

Portals Holdings Limited
(Registered Number:1305413)

Directors' Report Accounts

31 March 1997



Portals Holdings Limited

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 31 March 1997.

Principal Activity, Results And Dividends

The company did not trade during the year, but did acquire certain group owned properties and dispose of them at no profit to third parties. In addition an intercompany debt was written off which resulted in a profit of £13,873,000 (1996: £nil). The Directors do not recommend the payment of a dividend for the year (1996: £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
R G Laing (resigned 1 April 1996)
P M Youngs (appointed 1 April 1996)

Directors' Interests

At 31 March 1997 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 the other Directors were as follows:

	Own & Family Interest		Executive Share Option Scheme			Savings Related Share Option Scheme			
	1 April	31 March	1 April	Granted	31 March	1 April	Granted	Exercised	31 March
	1996	1997	1996		1997	1996			1997
S A Field	2,602	3,727	11,400	14,500	25,900	2,715	3,654	2,715	3,654
P M Youngs	5,535	4,664	14,500	7,000	21,500	2,089	3,654	2,089	3,654

No Executive Share Options were exercised or lapsed during the year.

No Savings Related Share Options lapsed during the year.

Options under the Savings Related Share Option Scheme are exercisable at various dates up to August 2002 at prices ranging between 203.23p and 637p. Those under the Executive Share Option Scheme are exercisable at various dates up to November 2006 at prices ranging between 607p and 934p.

Portals Holdings Limited

Directors' Report (Continued)

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:

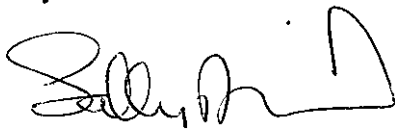
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare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

The auditors, Price Waterhouse, having indicated their willingness to continue in office and as permitted by S386 of the Companies Act 1985, shall remain as auditors of the Company until the Company shall otherwise determine in a General Meeting.

By Order of the Board



S A FIELD
Secretary
21/1/1998

Registered Office:
6 Agar Street
London
WC2N 4DE

Price Waterhouse



Auditors' Report To The Members Of Portals Holdings Limited

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

As described on page 2 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 affairs of the Company as at 31 March 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors
London

29 January

1998

Portals Holdings Limited

**Profit And Loss Account
For The Year Ended 31 March 1997**

	12 months ended 31 March 1997 £'000	15 months ended 31 March 1996 £'000
Write back of amounts owed to Portals Group plc	13,873	-
Profit On Ordinary Activities for the final year Transferred To Reserves	13,873	-

**Statement Of Recognised Gains & Losses
For The 12 Months Ended 31 March 1997**

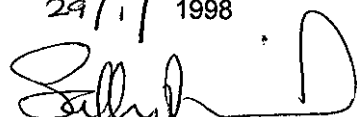
There are no other gains or losses for the period, or the preceding period, other than those recognised in the profit and loss account shown above.

Portals Holdings Limited

Balance Sheet At 31 March 1997

	31 March 1997 £'000	31 March 1996 £'000
Fixed Assets		
Tangible Assets (Note 4)	-	-
Investments (Note 5)	14,249	14,249
Creditors - Amounts falling due within one year (Note 6)	(14,249)	(28,122)
Net Current Liabilities	(14,249)	(28,122)
Total Assets Less Current Liabilities	-	(13,873)
Capital And Reserves		
Called up share capital (Note 7)	-	-
Profit and loss account	-	(13,873)
Equity Shareholders' Funds (Note 8)	-	(13,873)

Approved By The Board On
29/1/1998


S A Field
Director

Portals Holdings Limited

Notes To The Financial Statements - 31 March 1997

1 Accounting Policies

Accounting convention

The financial statements of the company and subsidiary undertaking have been prepared in accordance with applicable Accounting Standards.

2 Directors' Remuneration and Auditor's Remuneration

The Directors did not receive any remuneration in their capacity as a director of the Company (1996: £Nil).

The auditors remuneration was borne by the ultimate parent undertaking.

3 Employees

There were no employees for the year (1996: Nil).

4 Tangible Assets

At 1 April 1996	£
Inter Group Transfer	-
Disposals	553,746
At 31 March 1997	(553,746)
	<hr/>

5 Investments In Subsidiary Undertakings

The subsidiary undertaking is Portals Inc. (formerly Portals Group Inc.), which is wholly owned, incorporated in the USA and acts as a merchanting company for specialist papers.

	1997 £	1996 £
Cost		
At the beginning and the end of the period	28,104	28,104
Provision for diminution in value		
At the beginning of the period and the end of the period	(13,855)	(13,855)
Net book value	<hr/> 14,249	<hr/> 14,249

In the opinion of the Directors the value of the investment is not less than £14,249,000 (1996: £14,249,000).

6 Creditors - Amounts falling due within one year

	1997 £	1996 £
Amounts owed to Portals Group plc	14,249	28,122

Portals Holdings Limited

Notes To The Financial Statements - 31 March 1997 (Continued)

7 Share Capital

	1997 £	1996 £
Authorised, allotted, called up and fully paid	100	100

8 Reconciliation Of Movements In Shareholders' Funds

	1997 £'000	1996 £'000
Profit for the year and net addition to shareholders' funds	13,873	-
Opening shareholders' funds	(13,873)	(13,873)
Closing shareholders' funds	-	(13,873)

9 Reserves

Profit and loss account

	£'000
At 1 April 1996	(13,873)
Profit for the financial year	13,873
At 31 March 1997	-

10 Ultimate Parent Undertaking And Cash Flow Statement

The ultimate parent undertaking is De La Rue plc which is registered in England and Wales. This 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, 6 Agar Street, London WC2N 4DE.

11 Cashflow Statement

The Company has taken advantage of the dispensation given by FRS1 not to prepare a cashflow statement. A consolidated cashflow statement is shown in the accounts of De La Rue plc, the ultimate parent undertaking.

12 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 to meet its liabilities as they fall due.