

THOMAS DE LA RUE INTERNATIONAL LIMITED
(Company Number: 355881)

DIRECTORS' REPORT AND ACCOUNTS

31 MARCH 1993



THOMAS DE LA RUE INTERNATIONAL LIMITED

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 31 March 1993.

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDEND

Profit on ordinary activities after taxation amounted to £270,000 (1992 loss £2,790,000). The Directors recommend the payment of a final dividend of £31,500,000 (1992 £13,000,000). The retained loss for the year was £31,230,000 (1992 £15,790,000) which has been transferred to reserves.

REVIEW OF BUSINESS

The Company derives its income mainly through dividends from its subsidiaries and associated companies.

FUTURE DEVELOPMENTS

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

FIXED ASSETS

Significant movements in fixed assets are explained in Notes 5 and 6 to the accounts.

DIRECTORS

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

S A Field
L G Cullen

DIRECTORS' INTERESTS

At 31 March 1993 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 L G Cullen in shares of the ultimate parent undertaking, are as shown in that company's accounts. The holdings of the other Director were as follows:

	Own & Family Interest		Executive Share		Savings Related	
	Ordinary Shares		Option Scheme		Share Option Scheme	
	31 March	1 April	31 March	1 April	31 March	1 April
	1993	1992	1993	1992	1993	1992
S A Field	1,772	1,760	25,324	25,324	7,142	7,142

Options under the Savings Related Share Option Scheme are exercisable at various dates up to August 2000 at prices ranging between 203.23p and 504p. Those under the Executive Share Option Scheme are exercisable at various dates up to November 2002 at prices ranging between 255p and 629p.

None of the Directors had beneficial interests in any other group undertaking.

THOMAS DE LA RUE INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

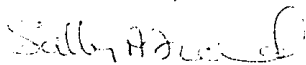
INSURANCE

The Company carries Directors' and Officers' Liability insurance as permitted by the Companies Act 1985.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and as permitted by S386 of the Companies Act 1985, shall remain as auditors of the Company until the Company shall otherwise determine in a General Meeting.

By Order of the Board



S A FIELD
Secretary
1 June 1993

Registered Office:
6 Agar Street
London
WC2N 4DE

Southwark Towers
32 London Bridge Street
London SE1 9SY

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Telex: 884657 PRIWAT G
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Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
THOMAS DE LA RUE INTERNATIONAL LIMITED**

We have audited the financial statements on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 March 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditor

1 June 1993

Offices at Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Hull, Leeds, Leicester, Liverpool, London, Manchester, Middlesbrough, Newcastle, Nottingham, Reading, St Albans, Southampton and Windsor.

The partnership's principal place of business is at Southwark Towers, 32 London Bridge Street, London SE1 9SY where a list of the partners' names is available for inspection. The firm is authorized by the Institute of Chartered Accountants in England and Wales to carry on investment business.

THOMAS DE LA RUE INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1993

	<u>1993</u> £'000	<u>1992</u> £'000
Administrative expenses (Note 2)	(80)	(213)
Other operating income (Note 3)	-	82
Interest receivable from group undertakings	1,094	733
Income from shares in group undertakings	1,530	564
Income from shares in associated undertakings	261	-
Amounts written off fixed asset investments	-	(468)
Exceptional items		
- Loss on liquidation of dormant subsidiaries	(67)	(4,769)
- (Loss)/profit on disposal of subsidiary undertakings	(67)	1,612
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2,671	(2,459)
Tax on profit on ordinary activities (Note 4)	(2,401)	(331)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	270	(2,790)
Dividend	(31,500)	(13,000)
TRANSFERRED TO RESERVES (Note 14)	(31,230)	(15,790)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>1993</u> £'000	<u>1992</u> £'000
Profit/(loss) for the year	291	(2,790)
Revaluation of investments	-	88,152
Total recognised gains and losses for the year	291	85,362

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There were no material differences between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

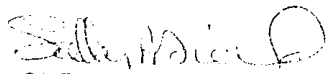
The presentation of the profit and loss account has been changed from that of the previous year following the issue of Financial Reporting Standard No 3 'Reporting Financial Performance' by the Accounting Standards Board.

