

De La Rue Holdings plc

(Company Number: 58025)

Directors' Report and Financial Statements

28 March 2009

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De La Rue Holdings plc

Directors' Report

The Directors submit their report together with the audited financial statements for the period 30 March 2008 to 28 March 2009.

Business Review

The directors are pleased to report a profit on ordinary activities after taxation amounting to £180,212,000 (2008: £71,011,000). The increase in profit in the year is due to the sale of Cash Systems outlined below, income received from investments in subsidiaries offset by an increase in the amount paid into the Company's pension scheme. The directors do not recommend the payment of a final dividend this year (2008: nil). An interim dividend of £100 million was paid on 30 May 2008 and a further interim dividend of £200 million was paid on 7 October 2008. The retained loss for the year of £119,788,000 was transferred to reserves (2008: £71,011,000 profit).

During the year the Company's subsidiary De La Rue Inc redeemed eighty six shares of common stock for their fair market value of US\$1,158,000 each for a total purchase price of US\$99,588,000 on 7 July 2008 representing a return of capital to the Company. The Company's subsidiary De La Rue Cash Systems Inc (Canada) redeemed the Preference Shares held by the Company at a rate of 1 Canadian Dollar per share and a total of value of C\$5,522,428 on 11 July 2008.

The Board initiated a Strategic Review at the end of 2007 and concluded that subject to achieving appropriate value, the Board would explore the sale of Cash Systems, excluding Cash Processing Solutions, as one possible route to crystallise its value for shareholders. Subsequently a purchaser was found for the relevant Cash Systems businesses and as result, the Company sold its investments in Thomas De La Rue Australia Pty Limited, De La Rue Brazil Holdings Limited, De La Rue Cash Systems SAS and De La Rue Inc and subsidiaries.

The Company subscribed for one US\$10 common share in a new wholly owned subsidiary De La Rue North America Holdings Inc for a consideration of US\$15,000 and the Company subscribed for a further 999 US\$10 common shares in De La Rue North America Holdings Inc for a consideration of USD 15,000 per share on 6 August 2008.

The Company and certain other De la Rue Group companies arranged a £250 million three year term and revolving facilities agreement with key relationship banks.

Principal activities

The Company is a holding company with interests in the United Kingdom and overseas in currency and security printing, manufacture of banking equipment and other ancillary activities. It also provides management services to all its subsidiaries.

Strategy and objectives

As the Company is a holding company the main objective of the Company is to ensure that the carrying value of the investments is appropriate and that no impairment is required as well as ensuring that the investments maximise the Company's shareholder returns. The principal subsidiaries and associated undertakings are disclosed in note 10 to these financial statements.

The strategies and objectives of the companies in which De La Rue Holdings plc holds an investment is set out in the published financial statements of its ultimate parent company De La Rue plc a copy of which can be obtained from the Company Secretary of De La Rue plc at De La Rue House, Jays Close, Viables, Basingstoke, Hants, RG22 4BS or on the internet at www.delarue.com.

In summary the financial objectives of these companies is to generate shareholder returns through profit improvement and high levels of cash flow. This is achieved by building value through its people and demonstrating leadership in the workplace by ensuring that employees are empowered, involved and fairly rewarded thereby continually increasing value from each business. A key strategy is therefore to attract and retain top quality recruits, and to ensure that its employees develop and grow in their roles and meet new challenges as their careers progress.

De La Rue Holdings plc

The main associated company is Camelot the UK national lottery operator. Camelot has recently been selected by The National Lottery Commission to continue to operate the new National Lottery licence for a period of 10 years to February 2019. The Company is reviewing the options in relation to its shareholding in Camelot and will only pursue any outcomes of this review that fully reflect the value of the investment in Camelot.

Key performance indicators

The Directors monitor and manage the performance of each investment against its published financial statements and through their common directorships.

Principal risks and uncertainties

The Company operates in a changing economic and competitive environment that presents risks, many of which are driven by factors that cannot easily be controlled or predicted.

The key risks facing the Company, its subsidiaries and associate investments are disclosed in the Business Review section of the annual report of De La Rue plc.

