

Portals Property Limited
(Registered Number 656722)

Directors' Report and Financial Statements

31 March 2001



Portals Property Limited

Directors' Report

The Directors submit their report and the audited accounts of the Company for the year ended 31 March 2001.

Business review and future developments

The Company has continued to dispose of its properties during the year. This will continue together with the disposal of the remaining industrial premises and plots of land, as market conditions reasonably allow.

Results and dividend

Loss on ordinary activities after taxation is £16,000 (2000: £1,026,000 profit). The Directors do not recommend the payment of a dividend (2000: £nil). An amount of £16,000 was transferred from reserves (2000: £1,026,000 transferred to reserves).

Directors and their interests

The names of the persons who served as directors during the period are:

C L Fluker
P R Hollingworth.

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 and share options 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:

	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

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 options under the De La Rue 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 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.

Portals Property Limited

Directors' Report (Continued)

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

30/01/2002

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

Auditors' Report to the Members of Portals Property Limited

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 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.

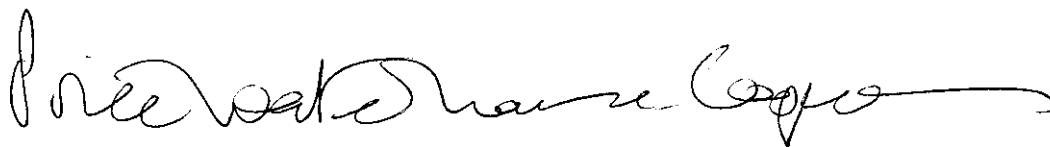
Basis of audit opinion

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

30/01/ 2002

Portals Property Limited

Profit and Loss Account For the Year Ended 31 March 2001

	<i>Note</i>	Year ended 31 March 2001 £'000	Year ended 1 April 2000 £'000
Turnover		-	35
Cost of sales		-	(10)
Gross profit		-	25
Administrative expenses		(16)	(28)
Operating (loss)/profit	2	(16)	(3)
Profit on sale of properties		-	1,029
Loss/(profit) on ordinary activities before taxation		(16)	1,026
Loss/(profit) for the financial year transferred to reserves		(16)	1,026

Statement of Total Recognised Gains and Losses For the Year Ended 31 March 2001

There are no recognised gains or losses other than the loss for the financial year shown in the above profit and loss account.

The notes on pages 7 to 10 form part of these financial statements.

Portals Property Limited

Note of Historical Cost Profits and Losses For the Year Ended 31 March 2001

	Year ended 31 March 2001 £'000	Year ended 1 April 2000 £'000
Reported (loss)/profit on ordinary activities before taxation	(16)	1,026
Realisation of property revaluation gains of previous years	-	37
Historical cost (loss)/profit on ordinary activities before taxation	(16)	1,063
Historical cost (loss)/profit for the year after taxation	(16)	3,185

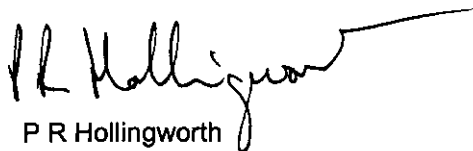
The notes on pages 7 to 10 form part of these financial statements.

Portals Property Limited

Balance Sheet at 31 March 2001

	Note	31 March 2001		1 April 2000	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	3		299		299
Current assets					
Debtors	4	44,008		44,073	
Cash at bank and in hand		5,617		5,563	
		49,625		49,636	
Creditors - amounts falling due within one year	5	(236)		(231)	
Net current assets			49,389		49,405
Total assets less current liabilities			49,688		49,704
Capital and reserves					
Called up share capital	6		-		-
Revaluation reserve	7		274		274
Profit and loss account	7		49,414		49,430
Equity shareholders' funds	8		49,688		49,704

Approved by the Board on
30/01/2002


P R Hollingworth
Director

The notes on pages 7 to 10 form part of these financial statements.

Portals Property Limited

Notes to the Accounts - Year Ended 31 March 2001

1 Accounting policies

(1) Accounting convention

The financial statements of the Company have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings in 1996, 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.

(2) Turnover

Turnover comprises the amounts derived from the provision of goods and services and gross rents receivable.

(3) Depreciation

Depreciation is provided on freehold and long leasehold commercial and industrial properties calculated at 2% p.a. on a straight line basis on the value of the properties (exclusive of site values) and on subsequent additions at cost. No depreciation is charged on land.

(4) Taxation

Provision for UK corporation tax on profits of the Company arising after 1 April 1997 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.

2 Directors' remuneration and auditors' remuneration

The Directors did not receive any emoluments in their capacity as directors of the Company (2000: £nil).

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

Portals Property Limited

Notes to the Accounts - Year Ended 31 March 2001

3 Tangible assets

Freehold land
and buildings
£'000

Cost or valuation and Net book value

At 2 April 2000 and at 31 March 2001

299

Commercial freehold properties were valued at 31 December 1996 by King Sturge & Co, independent chartered surveyors, at open market value on an existing use basis.

The agricultural and residential properties were valued at 31 December 1996 by Lane Fox and Partners Limited, independent surveyors, at open market value.

The historical cost of tangible fixed assets at 31 March 2001 was £129,100 (2000: £750,040).

4 Debtors

	31 March 2001 £'000	1 April 2000 £'000
Trade debtors	15	9
Amounts owed by group undertakings	43,993	44,062
Taxation recoverable	-	2
	44,008	44,073

5 Creditors : amounts falling due within one year

	31 March 2001 £'000	1 April 2000 £'000
Amounts owed to group undertakings	233	225
Other creditors	-	1
Accruals and deferred income	3	5
	236	231

Portals Property Limited

Notes to the Accounts - Year Ended 31 March 2001

6 Share capital

	31 March 2001 £	1 April 2000 £
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 per share	100	100

7 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At 2 April 2000	274	49,430
Retained profit for the financial year	-	(16)
At 31 March 2001	274	49,414

8 Reconciliation of movements in shareholders' funds

	Year ended 31 March 2001 £'000	Year ended 1 April 2000 £'000
Retained (loss)/profit for the financial year	(16)	1,026
Net (decrease)/increase in shareholders' funds	(16)	1,026
Opening shareholders' funds	49,704	48,678
Closing shareholders' funds	49,688	49,704

9 Immediate and ultimate parent undertakings

The immediate parent undertaking of the Company is Portals Group 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 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.

Portals Property Limited

Notes to the Accounts - Year Ended 31 March 2001

10 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.