THOMAS DE LA RUE INTERNATIONAL LIMITED

BALANCE SHEET AT 31 MARCH 1993

	<u>1993</u> £'000	<u>1992</u> £'000
FIXED ASSETS		
Tangible assets (Note 5)	-	-
Investments (Note 6)	<u>211,088</u>	<u>204,039</u>
	211,088	204,039
CURRENT ASSETS		
Debtors - due within one year (Note 9)	5,564	1,235
Debtors - due after one year (Note 9)	6,724	12,910
Cash at bank and in hand	<u>341</u>	<u>82</u>
	12,629	14,227
CREDITORS - Amounts due within one year (Note 10)	<u>(7,553)</u>	<u>(20,930)</u>
NET CURRENT ASSETS/(LIABILITIES)	5,076	(6,703)
TOTAL ASSETS LESS CURRENT LIABILITIES	216,164	197,336
CREDITORS - Amounts due after one year (Note 11)	<u>(60,845)</u>	<u>(11,801)</u>
PROVISIONS FOR LIABILITIES AND CHARGES (Note 12)	<u>(1,256)</u>	<u>(242)</u>
NET ASSETS	<u>154,063</u>	<u>185,293</u>
CAPITAL AND RESERVES		
Called up share capital (Note 13)	2,500	2,500
Share premium account (Note 14)	1,500	1,500
Profit and loss account (Note 14)	-	-
Other reserves (Note 14)	61,911	93,141
Revaluation reserve (Note 14)	<u>88,152</u>	<u>88,152</u>
SHAREHOLDERS' FUNDS	<u>154,063</u>	<u>185,293</u>

APPROVED BY THE BOARD ON
1 June 1993


SA Field
DIRECTOR

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1993

1 ACCOUNTING POLICIES

(a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, as amended for the valuation of the Company's fixed asset investments.

(b) Consolidation of subsidiaries

Subsidiaries make up accounts to 31 March each year except in the case of one subsidiary which makes up its accounts to 31 January. Consolidated accounts have not been prepared as the Company is a wholly owned subsidiary of another body corporate incorporated in the United Kingdom.

(c) Associated undertakings

A company is treated as an associated undertaking if it is not a subsidiary and if the company holds not less than 20 per cent of the equity as a long term investment and exercises a significant influence on management.

(d) Foreign currencies

Amounts receivable from overseas subsidiaries 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 trading profit.

(e) Depreciation

Tangible fixed assets are stated at cost, less depreciation.

(f) Taxation

Deferred taxation is accounted for in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts, to the extent that such differences are expected to reverse in the foreseeable future.

No provision is made for additional taxation which would be payable in the event of profits retained by overseas subsidiaries being remitted as dividends.

(g) Investments

Investments are stated at cost or valuation in the Balance Sheet, less provision for any permanent diminution in the underlying net asset value of the investment.

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1993 (CONTINUED)

2 ADMINISTRATIVE EXPENSES

<u>1993</u>	<u>1992</u>
£'000	£'000

These include the following:

Management charge	100	200
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The auditors' remuneration for the Company has been borne by De La Rue plc.

3 OTHER OPERATING INCOME

Other operating income includes exchange gains of £53,000 (1992 £43,000 gain).

4 TAX

<u>1993</u>	<u>1992</u>
£'000	£'000

UK Corporation tax at 33% (1992 33%)	377	724
Deferred tax	1,014	(233)
Less: double taxation relief	<u>(156)</u>	<u>(286)</u>
Overseas tax	1,235	205
Other	<u>1,166</u>	<u>(6)</u>
	<u>2,401</u>	<u>209</u>
Under provision in previous year	<u>-</u>	<u>122</u>
	<u>2,401</u>	<u>331</u>

Overseas taxation arises from the payment of dividends. The prior year's under provision is in respect of taxation arising on overseas dividends.

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1993 (CONTINUED)

5 TANGIBLE ASSETS

	Long Leasehold <u>property</u> £'000
Cost	
At 1 April 1992	1
Disposals	—
At 31 March 1993	1
Accumulated depreciation	
At 1 April 1992	1
Disposals	—
At 31 March 1993	1
Net book value	
At 31 March 1993	—
At 1 April 1992	—

6 INVESTMENTS

	Investments in <u>subsidiaries</u> £'000	Investments in Associated <u>companies</u> £'000	<u>Total</u> £'000
Valuation at 1 April 1992	201,905	2,134	204,039
Additions	3,897	448	7,345
Revaluation	—	—	—
Provision	—	—	—
Disposals	(296)	—	(296)
Valuation at 31 March 1993	208,506	2,582	211,088

The Directors have valued the fixed asset investments of the Company at 31 March 1993 on an earnings basis and this valuation has been incorporated in the financial statements, in order to reflect the underlying value of the investments to the Company.

Details of the Company's subsidiaries and associated undertakings are shown in notes 7 and 8 respectively.

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1993 (CONTINUED)

7 SUBSIDIARY UNDERTAKINGS

The following information deals only with those subsidiaries which, in the opinion of the Directors, principally affected the profit or the amount of assets of the Thomas De La Rue International group. The subsidiaries operate in security printing and other ancillary activities.

