007 : £28.7m).

First half banknote volumes were broadly flat compared to the first half of 2006/2007, reflecting the phasing of scheduled shipments and the incidence of a large overspill order in the first quarter of last year, when volumes were up by 26.4 per cent. As a consequence, overspill levels in the first half were lower at 8 per cent compared to 25 per cent in the corresponding period. Banknote paper volumes increased by 10.6 per cent (2006/2007: increase of 13.3 per cent) driven by the excellent print order book. Overall, the order book in Currency remains very strong, providing full visibility for the second half of the year and into the first half of 2008/2009.

The Security Products and Identity Systems businesses also continued to perform well. We continue to focus on authentication labels, fiscal stamps and passports which all contributed to improved results. As previously announced, our new ePassport manufacturing facility in Malta is on track to be operational during the last quarter of 2007/2008.

In November 2007, De La Rue disposed of its shareholding in De La Rue Smurfit, its Irish security printing joint venture operation. The business was acquired by the joint venture partner Smurfit Kappa, the European paper and packaging group. It operates a number of security printing contracts principally with the Irish market. Gross assets at completion were estimated at £3.0m.

Directors' Review continued

Cash Systems

	2007/2008 Half Year £m	2006/2007 Half Year £m	2006/2007 Full Year £m
Sales	161.6	158.2	333.0
Operating profit	14.2	10.7	28.7
Operating profit margin	8.8%	6.8%	8.6%

In Cash Systems, first half sales of £161.6m grew by 2.1 per cent (2006/2007 : £158.2m) and operating profits of £14.2m were 32.7 per cent ahead of last year (2006/2007 : £10.7m). This was achieved despite the continuing weakness of the US Dollar, which had a £5.1m adverse effect on sales and £1.2m adverse on operating profits.

Teller Automation volumes were up on the same period last year reflecting the new product introduction of the VERTERA™ Teller Cash Recycler machine, and the QuickChange™ coin sorting machine, both launched in the second half of 2006/2007. The Teller Automation sector remains competitive and we are seeing some signs of a lengthening of decision making cycles in North America. Our focus remains on driving productivity, as well as raising the level of innovation and performance in our offering to the customer.

The Sorter business had an excellent first half and continues to benefit from targeting markets in Russia, North America and China. The OEM (ATM mechanisms) business had a strong first half benefitting from increased volumes, in particular arising from increased sales into China. Desktop Products had an excellent first half reflecting continued geographical expansion and new product introductions, with encouraging sales of our new EV86 Series (banknote counter) launched in the second half of last year. In November, we introduced another new product to market, Nvision™ a multi-currency banknote counter and fitness sorter and we have been encouraged by our customers' response to the product. Nvision has a fitness processing speed of up to 1000 notes per minute and is compliant with the European Central Bank's Banknote Recycling Framework, new legislation which will become effective in 2008.

Returns to shareholders

Interim Dividend

In line with the Board's continued confidence in the Group's prospects an interim dividend of 6.53p, representing an increase of 12 per cent on the interim 2006/2007, will be paid on 16 January 2008 to shareholders on the register on 14 December 2007.

Share Buy Back

In the first half the Company acquired 0.6 million shares under the current share buy back programme at a cost of £4.2m, bringing the total number of shares acquired since its commencement in December 2005, to 7.2 million at a cost of £41.2m. The Board expects to continue this programme funded with surplus cash, and will seek shareholder approval to renew its existing authority at the next AGM. The exact amount and timing of future purchases will be dependent on market conditions and ongoing cash generation.

UK Pension Scheme

The charge to operating profit in respect of the UK Pension Scheme for the first half of 2007/2008 was £6.1m (2006/2006 : £4.7m). In addition under IAS 19 there is a finance credit of £0.3m arising from the expected return on assets less the interest on liabilities (2006/2007 : credit of £0.8m). The pension deficit, net of deferred tax, recorded under IAS 19 at the half year was £52.8m (March 2007 : £75.7m).

