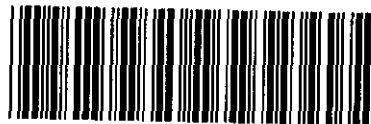


**De La Rue Investments Limited**  
(Registered Number: 2527386)

**Directors' Report and Financial Statements**

**25 March 2006**

WEDNESDAY



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# **De La Rue Investments Limited**

## **Directors' Report**

*The Directors submit their report together with the audited financial statements of the Company for the year ended 25 March 2006.*

### **Principal activity**

The Company is a holding company.

### **Review of business and future developments**

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

*On 16 May 2005, the Company purchased De La Rue Cash Systems AB from De La Rue International Limited for SEK 948,000,000.*

### **Results and dividends**

*The profit for the year after taxation was £2,714,000 (2005: £4,386,000). The retained profit of £2,714,000 (2005: £4,386,000) has been transferred to reserves.*

### **Directors**

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

C L Fluker  
S A King  
S D Dasani (alternate director)

# De La Rue Investments Limited

## Directors' Report (Continued)

### Directors' interests

At 25 March 2006 no Directors 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 S A King in the ordinary shares of the ultimate parent undertaking are shown in that company's accounts. The holdings and share options of Miss C L Fluker are shown in the accounts of De La Rue Holdings plc, the immediate holding company. The share interests of Mr S D Dasani are set out below:

Interests in Shares	25 March 2006	26 March 2005
S. D. Dasani	12,200	8,000

Interests in Share Options	26 March 2005	Exercised during year	Granted during year	Lapsed during year	25 March 2006	Exercise price range (pence)	Exercise dates
<u>S.D. Dasani</u>							
Executive Share Options	68,384	-	-	-	68,384	237.33 - 340.50	Jul '06 – Jul '14
Deferred Bonus & Share Matching	-	-	24,172*	-	24,172	386.13	Jul '08
Sharesave Options	3,563	-	-	-	3,563	258.90	Mar '07 – Aug '07

\* This grant comprises of 9,669 deferred shares and 14,503 matching shares subject to performance.

The market price of the ordinary shares at 25 March 2006 was 566 pence. The highest and lowest mid-market prices during the year were:

	Ordinary shares of 25p to 29 July 2005	Ordinary shares of 27 <sup>1</sup> / <sub>2</sub> p to 25 March 2005
High	410.50p	571.00p
Low	360.07p	359.50p

### Statement of Directors' responsibilities

The Companies Act 1985 requires the Directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless they consider it inappropriate to do so.

## De La Rue Investments Limited

### Directors' Report (Continued)

The Directors are responsible for:

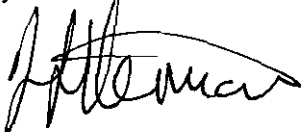
- keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985;
- safeguarding the assets of the Company and for preventing and detecting fraud and other material irregularities.

The Directors consider that in preparing the financial statements on pages 5 to 10 the Company has consistently applied appropriate accounting policies, supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

### Auditors

Pursuant to Sections 366A and 368 of the Companies Act 1985, the Company has dispensed with the requirement to hold annual general meetings and to reappoint auditors annually. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By Order of the Board



J F Hermans  
Secretary

29 January

2007

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

## De La Rue Investments Limited

### Independent Auditors' Report to the Member of De La Rue Investments Limited

We have audited the financial statements of De La Rue Investments Limited for the year ended 25 March 2006 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.

#### Respective responsibilities of directors and auditors

As described in the Statement of Directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body 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 into 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 other transactions is not disclosed.

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

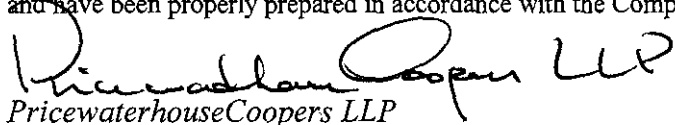
#### Basis of audit opinion

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.

#### Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom generally accepted accounting practice, of the state of the Company's affairs as at 25 March 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

29 January 2007

## De La Rue Investments Limited

### Profit and Loss Account For the Year Ended 25 March 2006

		2006	2005
	Note	£'000	£'000
Income from investment in Group Companies		46	46
Operating profit		46	46
Interest receivable	3	4,366	4,340
Interest payable	4	(1,698)	-
Profit on ordinary activities before and after taxation		2,714	4,386
Retained profit for the financial year	9	2,714	4,386

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

	2006	2005
	£'000	£'000
Loss for the financial year and total recognised losses since last annual report	2,714	4,386

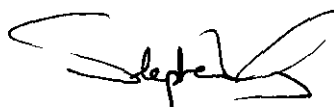
The notes on pages 7 to 10 form part of these financial statements.

