

DELYN PACKAGING PLC

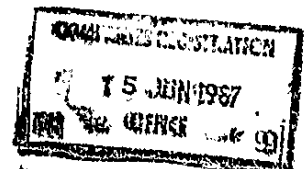
Delyn Packaging designs and manufactures plastic packaging for consumer products. Whilst primarily serving major food manufacturers and leading supermarket chains, Delyn also provides a wide range of non-food packaging.

The company is committed to organic growth. This will be achieved by continuing to produce high quality and innovative products and maintaining an excellent service to its customers.

The financial objective is to achieve a significant increase in earnings and dividends per share through organic development complemented by a well structured acquisition policy. It is Delyn's intention to become a major group in the consumer packaging market.

FINANCIAL HIGHLIGHTS

	1987 £000	1986 £000
Turnover.....	7,171	6,668
Profit before Taxation.....	406	251
	pence	pence
Earnings per Share.....	18.28	11.39
Dividends per Share.....	3.50	3.00



DIRECTORS AND ADVISERS

Delyn Packaging plc

DIRECTORS

P. A. Norman *Chairman*
F. I. Jones *Managing Director*
M. Braun
D. W. Lowthe
E. J. Norris *Non-Executive*
H. Prevezer *Non-Executive*

SECRETARY

M. Braun
Pontywindy Industrial Estate
Caerphilly
Mid Glamorgan CF8 2WL
Telephone (0222) 885 881

REGISTERED OFFICE

St Alphage House
Fore Street
London EC2Y 5DH

AUDITORS

Hacker Young
St Alphage House
Fore Street
London EC2Y 5DH

BROKERS

Scrimgeour Vickers & Co. Ltd.
20 Cophall Avenue
London EC2R 7JS

BANKERS

National Westminster Bank PLC
117 St Mary Street
Cardiff CF1 1LG

REGISTRARS

Connaught St Michaels Limited
CSM House
Victoria Street
Luton
Bedfordshire LU1 2TZ

CHAIRMAN'S STATEMENT

Delyn Packaging plc

I joined your company's board last November and was subsequently invited to become chairman on 27 February of this year. On the same date Mr. Henry Prevezer was appointed a non-executive director. I am sure we shall benefit from his experience and guidance.

RESULTS

Pre-tax profits for the year rose by 62% to £406,000. Earnings per share have risen to 18.28p, an increase of 60%.

These results, although satisfactory, would have been better had it not been for the poor performance of paper converting. Although it was decided during the year to withdraw from the everyday gift wrap market we are now carefully evaluating the future of this activity.

Your directors are recommending a final dividend of 2.5p per share making a total for the year of 3.5p per share (1986 — 3.0p).

CORPORATE STRATEGY

The recent board reorganisation has resulted in a reappraisal of many areas of Delyn's activities. The principles of a new strategy have been established for the development of a significant consumer orientated packaging group.

Our policy is that growth will be achieved by the organic development of the existing business and by acquisition, enabling Delyn to offer customers an innovative service that covers all aspects of the design and manufacture of consumer packaging and related industries.

Subsidiaries will operate as autonomous and locally managed units and will consist of teams of positively motivated managers. A small central

office will closely monitor performance against predetermined budgets, direct corporate development, and deploy the resources of the company.

ACQUISITIONS

In December 1986 the company acquired the business of Alpha Products, based in Bristol. Alpha Products makes tooling used by Delyn and others in the manufacturing process. This acquisition is in line with our policy of offering a complete service to our customers.

SHARE CAPITAL

You will find a number of resolutions appearing in the notice of meeting. In general, the resolutions relating to share capital will assist the corporate plan referred to above. The document accompanying the annual report explains the proposals in greater detail.

The directors of Delyn consider the resolutions to be in the best interests of the company and its shareholders, and accordingly recommend shareholders to vote in favour of the proposals.

MANAGEMENT AND STAFF

I have been particularly impressed by the enthusiastic attitude of all members of the team at Delyn. Their continuing loyalty and determination will be an important factor in Delyn's future success.

Paul Norman

REPORT OF THE DIRECTORS

Delyn Packaging plc

The directors present their report and financial statements for the 52 weeks ended 1 February 1987.

1. ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group continues to be the design and manufacture of plastic and paper consumer packaging. A review of the group's business activities is contained in the chairman's statement on page 3.

2. RESULTS

Group profit after taxation was £364,000. The directors recommend the payment of a final dividend of 2.5p per share, making a total for the year of 3.5p. The final dividend, if approved, will be paid on 1 July 1987 to shareholders on the register as at 5 June 1987. The sum of £70,000 will be absorbed by these dividend payments leaving a retained profit of £294,000 to be added to group reserves.

3. DIRECTORS

The names of the directors appear on page 2. Mr. P. A. Norman and Mr. H. Prevezer, who were appointed directors on 27 November 1986 and 27 February 1987 respectively, retire and, being eligible, offer themselves for re-election.

Mr. M. Braun retires by rotation and, being eligible, offers himself for re-election. Mr. Braun's contract of service has three years unexpired.

On 27 February 1987 Mr. P. A. Norman was appointed chairman in place of Mr. F. I. Jones who will continue as managing director.

The directors' interests in the shares of the company including shares over which options have been granted under the terms of the company's Executive Share Option Scheme, on 1 February 1987, together with their interests on 2 February 1986, or on the dates of their appointment as directors if later, were as follows:

	Beneficial and family interests	
	Ordinary shares of 20p each	
	1987	1986
P. A. Norman.....	590,000	—
F. I. Jones.....	21,460	21,460
M. Braun.....	15,200	15,000
D. W. Lowthe.....	2,000	2,000

	Ordinary shares of 20p each over which options are outstanding	
	1987	1986
F. I. Jones.....	33,000	—
M. Braun.....	33,000	—
D. W. Lowthe.....	33,000	—

No director had a non-beneficial interest in the shares of the company nor any interest in the

shares of any other company in the group during the period under review. Between 1 February 1987 and 15 April 1987 there were no changes in the shareholdings detailed above. No director was interested in any significant contract during the period under review.

4. SUBSTANTIAL SHAREHOLDINGS

The company has been notified, as at 15 April 1987, of the following interests in five per cent or more of the company's shares:

	Ordinary shares	%
Honor Establishment Ltd*..	590,000	29.65
Coast Investment & Development Co. P.S.C.....	105,000	5.28

*Honor Establishment Ltd., as trustee of a settlement formed by Paul Norman, has a non-beneficial interest in 590,000 shares of the company. The shares forming part of the trust property of this settlement are shown in the table above as shares in which Paul Norman is beneficially interested.

5. EMPLOYEES

Senior executives continue to hold meetings to keep employees informed of the current trading position, and any other matters of interest.

The policy of the company is to provide employment opportunities for disabled persons within the limitations of safe working and the special requirements of our operations.

The company's policies regarding employment and opportunities are intended not to discriminate against any person, the prime requirements being qualification and the ability to perform successfully.

6. FIXED ASSETS

Changes in the group's fixed assets are detailed in note 10 to the financial statements attached.

7. CHARITABLE AND POLITICAL CONTRIBUTIONS

The total amount of charitable contributions made by the group during the period was £1,465. No political donations were made.

8. INCOME AND CORPORATION TAXES ACT 1970

The directors are advised that the company is not a 'close company' within the meaning of the Act.

By order of the board
M. Braun Secretary

8 May 1987

AUDITORS' REPORT

TO THE MEMBERS OF DELYN PACKAGING PLC
 We have audited the financial statements set out on pages 5 to 15 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, give a true and fair view of the state of affairs of the company and the group at 1 February 1987 and of the profit and source and application of funds of the group for the year then ended, and comply with the Companies Act 1985.

Hacker Young
 London
 8 May 1987

A handwritten signature in dark ink, appearing to read 'Hacker Young', written over a diagonal line that extends from the signature down towards the 'ACCOUNTING POLICIES' section.

ACCOUNTING POLICIES

Delyn Packaging plc and its subsidiary companies

Accounting periods end on the nearest Sunday to 31 January, resulting in financial years of either 52 or 53 weeks.

The group financial statements include the financial statements of the company and all subsidiaries.

