

De La Rue International Limited

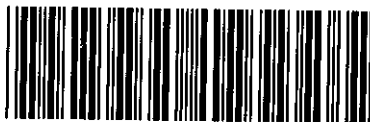
(Registered Number: 720284)

Directors' Report and Financial Statements

25 March 2006

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De La Rue International Limited

Directors' Report

The Directors submit their report together with the audited financial statements of the Company for the year ended 25 March 2006.

Principal activities

The Company carried on a worldwide business in security printing and manufacturing equipment for handling, sorting and processing documents of value.

On 16 May 2005, the Company sold its investment in De La Rue Cash Systems AB (acquired on 29 September 2004) to De La Rue Investments Limited for SEK 948,000,000.

The Company purchased the remaining 49% of the issued share capital of Shenzhen De La Rue Banking Technology Corporation Limited in June 2005 for £117,000.

The Company made an investment of £63,000 in the subsidiary De La Rue Cash Systems FZCO (Dubai).

Review of business

Security paper and print

The Currency business had another excellent year, despite anticipated reductions in volumes in banknote printing and lower overspill levels. Banknote paper volumes were up 4.6% on 2004/2005, which, together with improved manufacturing efficiency and increased orders for high specification paper that require more sophisticated banknotes threads, contributed significantly to the overall operating result.

The Security Products and Identity Systems businesses also performed strongly. Volume benefits of increased sales in authentications labels, fiscal stamps and passports all contributed to improved results.

Cash Systems

The Original Equipment Manufacture (OEM) (Automatic Teller Machines (ATM mechanisms)) and Desktop Products businesses performed strongly principally driven by volume growth in the European and Asian markets. The performance of the Cash processing Solutions (Sorter) business improved over the prior year in a continuing competitive environment.

Good progress is being made in implementing the restructuring actions outlined in December 2004. The closure of the Portsmouth factory was completed during the final quarter of the year and we are delivering cost savings ahead of schedule.

Results and dividends

Profit on ordinary activities after taxation is £20,772,000 (2005: £13,735,000). The Directors do not recommend payment of a dividend for the year (2005: Nil). A profit of £20,772,000 was transferred to reserves (2005: £13,735,000).

De La Rue International Limited

Directors' Report (continued)

Future developments

The Currency business ended the year with a strong order book providing excellent visibility for the first half of 2006/2007.

Further improvements in costs are expected in Cash Systems as the benefits of restructuring come through.

Directors

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

C L Fluker
S A King
J F Hermans (alternate)
S Dasani (alternate)

Directors' interests

At 25 March 2006 no Directors 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, the immediate holding company. The share interests of Messrs S D Dasani and J F Hermans are set out below:

Interests in Shares	25 March 2006	26 March 2005
S. D. Dasani	12,200	8,000
J. F. Hermans	-	-

De La Rue International Limited

Directors' Report (continued)

Interests in Share Options	26 March 2005	Exercised during year	Granted during year	Lapsed during year	25 March 2006	Exercise price range (pence)	Exercisable dates
<u>S. D. Dasani</u> Executive Share Options	68,384	-	-	-	68,384	237.33-340.50	Jul '06 – Jul '14
Deferred Bonus & Matching Share Scheme	-	-	24,172*	-	24,172	386.13	Jul '08
Sharesave Options	3,563	-	-	-	3,563	258.90	Mar '07 – Aug '07
<u>J.F. Hermans</u> Executive Share Options	7,200	-	2,945	-	10,145	275.25 – 522.50	Jul '04 – Jul '14
Sharesave Options	3,577	1,453	984	-	3,108	258.90 – 357.00	Mar '05 – Aug '09

* This grant comprises of 9,669 deferred shares and 14,503 matching shares subject to performance target.

The market price of the ordinary shares at 25 March 2006 was 566 pence the highest and lowest mid-market prices during the year were:

	Ordinary shares of 25p to 29 July 2005	Ordinary shares of 27.7/9p to 25 March 2005
High	410.50p	571.00p
Low	360.07p	359.50p

Research and development

During the year a total of £4,371,000 was expensed to the profit and loss account in respect of research, development and design (2005: £5,630,000).

