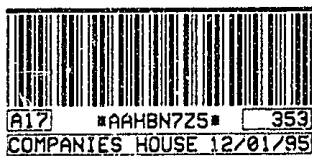


THOMAS DE LA RUE INTERNATIONAL LIMITED
(Company Number: 355881)

DIRECTORS' REPORT AND ACCOUNTS

31 MARCH 1994



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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 1994.

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

The loss on ordinary activities after taxation amounted to £8,697,000 (1993 profit £270,000). The Directors recommend the payment of a final dividend of £36,500,000 (1993 £31,500,000). The retained loss for the year of £45,197,000 (1993 loss £31,230,000) 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 6 and 7 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 1994 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 are as follows:

	<u>Own & Family Interest</u> <u>Ordinary Shares</u>		<u>Executive Share</u> <u>Option Scheme</u>		<u>Savings Related</u> <u>Share Option Scheme</u>	
	31 March 1994	1 April 1993	31 March 1994	1 April 1993	31 March 1994	1 April 1993
S A Field	1,770	1,772	10,000	25,324	7,142	7,142

Options under the Savings Related Share Option Scheme are exercisable at various dates up to August 1999 at prices ranging between 203.23p and 359p. Those under the Executive Share Option Scheme are exercisable at various dates up to November 2001 at a price of 449p.

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.

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:

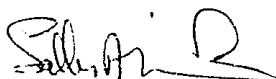
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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.

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
31/5/1994

Registered Office:
6 Agar Street
London
WC2N 4DE

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 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of Directors and Auditors

As described on page 2 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 as at 31 March 1994 and of its loss 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 Auditors

P. May 1994

THOMAS DE LA RUE INTERNATIONAL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1994**

	<u>1994</u> £'000	<u>1993</u> £'000
Administrative expenses	(357)	(80)
OPERATING LOSS - continuing operations	(357)	(80)
Loss on the sale or termination of businesses (Note 3)	(25,752)	(134)
Provision for losses on the disposal of properties (Note 3)	(2,928)	-
Income from shares in group undertakings	21,061	1,530
Income from shares in associated undertakings	229	261
Interest receivable (Note 4)	1,131	1,094
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(6,616)	2,671
Tax on (loss)/profit on ordinary activities (Note 5)	(2,081)	(2,401)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	(8,697)	270
Dividend	(36,500)	(31,500)
TRANSFERRED FROM RESERVES (Note 15)	(45,197)	(31,230)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company had no recognised gains or losses other than its loss of £8,697,000 for the year (1993 profit of £270,000).

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.

THOMAS DE LA RUE INTERNATIONAL LIMITED

BALANCE SHEET AT 31 MARCH 1994

	1994 £'000	1993 £'000
FIXED ASSETS		
Tangible assets (Note 6)	-	-
Investments (Note 7)	214,054	211,088
	<u>214,054</u>	<u>211,088</u>
CURRENT ASSETS		
Debtors - due within one year (Note 10)	1,789	5,564
Debtors - due after one year (Note 10)	32,254	6,724
Cash at bank and in hand	427	341
	<u>34,470</u>	<u>12,629</u>
CREDITORS - Amounts due within one year (Note 11)	<u>(6,395)</u>	<u>(7,553)</u>
NET CURRENT ASSETS	28,075	5,076
TOTAL ASSETS LESS CURRENT LIABILITIES	242,129	216,164
CREDITORS - Amounts due after one year (Note 12)	<u>(106,432)</u>	<u>(60,845)</u>
PROVISIONS FOR LIABILITIES AND CHARGES (Note 13)	<u>(3,676)</u>	<u>(1,256)</u>
NET ASSETS	<u>132,021</u>	<u>154,063</u>
CAPITAL AND RESERVES		
Called up share capital (Note 14)	2,500	2,500
Share premium account (Note 15)	1,500	1,500
Profit and loss account (Note 15)	-	-
Other reserves (Note 15)	39,869	61,911
Revaluation reserve (Note 15)	88,152	88,152
SHAREHOLDERS' FUNDS	<u>132,021</u>	<u>154,063</u>

APPROVED BY THE BOARD ON

31 May 1994



SA Field
DIRECTOR

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1994

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 1994 (CONTINUED)

2 DIRECTORS' EMOLUMENTS

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

There are no employees employed by the Company.

3 EXCEPTIONAL ITEMS

	<u>1994</u> £'000	<u>1993</u> £'000
Loss on the sale or termination of discontinued businesses	25,752	134
Provision for losses on the disposal of properties	<u>2,928</u>	<u>-</u>
	<u>28,680</u>	<u>134</u>

The loss on the sale or termination of discontinued businesses includes a profit of £614,000 on the sale of Lethaby Numbering Systems Limited, a loss of £3,211,000 arising on the write off of a debtor relating to a business previously disposed of and a loss of £23,155,100 arising on the liquidation of a dormant subsidiary.

Provision has been made to cover the expected loss on the disposal of one of the Company's leasehold properties which is surplus to requirements.