Fixed assets are being depreciated on a straight line basis over their estimated useful lives as follows:

- Freehold buildings25 years
- Leasehold buildings50 years
- Plant and equipment.....between 3 and 10 years
- Motor vehicles4 years

Government and local authority grants receivable are credited to a deferred income account. A proportion equivalent to the rate of depreciation is credited to profit and loss account annually.

Stock and work in progress has been consistently valued at the total of the lower of cost and net realisable value of the separate items of stock and work in progress. In this context, cost comprises purchase price, including import duties, handling, transport, and other directly attributable costs and, in the case of work in progress and stock of finished goods, includes direct costs of production and other relevant overheads attributable to present location and condition. Net realisable value is the estimated selling price, less all further costs to completion and costs to be incurred in selling and distributing.

Purchased goodwill is written off direct to reserves in the year in which it arises, as set out in note 18.

Assets held under hire purchase agreements, are recorded in the balance sheet at the fair value of the assets at the inception of the contracts. The excess of hire payments over recorded obligations are treated as finance charges. Rental costs under operating leases are charged to the profit and loss account by equal amounts over the periods of the leases.

Provision is made for deferred tax at the rate of corporation tax ruling at the end of the period (the liability method) except in respect of any tax reductions which can reasonably be expected to continue for the future. The amounts provided and the full potential liability are set out in note 16.

Group turnover comprises the net invoiced value of sales to third parties (excluding VAT and trade discounts) of goods and services in the normal course of business.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Delyn Packaging plc and its subsidiary companies

		1987		1986
		£000		£000
	For the 52 weeks ended 1 February 1987			
Notes	TURNOVER.....	7,171		6,668
	Cost of sales.....	5,292		5,022
	GROSS PROFIT.....	1,879		1,646
3	Other operating expenses (net).....	1,317		1,263
	OPERATING PROFIT.....	562		383
4	Interest payable and similar charges.....	95		82
		467		301
5	Exceptional items.....	61		50
6	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION.....	406		251
8	Tax on profit on ordinary activities.....	42		24
	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION.....	364		227
9	DIVIDENDS PAID AND PROPOSED.....	70		60
18	RETAINED PROFIT FOR YEAR.....	294		167
	EARNINGS PER ORDINARY SHARE OF 20p.....	18.28p		11.39p

The calculation of the earnings per share is based on profits of £364,000 (1986—£227,000) and 1,990,000 ordinary shares in issue during the period (1986—1,990,000). No material dilution of earnings per share would arise if outstanding share options were exercised.

The notes on pages 10 to 15 form part of these financial statements

CONSOLIDATED BALANCE SHEET

Delyn Packaging plc and its subsidiary companies

As at 1 February 1987		1987		1986	
		£000	£000	£000	£000
<i>Notes</i>	FIXED ASSETS				
10	Tangible assets.....		2,318		2,119
	CURRENT ASSETS				
12	Stocks.....	797		949	
13	Debtors.....	1,435		984	
	Cash at bank and in hand.....	170		258	
		<u>2,402</u>		<u>2,191</u>	
14	CREDITORS: amounts falling due within one year.....	<u>1,618</u>		<u>1,486</u>	
	NET CURRENT ASSETS.....		<u>784</u>		<u>705</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES.....		<u>3,102</u>		<u>2,824</u>
15	CREDITORS				
	Amounts falling due after more than one year.....		255		183
16	Provisions for liabilities and charges.....		15		—
	NET ASSETS.....		<u>2,832</u>		<u>2,641</u>
	CAPITAL AND RESERVES				
17	Called-up share capital.....		398		398
18	Share premium account.....		68		68
18	Revaluation reserve.....		810		810
18	Other reserves.....		25		25
18	Profit and loss account.....		1,531		1,340
	TOTAL CAPITAL EMPLOYED.....		<u>2,832</u>		<u>2,641</u>

Signed on behalf of the board
P. A. NORMAN
F. I. JONES
Directors
8 May 1987

Paul Norman.
F. I. Jones

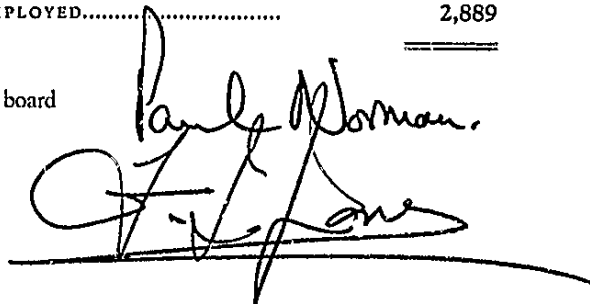
The notes on pages 10 to 15 form part of these financial statements.