Payments to suppliers

Creditor days for the Company have been calculated at 35 days (2005: 29 days). The Group's policy is to pay suppliers on the basis of monthly summary invoicing plus 60 days subject to local laws or other exceptions..

Employees

The Company aims to employ people of high quality and encourages creativity and initiative. It recognises individual and team contributions and will give all employees the chance to develop their potential. The Company promotes employee involvement through a policy of communication and consultation. The Company newsletter, the intranet communications channel and more traditional house notices are further strengthened through quarterly briefings, a two-way communications programme designed to maximise dialogue.

De La Rue International Limited

Directors' Report (continued)

The Company offers equal opportunities in recruitment, training and promotion and in terms and conditions of employment, irrespective of gender, sexual orientation, religious beliefs, age, colour, ethnic or racial origin, nationality, disability or trade union membership. If an employee becomes disabled when in the Company's employment, full support is given through the provision of special training, equipment or other resources to facilitate continued employment wherever possible. All managers are required to ensure that all employees understand their responsibility for the active implementation of Company policy.

The Company sustains strategic management development initiatives to enhance the commercial awareness of its managers and to improve both customer and shareholder value.

Charitable and political donations

Charitable and educational contributions totalled £33,000 (2005: £7,000). There were no political donations.

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.

The Directors consider that in preparing the financial statements on pages 7 to 21 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.

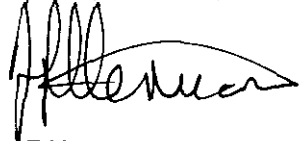
De La Rue International Limited

Directors' Report (continued)

Auditors

Pursuant to Section 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 Company's auditors, PricewaterhouseCoopers LLP, indicated their willingness to continue in office.

By Order of the Board



J F Hermans

Secretary

30 January 2007

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

De La Rue International Limited

Independent Auditors' Report to the Members of De La Rue International Limited

We have audited the financial statements of De La Rue International Limited for the year ended 25 March 2006 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members 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 report to you whether in our opinion the information given in the Directors' Report is not consistent with the financial statements. 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

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, in accordance with United Kingdom generally accepted accounting practice, of the state of the Company's affairs as at 25 March 2006 and of its profit 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 2007

De La Rue International Limited

Profit and Loss Account For the Year Ended 25 March 2006

	<i>Note</i>	2006 £'000	2005 £'000
Turnover	3	345,309	369,645
Operating profit	4,5	24,969	25,188
Non-operating items	6	(2,328)	(9,724)
Profit on ordinary activities before interest		22,641	15,464
Interest receivable and similar income	7	14	432
Interest payable and similar charges	8	(1,830)	(2,061)
Profit on ordinary activities before taxation		20,825	13,835
Taxation on profit on ordinary activities	9	(53)	(100)
Profit on ordinary activities after taxation and retained profit for the financial year	21	20,772	13,735

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 25 March 2006

	2006 £'000	2005 £'000
Retained profit for the financial year	20,772	13,735
Currency translation differences on foreign currency net investments	-	34
Total recognised gains for the year	20,772	13,769

The notes on pages 9 to 21 form part of these financial statements.

De La Rue International Limited

Balance Sheet at 25 March 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Intangible assets	10	2,472	2,450
Tangible assets	11	69,658	76,102
Investments	12	10,920	85,991
		83,050	164,543
Current assets			
Stocks	15	27,973	31,605
Debtors - due within one year	16	57,337	47,579
Debtors - due after one year	16	700,895	704,009
Cash at bank and in hand		147,426	75,697
		933,631	858,890
Creditors – amounts falling due within one year	17	(236,187)	(197,069)
Net current assets		697,444	661,821
Total assets less current liabilities		780,494	826,364
Creditors – amounts falling due after more than one year	18	(570,457)	(635,760)
Provisions for liabilities and charges	19	(28,955)	(30,294)
Net assets		181,082	160,310
Capital and reserves			
Called up share capital	20	152,000	152,000
Profit and loss account	21	29,082	8,310
Equity shareholders' funds	22	181,082	160,310

Approved by the Board on

30 January 2007

S D Dasani

Director

The notes on pages 9 to 21 form part of these financial statements.

