

De La Rue Overseas Limited

(Company Number: 355881)

Directors' Report and Financial Statements

26 March 2005



De La Rue Overseas Limited

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 26 March 2005.

Principal activities

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

Results and dividends

The result for the year was £nil (2004: £5,000 loss). A dividend of £50,000,000 was paid during the period (2004: Nil). The retained loss for the year of £50,000,000 was transferred to reserves (2004: £5,000 loss).

Review of business and 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
S A King
J F Hermans (alternate)
R G McGowan (alternate, resigned 10 September 2004)
S D Dasani (appointed 10 September 2004)

Directors' interests

At 26 March 2005 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 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, an intermediate holding company. The share interests of Messrs S D Dasani and J F Hermans are set out below:

Interests in Shares	26 March 2005	28 March 2004
S. D. Dasani	8,000	0

De La Rue Overseas Limited

Directors' Report (Continued)

Directors' interests (continued)

<u>Interests in Share Options</u>	28 March 2004	Exercised during year	Granted during year	Lapsed during year	26 March 2005	Exercise price range (pence)	Exercisable dates
<u>S.D. Dasani</u>							
Executive Share Options	25,800	-	42,584	-	68,384	237.33-340.50	Jul '06 – Jul '14
Sharesave Options	3,563	-	-	-	3,563	258.90	Mar '07 – Aug '07
<u>J. F. Hermans</u>							
Executive Share Options	19,700	12,500	-	-	7,200	522.50	Jul '04- Jul '11
Sharesave Options	2,878	-	699	-	3,577	244.5-434.10	Mar '05- Aug '06

The market price of the ordinary shares at 26 March 2005 was 400 pence and the price range during the year was 302 pence to 408.75 pence.

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.

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.

De La Rue Overseas Limited

Directors' Report (Continued)

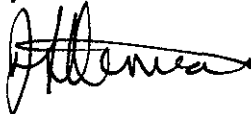
Statement of Directors' responsibilities (continued)

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
30 January 2006

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

De La Rue Overseas Limited

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

We have audited the financial statements which comprise the profit and loss account, the statement of total recognized gains and losses, the balance sheet and related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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 report, including the opinion, has been prepared for and only for the Company's member 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 transactions is not disclosed.

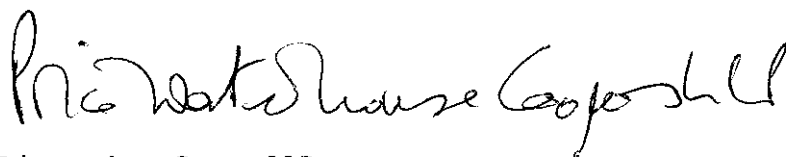
Basis of audit opinion

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 26 March 2005 and of its loss 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, 30 January 2006

De La Rue Overseas Limited

Profit and Loss Account For the Year Ended 26 March 2005

	<i>Note</i>	2005 £'000	2004 £'000
Other operating loss		-	(5)
Operating loss and loss on ordinary activities before and after taxation		-	(5)
Dividend paid to group undertakings	3	(50,000)	-
Retained loss for the financial year	8	(50,000)	(5)

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

	2005 £'000	2004 £'000
Loss for the financial year	-	(5)
Total recognised gains relating to the year	-	(5)

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

De La Rue Overseas Limited

Balance Sheet at 26 March 2005

		2005	2004
	Note	£'000	£'000
Current assets			
Debtors - due after one year	5	161,448	211,448
		161,448	211,448
Net current assets		161,448	211,448
Total assets less current liabilities		161,448	211,448
Creditors – amounts due after one year	6	(2,475)	(2,475)
Net assets		158,973	208,973
Capital and reserves			
Called up share capital	7	2,500	2,500
Share premium account	8	1,500	1,500
Other reserves	8	18,544	18,544
Revaluation reserve	8	152,742	152,742
Foreign exchange reserve	8	(25,906)	(25,906)
Profit and loss account	8	9,593	59,593
Equity shareholders' funds	9	158,973	208,973

Approved by the Board on January 2006

S A King
Director



The notes on pages 7 to 9 form part of these financial statements.

De La Rue Overseas Limited

Notes to the Financial Statements - 26 March 2005

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 26 March 2005, being the last Saturday in March. The comparatives for the 2004 financial year are for the year ended 27 March 2004.

(b) 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 4).

(c) 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.

(d) 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.

2 Directors' emoluments

Directors' emoluments for Mr S A King and Miss C L Fluker are disclosed in the accounts of the intermediate parent company De La Rue Holdings plc. No other Director received emoluments in his capacity as a Director of the Company (2004: £Nil).

There are no employees employed by the Company (2004: Nil).

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

De La Rue Overseas Limited
Notes to the Financial Statements - 26 March 2005

3 Dividends

	2005 £'000	2004 £'000
Interim paid £20 per £1 share	50,000	-

4 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	2.94%

There is a full provision against the investment in the Nigerian Security Printing and Minting Company Limited.

5 Debtors

	2005 £'000	2004 £'000
Amounts due after one year		
Amounts owed by Group undertakings	161,448	211,449

6 Creditors - amounts due after one year

	2005 £'000	2004 £'000
Amounts owed to Group undertakings	2,475	2,475

De La Rue Overseas Limited
Notes to the Financial Statements - 26 March 2005

7 Called up share capital

	2005 £'000	2004 £'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

8 Reserves

	Share premium account £'000	Other reserves £'000	Revaluation Reserve £'000	Foreign exchange reserve £'000	Profit & loss account £'000	Total £'000
At 27 March 2004	1,500	18,544	152,742	(25,906)	59,593	206,473
Retained loss for the financial year	-	-	-	-	(50,000)	(50,000)
At 26 March 2005	1,500	18,544	152,742	(25,906)	9,593	156,473

In presenting the figures for the Company's investments in 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 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

9 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Retained loss for the financial year	(50,000)	(5)
Opening shareholders' funds	208,973	208,978
Closing shareholders' funds	158,973	208,973

De La Rue Overseas Limited
Notes to the Financial Statements - 26 March 2005

10 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. References to "Group" mean De La Rue plc and its subsidiaries.

11 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, Viabes, Basingstoke, Hants, RG22 4BS.