Following the last formal (triennial) valuation of the defined benefit Pension Scheme in March 2006, which identified a funding deficit of £56m, the Company agreed with the Trustee to pay down this deficit over a period of six years. The first payment of £7.0m was made in March 2007 and a subsequent payment of £4.9m was made during the first half of 2007/2008.

Associates

Profit from associates after tax was higher than last half year at £2.9m (2006/2007 : £2.2m) reflecting primarily timing differences in marketing spend. The main associated company is Camelot, the UK lottery operator. De La Rue was pleased that in August Camelot won the bid for the third lottery licence which will run from 2009 to 2019. During the period the Group made a £10.0m subscription of redeemable shares in Camelot in order to fund the investment programme for the third licence.

Interest

The Group's net interest income of £1.7m (2006/2007 : £1.5m) reflected the strong cash position. In addition a credit of £0.3m has arisen from the pension scheme (2006/2007: £0.8m).

Taxation

The underlying effective tax rate was 28.0 per cent (2006/2007 : 29.9 per cent). The underlying effective rate excludes a one-off charge of £3.1m which has been made in the first half to incorporate the impact on deferred tax assets of a reduction in the German statutory tax rate.

Cash Flow

Cash generated from operations in the first half was £30.6m (2006/2007: £51.2m). Increased working capital in the period reflected both the increased trading activity, particularly in Security Paper and Print, and the phasing of shipments between the first and second half. Advance payments have remained at historically high levels during the period. A funding payment of £4.9m was made to the UK Pension Scheme as outlined above. Capital expenditure of £9.2m was in line with last year (2006/2007 : £9.2m). We remain confident in the Group's cash generation for the year as a whole.

After payment in the first half of the 2006/2007 final dividend (£21.2m), the special dividend (£74.4m) announced at the Preliminary Results, as well as £4.2m of share buy backs, closing net cash was £43.3m compared with £137.3m at March 2007.

Strategic Review

Following our strategic review in November 2004, we focused the De La Rue organisation on substantially improving shareholder value and strengthening its foundation for the future. The strategy was based on:

- Modest revenue growth
- Profit improvement through cost reduction and productivity improvement
- Increased cash generation
- Improved returns to shareholders

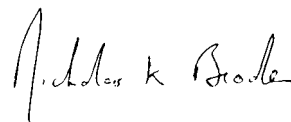
We have been pleased with the progress the Group has made over the last three years in implementing the first phase of this strategy.

As the results for the six months to 29 September 2007 demonstrate, both the Security Paper and Print and the Cash Systems divisions are well placed in their markets. Since 2003/2004, Group margins have doubled from c. 7 per cent to c. 14 per cent and the cash conversion rate continues to be strong. During this period, the Group's strong balance sheet and a focus on cash generation in our core operations has enabled De La Rue to return surplus cash flow to shareholders, while continuing to invest appropriately for organic growth. Over the period the Group has returned £287m to shareholders through a combination of ordinary and special dividends and share buy backs. This equates to a return of 109 per cent of Group operating profits over the period.

These results demonstrate the achievements of the first phase in our programme to build substantially improved shareholder returns. Consequently, the Board is initiating a strategic review to define the next phase of the Group's development, including an assessment of the Group's structure, the appropriate balance sheet capitalisation and dividend policy. The Board would expect to update the market on this strategic review at the full year results in May 2008.

Outlook

The Group continues to have a strong order backlog in both operating divisions, providing a solid platform for both the current financial year, and in the case of Security Paper and Print, extending through the first half of next year. Consequently, given the strength of the order book in Currency and the benefits of continuing to operate at high levels of productivity and capacity, we expect second half performance in Security Paper and Print to be significantly ahead of the corresponding period last year. Cash Systems continues to trade in line with expectations.



Nicholas Brookes
Chairman

Responsibility Statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report 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 set of financial statements; 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 described in the last annual report that could do so.

The Board

The Board of Directors that served during the six months to 29 September 2007 and their respective responsibilities can be found on pages 32 and 33 of the De La Rue plc Annual Report 2007.