Future developments

The Company will continue to operate in accordance with its principal activities.

The Company is confident that the measures taken to improve productivity will provide a solid base for a successful 2009/2010.

Payments to suppliers

Creditor days for the Company have been calculated at 62 days (2008: 39 days). The Group's policy is to pay suppliers in accordance with agreed terms, which are normally 60 days after invoice receipt.

Directors

The names of the Directors holding office during the year were as follows:

C Baroudel (appointed 1 January 2009)
K Brown (appointed 1 January 2009)
C L Fluker (resigned 31 March 2009)
K Freeguard (appointed 1 January 2009)
A Kemp (appointed 2 March 2009)
E Peppiatt (appointed 2 March 2009)
L M Quinn (resigned 31 December 2008)
J A Hussey
S A King (resigned 31 March 2009)
J Van Ammel (resigned 31 March 2009)
T Graham (resigned 31 August 2008)
S Razdan (resigned 31 July 2008)
J Thorburn-Muirhead (appointed 1 January 2009)
A Vaughan (resigned 31 December 2008)
S Webb (appointed 2 March 2009)

On 1 September 2009, M Jeffery and J Garside were appointed as Directors.

Political and charitable contributions

Charitable and educational contributions totalling £21,000 (2008: £36,000) were made to support mostly small local charities. There were no political donations during the year (2008: £Nil).

De La Rue Holdings plc

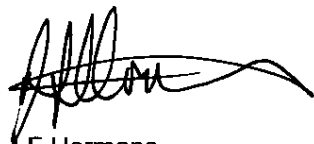
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to reappoint KPMG Audit Plc will be proposed at the next General Meeting of the Company.

By Order of the Board on 23 October 2009.



J F Hermans
Secretary

Registered Office:
De La Rue House
Jays Close
Viables
Basingstoke
Hants
RG22 4BS

De La Rue Holdings plc

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. make judgments and estimates that are reasonable and prudent;
3. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
4. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of De La Rue Holdings plc

We have audited the financial statements of De La Rue Holdings plc for the year ended 28 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

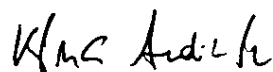
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of De La Rue Holdings plc (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

23 October 2009

De La Rue Holdings plc

Profit and Loss Account For the year ended 28 March 2009

	<i>Note</i>	2009 £'000	2008 £'000
Operating loss – ordinary		(23,608)	(19,980)
Operating loss – exceptional	5	(6,722)	-
Operating loss		(30,330)	(19,980)
Profit on disposal of investments	5	67,375	3,383
Income from shares in group undertakings		160,000	83,706
Income from shares in associated undertakings		10,332	7,658
Profit before interest and taxation		207,377	74,767
Interest receivable and similar income	6	24,732	24,046
Interest payable and similar charges	7	(33,118)	(16,376)
Profit before taxation	4	198,991	82,437
Taxation on profit	8	(18,779)	(11,426)
Profit for the financial year		180,212	71,011

The results for the current and prior years are derived from continuing operations. There is no material difference between the results in the profit and loss account and the results on an historical cost basis.

Statement of Total Recognised Gains and Losses

	2009 £'000	2008 £'000
Profit for the financial year	180,212	71,011
Foreign exchange recycling on disposal of investments	7,119	-
Net effect of foreign exchange movement on the retranslation of investments and loans	8,515	5,477
Total recognised gains relating to the year	195,846	76,488

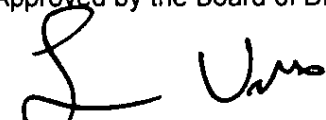
The notes on pages 10 to 26 form part of these financial statements.

