

De La Rue Overseas Limited

(Company Number: 355881)

Directors' Report and Financial Statements

31 March 2001



De La Rue Overseas Limited

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 March 2001.

Principal activities

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

Results

Loss on ordinary activities after taxation amounted to £4,676,000 (2000 profit: £23,148,000). No dividend was paid during the year (2000: £ nil). The retained loss for the year of £4,676,000 was transferred from reserves (2000: £23,148,000 profit transferred from reserves).

Review of business

The Company's operating loss reflects translation of its net investments in group Companies. The majority of its investments were transferred to De La Rue Holdings plc during the course of the year.

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.

Directors' interests

At 31 March 2001 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.

	2 April 2000	31 March 2001
Ordinary Shares	7,152	7,152
Share Price Improvement Plan	99,400	136,000
Executive Share Options	46,900	46,900
Sharesave Options	5,580	6,967

De La Rue Overseas Limited

Directors' Report (Continued)

Ms Fluker was granted a further 36,600 options under the De La Rue Share Price Improvement Plan on 4 July 2000. Ms Fluker was also granted 1,387 options under the De La Rue Sharesave Scheme on 22 December 2000. No other options were granted during the year and none were exercised or lapsed.

At 31 March 2001 Ms Fluker's options under the De La Rue Sharesave Scheme are exercisable from March to September 2004 at prices ranging between 150 pence and 351.9 pence. Those under the De La Rue 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 De La Rue Share Price Improvement Plan are exercisable from November 2002 to July 2004 at prices ranging between 215.3 pence and 340.9 pence.

The market price of the ordinary shares at 31 March 2001 was 405.5 pence and the price range during the year was 230.25 pence to 449.5 pence.

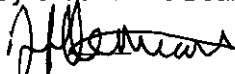
Statement of Directors' responsibilities

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.

By Order of the Board on 30/1/2002.


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

We have audited the financial statements on pages 5 to 11 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 7 and 8.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 3, 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 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.

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.

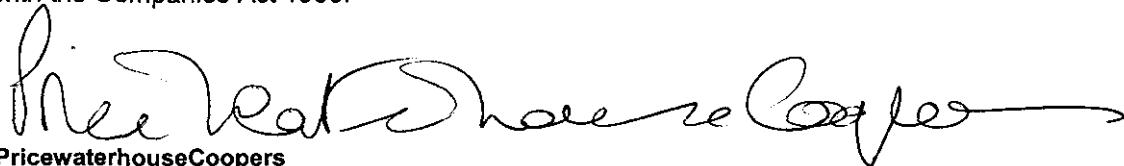
Basis of audit opinion

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 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

30/1/2002

De La Rue Overseas Limited

Profit and Loss Account For the Year Ended 31 March 2001

	Note	2001 £'000	2000 £'000
Administrative expenses		(250)	(262)
Intercompany loan forgiven		-	1,358
Currency translation differences on inter-company foreign currency borrowings/deposits		(5,507)	235
Operating (loss)/profit		(5,757)	1,331
Income from shares in group undertakings		-	11,815
Income from shares in associated undertakings		595	150
Income from share in partnership		-	9,852
Profit on disposal of Daq		335	-
(Loss)/profit on ordinary activities before interest and taxation		(4,827)	23,148
Interest receivable and similar income		151	-
(Loss)/profit on ordinary activities before taxation		(4,676)	23,148
Equity dividends paid	3	-	-
(Loss)/profit for the financial year transferred (from)/to reserves	11	(4,676)	23,148

Statement of Total Recognised Gains and Losses

	2001 £'000	2000 £'000
(Loss)/profit for the financial year	(4,676)	23,148
Retranslation of investments in subsidiary undertakings	8,480	(15,772)
Retranslation of hedging loans	(7,478)	5,534
Total recognised gains and losses relating to the year	(3,674)	12,910