Mr Michael Jeffries resigned as a non-Executive Director on 26 July 2007.

By order of the Board
26 November 2007

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 29 September 2007 which comprises Group condensed consolidated interim income statement, Group condensed consolidated interim balance sheet, Group condensed consolidated interim cash flow statement, Group condensed consolidated interim statement of recognised income and expense 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 Services Authority ("the UK FSA"). 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 FSA.

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 IAS 34 Interim Financial Reporting as adopted by the EU.

Our Responsibilities

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 29 September is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.



KPMG Audit Plc
Chartered Accountants
London
26 November 2007

Group Condensed Income Statement – Unaudited

For the half year ended 29 September 2007

	Notes	2007/2008 Half Year £m	2006/2007 Half Year £m	2006/2007 Full Year £m
Sales	4	345.1	328.4	687.5
Operating expenses		(296.2)	(289.0)	(597.1)
Operating profit	4	48.9	39.4	90.4
Share of profits of associated companies after taxation		2.9	2.2	6.6
Profit before finance costs		51.8	41.6	97.0
Interest income		2.8	2.0	5.1
Interest expense		(1.1)	(0.5)	(1.5)
Retirement benefit obligation finance income		17.1	16.3	32.4
Retirement benefit obligation finance cost		(16.8)	(15.5)	(30.6)
		2.0	2.3	5.4
Profit before taxation		53.8	43.9	102.4
Taxation – UK	5	(4.5)	(3.4)	(11.1)
– Overseas	5	(13.7)	(9.7)	(19.5)
Profit for the period		35.6	30.8	71.8
Profit attributable to equity shareholders of the Company		35.4	29.7	70.2
Profit attributable to minority interests		0.2	1.1	1.6
		35.6	30.8	71.8
Basic earnings per ordinary share	6	22.9p	18.5p	43.9p
Diluted earnings per ordinary share	6	22.4p	18.0p	42.9p

The Directors propose a dividend of 6.53p per share for the half year ended 29 September 2007 which will utilise £9.7m of shareholders' funds. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 29 March 2008.

Group Balance Sheet – Unaudited

At 29 September 2007

	Notes	2007/2008 Half Year £m	2006/2007 Half Year £m	2006/2007 Full Year £m
ASSETS				
Non-current assets				
Property, plant and equipment		139.6	134.1	139.4
Intangible assets		31.6	29.2	30.3
Investments in associates and joint ventures		21.3	10.8	13.1
Available for sale financial assets		0.4	0.5	0.4
Deferred tax assets		38.2	54.4	51.4
Other receivables		0.1	–	0.2
Derivative financial instruments		0.4	0.3	0.3
		231.6	229.3	235.1
Current assets				
Inventories		100.3	83.1	87.5
Trade and other receivables		118.5	107.2	97.0
Current tax assets		0.2	0.6	1.4
Derivative financial instruments		5.4	1.4	1.0
Cash and cash equivalents		66.0	336.8	149.1
		290.4	529.1	336.0
Total assets		522.0	758.4	571.1
LIABILITIES				
Current liabilities				
Borrowings		(11.9)	(227.2)	(1.7)
Trade and other payables		(241.7)	(200.0)	(238.7)
Current tax liabilities		(27.0)	(35.1)	(24.9)
Derivative financial instruments		(2.8)	(1.5)	(1.5)
Provisions for liabilities and charges		(16.8)	(18.9)	(17.8)
		(300.2)	(482.7)	(284.6)
Non-current liabilities				
Borrowings		(10.8)	(10.7)	(10.1)
Retirement benefit obligations	9	(75.2)	(112.8)	(108.1)
Deferred tax liabilities		(3.6)	(0.6)	(2.1)
Derivative financial instruments		(0.4)	–	(0.3)
Other non-current liabilities		(2.9)	(7.8)	(1.0)
		(92.9)	(131.9)	(121.6)
Total liabilities		(393.1)	(614.6)	(406.2)
Net assets		128.9	143.8	164.9
EQUITY				
Ordinary share capital	3	44.5	45.2	44.7
Share premium account	3	21.6	20.6	21.4
Capital redemption reserve	3	5.5	4.6	5.3
Fair value reserve	3	1.8	(0.1)	(0.6)
Cumulative translation adjustment	3	0.5	1.2	(0.7)
Other reserves	3	(83.8)	(83.8)	(83.8)
Retained earnings	3	133.6	151.5	173.6
Total equity attributable to shareholders of the Company		123.7	139.2	159.9
Minority interests	3	5.2	4.6	5.0
Total equity		128.9	143.8	164.9