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

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 and in accordance with applicable UK accounting standards. The accounts have been prepared as at 25 March 2006, being the last Saturday in March. The comparatives for the 2005 financial year are for the year ended 26 March 2005.

The Directors have reviewed the Company's existing accounting policies and consider that they are consistent with the requirements of Financial Reporting Standards ('FRS') 18 'Accounting Policies'. We have considered the new standards FRS 20 'Share based Payments' and FRS21 'Events after the Balance Sheet Date'; however they have no impact on the financial statements. The Company's accounting policies are otherwise consistent with the prior year.

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash Flow Statements'. The Company is also exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the De La Rue Group.

(b) Consolidation of subsidiaries

The financial statements contain information about De La Rue International Limited as an individual company and do not contain consolidated financial information as the parent of a group of companies. 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

Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the appropriate year-end rates of exchange. The profits and losses of overseas branches have been translated into sterling at average rates for the year.

Differences arising from the restatement of the opening balance sheet of overseas branches at closing rates, together with the year end adjustment to closing rates of profit and loss accounts translated at average rates, are dealt with through reserves.

(d) Turnover

Turnover represents sales of manufactured products and services which fall within the Company's ordinary trading activities. This excludes VAT and other sales taxes.

Revenue is recognised in the profit and loss account when goods or services are supplied to external and intra Group customers in accordance with the terms of sale. The significant risks and rewards of ownership are transferred to the buyer when goods are supplied.

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

1 Accounting policies (Continued)

(e) Goodwill amortisation

Upon the acquisition of a business, fair values that reflect the conditions at the date of acquisition are attributed to the identifiable net assets acquired. When the consideration paid for a business exceeds such net assets, the difference is treated as goodwill and is capitalised and amortised over an appropriate period not exceeding 20 years. For acquisitions prior to 1 April 1998 all goodwill is eliminated in the Company balance sheet against reserves. On disposal of a business the profit or loss on disposal is determined, after including the attributable amount of purchased goodwill to the extent that this has not been amortised through the profit and loss account. Negative goodwill is capitalised and amortised through the profit and loss account over the estimated life to which the goodwill relates.

(f) Other intangible assets

Distribution rights are amortised over their useful economic lives as determined by the life of the products to which they relate.

(g) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation of fixed assets is calculated on a straight line basis at rates sufficient to write down the assets over their expected useful lives.

The principal annual rates of depreciation are as follows:

Leasehold properties with less than 50 years unexpired	Written off over life of lease
Plant and equipment	Ranging from 8% to 33 %
Fixtures and fittings	10%.

(h) Leases

Operating lease rentals are charged to the profit and loss account as incurred.

Tangible fixed assets acquired under finance leases are included in the balance sheet at their equivalent capital value and are depreciated over their useful lives. The corresponding liabilities are recorded as a creditor and the interest elements of the finance lease rentals are charged to the profit and loss account.

(i) Research and development

Product research and development expenditure is written off in the year in which it is incurred.

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

1 Accounting policies (Continued)

(j) Taxation

The charge for UK taxation, based on profit for the year, is made in the financial statements of the parent company, De La Rue Holdings plc.

The parent company also accounts for deferred taxation 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. Where advance corporation tax cannot be offset with reasonable certainty against current, future or deferred UK taxation liabilities, taking into account expected results and dividends, it is written off in the profit and loss account.

(k) Stocks

Stocks and work in progress are valued at the lower of cost, including relevant production overheads, and net realisable value.

(l) Pensions

The pension rights of De La Rue International Limited's employees are dealt with through a self administered scheme, the assets of which are held independently of the Company's finances. The scheme is a defined benefit scheme that is funded partly by contributions from members and partly by contributions from De La Rue plc and its subsidiaries at rates advised by independent professionally qualified actuaries. In accordance with FRS 17, De La Rue International Limited accounts for its contributions as though it were a defined contribution scheme. This is because the underlying assets and liabilities of the scheme cover De La Rue plc and a number of its subsidiaries and it cannot be split between each subsidiary on a consistent and reasonable basis. Full details of the scheme and its deficits (measured on an IAS 19 basis) can be found in Note 24 to the consolidated financial statements of De La Rue plc.

