DE LA RUE PLC

23 May 2017

Strategic plan progressing well with good growth from Identity Solutions and Product Authentication

De La Rue plc (LSE: DLAR) (De La Rue, the "Group" or the "Company") announces its full year results for the twelve months ended 25 March 2017 (the period or full year).

KEY FINANCIALS

The figures below are for continuing operations only and exclude the Cash Processing Solutions business which was sold on 22 May 2016.

	FY 2016/17 £m	FY 2015/16 £m	*Change %*
Revenue	**461.7**	454.5	*2%*
Adjusted operating profit*(1)	**70.7**	70.4	*0%*
Adjusted operating margin*(1)	**15.3%**	15.5%	*(20bpts)*
Reported operating profit	**70.2**	66.8	*5%*
Adjusted profit before tax*(1)	**58.7**	58.5	*0%*
Reported profit before tax	**58.2**	54.9	*6%*
Adjusted basic earnings per share*(2)	**47.1p**	48.1p	*(2%)*
Reported basic earnings per share	**47.2p**	46.8p	*1%*
Dividend per share	**25.0p**	25.0p	*0%*

* This is a non-IFRS measure. The Directors are of the opinion that these measures give a better understanding of the underlying performance of the business. For further explanations and reconciliation to the comparable IFRS measure see reconciliation in note 14. "Reported" measures are on an IFRS basis.

(1) Excludes exceptional item charges of £0.4m (2015/16: £3.6m) and amortisation of acquired intangible assets of £0.1m (2015:16: £nil).

(2) Excludes exceptional item charges of £0.4m (2015/16: £3.6m), amortisation of acquired intangible assets of £0.1m (2015:16: £nil) and related tax credits of £0.6m (2015/16: £2.3m).

Revenue and adjusted operating profit growth rates for the Identity Solutions and Product Authentication reflect a change in allocation of results for these segments made in the year. See "Operating reviews" section for further details.

FINANCIAL HIGHLIGHTS

- Group revenue +2% and adjusted operating profit up marginally year on year
- Resilient performance in our Currency business, improved mix in Banknote Print and increased Paper volumes partially offsetting the impact of a concluded security features contract
- Identity Solutions revenue +5% and adjusted operating profit +37%
- Product Authentication & Traceability revenue +20% and adjusted operating profit +29%
- Net debt up £14.8m to £120.9m following the $25m acquisition of DuPont Authentication
- Proposed final dividend of 16.7p; Full year dividend maintained at 25.0p
- Group 12 month order book of £387m providing good visibility and confidence for the year ahead

STRATEGIC AND OPERATIONAL HIGHLIGHTS

Good progress in delivering our strategic plan**:**

Optimise & Flex

- Banknote Print volumes similar to last year at 7.1bn notes
- Banknote Paper volumes increased by 18% to 11,800 tonnes, a seven year high
- Restructuring of print manufacturing footprint on track to deliver c£13m annual cost savings from FY18/19 – two banknote print lines removed in Malta; retaining third line for operational flexibility

Invest & Build

- Accelerating product development through increased investment in R&D and product management
- Good momentum in Polymer continues – volumes nearly quadrupled to 380 tonnes
- Completed acquisition of DuPont Authentication, further broadening our portfolio of security features to include highly specialised Lippmann 3D Holograms
- Centre of excellence for security print opened in Malta, including new capability to produce polycarbonate - first volume customer secured

Martin Sutherland, Chief Executive Officer of De La Rue, commented:

"De La Rue has delivered a good performance this year. We are two years into our five year strategic plan and have made solid progress against our objectives to diversify the business and improve the quality of earnings. Identity Solutions and Product Authentication are both delivering good growth and are underpinned by the resilience of our Currency business.

"Our investment in product management and R&D has seen us introduce six new products into our pipeline, including DLR Analytics, a software solution to help central banks manage their cash cycle requirements. We are already piloting with 26 countries at launch.

"In January, we completed our first acquisition in 14 years. DuPont Authentication is a business with a strong intellectual property portfolio, global blue-chip customers and a committed and experienced workforce. This transaction further strengthens our position in the strategically important and growing product authentication market.

"With continuing good momentum in delivering our 2020 strategic plan and a strong 12 month order book of £387m, I am confident that we will deliver on our expectations for the year."

Enquiries:

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A presentation to analysts will take place at 9:00 am BST on 23 May 2017 at The Lincoln Centre, 18 Lincoln's Inn Fields, WC2A 3ED. The presentation will also be accessible via a conference call and a video webcast. Dial-ins for the conference call are +44 (0)20 3059 8125, passcode: De La Rue. An archive of the conference call is available for a week from midday 23 May 2017, which is accessible via +44 (0) 121 260 4861, passcode: 5990361#. For the live webcast, please register at www.delarue.com where a replay will also be available subsequently.

About De La Rue

De La Rue's purpose is to enable every citizen to participate securely in the global economy. As a trusted partner of governments, central banks and commercial organisations, De La Rue provides products and services that underpin the integrity of trade, personal identity and the movement of goods.

As the world's largest designer and commercial printer of banknotes, De La Rue designs, manufactures and delivers banknotes, banknote substrates and security features to customers in a world where currency will continue to be a key part of the developing payments eco-system. De La Rue is the only fully integrated supplier of both paper and polymer banknotes, and creates security features that ensure banknotes are protected against counterfeiting.

De La Rue is the world's largest commercial designer and printer of passports, delivering national and international identity tokens and software solutions for governments in a world that is increasingly focused on the importance of a legal and secure identity for every individual.

De La Rue also creates and delivers secure product identifiers and 'track and trace' software for governments and commercial customers alike to help to tackle the challenge of illicit or counterfeit goods and the collection of revenue and excise duties.

De La Rue is listed on the London Stock Exchange (LSE:DLAR). For further information visit www.delarue.com

Cautionary note regarding forward-looking statements

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

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

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

FULL YEAR RESULTS

The Group delivered a good set of results in 2016/17. The strategic plan set out in May 2015 to diversify our business and improve the quality of earnings is progressing well. Identity Solutions and Product Authentication delivered strong revenue and adjusted operating profit growth, while the Currency business performed with resilience. The Group's 12 month order book was up 6% to £387m (2015/16: £365m) at the end of the period.

The Currency business delivered an 18% increase in Banknote Paper volumes and a 280% increase in Polymer volumes. The improved mix in Banknote Print and higher Paper volumes partially offset the impact of a security features contract that concluded in the prior year. Revenue and adjusted operating profit in the Currency business were 1% and 9% lower than the prior year.

The Identity Solutions business grew for the first time since 2014 with a 5% increase in revenue to £80.6m. This, combined with improved margins from a better mix of orders, resulted in a 37% rise in adjusted operating profit.

Product Authentication & Traceability (PA&T) also delivered strong performance, with revenue up 20% and adjusted operating profit up 29%. This was primarily driven by good growth in tax revenue protection.

FINANCIAL RESULTS

All numbers below are shown for continuing operations only and exclude the Cash Processing Solutions business which was sold on 22 May 2016. The loss from the discontinued operations in the period was £8.0m, comprising a trading loss of £2.2m for the two months prior to disposal and exceptional charges net of tax of £5.8m. See Note 3 in the accounts for details of the discontinued operations.