Group Cash Flow Statement – Unaudited

For the half year ended 29 September 2007

Notes	2007/2008 Half Year £m	2006/2007 Half Year £m	2006/2007 Full Year £m
Cash flows from operating activities			
Profit before tax	53.8	43.9	102.4
Adjustments for:			
Finance income and expense	(2.0)	(2.3)	(5.4)
Depreciation and amortisation	15.4	11.3	26.9
Increase in inventories	(12.3)	(13.3)	(18.6)
Increase in trade and other receivables	(24.2)	(15.0)	(2.3)
Increase in trade and other payables	3.6	28.0	54.7
Decrease in reorganisation provisions	(0.4)	(2.3)	(3.6)
Special pension fund contribution	(4.9)	–	(7.0)
Profit/loss on disposal of fixed assets	(0.2)	1.4	1.0
Share of income from associates after tax	(2.9)	(2.2)	(6.6)
Other non-cash movements	4.7	1.7	3.0
Cash generated from operations	30.6	51.2	144.5
Tax paid	(11.3)	(9.6)	(28.2)
Net cash flows from operating activities	19.3	41.6	116.3
Cash flows from investing activities			
Disposal of subsidiary undertaking	–	1.0	1.0
Investment in associates	(10.0)	–	–
Purchases of property, plant and equipment (PPE) and software intangibles	(9.2)	(9.2)	(29.7)
Development assets capitalised	(3.7)	(1.8)	(4.1)
Proceeds from sale of PPE	0.2	0.2	0.7
Interest received	2.8	2.1	5.2
Interest paid	(0.5)	(0.3)	(1.0)
Dividends received from associates	4.7	4.0	6.2
Net cash flows from investing activities	(15.7)	(4.0)	(21.7)
Net cash inflow before financing activities	3.6	37.6	94.6
Cash flows from financing activities			
Proceeds from issue of share capital	3.4	2.9	7.1
Own share purchases	(4.2)	(13.5)	(29.2)
Proceeds from borrowing	2.3	–	–
Repayment of borrowings	–	(2.1)	(1.5)
Finance lease principal payments	(2.5)	(1.7)	(3.6)
Dividends paid to shareholders	(95.6)	(19.0)	(28.3)
Dividends paid to minority interests	–	(0.3)	(0.4)
Net cash flows from financing activities	(96.6)	(33.7)	(55.9)
Net (decrease)/increase in cash and cash equivalents in the period	(93.0)	3.9	38.7
Cash and cash equivalents at the beginning of the year	149.0	107.8	107.8
Exchange rate effects	(0.9)	(0.1)	2.5
Cash and cash equivalents at the end of the period	55.1	111.6	149.0
Cash and cash equivalents consist of:			
Cash at bank and in hand	43.8	272.2	40.3
Short term bank deposits	22.2	64.6	108.8
Overdrafts	(10.9)	(225.2)	(0.1)
	8	111.6	149.0

Group Consolidated Interim Statement of Recognised Income and Expense – Unaudited

