
Directors and Advisers

Executive Directors

Paul A. Norman *Chairman*
Graham Turner B.Sc., A.C.A. *Finance Director*

Non-Executive Directors

John Norris B.Sc.(Eng.), Ph.D.
Malcolm Braun F.C.I.S., F.C.M.A.

Secretary

Malcolm Braun F.C.I.S., F.C.M.A.

Head Office

22 Mount Row
Mayfair
London W1Y 5DA

Registered Office

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St Alphage House, Fore Street
London EC2Y 5DH

Registered Auditors

Coopers & Lybrand
Harman House
1 George Street
Uxbridge UB8 1QQ

Stockbrokers

Albert E Sharp
Temple Court
35 Bull Street
Birmingham B4 6ES

Bankers

National Westminster Bank
Oxford Circus Business Centre
Argyll House
246 Regent Street
London W1R 6PB

Registrars

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



Chairman's Statement

Dear Shareholder

As explained in my previous announcements to shareholders, our Group strategy is to reinvest in businesses which may contain elements of leisure and property.

Your Board has been actively pursuing a number of opportunities to utilise the Group's cash resources for the benefit of shareholders. On 1 August 1996, in view of its substantial cash balances at that time, dealings in the Company's shares were suspended by the London Stock Exchange. In January 1997 the Group gained an extension to its six month suspension period as it was actively pursuing an acquisition opportunity. As explained in my letter to shareholders dated 20 May 1997, negotiations for this acquisition opportunity have now broken down.

The Company's listing was then successfully transferred to the Alternative Investment Market ("AIM") so as to enable dealings to recommence in the Ordinary Shares of the Company and the search for a suitable acquisition to continue.

This year has been one of consolidation, with the closure of the Group's Cardiff office and centralisation of administration and management in London. A professional valuation of the Group's investment properties has been undertaken which determined a value of £2.9m with an annual rental income of £310,000. The Group's net asset value has increased from £9.9m to £10.2m and comprises predominantly cash and investment properties. The Group's net asset value per share as at 31 January 1997 was £1.17.

The current activities of the Group comprise property development and investment. The Group's only property development at 31 January 1997, which is conditional upon planning permission, was a joint venture with M J Gleeson Group PLC for luxury housing near Edinburgh. It is your Board's intention to dispose of its interest in this joint venture during 1997. The Group will, however, continue to exploit property opportunities which have minimal financial risk to the Group but whose value can be unlocked by management expertise.

Results

The profit before taxation for the year ended 31 January 1997 amounts to £268,000. In light of the disposals during the prior year, a comparison with the prior year's trading performance would be inappropriate. Earnings per share for the period were 2.22p.

Dividend

Following the sale of the packaging business, the Board declared a special dividend of 8p per Ordinary Share which was paid to shareholders in February 1996. A further dividend of 1.5p per Ordinary Share was paid in August 1996 and 0.5p per Ordinary Share in November 1996. We are now proposing a final dividend of 1.5p per share which will make a total for the year of 2p per share. The final dividend will be paid on 1 September 1997 to shareholders on the register as at 8 August 1997.

Prospects

I believe that the Delyn Group, with its strong balance sheet and cash resources, is ideally placed to exploit quality acquisition opportunities as they arise. We are examining a number of such opportunities at present and hope to be able to recommend a suitable acquisition to shareholders in the near future.

I would, once again, like to thank shareholders for their continued support whilst we seek the right acquisition.

Paul Norman

Chairman
24 July 1997

Report of the Directors

The directors present their report and accounts for the year ended 31 January 1997.

Activities and Business Review

The principal activities of the Group during the year were property based businesses.

Details of the companies within the Group are shown in note 13 to the accounts.

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

Results

The consolidated profit and loss account for the year is set out on page 7.

Dividends

The directors have declared or now recommend the following dividends in respect of the year ended 31 January 1997:

	Pence per share	£000
Interim paid	0.50	45
Final proposed	1.50	131
	2.00	176

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 31 January 1997. 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 safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance

The application of the Cadbury Report on the Financial Aspects of Corporate Governance has been considered by the Company and progress is being made in applying its requirements as appropriate and practical 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.

The Board currently comprises two executive directors and two non-executive directors. Although the Code suggests that three non-executive directors are required, the board believes that in common with many companies of a similar size two non-executive directors are appropriate to the Group's circumstances. The non-executive directors have not been appointed for a fixed period and do not have service contracts.

The Company has not yet established an Audit Committee as recommended, but the full Board consider the Group's financial statements and matters arising from the audit.

Mr. Paul Norman holds the joint role of Chairman and Chief Executive and is supported by Mr. Graham Turner as Finance Director, together with Dr. John Norris and Mr. Malcolm Braun who are non-executive directors. No executive director has a service agreement in excess of three years. Remuneration of all directors within the Group is considered by the Remuneration Committee which during the year comprised of two non-executive directors, Dr. John Norris and Mr. John Fooks.

Internal Financial Controls

The directors acknowledge that they are responsible for the Group's system of internal financial control.

It should be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

Report of the Directors continued

The Board meets at regular and frequent intervals throughout the year and is responsible for the overall direction, financial planning, capital expenditure and strategy of all companies within the Group.

The key procedures established by the Board include maintenance of budgetary controls, preparation of monthly management accounts, cash flows and capital project appraisals. Currently the Group is engaged in individual projects that are appraised, monitored and reviewed by the board.

During the year a review of the effectiveness of the system of internal financial control in respect of all companies in the Group has been performed.

Compliance

The Company has complied with Section A of the best practice provisions annexed to the Listing Rules of the London Stock Exchange and the Remuneration Committee confirms that it has given full consideration to Section B of these provisions in framing its remuneration policy.

Going Concern

After making appropriate enquiries the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

For this reason they continue to adopt the going concern basis in preparing the Group and Company financial statements.