Group revenue grew 2% to £461.7m (2015/16: £454.5m) and adjusted operating profit was up marginally at £70.7m (2015/16: £70.4m). Adjusted profit before tax was similar to last year at £58.7m (2015/16: £58.5m). Adjusted basic earnings per share were 2% lower at 47.1p (2015/16: 48.1p) reflecting the impact of lower tax charges in the prior year.

On a reported basis operating profit was £70.2m, an increase on the prior year (2015/16: £66.8m) due to lower exceptional net charges of £0.4m in the current year (2015/16:£3.6m). Profit before tax on a reported basis was £58.2m (2015/16: £54.9m). Reported basic earnings per share were 47.2p (2015/16: 46.8p).

Cash generated from operating activities, which includes the discontinued operations, was 9% higher at £64.3m (2015/16: £58.9m). The benefit of higher profits was offset by adverse working capital movements due to the timing of shipments and a reduction in advanced payments. Net debt as at 25 March 2017 increased by £14.8m to £120.9m (26 May 2016: £106.1m), reflecting the $25m acquisition of DuPont Authentication which was funded from the existing credit facility.

DIVIDEND

The Board proposes to leave the dividend unchanged and is recommending a final dividend of 16.7p per share (2015/16: 16.7p per share). This, together with the 8.3p paid in January 2017, would make a full year dividend of 25.0p per share. Subject to shareholders' approval, the final dividend will be paid on 3 August 2017 to shareholders on the register on 30 June 2017.

STRATEGIC PROGRESS

The five year strategic plan set out in May 2015 to improve our business mix and quality of earnings is progressing well. We continue to improve efficiency and create flexibility across the business, while driving growth through investments in innovation and product management.

Optimise and Flex

Currency is the bedrock of our business and our brand, as well as an important part of our diversified portfolio.

We seek to build outsourcing partnerships in banknote print to provide added flexibility, reduce risk and manage surge demand. At the same time, we aim to increase earnings visibility through long term agreements (LTA) with customers. We are also looking to smooth demand by helping our customers improve their cash requirement forecasting. In May 2017, we launched DLR Analytics™, a software solution that helps central banks manage their cash cycle by drawing on insights and intelligence from the collected data. It is currently piloted with 26 customers.

The banknote paper market has been oversupplied for a number of years. Although demand for banknote paper has increased in recent months, we expect oversupply to continue in the long term.

We are targeting direct sales to state print works (SPW) and commercial printers in order to increase utilisation of our paper mills. We continue to engage in complex and constructive dialogue with a number of paper makers to identify a long term solution for the business.

Driving efficiency

Driving down costs enables us to remain price competitive while protecting margins. We are working hard to improve manufacturing efficiency. During the year, we successfully completed Level 2 of our Operational Excellence programme.

Our manufacturing footprint restructuring programme, designed to optimise our capacity, has now completed its first phase. Two banknote print lines have been decommissioned in Malta and machine upgrades in other sites are going to plan. In November 2016, we refined the plan to improve our flexibility in outsourcing and in-house production, and decided to retain the remaining banknote print line in Malta. The plan to deliver c£13m annual cost savings from FY18/19 remains unchanged, although some of these savings are expected to be reinvested in the business.

In August, we agreed to enter into a joint venture that would see the Government of Kenya acquire a 40% interest in our wholly-owned Kenyan subsidiary for £5.0m. This will further strengthen our ties with the country and secure our position as a supply hub of currency and security solutions in East Africa. We expect this to complete in the current financial year.

We are also creating a leaner and more agile organisation. We began changing our systems and processes in 2015/16 and are now upgrading our finance and management information systems to increase efficiency and improve decision making. We have also significantly improved a number of commercial processes which have shortened our response time to submit bids and win new business.

Invest and Build

Diversifying revenues

We continue to invest in areas with potential for attractive profitable growth.

Polymer sales have gained significant traction since the launch of our Safeguard® substrate. We aim to grow our market share by targeting existing polymer customers as well as paper and coin customers looking to switch to polymer. In 2016/17, volumes increased from 100 tonnes to 380 tonnes.

We aim to increase recurring revenues from software solutions and services. In 2016/17, we won a new multi-year Identity Solutions contract and secured the renewal of three service contracts. In Product Authentication and Traceability (PA&T), Cameroon became the first customer for our track and trace system DLR Certify™. The launch of DLR Analytics™ has further strengthened our digital and service offering.

To grow our sales pipeline, we are targeting direct sales of product components, such as passport paper, polycarbonate and security labels to SPWs, system integrators and other commercial printers. Our renewed focus on direct sales will not only increase our addressable market, but also even out the peaks and troughs we experience in orders for finished products.

We also aim to build stronger customer relationships via a network of new regional sales offices and a direct sales force, reducing reliance on third parties. During the year, we set up sales hubs in Dubai and Miami and relocated sales staff to be closer to our customers in Africa and Asia. These changes will help us better understand customer needs, ensuring we offer the right products and services.

Investing in innovation
A rolling programme of investments in R&D maintains our competitiveness and creates high barriers to market entry.

We have calibrated all features into key technology platforms, such as lenticular and holographics. This approach allows us to maximise our technology know-how and create various platform-based applications for different products. We launched six new products in May 2017, including four security features that were developed using our existing technologies.

Our strategy includes accelerating technology development through partnerships and acquisitions. In January 2017 we acquired US-based brand protection company DuPont Authentication for $25m, which develops and owns the highly specialised and differentiated Lippmann (or 3D) holographic technology. While its main applications are authentication labels and anti-tampering packaging, this 3D hologram technology can also be applied to identity documents and, with modification, to banknotes.

The fact that around 40% of banknote denominations in circulation globally were designed by De La Rue endorses our design capability as a core strength and differentiator. During the year we have changed our approach to increase the interaction between our design team and customers.

As part of the manufacturing footprint restructuring programme, we have created a centre of excellence for identity and security print in Malta, which includes the installation of a new polycabonate line. This new capability, combined with other technology such as Lippmann holography, has further strengthened our product offering for both passport and national ID.

Driving culture change
To encourage a high performance culture, we have focused further on performance management and, for the first time, all employees now have a set of individual objectives aligned to group strategy.

To ensure that we have the right skills and capabilities to take our business forward, we have changed 50% of the senior leadership team over the last two years and continue to upgrade the skillset of our sales force. We have invested in extensive training, development and recognition programmes. In June 2016 we launched the second phase of the Leadership Development Programme. This focuses on developing the agility and capability to lead and inspire colleagues in a matrix organisation, and is also helping to build a strong pipeline for succession planning.

The average number of employees reduced by 12% to 3,151 in the year (2015/16: 3,566).

OPERATING REVIEWS

Reclassification of results between Product Authentication & Traceability (PA&T) and Identity Solutions (IDS)
Historically the results of one of the Group’s manufacturing sites have been included in the PA&T segment as this segment represented the majority of its business. However, due to growth in IDS business within this site, we have started reviewing its numbers split between IDS and PA&T. In order to align the Group’s external reporting segments to the information reviewed internally, the results of this site have been split in the current year between the IDS and PA&T segment. The 2015/16 figures have also been adjusted for comparability.