# De La Rue Investments Limited

## Balance Sheet at 25 March 2006

		2006	2005
	Note	£'000	£'000
<b>Fixed assets</b>			
Investments	5	103,220	33,383
<b>Current assets</b>			
Debtors (including £100,650 (2005: £99,704) due after one year)	6	121,007	115,708
Creditors		(2,614)	-
<b>Net current assets</b>		118,393	115,708
<b>Total assets less current liabilities</b>		221,613	149,091
Creditors – amounts due after one year	7	(214,177)	(144,369)
<b>Net Assets</b>		<b>7,436</b>	<b>4,722</b>
<b>Capital and reserves</b>			
Called up share capital	8	95,000	95,000
Profit and loss account	9	(87,564)	(90,278)
<b>Equity shareholders' funds</b>	10	<b>7,436</b>	<b>4,722</b>

Approved by the Board on 29 January 2007



S A King  
Director

The notes on pages 7 to 10 form part of these financial statements.

# **De La Rue Investments Limited**

## **1 Accounting policies**

### **(a) Basis of preparation**

*The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts have been prepared as at 25 March 2006, being the last Saturday in March. The comparatives for the 2005 financial year are for the year ended 26 March 2005.*

We have considered the new standards FRS 20 'Share based Payments' and FRS21 'Events after the Balance Sheet Date'; however they have no impact on the financial statements.

### **(b) Consolidation of subsidiaries**

*The financial statements contain information about De La Rue Investments 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 ultimate parent, De La Rue plc, a company registered in England and Wales. References to "Group" mean to De La Rue plc and its subsidiaries.*

### **(c) Interest**

Interest is recognised in the profit and loss on an accruals basis.

### **(d) Taxation**

Provision for UK corporation tax on profits of the Company 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.

### **(e) Investments**

Investments are stated at cost in the balance sheet, less provision for any impairment. Revaluation movements due to changes in the currency value of the investment are taken to the revaluation reserve.

## **2 Directors' emoluments and auditors' remuneration**

Directors' emoluments for Mr S A King are disclosed in the accounts of the ultimate parent undertaking, De La Rue plc and those of Miss C L Fluker are disclosed in the accounts of the immediate parent company De La Rue Holdings plc. No other Director received emoluments in his capacity as a Director of the Company (2005: £Nil).

There are no persons employed by the Company (2005: Nil).

The auditors' remuneration was borne by an intermediate parent company, De La Rue Holdings plc.



## De La Rue Investments Limited

### 3 Interest receivable

	2006 £'000	2005 £'000
Interest receivable from Group undertakings	4,366	4,340

### 4 Interest payable

	2006 £'000	2005 £'000
Interest payable to Group undertakings	1,698	-

### 5 Investments

#### Investments in subsidiaries

	£'000
<b>Cost</b>	
At 26 March 2005	267,914
Additions	69,837
25 March 2006	337,751
<b>Provision for impairment</b>	
At 26 March 2005 and 25 March 2006	(234,531)
<b>Net book value</b>	
At 26 March 2005	33,383
Additions	69,837
25 March 2006	103,220

The Company's subsidiary investments are summarised as follows:

Subsidiary	Class	Ownership	Country of Registration	Trade
De La Rue Scandinavia Limited	Ordinary share capital	100%	England	Holding Company
Portals Group Limited	Ordinary and preference share capital	100%	England	Holding Company
Harrison & Sons Limited	Ordinary share capital	100%	England	Non Trading
De La Rue Cash Systems AB	Ordinary share Capital	100%	Sweden	Trading

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

## De La Rue Investments Limited

### 6 Debtors

	2006	2005
	£'000	£'000
Amounts owed by Group undertakings due within one year	20,357	16,004
Amounts owed by Group undertakings due after one year	100,650	99,704
	<u>121,007</u>	<u>115,708</u>

### 7 Creditors – amounts due after one year

	2006	2005
	£'000	£'000
Amounts owed to Group undertakings	(214,177)	(144,369)

Amounts owed to group undertakings are unsecured and interest free.

### 8 Called up share capital

	2006	2005
	£'000	£'000
<b>Authorised:</b>		
95,000,000 Ordinary shares of £1 each	95,000	95,000
<b>Allotted, called up and fully paid:</b>		
95,000,000 Ordinary shares of £1 each	95,000	95,000

### 9 Reserves

	Profit and loss account £'000
At 26 March 2005	(90,278)
Retained profit for the financial year	2,714
<b>At 26 March 2005</b>	<b><u>(87,564)</u></b>

## De La Rue Investments Limited

### 10 Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
Retained profit for the financial year	2,714	4,386
Opening shareholder's funds/(deficit)	4,722	336
<b>Closing shareholders funds</b>	<b>7,436</b>	<b>4,722</b>

### 11 Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of De La Rue 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. 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.

### 12 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.