BALANCE SHEET

Delyn Packaging plc

As at 1 February 1987		1987		1986	
		£000	£000	£000	£000
Notes	FIXED ASSETS				
10	Tangible assets.....	2,217		2,119	
11	Investments.....	302		302	
			2,519		2,421
	CURRENT ASSETS				
12	Stocks.....	771		949	
13	Debtors.....	1,605		984	
	Cash at bank and in hand.....	170		258	
		2,546		2,191	
14	CREDITORS: amounts falling due within one year.....	1,906		1,834	
	NET CURRENT ASSETS.....		640		357
	TOTAL ASSETS LESS CURRENT LIABILITIES.....		3,159		2,778
15	CREDITORS				
	Amounts falling due after more than one year.....		255		183
16	Provisions for liabilities and charges.....		15		—
	NET ASSETS.....		2,889		2,595
	CAPITAL AND RESERVES				
17	Called-up share capital.....		398		398
18	Share premium account.....		68		68
18	Revaluation reserve.....		810		810
18	Profit and loss account.....		1,613		1,319
	TOTAL CAPITAL EMPLOYED.....		2,889		2,595

Signed on behalf of the board
P. A. NORMAN
F. I. JONES
Directors
8 May 1987



The notes on pages 10 to 15 form part of these financial statements.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Delyn Packaging plc and its subsidiary companies

For the 52 weeks ended 1 February 1987	1987		1986	
	£000	£000	£000	£000
SOURCE OF FUNDS				
Operating profit before taxation.....		406		251
ADJUSTMENT FOR ITEMS NOT INVOLVING THE MOVEMENT OF FUNDS				
Depreciation of fixed assets (net).....		210		158
Profit on sale of fixed assets.....		(27)		(10)
		<u> </u>		<u> </u>
TOTAL GENERATED FROM OPERATIONS....		589		399
Proceeds on sale of fixed assets.....		70		30
Government grants receivable.....		10		26
Loans received.....		163		159
		<u> </u>		<u> </u>
		832		614
		<u> </u>		<u> </u>
APPLICATION OF FUNDS				
Purchase of fixed assets.....		349		251
Dividends paid.....		59		50
Loans repaid.....		168		165
Taxation paid.....		16		30
Purchase of business*.....		212		—
MOVEMENT IN WORKING CAPITAL				
(Decrease)/increase in stock.....	(158)		206	
Increase in debtors.....	452		166	
(Increase) in creditors.....	(158)		(124)	
MOVEMENT IN NET LIQUID FUNDS				
Decrease in cash and bank balances.....	(108)		(130)	
		<u> </u>		<u> </u>
		28		118
		<u> </u>		<u> </u>
		832		614
		<u> </u>		<u> </u>

*Analysis of the acquisition of the business and assets of Alpha Products:

NET ASSETS ACQUIRED

	£000
Goodwill.....	103
Fixed assets.....	104
Stock.....	5
	<u> </u>
	212
	<u> </u>

NOTES TO FINANCIAL STATEMENTS

Delyn Packaging plc and its subsidiary companies

1 HOLDING COMPANY PROFIT AND LOSS ACCOUNT

The company has taken advantage of the exemption in the Companies Act 1985 S228 not to present its own profit and loss account. Profit for the year amounting to £364,000 (1986—£227,000) is dealt with in the accounts of the holding company.

2 SEGMENT INFORMATION

The group turnover, of which less than ten per cent relates to exports, comprises a single activity, and accordingly no segment information is required to be disclosed.