Currency

	FY 2016/17	**FY 2015/16**	**Change**
Revenue (£m)	350.6	353.3	*(1%)*
Adjusted operating profit* (£m)	50.3	55.1	*(9%)*
Adjusted operating margin* (%)	14.3%	15.6%	*(130bpts)*
Banknote print volume (bn notes)	7.1	7.1	*0%*
Banknote paper volume (‘000 tonnes)	11.8	10.0	*18%*

*Excludes exceptional item credits of £1.9m (2015/16: Charges of £13.1m).

The Currency business comprises Banknote Print, Banknote Paper, Polymer and Security Features.

The Currency business benefited from an improved mix in Banknote Print and higher volumes in Banknote Paper, which partially offset the impact of the security features contract that concluded in the prior year. Revenue fell by 1% year on year to £350.6m (2015/16: £353.3m). The lower revenue and change in sales mix resulted in a 9% decline in adjusted operating profit.

We achieved good volumes in Banknote Print of 7.1bn notes (2015/16: 7.1bn) in the year despite the decommissioning of two print lines as part of the footprint restructuring programme. This not only demonstrated our sales capability, but also the flexibility of our manufacturing capacity following the restructuring.

Banknote Paper volumes increased by 18% to 11,800 tonnes (2015/16: 10,000 tonnes), primarily driven by stronger external sales. Prices of raw materials such as cotton have increased substantially in recent months and are expected to remain high throughout the coming year.

Polymer almost quadrupled in volume to 380 tonnes in the year, demonstrating continuing good momentum for growth. Margins are expected to improve over time as we continue to reduce production costs and build scale.

Security Features was adversely impacted by the material contract which concluded in the prior year. Both revenue and operating profit were lower than the prior year. However, underlying performance, i.e. excluding the impact of the concluded contract, was encouraging. We launched four new features in May 2017 - TrueImage™, TextMark™, enhanced Gemini™, Kinetic StarChrome® Portrait - further strengthening our product portfolio.

At the year end the 12 month order book for Currency including estimated call-off orders for contracts was £311m (2015/16: £278m).

Identity Solutions

	FY 2016/17	FY 2015/16	Change
Revenue (£m)	80.6	76.5	*5%*
Adjusted operating profit* (£m)	11.4	8.3	*37%*
Adjusted operating margin* (%)	14.1%	10.8%	*330bpts*

*Excludes exceptional items charges of £nil (2015/16: £nil).

Identity Solutions performed well in the year. Revenue grew by 5% to £80.6m (2015/16: £76.5m), with an improved margin of 14.1%. This reflected an increased proportion of revenues from software and services, as well as increased focus on component sales. Adjusted operating profit in the period increased by 37% to £11.4m (2015/16: £8.3m).

We continue to invest in skills and capabilities. During the year, we more than doubled our R&D investment and added a new polycarbonate line in Malta, which will soon be operating at full capacity.

Product Authentication & Traceability

	FY 2016/17	FY 2015/16	Change
Revenue (£m)	34.6	28.8	*20%*
Adjusted operating profit* (£m)	9.0	7.0	*29%*
Adjusted operating margin* (%)	26.0%	24.3%	*170bpts*

*Excludes exceptional items charges of £0.9m (2015/16: £0.5m) and amortisation of acquired intangible assets of £0.1m (2015/16: £nil).

Product Authentication & Traceability (PA&T) delivered an excellent performance. Revenue increased by 20% to £34.6m (2015/16: £28.8m), driven by growth in tax revenue protection. The segment benefited from lower production cost, which was partly offset by increased investment in R&D and sales. Adjusted operating profit in the period was up 29% to £9.0m (2015/16: £7.0m).

We completed the acquisition of DuPont Authentication on 6 January 2017. Integration of the business has now completed. Excluding the acquisition, revenue in the segment grew by 13% and adjusted operating profit was up 24%.

FINANCE CHARGE
The Group’s net interest charge was £4.6m, a slight decrease on the prior year (2015/16: £4.8m) due to lower charges in respect of the amortisation of financing fees in the current year. The IAS 19 related finance cost, which represents the difference between the interest on pension liabilities and assets was £7.4m (2015/16: £7.1m).

EXCEPTIONAL ITEMS
During the period, exceptional net charges on continuing operations amounted to £0.4m (2015/16: charges of £3.6m).

Exceptional net charges comprise: site relocation and restructuring costs of £0.2m (2015/16: £9.2m); gains on sale of land of £0.2m (2015/16: £9.5m); a credit relating to the release of warranty provisions of £0.5m (2015/16: credit of £1.3m); asset impairment charges of £nil (2015/16: £5.2m) and acquisition related costs of £0.9m (2015/16: £nil). See note 4 for further details.

TAXATION
The net tax charge for the year was £8.7m (2015/16: £6.3m). The effective tax rate before exceptional items was 15.8% (2015/16: 14.7%). The tax rate was lower in 2015/16 due to a non-recurring tax benefit.

Net tax credits relating to exceptional items, on continuing operations, arising in the period were £0.6m (2015/16 £2.3m).

CASH FLOW AND BORROWING
Cash generated from operating activities, which includes the discontinued operations, was 9% higher at £64.3m (2015/16: £58.9m). Working capital increased by £17.2m in the year due to the timing of shipments and a lower advanced payments compared to the prior year. Net trade receivables increased by £11.9m. Cash generated from operating activities also includes £3.3m of payments in relation to exceptional items (the net cash cost of exceptional items in 2015/16 was £12.5m). The adverse working capital movement resulted in a lower cash conversion ratio of 114% (2015/16: 160%).

Capital expenditure for the year was lower than expected at £26.1m, due to the timing of investments.

Net debt increased by £14.8m to £120.9m (2016/17: £106.1m) primarily due to the $25m acquisition of DuPont Authentication.

The Group utilises a £250.0m revolving credit facility and has operated well within the key financial covenants. On 27 April 2017, the Group extended the maturity date of this facility by two years to December 2021. It is subject to the same financial covenants which require that the ratio of EBIT to net interest payable be greater than four times and the net debt to EBITDA ratio be less than three times. At the period end the specific covenant tests were as follows: EBIT/net interest payable of 16.1 times, net debt/EBITDA of 1.27 times.

PENSION DEFICIT AND FUNDING
The Group's formal triennial funding valuation of the UK defined benefit pension scheme (the Scheme) was finalised in June 2016. The Group agreed a revised funding plan with the trustees to eliminate the deficit over a period of 12 years from 31 March 2016. The plan will see the existing funding payment schedule extended from 2022 to 2028. In addition, we have created a joint working group with the pension trustees to explore

ways to proactively improve the management of our pension obligations. The next triennial funding valuation is due in April 2018.

In the year ended 25 March 2017, the Group made funding payments and management fees together totalling £14.6m.

The valuation of the UK Scheme under IAS 19 indicates a post-tax deficit at 25 March 2017 of £196.7m (26 March 2016: £178.4m). On a pre-tax basis the net pension deficit was £237.0m (26 March 2016: £217.6m) The increase is due to the impact of a lower discount rate used to value the scheme liabilities (2.75% in 2016/17 compared with 3.50% in 2015/16) because of a significant fall in corporate bond yields and an increase in the longer term inflation rate. The increase in liabilities has been partially offset by an increase in assets which have performed strongly in the year.