Proportion of nominal
value of issued shares
held by the company

Country of Incorporation

United Kingdom

Lethaby Numbering Systems Limited	100%
De La Rue Holographics Limited	80%

Eire

Thomas De La Rue and Company (Ireland) Limited	100%
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France

De La Rue Systems SA	100%
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Spain

De La Rue Espanola SA	100%
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Switzerland

Thomas De La Rue AG	100%
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United States of America

De La Rue Inc	100%
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In all cases the class of shares is Ordinary (Common stock in De La Rue Inc).

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1993 (CONTINUED)

ASSOCIATED UNDERTAKINGS

The company has the following investments in associated undertakings.

The companies operate in security printing and other ancillary activities.

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Class of Shares</u>	<u>Interest of Thomas De La Rue International Limited</u>
Nigerian Security Printing and Minting Company Limited	Nigeria	Ordinary	25%
Year end: 31 December			
Royal Mint Services Limited	United Kingdom	Ordinary	50%
Year end: 31 March			
Daq Electronics Inc	United States	Ordinary	33.33%
Year end: 31 March			

- (b) Through its 100% holding in Thomas De La Rue AG the company holds more than 10% of the equity share capital of the following companies:

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Class of Shares</u>	<u>Interest of Thomas De La Rue International Limited</u>
Churchfelle (BVI) Limited	British Virgin Islands	Ordinary	50%
De La Rue Giori AG	Switzerland	Ordinary	50%
Anglo-Swiss Engineering Limited	United Kingdom	Ordinary	50%
Koenig & Bauer AG	Germany	Ordinary	12.5%
Fidink	Switzerland	Ordinary	33.33%

- (c) Through its 100% holding in De La Rue Inc the company holds more than 10% of the equity share capital of the following company:

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Class of Shares</u>	<u>Interest of Thomas De La Rue International Limited</u>
American Banknote Holographics	United States	Common	20%

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1993 (CONTINUED)

9 DEBTORS

Amounts due within one year

	<u>1993</u> £'000	<u>1992</u> £'000
Trade debtors	265	460
Amounts owed by group undertakings	2,086	75
Amounts owed by associated undertakings	<u>3,211</u>	<u>700</u>
	5,564	1,235

Amounts due after one year

Amounts owed by group undertakings	<u>6,724</u>	<u>12,910</u>
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10 CREDITORS - Amounts due within one year

	<u>1993</u> £'000	<u>1992</u> £'000
Amounts owed to group undertakings	100	14,472
Taxation	7,163	6,167
Other creditors	<u>290</u>	<u>291</u>
	7,553	20,930

11 CREDITORS - Amounts due after one year

	<u>1993</u> £'000	<u>1992</u> £'000
Amounts owed to group undertakings	<u>60,845</u>	<u>11,801</u>

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1993 (CONTINUED)

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000
At 1 April 1992	242
Provided in year	1,014
At 31 March 1993	1,256

The deferred taxation reflects provision for short term timing differences (full potential liability £1,256,000).

13 CALLED UP SHARE CAPITAL

	1993 and 1992 £
Authorised:	
Ordinary shares of £1 each	2,500,000
Allotted and fully paid:	
Ordinary shares of £1 each	2,500,000

14 RESERVES

	Share premium account £'000	Profit and loss account £'000	Other reserves £'000	Revaluation reserve £'000
At 1 April 1992	1,500	-	93,141	88,152
Loss for the year	-	(31,230)	-	-
Transfer	-	31,230	(31,230)	-
Revaluation of investments	-	-	-	-
At 31 March 1993	1,500	-	61,911	88,152

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.

Accordingly and as provided in S275 of the Companies Act 1985, any diminution in value of investments in subsidiary and associated undertakings, included in the overall net valuation surplus of £88,152,000, does not fall to be treated as a realised loss and therefore is not regarded as reducing distributable reserves.

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1993 (CONTINUED)

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1993</u> £'000	<u>1992</u> £'000
Profit/(loss) for the year	270	(2,790)
Dividends	<u>(31,500)</u>	<u>(13,000)</u>
	(31,230)	(15,790)
Revaluation of investments	-	88,152
Capital contribution	<u>-</u>	<u>14,368</u>
Net (reduction)/addition to shareholders' funds	(31,230)	86,730
Opening shareholders' funds	<u>185,293</u>	<u>98,563</u>
Closing shareholders' funds	<u>154,063</u>	<u>185,293</u>

16 DIRECTORS EMOLUMENTS

No Director receives any emoluments in their capacity as a Director of the Company.

There are no persons employed by the Company.

17 ULTIMATE PARENT UNDERTAKING AND CASH FLOW STATEMENT

The ultimate parent undertaking 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 the Company at 6 Agar Street, London WC2N 4DE.

A statement on cash flow has been omitted as the Company has taken advantage of the dispensation available to companies for which a cash flow statement is disclosed in the consolidated accounts of the ultimate parent undertaking.