Directors

The directors of the Company at 31 January 1997 are listed at the front of these accounts.

Graham Turner B.Sc., A.C.A. joined the board on 17 September 1996 and was appointed Finance Director on 1 November 1996. He was previously employed by BET plc in their mergers and acquisitions department and prior to that spent seven years with Coopers & Lybrand working on audit, due diligence and corporate finance assignments.

John Fooks resigned from the Board with effect from 31 January 1997 in order to pursue his other activities.

On the closure of Delyn's Cardiff office Malcolm Braun retired from executive employment in December 1996 and has remained as a non-executive director of the Company.

Malcolm Braun retires by rotation and, being eligible, offers himself for re-election.

Details of the non-executive directors are shown below:

John Norris, B.Sc.(Eng.), Ph.D. Chemical Engineer, appointed 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.

John Anthony Fooks, J.P., M.A., F.C.A., appointed March 1995, resigned 31 January 1997 – Chairman East Surrey Holdings plc, and is also a director of Bradford Property Trust PLC, Cheam Group Plc., Pittards PLC and other companies.

Malcolm Braun F.C.I.S., F.C.M.A. joined Delyn in 1977 as Company Secretary and was appointed Financial Director in November 1978. Prior to this Mr. Braun was financial director of Tudor Accessories Ltd and moved to South Wales in 1969 upon the relocation of the company from Hayes, Middlesex. He joined the Christie Tyler Group as financial director of Associated Upholstery Ltd for the period 1974 to 1976 and then spent a year in management consultancy prior to joining Delyn.

Substantial Shareholdings

At 1 July 1997 interests in 3% or more of the Company's shares were as follows:

	Ordinary Shares	%
Honor Establishment Limited*	2,435,000	27.9
Henderson Investors Ltd	1,408,750	16.1
Mercury Asset Management plc	1,026,500	11.7
Framlington Investment Management Limited	750,000	8.6
Rathbone Investment Management	671,000	7.7

* 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.

Report of the Directors continued

Fixed Assets

Changes in the Group's fixed assets are detailed in notes 12 and 13 to the accounts.

Directors' and Officers' Liability Insurance

The Company has maintained liability insurance during the year for its directors and officers and those of its subsidiary companies.

Charitable and Political Contributions

The total amount of charitable contributions made by the Group during the period was £1,645 (1996 £475). No political donations were made.

Creditor payment policy

The Group's payment policy is to negotiate terms with its suppliers at the time they are engaged and to abide by the terms agreed.

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.

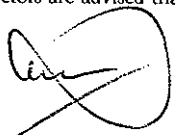
The Group's policy is to provide, wherever possible, employment opportunities and training for disabled people, to care for employees who become disabled and to make the best possible use of their skills and potential. It also operates an equal opportunities policy.

Annual General Meeting

The 1997 Annual General Meeting will be held at 9.30 a.m. on 26 August 1997 at 22 Mount Row, Mayfair, London W1. There are two items of Special Business. The directors consider it desirable that the Company should have authority to make market purchases of its own shares and therefore propose Resolution No. 7 which will authorise the Company to make market purchases of up to 437,006 Ordinary Shares of 5p each (representing 5% of the issued share capital as at 24 July 1997). The directors would only use this authority if they considered that it would be in the best interests of the Company. The directors also consider it desirable to have the customary flexibility for future share issues and therefore propose Resolution No. 8 which will give them the authority to issue shares up to the maximum number which are within the limits laid down by the Association of British Insurers.

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

24 July 1997

Report of the Remuneration Committee

The Remuneration Committee during the year comprised two non-executive directors, John Fooks and John Norris. During the year it has decided upon the remuneration policy applicable to executive directors and the group's other senior management. In setting the policy it considers a number of factors including salaries and benefits of comparable companies, the need to attract and retain directors of an appropriate calibre together with the need to ensure executive directors' commitment to the continued success of the Group.

Contracts of service

The executive directors have contracts of service which can be terminated by either party with a notice period of one year. There are no service agreements between the Company and the non-executive directors.

Non-executive directors

John Norris and John Fooks served as directors for the whole of the year. Malcolm Braun assumed non-executive director status in December 1996.

Directors' detailed emoluments

	Compensation for loss of office £	Salary/ fees £	1997		Total £
			Benefits £	Pensions £	
Executive					
Mr. P. A. Norman	–	133,782	10,771	24,162	168,715
Mr. M. Braun	30,000	55,219	7,741	15,440	108,400
Mr. G. Turner	–	23,846	2,545	1,645	28,036
Non-executive					
Dr. J. Norris	–	15,659	–	–	15,659
Mr. J. A. Fooks	–	10,000	–	–	10,000
Mr. M. Braun	–	1,250	–	–	1,250
	30,000	239,756	21,057	41,247	332,060

	Salary/ fees £	1996		Total £
		Benefits £	Pensions £	
Executive				
Mr. P. A. Norman	95,150	9,015	9,594	113,759
Mr. M. Braun	59,680	7,899	7,258	74,837
Mr. D. W. Lowthe	50,598	7,638	5,371	63,607
Non-executive				
Dr. J. Norris	15,300	–	–	15,300
Mr. J. A. Fooks	9,685	–	–	9,685
	230,413	24,552	22,223	277,188

Under the terms of his service agreement Mr. P. A. Norman had an entitlement to a bonus on the pre-tax profits of the Group for the year ended 31 January 1996 amounting to £473,000. Mr. Norman has waived his entitlement to this sum.