In common with other final salary schemes, the Scheme valuation is very sensitive to any movement in the discount rate, with a 0.25% increase in discount rate resulting in a £55m decrease in liabilities or vice versa and hence the deficit would reduce should interest and discount rates increase in the future.

The charge to operating profit in respect of the Scheme in 2016/17 was £1.5m (2015/16: £1.2m). In addition, under IAS 19 there was a finance charge of £7.4m arising from the difference between the interest cost on liabilities and the interest income on scheme assets (2015/16: £7.1m).

BOARD CHANGES

Nick Bray, Chief Financial Officer of Sophos Group plc, joined the Board as a Non-executive Director and Chair of the Audit Committee at the AGM on 21 July 2016. Nick is a Chartered Accountant and brings extensive and highly relevant experience in the technology and information security industries to the Board.

Rupert Middleton, Chief Operating Officer and Executive Director, has informed the Board of his intension to step down from the Board after the AGM on 20 July 2017. We are grateful for his contribution and wish him well for this future. The position will be replaced by the newly created role of Chief Operating Director which will not be a Board position. A search has commenced to identify suitable internal and external candidates.

OUTLOOK

We start the year with a strong order book of £387m. While the sustained weakness of Sterling gives us a competitive advantage in the export market, most of our sales are invoiced in Sterling and do not automatically result in higher margins. We will continue to increase investments in R&D, product management and sales capabilities. Taking this into account, as well as the increased costs of raw materials, the Board is confident of continued progression and its expectations for the financial year of 2017/18 remain unchanged.

- ends -

Martin Sutherland	**Jitesh Sodha**
Chief Executive Officer	**Chief Financial Officer**

23 May 2017

GROUP INCOME STATEMENT

For the period ended 25 March 2017

	Notes	2017 £m	2016 £m
Revenue		**461.7**	454.5
Operating expenses – ordinary		**(391.1)**	(384.1)
Operating expenses – exceptional	4	**(0.4)**	(3.6)
Total operating expenses		**(391.5)**	(387.7)
Operating profit		**70.2**	66.8
Comprising:			
Adjusted operating profit*		**70.7**	70.4
Amortisation of acquired intangible assets		**(0.1)**	-
Exceptional items	4	**(0.4)**	(3.6)
Profit before interest and taxation		**70.2**	66.8
Interest income		**-**	0.1
Interest expense		**(4.6)**	(4.9)
Retirement benefit obligation net finance expense		**(7.4)**	(7.1)
Net finance expense		**(12.0)**	(11.9)
Profit before taxation		**58.2**	54.9
Comprising:			
Adjusted profit before tax*		**58.7**	58.5
Amortisation of acquired intangible assets		**(0.1)**	-
Exceptional items		**(0.4)**	(3.6)
Taxation	5	**(8.7)**	(6.3)
Profit for the year from continuing operations		**49.5**	48.6
Comprising:			
Adjusted profit for the year*		**49.4**	49.9
Amortisation of acquired intangible assets		**(0.1)**	-
Profit/(loss) for the year on exceptional items		**0.2**	(1.3)
Loss from discontinued operations		**(8.0)**	(31.0)
Profit for the year		**41.5**	17.6
Profit attributable to equity shareholders of the Company			
Profit for the year from continuing operations		**47.9**	47.4
Loss for the year from discontinuing operations		**(8.0)**	(31.0)
Total profit attributable to equity shareholders of the Company		**39.9**	16.4
Profit attributable to non-controlling interests			
Profit for the year from continuing operations		**1.6**	1.2
Profit for the year from discontinuing operations		**-**	-
Total profit attributable to non-controlling interests		**1.6**	1.2
		41.5	17.6

*This is a non IFRS measure. See note 14 for further explanations and reconciliation to the comparable IFRS measure.

Profit for the year attributable to the Company’s equity holders	Notes	2017 £m	2016 £m
Earnings per share			
Basic	6		
Basic EPS continuing operations		**47.2p**	**46.8p**
Basic EPS discontinued operations		**(7.9p)**	**(30.6p)**
Total basic earnings per share		**39.3p**	**16.2p**
Diluted	6		
Diluted EPS continuing operations		**46.6p**	**46.2p**
Diluted EPS discontinued operations		**(7.8p)**	**(30.2p)**
Total diluted earnings per share		**38.8p**	**16.0p**
Adjusted earnings per share			
Basic	6		
Basic EPS continuing operations		**47.1p**	48.1p
Basic EPS discontinued operations		**(2.3p)**	(7.1p)
Total Basic Earnings per share		**44.8p**	41.0p
Diluted	6		
Diluted EPS continuing operations		**46.5p**	47.5p
Diluted EPS discontinued operations		**(2.2p)**	(7.0p)
Total Diluted Earnings per share		**44.3p**	40.5p

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the period ended 25 March 2017

	2017 £m	2016 £m
Profit for the year	**41.5**	17.6
Other comprehensive income		
Items that are not reclassified subsequently to profit or loss:		
Remeasurement losses on retirement benefit obligations	**(25.2)**	5.4
Tax related to remeasurement of net defined benefit liability	**2.3**	(5.4)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	**2.6**	1.5
Change in fair value of cash flow hedges	**7.8**	4.1
Change in fair value of cash flow hedges transferred to profit or loss	**(8.0)**	1.6
Change in fair value of cash flow hedges transferred to non-current assets	**(0.2)**	1.5
Income tax relating to components of other comprehensive income	**0.2**	(1.8)
Other comprehensive income for the year, net of tax	**(20.5)**	6.9
Total comprehensive income for the year	**21.0**	24.5
Comprehensive income for the year attributable to:		
Equity shareholders of the Company	**19.4**	23.3
Non-controlling interests	**1.6**	1.2
	21.0	24.5

GROUP BALANCE SHEET

At 25 March 2017

	2017 £m	2016 £m
Assets		
Non-current assets		
Property, plant and equipment	**167.2**	167.0
Intangible assets	**30.9**	13.4
Investments in associates and joint ventures	**0.1**	0.1
Deferred tax assets	**43.7**	41.6
Derivative financial assets	**0.6**	1.9
	242.5	224.0
Current assets		
Inventories	**67.8**	67.1
Trade and other receivables	**109.7**	93.5
Current tax assets	**-**	1.3
Derivative financial assets	**15.3**	15.0
Cash and cash equivalents	**15.4**	40.5
Assets classified as held for sale	**-**	11.2
	208.2	228.6
Total assets	**450.7**	452.6
Liabilities		
Current liabilities		
Borrowings	**(136.3)**	(146.6)
Trade and other payables	**(175.1)**	(171.5)
Current tax liabilities	**(19.6)**	(17.6)
Derivative financial liabilities	**(7.7)**	(12.0)
Provisions for liabilities and charges	**(10.4)**	(9.0)
Liabilities classified as held for sale	**-**	(10.5)
	(349.1)	(367.2)
Non-current liabilities		
Retirement benefit obligations	**(239.4)**	(219.9)
Deferred tax liabilities	**(4.9)**	(1.6)
Derivative financial liabilities	**(0.6)**	(1.2)
Provisions for liabilities and charges	**(2.0)**	(6.9)
Other non-current liabilities	**(1.3)**	(1.4)
	(248.2)	(231.0)
Total liabilities	**(597.3)**	(598.2)
Net liabilities	**(146.6)**	(145.6)
Equity		
Share capital	**46.8**	46.6
Share premium account	**36.7**	35.7
Capital redemption reserve	**5.9**	5.9
Hedge reserve	**2.0**	2.3
Cumulative translation adjustment	**(9.7)**	(12.3)
Other reserves	**(83.8)**	(83.8)
Retained earnings	**(152.4)**	(146.6)
Total equity attributable to shareholders of the Company	**(154.5)**	(152.2)
Non-controlling interests	**7.9**	6.6
Total equity	**(146.6)**	(145.6)