De La Rue Holdings plc

Balance Sheet at 28 March 2009

		2009 £'000	2008 £'000
	Note		
Fixed assets			
Tangible fixed assets	9	20,000	19,385
Investments	10	758,305	767,796
		778,305	787,181
Current assets			
Debtors (including £1,119,268,000 (2008: £484,776,000) due after more than one year)	11	1,148,623	494,992
Deferred taxation	12	2,006	3,583
Cash at bank and in hand		107,395	166,607
		1,258,024	665,182
Creditors – amounts falling due within one year	13	(117,404)	(137,853)
Net current assets		1,140,620	527,329
Total assets less current liabilities		1,918,925	1,314,510
Creditors – amounts due after more than one year	14	(1,657,985)	(959,497)
Provisions for liabilities and charges	15	(14,841)	(4,760)
Net assets		246,099	350,253
Capital and reserves			
Called up share capital	16	56,407	56,407
Share premium account	18	11,958	11,958
Other reserves	18	149,670	149,670
Revaluation reserve	18	66	66
Profit and loss account	18	27,998	132,152
Shareholders' funds	19	246,099	350,253

Approved by the Board of Directors and signed on its behalf on 23 October 2009


S Webb
Director

The notes on pages 10 to 26 form part of these financial statements.

De La Rue Holdings plc

Notes to the Financial Statements - 28 March 2009

1 Accounting policies

The principal accounting policies adopted by the Company are as follows:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed asset investments and in accordance with applicable UK accounting standards. The accounts have been prepared as at 28 March 2009, being the last Saturday in March. The comparatives for the 2008 financial year are for the year ended 29 March 2008.

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash Flow Statements'. The Company is also exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the De La Rue Group.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

(b) Consolidation of subsidiaries

The financial statements contain information about De La Rue Holdings plc as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, De La Rue plc, a company registered in England and Wales.

Consolidated financial statements have not been prepared, as the Company is a wholly owned subsidiary of another body corporate incorporated in the United Kingdom.

(c) Associated undertakings

An associated undertaking is one in which the Company has a long-term investment and in which the Company is in a position to exercise significant influence over the undertaking in which the investment is made.

(d) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the individual transactions or if hedged forward at the rate of exchange under the related forward contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account, except those arising on long term foreign currency borrowings used to finance or hedge foreign currency investments (to the extent that they match against the exchange differences on the foreign currency investments) which are taken directly to shareholders' equity.

De La Rue Holdings plc

Notes to the Financial Statements - 28 March 2009

1 Accounting policies (continued)

(e) Tangible fixed assets and depreciation

Fixed assets are stated at cost or at valuation, less depreciation. No depreciation is provided on freehold land. Freehold and long leasehold buildings are depreciated at a rate of two per cent per annum. Other leasehold interests are depreciated over the unexpired period of the lease. A long leasehold is defined as one in which the remaining term of the lease is more than 50 years. The directors have not adopted a policy of revaluing tangible fixed assets as permitted by FRS 15.

The Company's policy is to write off the cost or valuation of all other plant and equipment evenly over their estimated remaining useful life at rates which vary between 8 per cent and 50 per cent per annum. The principal annual rates of depreciation used are 10 per cent on fixtures and fittings and 33 per cent on tooling and computer equipment. No depreciation is provided for assets in the course of construction.

(f) Leasing

Operating lease rentals are charged to the profit and loss account as incurred.

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

(g) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

(h) Investments

Investments are stated at cost or valuation in the balance sheet, less provision for any impairment in the value of the investment. Dividends receivable from investments are recognised in the profit and loss account when paid, or when approved by the shareholders.

De La Rue Holdings plc

Notes to the Financial Statements - 28 March 2009

1 Accounting policies (continued)

(i) Retirement Benefits

The pension rights of De La Rue Holdings plc employees are dealt with through a self administered scheme, the assets of which are held independently of the Company's finances. The scheme is a defined benefit scheme that is funded partly by contributions from members and partly by contributions from De La Rue plc and its subsidiaries at rates advised by independent professionally qualified actuaries. In accordance with FRS 17, De La Rue Holdings plc accounts for its contributions as though it were a defined contribution scheme, where contributions payable to the scheme in respect of the accounting period are charged to the profit and loss account. This is because the underlying assets and liabilities of the scheme cover De La Rue plc and a number of its subsidiaries and it cannot be split between each subsidiary on a consistent and reasonable basis. Full details of the scheme and its deficits (measured on an IAS 19 basis) can be found in Note 25 to the consolidated financial statements of De La Rue plc.

