

**De La Rue Overseas Limited**  
**(Formerly De La Rue Holdings Limited)**  
**(Company Number: 355881)**

**Directors' Report and Financial Statements**

**1 April 2000**



# **De La Rue Overseas Limited**

## **(Formerly De La Rue Holdings Limited)**

### **Directors' Report**

The Directors present their report together with the audited financial statements for the year ended 1 April 2000.

#### **Principal activities**

The Company is a holding company with interests in the United Kingdom and overseas in currency and security printing, provision of branch cash automation and solutions to retail banks, manufacture of banking equipment and other ancillary activities.

#### **Results and dividends**

Profit on ordinary activities after taxation amounted to £23,148,000 (1999: £28,221,000). No dividend was paid during the period (1999: £ 28,389,000). The directors do not propose a dividend (1999: nil). The retained profit for the year of £23,148,000 was transferred to reserves (1999: £168,000 loss withdrawn from reserves).

#### **Review of business**

The Company derives its income mainly through dividends from its subsidiaries and associated companies. By a Special Resolution passed on 27 January 2000, the Company changed its name to De La Rue Overseas Limited.

On 31 March 1999 the Company entered into a Partnership with De La Rue Holdings plc (formerly De La Rue plc) to jointly run the Cards Business transferred from De La Rue International Limited. The Company's interest in the Partnership was 56%. On the 2 October 1999 the Partnership disposed of the Cards business and was dissolved. On termination of the Partnership the residual balances remaining in the Partnership were transferred back to the partners, in proportion to their respective holdings.

#### **Future developments**

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

#### **Year 2000**

Both 31 December 1999 and 29 February 2000 passed without any significant disruption. We remain alert to the possibility of delayed effects of the millennium date change.

#### **Directors**

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

R G Laing	(resigned 1 August 1999)
C L Fluker	(appointed 1 April 1999)
P R Hollingworth	(appointed 1 August 1999)
R G McGowan	(appointed 1 August 1999 & resigned 6 October 1999)
R H Heathcote	(appointed 23 August 1999 & resigned 6 October 1999)
K Loosemoore	(appointed 23 August 1999 & resigned 1 October 1999)

## De La Rue Overseas Limited (Formerly De La Rue Holdings Limited)

### Directors' Report (Continued)

#### Directors' interests

The Company's ultimate parent undertaking at the beginning of the year, De La Rue plc, changed its name to De La Rue Holdings plc on 1 February 2000. Under a Court sanctioned Scheme of Arrangement on 1 February 2000, New De La Rue plc became the new ultimate parent company undertaking and immediately changed its name to De La Rue plc.

At 1 April 2000 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 of P R Hollingworth in the ordinary shares of the ultimate parent undertaking are shown in that company's accounts. The holdings of C L Fluker are as shown below.

	De La Rue Holdings plc	De La Rue plc	De La Rue plc
	1 April 1999	1 February 2000	1 April 2000
Ordinary Shares	8,416	7,152	7,152
Share Price Improvement Plan	-	99,400	99,400
Executive Share Options	46,900	46,900	46,900
Savings Related Share Options	5,580	5,580	5,580

Under the Scheme of Arrangement, shareholders received, for every 20 ordinary shares held in De La Rue Holdings plc, 17 New De La Rue plc ordinary shares and 920p in cash. In addition, Ms Fluker's ordinary shareholding held in a PEP was reduced by 119 shares.

Ms Fluker was granted 99,400 options on 26 November 1999 under the Share Price Improvement Plan. Directors agreed to exchange existing options over shares in De La Rue Holdings plc for an identical number of replacement options over shares in De La Rue plc under the terms of the Scheme of Arrangement. No other options were granted during the year and none were exercised or lapsed.

At 1 April 2000 Ms Fluker's options under the Savings Related Share Option Scheme are exercisable from March to September 2004 at a price of 150p. Those under the Executive Share Option Scheme are exercisable at various dates up to July 2007 at prices ranging between 365.67p and 934p and those under the Share Price Improvement Plan are exercisable from November 2002 to November 2003 at a price of 215.3p.

The middle market price of the ordinary shares on 1 April 2000 was 226p and the price range during the period 1 February 2000 to 1 April 2000 was 230p to 315p.

**De La Rue Overseas Limited**  
**(Formerly De La Rue Holdings Limited)**

**Directors' Report (Continued)**


**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.

By Order of the Board on 30 January 2001.

  
J F Hermans  
**Secretary**

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

## **Auditors' Report to the Members of De La Rue Overseas Limited (Formerly De La Rue Holdings Limited)**

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 8 and 9.