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

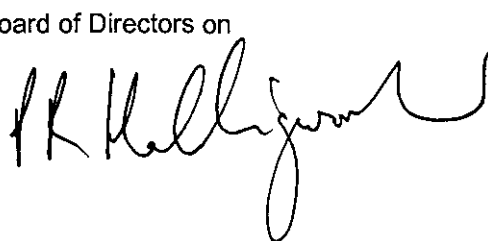
De La Rue Overseas Limited

Balance Sheet at 31 March 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Investments	4	11,810	239,856
Current assets			
Debtors - due within one year	7	197	4,102
Debtors - due after one year	7	173,796	53,494
		173,993	57,596
Creditors – amounts due within one year	8	(165)	(207)
Net current assets		173,828	57,389
Total assets less current liabilities		185,638	297,245
Creditors – amounts due after one year	9	(2,725)	(110,658)
Net assets		182,913	186,587
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)	(26,908)
Profit and loss account	11	33,533	38,209
Equity shareholders' funds		182,913	186,587

Approved by the Board of Directors on 30/1/2002.

P R Hollingworth
Director



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

De La Rue Overseas Limited

Notes to the Financial Statements - 31 March 2001

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 31 March 2001. The comparatives for the 2000 financial year are for the year ended 1 April 2000, being the nearest Saturday to 31 March.

(b) Consolidation of subsidiaries

The comparatives for the 2000 financial year are for the year ended 1 April 2000. 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

Notes to the Financial Statements - 31 March 2001

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

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

	2001 £'000	2000 £'000
Ordinary shares		
Interim paid	-	-
	Pence	Pence
Net dividend per ordinary share	-	-

4 Investments

	Investments in subsidiaries £'000	Investments in associated companies £'000	Other Investments £'000	Total £'000
Cost/Valuation				
At 2 April 2000	239,832	24		239,856
Disposals	(238,977)	(24)		(239,001)
Additions	2,475	-		2,475
Reclassification	(11,428)		11,428	-
Effect of foreign exchange movements	8,480	-		8,480
At 31 March 2001	382	-	11,428	11,810

Details of the Company's subsidiaries and associated undertakings are shown in notes 6 and 7 respectively.

Other investments comprises investment in 100% of the preference share capital of De La Rue Currency and Security Printing Kenya and has been reclassified from investment in subsidiaries to reflect the transfer of De La Rue BV to De La Rue Holdings plc.

De La Rue Overseas Limited
Notes to the Financial Statements - 31 March 2001

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%

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 Overseas Limited
The Nigerian Security Printing and Minting Company Limited (Year end: 31 December)	Nigeria	Ordinary	25%
Royal Mint Services Limited	United Kingdom	Ordinary	50%

7 Debtors

	2001 £'000	2000 £'000
Amounts due within one year		
Amounts owed by group undertakings	-	4,070
Other debtors	197	32
	197	4,102
Amounts due after one year		
Trade debtors	120	-
Amounts owed by group undertakings	173,676	53,494
	173,796	53,494

De La Rue Overseas Limited
Notes to the Financial Statements - 31 March 2001

8 Creditors - amounts due within one year

	2001 £'000	2000 £'000
Other creditors	165	207

9 Creditors - amounts due after one year

	2001 £'000	2000 £'000
Amounts owed to group undertakings	2,725	110,658

10 Called up share capital

	2001 and 2000 £'000
Authorised:	
2,500,000 Ordinary shares of £1 each	2,500
Allotted, issued and fully paid:	
2,500,000 Ordinary shares of £1 each	2,500

11 Reserves

	Share premium account £'000	Other reserves £'000	Revaluation Reserve £'000	Foreign exchange reserve £'000	Profit And loss account £'000	Total £'000
At 2 April 2000	1,500	18,544	152,742	(26,908)	38,209	184,087
Retained profit/(loss) for the year	-	-	-	-	(4,676)	(4,676)
Exchange rate movements on investments in subsidiaries	-	-	-	8,480	-	8,480
Exchange rate movements in respect of hedging loans	-	-	-	(7,478)	-	(7,478)
At 31 March 2001	1,500	18,544	152,742	(25,906)	33,533	180,413

De La Rue Overseas Limited

Notes to the Financial Statements - 31 March 2001

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

	2001 £'000	2000 £'000
Profit for the financial year	(4,676)	23,148
Dividends	-	-
	(4,676)	23,148
Other gains and losses relating to the year (net)	1,002	(10,238)
Net (deduction)/increase in shareholders' funds	(3,674)	12,910
Opening shareholders' funds	186,587	173,677
Closing shareholders' funds	182,913	186,587

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 investors 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.