Report of the Remuneration Committee continued

Directors' interests**Interests in Shares**

The directors' interests in the shares of the Company on 1 July 1997, 31 January 1997 and 31 January 1996 were as follows:

Beneficial and family interests in 5p ordinary shares	1 July 1997	31 January 1997	31 January 1996
Paul A. Norman	2,492,000	2,492,000	2,435,000
Graham Turner	-	-	-
Malcolm Braun	138,800	138,800	66,800
John Norris	-	-	-
John Fooks	-	-	-

Interests in Share Options

Details of share options held by directors are set out below:

	Number of options			Exercise price (pence)	Date from which exercisable	Expiry date
	As at 31 Jan. 1997	Exercised during the year	As at 31 Jan. 1996			
M. Braun	-	72,000	72,000	47.75	Dec. 89	Dec. 96
D. Lowthe*	-	97,000	97,000	47.75	Dec. 89	Dec. 96

*(resigned 29 December 1995)

No options were exercised during the year ended 31 January 1996.

No options were granted during the two years ended 31 January 1997.

The market price of the Company's shares was 75p on 31 July 1996, the last day before the Company's shares were suspended.

The market price of the Company's shares was 86p on 31 January 1996.

Consolidated Profit and Loss Account

For the year ended 31 January		1997 £000	1996 £000
Notes			
2	Turnover — continuing operations	1,880	320
	— discontinued operations	—	18,793
	Total	1,880	19,113
	Cost of Sales — continuing operations	(1,786)	(218)
	— discontinued operations	—	(14,456)
	Total	(1,786)	(14,674)
	Gross Profit — continuing operations	94	102
	— discontinued operations	—	4,337
	Total	94	4,439
4	Net Operating Expenses — continuing operations	(515)	(474)
	— discontinued operations	—	(3,027)
	Total	(515)	(3,501)
	Operating Profit/(Loss) — continuing operations	(421)	(372)
	— discontinued operations	—	1,310
	Total	(421)	938
	Profit on Sale of Operations — discontinued operations	—	5,050
	Income from Interest in Associated Undertaking	256	25
	Investment income	449	92
	Profit on Ordinary Activities before Interest	284	6,105
5	Interest Payable and Similar Charges	(16)	(174)
6	Profit on Ordinary Activities before Taxation	268	5,931
8	Tax on profit on Ordinary Activities	(76)	(1,420)
	Profit on Ordinary Activities after Taxation	192	4,511
9	Dividends Paid and Proposed	(176)	(857)
	Retained Profit for Year	16	3,654
		1997	1996
	Earnings per Ordinary Share of 5p	pence	pence
	— excluding profit after taxation on sale of discontinued operations	2.22	6.55
	— effect of profit on sale of discontinued operations	—	46.08
10	Earnings per share on profit attributable to shareholders	2.22	52.63
		1997	1996
	Historical Cost Profits and Losses	£000	£000
	Reported profit on ordinary activities before taxation	268	5,931
	Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	—	22
	Historical cost profit on ordinary activities before taxation	268	5,953
	Historical cost profit for the year retained after taxation and dividends	16	3,676
	Statement of Total Recognised Gains and Losses		
	Profit for the year	192	4,511
	Unrealised surplus on revaluation of properties	267	—
	Total gains relating to the year	459	4,511

The notes on pages 12 to 23 form part of these accounts

Consolidated Balance Sheet

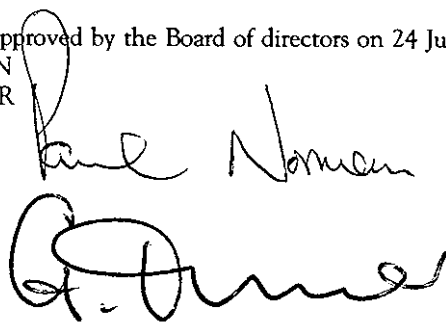
As at 31 January	1997 £000	1997 £000	1996 £000
<i>Notes</i>			
Fixed Assets			
12 Tangible assets		3,035	2,408
13 Investments		206	17
		3,241	2,425
Current Assets			
14 Stock	579		2,116
15 Debtors	142		1,517
Cash at bank and in hand	7,008		8,079
	7,729		11,712
16 Creditors: amounts falling due within one year	(545)		(3,902)
		7,184	7,810
Net Current Assets		7,184	7,810
Total Assets Less Current Liabilities		10,425	10,235
17 Creditors: amounts falling due after more than one year	—		(123)
19 Provisions for liabilities and charges	(190)		(124)
20 Accruals and deferred income	—		(117)
		(190)	(364)
Net Assets		10,235	9,871
Capital and Reserves			
21 Called-up share capital		437	429
22 Share premium account		181	108
22 Revaluation reserve		1,150	883
22 Profit and loss account		8,467	8,451
23 Equity Shareholders' Funds		10,235	9,871

The accounts were approved by the Board of directors on 24 July 1997

PAUL A. NORMAN

GRAHAM TURNER

Directors



The notes on pages 12 to 23 form part of these accounts

Balance Sheet

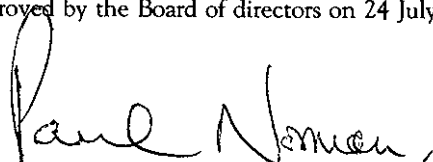

As at 31 January	1997 £000	1997 £000	1996 £000
<i>Notes</i>			
Fixed Assets			
12 Tangible assets	3,035		2,408
13 Investments	—		—
	<hr/>	3,035	<hr/> 2,408
Current Assets			
14 Stock	109		—
15 Debtors	651		2,524
Cash at bank and in hand	6,805		7,950
	<hr/>		<hr/>
	7,565		10,474
16 Creditors: amounts falling due within one year	(348)		(2,724)
	<hr/>		<hr/>
Net Current Assets		7,217	7,750
Total Assets Less Current Liabilities		<hr/> 10,252	<hr/> 10,158
17 Creditors: amounts falling due after more than one year	—		(8)
19 Provisions for liabilities and charges	(190)		(74)
20 Accruals and deferred income	—		(117)
	<hr/>	(190)	<hr/> (199)
Net Assets		<hr/> 10,062	<hr/> 9,959
Capital and Reserves			
21 Called-up share capital		437	429
22 Share premium account		181	108
22 Revaluation reserve		1,150	883
22 Profit and loss account		8,294	8,539
Equity Shareholders' Funds		<hr/> 10,062	<hr/> 9,959