	1987 £000	1986 £000
3 OTHER OPERATING EXPENSES		
Selling and distribution costs.....	642	626
Administrative expenses.....	680	652
	<u>1,322</u>	<u>1,278</u>
Other operating income.....	(5)	(15)
	<u>1,317</u>	<u>1,263</u>

	1987 £000	1986 £000
4 INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans, overdrafts and other loans repayable within five years, by instalments.....	58	50
On hire purchase contracts.....	37	32
	<u>95</u>	<u>82</u>

	1987 £000	1986 £000
5 EXCEPTIONAL ITEMS		
Abnormal write down of stock to net realised value.....	117	—
Surplus on sale of equipment.....	(23)	—
Insurance claim proceeds released.....	(33)	—
Compensation to former chairman.....	—	50
	<u>61</u>	<u>50</u>

	1987 £000	1986 £000
6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and amounts written-off tangible fixed assets.....	210	180
— Less: deferred income release.....	30	23
	<u>180</u>	<u>157</u>
Operating lease charges.....	37	34
Hire of plant and equipment.....	17	17
Auditors' remuneration and expenses.....	14	17
Staff costs as set out in note 7.....	<u>1,767</u>	<u>1,627</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Delyn Packaging plc and its subsidiary companies

7 EMPLOYEES	1987	1986
Particulars of employees (including executive directors) are as shown below:	£000	£000
Employee costs during the year amounted to:		
Wages and salaries.....	1,551	1,418
Social security costs.....	123	115
Other pension costs.....	93	94
	1,767	1,627
	1,767	1,627

The average weekly number of persons employed by the group during the year was as follows:

	Number	Number
Production.....	123	114
Sales and distribution.....	15	17
Administration.....	18	21
	156	152
	156	152

DIRECTORS' REMUNERATION

The employee costs shown above include the following remuneration in respect of directors of the company:	1987	1986
	£000	£000
Emoluments, including pension contributions.....	108	106
	108	106
	108	106

Directors' remuneration includes amounts paid (excluding pension contributions) to the then chairman, who was the highest paid director, of....

	39	33
--	----	----

Other directors received emoluments (excluding pension contributions) in the following ranges:

	Number	Number
Up to £5,000.....	2	1
£20,001—£25,000.....	—	1
£25,001—£30,000.....	1	1
£30,001—£35,000.....	1	—

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and comprises:	1987	1986
	£000	£000
Deferred tax.....	140	—
Unrelieved advance corporation tax written-off.....	—	24
Advance corporation tax written-back.....	(98)	—
	42	24
	42	24

No charge to corporation tax arises on the profit for the year due to the availability of tax losses of previous years.

9 DIVIDENDS	1987	1986
	£000	£000
Interim paid — 1.0p per share (1986—1.0p).....	20	20
Final proposed — 2.5p per share (1986—2.0p).....	50	40
	70	60
	70	60

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Delyn Packaging plc and its subsidiary companies

10 TANGIBLE FIXED ASSETS	Freehold land and buildings £000	Leasehold buildings (long term) £000	Plant and equipment £000	Total £000
GROUP				
At 2 February 1986 at cost or valuation.....	—	1,225	1,470	2,695
Additions at cost.....	70	—	382	452
Cost of disposals.....	—	—	(101)	(101)
At 1 February 1987.....	70	1,225	1,751	3,046
At cost.....	70	45	1,751	1,866
At valuation in 1983.....	—	1,180	—	1,180
	70	1,225	1,751	3,046
Aggregate depreciation				
At 2 February 1986.....	—	73	503	576
Amount provided.....	—	25	185	210
Elimination on disposals.....	—	—	(58)	(58)
At 1 February 1987.....	—	98	630	728
NET BOOK VALUE.....	70	1,127	1,121	2,318

COMPANY	Leasehold buildings (long term) £000	Plant and equipment £000	Total £000
At 2 February 1986 at cost or valuation.....	1,225	1,470	2,695
Additions at cost.....	—	349	349
Cost of disposals.....	—	(101)	(101)
At 1 February 1987.....	1,225	1,718	2,943
At cost.....	45	1,718	1,763
At valuation in 1983.....	1,180	—	1,180
	1,225	1,718	2,943
Aggregate depreciation			
At 2 February 1986.....	73	503	576
Amount provided.....	25	183	208
Elimination on disposals.....	—	(58)	(58)
At 1 February 1987.....	98	628	726
NET BOOK VALUE.....	1,127	1,090	2,217