For the half year ended 29 September 2007

	2007/2008 Half Year £m	2006/2007 Half Year £m	2006/2007 Full Year £m
Exchange differences	1.2	(1.0)	(2.9)
Actuarial gain on retirement benefit obligations	29.7	6.0	3.5
Tax on actuarial gain on retirement benefit obligations	(9.9)	(1.8)	(1.0)
Cash flow hedges	2.9	0.7	–
Tax on cash flow hedges	(0.7)	(0.2)	–
Net investment hedge	0.2	(0.1)	(0.1)
Current tax on share options	(0.2)	0.2	0.7
Deferred tax on share options	–	1.3	4.3
Net gain recognised directly in equity	23.2	5.1	4.5
Profit for the financial period	35.6	30.8	71.8
Total recognised income and expense for the period	58.8	35.9	76.3
Total recognised income and expense for the period attributable to:			
Equity shareholders of the Company	58.6	34.8	74.7
Minority interests	0.2	1.1	1.6
	58.8	35.9	76.3

Notes to the Condensed Consolidated Interim Financial Statements – Unaudited

1 Basis of Preparation and Accounting Policies

The Interim Statement 2007/08 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 29 September 2007. It has been prepared in accordance with the Disclosures and Transparency Rules of the UK's Financial Services Authority and the requirements of IAS34 Interim Financial Reporting as adopted by the European Union.

The accounts have been prepared as at 29 September 2007, being the last Saturday in September. The comparatives for the 2007 financial year are for the period ended 30 September 2006 and the full year ended 31 March 2007.

The Interim Statement 2007/2008 does not constitute financial statements as defined in section 240 of the Companies Act 1985 and does not include all of the information and disclosures required for the full annual financial statements. It should be read in conjunction with the Annual Report 2007 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 Interim Statement 2007/2008 was approved by the Board of Directors on 26 November 2007. The financial information contained in this Interim Statement in respect of the year ended 31 March 2007 has been extracted from the Annual Report 2007 which has been filed with the Registrar of Companies. The auditors report on these financial statements was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

The half yearly results for the current and comparative periods are unaudited. The auditors have carried out a review of the Interim Statement 2007/2008 and their report is set out on page 7. The condensed consolidated financial statements in this Interim Statement have been prepared using accounting policies and methods of computation consistent with those set out in the Annual Report 2007 which are prepared in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRS').

2 Risk and Risk Management

The principal risks faced by the Group and the risk management systems and processes were described in the 2007 Annual Report, a copy of which is available on the Group website at www.delarue.com. The Interim Statement includes a commentary on primary uncertainties affecting the Group's business for the remaining six months of the financial year.

3 Reconciliation of Movement in Capital and Reserves

	Attributable to equity shareholders						Minority interest	Total equity	
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Fair value and other reserve £m	Cumulative translation adjustment £m	Other reserve £m			Retained earnings £m
Balance at 26 March 2006	45.9	20.6	3.9	(0.5)	2.2	(83.8)	144.2	3.8	136.3
Exchange differences					(1.0)				(1.0)
Actuarial gain on retirement benefit obligations							6.0		6.0
Tax on actuarial gain on retirement benefit obligations							(1.8)		(1.8)
Tax on share options							0.2		0.2
Deferred tax on share options							1.3		1.3
Cash flow hedges				0.7					0.7
Tax on cash flow hedges				(0.2)					(0.2)
Net investment hedge				(0.1)					(0.1)
Net gain/(loss) recognised directly in equity				0.4	(1.0)		5.7		5.1
Profit for the period							29.7	1.1	30.8
Total income recognised for the period				0.4	(1.0)		35.4	1.1	35.9
Share capital issued									
Purchase of shares for cancellation	(0.7)		0.7				(13.5)		(13.5)
Allocation of shares for cancellation							2.9		2.9
Employee share scheme: – value of services provided							1.5		1.5
Dividends							(19.0)	(0.3)	(19.3)
Balance at 30 September 2006	45.2	20.6	4.6	(0.1)	1.2	(83.8)	151.5	4.6	143.8

Notes to the Condensed Consolidated Interim Financial Statements – Unaudited continued