(j) Share Based Payments

De La Rue Holdings plc operates various share settled share option schemes. The services received from employees are measured by reference to the fair value of the share options. The fair value is calculated at grant date and recognised in the profit and loss account, together with a corresponding increase in shareholder's funds, on a straight line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value. FRS 20 has been applied to share settled share options granted after 7 November 2002.

For cash settled share options, the services received from employees are measured at the fair value of options outstanding and recognised in the profit and loss account on a straight-line basis over the vesting period. The grant of cash settled share based payments by De La Rue plc to employees of the Company are initially recognised as a capital contribution and disclosed as other contributed equity. De La Rue plc recharges this expense to the Company via the intercompany account.

(k) Dividends of Shares Presented in Equity

Dividends unpaid at the balance sheet date are only recognised as a liability to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

(l) Financial Instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

De La Rue Holdings plc

Notes to the Financial Statements - 28 March 2009

2 Directors' emoluments

Directors' emoluments are shown below. The emoluments for Mr L M Quinn and Mr S A King, included in the amounts below, are fully disclosed by De La Rue plc the ultimate parent entity. Retirement benefits accrued during the year ended 28 March 2009 to one director under the Company's defined contribution scheme and to ten directors under the defined benefit scheme.

	2009 £'000	2008 £'000
Aggregate emoluments	5,197	4,081
Company contributions to defined contribution pension scheme	11	6
Company contributions to defined benefit scheme	410	367

Highest paid director:

	2009 £'000	2008 £'000
Emoluments	2,321	1,033
Company contributions to defined benefit pension scheme	205	179

The highest paid director was a member of the group's defined benefit scheme and at the year end his accrued lump sum was £967,000 (2008: £672,000). Exercise and vesting of shares under the share option plans during the year are reported in the statutory accounts for De la Rue plc (2008: nil).

3 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year was as follows:

	2009	2008
Administration	119	162

The aggregate payroll costs of these employees were as follows:

	2009 £'000	2008 £'000
Wages and Salaries	12,123	13,181
Social Security Costs	836	810
Share Based Payments	469	1,027
Other Pension Costs	27,350	12,893
	40,778	27,911

De La Rue Holdings plc
Notes to the Financial Statements - 28 March 2009

4 Profit before taxation

	2009 £'000	2008 £'000
Profit before taxation is stated after charging / (crediting) the following:		
Depreciation of tangible fixed assets	2,486	1,942
Auditors' remuneration		
- statutory audit	228	300
Loss on sale of plant, property and equipment	-	701
Reorganisation costs (Note 5)	6,722	-
Profit on disposal of investments (Note 5)	(67,375)	(3,383)

5 Exceptional items

	2009 £'000	2008 £'000
Operating – Reorganisation costs	6,722	-
Non-operating – Profit on disposal of investments	(67,375)	(3,383)

During the year, De La Rue announced its intention to reduce central costs by approximately 50 per cent following the disposal of Cash Systems. This programme is largely complete.

Reorganisation costs relating to this programme principally cover redundancy, separation costs and site rationalisation charges.

Profit on disposal of investments during the year relates to the disposal of the Cash Systems business. In the prior year, the profit relates to the sale of the Company's holding in De La Rue Smurfit.

6 Interest receivable and similar income

	2009 £'000	2008 £'000
Interest receivable from Group undertakings	19,182	22,136
External interest receivable	5,550	1,910
	24,732	24,046

De La Rue Holdings plc
Notes to the Financial Statements - 28 March 2009

7 Interest payable and similar charges

	2009	2008
	£'000	£'000
Interest payable on bank loans and other borrowings	4,929	1,308
Interest payable to Group undertakings	16,616	11,672
Foreign exchange loss on translation of Group loans	11,573	3,396
	33,118	16,376