The accounts were approved by the Board of directors on 24 July 1997

PAUL A. NORMAN

GRAHAM TURNER

Directors

The notes on pages 12 to 23 form part of these accounts

Consolidated Cash Flow Statement

For the year ended 31 January	1997 £000	1996 £000
Net Cash Inflow/(Outflow) from Operating Activities	2,461	(380)
Returns on Investments and Servicing of Finance		
Net interest received	385	6
Interest paid on hire purchase contracts	(1)	(88)
Dividends paid	(859)	(150)
Net cash outflow from returns on investments and servicing of finance	(475)	(232)
Taxation		
U.K. Corporation tax paid	(986)	(284)
Investing Activities		
Sale of discontinued activities	—	10,006
Purchase of tangible fixed assets	(526)	(505)
Sale of tangible fixed assets	39	63
Net cash inflow/(outflow) from investing activities	(487)	9,564
Net cash inflow before financing	513	8,668
Financing		
Issue of shares	81	—
Loans received	—	703
Repayment of loans	(1,233)	(250)
Payments of principal under hire purchase contracts	(23)	(473)
Net cash outflow from financing	(1,175)	(20)
Increase/(decrease) in cash and cash equivalents	(662)	8,648
Cashflow movements arising from businesses disposed of during the year		
Net cash inflow from operating activities	—	694
Returns on investments and servicing of finance	—	(142)
Taxation paid	—	(276)
Investing activities	—	(194)
Net cash inflow before financing	—	82
Financing	—	(450)
Decrease in cash and cash equivalents	—	(368)

The notes on pages 12 to 23 form part of these accounts

Notes to the Cash Flow Statement

Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities	1997 £000	1996 £000
Operating profit/(loss)	(421)	938
Depreciation of tangible fixed assets	29	945
Profit on sale of tangible fixed assets	(19)	(33)
(Increase)/decrease in stocks	1,537	(311)
(Increase)/decrease in debtors and prepayments	1,341	(1,730)
Decrease in trade and other creditors	(51)	(28)
Increase/(decrease) in other taxation and social security	26	(137)
Increase/(decrease) in accruals and deferred income	19	(4)
Amortisation of government grants	—	(3)
Decrease in pensions provision	—	(17)
Net Cash Inflow/(Outflow) from Operating Activities	2,461	(380)

Analysis of cash and cash equivalents	1997 £000	1996 £000
Balance at beginning of year	7,670	(978)
Net cash inflow/(outflow)	(662)	8,648
Balance at end of Year	7,008	7,670

Analysis of balances	1997 £000	Change in year £000	1996 £000
Cash at bank and in hand	7,008	(1,071)	8,079
Bank overdrafts	—	409	(409)
	7,008	(662)	7,670

Analysis of changes in Financing during the year	1997 Share Capital and premium £000	1997 Loans and hire purchase obligations £000	1996 Share Capital and premium £000	1996 Loans and hire purchase obligations £000
Opening balance	537	1,360	537	2,140
Shares issued	8	—	—	—
Share premium	73	—	—	—
Loans	—	—	—	703
Inception of hire purchase contracts	—	—	—	595
Repayment of loans	—	(1,233)	—	(250)
Repayment of principal under hire purchase contracts	—	(23)	—	(473)
Transfer of hire purchase contracts on discontinued operations	—	—	—	(1,355)
	618	104	537	1,360

Accounting Policies

Accounting Convention

These accounts have been prepared under the historical cost basis as adjusted for the revaluation of land and buildings and are in accordance with applicable accounting standards.

Consolidation

The Group accounts include the accounts of the Company and all subsidiaries. Intragroup sales and profits are eliminated fully on consolidation.

The results of subsidiaries sold are included in the consolidated profit and loss account up to the date control passes.

Associated Undertaking

The Group's share of profits less losses of associated undertakings is included in the consolidated profit and loss account, and the Group's share of their net assets is included in the balance sheet.

Fixed Assets

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition as modified by the revaluation of certain land and buildings.

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

Freehold and leasehold buildings — 50 years

Plant and equipment between 3 and 10 years

In accordance with SSAP19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties. The requirement of the Companies Act 1985 ("The Act") is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP19. The directors consider that as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to give a true and fair view. The effect of this departure is stated in Note 12.

Full valuations are made by independent professionally qualified valuers every five years and in the intervening years these valuations are updated by directors with the assistance of independent professional advice as required.

Government Grants

Government and local authority grants relating to investment properties have been deducted from the cost of fixed assets. This is not in accordance with schedule 4 to the Act, which requires fixed assets to be shown at their purchase price or production cost and hence grants and contributions would be presented as deferred income. This departure from the requirements of the Act is, in the opinion of the directors, necessary for the accounts to give a true and fair view as no provision is made for depreciation and any grants and contributions relating to such assets would not be taken to the profit and loss account. The effect of this departure is stated in Note 12.

Grants receivable in respect of other tangible fixed assets are treated as deferred income, which is credited to the profit and loss account over the estimated economic lives of the related assets.

Hire Purchase and Operating Leases

Assets held under hire purchase contracts 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.

Accounting Policies continued

Stock

Stocks and work in progress have been valued at the lower of cost and net realisable value. Cost comprises purchase price and other directly attributable costs. Net realisable value is the estimated selling price less appropriate selling and distribution costs.

Housebuilding work in progress comprises land acquisition, construction and other development costs and interest on finance raised specifically for the relevant site and an appropriate proportion of overheads relating to the construction. Estimated net realisable value is calculated based upon projected future sale proceeds less costs to complete each project including future interest costs.

