

CHAIRMAN'S STATEMENT

DELYN GROUP PLC

Dear Shareholder

The Group made useful progress in the second half of the year producing pre-tax profits of £310,000. However, the pre-tax loss of £142,000 in the first half caused by the exceptional costs relating to our former associate company in France and start-up problems with new machinery in Calendered Plastics, lead to the year's result being a total pre-tax profit of £168,000 on a turnover up 14% to £14.0 million.

Delyn's thermoforming packaging business performed well as we continued to develop new ranges of innovative packaging for our food manufacturing clients. This form of packaging has become particularly important in supermarkets as a wide variety of products compete for customer attention.

After a slow start to the year due to machinery and management changes, Calendered Plastics improved its performance in the second half and is now progressing well. The new machinery has provided us with increased capacity and the ability to produce a greater variety of plastic film.

Following the purchase in April 1993 of 2.5 acres of land in the London Borough of Greenwich for a total of £1 million, we are now constructing the first phase of our 73 unit housing development, specifically designed for first time buyers. The first phase of 19 units are now being actively marketed and the response has been highly favourable. We look forward to completing the building schedule in 1995.

Given the progress at Greenwich, we are now considering the purchase of further inner conurbation sites in Greater London and other major cities. Our purchase of these sites will be dependent on their receiving planning permission. As with Greenwich, we will be building for the first time buyer and the average site size will be some 80 units.

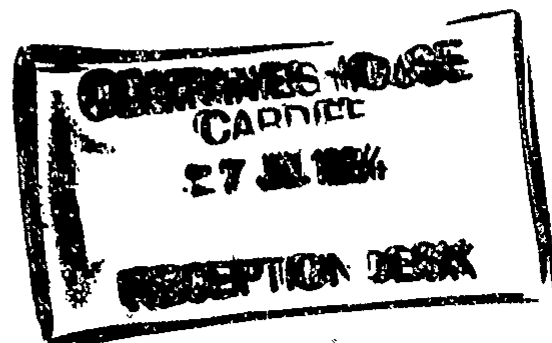
The Group's balance sheet remains strong with gearing of 33% despite the cost of developing our site in Greenwich and the investment in Calendered Plastics. The cost of developing the new housing sites — which will be on a phased basis — will be met from current resources and bank facilities.

Although profit before taxation for the year fell, due primarily to the exceptional charges in the first half, the board is recommending a maintained total dividend of 1.67p — reflecting the progress the Group is expected to make in the current year, which has started well.

Paul Norman

AGWN62QT

A05 RECEIPT DATE:07/07/94



REPORT OF THE DIRECTORS

DELYN GROUP PLC

The directors present their report and accounts for the 52 weeks ended 30 January 1994.

ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year continued to be the manufacture of plastic materials and consumer packaging. As mentioned in the Chairman's Statement in the previous year's accounts the group has now entered a new market of housebuilding.

Details of companies and branches within the group and the countries in which they operate are shown in note 14 to the accounts.

A review of the group's business activities is contained in the Chairman's Statement on page 1.

RESULTS

Operating profit was £865,000 which, after deduction of £585,000 in respect of the loss on disposal of the former associate company, £112,000 interest charges and after allowing for a tax charge of £299,000 left a loss on the ordinary activities of the group of £131,000. The directors recommend the payment of a final dividend of 1.17p per share, making a total for the year of 1.67p. The final dividend, if approved, will be paid on 1 August 1994 to shareholders on the register as at 30 June 1994. The sum of £143,000 will be absorbed by these dividend payments, leaving a loss of £274,000 to be deducted from group reserves.

Changes in presentation of the financial statements

Following the introduction of Financial Reporting Standard No. 3, 'Reporting Financial Performance' and Financial Reporting Standard No. 4, 'Capital Instruments', changes in the presentation of the financial statements have been made to conform with the new requirements. The principal changes are set out below

- a) The results for the year have been analysed between continuing and discontinued activities;
- b) A reconciliation of the movement in shareholders funds has been presented; and
- c) A note of historical cost profits and losses has been presented in order to show the results calculated on a pure historical basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 January 1994. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the group, and to prevent and detect fraud and other irregularities.

CORPORATE GOVERNANCE

The application of the Cadbury Committee Report on the Financial Aspects of Corporate Governance has been considered by the company and progress is being made in applying its requirements as considered appropriate to a company of our size. The board is pleased to confirm that the company has complied throughout the period with the Committee's Code of Best Practice except as noted below and apart from those aspects of the Code for which external guidance is still awaited and with which companies are therefore unable to comply, relating to reporting on internal control and going concern.

The composition of the board at present is of three executive directors and one non-executive. Although the Code suggests that three non-executive directors are required, the board believes that in common with many other companies of a similar size two non-executive directors will be appropriate to the group's circumstances. Accordingly, recruitment of a further non-executive is actively being pursued to introduce additional skills to aid the board in its duties. The existing non-executive director was not appointed for a fixed period.

