

De La Rue Overseas Limited

(Company Number: 355881)

Directors' Report and Financial Statements

30 March 2002



De La Rue Overseas Limited

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 30 March 2002.

Principal activities

The Company is a holding company with interests in the United Kingdom and overseas in currency and security printing.

Results

Profit on ordinary activities after taxation amounted to £1,141,000 (2001 loss: £4,676,000). A dividend of £25,000,000 was paid during the period (2001: £ nil). The retained loss for the year of £23,859,000 was transferred to reserves (2001: £4,676,000).

Review of business

The Company's investment in De La Rue Currency & Security Print Limited (Kenya) was written off following redemption of the preference share capital by the Company. The Company's investment in Royal Mint Services Limited was transferred to De La Rue Holdings plc on 11th March 2002.

Post Balance Sheet Event

The Company's investment in Thomas De La Rue and Company (Ireland) Limited was transferred to De La Rue Holdings plc on 8 October 2002.

Future developments

The Company will continue to operate in accordance with its principal activities for the immediate future.

Directors

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

C L Fluker
P R Hollingworth (resigned 30 June 2002)

D W Finnett was appointed a Director on 30 June 2002.

Directors' interests

At 30 March 2002 no Directors or members of their families, as defined by the Companies Act 1985, held any beneficial interests in shares of any member of the Group other than the ultimate parent undertaking, De La Rue plc. The holdings and share options of Mr P R Hollingworth in the ordinary shares of the ultimate parent undertaking are shown in that company's accounts. The holdings of Ms C L Fluker were as follows:

| | 1 April 2001 | 30 March 2002 |
|------------------------------|--------------|---------------|
| Ordinary shares | 7,152 | 7,152 |
| Share Price Improvement Plan | 136,000 | 163,600 |
| Executive Share Options | 46,900 | 18,100 |
| Sharesave Options | 6,967 | 6,967 |

De La Rue Overseas Limited

Directors' Report (Continued)

Ms Fluker was granted a further 27,600 options at 506.42 pence under the De La Rue Share Price Improvement Plan on 25 June 2001. Ms Fluker exercised 5,000 options at 449.00 pence and 23,800 options at 365.67 pence under various De La Rue Executive Share Option Schemes on 10 August 2001. The market value of shares in De La Rue plc at the date of exercise was 509.00 pence. No other options were granted or exercised during the year and none lapsed.

At 30 March 2002 Ms Fluker's options under the De La Rue Sharesave Scheme are exercisable from March to September 2004 at prices ranging between 150.00 pence and 351.90 pence. Those options under the De La Rue Executive Share Option Scheme are exercisable at various dates up to July 2006 at prices ranging between 607.00 pence and 934.00 pence and those under the De La Rue Share Price Improvement Plan are exercisable from November 2002 to June 2005 at prices ranging between 215.30 pence and 506.42 pence.

The market price of the ordinary shares at 30 March 2002 was 463.50 and the price range during the year was 400.00 pence to 535.00 pence.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which 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 those financial statements, the Directors are required to:

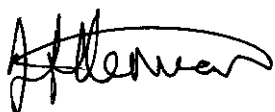
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Pursuant to Sections 366A and the 386 of the Companies Act 1985 the Company has dispensed with the requirement to hold annual general meetings and to reappoint the auditors annually. The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office.

By Order of the Board



J F Hermans
Secretary
15 January 2003

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

Independent Auditors' Report to the Members of De La Rue Overseas Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the Company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

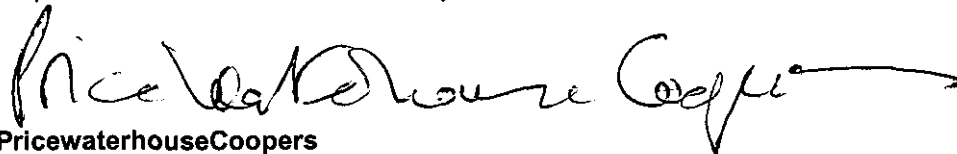
Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 30 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers', with a long horizontal flourish extending to the right.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
15 January 2003

De La Rue Overseas Limited
Profit and Loss Account
For the Year Ended 30 March 2002

| | Note | 2002 £'000 | 2001 £'000 |
|---|-------------|-----------------------|-----------------------|
| Administrative expenses | | - | (250) |
| Currency translation differences on inter-company foreign currency borrowings/deposits | | - | (5,507) |
| Premium on redemption of investment in preference shares | | 573 | - |
| Operating profit/(loss) | | 573 | (5,757) |
| Income from shares in group undertakings | | 579 | - |
| Income from shares in associated undertakings | | - | 595 |
| Profit on disposal of DAQ Electronics Inc | | - | 335 |
| Profit/(loss) on ordinary activities before interest and taxation | | 1,152 | (4,827) |
| Interest receivable and similar income | | - | 151 |
| Interest payable | | (11) | - |
| Profit/(loss) on ordinary activities before and after taxation | | 1,141 | (4,676) |
| Equity dividends paid | 3 | (25,000) | - |
| Retained loss for the financial year | 11 | (23,859) | (4,676) |