### **Respective responsibilities of directors and auditors**

The Directors are responsible for preparing the Annual Report. As described on pages 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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 1 April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors  
London

30 January 2001

**De La Rue Overseas Limited**  
**(Formerly De La Rue Holdings Limited)**

**Profit and Loss Account**  
**For the Year Ended 1 April 2000**

	<i>Note</i>	2000 £'000	1999 £'000
Administrative expenses		(262)	(260)
Intercompany loan forgiven		1,358	-
Currency translation differences on inter-company foreign currency borrowings/deposits		235	(150)
<b>Operating profit/(loss)</b>		<b>1,331</b>	<b>(410)</b>
Income from shares in group undertakings		11,815	28,631
Income from shares in associated undertakings		150	-
Income from share in partnership		9,852	-
<b>Profit on ordinary activities before taxation</b>		<b>23,148</b>	<b>28,221</b>
Equity dividends paid	3	-	(28,389)
<b>Profit/(Loss) for the financial year transferred to/from reserves</b>	<b>11</b>	<b>23,148</b>	<b>(168)</b>

**Statement of Total Recognised Gains and Losses**

	2000 £'000	1999 £'000
Profit/(loss) for the financial year	23,148	(168)
Retranslation of investments in subsidiary undertakings	(15,772)	7,510
Retranslation of hedging loans	5,534	(3,778)
<b>Total recognised gains and losses relating to the year</b>	<b>12,910</b>	<b>3,564</b>

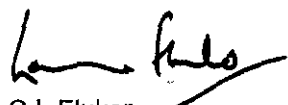
The notes on pages 8 to 13 form part of these financial statements.

**De La Rue Overseas Limited**  
**(Formerly De La Rue Holdings Limited)**

**Balance Sheet at 1 April 2000**

	<b>Note</b>	<b>2000 £'000</b>	<b>1999 £'000</b>
<b>Fixed assets</b>			
Investments	4	239,856	256,060
<b>Current assets</b>			
Debtors - due within one year	7	4,102	28
Debtors - due after one year	7	53,494	33,076
		57,596	33,104
Creditors – amounts due within one year	8	(207)	(207)
<b>Net current assets</b>		<b>57,389</b>	<b>32,897</b>
<b>Total assets less current liabilities</b>		<b>297,245</b>	<b>288,957</b>
Creditors – amounts due after one year	9	(110,658)	(115,280)
<b>Net assets</b>		<b>186,587</b>	<b>173,677</b>
<b>Capital and reserves</b>			
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	(26,908)	(16,670)
Profit and loss account	11	38,209	15,061
<b>Equity shareholders' funds</b>		<b>186,587</b>	<b>173,677</b>

Approved by the Board of Directors on 30 January 2001.

  
C L Fluker  
Director

The notes on pages 8 to 13 form part of these financial statements.

**De La Rue Overseas Limited**  
**(Formerly De La Rue Holdings Limited)**

**Notes to the Financial Statements - 1 April 2000**

**1 Accounting policies**

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

**(a) Accounting convention**

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 1 April 2000, being the nearest Saturday to 31 March 2000. The comparatives for the 1999 financial year are for the year ended 31 March 1999.

**(b) Consolidation of subsidiaries**

The comparatives for the 1999 financial year are for the year ended 31 March 1999. Consolidated financial statements have not been prepared, 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.

**(c) 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 January.

**(d) 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.

**(e) Taxation**

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

The ultimate parent company also makes provision under the liability method for deferred taxation relating to the Company arising from all timing differences which are not expected to continue for the foreseeable future.



**De La Rue Overseas Limited**  
**(Formerly De La Rue Holdings Limited)**

**Notes to the Financial Statements - 1 April 2000**

**1 Accounting policies (Continued)**

**(f) Investments**

Investments are stated at cost or valuation in the balance sheet, less provision for any diminution in the value of the investment. Revaluation gains and losses associated with hedging loans are taken to reserves.

**2 Directors' emoluments & auditors' remuneration**

Directors' emoluments are disclosed in the Group accounts of the Ultimate parent Company, De La Rue plc, except for Ms C L Fluker who received no emoluments in her capacity as a director of the Company.