The company has not yet established an Audit Committee as recommended, but the full board considers the group's financial statements and matters arising from the audit.

REPORT OF THE DIRECTORS

DELYN GROUP PLC

Mr. Paul Norman holds the joint role of Chairman and Chief Executive and is supported by Mr. Malcolm Braun as Financial Director/Secretary, Mr. Derek Lowthe as Operations Director and Dr. John Norris who is a Non-Executive Director. No director has a service agreement in excess of 3 years.

The board meets at regular intervals throughout the year and is responsible for the overall direction, financial planning, capital expenditure and strategy of all companies within the group. In addition to this an annual conference is held away from company premises with all directors of subsidiary companies to discuss performance and future strategy. Subsequent to 30 January 1994, a formal schedule of matters reserved to the board has been adopted formalising these procedures. In addition the procedure allowing directors to seek independent professional advice has also been documented subsequent to 30 January 1994.

Remuneration of all directors within the group is considered by the Remuneration Committee which does not currently have a majority of non executive directors but comprises the Chairman and the Non-Executive Director.

DIRECTORS

The directors of the company at 30 January 1994, all of whom have been directors for the whole of the period ended on that date, are listed at the front of these accounts.

Details of the independent non-executive director are shown below:

John Norris, B.Sc(Eng.), Ph.D. Chemical Engineer, appointed 6 December 1977. He has wide experience in the fields of paper, packaging, plastics and building products and in addition spent 7 years as Investment Director with the Welsh Development Agency.

Dr. John Norris retires by rotation and, being eligible, offers himself for re-election.

There is no service contract between the company and Dr. Norris.

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 30 January 1994, together with their interests on 31 January 1993 were as shown in note 12 to the accounts.

SUBSTANTIAL SHAREHOLDINGS

at 12 May 1994 interests in 3% or more of the company's shares were as follows:

	Ordinary Shares	%
Honor Establishment Limited*	2,435,000	28.51
Mercury Asset Management plc	1,255,000	14.67
Henderson Administration Group plc	1,250,000	14.64
Framlington Group plc - Throgmorton 1000 Smaller Companies Trust	600,000	7.02
AES Smaller Companies Trust	300,000	3.51

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

FIXED ASSETS

Changes in the group's fixed assets are detailed in note 13 to the accounts.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The total amount of charitable contributions made by the group during the period was £935. No political donations were made.

EMPLOYEES

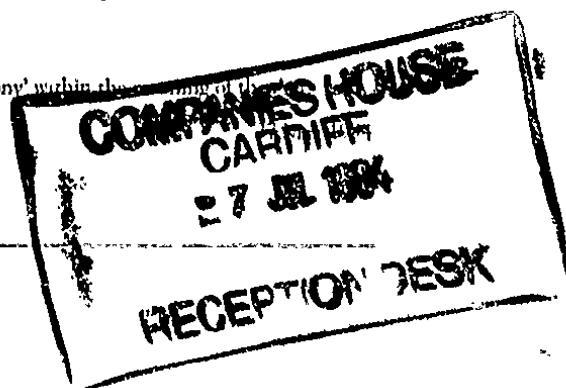
Employees of the group and its subsidiaries are regularly consulted by management and kept informed of matters affecting them and the overall development of the group.

The group's policy is to provide, wherever possible, employment opportunities and training for disabled people, to care for employees who become disabled and to make the best possible use of their skills and potential. It also operates an equal opportunities policy.

INCOME AND CORPORATION TAXES ACT 1988

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

By order of the board
Malcolm Braun Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT

DELYN GROUP PLC

For the 52 weeks ended 30 January 1994		1994 £000	1993 £000
Notes			
2	TURNOVER — continuing operations	13,971	12,265
	Cost of sales — continuing operations	(9,971)	(8,244)
	Exceptional item — redundancy costs in continuing operations	—	(166)
	GROSS PROFIT	4,000	3,855
4	Other operating expenses (net) — continuing operations	(3,135)	(2,798)
	OPERATING PROFIT — continuing operations	865	1,057
5	Loss on disposal of associated undertaking:		
	— Goodwill previously written off to reserves	(198)	
	— Provision for debts due to the group	(387)	
		(585)	—
	Profit on sale of land	—	107
	Share of profits from associated undertaking	—	5
	PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	280	1,169
6	Interest payable less receivable	(112)	(171)
7	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	168	998
9	Tax on profit on ordinary activities	(299)	(378)
	(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(131)	620
10	DIVIDENDS PAID AND PROPOSED	(143)	(141)
23	RETAINED (LOSS)/PROFIT FOR YEAR	(274)	479
		1994 pence	1993 pence
	EARNINGS PER ORDINARY SHARE OF 5p		
	— on profit before exceptional items and after taxation	5.33	7.74
	— effect of exceptional items	(6.87)	(0.43)
11	EARNINGS PER SHARE ON (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS	(1.54)	7.31
		1994 £000	1993 £000
	HISTORICAL COST PROFITS AND LOSSES		
	Reported profit on ordinary activities before taxation	168	998
	Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	20	22
	Historical cost profit on ordinary activities before taxation	188	1,020
	Historical cost (loss)/profit for the year after taxation and dividends	(254)	501

The group has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes to pages 9 to 19 form part of these accounts.