8 Taxation on profit

	2009	2008
	£'000	£'000
Current tax		
UK corporation tax at 28% (2008: 30%)	18,665	32,879
Adjustments in respect of prior years	829	(800)
	19,494	32,079
Double taxation relief	(550)	(18,980)
Tax on exceptional items	(1,742)	-
	17,202	13,099
Deferred tax		
Origination and reversal of timing difference	1,477	(521)
Adjustment in respect of prior years	100	(1,152)
	1,577	(1,673)
Total tax charge on ordinary activities	18,779	11,426

De La Rue Holdings plc
Notes to the Financial Statements - 28 March 2009

8 Taxation on profit (continued)

The current tax effective rate is lower (2008: lower) than the UK nominal rate of 28% (2008: 30%). A summary reconciliation is shown below.

	2009 £'000	2008 £'000
Profit before taxation	198,991	82,437
Expected tax charge at 28% (2008: 30%)	55,717	24,731
Non taxable UK dividends received	(47,693)	(2,297)
Overseas dividends	1,194	(24,175)
Exceptional items	(18,724)	-
Other permanent differences	(4,502)	(548)
Accelerated capital allowances and other timing differences	(320)	465
Current – prior years	829	(800)
Tax charge relating to other UK subsidiaries	30,701	15,723
Current tax charge	17,202	13,099

The UK tax rate changed from 30% to 28% on 1 April 2008.

A tax credit of £1,742,000 in relation to exceptional items is included in the above total.

De La Rue Holdings plc
Notes to the Financial Statements - 28 March 2009

9 Tangible fixed assets

	Land and buildings	Fixtures and fittings	Assets in course of construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 29 March 2008	22,963	4,680	1,112	28,755
Additions	1	149	3,609	3,759
Transfers between items	-	521	(521)	-
Disposals	-	-	(658)	(658)
At 28 March 2009	22,964	5,350	3,542	31,856
Accumulated depreciation				
At 29 March 2008	7,420	1,950	-	9,370
Charge for the year	458	2,028	-	2,486
At 28 March 2009	7,878	3,978	-	11,856
Net book value				
At 29 March 2008	15,543	2,730	1,112	19,385
At 28 March 2009	15,086	1,372	3,542	20,000
			2009	2008
			Net book	Net book
			value	value
			£'000	£'000
Land and buildings comprise:				
Freehold			1,701	1,746
Long leasehold			13,385	13,797
			15,086	15,543

There is no material difference between the historical cost and the revalued amount of assets held. As stated in the accounting policies, it is not the Company policy to revalue assets, and as such, the transitional provisions of FRS 15 are being applied. There have been no subsequent valuations since 1988/9.

De La Rue Holdings plc
Notes to the Financial Statements - 28 March 2009

10 Investments

	Investments in subsidiaries	Investments in associated companies	Other investments	Total
	£'000	£'000	£'000	£'000
Cost/Valuation				
At 29 March 2008	746,562	20,998	236	767,796
Additions	44,007	-	-	44,007
Disposals	(93,071)	-	(86)	(93,157)
Effect of foreign exchange movements	39,659	-	-	39,659
At 28 March 2009	737,157	20,998	150	758,305

In the opinion of the Directors the value of investments in subsidiary undertakings is not less than that shown in the balance sheet.

During the year the Company disposed of its entire holdings in De La Rue Cash Systems Inc, De La Rue Inc, TDLR Australia Pty Ltd, and De La Rue Cash Systems SAS.

Subsidiary undertakings

The following information deals only with those subsidiaries that, in the opinion of the Directors, principally affected the profit or the amount of assets of the Company and its directly held subsidiaries.