GROUP STATEMENT OF CHANGES IN EQUITY

For the period ended 25 March 2017

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Hedge reserve £m	Cumulative translation adjustment £m	Other reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
					Attributable to equity shareholders				
Balance at 28 March 2015	46.5	35.5	5.9	(3.5)	(13.8)	(83.8)	(139.4)	5.7	(146.9)
Profit for the year	–	–	–	–	–	–	16.4	1.2	17.6
Other comprehensive income for the year, net of tax	–	–	–	5.8	1.5	–	(0.4)	–	6.9
Total comprehensive income for the year	–	–	–	5.8	1.5	–	16.0	1.2	24.5
Transactions with owners of the Company recognised directly in equity:									
Share capital issued	0.1	0.2	–	–	–	–	–	–	0.3
Employee share scheme:									
– value of services provided	–	–	–	–	–	–	2.4	–	2.4
Income tax on income and expenses recognised directly in equity	–	–	–	–	–	–	(0.3)	–	(0.3)
Dividends paid	–	–	–	–	–	–	(25.3)	(0.3)	(25.6)
Balance at 26 March 2016	46.6	35.7	5.9	2.3	(12.3)	(83.8)	(146.6)	6.6	(145.6)
Profit for the year	–	–	–	–	–	–	39.9	1.6	41.5
Other comprehensive income for the year, net of tax	–	–	–	(0.3)	2.6	–	(22.8)	–	(20.5)
Total comprehensive income for the year	–	–	–	(0.3)	2.6	–	17.1	1.6	21.0
Transactions with owners of the Company recognised directly in equity:									
Share capital issued	0.2	1.0	–	–	–	–	–	–	1.2
Employee share scheme:									
– value of services provided	–	–	–	–	–	–	1.5	–	1.5
Income tax on income and expenses recognised directly in equity	–	–	–	–	–	–	1.0	–	1.0
Dividends paid	–	–	–	–	–	–	(25.4)	(0.3)	(25.7)
Balance at 25 March 2017	**46.8**	**36.7**	**5.9**	**2.0**	**(9.7)**	**(83.8)**	**(152.4)**	**7.9**	**(146.6)**

GROUP CASH FLOW STATEMENT

For the period ended 25 March 2017

	Notes	2017 £m	2016 £m
Cash flows from operating activities			
Profit before tax*		**51.8**	20.8
Adjustments for:			
Finance income and expense		**12.0**	12.1
Depreciation		**24.3**	23.0
Amortisation		**2.5**	3.2
Decrease in inventory		**3.4**	5.0
Increase trade and other receivables		**(4.6)**	(2.0)
(Decrease)/increase in trade and other payables		**(11.9)**	11.4
(Decrease)/increase in reorganisation provisions		**(3.6)**	0.4
Special pension fund contributions		**(14.6)**	(19.1)
Loss/(profit) on disposal of property, plant, equipment and software intangibles		**1.4**	(7.6)
Asset impairment		**-**	10.8
Loss in disposal of discontinued operations		**4.1**	-
Other non-cash movements		**(0.5)**	0.9
Cash generated from operating activities		**64.3**	58.9
Tax paid		**(5.7)**	(4.7)
Net cash flows from operating activities		**58.6**	54.2
Cash flows from investing activities			
Proceeds from sale of discontinued operations		**2.1**	-
Transaction costs relating to sale of discontinued operations		**(2.5)**	-
Purchases of property, plant, equipment and software intangibles		**(24.0)**	(25.0)
Development assets capitalised		**(2.1)**	(3.0)
Acquisition of subsidiary (net of cash acquired)		**(17.9)**	-
Proceeds from sale of property, plant and equipment		**0.2**	9.9
Net cash flows from investing activities		**(44.2)**	(18.1)
Net cash flows before financing activities		**14.4**	36.1
Cash flows from financing activities			
Proceeds from issue of share capital		**1.2**	0.3
(Repayments of)/proceeds from borrowings		**(12.4)**	3.6
Interest received		**-**	0.1
Interest paid		**(4.2)**	(4.2)
Dividends paid to shareholders		**(25.4)**	(25.3)
Dividends paid to non-controlling interests		**(0.3)**	(0.3)
Net cash flows from financing activities		**(41.1)**	(25.8)
Net (decrease)/increase in cash and cash equivalents in the year		**(26.7)**	10.3
Cash and cash equivalents at the beginning of the year		**37.9**	28.9
Exchange rate effects		**-**	(1.3)
Cash and cash equivalents at the end of the year		**11.2**	37.9
Cash and cash equivalents consist of:			
Cash at bank and in hand	8	**13.2**	40.5
Short term bank deposits	8	**2.2**	-
Bank overdrafts	8	**(4.2)**	(2.6)
	8	**11.2**	37.9

*Profit before tax includes continuing and discontinued operations.

1 Basis of preparation and accounting policies

Statement of compliance

These consolidated financial statements have been prepared on the going concern basis and using the historical cost convention, modified for certain items carried at fair value, as stated in the Group's accounting policies.

The financial information set out above does not constitute the Group's statutory accounts for the periods ended 25 March 2017 or 26 March 2016. The financial information for the period ended 25 March 2017 is derived from the statutory accounts for the period ended 25 March 2017 which will be delivered to the registrar of companies. The auditor has reported on the accounts for the period ended 25 March 2017; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor 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.

Significant accounting policies

The preliminary announcement for the period ended 25 March 2017 has been prepared consistently with International Accounting Standards and International Financial Reporting Standards (collectively "IFRS") as adopted by the European Union (EU) at 25 March 2017. Details of the accounting policies applied are those set out in De La Rue plc's annual report 2016.

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 period ended 25 March 2017.

During the period a number of amendments to IFRS became effective and were adopted by the Group, none of which had a material impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

Forthcoming accounting standards

IFRS 15 Revenue from Contracts with Customers (effective for the year ending 30 March 2019) provides a single, principles based, five step model to be applied to all sales contracts. The Group continues to assess the impact of the new standard.

IFRS 16 Leases was issued by the IASB in January 2016 (effective for the year ending 28 March 2020, not yet endorsed by the EU) replaces IAS 17. Under the new standard all it requires lessees to recognise a lease liability and a right of use asset for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Interest expense on the lease liability and depreciation on the right of use asset will be recognised in the income statement, resulting in a higher total charge to the income statement in the initial years of a lease. IFRS 16 is not expected at the current time to have a significant impact on the results of the group. The Group continues to assess the impact of the new standard.

IFRS 9 Financial Instruments was issued by the IASB in July 2014. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial instruments and hedge accounting, and is required to be adopted by 29 March 2019. The Group continues to assess the impact of the new standard.

2 Segmental analysis

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

The Group's segments are:

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

Inter-segmental transactions are eliminated upon consolidation.