**3 Dividends**

	2000 £'000	1999 £'000
Ordinary shares		
Interim paid	-	28,389
	Pence	Pence
Net dividend per ordinary share	-	11.4

**4 Investments**

	Investments in subsidiaries £'000	Investments in associated companies £'000	Other Investments £'000	Total £'000
<b>Cost/Valuation</b>				
At 1 April 1999	254,678	24	1,358	256,060
Disposals	(140)	-	-	(140)
Acquisitions	1,066	-	-	1,066
Dissolution of partnership	-	-	(1,358)	(1,358)
Effect of foreign exchange movements	(15,772)	-	-	(15,772)
At 1 April 2000	239,832	24	-	239,856

Other investments include £1,358,000 representing a 56 percent holding in a Partnership formed on the 31 March 1999 between De La Rue Holdings plc and the Company, which was dissolved on 2 October 1999. During the period, the Company has recognised £9,852,000 of income, representing its share of profit from the Partnership. On termination, the residual balances of the

**De La Rue Overseas Limited**  
**(Formerly De La Rue Holdings Limited)**

**Notes to the Financial Statements - 1 April 2000**

**4 Investments (Continued)**

Partnership were transferred back to the Partners, in proportion to their holding.

The intercompany loan due to De La Rue International Limited on establishing the Partnership has been forgiven and the credit taken to profit and loss account (£1,358,000).

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

**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%
De La Rue BV	Holland	Ordinary	100%
De La Rue Inc.	United States of America	Common stock	100%

**6 Associated undertakings**

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

Unless disclosed otherwise all of these associates have a 31 March year-end.

Name of associated undertaking	Country of registration or incorporation	Class of shares	Interest of De La Rue Holdings Limited
The Nigerian Security Printing and Minting Company Limited (Year end: 31 December)	Nigeria	Ordinary	25%
Royal Mint Services Limited	United Kingdom	Ordinary	50%
DAQ Electronics Inc	United States of America	Ordinary	34.5%

**De La Rue Overseas Limited**  
**(Formerly De La Rue Holdings Limited)**

**Notes to the Financial Statements - 1 April 2000**

**6 Associated undertakings (Continued)**

Through its 100% holding in De La Rue BV the Company holds more than 10% of the equity share capital of the following companies:

Name of company	Country of incorporation	Class of shares	Interest of De La Rue Holdings Limited
Churchfelle (BVI) Limited	British Virgin Islands	Ordinary	50%
De La Rue Giori AG	Switzerland	Ordinary	50%
Koenig & Bauer AG	Germany	Ordinary	12.5%
Fidink S.A.	Switzerland	Ordinary	33.3%

**7 Debtors**

	2000 £'000	1999 £'000
<b>Amounts due within one year</b>		
Amounts owed by group undertakings	4,070	-
Other debtors	32	28
	<b>4,102</b>	<b>28</b>
<b>Amounts due after one year</b>		
Amounts owed by group undertakings	53,494	33,076

**8 Creditors - amounts due within one year**

	2000 £'000	1999 £'000
Other creditors	207	207

**De La Rue Overseas Limited**  
**(Formerly De La Rue Holdings Limited)**

**Notes to the Financial Statements - 1 April 2000**

**9 Creditors - amounts due after one year**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	<b>110,658</b>	<b>115,280</b>

**10 Called up share capital**

	<b>2000 and 1999</b>
	<b>£'000</b>
<b>Authorised:</b>	
2,500,000 Ordinary shares of £1 each	<b>2,500</b>
<b>Allotted, issued and fully paid:</b>	
2,500,000 Ordinary shares of £1 each	<b>2,500</b>

**11 Reserves**

	<b>Share premium account £'000</b>	<b>Other reserves £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Foreign exchange reserve £'000</b>	<b>Profit And loss account £'000</b>	<b>Total £'000</b>
At 1 April 1999	1,500	18,544	152,742	(16,670)	15,061	171,177
Retained profit/(loss) for the year	-	-	-	-	23,148	23,148
Exchange rate movements on investments in subsidiaries	-	-	-	(15,772)	-	(15,772)
Exchange rate movements in respect of hedging loans	-	-	-	5,534	-	5,534
At 1 April 2000	1,500	18,544	152,742	(26,908)	38,209	184,087

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

**De La Rue Overseas Limited**  
**(Formerly De La Rue Holdings Limited)**

**Notes to the Financial Statements - 1 April 2000**

**12 Reconciliation of movements in shareholders' funds**

	2000 £'000	1999 £'000
Profit for the financial year	23,148	28,221
Dividends	-	(28,389)
	23,148	(168)
Other gains and losses relating to the year (net)	(10,238)	3,732
Net increase/(deduction) from shareholders' funds	12,910	3,564
Opening shareholders' funds	173,677	170,113
Closing shareholders' funds	186,587	173,677

**13 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.

**14 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.