Name of Subsidiary	Country of registration or incorporation	Class of shares	Nature of business	Proportion of nominal value of issued shares held by the Company
De La Rue Overseas Limited	England	Ordinary	Holding	100%
De La Rue International Limited	England	Ordinary	Trading	100%
De La Rue Investments Limited	England	Ordinary	Holding	100%
Bradbury Wilkinson Holdings Limited	England	Ordinary	Holding	100%
De La Rue Systems Limited	Hong Kong	Ordinary	Trading	100%
De La Rue Systems Asia Pacific Pte Ltd	Singapore	Ordinary	Dormant	100%
Portals Property Limited	England	Ordinary	Trading	100%
De La Rue BV	Holland	Ordinary	Trading	100%
Thomas De La Rue and Company (Ireland) Limited	Ireland	Ordinary	Dormant	100%
De La Rue North America Holdings Inc	US	Ordinary	Holding	100%
De La Rue Cash Processing Solutions (France) SAS	France	Ordinary	Trading	100%
De La Rue Cash Processing Solutions (Spain) SA	Spain	Ordinary	Trading	100%
De La Rue Canada Inc	Canada	Ordinary	Trading	100%

De La Rue Holdings plc
Notes to the Financial Statements - 28 March 2009

10 Investments (continued)

Associated undertakings

The company has investments in associated undertakings, as set out in the table below.
This associate has a 31 March year-end.

Name of Associated undertaking	Country of registration or incorporation	Class of shares	Nature of business	Interest of De La Rue Holdings plc
Camelot Group plc	England	Ordinary	Lottery Operator	20.0%

11 Debtors

	2009 £'000	2008 £'000
Amounts due within one year		
Amounts owed by Group undertakings	26,400	9,020
Other debtors	2,955	1,196
	29,355	10,216
Amounts due after more than one year		
Amounts owed by Group undertakings	1,119,268	484,776

Amounts owed by group undertakings are unsecured and have no fixed date for repayment. Interest rates charged on group loans with overseas subsidiaries are based on the appropriate currency LIBOR rate and an interest margin determined by the creditworthiness of the Borrower. Sterling funding balances with UK subsidiaries are non-interest bearing.

De La Rue Holdings plc
Notes to the Financial Statements - 28 March 2009

12 Deferred taxation

	2009	2008
	£'000	£'000
Provided		
Timing differences between capital allowances and depreciation	(5,207)	(5,768)
Other timing differences	7,213	9,351
Deferred Tax Asset at 28 March 2009 and 29 March 2008	2,006	3,583

The movement on the deferred taxation account is explained as follows:

	£'000
At 29 March 2008	3,583
Amount charged to the profit and loss account for the year	(1,577)
At 28 March 2009	2,006

13 Creditors - amounts due within one year

	2009	2008
	£'000	£'000
Bank loans and overdrafts	53,806	75,084
Trade creditors	3,783	2,021
Amounts due to Group undertakings	42,443	38,565
Taxation	4,002	7,918
Other creditors	1,050	2,538
Accruals and deferred income	12,320	11,727
	117,404	137,853

There are no significant borrowings which are secured against the assets of the Group. Amounts due to group undertakings are unsecured and have no fixed date for repayment. Interest rates charged on group loans with overseas subsidiaries are based on the appropriate currency LIBOR rate and an interest margin determined by the creditworthiness of the Borrower. Sterling funding balances with UK subsidiaries are non-interest bearing.

De La Rue Holdings plc
Notes to the Financial Statements - 28 March 2009

14 Creditors - amounts due after more than one year

	2009	2008
	£'000	£'000
Amounts owed to Group undertakings	1,657,985	959,497

Amounts due to group undertakings are unsecured and have no fixed date for repayment; however, the above amounts represent long term group loans and are not due within less than one year.

15 Provisions for liabilities and charges

	Other	Total
	£'000	£'000
At 29 March 2008	4,760	4,760
Provided in year	13,506	13,506
Utilised in year	(3,425)	(3,425)
At 28 March 2009	14,841	14,841

Other provisions include £2,943,000 (2008: £3,179,000) to cover the costs of Delarunarians (those employees and ex-employees who have achieved 37 years' service and qualify for free medical cover plus a monthly allowance) and other employee benefits, £4,349,000 of restructuring provisions (2008: £nil) and £6,853,000 of disposal provisions (2008: £1,096,000).

There are no other material provisions within other provisions for liabilities and charges.

