

Portals (Bathford) Limited
(Registered Number: 120528)

Directors' Report and Financial Statements

27 March 2004



Portals (Bathford) Limited

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 27 March 2004.

Principal activity, results and dividends

The Company is dormant within the definition of section 249AA of the Companies Act 1985 and so therefore made neither profit nor loss during the year. The Directors do not recommend the payment of a dividend for the year (2003: £Nil).

Future developments

The Directors intend to continue with the current arrangements whereby the Company's name is used for trading purposes only.

Directors

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

C L Fluker
S A King
R G McGowan (alternate)

R G McGowan resigned as Director on 10 September 2004.

S Dasani was appointed alternate Director on 10 September 2004.

Directors' interests

At 27 March 2004 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 Ms C L Fluker are shown in the accounts of De La Rue Holdings plc, an intermediate holding company. The share interests of Mr R G McGowan are set out below:

Interests in Shares	27 March 2004	30 March 2003
	22,155	21,912

Interests in Share Options	30 March 2003	Exercised during year	Granted during year	Lapsed during year	27 March 2004	Exercise price range (pence)	Exercisable dates
Share Price Improvement Plan	49,100	-	-	28,900	20,200	506.42	Jun '04-Jun '05*
Executive Share Options	33,000	-	20,500	7,000	46,500	237.33-934.00	Jun '97-Jul '13
Sharesave Options	8,520	5,580	1,767	-	4,707	221.10-258.90	Jun '05-Aug '07

Portals (Bathford) Limited

Directors' Report (Continued)

* Outstanding options under the Share Price Improvement Plan lapsed on 25 June 2004 as the options did not meet the performance targets.

The market price of the ordinary shares at 27 March 2004 was 316.00 pence and the price range during the year was 182.50 pence to 338.00 pence.

Statement of Directors' responsibilities

The Companies Act 1985 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit and loss for that period. The Directors are responsible for ensuring that, in preparing the Company's financial statements, applicable accounting policies are consistently applied, are supported by reasonable and prudent judgements and estimates and are prepared on the going concern basis, unless they consider it inappropriate to do so.

The Directors are responsible for keeping proper accounting records that 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. The Directors are also responsible for safeguarding the assets of the Company and for preventing fraud and other material irregularities.

The Directors consider that in preparing the financial statements the Company has consistently applied appropriate accounting policies, supported by reasonable and prudent judgements 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

25 January 2005

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

Portals (Bathford) Limited

Independent Auditors' Report to the Member of Portals (Bathford) Limited

We have audited the financial statements which comprise 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.

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. The other information comprises only the Directors' Report.

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 27 March 2004 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, 25 January 2005

PricewaterhouseCoopers LLP

Portals (Bathford) Limited

Profit and Loss Account

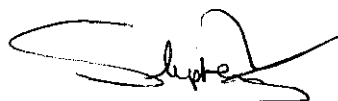
For the Year Ended 27 March 2004

During the financial year and the preceding financial year the Company did not trade and received no income and incurred no expenditure. Consequently, during those years, the Company made neither a profit nor a loss, and there were no recognised gains or losses.

Balance Sheet at 27 March 2004

	Note	2004 £'000	2003 £'000
Current assets			
Debtors - amounts owed by Group undertaking	3	145	145
Net assets		145	145
Capital and reserves			
Called up share capital	4	86	86
Profit and loss account	5	59	59
Equity shareholders' funds	6	145	145

Approved by the Board on January 2005



S A King

Director

The notes on pages 5 to 6 form part of these financial statements.

Portals (Bathford) Limited

Notes to the Financial Statements - 27 March 2004

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts have been prepared as at 27 March 2004, being the last Saturday in March. The comparatives for the 2003 financial year are for the year ended 29 March 2003.

2 Directors' emoluments and auditors' remuneration

Directors' emoluments for S A King and 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 (2003: £Nil).

There are no persons employed by the Company (2003: Nil).

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

3 Debtors - amounts due after one year

	2004 £'000	2003 £'000
Amounts owed by Group undertakings	145	145
	<u>145</u>	<u>145</u>

4 Called up share capital

	2004 £'000	2003 £'000
Authorised:		
90,000 Ordinary shares of £1 each	90	90
Allotted, called up and fully paid		
85,600 Ordinary shares of £1 each	<u>86</u>	<u>86</u>

Portals (Bathford) Limited

Notes to the Financial Statements - 27 March 2004

5 Reserves

	Profit and loss account £'000
At 29 March 2003 and 27 March 2004	59

6 Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Opening and closing shareholders' funds	145	145

7 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" means De La Rue plc and its subsidiaries.

8 Immediate and ultimate parent undertaking

The immediate parent undertaking of the Company is Portals Group Limited and the ultimate parent undertaking is De La Rue plc, both of which are registered in England and Wales. The De La Rue plc 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.