

Portals Holdings Limited
(Registered Number: 1305413)

Directors' Report and Accounts

31 March 1999



Portals Holdings Limited

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 31 March 1999.

Principal activity, results and dividends

The company did not trade during the year and therefore made neither profit or loss (1998: loss of £11,774,000). The Directors do not recommend the payment of a dividend for the year (1998: £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:

S A Field	(resigned 31 March 1999)
R G Laing	(resigned 1 August 1999)
C L Fluker	(appointed 1 April 1999)
P R Hollingworth	(appointed 1 August 1999)

Directors' interests

At 31 March 1999 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 R G Laing in the ordinary shares of the ultimate parent undertaking are shown in that company's accounts. The holdings of the other director are as follows:

	Ordinary Shares		Executive Share Option Scheme		Savings Related Share Option Scheme	
	1 April 1998	31 March 1999	1 April 1998	31 March 1999	1 April 1998	31 March 1999
S A Field	3,759	3,769	51,300	51,300	3,654	3,654

During the year, that portion of Ms Field's ordinary shares held in a PEP, were increased by 10 shares.

No option held by SA Field lapsed during the year and none were granted or exercised.

At 31 March 1999, options under the Savings Related Share Option Scheme are exercisable at various dates up to August 2004 at prices ranging between 150p and 774p. Those under the Executive Share Option Scheme are exercisable at various dates up to November 2008 at prices ranging between 187.84p and 1005p.

The middle market price of the ordinary shares on 31 March 1999 was 255.5p and the price range during the year was 133p to 323.5p.

Portals Holdings Limited

Directors' Report (Continued)

Year 2000

The Directors have considered the risks and uncertainties associated with the Year 2000 problem relating to the dates used by certain computer programmes and micro processing chips.

The company is a holding company and the risk is of a diminution in the carrying value of investments in subsidiary companies and the recoverability of amounts due from other Group companies. A Year 2000 Task Force was set up in 1997 by De La Rue plc to address this issue for the De La Rue Group, and extensive programmes have since been implemented with the aim of minimising the risks to the De La Rue Group as a whole. These are described in detail in the De La Rue plc accounts available from the address in note 10.

Costs are borne by the operating companies within the De La Rue Group as part of ongoing business expenditure.

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
27 January 2000

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

Auditors' Report to the Members of Portals Holdings Limited

PricewaterhouseCoopers
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London WC2N 6NN
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We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 company's state of affairs at 31 March 1999 and of its result for the year and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

27 January 2000

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PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6NN. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.

All partners in the associate partnerships are authorised to conduct business as agents of, and all contracts for services to clients are with, PricewaterhouseCoopers. PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Portals Holdings Limited

Profit and Loss Account for the Year Ended 31 March 1999

	31 March 1999 £'000	31 March 1998 £'000
Net loss on liquidation of subsidiary undertaking	-	(11,774)
Loss for the financial year transferred (from)/to reserves	-	(11,774)

Statement of Total Recognised Gains and Losses

There are no gains or losses, other than those recognised in the profit and loss account shown above.

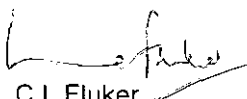
The notes on pages 6 and 7 form part of these financial statements.

Portals Holdings Limited

Balance Sheet at 31 March 1999

	Note	1999 £'000	1998 £'000
Fixed assets			
Investments	3	2,475	2,475
Creditors - amounts falling due within one year	4	(14,249)	(14,249)
Net current liabilities		(14,249)	(14,249)
Total assets less current liabilities		(11,774)	(11,774)
Capital and reserves			
Called up share capital	5	-	-
Profit and loss account	6	(11,774)	(11,774)
Equity shareholders' funds	7	(11,774)	(11,774)

Approved by the Board on
27 January 2000


C L Fluker
Director

The notes on pages 6 and 7 form part of these financial statements.

Portals Holdings Limited

Notes to the Financial Statements - 31 March 1999

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2 Directors' remuneration and auditor's remuneration

The Directors did not receive any remuneration in their capacity as directors of the Company (1998: £Nil).

There were no employees for the year (1998: Nil).

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

3 Investments

	Investments in subsidiaries £'000
Cost and net book value	
At 1 April 1998 and at 31 March 1999	2,475

4 Creditors - amounts falling due within one year

	1999 £'000	1998 £'000
Amounts owed to Portals Group plc	14,249	14,249

5 Share capital

	1999 £	1998 £
Authorised, allotted, called up and fully paid	100	100

Portals Holdings Limited

Notes to the Financial Statements - 31 March 1999

6 Reserves

Profit and loss account

	£'000
At 1 April 1998 and at 31 March 1999	(11,774)

7 Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'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 of 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 which are both registered in England. 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.