3 Reconciliation of movement in capital and Reserves - continued

	Attributable to equity shareholders						Minority interest £m	Total equity £m	
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Fair value and other reserve £m	Cumulative trans- lation adjust- ment £m	Other reserve £m			Retained earnings £m
Balance at 30 September 2006	45.2	20.6	4.6	(0.1)	1.2	(83.8)	151.5	4.6	143.8
Exchange differences					(1.9)				(1.9)
Actuarial loss on retirement benefit obligations							(2.5)		(2.5)
Tax on actuarial loss on retirement benefit obligations							0.8		0.8
Tax on share options							0.5		0.5
Deferred tax on share options							3.0		3.0
Cash flow hedges				(0.7)					(0.7)
Tax on cash flow hedges				0.2					0.2
Net investment hedge									
Net gain/(loss) recognised directly in equity				(0.5)	(1.9)		1.8		(0.6)
Profit for the period							40.5	0.5	41.0
Total income recognised for the period				(0.5)	(1.9)		42.3	0.5	40.4
Share capital issued	0.2	0.8							1.0
Purchase of shares for cancellation	(0.7)		0.7				(15.7)		(15.7)
Allocation of shares for cancellation							3.2		3.2
Employee share scheme: – value of services provided							1.6		1.6
Dividends paid							(9.3)	(0.1)	(9.4)
Balance at 31 March 2007	44.7	21.4	5.3	(0.6)	(0.7)	(83.8)	173.6	5.0	164.9
Exchange differences					1.2				1.2
Actuarial gain on retirement benefit obligations							29.7		29.7
Tax on actuarial gain on retirement benefit obligations							(9.9)		(9.9)
Tax on share options							(0.2)		(0.2)
Deferred tax on share options									
Cash flow hedges				2.9					2.9
Tax on cash flow hedges				(0.7)					(0.7)
Net investment hedge				0.2					0.2
Net gain recognised directly in equity				2.4	1.2		19.6		23.2
Profit for the period							35.4	0.2	35.6
Total income recognised for the period				2.4	1.2		55.0	0.2	58.8
Share capital issued		0.2							0.2
Purchase of shares for cancellation	(0.2)		0.2				(4.2)		(4.2)
Allocation of shares for cancellation							3.2		3.2
Employee share scheme: – value of services provided							1.6		1.6
Dividends paid							(95.6)		(95.6)
Balance at 29 September 2007	44.5	21.6	5.5	1.8	0.5	(83.8)	133.6	5.2	128.9

4 Segmental Analysis

The Group's primary reporting format is by business segment. The Group is organised on a worldwide basis into two business segments: Cash Systems and Security Paper and Print. The secondary reporting format is by geographical segment. The Cash Systems division is predominantly involved in the provision of cash handling equipment and software solutions to banks and retailers worldwide. Security Paper and Print is involved in the production of national currencies and a wide range of security documents such as authentication labels and identity documents.

Analysis by business segment

	2007/2008 Half Year £m	2006/2007 Half Year £m	2006/2007 Full Year £m
Sales by class of business			
Cash Systems	161.6	158.2	333.0
Security Paper and Print	183.5	170.2	354.5
	345.1	328.4	687.5
Operating profit by business segment			
Cash Systems	14.2	10.7	28.7
Security Paper and Print	34.7	28.7	61.7
	48.9	39.4	90.4

Analysis by geographical segment

Sales by destination

United Kingdom and Ireland	32.1	31.2	72.1
Rest of Europe	92.2	100.0	206.6
The Americas	77.6	80.3	160.4
Rest of World	143.2	116.9	248.4
	345.1	328.4	687.5

5 Taxation

A tax charge of 28.0% (six months to 30 September 2006 : 29.9%; year to 31 March 2007 : 29.9%) has been provided based on the estimated effective rate of tax for the year arising on the profits on operations after excluding a deferred tax charge of £3.1m caused by the reduction in the German tax rate enacted in July 2007. The £3.1m charge represents the reduction in the German net deferred tax assets and has been fully recognised in the income statement in the first half of the year. The total tax charge including the German tax rate impact is £18.2m. The recent change to the UK tax rate from 30% to 28% has not had a significant impact on the tax charge.