Discontinued operations – The Cash Processing Solutions (CPS) operation, was primarily focused on the production of large banknote sorters and authentication machines for central banks. This business was disposed on 22 May 2016 (see Note 3).

***Reclassification of results between Product Authentication & Traceability and Identity* Solutions**

Historically the results of one of the Group's sites have been included in the PA&T segment as this segment represented the majority of its business. However, due to growth in IDS business within this site, the Chief Decision Maker has started reviewing information including its numbers split between IDS and PA&T. Therefore, in order to align the Group's external reporting segments to the information reviewed internally the results of this site have been split in the current year between the IDS and PA&T segment. The 2015/16 figures have also been adjusted for comparability.

2017	Currency	Identity Solutions	Product Authentication and Traceability	Unallocated	Total of Continuing operations	Discontinued operations	Total
	£m	£m		£m	£m	£m	£m
Total revenue	**350.6**	**80.6**	**34.6**	**–**	**465.8**	**4.9**	**470.7**
Less: inter-segment revenue	**(1.1)**	**–**	**(3.0)**	**–**	**(4.1)**	**-**	**(4.1)**
Revenue	**349.5**	**80.6**	**31.6**	**–**	**461.7**	**4.9**	**466.6**
Adjusted operating profit/(loss)	**50.3**	**11.4**	**9.0**	**–**	**70.7**	**(2.3)**	**68.4**
Amortisation of acquired intangible assets	**–**	**–**	**(0.1)**	**–**	**(0.1)**	**–**	**(0.1)**
Exceptional items – operating (note 4, 3)	**1.9**	**–**	**(0.9)**	**(1.4)**	**(0.4)**	**(4.1)**	**(4.5)**
Operating profit/(loss)	**52.2**	**11.4**	**8.0**	**(1.4)**	**70.2**	**(6.4)**	**63.8**
Net interest expense				**(4.6)**	**(4.6)**	**–**	**(4.6)**
Retirement benefit obligations net finance expense				**(7.4)**	**(7.4)**	**–**	**(7.4)**
Profit/(loss) before taxation					**58.2**	**(6.4)**	**51.8**
Segment assets	**243.4**	**46.3**	**23.1**	**137.9**	**450.7**	**–**	**450.7**
Segment liabilities	**(113.0)**	**(30.3)**	**(10.4)**	**(443.6)**	**(597.3)**	**–**	**(597.3)**
Capital expenditure on property, plant and equipment	**13.1**	**4.5**	**2.6**	**3.3**	**23.5**	**–**	**23.5**

Capital expenditure on intangible assets	**2.1**	**0.6**	**0.1**	**–**	**2.8**	**–**	**2.8**
Depreciation of property, plant and equipment	**17.6**	**3.3**	**1.5**	**1.9**	**24.3**	**–**	**24.3**
Impairment of property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Amortisation of intangible assets	**1.7**	**0.6**	**0.2**	**–**	**2.5**	**–**	**2.5**
Impairment of intangible assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**

2016	Currency	Identity Solutions	Product Authentication and Traceability	Unallocated	Total of Continuing operations	Discontinued operations	Total
	£m	£m	£m	£m	£m	£m	£m
Total revenue	353.3	76.5	28.8	–	458.6	33.9	492.5
Less: inter-segment revenue	(0.8)	–	(3.3)	–	(4.1)	(0.2)	(4.3)
Revenue	352.5	76.5	25.5	–	454.5	33.7	488.2
Adjusted operating profit/(loss)	55.1	8.3	7.0	–	70.4	(7.9)	62.5
Exceptional items – operating (note 4, 3)	(13.1)	–	(0.5)	10.0	(3.6)	(26.0)	(29.6)
Operating profit/(loss)	42.0	8.3	6.5	10.0	66.8	(33.9)	32.9
Net interest expense				(4.8)	(4.8)	(0.2)	(5.0)
Retirement benefit obligations net finance expense				(7.1)	(7.1)	–	(7.1)
Profit/(loss) before taxation					54.9	(34.1)	20.8
Segment assets	238.4	43.8	15.9	143.3	441.4	11.2	452.6
Segment liabilities	(119.4)	(28.6)	(5.3)	(434.4)	(587.7)	(10.5)	(598.2)
Capital expenditure on property, plant and equipment	11.1	0.2	1.7	3.5	16.5	–	16.5
Capital expenditure on intangible assets	3.3	1.4	0.3	–	5.0	0.3	5.3
Depreciation of property, plant and equipment	17.0	2.6	1.4	2.0	23.0	–	23.0
Impairment of property, plant and equipment	5.2	–	–	–	5.2	–	5.2
Amortisation of intangible assets	2.2	0.7	0.1	–	3.0	0.2	3.2
Impairment of intangible assets	–	–	–	–	–	5.6	5.6

3. Discontinued operations

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

Under the terms of the agreement, De La Rue received £2.1m upon completion of the transaction plus an additional £0.8m is receivable relating to a closing working capital adjustment. In addition, deferred consideration totalling £1.5m is payable in two equal instalments on the first and second anniversaries of the transaction. The Group is also entitled to further contingent consideration following the sale of up to £6m if certain performance related and event driven milestones are achieved by CPS.

No pension liability transferred as part of the disposal.

Results of the discontinued operation including the disposal group held for sale

	2017 £m	2016 £m
Revenue	**4.9**	33.7
Operating expenses – ordinary	**(7.2)**	(41.6)
Operating expenses – exceptional	**(4.1)**	(26.0)
Total operating expenses	**(11.3)**	(67.6)
Operating loss	**(6.4)**	(33.9)
Comprising:		
Adjusted operating (loss)	**(2.3)**	(7.9)
Exceptional items	**(4.1)**	(26.0)
Loss before interest and taxation	**(6.4)**	(33.9)
Interest income	**–**	–
Interest expense	**–**	(0.2)
Net finance expense	**–**	(0.2)
Loss before taxation	**(6.4)**	(34.1)
Comprising:		
Adjusted loss before tax	**(2.3)**	(8.1)
Exceptional items	**(4.1)**	(26.0)
Taxation	**(1.6)**	3.1
Loss from discontinued operations	**(8.0)**	(31.0)
Comprising:		
Adjusted (loss) for the year	**(2.2)**	(7.2)
(Loss) for the year on exceptional items	**(5.8)**	(23.8)

Assets/liabilities held for sale/disposal group

	Notes	2017 £m	2016 £m
Assets classified as held for sale			
Derivative financial assets		–	0.2
Trade and other receivables		–	11.0
		–	11.2

	2017 £m	2016 £m
Liabilities classified as held for sale		
Trade and other payables	–	(10.0)
Derivative financial liabilities	–	(0.3)
Provisions for liabilities and charges	–	(0.2)
	–	(10.5)

	2017 £m	2016 £m
Exceptional items on discontinued operations		
Site closures and restructuring	–	(2.6)
Remeasurement of carrying value following classification as an asset for sale	–	(23.4)
Loss on disposal of discontinued operations	**(4.1)**	

Exceptional items	**(4.1)**	(26.0)

Tax (charge)/credit on exceptional items	**(1.7)**	2.2

Site closure and restructuring costs in 2015/16 were £2.6m comprising £0.7m in staff compensation, and £1.9m for site exit costs.