CONSOLIDATED BALANCE SHEET

DELYN GROUP PLC

Notes	As at 30 January 1994	1994 £000	1994 £000	1993 £000
	FIXED ASSETS			
13	Tangible assets	6,129		6,172
14	Investments	—		45
			6,129	6,217
	CURRENT ASSETS			
15	Stocks	3,232		1,450
16	Debtors	2,441		2,099
16	Debtor falling due after one year	—		243
	Cash at bank and in hand	1		1
		5,674		3,793
17	CREDITORS: amounts falling due within one year	4,139		3,005
	NET CURRENT ASSETS		1,535	788
	TOTAL ASSETS LESS CURRENT LIABILITIES		7,664	7,005
18	CREDITORS: amounts falling due after more than one year		808	164
20	Provisions for liabilities and charges		917	846
21	Accruals and deferred income		124	134
	NET ASSETS		5,815	5,861
	CAPITAL AND RESERVES			
22	Called-up share capital		427	421
23	Share premium account		95	68
23	Revaluation reserve		883	883
23	Merger reserve		—	8
23	Other reserves		25	25
23	Profit and loss account		4,385	4,453
	EQUITY SHAREHOLDERS' FUNDS		5,815	5,861

The accounts were approved by the board of directors on 27 May 1994
 PAUL A. NORMAN
 MALCOLM BRAUN
 Directors

Paul Norman

**COMPANIES HOUSE
 CARDIFF
 7 JUL 1994**

The notes on pages 9 to 19 form part of these accounts

RECEPTION DESK

BALANCE SHEET

DELYN GROUP PLC

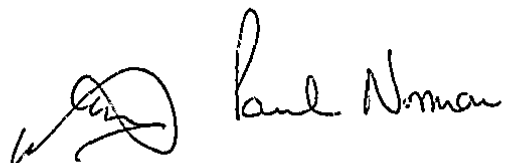
	As at 30 January 1994	1994 £000	1994 £000	1993 £000
Notes				
	FIXED ASSETS			
13	Tangible assets	2,283		2,305
14	Investments	302		342
			2,585	2,647
	CURRENT ASSETS			
16	Debtors	2,734		2,067
16	Debtor falling due after one year	—		243
	Cash at bank and in hand	1		205
		2,735		2,515
17	CREDITORS: amounts falling due within one year	1,081		333
	NET CURRENT ASSETS		1,654	2,182
	TOTAL ASSETS LESS CURRENT LIABILITIES		4,239	4,829
18	CREDITORS: amounts falling due after more than one year		22	13
20	Provisions for liabilities and charges		304	288
21	Accruals and deferred income		124	126
	NET ASSETS		3,789	4,402
	CAPITAL AND RESERVES			
22	Called-up share capital		427	424
23	Share premium account		95	68
23	Revaluation reserve		883	883
23	Profit and loss account		2,384	3,027
	EQUITY SHAREHOLDERS' FUNDS		3,789	4,402

The accounts were approved by the board of directors on 27 May 1994

PAUL A. NORMAN

MALCOLM BRAUN

Directors



The notes on pages 9 to 19 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT

DELYN GROUP PLC

For the 52 weeks ended 30 January 1994	1994 £000	1993 £000
NET CASH (OUTFLOW)/INFLOW FROM CONTINUING OPERATING ACTIVITIES	(70)	2,002
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid less received	(52)	(112)
Interest paid on hire purchase contracts	(60)	(59)
Dividends paid	(142)	(127)
Net cash outflow from returns on investments and servicing of finance	(254)	(298)
TAXATION		
U.K. corporation tax paid	(277)	(155)
INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(93)	(669)
Sale of tangible fixed assets	14	163
Net cash outflow from investing activities	(79)	(506)
FINANCING		
Issue of shares	30	—
Loan received	630	—
Payments of principal under hire purchase contracts	(382)	(281)
Net cash inflow/(outflow) from financing	278	(281)
(Decrease)/increase in cash and cash equivalents	(402)	762

