

Portals Holdings Limited
(Registered Number: 1305413)

Directors' Report and Financial Statements

29 March 2003



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Portals Holdings Limited

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 29 March 2003.

Principal activity, results and dividends

The Company did not trade during the year and made neither profit nor loss (2002: £Nil). The Directors do not recommend the payment of a dividend for the year (2002: £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	(appointed 30 June 2002 and resigned 1 March 2003)
S A King	(appointed 1 March 2003)
R G McGowan (alternate)	(appointed 30 June 2002)

Directors' interests

At 29 March 2003 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	29 March 2003	Date of appointment
	21,912	11,663

Interests in Share Options	Date of appointment	Exercised during period of service	Granted during period of service	Lapsed during period of service	29 March 2003	Exercise price Range (pence)	Exercisable dates
Share Price Improvement Plan	137,300	-	-	88,200	49,100	340.90-506.42	Jul '03-Jun '05
Executive Share Options	16,000	-	17,000	-	33,000	319.17-934.00	Aug '96-Aug '12
Sharesave Options	8,791	1,074	803	-	8,520	150.00-244.50	Mar '04-Aug '06

Portals Holdings Limited

Directors' Report (Continued)

The market price of the ordinary shares at 29 March 2003 was 185.00 pence and the price range during the year was 182.50 pence to 520.00 pence.

Statement of Directors' responsibilities

Company law 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 required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

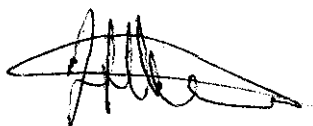
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 29 March 2003 and that applicable accounting standards have been followed.

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. 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

The Company's auditors, PricewaterhouseCoopers, resigned on 27 February 2003, having converted to a Limited Liability Partnership (LLP) on 1 January 2003. The Directors appointed their successors, PricewaterhouseCoopers LLP, to fill the casual vacancy created by the resignation. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

By Order of the Board



J F Hermans
Secretary
23 January 2004

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

Portals Holdings Limited

Independent Auditors' Report to the Members of Portals Holdings 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 members 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.

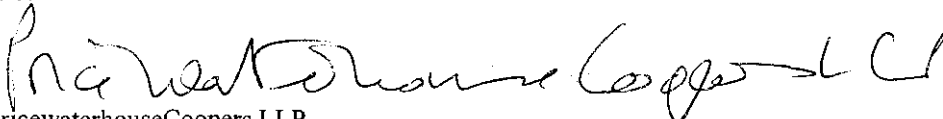
Basis of audit opinion

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 29 March 2003 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, 23 January 2004

Portals Holdings Limited

Profit and Loss Account For the Year Ended 29 March 2003

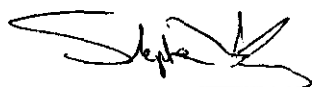
During the financial year and the preceding financial year the Company did not trade and received no income and incurred no expenditure. Consequently, during those years the Company made neither a profit nor loss and there were no recognised gains or losses.

Balance Sheet at 29 March 2003

	Note	2003 £'000	2002 £'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		(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 23 January 2004

S A King
Director



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

Portals Holdings Limited

Notes to the Financial Statements - 29 March 2003

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 29 March 2003, being the nearest Saturday to 31 March. The comparatives for the 2002 financial year are for the year ended 30 March 2002.

2 Directors' remuneration and auditors' remuneration

No Director received any emoluments in their capacity as a Director of the Company (2002: £Nil).

There are no persons employed by the Company (2002: Nil).

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

3 Debtors

	2003 £'000	2002 £'000
Amounts due after one year		
Amounts owed by Group undertakings	2,475	2,475

4 Creditors - amounts falling due within one year

	2003 £'000	2002 £'000
Amounts owed to Group undertakings	14,249	14,249

5 Called up share capital

	2003 £	2002 £
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 - 29 March 2003

6 Reserves

	Profit and loss account £'000
At 31 March 2002 and at 29 March 2003	(11,774)

7 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'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 Limited (formerly 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.