Notes to the Condensed Consolidated Interim Financial Statements – Unaudited continued

6 Earnings Per Share

	2007/2008 Half Year pence per share	2006/2007 Half Year pence per share	2006/2007 Full Year pence per share
Basic earnings per share	22.9	18.5	43.9
Diluted earnings	22.4	18.0	42.9
Headline earnings per share	24.9	18.5	43.9

Earnings per share are based on the profit for the period attributable to ordinary shareholders of £35.4m (2006/2007 : £29.7m) as shown in the Group condensed income statement. The weighted average number of ordinary shares used in the calculations is 154,787,381 (2006/2007 : 160,850,440) for basic earnings per share and 157,964,839 (2006/2007 : 164,918,582) for diluted earnings per share after adjusting for dilutive share options.

During the year the Company paid special dividend of £74.4m and at the same time carried out a consolidation of its share capital. These transactions were conditional on each other. They were specifically designed to achieve the same overall effect on the Company's capital structure as a buy back of shares in a way in which all shareholders could participate. Accordingly, earnings per share is presented on the basis that in substance a share buy back has occurred.

	2007/2008 Half Year pence per share	2006/2007 Half Year pence per share	2006/2007 Full Year pence per share
Reconciliation of earnings per share			
Basic earnings per share	22.9	18.5	43.9
Tax charge arising from change in German statutory tax rate (see note 5)	2.0	–	–
Headline earnings per share before items above	24.9	18.5	43.9

The Directors are of the opinion that the publication of the headline earnings is useful to readers of interim statements and annual accounts as they give a more meaningful indication of underlying business performance.

7 Equity Dividends

	2007/2008 Half Year £m	2006/2007 Half Year £m	2006/2007 Full Year £m
Final dividend for the year ended 31 March 2007 of 13.27p paid on 3 August 2007	21.2	–	–
Final dividend for the year ended 25 March 2006 of 11.8p paid on 4 August 2006	–	19.0	19.0
Interim dividend for the period ended 30 September 2006 of 5.83p paid on 17 January 2007	–	–	9.3
Special dividend of 46.5p paid on 3 August 2007	74.4	–	–
	95.6	19.0	28.3

8 Notes to Group Cash Flow Statement

	2007/2008 Half Year £m	2006/2007 Half Year £m	2006/2007 Full Year £m
Analysis of net cash			
Cash at bank and in hand	43.8	272.2	40.3
Short term bank deposits	22.2	64.6	108.8
Bank overdrafts	(10.9)	(225.2)	(0.1)
Cash and cash equivalents	55.1	111.6	149.0
Other debt due within one year	(1.0)	(2.0)	(1.6)
Borrowings due after one year	(10.8)	(10.7)	(10.1)
Net cash at end of period	43.3	98.9	137.3

Notes to the Condensed Consolidated Interim Financial Statements – Unaudited continued

9 Retirement Benefit Obligations

The Group operates pension plans throughout the world covering the majority of employees. 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.

	2007/2008 Half Year £m	2006/2007 Half Year £m	2006/2007 Full Year £m
UK retirement benefits obligations	(71.3)	(108.6)	(104.3)
Overseas retirement benefit obligations	(3.9)	(4.2)	(3.8)
Retirement benefit obligations	(75.2)	(112.8)	(108.1)
Deferred tax	22.4	33.8	32.4
Net retirement benefit obligations	(52.8)	(79.0)	(75.7)

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

	2007/2008 Half Year UK £m	2006/2007 Half Year UK £m	2006/2007 Full Year UK £m
At 1 April 2007 / 26 March 2006	(104.3)	(115.0)	(115.0)
Current service cost included in operating profit	(6.1)	(4.7)	(9.8)
Net finance cost	0.3	0.8	1.8
Actuarial gains and losses arising over the year	29.6	5.8	3.0
Cash contributions and benefits paid	9.2	4.5	15.7
At 29 September 2007 / 30 September 2006 / 31 March 2007	(71.3)	(108.6)	(104.3)

Amounts recognised in the consolidated balance sheet:

Fair value of plan assets	536.3	504.4	524.4
Present value of funded obligations	(601.8)	(607.5)	(622.6)
Funded defined benefit pension plans	(65.5)	(103.1)	(98.2)
Present value of unfunded obligations	(5.8)	(5.5)	(6.1)
Net liability	(71.3)	(108.6)	(104.3)