NOTES TO THE CASH FLOW STATEMENT

DELYN GROUP PLC

Reconciliation of operating profit to net cash (outflow)/inflow from continuing operating activities	1994 £000	1993 £000
Operating profit	865	1,057
Depreciation of tangible fixed assets	863	833
Loss on sale of tangible fixed assets	15	3
(Increase) in stocks	(1,782)	(34)
(Increase) in debtors and prepayments	(441)	(117)
(Increase) in amounts owed by associated company	—	(10)
Increase in trade creditors	427	135
Increase/(decrease) in other taxation and social security	18	(44)
(Decrease)/increase in accruals and deferred income	(40)	202
Amortisation of government grants	(10)	(12)
Increase/(decrease) in pensions provision	15	(11)
NET CASH (OUTFLOW)/INFLOW FROM CONTINUING OPERATING ACTIVITIES	(70)	2,002

Analysis of cash and cash equivalents	1994 £000	1993 £000
Balance at beginning of year	(77)	(839)
Net cash (outflow)/inflow	(402)	762
BALANCE AT END OF YEAR	(479)	(77)

Analysis of balances	1994 £000	1993 £000	Change in year £000
Cash at bank and in hand	1	1	—
Bank overdrafts	(480)	(78)	(402)
	(479)	(77)	(402)

ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR	1994 Share Capital and premium £000	1994 Loans and hire purchase obligations £000	1993 Loans and hire purchase obligations £000
Opening balance	492	415	657
Shares issued	3	—	—
Share premium	27	—	—
Loan	—	630	—
Inception of hire purchase contracts	—	756	39
Repayment of principal under hire purchase contracts	—	(382)	(281)
	522	1,419	415

There was no movement in share capital and premium in 1993.

NOTES TO THE ACCOUNTS

DELYN GROUP PLC

1 HOLDING COMPANY PROFIT AND LOSS ACCOUNT

The company has taken advantage of the exemption in the Companies Act 1985 not to present its own profit and loss account.

The company's loss for the financial year was £643,000 (1993 - Profit £16,000).

	1994 £000	1993 £000
2 SEGMENTAL ANALYSIS BY CLASS OF BUSINESS		
Turnover		
Consumer packaging and materials	13,971	12,265
Housebuilding	—	—
Profit before taxation		
Consumer packaging and materials	878	1,057
Housebuilding	(13)	—
Operating profit	865	1,057
Loss on disposal of associated undertaking	(585)	—
Profit on sale of land	—	107
Share of profits from associated undertaking — France	—	5
Interest payable less receivable	(112)	(171)
	168	998
Net Assets		
Consumer packaging and materials	5,599	5,861
Housebuilding	696	—
Net operating assets	6,295	5,861
Unallocated group borrowings	(480)	—
	5,815	5,861

The group's net assets are principally held in the United Kingdom.

3 ANALYSIS OF TURNOVER BY GEOGRAPHICAL AREA

	1994 £000	1993 £000
United Kingdom	13,102	11,844
Europe	824	406
Rest of World	45	15
	13,971	12,265

All sales originate from the United Kingdom and the group's profit before taxation arises from these sales.

4 OTHER OPERATING EXPENSES

	1994 £000	1993 £000
Selling and distribution costs	1,454	1,280
Administrative expenses	1,681	1,518
	3,135	2,798

NOTES TO THE ACCOUNTS *continued*

DELYN GROUP PLC

5 LOSS ON DISPOSAL OF ASSOCIATED UNDERTAKING

	1994	£000
Goodwill previously written off to reserves	(198)	
Provision for sale proceeds not received	(45)	
Provision for other debts	(342)	
Taxation	—	
	(585)	

On 25th May 1993 the Group disposed of its interest in the associated undertaking, Plastella S.A. to Mercurex S.A. at a price of £45,000 which equated to the book value of the investment at that date. Goodwill arising on acquisition of £198,000 originally written off to reserves in the year of acquisition has been accounted for in the Profit and Loss Account.

At the date of the sale, as part of the disposal contract, a schedule of repayments was agreed in respect of sums due to the Group including proceeds from the sale of Plastella S.A.

However, in August 1993 an Administrative Receiver was appointed in respect of Mercurex prior to any of the agreed payments being made and it has been felt prudent to make full provision for the sums outstanding of £45,000 in respect of the agreed sale proceeds and £342,000 relating to other amounts due to the group — a total of £387,000.

	1994	1993
	£000	£000
6 INTEREST PAYABLE LESS RECEIVABLE		
Loans repayable within five years:		
— Bank loans repayable within 5 years by instalments	—	68
— Bank overdrafts repayable within 5 years not by instalments	59	55
Hire purchase contracts	60	59
Interest receivable	(7)	(11)
	112	171

	1994	1993
	£000	£000
7 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and amounts written-off tangible fixed assets	863	833
— Less: deferred income release	12	12
	851	821

Included in the above is depreciation on assets held under hire purchase contracts

	189	161
Hire of plant and equipment — operating leases	9	7
Hire of other assets — operating leases	40	42
Auditors' remuneration — Audit (Company £8,000)	26	24
— Other (Company £25,000)	25	7
Loss on sale of tangible fixed assets	15	3

