

De La Rue Payment Services Limited
(Registered Number: 48179)

Directors' Report and Financial Statements

1 April 2000

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De La Rue Payment Services Limited

Directors' Report

The Directors submit their report together with the audited financial statements of the Company for the year ended 1 April 2000.

Principal activity

The Company did not trade during the year.

Results and dividends

The retained profit for the year was £nil (1999: £nil). The Directors do not recommend the payment of a dividend (1999: £nil).

Directors

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

R G Laing	(resigned 1 August 1999)
C L Fluker	(appointed 1 April 1999)
P R Hollingworth	(appointed 1 August 1999)

Directors' interests

The Company's ultimate parent undertaking at the beginning of the year, De La Rue plc, changed its name to De La Rue Holdings plc on 1 February 2000. Under a Court sanctioned Scheme of Arrangement on 1 February 2000, New De La Rue plc became the new ultimate parent company undertaking and immediately changed its name to De La Rue plc.

Under the Scheme of Arrangement, Directors received, for every 20 ordinary shares in De La Rue Holdings plc, 17 De La Rue plc shares and 920 pence in cash. At 1 April 2000 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 Mr P R Hollingworth in the ordinary shares of the ultimate parent undertaking are shown in that company's accounts. The holdings of Ms C L Fluker are as follows:

	De La Rue Holdings plc	De La Rue plc	De La Rue plc
	1 April 1999	1 February 2000	1 April 2000
Ordinary Shares	8,416	7,152	7,152
Share Price Improvement Plan	-	99,400	99,400
Executive Share Options	46,900	46,900	46,900
Savings Related Share Options	5,580	5,580	5,580

During the year, that portion of Ms Fluker's ordinary shares held in a PEP were reduced by 119 shares.

Ms Fluker was granted 99,400 options on 26 November 1999 under the De La Rue Share Price Improvement Plan. No other options were granted during the year and none were exercised or lapsed.

De La Rue Payment Services Limited

Directors' Report (Continued)

All the Directors agreed to exchange existing options over shares in De La Rue Holdings plc for an identical number of replacement options over shares in De La Rue plc under the terms of the Scheme of Arrangement. At 1 April 2000 Ms Fluker's options under the Savings Related Share Option Scheme are exercisable from March to September 2004 at a price of 150 pence. Those options held under the Executive Share Option Scheme are exercisable at various dates up to July 2007 at prices ranging between 365.67 pence and 934 pence and those options under the Share Price Improvement Plan are exercisable from November 2002 to November 2003 at a price of 215.3 pence.

The middle market price of De La Rue's ordinary shares on 1 April 2000 was 226 pence and the price range during the period 1 February 2000 to 1 April 2000 was 230 pence to 315 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



J F Hermans
Secretary

11 September 2000

Registered Office:
Ridge Way
Donibristle Industrial Estate
Dalgety Bay
Dunfermline
Fife
KY11 5JU
Scotland

Auditors' Report to the Members of De La Rue Payment Services Limited

We have audited the financial statements on pages 4 and 5 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 2, 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 United Kingdom Companies Act. 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 1 April 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
London

11 September 2000

De La Rue Payment Services Limited

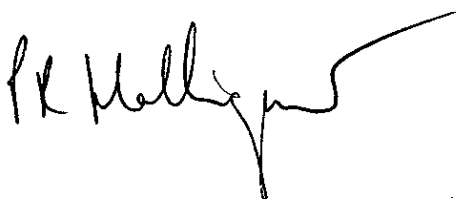
Balance Sheet at 1 April 2000

	Note	2000 £'000	1999 £'000
Current assets			
Amounts owed by group undertakings		1,579	1,579
Capital and reserves			
Called up share capital	3	802	802
Profit and loss account		777	777
Equity shareholders' funds		1,579	1,579

Approved by the Board on

11 September 2000

P R Hollingworth
Director



The notes on page 5 form part of these financial statements.

De La Rue Payment Services Limited

Notes to the Financial Statements - 1 April 2000

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts have been prepared as at 1 April 2000, being the nearest Saturday to 31 March. The comparatives for the 1999 financial year are for the year ended 31 March 1999.

2 Profit and loss account

The Company did not trade during the year, did not incur any liabilities and consequently incurred neither a profit nor a loss.

3 Called up share capital

2000 and 1999
£

Authorised:

Ordinary shares of £1 each	2,500,000
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Allotted, called up and fully paid:

Ordinary shares of £1 each	801,728
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4 Immediate and Ultimate Parent Companies

The immediate parent undertaking of the Company is De La Rue International Limited 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.