

Portals Property Limited
(Registered Number 656722)

Directors' Report and Financial Statements

1 April 2000



Portals Property Limited

Directors' Report

The Directors submit their report and the audited accounts of the Company for the year ended 1 April 2000.

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

Profit on ordinary activities after taxation is £1,026,000 (1999: £3,188,000). The Directors do not recommend the payment of a dividend (1999: £nil). An amount of £1,026,000 (1999: £3,188,000) was transferred to reserves.

Directors and their interests

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

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

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 held in De La Rue Holdings plc, 17 De La Rue plc ordinary 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.

Portals Property 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.

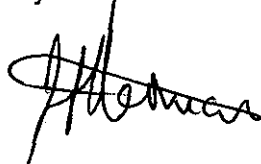
Statement of Directors' responsibilities

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

7 September 2000

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 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 profit 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

Portals Property Limited

Note of Historical Cost Profits and Losses For the Year Ended 1 April 2000

	Year ended 1 April 2000 £'000	Year ended 31 March 1999 £'000
Reported profit on ordinary activities before taxation	1,026	3,188
Realisation of property revaluation gains of previous years	37	-
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	-	(3)
Historical cost profit on ordinary activities before taxation	1,063	3,185
Historical cost profit for the year after taxation	1,063	3,185

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

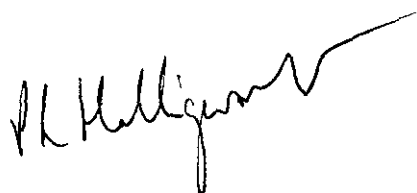
Portals Property Limited

Balance Sheet at 1 April 2000

	Note	1 April 2000 £'000	31 March 1999 £'000
Fixed assets			
Tangible assets	3	299	429
Current assets			
Debtors	4	44,073	44,111
Cash at bank and in hand		5,563	4,361
		49,636	48,472
Creditors - amounts falling due within one year	5	(231)	(223)
Net current assets		49,405	48,249
Total assets less current liabilities		49,704	48,678
Capital and reserves			
Called up share capital	6	-	-
Revaluation reserve	7	274	311
Profit and loss account	7	49,430	48,367
Equity shareholders' funds	8	49,704	48,678

Approved by the Board on
7 September 2000

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 1 April 2000

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 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) 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% pa 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 Director's remuneration and auditors' remuneration

The Directors did not receive any emoluments in their capacity as directors of the Company (1999: £nil).

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

Portals Property Limited

Notes to the Accounts - Year Ended 1 April 2000

3 Tangible assets

	Freehold land and buildings £'000
Cost or valuation and Net book value	
At 1 April 1999	429
Disposals	(130)
At 1 April 2000	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 1 April 2000 was £129,100 (1999: £750,040).

4 Debtors

	1 April 2000 £'000	31 March 1999 £'000
Trade debtors	9	5
Amounts owed by group undertakings	44,062	44,104
Taxation recoverable	2	2
	44,073	44,111

5 Creditors : amounts falling due within one year

	1 April 2000 £'000	31 March 1999 £'000
Amounts owed to group undertakings	225	215
Other creditors	1	1
Accruals and deferred income	5	7
	231	223

Portals Property Limited

Notes to the Accounts - Year Ended 1 April 2000

6 Share capital

	1 April 2000 £	31 March 1999 £
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 1 April 1999	311	48,367
Realisation of property revaluation surpluses from prior years	(37)	37
Retained profit for the financial year	-	1,026
At 1 April 2000	274	49,430

8 Reconciliation of movements in shareholders' funds

	Year ended 1 April 2000 £'000	Year ended 31 March 1999 £'000
Retained profit for the financial year	1,026	3,188
Net increase in shareholders' funds	1,026	3,188
Opening shareholders' funds	48,678	45,490
Closing shareholders' funds	49,704	48,678

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 1 April 2000

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.