Amounts recognised in the consolidated income statement:

	2007/2008 Half Year UK £m	2006/2007 Half Year UK £m	2006/2007 Full Year UK £m
Included in employee benefits expense:			
Current service cost	(6.1)	(4.7)	(9.8)
Included in net finance costs:			
Expected return on plan assets	16.8	16.0	31.8
Interest cost	(16.5)	(15.2)	(30.0)
	0.3	0.8	1.8
Total recognised in the consolidated income statement	(5.8)	(3.9)	(8.0)
Actual return on plan assets	13.7	1.1	22.2

Amounts recognised in the statement of recognised income and expense:

Actuarial losses on plan assets	(3.1)	(14.9)	(9.6)
Actuarial gains on defined benefits pension obligations	32.7	20.7	12.6
Amounts recognised in the statement of recognised income and expense	29.6	5.8	3.0

Principal actuarial assumptions:

	2007/2008 Half Year UK %	2006/2007 Half Year UK %	2006/2007 Full Year UK %
Future salary increases	4.10	3.90	4.00
Future pension increases - past service	3.30	3.00	3.20
Future pension increases - future service	3.10	2.90	3.00
Discount rate	5.70	5.00	5.30
Inflation rate	3.20	2.90	3.10
Expected return on plan assets	6.59	6.51	6.44

The expected rate of return on plan assets has been determined following advice from the plans' independent actuary and is based on the expected return on each asset class together with consideration of the long term asset strategy.

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 29 September 2007 and 31 March 2007 mortality assumptions are based on the PxA92 birth year tables multiplied by a rating of 125 per cent and allowance for medium cohort mortality improvements in future. The resulting life expectancy for a 65 year old pensioner is 20.2 years. At 30 September 2006 mortality assumptions were based on the PxA 92 birth year tables multiplied by a rating of 125 per cent and allowance for short cohort mortality improvements in future, and the resulting life expectancy for a 65 year old pensioner was 18.6 years.

Notes to the Condensed Consolidated Interim Financial Statements – Unaudited continued

10 Related Party Transactions

During the year the Group traded with the following associated companies: Fidink (33.3%) and Valora-Servicos de Apoio a Emissao Monetaria SA (25%).

The Group's trading activities with these companies in the period comprise £2.7m for the purchase of ink and other consumables. At the balance sheet date there were creditor balances of £0.9m with these companies.

Key Management Compensation

	2007/2008 Half Year £'000	2006/2007 Half Year £'000	2006/2007 Full Year £'000
Salaries and other short-term employee benefits	1,597.0	1,417.0	3,490.0
Termination benefits	75.6	150.6	150.6
Retirement benefits:			
Defined contribution	2.9	0.7	1.8
Defined benefit	208.7	371.1	640.7
Share-based payments	799.0	573.0	1,395.0
	2,683.2	2,512.4	5,678.1

Key management comprises members of the Board and the Operating Board. Key management compensation includes fees of non-executive Directors, compensation for loss of office, ex-gratia payments, redundancy payments, enhanced retirement benefits and any related benefits-in-kind connected with a person leaving office or employment.

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Shareholder Enquiries and Holder Amendments

Enquiries regarding shareholdings or dividends should, in the first instance, be addressed to Computershare Investor Services PLC. You can view and change your shareholding details online at www-uk.computershare.com/investor.

Electronic Communications

You can also register online at www-uk.computershare.com/investor to stop receiving statutory communications through the post. If you choose this option you will receive an email notification each time we publish new shareholder documents on our website and you will be able to download and read them at your own convenience.

To register you will need an internet-enabled PC. You will also need to have your shareholder reference number (SRN) available when you first log in. This 11 character number (which starts with the letter C or G) can be found on share certificates and dividend tax vouchers. Shareholders who subscribe for electronic communications can revert to postal communications or request a paper copy of any shareholder document at any time in the future.

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