

Portals Property Limited
(Registered Number 656722)

Directors' Report and Financial Statements

26 March 2005



Portals Property Limited

Directors' Report

The Directors submit their report and the audited accounts of the Company for the year ended 26 March 2005.

Principal activity

The company holds various properties used by other Group companies.

Business review and future developments

The Company has continued to dispose of its industrial premises and plots of land that are not used for core activities within the De La Rue Group and will continue to do so, as market conditions reasonably allow.

Results and dividend

Profit on ordinary activities after taxation is £995,000 (2004: £2,100,000). The Directors do not recommend the payment of a dividend (2004: £nil). An amount of £995,000 was transferred to reserves (2004: £2,100,000).

Directors

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

C L Fluker
S A King
J F Hermans (alternate)
R G McGowan (alternate, resigned on 10 September 2004)
S D Dasani (alternate, appointed on 10 September 2004)

Directors' interests

At 26 March 2005 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 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, an intermediate holding company. The share interests of Messrs S D Dasani and J F Hermans are set out below:

Interests in Shares	26 March 2005	27 March 2004
S. D. Dasani	8,000	-

Portals Property Limited

Directors' Report (Continued)

Directors' interests (continued)

<u>Interests in Share Options</u>	27 March 2004	Exercised during year	Granted during year	Lapsed during year	26 March 2005	Exercise price range (pence)	Exercise dates
<u>S. D. Dasani</u> Executive Share Options	25,800	-	42,584	-	68,384	237.33-340.50	Jul '06 – Jul '14
Sharesave Options	3,563	-	-	-	3,563	258.90	Mar '07 – Aug '07
<u>J. F. Hermans</u> Executive Share Options	19,700	12,500	-	-	7,200	522.50	Jul '04- Jul '11
Sharesave Options	2,878	-	699	-	3,577	244.50-434.10	Mar '05- Aug '06

The market price of the ordinary shares at 26 March 2005 was 400 pence and the price range during the year was 302 pence to 408.75 pence.

Statement of 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.

Portals Property Limited

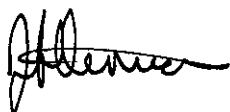
Directors' Report (Continued)

The Directors consider that in preparing the financial statements on pages 5 to 10 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.

Auditors

Pursuant to Sections 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 auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By Order of the Board



J F Hermans
Secretary
30 January 2006

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

Portals Property Limited

Independent Auditors' Report to the Member of Portals Property Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's member 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 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.

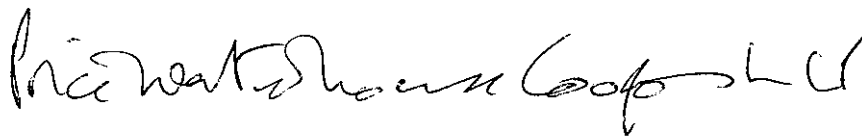
Basis of audit opinion

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 26 March 2005 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 2006

Portals Property Limited

Profit and Loss Account For the Year Ended 26 March 2005

	<i>Note</i>	2005 £'000	2004 £'000
Administrative expenses		(230)	(200)
Other operating income		1,225	1,225
Operating profit		995	1,025
Non operating item	3	-	1,075
Profit on ordinary activities before and after taxation		995	2,100
Retained profit for the financial year	8	995	2,100

There is no difference between the results in the profit and loss account and the results on an historical cost basis.

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

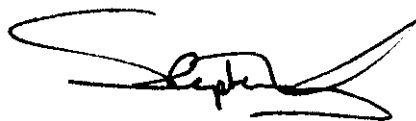
The notes on pages 7 to 10 form part of these financial statements.

Portals Property Limited

Balance Sheet at 26 March 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	4	11,600	11,794
Current assets			
Debtors	5	41,994	40,869
Cash at bank and in hand		143	117
		42,137	40,986
Creditors - amounts falling due within one year	6	-	(38)
Net current assets		42,137	40,948
Net assets		53,737	52,742
<hr/>			
Capital and reserves			
Called up share capital	7	-	-
Revaluation reserve	8	274	274
Profit and loss account	8	53,463	52,468
Equity shareholders' funds	9	53,737	52,742

Approved by the Board on 30 January 2006



S A King
Director

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

Portals Property Limited

Notes to the Accounts - Year Ended 26 March 2005

1 Accounting policies

(a) Basis of preparation

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 26 March 2005, being the last Saturday in March. The comparatives for the 2004 financial year are for the year ended 27 March 2004.

(b) Depreciation

Depreciation is charged 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.

(c) Taxation

Provision for UK corporation tax on profits of the Company arising after 1 April 1997 is made in the financial statements of the parent company, De La Rue Holdings plc.

The parent company also makes provision for deferred taxation in accordance with FRS 19 "Deferred Tax" which requires the recognition of deferred tax assets and liabilities on the balance sheet to the extent that they will more likely than not materialise.

2 Directors' remuneration and auditors' remuneration

Directors' emoluments for Mr S A King and Miss C L Fluker are disclosed in the accounts of the intermediate parent company De La Rue Holdings plc. No other Director received emoluments in his capacity as a Director of the Company (2004: £Nil).

There are no persons employed by the Company (2004: Nil).

The auditors' remuneration was borne by an intermediate parent company, De La Rue Holdings plc.

Portals Property Limited

Notes to the Accounts - Year Ended 26 March 2005

3 Non operating item

	2005 £'000	2004 £'000
Disposal of fixed assets	-	1,075

4 Tangible assets

	Freehold land and buildings 2005 £'000
Cost or valuation	
At 27 March 2004 and 26 March 2005	12,180
Accumulated depreciation	
At 27 March 2004	(386)
Provision for the year	(194)
At 26 March 2005	(580)
Net book value	
At 27 March 2004	11,794
At 26 March 2005	11,600

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 26 March 2005 was £12,010,100 (2004: £12,010,100).

Portals Property Limited

Notes to the Accounts - Year Ended 26 March 2005

5 Debtors

	2005 £'000	2004 £'000
Trade debtors	6	9
Amounts owed by Group undertakings	41,988	39,527
Other debtors	-	1,333
	41,994	40,869

6 Creditors : amounts falling due within one year

	2005 £'000	2004 £'000
Accruals and deferred income	-	38

7 Called up share capital

	2005 £	2004 £
Authorised:		
100 Ordinary Shares of £1 per share	100	100
Allotted, called up and fully paid:		
100 Ordinary Shares of £1 per share	100	100

8 Reserves

	Revaluation Reserve £'000	Profit and loss account £'000
At 27 March 2004	274	52,468
Retained profit for the financial year	-	995
At 26 March 2005	274	53,463

Portals Property Limited

Notes to the Accounts - Year Ended 26 March 2005

9 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Retained profit for the financial year	995	2,100
Net increase in shareholders' funds	995	2,100
Opening shareholders' funds	52,742	50,642
Closing shareholders' funds	53,737	52,742

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. References to "Group" mean to De La Rue plc and its subsidiaries.

11 Immediate and ultimate parent undertakings

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 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.