Plant and equipment includes fixed assets held under hire purchase contracts at a cost of £635,000 with accumulated depreciation of £106,000. The depreciation charge for the year on these assets was £58,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Delyn Packaging plc and its subsidiary companies

11 FIXED ASSET INVESTMENTS

Fixed asset investments comprise shares at cost in the undermentioned subsidiary companies, all of which are 100 per cent owned and incorporated in England:

Delyn Cartons Limited

Delyn Paper Mills Limited

Alpha Products (Bristol) Limited — formerly Delyn Distributors Limited

	Group		Company	
	1987 £000	1986 £000	1987 £000	1986 £000
12 STOCKS				
The following are included in the net book value of stocks:				
Raw materials and consumables.....	360	424	354	424
Work in progress.....	41	46	21	46
Finished goods and goods for resale.....	396	479	396	479
	<u>797</u>	<u>949</u>	<u>771</u>	<u>949</u>

	Group		Company	
	1987 £000	1986 £000	1987 £000	1986 £000
13 DEBTORS				
The following are included in the net book value of debtors:				
Amounts falling due within one year:				
Trade debtors.....	1,371	878	1,327	878
Other debtors.....	30	40	30	40
Prepayments and accrued income.....	34	66	31	66
Amounts owed by group companies.....	—	—	217	—
	<u>1,435</u>	<u>984</u>	<u>1,605</u>	<u>984</u>

	Group		Company	
	1987 £000	1986 £000	1987 £000	1986 £000
14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Bank loans and overdrafts.....	20	48	—	48
Trade creditors.....	678	678	663	678
Due to subsidiaries.....	—	—	339	348
Loans.....	118	87	118	87
Other creditors:				
— advance corporation tax payable.....	27	16	26	16
— VAT.....	135	104	130	104
— social security and PAYE.....	103	95	99	95
Proposed dividend.....	50	40	50	40
Accruals and deferred income.....	487	418	481	418
	<u>1,618</u>	<u>1,486</u>	<u>1,906</u>	<u>1,834</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Delyn Packaging plc and its subsidiary companies

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	Group		Company	
	1987 £000	1986 £000	1987 £000	1986 £000
Obligations under hire purchase agreements.....	255	183	255	183

LOANS AND OTHER BORROWINGS

Loans for the acquisition of fixed assets totalling £373,000 are repayable by instalments at varying rates of interest, secured on the relevant assets and are repayable as follows:

	£000
In 1 year or less.....	118
Between 1 and 5 years.....	255
	373

16 DEFERRED TAXATION

	1987 £000	1986 £000
Deferred taxation is attributable to:		
Excess of tax allowances over book depreciation of fixed assets.....	362	421
Other timing differences related to:		
Current assets and liabilities.....	—	(10)
Tax effect of losses carried forward.....	(222)	(411)
Advance corporation tax recoverable.....	(125)	—
	15	Nil

	1987 £000	1986 £000
The full potential amount of deferred tax on all timing differences is as follows:		
Excess of tax allowances over book depreciation of fixed assets.....	362	421
Other timing differences related to:		
Current assets and liabilities.....	—	(10)
Tax effect of losses carried forward	(222)	(411)
Advance corporation tax recoverable.....	(125)	—
Corporation tax on capital gains arising on disposal of leasehold property, and plant and machinery at book value.....	290	290
	305	290

17 CALLED-UP SHARE CAPITAL

	1987 £000	1986 £000
Ordinary shares of 20p each:		
Authorised.....	550	550
Allotted and fully paid.....	398	398

Options have been granted to executive directors of the company for the purchase of 99,000 shares in aggregate at a price of 191 pence exercisable between December 1989 and December 1996.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Delyn Packaging plc and its subsidiary companies