In 2015/2016 asset impairments of £23.4m arising on the remeasurement of the disposal group to fair value less costs to sell have been recognised. The impairment related to intangibles of £1.6m, goodwill of £4.0m and inventories of £17.8m.

The cash costs for exceptional items in the period was £2.5m (2015/16: £1.0m).

Tax credits relating to the exceptional items arising in the period were £1.7m (2015/16 £0.3m).

4. Exceptional items

	2017 £m	2016 £m
Site relocation and restructuring	**(0.2)**	(9.2)
Sale of land	**0.2**	9.5
Warranty provisions	**0.5**	1.3
Asset impairment	**–**	(5.2)
Acquisition related	**(0.9)**	–
Exceptional items in operating profit	**(0.4)**	(3.6)
Tax credit on exceptional items	**0.6**	2.3

Site relocation and restructuring costs

Site relocation and restructuring costs in 2016/17 were £0.2m net (2015/16: £9.2m net) and included charges of £1.7m including staff compensation costs related to the redesign of the organisation structure which was offset by a credit of £1.4m in relation to the manufacturing footprint review announced in December 2015 which planned to reduce our core banknote print production capacity from eight billion to six billion notes a year. As noted in Note 18 "Provisions for liabilities and charges", in November 2016 we announced a refinement to that plan which resulted in a change in the total estimate for the associated site relocation and reorganisation costs resulting in a credit to the Income Statement which has been recorded as an exceptional item consistent to the original presentation in the Annual Report.

Sale of land

The gain in 2016/15 related to the sale of surplus land in Overton which generated a profit of £9.5m. Gains of £0.2m in the current year relate to several individually small land sales.

Warranty provisions

Surplus warranty provisions of £0.5m in 2016/17 (2015/16: £1.3m) have been credited to exceptional items consistent to where the cost of the original provisions was presented in the Annual Report.

Asset impairments

In 2015/16 following a review of capitalised assets, £5.2m of tangible assets within the Currency segment were written down representing assets linked with specific products whose future income streams are forecast to be insufficient to support the current carrying value.

Acquisition related

De La Rue has incurred costs of £0.9m related to the acquisition of DuPont Authentication Inc during 2016/17. These acquisition related costs include £0.5m of professional advisor fees. In addition an amount of £0.4m has been recorded in exceptional items relating to the "unwind" of the fair value adjustment to acquired inventory recognised on the opening day balance sheet as the related inventory was fully sold by year end. The Directors' believe that this non-cash item is distortive to underlying profit levels compared to the expected cost of inventories recognised as an expense for this subsidiary going forward.

Net cash cost of exceptional items

The net cash cost of exceptional items for continuing operations in the period was £3.3m (2015/16: £12.5m). £0.8m of the cash cost of exceptional items related to prior periods and primarily to payment of items associated with site relocations and restructuring. Tax credits relating to continuing exceptional items arising in the period were £0.6m (2015/16 £2.3m).

5 Taxation

	2017 £m	2016 £m
Consolidated income statement		
Current tax:		
UK corporation tax:		
– Current tax	**8.4**	8.3
– Adjustment in respect of prior years	**(0.6)**	(0.1)
	7.8	8.2
Overseas tax charges:		
– Current year	**3.7**	2.2
– Adjustment in respect of prior years	**(0.2)**	(0.7)
	3.5	1.5
Total current income tax charge	**11.3**	9.7
Deferred tax:		
– Origination and reversal of temporary differences, UK	**(0.7)**	(3.3)
– Origination and reversal of temporary differences, overseas	**(0.3)**	(0.1)
Total deferred tax (credit)	**(1.0)**	(3.4)
Income tax expense reported in the consolidated income statement in respect of continuing operations	**8.7**	6.3
Income tax expense/(credit) in respect of discontinued operations (note 3)	**1.6**	(3.1)
Total income tax charge in the consolidated income statement	**10.3**	3.2
Tax on continuing operations attributable to:		
– Ordinary activities	**9.3**	8.6
– Exceptional items	**(0.6)**	(2.3)
Tax on discontinuing operations attributable to:		
– Ordinary activities	**(0.1)**	(0.9)
– Exceptional items	**1.7**	(2.2)

Consolidated statement of comprehensive income:		
– On remeasurement of net defined benefit liability	**(2.3)**	5.4
– On cash flow hedges	**(0.1)**	1.4
– On foreign exchange on quasi-equity balances	**(0.1)**	0.4
Income tax (credit)/charge reported within comprehensive income	**(2.5)**	7.2

Consolidated statement of changes in equity:		
– On share options	**(1.0)**	0.3
Income tax charge reported within equity	**(1.0)**	0.3

The tax on the Group's consolidated profit before tax for continuing operations differs from the UK tax rate of 20 per cent as follows:

	Before exceptional items £m	Exceptional items £m	2017 Total £m	Before exceptional items £m	Exceptional items £m	2016 Total £m
Profit before tax	**58.7**	**(0.4)**	**58.3**	58.5	(3.6)	54.9
Tax calculated at UK tax rate of 20 per cent (2015/16: 20 per cent)	**11.7**	**(0.1)**	**11.6**	11.7	(0.7)	11.0
Effects of overseas taxation	**(0.1)**	-	**(0.1)**	(1.1)	–	(1.1)
(Credits)/charges not allowable for tax purposes	**(1.8)**	**(0.5)**	**(2.3)**	(1.5)	0.8	(0.7)
Increase in unutilised tax losses	**(0.1)**	**-**	**(0.1)**	-	(1.9)	(1.9)
Adjustments in respect of prior years	**(0.1)**	**-**	**(0.1)**	(0.1)	(0.5)	(0.6)
Change in UK tax rate	**(0.3)**	-	**(0.3)**	(0.4)	–	(0.4)
Tax charge/(credit)	**9.3**	**(0.6)**	**8.7**	8.6	(2.3)	6.3

The underlying effective tax rate excluding exceptional items was 15.8 per cent (2015/16: 14.7 per cent).

6 Earnings per share

	2017 Continuing operations pence per share	2017 Discontinued operations pence per share	2017 Total pence per share	2016 Continuing operations pence per share	2016 Discontinued operations pence per share	2016 Total pence per share
Earnings per share						
Basic earnings per share	**47.2**	**(7.9)**	**39.3**	46.8	(30.6)	16.2
Diluted earnings per share	**46.6**	**(7.8)**	**38.8**	46.2	(30.2)	16.0
Adjusted earnings per share						
Basic earnings per share	**47.1**	**(2.3)**	**44.8**	48.1	(7.1)	41.0
Diluted earnings per share	**46.5**	**(2.2)**	**44.3**	47.5	(7.0)	40.5

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of ordinary shares outstanding during the year, excluding those held in the employee share trust which are treated as cancelled.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted for the impact of the dilutive effect of share options.