Foreign Currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

Turnover

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.

Deferred Taxation

Provision is made for timing differences between the treatment of items for taxation and accounting purposes to the extent that it is probable that a liability will crystallise in the foreseeable future.

Pensions

Prior to the disposal of the packaging business on 29 December 1995 the Company operated a defined benefit pension scheme. Pension costs were accounted for on the basis of charging the expected cost of providing pensions over the period during which the Company benefits from the employees' services. The effect of variation from regular costs was spread over the expected average remaining service lives of members of the scheme. The Company presently operates a number of defined contribution personal pension plan schemes. Contributions to the schemes are charged to the profit and loss account as they arise.

Notes to the Accounts

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 retained loss for the financial year was £245,000 (1996 – profit of £6,360,000)

2 Segmental Analysis by Class of Business

Continuing operations relate to property investment, house building and head office expenses. Discontinued operations relate to consumer packaging and materials.

	Continuing Operations £000	Discontinued Operations £000	1997 Total £000
Turnover	1,880	—	1,880
Cost of sales	(1,786)	—	(1,786)
Gross profit	94	—	94
Net operating expenses — see note 4	(515)	—	(515)
Operating loss	(421)	—	(421)
Income from associated undertakings	256	—	256
Investment income	449	—	449
Interest payable and similar charges	(16)	—	(16)
Profit on ordinary activities before taxation	268	—	268
	Continuing Operations £000	Discontinued Operations £000	1996 Total £000
Turnover	320	18,793	19,113
Cost of sales	(218)	(14,456)	(14,674)
Gross profit	102	4,337	4,439
Net operating expenses — see note 4	(474)	(3,027)	(3,501)
Operating profit/(loss)	(372)	1,310	938
Profit on sale of discontinued operations	—	5,050	5,050
Income from associated undertakings	25	—	25
Investment income	60	32	92
Interest payable and similar charges	—	(174)	(174)
Profit/(loss) on ordinary activities before taxation	(287)	6,218	5,931
Net Assets		1997 £000	1996 £000
Property and housebuilding		10,235	9,871
Net operating assets		10,235	9,871
Unallocated borrowings		—	—
		10,235	9,871

The Group's net assets are held within the United Kingdom.

Notes to the Accounts continued

3	Analysis of turnover by Geographical Area	1997 £000	1996 £000
	United Kingdom — continuing operations	1,880	320
	— discontinued operations	—	17,631
		1,880	17,951
	Europe — discontinued operations	—	1,149
	Rest of World — discontinued operations	—	13
		1,880	19,113
	All sales originate from the United Kingdom and the Group's profit before taxation arises from these sales.		
4	Net Operating Expenses	1997 £000	1996 £000
	Selling and distribution costs		
	— continuing operations	50	85
	— discontinued operations	—	1,448
		50	1,533
	Administrative Expenses		
	— continuing operations	755	657
	— less rental income	(290)	(268)
		465	389
	— discontinued operations	—	1,579
		465	1,968
	Total of net operating expenses	515	3,501
5	Interest Payable and Similar Charges	1997 £000	1996 £000
	Bank loans and overdrafts repayable within 5 years not by instalments	46	214
	Hire purchase contracts	1	103
		47	317
	Less interest capitalised	(31)	(143)
		16	174
6	Profit on Ordinary Activities before Taxation	1997 £000	1996 £000
	Profit on ordinary activities before taxation is stated after charging/(crediting)		
	Depreciation and amounts written-off tangible fixed assets	29	945
	— Less: deferred income release	—	(3)
		29	942
	Included in the above is depreciation on assets held under hire purchase contracts	11	221
	Rental of land and buildings	60	189
	Hire of other assets — operating leases	3	48
	Auditors' remuneration — Audit (Company £10,000)	18	32
	— Other (Company £22,000)	22	58
	Profit on disposal of tangible fixed assets	(19)	(33)
	Profit on exchange rate differences	—	(4)

Notes to the Accounts continued

7	Employees	1997 £000	1996 £000
	Particulars of employees (including executive directors) are as shown below:		
	Employee costs during the year amounted to:		
	Wages and salaries	396	4,911
	Social security costs	31	401
	Other pension costs	47	326
		474	5,638
	The average number employed during the year was:		
	Production	—	180
	Sales and distribution	2	23
	Administration	6	39
		8	242
8	Tax on Profit on Ordinary Activities	1997 £000	1996 £000
	Tax on profit on ordinary activities for the year was:		
	UK corporation tax at 33% — current year	43	1,385
	Deferred tax	(26)	92
	Adjustments in respect of prior years — current	—	(55)
	— deferred	(8)	(11)
	Associated undertaking	67	9
		76	1,420
9	Dividends on Equity Shares	1997 £000	1996 £000
	Interim paid — 0.50p per share (1996 – 0.50p)	45	43
	Special paid — Nil (1996 – 8.00p)	—	686
	Final proposed — 1.50p per share (1996 – 1.50p)	131	128
		176	857

10 **Earnings Per Share**

The calculation of the earnings per share is based on profit after tax of £192,000 (1996 – £4,511,000) and 8,654,249 (1996 – 8,571,124) ordinary shares of 5p each, being the weighted average number of ordinary shares in issue and ranking for dividend during the year. The difference between the basic earnings per share and the fully diluted earnings per share is not material.

In addition to the earnings per share based on the profit for the year, the directors consider it appropriate to show the above calculation based on the profit for the year excluding the profit after taxation on the sale of the discontinued operations.