There is no 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

| | 2002 £'000 | 2001 £'000 |
|---|-----------------------|-----------------------|
| Loss for the financial year | (23,859) | (4,676) |
| Retranslation of investments in subsidiary undertakings | - | 8,480 |
| Retranslation of hedging loans | - | (7,478) |
| Total recognised losses relating to the year | (23,859) | (3,674) |

The notes on pages 7 to 11 form part of these financial statements.

De La Rue Overseas Limited

Balance Sheet at 30 March 2002

| | Note | 2002 £'000 | 2001 £'000 |
|--|-----------|----------------|----------------|
| Fixed assets | | | |
| Investments | 4 | 382 | 11,810 |
| Current assets | | | |
| Debtors - due within one year | 7 | 110 | 197 |
| Debtors - due after one year | 7 | 168,726 | 173,796 |
| | | 168,836 | 173,993 |
| Creditors – amounts due within one year | 8 | (164) | (165) |
| Net current assets | | 168,672 | 173,828 |
| Total assets less current liabilities | | 169,054 | 185,638 |
| Creditors – amounts due after one year | 9 | (10,000) | (2,725) |
| Net assets | | 159,054 | 182,913 |
| Capital and reserves | | | |
| Called up share capital | 10 | 2,500 | 2,500 |
| Share premium account | 11 | 1,500 | 1,500 |
| Other reserves | 11 | 18,544 | 18,544 |
| Revaluation reserve | 11 | 152,742 | 152,742 |
| Foreign exchange reserve | 11 | (25,906) | (25,906) |
| Profit and loss account | 11 | 9,674 | 33,533 |
| Equity shareholders' funds | 12 | 159,054 | 182,913 |

Approved by the Board on 15 January 2003.


D W Finnett
Director

The notes on pages 7 to 11 form part of these financial statements.

De La Rue Overseas Limited

Notes to the Financial Statements - 30 March 2002

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 amended for the valuation of the Company's fixed asset investments and in accordance with applicable accounting standards. The accounts have been prepared as at 30 March 2002, being the nearest Saturday to 31 March. The comparatives for the 2001 financial year are for the year ended 31 March 2001.

(b) New accounting standard

Financial Reporting Standard 18 "Accounting Policies" has been adopted in the current year but this did not require any change in accounting policy.

(c) Consolidation of subsidiaries

The financial statements contain information about De La Rue Overseas Limited 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

(d) Associated undertakings

An associated undertaking is one in which the Company has a long-term investment and is in a position to exercise significant influence over the company in which the investment is made. Equity accounting has not been adopted as the Company is a wholly owned subsidiary of another body corporate incorporated in the United Kingdom. Associated undertakings prepare financial statements to the same date each year except in the case of one associated undertaking that prepares financial statements for the year ending 31 December (see Note 6).

(e) Foreign currencies

Amounts receivable from overseas subsidiaries which are denominated in foreign currencies are translated into sterling at the appropriate year-end rates of exchange. Exchange gains and losses on translating foreign currency amounts are included in operating profit except for exchange gains and losses associated with hedging loans that are taken to reserves.

(f) Taxation

Provision for UK corporation tax on profits of the Company arising after 1 April 1994 is made in the financial statements of the parent company, De La Rue Holdings plc.

The parent company also accounts for deferred taxation in accordance with FRS 19 "Deferred Tax" which requires the recognition of deferred tax assets and liabilities on the balance sheet to the extent that they will more likely than not materialise.

De La Rue Overseas Limited

Notes to the Financial Statements - 30 March 2002

1 Accounting policies (Continued)

(g) Investments

Investments are stated at valuation in the balance sheet, less provision for any permanent diminution in the value of the investment. Revaluation movements due to foreign exchange are transferred to the foreign exchange reserve and those due to changes in the currency value of the investment are taken to the revaluation reserve.

2 Directors' emoluments

No Director received any emoluments in their capacity as a Director of the Company (2001: £Nil).

There are no persons employed by the Company (2001: Nil).

The auditors' remuneration was borne by the ultimate parent undertaking.