18 RESERVES	Group		Company	
	1987	1986	1987	1986
Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:	£000	£000	£000	£000
Distributable:				
-- Profit and loss account at 2 February 1986.....	1,340	1,173	1,319	1,152
-- Less: write off of purchased goodwill.....	(103)	—	—	—
	<u>1,237</u>	<u>1,173</u>	<u>1,319</u>	<u>1,152</u>
-- Retained earnings for the year.....	294	167	294	167
	<u>1,531</u>	<u>1,340</u>	<u>1,613</u>	<u>1,319</u>
Non distributable:				
-- Share premium account.....	68	68	68	68
-- Revaluation reserve.....	810	810	810	810
-- Other reserves.....	25	25	—	—
	<u>903</u>	<u>903</u>	<u>878</u>	<u>878</u>
Retained profit for the group companies:				
-- Parent company.....	1,613	1,318		
-- Less: write off of goodwill.....	(103)	—		
-- Subsidiaries	21	22		
	<u>1,531</u>	<u>1,340</u>		

19 CONTINGENT LIABILITIES	1987	1986
	£000	£000
In respect of government grants.....	98	167

20 CAPITAL EXPENDITURE
 Amounts approved by the directors in respect of capital expenditure not provided for in these financial statements amounted to £262,000 (1986 — £189,000) for which contracts had been placed.

21 OPERATING LEASE COMMITMENTS
 At 1 February 1987 the group was committed to making the following payments during the next year in respect of operating leases:

Leases which expire:	£000
Within 1 year.....	11
Within 1 to 5 years.....	23
	<u>34</u>

NOTICE OF MEETING

Delyn Packaging plc

Notice is hereby given that the annual general meeting of the company will be held at The Park Hotel, Park Place, Cardiff, South Glamorgan on Wednesday 10 June 1987 at 11.15 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and, if approved, adopt the Report of the Directors and the Financial Statements for the 52 weeks ended 1 February 1987 and the Report of the Auditors.
2. To declare a dividend.
3. To elect a director: Mr. P. Norman retires and will be proposed for re-election.
4. To elect a director: Mr. H. Prevezer retires and will be proposed for re-election.
5. To elect a director: Mr. M. Braun retires and will be proposed for re-election.
6. To appoint Stoy Hayward as auditors from the conclusion of this meeting until the conclusion of the next annual general meeting.
7. To authorise the board of directors to fix the remuneration of the auditors.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, resolution 8 being proposed as an ordinary resolution and resolutions 9 and 10 as special resolutions:

8. That:
 - (a) each of the existing ordinary shares of 20p each in the share capital of the company whether issued or unissued be divided into four ordinary shares of 5p each;
 - (b) the authorised share capital of the company be increased from £550,000 to £1,000,000 by the creation of 9,000,000 new ordinary shares of 5p each;
 - (c) The directors be and they are hereby generally authorised for the purposes of Section 80 of the Companies Act 1985 (and so that expressions used in this resolution shall bear the same meanings as in that Section) to exercise all the powers of the company to allot relevant securities up to a maximum nominal amount of £602,000 during the period expiring on 9 June 1992 but so that this authority shall extend to the making before such expiry of any offer or agreement which would or might require relevant securities to be allotted after such expiry and to the subsequent allotment of such securities.

9. That:

(a) for the purposes of Sections 89 to 95 of the Companies Act 1985 ("the Act") all allotments of equity securities for cash made pursuant either to the authority given by resolution no. 8(c) set out in the notice of this meeting or to any authority in like terms (save for the amount) given by the company in general meeting on the occasion of an increase of the authorised share capital of the company shall be made to those members and in the proportions prescribed by Section 89(1) of the Act provided that the directors shall have power:

(i) in connection with a rights issue of equity securities to holders of ordinary shares to aggregate and sell for the benefit of the company all fractions of shares which may arise in apportioning the equity securities among the holders of ordinary shares and to sell, for the benefit of those holders of ordinary shares who are citizens of or resident in any overseas territory where in the opinion of the directors it would at the time of the offer be illegal or unduly costly for the company to make or for those holders to accept an offer of equity securities of the company, the equity securities to which those holders would otherwise be entitled; and

(ii) otherwise than in connection with such a rights issue to allot for cash to any person or persons whomsoever equity securities up to an aggregate nominal amount of £50,000 equal to five per cent of the aggregate of the nominal amounts at the time in question of the company's unissued share capital and its issued equity share capital;

(b) the authority conferred on the directors by paragraph (a) of this resolution shall expire either 15 months after the date of passing this resolution or, the date of the next annual general meeting of the company, whichever shall be the earlier, but shall extend to the making before such expiry of any offer or agreement which would or might require equity securities to be allotted for cash after such expiry and to the subsequent allotment of such securities;

(c) any allotment made in compliance with or pursuant to this resolution (or any resolution renewing the authority conferred by this resolution) shall be as if Section 89(1) of the Act did not apply thereto; and

(d) expressions used in this resolution shall bear the same meanings as in Section 94(2) of the Act.