Notes to the Accounts *continued*

11 Directors' Remuneration	1997 £000	1996 £000
Details of directors' remuneration are shown below:		
Fees	27	25
Salary payments (including benefits in kind)	234	230
Compensation for loss of office	30	—
Pension costs	41	22
	<hr/> 332	<hr/> 277

Directors' remuneration

Chairman and highest paid director — Salary payments (including benefits in kind)	145	104
— Pension Costs	24	10

The emoluments of all directors (excluding pension contributions) are as follows:

	1997 Number	1996 Number
£5,000 – £10,000	1	1
£15,001 – £20,000	1	1
£25,001 – £30,000	1	—
£60,001 – £65,000	—	1
£65,001 – £70,000	—	1
£90,001 – £95,000	1	—
£100,001 – £105,000	—	1
£140,001 – £145,000	1	—

12 Tangible Fixed Assets	Investment properties £000	Plant and equipment £000	Total £000
Group			
Cost or valuation at beginning of year	2,749	132	2,881
Additions at cost	414	112	526
Cost of disposals	—	(93)	(93)
Revaluation	(121)	—	(121)
Transfer from Government Grants	(117)	—	(117)
At end of year	<hr/> 2,925	<hr/> 151	<hr/> 3,076
Aggregate depreciation at beginning of year	388	85	473
Amount provided	—	29	29
Eliminated on disposals	—	(73)	(73)
Revaluation	(388)	—	(388)
At end of year	<hr/> —	<hr/> 41	<hr/> 41
Net Book Value			
At 31 January 1997	<hr/> 2,925	<hr/> 110	<hr/> 3,035
At 31 January 1996	<hr/> 2,361	<hr/> 47	<hr/> 2,408

Notes to the Accounts continued

12 Tangible Fixed Assets continued	Investment properties £000	Plant and equipment £000	Total £000
Company			
Cost or valuation:			
At beginning of year	2,749	132	2,881
Additions at cost	414	112	526
Cost of disposals	—	(93)	(93)
Revaluation	(121)	—	(121)
Transfer from Government Grants	(117)	—	(117)
At end of year	2,925	151	3,076
Aggregate depreciation:			
At beginning of year	388	85	473
Amount provided	—	29	29
Eliminated on disposals	—	(73)	(73)
Revaluation	(388)	—	(388)
At end of year	—	41	41
Net Book Value			
At 31 January 1997	2,925	110	3,035
At 31 January 1996	2,361	47	2,408
		1997 £000	1996 £000
Investment properties comprise:			
Freehold land and buildings		365	229
Long leasehold buildings		2,560	2,132
		2,925	2,361

Plant and equipment includes fixed assets held under hire purchase contracts at a net book value of £nil (1996 – £31,000).

The Group's freehold and leasehold buildings were revalued on 28 February 1997 by Pyle Owen & Partners, an independent firm of surveyors, at open market value. The surplus arising of £267,000 has been credited to revaluation reserve.

	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Investment properties are stated at:				
Open Market value	2,925	2,300	2,925	2,300
Cost	—	220	—	220
	2,925	2,520	2,925	2,520

The historical cost of Investment

Properties is:				
Cost	2,312	2,016	2,312	2,016
Accumulated depreciation based on historic cost	(439)	(393)	(439)	(393)
Historic cost net book value	1,873	1,623	1,873	1,623

If departure from the Act had not been made in respect of the treatment of investment properties and government grants, the profit before taxation for the year ended 31 January 1997 would have been reduced by depreciation on the properties of £46,000 and increased by £3,000 in respect of the amortisation of government grants.

All other tangible fixed assets are stated at historic cost.

Notes to the Accounts continued

	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
13 Fixed Asset Investments				
At beginning of year	17	—	—	302
Sale of discontinued operations	—	—	—	(302)
Share of associated undertakings' net assets	189	17	—	—
At end of year	206	17	—	—
Interest in group undertakings				
Subsidiary companies	Nature of business	% Holding	Country of Registration or Incorporation	
Panorama Homes Limited	Housebuilding	100%	England	
Spencer Noble International Limited	Dormant	100%	England	
Plastella Limited	Dormant	100%	England	
Associated undertakings	Nature of business	% Holding	Country of Registration or Incorporation	
Braemar Homes Limited	Housebuilding	50%	England	
Braemar Homes 2 Limited (formerly Ledge 255 Limited)	Dormant	50%	Scotland	
Details of the net assets of the associated undertakings are set out below:				
			1997 £000	1996 £000
Development work in progress			355	1,372
Cash			230	202
Other debtors			74	6
Creditors			(240)	(265)
Amounts due to shareholders			(7)	(1,281)
Net assets of associated undertakings			412	34
14 Stock	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Stock comprises:				
Housebuilding — work in progress				
— Land	470	777	—	—
— Construction and other costs	109	1,074	109	—
— Interest	—	265	—	—
	579	2,116	109	—
15 Debtors	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Amounts falling due within one year:				
Trade debtors	3	673	—	673
Other debtors	16	71	14	69
Prepayments and accrued income	85	26	87	12
Amounts due from subsidiaries	—	—	517	1,660
Amounts due from associated undertaking	5	643	—	6
Advance corporation tax	33	104	33	104
	142	1,517	651	2,524

The movement in the amount due from associated undertakings relates to £5,000 in respect of services provided by the Group to the associated undertaking, £35,000 of loan interest charged by the Group to the associated undertaking, £18,000 in respect of salary costs recharged by the Group to the associated undertaking and repayment of amounts outstanding.

Notes to the Accounts continued

16 Creditors	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Amounts falling due within one year:				
Bank loans and overdrafts — see note 17	104	1,654	—	539
Trade creditors	2	48	—	48
Amounts due to subsidiaries	—	—	3	3
Other creditors	29	11	27	11
Advance corporation tax	33	214	33	214
Social security and other taxes	27	1	29	—
Proposed dividends	131	814	131	814
Corporation tax	47	980	4	980
Accruals and deferred income	172	165	121	100
Obligations under hire purchase contracts	—	15	—	15
	545	3,902	348	2,724

17 Creditors amounts falling due after more than one year:	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Obligations under hire purchase contracts — see note 18	—	8	—	8
Bank loans	—	92	—	—
Trade Creditor	—	23	—	—
	—	123	—	8

No amounts, repayable by instalments, fall due after more than five years.

