

De La Rue Investments Limited
(Registered Number: 2527386)

Directors' Report and Financial Statements

29 March 2008

THURSDAY



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COMPANIES HOUSE

Directors' Report

The Directors submit their report together with the audited financial statements of the Company for the period 1 April 2007 to 29 March 2008.

BUSINESS REVIEW

Strategy and objectives

The Company is a holding Company and as such its strategy is to concentrate on delivering key investment returns on core investments. Company strategy continues to focus on delivering key investment returns.

The Company's objective is to ensure that the investments maximise the Company's shareholder returns. The principal subsidiaries and associated Company are disclosed in note 6 to these financial statements.

The strategies and objectives of the companies in which the Company holds an investment are 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.

Company performance

The profit for the year after taxation was £24,584,000 (2007: £2,088,000). The directors do not recommend a dividend (2007: £nil). The profit for the financial year of £24,584,000 (2007: £2,088,000) has been transferred to reserves.

Outlook and Future Developments

The Company will continue to operate in accordance with its principal activity as a holding company.

Key performance indicators

The Directors monitor and manage the performance of each investment against its published financial statements and against the key performance indicators ("KPIs") of the De La Rue Group because the Company's Directors believe that analysis using KPI's specific to the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. Details of the Group's KPI's, which includes the Company are set out in the Business Review section on pages 13 - 29 of the 2008 annual report of De La Rue plc, which does not form part of this report.

Principal risks and uncertainties

The Company's principal risk is impairment of investments and this is closely monitored by the Company's directors. 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, on pages 13 – 29 of the 2008 annual report of De La Rue plc, which does not form part of this report.

Directors' Report (continued)

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 – resigned on 1 July 2008)

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year.

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

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, KPMG Audit Plc, have indicated their willingness to continue in office.

Post balance sheet event

The Company sold its direct subsidiary De La Rue Cash Systems AB as part of the sale of the Cash Systems businesses by the Company's ultimate parent De La Rue plc.

The Company and certain other De La Rue Group companies arranged a £250m three year term and revolving facilities agreement with key relationships banks on 23 May 2008.

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).

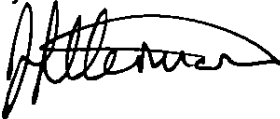
The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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.

By Order of the Board



J F Hermans
Secretary

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

28 January 2009

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 29 March 2008 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 3.

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.

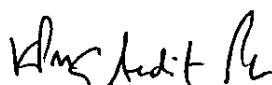
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 Member of De La Rue Investments Limited (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 29 March 2008 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

28 January 2009

Profit and Loss Account
For the Year Ended 29 March 2008

	Note	2008 £'000	2007 £'000
Income from investment in Group Companies		<u>22,831</u>	<u>46</u>
Operating profit		22,831	46
Interest receivable	4	5,446	4,731
Interest payable	5	(3,693)	(2,689)
		<u> </u>	<u> </u>
Profit on ordinary activities before and after taxation	3	24,584	2,088
		<u> </u>	<u> </u>
Profit for the financial year	10	24,584	2,088
		<u> </u>	<u> </u>

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
For the Year Ended 29 March 2008

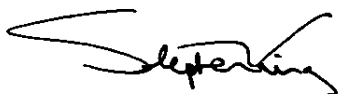
	Note	2008 £'000	2007 £'000
Profit for the financial year		24,584	2,088
Retranslation of loans		(10,886)	941
Retranslation of investments		11,104	(941)
		<u> </u>	<u> </u>
Total recognised gains relating to the financial year		24,802	2,088
		<u> </u>	<u> </u>

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

Balance Sheet at 29 March 2008

	<i>Note</i>	2008 £'000	2007 £'000
Fixed assets			
Investments	6	113,383	102,279
Current assets			
Debtors (including £126,695 (2007: £101,796) due after one year)	7	129,989	122,486
Creditors		-	(600)
Net current assets		<u>129,989</u>	<u>121,886</u>
Total assets less current liabilities		<u>243,372</u>	<u>224,165</u>
Creditors – amounts due after one year	8	(209,046)	(214,641)
Net Assets		<u>34,326</u>	<u>9,524</u>
Capital and reserves			
Called up share capital	9	95,000	95,000
Profit and loss account	10	(60,674)	(85,476)
Equity shareholders' funds	11	<u>34,326</u>	<u>9,524</u>

Approved by the Board on 28 January 2009



S A King
Director

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

Notes to the Financial Statements

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 29 March 2008, being the last Saturday in March. The comparatives for the 2007 financial year are for the year ended 31 March 2007.

