

Portals Holdings Limited
(Registered Number: 1305413)

Directors' Report and Financial Statements

30 March 2002



Portals Holdings Limited

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 30 March 2002.

Principal activity, results and dividends

The Company did not trade during the year and made neither profit nor loss (2001: £Nil). The Directors do not recommend the payment of a dividend for the year (2001: £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
P R Hollingworth (resigned 30 June 2002)

D W Finnett was appointed a Director on 30 June 2002.

Directors' interests

At 30 March 2002 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 were as follows:

	1 April 2001	30 March 2002
Ordinary Shares	7,152	7,152
Share Price Improvement Plan	136,000	163,600
Executive Share Options	46,900	18,100
Sharesave Options	6,967	6,967

Ms Fluker was granted a further 27,600 options at 506.42 pence under the De La Rue Share Price Improvement Plan on 25 June 2001. Ms Fluker exercised 5,000 options at 449.00 pence and 23,800 options at 365.67 pence under various De La Rue Executive Share Option Schemes on 10 August 2001. The market value of shares in De La Rue plc at the date of exercise was 509.00 pence. No other options were granted or exercised during the year and none lapsed.

At 30 March 2002 Ms Fluker's options under the De La Rue Sharesave Scheme are exercisable from March to September 2004 at prices ranging between 150.00 pence and 351.90 pence. Those options under the De La Rue Executive Share Option Scheme are exercisable at various dates up to July 2006 at prices ranging between 607.00 pence and 934.00 pence and those under the De La Rue Share Price Improvement Plan are exercisable from November 2002 to June 2005 at prices ranging between 215.30 pence and 506.42 pence.

Portals Holdings Limited

Directors' Report (Continued)

The market price of the ordinary shares at 30 March 2002 was 463.50 pence and the price range during the year was 400.00 pence to 535.00 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:

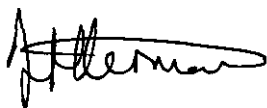
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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.

Auditors

Pursuant to Sections 366A and the 386 of the Companies Act 1985 the Company has dispensed with the requirement to hold annual general meetings and to reappoint the auditors annually. The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office.

By Order of the Board



J F Hermans
Secretary
15 January 2003

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

Independent Auditors' Report to the Members of Portals Holdings Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

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 opinion has been prepared for and only for the Company's members 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 in to 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.

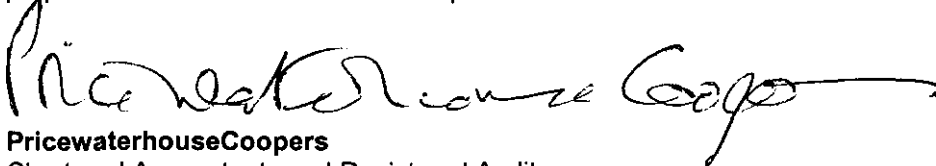
Basis of audit opinion

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 30 March 2002 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
15 January 2003

Profit and Loss Account For the Year Ended 30 March 2002

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 loss and there were no recognised gains or losses.

Balance Sheet at 30 March 2002

	Note	2002 £'000	2001 £'000
Current assets			
Debtors – due after one year	3	2,475	2,475
Creditors - amounts falling due within one year	4	(14,249)	(14,249)
Net liabilities		<u>(11,774)</u>	<u>(11,774)</u>
Capital and reserves			
Called up share capital	5	-	-
Profit and loss account	6	(11,774)	(11,774)
Equity shareholders' funds	7	<u>(11,774)</u>	<u>(11,774)</u>

Approved by the Board on 15 January 2003



D W Finnett
Director

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

Portals Holdings Limited

Notes to the Financial Statements - 30 March 2002

1 Accounting policies

Basis of preparation

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 30 March 2002, being the nearest Saturday to 31 March. The comparatives for the 2001 financial year are for the year ended 31 March 2001.

2 Directors' remuneration and auditors' remuneration

No Director received any emoluments in their capacity as a Director of the Company (2001: £Nil).

There are no persons employed by the Company (2001: Nil).

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

3 Debtors

	2002 £'000	2001 £'000
Amounts due after one year		
Amounts owed by Group undertakings	2,475	2,475

4 Creditors - amounts falling due within one year

	2002 £'000	2001 £'000
Amounts owed to Group undertakings	14,249	14,249

5 Called up share capital

	2002 £	2001 £
Authorised:		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

Portals Holdings Limited

Notes to the Financial Statements - 30 March 2002

6 Reserves

	Profit and loss account £'000
At 1 April 2001 and at 30 March 2002	(11,774)

7 Reconciliation of movements in shareholders' funds

	2002 £'000	2001 £'000
Opening and closing shareholders' funds	(11,774)	(11,774)

8 Continued financial support

The ultimate parent undertaking, De La Rue plc, has confirmed that it will continue to finance the Company so as to enable it to meet its liabilities as they fall due.

9 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.

10 Immediate and ultimate parent undertaking

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, De La Rue plc, De La Rue House, Jays Close, Viables, Basingstoke, Hants, RG22 4BS.