



Interim Results

September 2006

Highlights

- *Record profitability.*
- *European turnover grew by 24% compared to the previous year and profitability more than quadrupled.*
- *Contribution from 3dcd of £2,230,000 (2005: 292,000) as a result of the launch of its major customer's new software release.*
- *Successful integration of the £7 million acquisition of GenuOne. New GenuOne customers won and the enhanced offering has helped secure new Group customers.*
- *Restructured the management team into a new market facing structure.*
- *Actively pursuing a number of significant business and acquisition opportunities.*

Group Turnover

	2006	2005	Difference
	£'000	£'000	%
Banknote and High Security Documents	4,847	5,146	(6%)
Brand Protection	6,092	4,989	22%
ID Technologies	3,302	2,742	20%
Sundry	201	145	39%
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	14,442	13,022	11%
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Group Operating Profit

	2006	2005	Difference
	£'000	£'000	£'000
European Operations	1,026	242	784
American Operations	793	1,528	(835)
3dcd	2,230	292	1,938
Corporate costs	(1,229)	(1,190)	(39)
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	2,820	872	1,948
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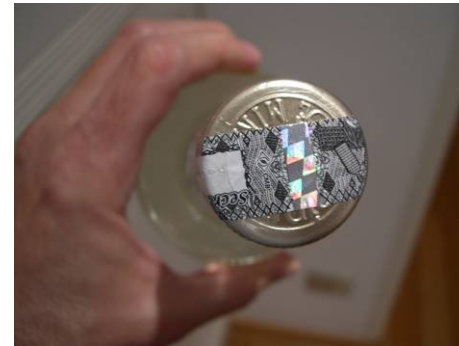
European Operations

- Turnover growth at 24% and profits quadrupled
- Gross margins improved from 33% to 39%
- Overheads increased by 5%
- Strong prospects for further growth



European Operations/Segmental

- **BNHS**
 - Sales up 7%
 - New tax stamp customers
 - Significant prospects
- **Brand**
 - Sales down 7%
 - Slow down in current programmes with major customers
- **ID**
 - Sales quadrupled
 - Launch of new passport for existing customer



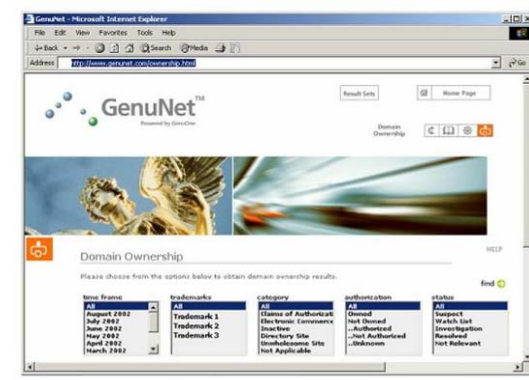
American Operations

- 13 % decrease in sales
- Gross margins steady at 40%
- Current monthly trading is at record levels
- Integration of GenuOne proceeding to plan
- Management team restructured



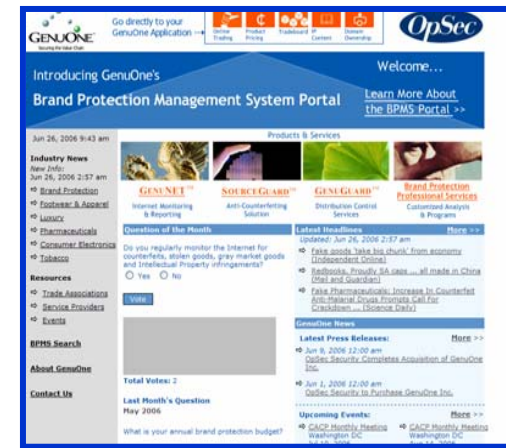
American Operations/Segmental

- BNHS
 - Sales down 51%
 - Successful completion of government security contract in December 2005
 - Transfer of tax stamp programme to European operations
 - New government security contract started
- Brand Protection
 - Like for like sales up 12%
 - Impact of GenuOne acquisition
 - New accounts – Northwest, NY Marketing
- ID
 - Sales down 7%
 - Short term timing issue on major contracts



GenuOne

- Consolidated for four months from 1 June 2006
- Turnover of \$1.15 million
- Operating loss of \$32,000
- Has provided major impetus to Brand Protection sales
- IT capabilities extended throughout Group, particularly in Banknote/High Security market



3dcd

- Contribution of £2.2 million (2005: £0.3 million)
- Launch of new product by major software customer
- Contribution heavily weighted to first half



Corporate Costs

- Corporate costs of £1.2 million (2005: £1.2 million)
- Covers all centrally controlled costs including; legal, intellectual property, public company costs, group technical costs and management incentive schemes
- Includes non cash charge of £300,000 (2005: £180,000) for LTIS/option schemes
- Prior year included costs of transfer to AIM, balance sheet restructuring and adoption of IFRS



Cash Flow Statement

- Net cash inflow from operating activities of £0.8 million (2005: £1.9 million) not including 3dcd distributions
- Net debt at end of period of £0.1 million (2005: net cash of £5.7 million)
- Acquisition of GenuOne of £7.5 million and capital expenditure of £1.5 million (2005: £0.8 million)

Outlook

- Bank note and high security documents
- ID Technologies
- Brand Protection
- 3dcd
- Share buy backs
- Acquisitions