NOTICE OF MEETING

Delyn Packaging plc

10. That:
- (a) clause 4 of the memorandum of association of the company be deleted and that the objects and powers set out in the document marked 'A' produced to the meeting, a copy of which has been initialled by the chairman, be substituted as a new clause 4 in the memorandum of association of the company.
- (b) the articles of association of the company adopted by special resolution on 9 March 1970 shall no longer apply to the company, and that in lieu thereof the new articles of association set out in the document marked 'B' produced to the meeting, a copy of which has been initialled by the chairman, be adopted as the articles of association of the company.

By order of the board

8 May 1987

REGISTERED OFFICE

St. Alphage House

Fore Street

London EC2Y 5DH

M. Braun *Secretary***NOTES**

A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and to vote on his behalf. A proxy need not be a member of the company.

Members who are unable to attend the meeting are invited to sign and return the enclosed form of proxy to reach the company's registered office not less than 48 hours before the time of the meeting.

There will be available at the company's registered office during normal business hours on any weekday (Saturdays excepted) from 15 May 1987 until 10 June 1987 and at the meeting from fifteen minutes prior thereto, the register of the directors' interests in the shares of the company and its subsidiaries and their service contracts.

FIVE YEAR RECORD

Delyn Packaging plc and its subsidiary companies

	1983 £000	1984 £000	1985 £000	1986 £000	1987 £000
TURNOVER.....	3,632	3,877	5,090	6,668	7,171
PROFIT BEFORE TAXATION.....	250	319	121	251	406
PROFIT AFTER TAXATION.....	254	369	100	227	364
ISSUED SHARE CAPITAL.....	398	398	398	398	398

	1983 pence	1984 pence	1985 pence	1986 pence	1987 pence
EARNINGS PER SHARE.....	12.79	18.54	5.03	11.39	18.28
DIVIDENDS PER SHARE.....	1.50	2.50	2.50	3.00	3.50

FORM OF PROXY

DELYN PACKAGING plc

I/We.....
(BLOCK CAPITALS PLEASE)

of.....
being (a) member(s) of Delyn Packaging plc hereby appoint the duly appointed chairman of the meeting

or.....+
as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held on 10 June 1987 and at any adjournment thereof.

I/We desire this proxy to be used in connection with the resolutions to be proposed at the annual general meeting as follows:

RESOLUTIONS	For*	Against*
1. To adopt the directors' report and accounts.....	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a dividend.....	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. P. Norman as a director.....	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. H. Prevezer as a director.....	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. M. Braun as a director.....	<input type="checkbox"/>	<input type="checkbox"/>
6. To appoint Stoy Hayward as auditors.....	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the board to fix the auditors' remuneration.....	<input type="checkbox"/>	<input type="checkbox"/>
8. Changes to the capital structure.....	<input type="checkbox"/>	<input type="checkbox"/>
9. Disapplication of pre-emption rights.....	<input type="checkbox"/>	<input type="checkbox"/>
10. Adoption of new Memorandum and Articles of Association.....	<input type="checkbox"/>	<input type="checkbox"/>

Dated this.....day of.....1987

Signature(s).....

Number of shares.....

NOTES

1. This proxy form should be deposited at the registered office of the company not less than 48 hours before the time of the meeting.
2. In the case of a corporation this proxy form should be under its common seal or under the hand of an officer or attorney duly authorised.
3. In the case of joint holders the signature of any one of them will suffice, but the names of all holders must be shown.

+ To be completed if another proxy is required (who need not be a member of the company).

* Please tick as the case may be. Unless otherwise indicated in the above proxy will abstain or vote at his discretion.