NOTES TO THE ACCOUNTS *continued*

DELYN GROUP PLC

8	EMPLOYEES	1994 £000	1993 £000
	Particulars of employees (including executive directors) are as shown below:		
	Employees costs during the year amounted to:		
	Wages and salaries	4,041	3,609
	Social security costs	373	309
	Other pension costs — see note 28	259	212
		4,673	4,130
	The average number employed during the year was:	1994 Number	1993 Number
	Production	159	173
	Sales and distribution	22	24
	Administration	35	34
		216	231
9	TAX ON PROFIT ON ORDINARY ACTIVITIES	1994 £000	1993 £000
	Tax on profit on ordinary activities for the year was:		
	UK corporation tax at 33% — current year	258	488
	Deferred tax	41	(118)
	Adjustments in respect of prior years — current	(11)	8
	— deferred	11	—
		299	378
10	DIVIDENDS	1994 £000	1993 £000
	Interim paid — 0.50p per share (1993 — 0.50p)	43	42
	Final proposed — 1.17p per share (1993 — 1.17p)	100	99
		143	141

11 EARNINGS PER SHARE

The calculation of the earnings per share is based on £131,000 — loss (1993 — profit £620,000) and 8,513,432 ordinary shares of 5p each in issue during the period (1993 — 8,476,124). No material dilution of earnings per share would arise if outstanding share options were exercised. In addition to the earnings per share based on the (loss)/profit for the financial year the directors consider it appropriate to show the above calculation based on the (loss)/profit for the year excluding the exceptional items net of tax as a clearer measure of operating performance.

NOTES TO THE ACCOUNTS *continued*

DELYN GROUP PLC

12 DIRECTORS' REMUNERATION AND INTERESTS	1994 £000	1993 £000
Details of directors' remuneration are shown below:		
Emoluments	207	128
Pension costs	15	10
	222	138
Directors' remuneration		
Chairman — Emoluments	74	—
— Pension Costs	4	—
Highest paid director — Emoluments	60	58
— Pension Costs	6	5
Other directors:		
£10,001 — £15,000	1	1
£55,001 — £60,000	1	1

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 30 January 1994 together with their interests on 31 January 1993, were as follows:

	Beneficial and family interests	
	5p ordinary shares 1994	5p ordinary shares 1993
Paul A. Norman	2,435,000	2,435,000
Malcolm Braun	56,800	56,800
Derek W. Lowthe	8,000	8,000
John Norris	—	—

	Options exercised during year	Ordinary shares of which options are outstanding	
		5p ordinary shares 1994	5p ordinary shares 1993
Malcolm Braun	30,000	102,000	132,000
Derek W. Lowthe	35,000	97,000	132,000

The exercise period for the above options expires in December 1996 at an option price of 47.75p per 5p Ordinary Share. The market price of the company's shares at the beginning and end of the financial year was 56p and 104p respectively.

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 30 January 1994 and 27 May 1994 there were no changes in the shareholdings detailed above. No director was interested in any significant contract during the year ended 30 January 1994.

NOTES TO THE ACCOUNTS *continued*

DELYN GROUP PLC

13 TANGIBLE FIXED ASSETS	Leasehold buildings (long term) £000	Plant and equipment £000	Total £000	
Group				
Cost or valuation				
At beginning of year	2,424	7,721	10,145	
Additions at cost	86	763	849	
Cost of disposals	(4)	(130)	(134)	
At end of year	2,506	8,354	10,860	
Aggregate depreciation:				
At beginning of year	234	3,739	3,973	
Amount provided	55	808	863	
Eliminated on disposals	—	(105)	(105)	
At end of year	289	4,442	4,731	
NET BOOK VALUE				
At 30 January 1994	2,217	3,912	6,129	
At 31 January 1993	2,190	3,982	6,172	
Company				
Cost or valuation				
At beginning of year	2,414	319	2,733	
Additions at cost	86	34	120	
Transfer to subsidiary	—	(245)	(245)	
Eliminated on disposals	(4)	—	(4)	
At end of year	2,496	108	2,604	
Aggregate depreciation:				
At beginning of year	224	204	428	
Amount provided	55	33	88	
Transfer to subsidiary	—	(195)	(195)	
Eliminated on disposals	—	—	—	
At end of year	279	42	321	
NET BOOK VALUE				
At 30 January 1994	2,217	66	2,283	
At 31 January 1993	2,190	115	2,305	
Plant and equipment of the group includes fixed assets held under hire purchase contracts at a net book value of £1,185,000 (1993 – £823,000).				
The group's leasehold buildings were revalued on 27 January 1989 by Pyle Owen & Partners, an independent firm of surveyors, at open market value. The surplus arising of £883,000 has been credited to revaluation reserve.				
The directors are of the opinion that there has been no significant change in the open market valuation of the group's leasehold buildings since 27 January 1989.				
	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Leasehold buildings are stated at:				
Open Market value 1989	2,300	2,300	2,300	2,300
Cost	206	124	196	114
	2,506	2,424	2,496	2,414
The historical cost of leasehold buildings is:				
Cost	2,472	2,386	2,462	2,376
Accumulated depreciation based on historic cost	1,033	998	1,023	988
Historic cost net book value	1,439	1,388	1,439	1,388
All other tangible fixed assets are stated at historic cost.				