16 Called up share capital

	28 March	28 March
	2009	2008
	£'000	£'000
Authorised:		
274,000,000 Ordinary shares of 25p each	68,500	68,500
Allotted, issued and fully paid:		
225,628,982 Ordinary shares of 25p each	56,407	56,407

De La Rue Holdings plc

Notes to the Financial Statements - 28 March 2009

17 Employee Share Schemes

At 28 March 2009, De La Rue Holdings plc has four share based payment plans, which are described below. These plans have been accounted for in accordance with the fair value recognition provisions of FRS 20 'Share Based Payments' which means that FRS 20 has been applied to all grants of employee share based payments granted after 7 November 2002 that had not vested at 1 January 2005 and cash settled awards outstanding at 1 January 2005.

The compensation cost and related liability that have been recognised for De La Rue Holdings plc's share based compensation plans are set out in the table below:

	Expenses recognised in the year		Liability at end of year	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Executive share option plan	421	39	-	-
Deferred bonus and matching share plan	11	649	-	-
Savings related share option plan	37	33	-	-

Reconciliations of option movements over the year to 28 March 2009 for each class of options are shown below.

Executive Share Option Plan

The Executive Share Option Plan which expired on 17 July 2006 was open to senior executives of the Company. Options were granted at a price equal to the average market price of a share over the three dealing days immediately preceding the date of grant with a performance condition based on the achievement of an earning per share growth target. The performance condition relates to the achievement over three years of a minimum of three per cent per annum earnings per share growth over the rate of increase in the retail price index. If this condition is not met at the end of the performance period the options will lapse. For grants of options before April 2004 retesting of the performance target was allowed twice, on the fourth and fifth anniversaries of the grant date. A pre vesting forfeiture rate of 5 per cent per annum has been assumed.

De La Rue Holdings plc
Notes to the Financial Statements - 28 March 2009

17 Employee Share Schemes (continued)

The number and weighted average exercise prices of share options are as follows:

	2009 Number of options '000	2009 Weighted average exercise price per share	2008 Number of options '000	2008 Weighted average exercise price per share
Options outstanding at start of year	137	362.84	589	337.28
Granted	-	-	-	-
Forfeited	-	-	-	407.42
Exercised	(129)	374.56	(210)	332.07
Expired	-	-	(242)	304.47
Outstanding at end of year	8	407.42	137	362.84
Exercisable at year end	8	407.42	51	338.76

The exercise price for the share options outstanding at the end of the year is 407.4p (2008: 237.3p – 407.4p).

The remaining contractual life of the outstanding share options is set up to 5 July 2015 (2008: up to July 2015).

Executive Share Option Scheme

The Company operates an Executive Share Option Scheme with an HM Revenue and Customs approved section and unapproved section which expired on 31 December 2004. Options granted under the Scheme can only be exercised if the total return of a share over a consecutive three-year period exceeds the total return of the median ranked company in the FTSE Mid-250 Index over the same period. A pre vesting forfeiture rate of 5 per cent has been assumed.

	2009 Number of options '000	2009 Weighted average exercise price per share	2008 Number of options '000	2008 Weighted average exercise price per share
Options outstanding at start of year	8	522.30	55	479.79
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	(8)	522.30	(47)	472.39
Expired	-	-	-	-
Outstanding at end of year	-	-	8	522.30
Exercisable at year end	-	-	8	522.30

De La Rue Holdings plc
Notes to the Financial Statements - 28 March 2009

17 Employee Share Schemes (continued)

Deferred Bonus and Matching Share Plan

The plan is open to senior executives of the Company. The plan is a combination of three elements: deferred allocation, dividend allocation and matching allocation. The matching allocation is linked to the deferred allocation and is subject to the following performance condition that: up to 50 per cent of the award is released subject to an earnings per share test and up to 50 per cent is released base on the performance of the total shareholder return test (TSR) against the companies in the FTSE Mid 250 excluding investment trusts. The TSR performance condition has been incorporated into the Monte Carlo simulation model used to estimate the fair value of these options.