(m) Investments

Investments are stated at cost in the balance sheet, less provision for any impairment.

2 Directors' emoluments & auditors' remuneration

The auditors' remuneration was borne by the intermediate parent undertaking.

Directors' emoluments for Mr S A King are disclosed in the accounts of the ultimate parent undertaking, De La Rue plc, and those of Miss C L Fluker are disclosed in the accounts of the immediate parent company De La Rue Holdings plc. No other Director received emoluments in his capacity as a Director of the Company.

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

3 Turnover

Turnover by geographical market is analysed below:

	2006 £'000	2005 £'000
United Kingdom	72,345	61,667
Rest of Europe	40,229	55,912
Rest of World	232,735	252,066
	345,309	369,645

The Company's business is based in the UK. The majority of net assets of the Company are located in the UK. The Company has taken advantage of the exemption for segmental reporting contained in SSAP 25 as segmental information is given in the consolidated financial statements of the ultimate parent undertaking, De La Rue plc.

4 Operating costs

	2006 £'000	2005 £'000 (restated)
Cost of sales	273,925	284,180
Distribution costs	11,426	11,023
Administrative expenses	34,989	49,254
	320,340	344,457

Prior year distribution and administrative costs have been restated to reflect revised presentation of Debden distribution costs.

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

5 Operating profit

	2006 £'000	2005 £'000
Operating profit is stated after the following amounts have been charged/(credited):		
Staff costs		
- Wages and salaries	85,226	89,774
- Social security costs	4,944	5,610
- Other pension costs	7,348	9,200
Amortisation of goodwill and other intangible fixed assets	627	539
Depreciation of tangible fixed assets		
- purchased	10,761	12,164
- leased	3,004	4,252
Operating leases		
- hire of plant and machinery	261	300
- other	1,436	2,602
Research and development	4,371	5,630
(Profit)/loss on sale of fixed assets	329	(278)
Exceptional items charged/(credited) to operating profit:		
Reorganisation costs (charged to cost of sales)	2,819	7,391
Reversal of impairment in Portuguese JV (credited to administration costs)	(444)	(438)

6 Non-operating items

	2006 £'000	2005 £'000
Write back of warranty provisions	-	1,476
Impairment of investment in subsidiary undertaking	(2,328)	(11,200)
	(2,328)	(9,724)

7 Interest receivable and similar income

	2006 £'000	2005 £'000
Interest receivable from Group undertakings	14	418
External interest receivable	-	14
	14	432

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

8 Interest payable and similar charges

	2006 £'000	2005 £'000
Interest paid to Group undertakings	1,080	1,121
Finance lease interest in respect of plant and machinery	700	840
Other interest payable	50	100
	1,830	2,061

9 Taxation on profit on ordinary activities

	2006 £'000	2005 £'000
Taxation on profit on ordinary activities:		
Overseas taxation	53	100

Subsequent to the adoption of an agreement between the Company and De La Rue Holdings plc, the latter will meet all UK corporate tax liabilities relating to the profits of the Company, so long as it remains a member of the Group.

There is a deferred tax liability reflected in the financial statements of the immediate parent company following the arrangements mentioned in Accounting Policy Note 1(j).

10 Intangible assets

	Goodwill £'000	Intellectual Property Rights £'000	Distribution Rights £'000	Total £'000
Cost or valuation				
At 27 March 2005	4,791	1,047	314	6,152
Additions	649	-	-	649
At 25 March 2006	5,440	1,047	314	6,801
Amortisation				
At 27 March 2005	3,230	158	314	3,702
Provision for the year	575	52	-	627
At 25 March 2006	3,805	210	314	4,329
Net book value				
At 27 March 2005	1,561	889	-	2,450
At 25 March 2006	1,635	837	-	2,472