NOTES TO THE ACCOUNTS *continued*

DELYN GROUP PLC

14 FIXED ASSET INVESTMENTS

Group Associated undertaking	1994 £000	1993 £000
Share of associated undertaking's net assets at beginning of year	45	40
Share of profits for year	—	5
Disposal — see note 5	45	—
Share of associated undertaking's net assets at 30 January 1994	—	45

Company	Interests In Group Undertakings £000	Associated Undertaking £000	Total £000
Cost at beginning of year	302	40	342
Disposal — see note 5	—	40	40
Net book value at 30 January 1994	302	—	302

Interest in group undertakings

Fixed asset investments comprise ordinary shares in the undermentioned subsidiary companies, all of which are 100% owned and operate in their country of registration or incorporation.

	Nature of business	Country of Registration or Incorporation
Delyn Packaging Limited	Manufacture of plastics packaging	England
Calendered Plastics Limited	Plastics film producer	England
Alpha Products (Bristol) Limited	Manufacture of moulds and tools	England
Panorama Home, Limited	Housebuilding	England
Spencer Noble International Limited	Dormant	England
Plastella Limited	Dormant	England

Overseas branch	Nature of business	Country of Operation
Delyn France	Distribution for Delyn Group products	France

15 STOCKS

	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
The following are included in the net book value of stocks:				
Raw materials and consumables	979	736	—	—
Work in progress	41	56	—	—
Finished goods and goods for resale	772	658	—	—
Housebuilding — work in progress	1,440	—	—	—
	3,232	1,450	—	—
Housebuilding — work in progress	—	—	—	—
— Land	1,045	—	—	—
— Construction and other costs	338	—	—	—
— Interest	57	—	—	—
	1,440	—	—	—

NOTES TO THE ACCOUNTS CONTINUED

DELYN GROUP PLC

16 DEBTORS	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Amounts falling due within one year:				
Trade debtors	2,309	1,863	—	—
Other debtors	40	85	—	85
Prepayments and accrued income	92	87	17	25
Amounts due from subsidiaries	—	—	2,717	1,957
Amounts due from associated undertaking	—	64	—	—
	2,441	2,099	2,734	2,067
Amounts falling due after one year:				
Amounts due from associated undertaking	—	243	—	243

17 CREDITORS	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Amounts falling due within one year:				
Bank loans and overdrafts — see note 18	715	78	734	—
Trade creditors	1,509	1,082	—	—
Amounts due to subsidiaries	—	—	3	—
Other creditors:				
— advance corporation tax payable	41	43	41	43
— VAT	255	265	—	—
— social security and PAYE	215	187	—	1
Proposed dividend	100	99	100	99
Corporation tax	443	475	101	101
Accruals and deferred income	485	525	86	70
Obligations under hire purchase contracts	376	251	16	19
	4,139	3,005	1,081	333

18 CREDITORS amounts falling due after more than one year				
Obligations under hire purchase contracts — see note 19	413	164	22	13
Bank loan	395	—	—	—
	808	164	22	13

The group's bank borrowings are secured by a fixed charge over its property assets and the land components of the housebuilding work in progress along with a floating charge over the group's other assets.

The bank loan bears interest at 1.5% above National Westminster Bank Plc base rate and is repayable on a pro rata basis to the sale of development units. The projected sales of units result in the loan being repayable as follows:

Within 1 year or less	£ 234,650
Between 1-2 years	370,500
Between 2-5 years	24,850
	630,000

NOTES TO THE ACCOUNTS *continued*

DELYN GROUP PLC

19 OBLIGATIONS	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
under hire purchase contracts are due as follows:				
Within 1 year or less	376	251	16	19
Between 1-2 years	240	158	14	7
Between 2-5 years	173	6	8	6
	789	415	38	32

20 PROVISIONS FOR LIABILITIES AND CHARGES

Group	Pensions & similar obligations (see note 28) £000	Deferred taxation (see below) £000	Total £000
At beginning of year	229	617	846
Profit and loss account	259	52	311
Contributions paid to pension scheme	(244)	—	(244)
Movement in advance corporation tax recoverable	—	4	4
At end of year	244	673	917
Company			
At beginning of year	229	59	288
Profit and loss account	259	(3)	256
Contributions paid to pension scheme	(244)	—	(244)
Movement in advance corporation tax recoverable	—	4	4
At end of year	244	60	304