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

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

	1997 £000	1996 £000
Within one year or less	104	1,245
Between one and two years	—	92
	104	1,337

18 Obligations under hire purchase contracts are due as follows:	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Within one year or less	—	15	—	15
Within one to two years	—	8	—	8
Within two to five years	—	—	—	—
	—	23	—	23

Notes to the Accounts continued

19 Provisions for Liabilities and Charges

	Deferred taxation (see below) £000
Group	
At beginning of year	124
Profit and loss account	(34)
Movement in advance corporation tax recoverable	100
At end of year	190
Company	
At beginning of year	74
Profit and loss account	16
Movement in advance corporation tax recoverable	100
At end of year	190

Deferred Taxation

Deferred taxation provided in the financial statements, and the full potential liability and amount provided are as follows:

	1997 £000	1996 £000
Group		
Tax effect of timing differences because of:		
Excess tax allowances over depreciation	176	154
Advance corporation tax	—	(100)
Sundry timing differences	—	70
Revaluation of investment properties	14	—
	190	124
Company		
Tax effect of timing differences because of:		
Excess tax allowances over depreciation	176	154
Advance corporation tax	—	(100)
Sundry timing differences	—	20
Revaluation of investment properties	14	—
	190	74

20 Accruals and Deferred Income

	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Government grants				
At beginning of year	117	120	117	120
Amortisation in year	—	(3)	—	(3)
Write off against cost of fixed asset	(117)	—	(117)	—
At end of year	—	117	—	117

Notes to the Accounts continued

21	Called-up Share Capital	1997 £000	1996 £000
	Ordinary shares of 5p each:		
	Authorised	1,000	1,000
	Allotted and fully paid 8,740,124 ordinary shares of 5p (1996 – 8,571,124)	437	429
	During the year the Company issued 169,000 shares at a price of 47.75p to satisfy the exercise of share options. The mid market price of the Company's shares was 75p on 31 July 1996, the last day before the Company's shares were suspended.		
22	Reserves		
	Group	Share premium account £000	Revaluation reserve £000
			Profit and loss account £000
	At beginning of year	108	883
	Share issue	73	—
	Revaluation of investment properties	—	267
	Profit for the year	—	—
	At end of year	181	1,150
	Company	Share premium account £000	Revaluation reserve £000
			Profit and loss account £000
	At beginning of year	108	883
	Loss for the year	—	—
	Revaluation of investment properties	—	267
	Share issue	73	—
	At end of year	181	1,150
23	Reconciliation of Movements in Shareholders' Funds	1997 £000	1996 £000
	Profit for the financial year	192	4,511
	Dividends	(176)	(857)
		16	3,654
	New share capital issued	81	—
	Release of reserves on disposal of discontinued operations	—	(25)
	Revaluation of investment properties	267	—
	Net addition to shareholders' funds	364	3,629
	Opening shareholders' funds	9,871	6,242
	Closing shareholders' funds	10,235	9,871
24	Capital Expenditure	1997 £000	1996 £000
	Amounts approved by the directors in respect of capital expenditure not provided for in these accounts are as follows:		
	Contracted	—	—
	Authorised but not contracted for	—	367
		—	367

Notes to the Accounts continued

25 Operating Lease Commitments

At 31 January 1997 the Group and Company were committed to make the following payments during the next year in respect of operating leases which expire:

	Land and buildings 1997 £000	Other 1997 £000	Land and buildings 1996 £000	Other 1996 £000
Within one year	—	—	13	—
Within two to five years	35	—	—	—
After five years	—	—	—	—
	<hr/> 35	<hr/> —	<hr/> 13	<hr/> —

26 Contingent Liabilities

The Company is subject to unlimited guarantees in respect of the bank borrowings of other group companies which, at the year end, amounted to £104,000 (1996 — £1,208,000).

The Company has guaranteed the annual rental payments of £26,250 under the terms of the lease that expires on 29 September 2002 in respect of its former subsidiary Alpha Products (Bristol) Limited. Under the terms of the disposal of this company, Packaging Corporation of America (U.K.) Limited has undertaken to assume this guarantee. At the date of approval of these accounts the transfer of the guarantee had not been completed.

The Company has signed a joint venture agreement with M J Gleeson Group PLC to undertake the development of a luxury residential housing scheme near Edinburgh. The joint venture is contingent on the scheme obtaining planning permission. The Company's share of the obligation under the joint venture agreement and associated contingent purchase agreement for the land relating to the development is estimated at approximately £955,000. It is the directors' intention to dispose of the Company's interest in this joint venture during 1997.

27 Pensions

Upon the disposal of the packaging business on 29 December 1995, the Company agreed to continue to participate for a temporary period of twelve months in a defined benefit pension arrangement operated by the discontinued operation. At the end of this period the Company commenced contribution to personal pension arrangements for its employees.

The pension costs represent the Company's contribution to the defined benefit arrangement under the terms of the sale agreement, the personal pension schemes, and to the defined contribution scheme operated for the Company chairman. The pension cost for the year ended 31 January 1997 was £47,215. In addition an amount of £218,000 representing the excess of the accumulated pension cost over the payment of contributions up to 29 December 1995 was transferred to the profit and loss account upon the disposal of the discontinued operations during the year ended 31 January 1996. There is a provision in the balance sheet of £9,700 at 31 January 1997 representing the final amount payable to the former scheme under the terms of the sale agreement and the amounts due in respect of the personal pension and defined contribution schemes.

