
CHAIRMAN'S STATEMENT



'Our shareholder value strategy remains to enhance total returns by distributing surplus cash to our shareholders.'

Nicholas K. Brookes
Chairman

A handwritten signature in black ink that reads "Nicholas K. Brookes". The signature is written in a cursive, flowing style.

Dividends per share

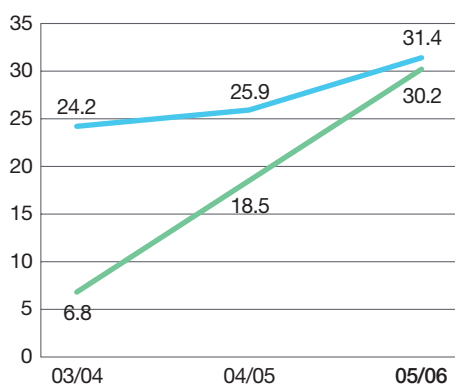
(pence)

Year	Interim	Final	Total
05/06	5.2	11.8	17.0
04/05	4.7	10.6	15.3
03/04	4.4	9.8	14.2
02/03	4.4	9.2	13.6

■ Interim
■ Final

Earnings per share

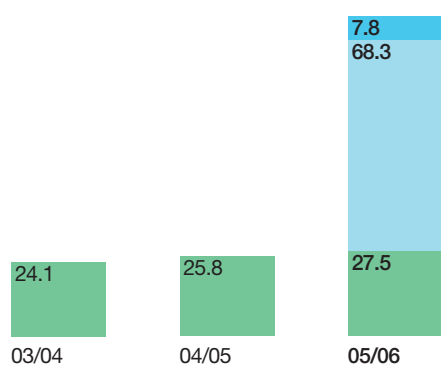
(pence)



— Earnings per share
— Headline earnings per share (before exceptionals)

Total returns to shareholders

(£m)



■ Buy backs
■ Special dividends
■ Ordinary dividends

Group Results

This is an excellent set of results that demonstrates the significant progress that the Group has made in implementing its strategy of concentrating on core activities, addressing underperforming businesses and improving operational productivity.

Continued margin improvement from the restructuring actions in Cash Systems together with another strong year in Security Paper and Print division were the key drivers of the performance. As a result during the year we were able to return £103.6m to our shareholders through a combination of a special dividend, an ongoing share repurchase scheme and ordinary dividends. This demonstrates our continuing commitment to enhance total returns by distributing surplus cash flow to our shareholders.

Changes in the 2006 Report

You may notice changes in the structure and content of this year's annual report and accounts. Although UK statutory requirements to produce a business review do not apply to the Company this year, we have decided to expand our reporting to produce an Operating and Financial Review section on pages 6 to 25. In addition, we have also explained the changes arising from the newly adopted International Financial Reporting Standards (IFRS). Consequently this year you will see not only a much more comprehensive annual report but also one which I hope will give our shareholders and other stakeholders a much better understanding of our current position, the environment in which the Company operates and our strategy for the future.

Returns to Shareholders**Ordinary Dividends**

In line with our continued confidence in the cash generative characteristics of the business, the Board is recommending an increased final dividend of 11.8p per share, subject to shareholders' approval. This will be paid on 4 August 2006 to shareholders on the register on 7 July 2006. Together with the increased interim dividend paid in January 2006, this will give a total dividend for the year of 17.0p, an overall increase of 11.1 per cent on last year.

Share Buy Back

The Board announced at the interim results in November its intention to use the existing authorities granted to it at the 2005 Extraordinary General Meeting (EGM) to use surplus cash to purchase the Company's own shares for cancellation. The upper limit of the Board's existing authority is 14.99 per cent of issued capital. During the year the Company acquired 1.6 million shares under the share buy back programme at a cost of £7.8m. The Board expects to continue this programme, funded with surplus cash and will seek shareholder approval to renew its existing authority at the AGM. The exact amount and timing of future purchases will be dependent on market conditions and ongoing cash generation.

Special Dividend

De La Rue completed the return of £68.3m to shareholders on 5 August 2005, equivalent to 38.0p per share, through a special dividend accompanied by a corresponding share consolidation. The capital return was consistent with the Board's strategy to return surplus cash to shareholders.

Outlook

Looking ahead, the Group's order book provides excellent visibility for the first half of 2006/2007, particularly in the Currency activities where first half banknote and paper volumes are expected to be ahead of last year. This, combined with the ongoing benefits of restructuring and productivity improvements, provides a sound platform for 2006/2007.