DEFERRED TAXATION

Deferred taxation provided in the financial statements, and the potential liability including the amount for which provision has been made, are as follows:

Group	Amount provided		Amount unprovided	
	1994 £000	1993 £000	1994 £000	1993 £000
Tax effect of timing differences because of:				
Excess tax allowances over depreciation	740	722	—	—
Advance corporation tax	(25)	(29)	—	—
Sundry timing differences	(42)	(76)	—	—
Tax effect of property revaluation	—	—	95	95
	673	617	95	95
Company				
Tax effect of timing differences because of:				
Excess tax allowances over depreciation	151	151	—	—
Advance corporation tax	(25)	(29)	—	—
Sundry timing differences	(66)	(63)	—	—
Tax effect of property revaluation	—	—	95	95
	60	59	95	95

21 ACCRUALS AND DEFERRED INCOME

Government grants	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
At beginning of year	134	146	126	129
Amortisation in year	(10)	(12)	(2)	(3)
At end of year	124	134	124	126

NOTES TO THE ACCOUNTS continued

DELYN GROUP PLC

	1994 £000	1993 £000
22 CALLED-UP SHARE CAPITAL		
Ordinary shares of 5p each:		
Authorised	1,000	1,000

Allotted and fully paid 8,541,124 ordinary shares of 5p	427	424
---	-----	-----

Options have been granted to executive directors of the company for the purchase of 264,000 shares in aggregate at a price of 47.75p exercisable between December 1989 and December 1996. During the year options in respect of 65,000 ordinary shares were exercised. Options in respect of 199,000 ordinary shares remain.

23 RESERVES

Group	Share premium account £000	Revaluation reserve £000	Merger reserve £000	Other reserves £000	Profit and loss account £000
At beginning of year	68	883	8	25	4,453
Premium on shares issued in year	27	—	—	—	—
Loss for the year	—	—	—	—	(274)
Goodwill written back	—	—	198	—	—
Realisation of merger reserve	—	—	(206)	—	206
At end of year	95	883	—	25	4,385

Company	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
At beginning of year	68	883	3,027
Premium on shares issued in year	27	—	—
Loss for the year	—	—	(643)
At end of year	95	883	2,384

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £000	1993 £000
(Loss)/profit for the financial year	(131)	620
Dividends	(143)	(141)
	(274)	479
New share capital issued	30	—
Goodwill transferred to the profit and loss account in respect of disposal of associated undertaking	198	—
Net (reduction)/addition to shareholders' funds	(46)	479
Opening shareholders' funds	5,861	5,382
Closing shareholders' funds	5,815	5,861

NOTES TO THE ACCOUNTS *continued*

DELYN GROUP PLC

25	CAPITAL EXPENDITURE	1994	1993
		£000	£000
	Amounts approved by the directors in respect of capital expenditure not provided for in these accounts is as follows:		
	Contracted	183	40
	Authorised but not contracted for	178	9
		361	49

26 **CONTINGENT LIABILITIES**

The company is subject to unlimited guarantees in respect of the bank borrowing of other group companies which, at the year end, amounted to £695,000 (1993 – £283,000).

The company has guaranteed the hire purchase commitments of other group companies which at the year end amounted to £750,000.

The company has given a guarantee in respect of the construction for the house building project of Panorama Homes Limited. The contract sum amounts to £1,426,000 in total of which £1,213,000 relates to work not yet completed and has therefore not been accrued in the accounts.

27 **OPERATING LEASE COMMITMENTS**

At 30 January 1994 the group was committed to make the following payments during the next year in respect of operating leases which expire:

	Land and buildings 1994 £000	Other 1994 £000	Land and buildings 1993 £000	Other 1993 £000
Within 1 year	38	7	—	6
Within 2–5 years	25	26	25	20
After 5 years	26	—	26	—
	89	33	51	26

28 **PENSION COSTS**

The company operates a pension scheme for group employees, providing benefits based on final pensionable salary. The scheme, known formally as the Delyn Group Retirement Benefits Scheme, is set up under trust and the assets of the scheme are held separately from the company.

The total assets of the scheme as at 1 July 1993, the date of the last actuarial valuation, based on market values, amounted to £2,770,000 and the level of funding (i.e. the total value of the assets expressed as a percentage of the past service liabilities) was 92%.

The accounting policy is to provide for pension liabilities on a systematic basis over the period of employment of scheme members with surpluses/deficiencies being accounted for over the average future membership of the scheme's members. The funding policy is similar, although the incidence of contributions and pension costs may not necessarily be the same.

