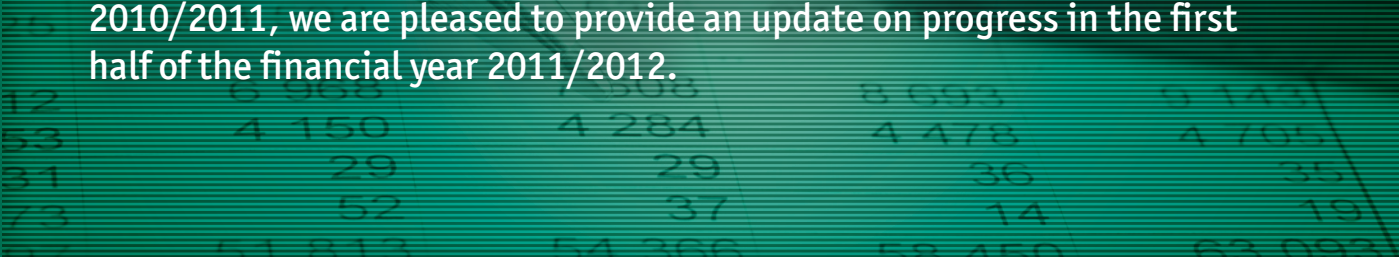


# Talaris Topco Limited

Following the publication of our Annual Review for the financial year 2010/2011, we are pleased to provide an update on progress in the first half of the financial year 2011/2012.

A background image showing a close-up of a calculator and a spreadsheet with numerical data, overlaid with a green grid pattern.

25				
12	6 968	7 508	8 693	9 143
53	4 150	4 284	4 478	4 705
31	29	29	36	35
73	52	37	14	19
57	51 813	54 366	59 450	63 093

wherever  
money  
moves

## MARKET AND ECONOMIC CLIMATE

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The first half of this financial year has seen continued volatility in key economies for the business, resulting in some delays in customer decision making. However, order intake across the Group for the first half is materially up on the previous financial year.

Forecast second half orders indicate improvements in the recently emerged markets for our systems and services in Latin America and Asia. Demand from existing customers has remained in line with expectations, though we anticipate it will prove harder to predict the timing of decisions from new customers.

While the economic headwinds are likely to continue during the second half of the year, the global diversity of the business and healthy base of customer service provides a strong platform to exploit opportunities as they arise.

## PERFORMANCE

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In the six months to 30 September 2011, the Group has achieved a 10% improvement in year on year EBITDA at constant rates of exchange, despite revenue remaining broadly flat.

Certain deals in emerging markets for the Group's solutions are projected to fall into the second half in 2011/12 in contrast to the earlier part of the prior year. Sales in North America are significantly up and Europe has put in a strong revenue performance, with the exception of Iberia. Spain and Portugal are suffering from the current crisis of confidence in the Euro zone and are materially behind prior year. The Group has limited exposure to Greece and Italy. Costs continue to be managed actively and the business expects further benefits to flow from this programme over the next two years.

Cash balances remain strong despite significant organic investment including the move to a new production location in China, and the closure of the Group's Swedish factory. The Group has now applied some of its excess cash to the repayment of its most expensive tranche of external debt. The Group continues to operate comfortably within the covenants on its loans and retains significant cash reserves.

**Talaris Nsignia™ banknote sorting solution**  
Delivering a 5-star approach to confidence



## MAJOR DEVELOPMENTS

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The past 6 months have seen the business strengthen its position through bringing new developments to market, expand through acquisition and achieve an improved financial performance compared to first half of last year.

During this period, product developments have included the launch of a 3-way banknote sorting solution with significant orders placed at the market launch. The Group also brought to market advancements to existing technology such as a compact version of the market leading Vertera, specifically designed for retailers and smaller bank branches. The Group remains committed to investing in R&D innovation and has an extensive roadmap in place for future product development.

The Group has also seen progress in growing the service base beyond the maintenance of our own equipment with new customers for third party product support in Europe and North America.

In August the business announced the full acquisition of an independent software development company, providing additional capabilities to accelerate the growth of the Group's software business. During the last financial year Talaris successfully executed on a number of operational changes. One significant investment was the relocation of the final assembly of products, formerly produced in Sweden, to a new facility in China. The first half of this year has seen the factory fully operational and successfully manufacturing products, such as the company's market leading teller recycler – Vertera™, to a high quality standard.

## SUMMARY

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The first half period has once again been strong in terms of recognition for the business. For the third year running the Group's performance has seen it listed amongst the top performing companies in the Sunday Times HSBC Top Track 250 league table. Talaris also repeated its double award win at China's largest banking exhibition, CIFTEE, for the fourth year running, picking up the Product Innovation Award for the CashInsight Suite of Software and the Excellent Environmental Booth Award.



The Group firmly believes that these achievements are made possible by the company's greatest assets – its employees, and the business remains committed to investing internally as well as externally. In September the company took part in the independently run Great Place to Work survey achieving response rates vastly in excess of industry standards, testament to the management's commitment to an open communication culture. The business made a donation to an Education charity for every survey completed.

Despite the continued economic uncertainty, the Group achieved a robust start to the financial year, with the overall position improved year on year. The business enters the second half with a healthy order coverage across all business units with a number of large orders in the late stages of the sales pipeline. This, combined with the continued growth in cash volumes worldwide and Talaris' ability to significantly contribute to customers' operational efficiency, ideally position the business for continuing profitable growth.





## The Talaris Commitment

Talaris are World Experts in cash management. Across the globe over 1,900 personnel, with more than 130 business partners deliver technology and solutions that provide security, productivity and innovation to our customers.

The company is committed to the highest ethical standards and compliance with legislation and to be a fair employer wherever we operate. As a responsible organisation we maintain a disciplined approach to our corporate governance and operate to the optimum professional standards in all aspects of our business.

Talaris will always seek to provide a safe and productive work environment where all employees can grow and be challenged. Wherever we operate our objective is to contribute actively to the community and the local environment. An intrinsic part of our business philosophy across our product and service offerings is to be consistently environmentally responsible and to continue to improve our performance across all environmental issues wherever possible.



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