	2009	2008
	Number of	Number of
	options	options
	'000	'000
Options outstanding at start of year	284	205
Granted – deferred shares	10	33
Granted – matching shares	14	54
Forfeited	(37)	-
Exercised	(175)	-
Expired	-	(8)
Outstanding at end of year	96	284
Exercisable at year end	-	-

The deferred and matching shares have been allocated based on a share price of 908.5p (2008: 758.4p)

Savings Related Share Option Scheme

The scheme is open to all UK employees. Options are granted at the prevailing market price at the time of the grant (with a discretionary discount to the market price), to employees who agree to save between £5 and £250 per month over a period of three to five years.

There are no performance conditions attaching to the options. After the three or five year term has expired, employees normally have six months in which to decide whether or not to exercise their options. A pre vesting forfeiture rate of 5 per cent has been assumed.

	2009	2009	2008	2008
	Number of	Weighted	Number	Weighted
	options	average	of	average
		exercise	options	exercise
		price		price
	'000	per share	'000	per share
Options outstanding at start of year	118	439.63	118	366.00
Granted	9	714.14	19	745.74
Forfeited	(17)	532.79	(1)	371.29
Exercised	(44)	348.07	(18)	306.02
Transferred to another group company	4	433.65	-	-
Expired	(4)	520.96	-	456.94
Outstanding at end of year	66	540.96	118	439.63
Exercisable at year end	-	-	13	346.20

De La Rue Holdings plc
Notes to the Financial Statements - 28 March 2009

17 Employee Share Schemes (continued)

The range of exercise prices for the share options outstanding at the end of the year is 258.9p – 745.74p (2008: 258.9p – 745.74p). The weighted average remaining contractual life of the outstanding share options is 1 September 2013 (2008: 1 September 2012).

18 Reserves

	Share premium account £'000	Other reserves £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 29 March 2008	11,958	149,670	66	132,152	293,846
Profit for the financial year	-	-	-	180,212	180,212
Dividends paid	-	-	-	(300,000)	(300,000)
Foreign exchange recycling on disposal of investments	-	-	-	7,119	7,119
Net effect of foreign exchange movement on the retranslation of investments and loans	-	-	-	8,515	8,515
At 28 March 2009	11,958	149,670	66	27,998	189,692

19 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	180,212	71,011
Dividends paid	(300,000)	-
Foreign exchange recycling on disposal of investments	7,119	-
Net effect of foreign exchange movement on the retranslation of investments and loans	8,515	5,477
Share based payments reimbursements	(469)	(1,027)
Capital contribution in respect of share based payment expense	469	1,027
Net (decrease)/increase in shareholders' funds	(104,154)	76,488
Opening shareholders' funds	350,253	273,765
Closing shareholders' funds	246,099	350,253

De La Rue Holdings plc

Notes to the Financial Statements - 28 March 2009

20 Pension costs

The Company is a participating employee in one of the De La Rue Group pension schemes. The scheme is of the defined benefit type with assets held in separate trustee administered funds. The contributions to the scheme are assessed in accordance with advice of AON Consulting, independent consulting actuaries, using the Defined Accrued Benefits Method. The Company is unable to identify the share of the underlying assets and liabilities of the Group scheme that relates to its business and is permitted under FRS 17 to treat this scheme as a defined contribution scheme. Full disclosures relating to the Group's pension scheme are contained in the consolidated financial statements of De La Rue plc.

Total pension costs were £27,350,000 (2008: £12,893,000), including a special contribution of £15,000,000 in the year. Details of the latest actuarial valuations and the assumptions underlying them are contained in the financial statements of De La Rue plc.

21 Contingent liabilities

The Company has jointly guaranteed the bank borrowings of Group companies under the Group £250 million three year term and revolving credit facility.

22 Ultimate parent undertaking

The ultimate parent undertaking of the Company is De La Rue plc which is registered in England and Wales. The De La Rue Group is the only Group of which the Company is a member and for which Group accounts are prepared. Copies of the Group accounts are available from the Company Secretary of De La Rue plc at De La Rue House, Jays Close, Viables, Basingstoke, Hants, RG22 4BS. References to "Group" means to the Company and its subsidiaries and to De La Rue plc and DLR No.1 Limited.