The Directors are of the opinion that the publication of the underlying earnings per share, before exceptional items, is useful to readers of the accounts as it gives an indication of underlying business performance.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

Earnings	2017 Continuing operations £m	2017 Discontinued operations £m	2017 Total £m	2016 Continuing operations £m	2016 Discontinued operations £m	2016 Total £m
Earnings for basic and diluted earnings per share	**47.9**	**(8.0)**	**39.9**	47.4	(31.0)	16.4
Amortisation of acquired intangible assets	**0.1**	**-**	**0.1**	-	-	-
Exceptional items	**0.4**	**4.0**	**4.4**	3.6	26.0	29.6
Less: Tax on exceptional items	**(0.6)**	**1.7**	**1.1**	(2.3)	(2.2)	(4.5)
Earnings for adjusted earnings per share	**47.8**	**(2.3)**	**45.5**	48.7	(7.2)	41.5

Weighted average number of ordinary shares	2017 Number m	2016 Number m
For basic earnings per share	**101.6**	101.3
Dilutive effect of share options	**1.2**	1.3
For diluted earnings per share	**102.8**	102.6

7 Equity dividends

	2017 £m	2016 £m
Final dividend for the period ended 28 March 2015 of 16.7p paid on 1 August 2015	**-**	16.9
Interim dividend for the period ended 26 September 2015 of 8.3p paid on 6 January 2016	**-**	8.4
Final dividend for the year ended 26 March 2016 of 16.7p paid on 3 August 2016	**16.9**	-
Interim dividend for the period ended 24 September 2016 of 8.3p paid on 11 January 2017	**8.5**	-
	25.4	25.3

A final dividend per equity share of 16.7p has been proposed for the period ended 25 March 2017. If approved by shareholders the dividend will be paid on 3 August 2017 to ordinary shareholders on the register at 30 June 2017.

8 Analysis of net debt

	2017 £m	2016 £m
Cash at bank and in hand	**13.2**	40.5
Short term bank deposits	**2.2**	-
Bank overdrafts	**(4.2)**	(2.6)
Total cash and cash equivalents	**11.2**	37.9
Borrowings due within one year	**(132.1)**	(144.0)
Net debt	**(120.9)**	(106.1)

9 Contingent liabilities

De La Rue has extensive international operations and is subject to various legal and regulatory regimes, including those covering taxation matters from which, in the ordinary course of business, contingent liabilities can arise. While the outcome of litigation and 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 also 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.

10 Business combinations

On December 12, 2016 De La Rue entered into a Share Purchase Agreement ("SPA") to acquire 100% of the outstanding capital stock of DuPont Authentication Inc (subsequently renamed to De La Rue Authentication Solutions ("DAS")). The acquisition completed on January 6, 2017 for a total consideration of $26.2m (£21.3m). This included the initial cash payment of $24.8m (equivalent to £20.2m) and a closing working capital adjustment of $1.4m (£1.1m) as per the terms of the SPA.

DAS is a leading global producer of photopolymer holographic films and 3D holograms and associated software. Its technology is used to authenticate products ranging from consumer electronics to spirits and also to secure identity documents. Its products are based on the highly specialised and secure Lippmann holography technology. Based in Utah, USA and with operations in Delaware, DAS has a well established global customer base in brand protection and identity authentication. This acquisition is in line with De La Rue's five year strategic plan to transform the Group into a technology led Security product and service provider. It will strengthen De La Rue's Security Features, Product Authentication & Traceability, and Identity Solutions product lines. DuPont Authentication's proprietary technology will also provide a solid platform for De La Rue to create new applications for the Currency market.

Goodwill of $12.1m (£9.8m) was recognised on the acquisition, being the excess of the purchase consideration over the fair value of net assets acquired as set out below. Through the acquisition of DAS, De La Rue has acquired the intellectual property, trade names and existing customer relationships and these intangible assets have been valued at $8.9m (£7.2m).

	Provisional 2017 £m
ASSETS	
Non-current assets	
Property, plant and equipment	**2.1**
Intangible assets	**7.2**
	9.3
Current assets	
Inventories	**2.7**
Trade and other receivables	**1.1**
Cash and cash equivalents	**2.3**
	6.1
Total assets	**15.4**
LIABILITIES	
Current liabilities	
Trade and other payables	**0.7**
	0.7
Non-current liabilities	
Deferred tax liabilities	**3.2**
Total liabilities	**3.9**
Total identifiable assets	**11.5**
Goodwill	**9.8**
Total consideration	**21.3**

Consideration was fully satisfied in cash. The closing working capital adjustment of $1.4m (£1.1m) was paid post year end. Acquisition related costs of £0.5m were recognised in the Income Statement (See Note 4 "exceptional items").

DAS contributed £2.2m of revenue and loss of £0.1m to the Group's profit (£0.3m profit based on adjusted operating profit which excludes £0.4m unwind of the fair value adjustment to acquired inventory. See note 4 for more details) since acquisition and the balance sheet date. If the acquisition had been completed on the first day of the financial year, revenues for the period would have been £10.6m and the profit would have been £1.0m (£1.7m based on adjusted operating profit).

11 Dates

The consolidated accounts have been prepared as at 25 March 2017, being the last Saturday in March. The comparatives for the 2015/16 financial year are for the period ended 26 March 2016.

12 Statutory accounts

Statutory accounts for the period ended 25 March 2017 will be made available to shareholders for subsequent approval at the Annual General Meeting and copies will be available from the Company Secretary at De La Rue plc, De La Rue House, Jays Close, Viables, Hampshire, RG22 4BS.

13 Foreign exchange

Principal exchange rates used in translating the Group's results:

	2016/17		2015/16	
	Average	**Year End**	Average	Year End
US dollar	1.32	1.25	1.50	1.41
Euro	1.20	1.16	1.36	1.27

14 Non-IFRS financial measures

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

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

	2017 £m	2016 £m
Operating profit from continuing operations on an IFRS basis	**70.2**	66.8
– Amortisation of acquired intangible assets	**0.1**	-
– Exceptional items – operating	**0.4**	3.6
Adjusted operating profit from continuing operations	**70.7**	70.4

Adjusted earnings per share
Adjusted earnings per share are the earnings attributable to equity shareholders, excluding exceptional items and amortisation of acquired intangible assets and discontinued operations divided by the weighted average number of ordinary shares dual share in issue. It has been calculated by dividing the De La Rue plc's adjusted operating profit from continuing operations for the period by the weighted average number of ordinary shares in issue.

	2017 £m	2016 £m
Profit attributable to equity shareholders of the Company from continuing operations on an IFRS basis	**47.9**	47.4

– Amortisation of acquired intangible assets	**0.1**	-
– Exceptional items	**0.4**	3.6
– Tax on exceptional items	**(0.6)**	(2.3)
Adjusted profit attributable to equity shareholders of the Company from continuing operations	**47.8**	48.7
Weighted average number of ordinary shares for basic earnings	**101.6**	101.3

	2017 pence per share	2016 pence per share
Earnings per ordinary share continuing operations on an IFRS basis	**47.2p**	46.8p
Adjusted earnings per ordinary share for continuing operations	**47.1p**	48.1p

Return on capital employed (ROCE)
Return of capital employed is the ratio of the operating profit before exceptional items and adjusting items over capital employed, where capital employed equals net assets, excluding pensions, tax interest and long term liabilities.

Cash conversion
Cash conversion is the ratio of adjusted operating cash flow divided by the adjusted operating profit.

15 De La Rue financial calendar 2016/17

Ex-dividend date for 2016/17 final dividend	29 June 2017
Record date for final dividend	30 June 2017
Annual General Meeting	20 July 2017
Payment of 2016/17 final dividend	3 August 2017