(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) Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Exchange gains and losses on monetary assets and liabilities are dealt with in the profit and loss account, except to the extent that they represent a hedge of the Company's overseas investments, which are dealt with in reserves together with the exchange differences on the carrying value of the related investment,

(d) Interest

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

(e) 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.

(f) Investments

Investments are stated at cost or valuation in the balance sheet, less provision for any impairment in the value of the investment.

Notes (continued)

2 Directors' emoluments and auditors' remuneration

The directors and all other staff engaged on the Company's operations received no fees or other remuneration from the Company (2007: Nil). Mr S A King is employed by De La Rue plc and Miss C L Fluker by De La Rue Holdings plc. Each is remunerated in respect of their services to the Group as a whole by his or her employing company and their emoluments are dealt with in those financial statements.

There are no persons employed by the Company (2007: Nil).

The auditors' remuneration of £2,000 (2007: £2,000) was borne by De La Rue Holdings plc.

3 Taxation on profit on ordinary activities

	2008 £'000	2007 £'000
UK corporation tax		
Current tax on income for the period	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2007: lower) than the standard rate of corporation tax in the UK 30%, (2007: 30 %). The differences are explained below.

	2008 £'000	2007 £'000
Current tax reconciliation		
Profit on ordinary activities before taxation	24,584	2,088
	<hr/>	<hr/>
Expected tax charge at 30%	7,375	626
Effects of:		
Group relief taken	(7,375)	(626)
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>

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

Notes (continued)

4 Interest receivable

	2008	2007
	£'000	£'000
Interest receivable from Group undertakings	5,446	4,731
	<u> </u>	<u> </u>

5 Interest payable

	2008	2007
	£'000	£'000
Interest payable to Group undertakings	3,693	2,689
	<u> </u>	<u> </u>

6 Investments

Investments in subsidiaries	£'000
Cost	
At 31 March 2007	336,810
Effect of foreign exchange movements	<u>11,104</u>
29 March 2008	347,914
Provision for impairment	
At 31 March 2007 and 29 March 2008	(234,531)
Net book value	
At 31 March 2007	<u>102,279</u>
29 March 2008	<u>113,383</u>

Notes (continued)

The Company's principal 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 and preference 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.

7 Debtors

	2008 £'000	2007 £'000
Amounts owed by Group undertakings due within one year	3,294	20,690
Amounts owed by Group undertakings due after one year	126,695	101,796
	<hr/>	<hr/>
Total Debtors	129,989	122,486
	<hr/>	<hr/>

8 Creditors – amounts due after one year

	2008 £'000	2007 £'000
Amounts owed to Group undertakings	(209,046)	(214,641)
	<hr/>	<hr/>

Amounts owed to group undertakings are unsecured and interest free.

Notes (continued)

9 Called up share capital

	2008 £'000	2007 £'000
Authorised:		
95,000,000 Ordinary shares of £1 each	95,000	95,000
	<hr/>	<hr/>
Allotted, called up and fully paid:		
95,000,000 Ordinary shares of £1 each	95,000	95,000
	<hr/>	<hr/>

10 Reserves

	Profit and loss account £'000
At 31 March 2007	(85,476)
Profit for the financial year	24,584
Net effect of foreign exchange movements on the retranslation of investments and loans	218
	<hr/>
At 29 March 2008	(60,674)
	<hr/>

11 Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Profit for the financial year	24,584	2,088
Net effect of foreign exchange movements on the retranslation of investments and loans	218	-
Opening shareholder's funds	9,524	7,436
	<hr/>	<hr/>
Closing shareholders funds	34,326	9,524
	<hr/>	<hr/>

Notes (continued)

11 Reconciliation of movements in shareholders' funds (continued)

The net effect of foreign exchange movements on the retranslation of investments and loans is £218,000. This comprises of the retranslation of the Company's investment in De La Rue Cash Systems AB, a Swedish subsidiary of £11,104,000, offset by the retranslation of the parent company loan in Swedish Krona to fund the investment of (£10,886,000).

12 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.

13 Immediate and Ultimate parent undertaking

The ultimate parent 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 Secretary of De La Rue plc at De La Rue House, Jays Close, Viables, Basingstoke, Hants, RG22 4BS.