A pension cost of £259,000 arises in relation to the scheme for the period to 30 January 1994. The company's contribution over the same period amounted to £244,000 which increases the provision in the balance sheet by £15,000 to £244,000 as at 30 January 1994. The amount of £244,000 included in provisions represents the excess of the accumulated pension cost over the payment of contributions to the pension fund

The pension cost and provision have been assessed in accordance with advice received from the actuary to the scheme on the basis of an actuarial valuation carried out as at 1 July 1993. Pension costs were assessed using the projected unit actuarial method based on assumptions including a long-term rate of investment return on assets of 9% per annum, increases in members' pensionable salaries 2% less than this figure, pension increases at 3% on members' Guaranteed Minimum Pensions (4½% on excess over G.M.P.) and allowances for mortality, withdrawals from service and early retirements.

Following the results of the 1993 actuarial valuation the company has increased its contribution to the scheme in order to re-establish a 100% past funding position.

REPORT OF THE AUDITORS

DELYN GROUP PLC

Coopers
& Lybrand

TO THE MEMBERS OF DELYN GROUP PLC

We have audited the financial statements on pages 4 to 19.

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.

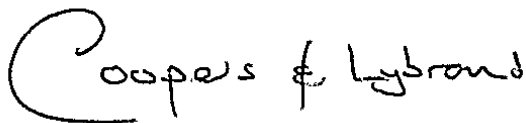
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 and the group at 30 January 1994 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Cardiff

27 May 1994



NOTICE OF MEETING

DELYN GROUP PLC

Notice is hereby given that the annual general meeting of the company will be held at the Marriott Hotel, Mill Lane, Cardiff on Wednesday, 29 June 1994 at 10.30 a.m. for the following purposes:

1. To receive and, if approved, adopt the report of the directors and accounts for the 52 weeks ended 30 January 1994 and the report of the auditors.
2. To declare a dividend.
3. To elect a director: Dr. John Norris retires and will be proposed for re-election.
4. To re-appoint Coopers & Lybrand as auditors from the conclusion of this meeting until the conclusion of the next annual general meeting.
5. To authorise the board of directors to fix the remuneration of the auditors.
6. To consider and, if thought fit, pass the following as a special resolution:

That the directors of the company be and are hereby generally authorised and empowered during the period expiring on the date of the next annual general meeting of the company to exercise all powers of the company to allot relevant securities as defined in Section 80 of the Companies Act 1985 ('the Act') and to make an offer or agreement which would or might require relevant securities to be allotted after that date, all as if Section 89(i) of the Act did not apply, but limited:

(a) so that the aggregate nominal value of the relevant securities allotted under this authority shall not exceed the lesser of:

(i) the aggregate nominal value of the unissued share capital of the company at the date hereof, and

(ii) one third of the sum of the aggregate nominal value of the issued ordinary share capital of the company at the date hereof and the aggregate nominal value of such of the unissued share capital of the company as the company is obliged to allot by virtue of options, conversion rights, warrants or other similar contractual or other arrangements and for which share capital has been specifically reserved at the date hereof;

(b) to allotments in connection with a rights issue to ordinary shareholders of equity securities as defined in Section 94 of the Act in proportion (as nearly as may be) to their shareholdings and subject to the directors having a right:

(i) to sell for the benefit of those shareholders who are citizens of or residents in any overseas territory, where in the opinion of the directors it would at the time of the offer be illegal (by relevant law) or unduly costly or burdensome for the company to make or for those shareholders to accept an offer of equity securities of the company, the equity securities to which they would otherwise be entitled; and

(ii) to aggregate and sell for the benefit of the company all fractions of a share which may arise in apportioning the equity securities among the ordinary shareholders; and

(c) as regards other allotments of equity securities for cash in aggregate to the allotment of, involving, equity share capital not exceeding in nominal value 5% of the present issued ordinary share capital of the company.

By order of the board
Malcolm Braun Secretary

REGISTERED OFFICE
St. Alphage House
Fore Street
London EC2Y 5DH

27 May 1994

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 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 27 May 1994 until 29 June 1994 and at the meeting from 15 minutes prior thereto, the register of the directors' interests in the shares of the company and its subsidiaries and their service contracts.

FORM OF PROXY

DELYN GROUP PLC

I/We _____
 (BLOCK CAPITALS PLEASE)

of _____ †
 being (a) member(s) of Delyn Group PLC hereby appoint the duly appointed chairman of the
 meeting or _____
 as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company
 to be held on 29 June 1994 and at any adjournment thereof.

I/We desire this proxy to be used in connection with the resolution 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 Dr. John Norris as a director	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Coopers & Lybrand as auditors	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorise the board to fix the remuneration of the auditors	<input type="checkbox"/>	<input type="checkbox"/>
6. Allotment of securities and disapplication of pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>

Dated this _____ day of _____ 1994

Signature(s) _____

Number of shares _____

NOTES

1. This proxy form should be deposited at the offices 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 name 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.



Third fold and tuck in

BUSINESS REPLY SERVICE
Licence No. CF 4241

1



Delyn Group PLC
14 Cathedral Road
Cardiff CF1 1YU

First fold

Second fold