4 INTEREST RECEIVABLE

	<u>1994</u> £'000	<u>1993</u> £'000
Interest receivable from group undertakings	1,115	1,094
External interest receivable	<u>16</u>	<u>-</u>
	<u>1,131</u>	<u>1,094</u>

5 TAX

	<u>1994</u> £'000	<u>1993</u> £'000
UK Corporation tax at 33% (1993 33%)	1,542	377
Deferred tax	2,420	1,014
Less: double taxation relief	<u>-</u>	<u>(156)</u>
	<u>3,962</u>	<u>1,235</u>
Overseas tax	<u>1,192</u>	<u>1,166</u>
	<u>5,154</u>	<u>2,401</u>
Adjustments in respect of prior years	<u>(3,073)</u>	<u>-</u>
	<u>2,081</u>	<u>2,401</u>

Overseas taxation arises from the payment of dividends by subsidiaries. There was no taxation attributable to the exceptional items as shown in note 3.

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1994 (CONTINUED)

6 TANGIBLE ASSETS

	Long Leasehold <u>property</u> £'000
Cost	
At 1 April 1993 and 31 March 1994	1
Accumulated depreciation	
At 1 April 1993 and 31 March 1994	1
Net book value	
At 1 April 1993 and 31 March 1994	-

7 INVESTMENTS

	Investments in <u>subsidiaries</u> £'000	Investments in Associated <u>companies</u> £'000	<u>Total</u> £'000
Valuation at 1 April 1993	208,506	2,582	211,088
Additions	29,227	301	29,528
Disposals	(26,530)	(32)	(26,562)
Valuation at 31 March 1994	211,203	2,851	214,054

The Directors have valued the fixed asset investments of the Company at 31 March 1994 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 8 and 9 respectively.

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1994 (CONTINUED)

8 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.

<u>Country of Incorporation/ Name of subsidiary undertaking</u>	<u>Proportion of nominal value of issued shares held by the company</u>
United Kingdom	
De La Rue Holographics Limited	100%
Eire	
Thomas De La Rue and Company (Ireland) Limited	100%
France	
De La Rue Systems SA	100%
Spain	
De La Rue Systems SA	100%
Switzerland	
Thomas De La Rue AG	100%
United States of America	
De La Rue Inc	100%

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 1994 (CONTINUED)

9 ASSOCIATED UNDERTAKINGS

The company has the following investments in associated undertakings.

The companies operate in security printing and other ancillary activities.

(a)	<u>Name of Associated undertaking</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%
Koenig & Bauer AG	Germany	Ordinary	12.5%
Fidink	Switzerland	Ordinary	33.33%

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1994 (CONTINUED)

10 DEBTORS

Amounts due within one year

	<u>1994</u> £'000	<u>1993</u> £'000
Trade debtors	-	265
Amounts owed by group undertakings	1,764	2,088
Amounts owed by associated undertakings	-	3,211
Other debtors	<u>25</u>	<u>-</u>
	1,789	5,564

Amounts due after one year

Amounts owed by group undertakings	<u>32,254</u>	<u>6,724</u>
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11 CREDITORS - Amounts due within one year

	<u>1994</u> £'000	<u>1993</u> £'000
Amounts owed to group undertakings	100	100
Taxation	2,997	7,163
Other creditors	<u>3,298</u>	<u>290</u>
	6,395	7,553

12 CREDITORS - Amounts due after one year

	<u>1994</u> £'000	<u>1993</u> £'000
Amounts owed to group undertakings	<u>106,432</u>	<u>60,845</u>

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1994 (CONTINUED)

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000
At 1 April 1993	1,256
Provided in year	<u>2,420</u>
At 31 March 1994	<u>3,676</u>

The deferred taxation reflects provision for short term timing differences (full potential liability £3,676,000).

14 CALLED UP SHARE CAPITAL

	1994 and 1993 £
Authorised:	
Ordinary shares of £1 each	2,500,000
Allotted and fully paid:	
Ordinary shares of £1 each	<u>2,500,000</u>

15 RESERVES

	Share premium <u>account</u> £'000	Profit and loss <u>account</u> £'000	Other <u>reserves</u> £'000	Revaluation <u>reserve</u> £'000
At 1 April 1993	1,500	-	61,911	88,152
Loss for the year	-	(45,197)	-	-
Transfer	-	45,197	(45,197)	-
Capital contribution	<u>-</u>	<u>-</u>	<u>23,155</u>	<u>-</u>
At 31 March 1994	<u>1,500</u>	<u>-</u>	<u>39,869</u>	<u>88,152</u>

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.

During the year the Company received a capital contribution of £23,155,000 which has been included within other distributable reserves.

THOMAS DE LA RUE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1994 (CONTINUED)

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1994</u> £'000	<u>1993</u> £'000
(Loss)/profit for the year	(8,697)	270
Dividends	<u>(36,500)</u>	<u>(31,500)</u>
	(45,197)	(31,230)
Capital contribution	<u>23,155</u>	—
Net reduction to shareholders' funds	(22,042)	(31,230)
Opening shareholders' funds	<u>154,063</u>	<u>185,293</u>
Closing shareholders' funds	<u>132,021</u>	<u>154,063</u>

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.