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

11 Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Assets in course of construction £'000	Total £'000
Cost or valuation					
At 27 March 2005	4,119	194,368	22,045	1,588	222,120
Transfer to Group Companies	-	(2,886)	-	-	(2,886)
Transfers from assets in the course of construction	-	567	-	(567)	-
Additions	820	4,406	609	2,077	7,912
Disposals	-	(1,640)	(8,887)	-	(10,527)
At 25 March 2006	4,939	194,815	13,767	3,098	216,619
Accumulated depreciation					
At 27 March 2005	294	127,200	18,524	-	146,018
Transfer to Group Companies	-	(2,836)	-	-	(2,836)
Provision for the year	236	11,974	1,555	-	13,765
Disposals	-	(1,637)	(8,349)	-	(9,986)
At 25 March 2006	530	134,701	11,730	-	146,961
Net book value					
At 26 March 2005	3,825	67,168	3,521	1,588	76,102
At 25 March 2006	4,409	60,114	2,037	3,098	69,658

The net book value of plant and machinery held under finance leases at 25 March 2006 was £8,285,000 (2005: £12,872,000). Depreciation charged during the year amounted to £3,004,000 (2005: £4,252,000).

12 Investments

	£'000
At cost on 27 March 2005	85,991
Additions	180
Disposals	(72,923)
Impairment of investment	(2,328)
At cost on 25 March 2006	10,920

During the year, the Company sold its investment in De La Rue Cash Systems AB (acquired in September 2004) to De La Rue Investments Limited for SEK 948,000,000.

The Company invested a further £117,000 in Shenzhen De La Rue Nantian Banking Technology Corporation Limited ("Shenzhen") and £63,000 in De La Rue Cash Systems FZCO (Dubai).

As a result of reassessment of future prospects, the carrying value of the investments in De La Rue South Africa (Proprietary) Limited and Shenzhen have been fully impaired.

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

13 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 De La Rue International Limited.

Name of Subsidiary	Country of Registration or Incorporation	Class of shares	Nature of business	Proportion of nominal value of issued shares held by the Company
Currency Systems International UK Holding Company Limited	UK	Ordinary	Cash Systems	100%
De La Rue Global Services (Pty) Limited	South Africa	Ordinary	Security Printing	100%
De La Rue Systems – Automatizacao, S.A.	Portugal	Ordinary	Cash Systems	100%
De La Rue Mexico S.A. de C.V	Mexico	Ordinary	Security printing	100%
De La Rue Cash Systems AB	Sweden	Ordinary	Cash Systems	100%

14 Associated undertakings

The Company has investments in an associated undertaking, as set out in the table below. This associate has a 31 March year-end.

Name of Associated undertaking	Country of registration or Incorporation	Nature of business	Class of shares	Interest of De La Rue Holdings Limited
Valora-Servicos de Apoio à Emissão Monetária SA	Portugal	Currency printing	Ordinary	25%

15 Stocks

	2006 £'000	2005 £'000
Raw materials	4,229	8,312
Work-in-progress	8,800	12,168
Finished goods and spares	14,832	11,011
Goods in transit	112	114
	27,973	31,605

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

16 Debtors - amounts due within one year

	2006 £'000	2005 £'000
Trade debtors	34,497	30,164
Amounts owed by Group undertakings	14,094	11,949
Other debtors	3,858	3,919
Prepayments and accrued income	4,888	1,547
	57,337	47,579

Debtors - amounts due after one year

	2006 £'000	2005 £'000
Amounts owed by Group undertakings	700,866	703,979
Other debtors	29	30
	700,895	704,009

17 Creditors - amounts falling due within one year

	2006 £'000	2005 £'000
Bank loans and overdrafts	132,682	109,479
Payments received on account	29,558	20,898
Trade creditors	14,279	10,978
Amounts owed to Group undertakings	23,050	17,050
Other creditors	3,653	5,708
Taxation and social security	2,073	2,409
Accruals and deferred income	29,130	29,115
Obligations under finance leases	1,762	1,432
	236,187	197,069

Amounts owed to Group undertakings are unsecured and interest free.