Report of the Auditors

To the Members of Delyn Group PLC

We have audited the financial statements on pages 7 to 23.

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.

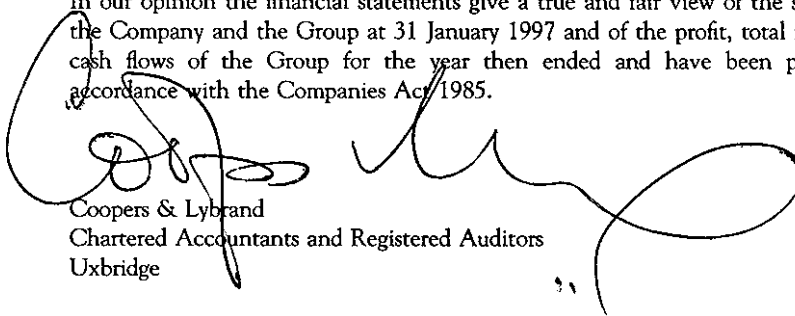
Basis of opinion

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 the affairs of the Company and the Group at 31 January 1997 and of the profit, total recognised gains 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
Uxbridge

24 July 1997

Report by the Auditors

Report by the Auditors to Delyn Group PLC on corporate governance matters

In addition to our audit of the financial statements, we have reviewed the directors' statements on pages 2 and 3 concerning the Company's compliance with paragraphs 1.4, 1.5, 2.3, 2.4, 3.1 to 3.3 and 4.3 to 4.6 of the Cadbury Code of Best Practice specified by the London Stock Exchange for review by auditors of listed companies. The objective of our review is to draw attention to any non-compliance with those paragraphs of the Code which is not disclosed.

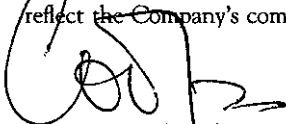
Basis of opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of the Group's system of internal financial control or its corporate governance procedures nor on the ability of the Group and Company to continue in operational existence.

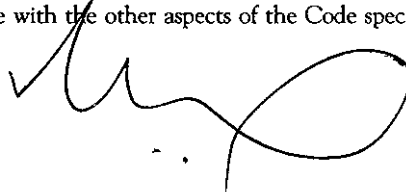
Opinion

With respect to the directors' statements on internal financial control on pages 2 and 3, and going concern on page 3, in our opinion the directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance) and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the Company, and examination of relevant documents, in our opinion the directors' statements on pages 2 and 3 appropriately reflect the Company's compliance with the other aspects of the Code specified for our review.



Coopers & Lybrand
Chartered Accountants
Uxbridge



24 July 1997

Notice of Meeting

Notice is hereby given that the annual general meeting of the Company will be held at 22, Mount Row, Mayfair, London W1 on 26 August 1997 at 9.30 a.m. for the following purposes:

Ordinary Business

1. To receive and, if approved, adopt the report of the directors and accounts for the year ended 31 January 1997 and the report of the auditors.
2. To declare a dividend.
3. To elect a director: Mr. Graham Turner retires and will be proposed for re-election.
4. To elect a director: Mr. Malcolm Braun retires by rotation and will be proposed for re-election.
5. To re-appoint Coopers & Lybrand as auditors from the conclusion of this meeting until the conclusion of the next annual general meeting.
6. To authorise the board of directors to fix the remuneration of the auditors.

Special Business

To consider and if thought fit pass the following special resolutions:

7. That, in accordance with Article 52 of the Articles of Association of the Company and of the Companies Act 1985 ("The Act") the Company is generally and unconditionally authorised (within the meaning of Section 163 of the Act) to make market purchases of ordinary shares of five pence each in the capital of the Company on such terms and in such manner as the board of directors of the Company may from time to time determine provided that:

- (a) the maximum number of ordinary shares that may be purchased pursuant to this authority is 437,006;

Notice of Meeting continued

- (b) the maximum price which may be paid for an ordinary share purchased pursuant to this authority is an amount equal to not more than 105% of the average of the middle market quotation for the ordinary shares as derived from the London Stock Exchange Daily Official List for the 10 business days immediately preceding the day on which that ordinary share is purchased (exclusive of advance corporation tax (if any) and attributable expenses payable by the Company);
- (c) the minimum price which may be paid for an ordinary share purchased pursuant to this authority is five pence (exclusive of advance corporation tax (if any) and attributable expenses payable by the Company); and
- (d) this authority will expire at the conclusion of the next Annual General Meeting of the Company, unless renewed before that time, save that the Company may before such expiry enter into a contract for the purchase of its ordinary shares which may be completed or executed wholly or partly after the expiry of this authority.

8. That the directors of the Company be and are hereby generally authorised and empowered during the period expiring on the earlier of fifteen months from the date of the passing of this resolution or 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, or involving, equity share capital not exceeding in nominal value 5% of the present issued ordinary share capital of the Company.

All previous authorities under Section 80 of the Act shall cease to have effect.

By order of the board
Malcolm Braun *Secretary*

Date 24 July 1997

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

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 24 July 1997 until 26 August 1997 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

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 26 August 1997 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*
Ordinary Business		
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. Graham Turner as a director	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. Malcolm Braun as a director	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Coopers & Lybrand as auditors	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the board to fix the remuneration of the auditors	<input type="checkbox"/>	<input type="checkbox"/>
Special Business		
7. Authority to purchase up to 437,006 ordinary shares of 5p of the Company	<input type="checkbox"/>	<input type="checkbox"/>
8. Allotment of securities and disapplication of pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>

Dated this _____ day of _____ 1997

Signature(s) _____

Number of shares _____

Notes

1. This proxy form should be deposited at the offices of the Registrars 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 agent 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.



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BUSINESS REPLY SERVICE
Licence No. LOL 395



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P.O. Box 30
Victoria Street
Luton
Bedfordshire LU1 2BR

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