3 Dividends

| | 2002 £'000 | 2001 £'000 |
|----------------------------------|---------------|---------------|
| Ordinary shares | | |
| Interim dividends paid | 25,000 | - |
| | £ | £ |
| Net dividends per ordinary share | 10 | - |

4 Investments

| | Investments in subsidiaries £'000 | Other Investments £'000 | Total £'000 |
|-------------------------|---|-------------------------------|----------------|
| Cost/Valuation | | | |
| At 1 April 2001 | 382 | 11,428 | 11,810 |
| Disposals | - | (11,428) | (11,428) |
| At 30 March 2002 | 382 | - | 382 |

Details of the Company's subsidiaries and associated undertakings are shown in notes 5 and 6 respectively.

During the year, the Company disposed of its investment in 100 per cent of the preference share capital of De La Rue Currency & Security Print Limited (Kenya) following redemption of the share capital by that Company.

De La Rue Overseas Limited

Notes to the Financial Statements - 30 March 2002

5 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 De La Rue Overseas group.

| Name of Subsidiary | Country of registration or incorporation | Class of shares | Proportion of nominal value of issued shares held by the Company |
|--|--|-----------------|--|
| Thomas De La Rue and Company (Ireland) Limited | Eire | Ordinary | 100% |

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

6 Associated undertakings

The Company has the following investments in associated undertakings that operate in security printing and other ancillary activities.

| Name of associated undertaking | Country of registration or incorporation | Class of shares | Interest of De La Rue Overseas Limited |
|---|--|-----------------|--|
| The Nigerian Security Printing and Minting Company Limited (Year end: 31 December) | Nigeria | Ordinary | 25% |

7 Debtors

| | 2002 £'000 | 2001 £'000 |
|------------------------------------|----------------|----------------|
| Amounts due within one year | | |
| Other debtors | 110 | 197 |
| | 110 | 197 |
| Amounts due after one year | | |
| Trade debtors | 21 | 120 |
| Amounts owed by Group undertakings | 168,705 | 173,676 |
| | 168,726 | 173,796 |

De La Rue Overseas Limited
Notes to the Financial Statements - 30 March 2002

8 Creditors - amounts due within one year

| | 2002 £'000 | 2001 £'000 |
|-----------------|---------------|---------------|
| Other creditors | 164 | 165 |

9 Creditors - amounts due after one year

| | 2002 £'000 | 2001 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to Group undertakings | 10,000 | 2,725 |

10 Called up share capital

| | 2002 £'000 | 2001 £'000 |
|---|---------------|---------------|
| Authorised: | | |
| 2,500,000 Ordinary shares of £1 each | 2,500 | 2,500 |
| Allotted, issued and fully paid: | | |
| 2,500,000 Ordinary shares of £1 each | 2,500 | 2,500 |

11 Reserves

| | Share premium account £'000 | Other reserves £'000 | Revaluation Reserve £'000 | Foreign exchange reserve £'000 | Profit & loss account £'000 | Total £'000 |
|--------------------------------------|--------------------------------------|----------------------------|---------------------------------|---|--------------------------------------|----------------|
| At 1 April 2001 | 1,500 | 18,544 | 152,742 | (25,906) | 33,533 | 180,413 |
| Retained loss for the financial year | - | - | - | - | (23,859) | (23,859) |
| At 30 March 2002 | 1,500 | 18,544 | 152,742 | (25,906) | 9,674 | 156,554 |

De La Rue Overseas Limited

Notes to the Financial Statements - 30 March 2002

11 Reserves (continued)

In presenting the figures for the Company's investments in subsidiary and associated undertakings the Directors have adopted the alternative accounting rules under the terms of Schedule 4 Part II Section C to the Companies Act 1985.

Under S275 of the Companies Act 1985 any diminution in value of investments in subsidiary and associated undertakings, included in the revaluation reserve, does not fall to be treated as a realised loss and therefore is not regarded as reducing distributable reserves

12 Reconciliation of movements in shareholders' funds

| | 2002 £'000 | 2001 £'000 |
|---|---------------|---------------|
| Retained profit/(loss) for the financial year | 1,141 | (4,676) |
| Dividends | (25,000) | - |
| | (23,859) | (4,676) |
| Other gains relating to the year (net) | - | 1,002 |
| Net reduction in shareholders' funds | (23,859) | (3,674) |
| Opening shareholders' funds | 182,913 | 186,587 |
| Closing shareholders' funds | 159,054 | 182,913 |

13 Subsequent events

The Company's investment in Thomas De La Rue and Company (Ireland) Limited was transferred to De La Rue Holdings plc on 8 October 2002.

14 Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of De La Rue Holdings plc and is included in the consolidated financial statements of De La Rue plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the De La Rue Group or investees of the De La Rue Group.

15 Immediate and ultimate parent undertaking

The immediate parent undertaking of the Company is De La Rue Holdings plc and the ultimate parent company is De La Rue plc, both of which are 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 Secretary of De La Rue plc at De La Rue House, Jays Close, Viables, Basingstoke, Hants, RG22 4BS.