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

18 Creditors - amounts falling due after more than one year

	2006 £'000	2005 £'000
Amounts owed to Group undertakings	559,312	621,410
Other creditors	321	126
Accruals and deferred income	12	56
Obligations under finance leases		
Between one and two years	5,266	3,359
Between two and five years	5,546	8,992
Over five years	-	1,817
	570,457	635,760

The finance lease obligation is repayable quarterly in advance and interest is accrued at LIBOR plus 45 basis points.

Amounts owed to Group undertakings are unsecured and interest free.

19 Provisions for liabilities and charges

	Pensions & similar obligations £'000	Other £'000	Total £'000
At 27 March 2005	17,562	12,732	30,294
Provided in year	4,906	8,043	12,949
Utilised in year	(4,330)	(6,102)	(10,432)
Released in year	(189)	(3,667)	(3,856)
At 25 March 2006	17,949	11,006	28,955

As at 25 March 2006 other provisions principally include:

Reorganisation provisions of £4,417,000 (2005 £7,853,000). Cash Systems provided for a further £1,239,000 in respect of reorganisations and utilised £3,554,000, leaving a balance of £3,720,000 carried forward. Security Products utilised £367,000 of its provision and released £776,000 in the year, leaving £250,000 carried forward. Debden provided a further £126,000 in respect of reorganisations and utilised £100,000 during the year leaving £447,000 carried forward.

There are no other individually material provisions within provisions for liabilities and charges.

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

20 Called up share capital

	2006	2005
Authorised:		
152,000,000 Ordinary shares of £1 each	£152,000,000	£152,000,000
29,000 Redeemable preference shares of SFr 1,000 each	Swf 29,000,000	Swf 29,000,000
	2006	2005
	£'000	£'000
Allotted, called up and fully paid:		
152,000,000 Ordinary shares of £1 each	152,000	152,000

21 Reserves

	Profit and loss Account 2006 £'000	Profit and loss Account 2005 £'000
At 27 March 2005	8,310	(5,459)
Currency translation	-	34
Profit for the financial year transferred to reserves	20,772	13,735
At 25 March 2006	29,082	8,310

22 Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
Profit for the financial year transferred to reserves	20,772	13,735
Other recognised gains relating to the year (net)	-	34
Net increase in shareholders' funds	20,772	13,769
Opening shareholders' funds	160,310	146,541
Closing shareholders' funds	181,082	160,310

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

23 Particulars of employees

	2006 Number	2005 Number
The average number of persons employed by the Company during the year was:		
United Kingdom	2,032	2,189
Rest of the World	55	65
	<u>2,087</u>	<u>2,254</u>

24 Contingent liabilities

There were contingent liabilities at the balance sheet date in respect of:

	2006 £'000	2005 £'000
Guarantees to banks and others:		
On behalf of other Group undertakings	<u>3,637</u>	<u>3,891</u>

25 Capital commitments

	2006 £'000	2005 £'000
The following capital commitments existed at the balance sheet date:		
Contracted but not provided for in the financial statements	<u>7,389</u>	<u>3,623</u>

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

26 Leases

	2006 £'000	2005 £'000 (restated)
Annual commitments under operating leases are:		
Land and buildings		
Leases expiring:		
Within one year	700	196
Between one and two years	-	500
Between two and five years	20	20
After five years	855	734
<hr/>		
Others		
Leases expiring:		
Within one year	181	283
Between one and two years	86	60
Between two and five years	99	24
After five years	-	-

27 Pension costs

The Company is a participating employer in one of the De La Rue plc Group pension schemes. The principal schemes are of the defined benefit type with assets held in separate trustee administered funds. Total pension costs were £7,348,000 (2005: £9,200,000). A provision of £17,949,000 (2005: £17,562,000) is held on the balance sheet, representing the difference between the contributions to the schemes and the amount charged in the financial statements. Details of the latest actuarial valuations and the assumptions underlying them are contained in the financial statements of De La Rue plc.

28 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.

De La Rue International Limited

Notes to the Financial Statements – 25 March 2006

29 Immediate and ultimate parent undertaking

The immediate parent undertaking of the Company is De La Rue Holdings plc and the ultimate parent undertaking 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 financial statements are prepared. Copies of the Group financial statements are available from the Secretary, De La Rue plc at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS.