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Walker Greenbank PLC is an international group of vertically integrated companies which design, manufacture, market and distribute wallcoverings, furnishing fabrics, display materials and luxury carpets for the commercial and top-end consumer markets.

Financial Highlights

	1997 £000	1996 £000	
Group turnover	**£100,877**	£95,856	5% increase
Overseas turnover	**£35,890**	£33,103	8% increase
Pre-tax profit	**£9,035**	£9,575	6% decrease
Shareholders' funds	**£48,707**	£46,693	4% increase
Capital expenditure	**£12,298**	£8,459	45% increase

	1997	1996	
Earnings per share	**5.02p**	5.57p	10% decrease
Dividend per share	**3.70p**	3.70p	no change
Dividend cover	**1.36x**	1.51x	10% decrease
Average number of employees	**1,159**	1,093	6% increase
Turnover per employee	**£87,000**	£88,000	1% decrease

Chairman's Statement

Following six years of unbroken profit growth I have to report a small decline in profits for the past year. At a time when the group has been continuing to lay the foundations for future growth by investing, restructuring and consolidating our distribution overseas, a number of our companies have encountered difficult market conditions.

Results

Although group turnover for the year rose by 5% to £100.9m, sales in the second half actually fell slightly by 3% to £49.4m. One of the main reasons for this fall was the fact that the previous year (1995/96) was an accounting leap year containing 53 weeks, with an extra week's sales occurring in the second half.

Pre-tax profit for the year declined by 6% to £9.0m after restructuring charges of £1.2m and earnings per share fell by 10% to 5.02p. As I anticipated at the half year, our tax charge has risen to 33% and our issued share capital has increased by 2% following the final payment for our acquisition of Borge in Norway. After three years of dividend increases, the board proposes to maintain the final dividend at 2.40p which gives a total net dividend for the year of 3.70p per ordinary share.

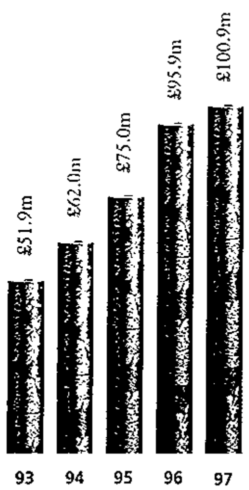
Business Review

In addition to the loss of one week's sales, these results have also been affected by a decline in turnover in certain businesses - largely in the final quarter of the year. The main problem areas have been at Muraspec and Brymor in the UK and in our consumer division distribution businesses in Continental Europe.

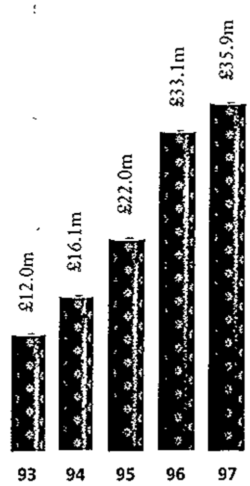
Muraspec's UK operations have suffered from a combination of poor market demand and aggressive purchasing by customers. This has had a knock-on effect on Brymor, 60% of whose business is with Muraspec. Brymor was also hit in the final quarter by Sterling's appreciation which has eroded margins on its export business.

In Northern Europe our consumer division distribution businesses in Benelux, France and Germany had a difficult year, with turnover down by 13%, largely as a result of poor consumer demand in these depressed economies.

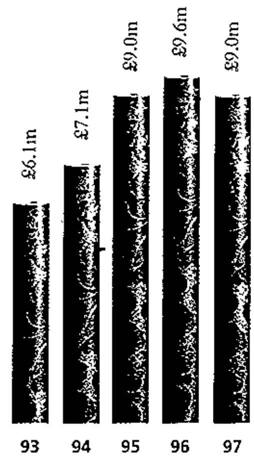
On a more positive note, our UK consumer businesses took advantage of improving market conditions as the housing market gradually picked up during the year and our developing North American business - WG Inc - had an excellent year. Our new marketing initiative in the USA, Whittaker & Woods, comfortably exceeded our first year's expectations. Sales in the Far East and the Rest of the World made the most significant progress and were ahead by 33%.



Group turnover
(Continuing operations)



Overseas turnover
(Continuing operations)



Pre-tax profit
(Continuing operations)

Restructuring

The group's profitability has also been materially affected by a number of one-off expenses in connection with two reorganisation and restructuring projects which have reduced profits for the year by £1.2m. The two main programmes have been the centralisation of the consumer division's warehousing and distribution and the centralisation of Muraspec's customer services department which resulted in the closure of five regional branches in the UK.

In addition we have restructured our overseas distribution for Cole & Son, Harlequin, Warner and Zoffany in Europe and North America by acquiring the distribution rights to these brands in seven countries in order to bring their sales and marketing under the control of our overseas subsidiaries.

These projects, together with a number of other minor changes, have been an integral part of our long term strategy and all these programmes were completed last year in order to give the group the best operating structure, sales potential and cost base for the future.

Further details can be found in the operating review which follows.

Capital Investment

This year, our three year accelerated capital investment programme has reached its peak. Total net investment during the year was £12.2m, an increase of 45% on last year's £8.4m. A total of £6.5m (£4.2m) was invested in buildings, plant and machinery and £5.7m (£4.2m) was invested in shade cards and pattern books in order to launch new product ranges into the market and to extend our international sales coverage, particularly in North America.

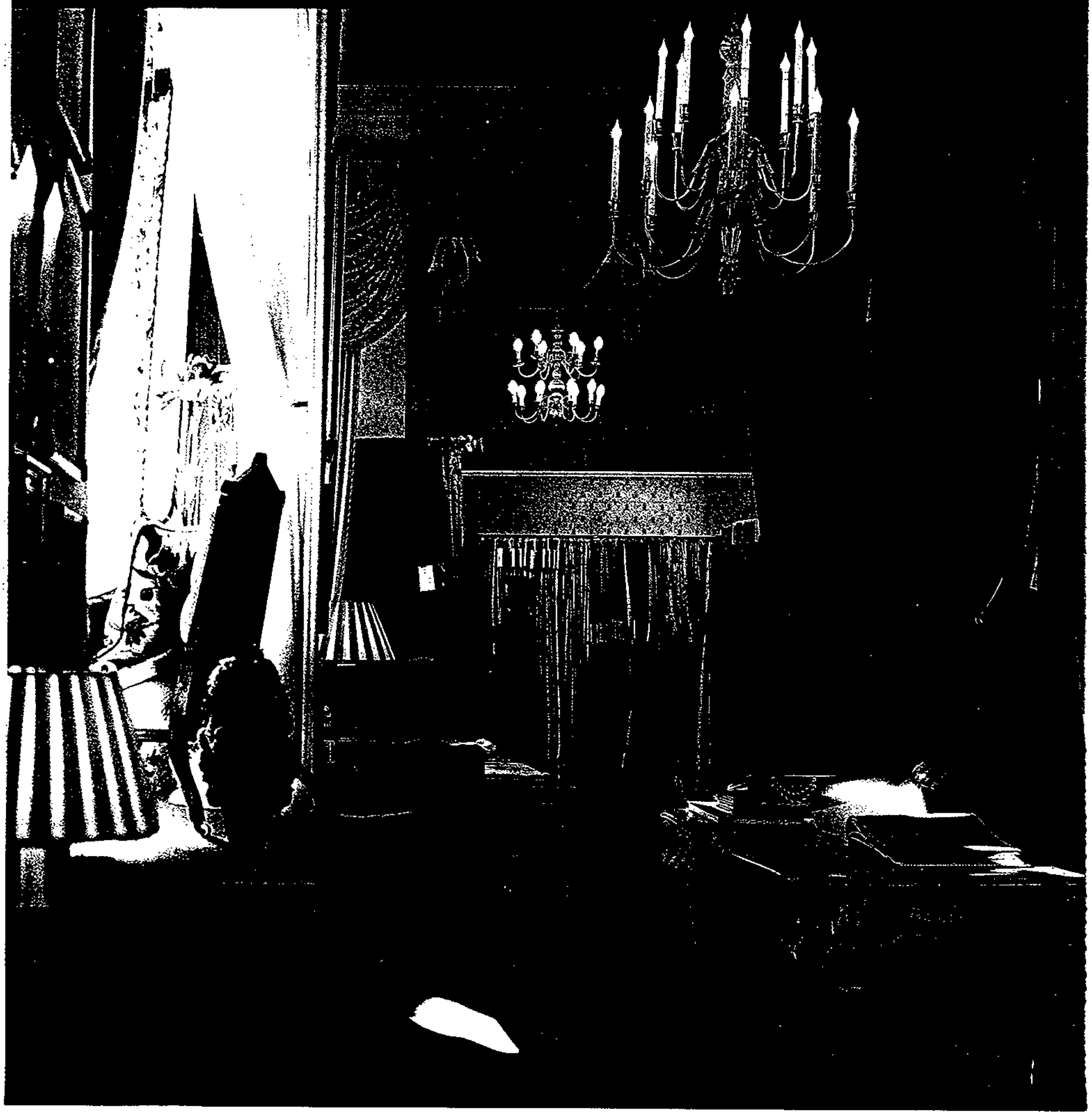
In 1997/98, which is the third and final year of our current programme, we are planning capital investment of approximately £10.0m.

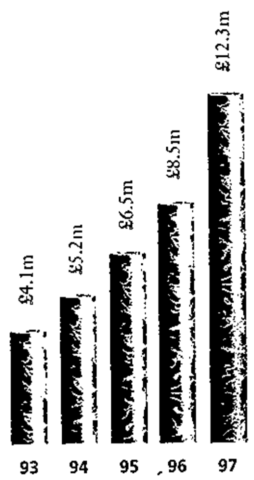
Balance Sheet

Notwithstanding this substantial increase in capital investment, our balance sheet remains extremely sound, with year end gearing of only £4.8m or 10%. This has been achieved by sound management of working capital which has been assisted by the sale of two investment properties for £2.8m.

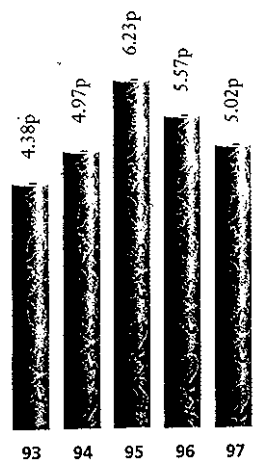
We expect borrowings to increase to approximately £8.0m in the current year, from which point they will begin to decline as we return to being cash generative.

Chairman's Statement

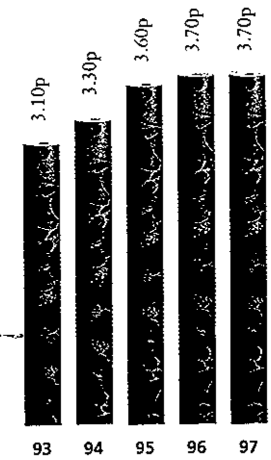




Capital expenditure



Earnings per share
(Continuing operations)



Dividend per share

Group Finance Director

On 24 March 1997 we announced the appointment of Mr Aidan Connolly to the board as Group Finance Director. Mr Connolly was previously Chief Financial Officer of the European Cable Division of Elektrim SA, Poland's largest non-bank quoted company. His appointment represents a further strengthening of our senior management team and I look forward to introducing him to shareholders at the AGM on 28 May 1997.

Trading Outlook

The trading outlook for the group has improved. We enter the new financial year with a better structure, a lower cost base and improving markets.

The UK housing market has started to recover over the last six months and there are also signs that increasing consumer confidence is having a positive impact on business confidence which, in turn, will benefit our commercial businesses.

In Continental Europe, we believe the worst is behind us and that whilst recovery may be slow, it should be steady. North America and the Far East continue to offer our best opportunity for dynamic growth and are now beginning to make a more significant contribution to our results.

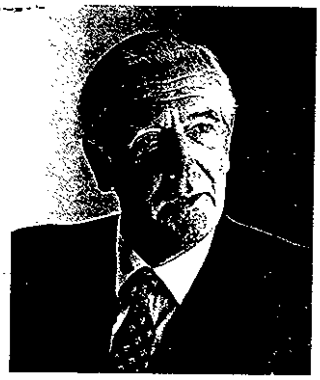
The new year has started well and I anticipate being able to report an improved financial performance to shareholders during the course of the year.

David Richards

David Richards
Chairman

Directors and Secretary

David Richards CBE, FCA (68)
Chairman, a Non-Executive Director since 1988 and Non-Executive Chairman since 1990. A former partner in Deloitte & Co, he was President of the Institute of Chartered Accountants in 1979-1980 and Deputy Chairman of the Monopolies and Mergers Commission for 7 years.



Charles Wightman BSc FCA (45)
Chief Executive, joined the group and was appointed Chief Executive in 1990. From 1988-1989 he was a Director of Blenheim Group PLC, prior to which he worked for 10 years in Europe for American Greetings Corporation, De La Rue PLC and Price Waterhouse.

Aidan Connolly LLB ACA (39)
Finance Director, joins the group on 1 May 1997. He is currently Chief Financial Officer of the European Cable Division of Elektrim SA, Poland's largest non-bank quoted company, for whom he has worked for 4 years. Prior to this he was an international tax advisor and management consultant.

Roger Smurthwaite (51)
Commercial Division Managing Director, was appointed to the board in 1988. In 1970 he co-founded the group of businesses which now form the core of our wallcoverings activities. From 1975-1988 he was Managing Director of Muraspec which he developed to a position of market leadership in the UK.

Peter Mostyn BA (51)
Consumer Division Managing Director, joined the group in 1995 and was appointed a Director in 1996. Previously he ran his own business for 4 years after having spent 17 years with Birmid Qualcast PLC in a number of senior marketing and general management positions.

Michael Meyer (46)
Non-Executive Director, was appointed to the board in 1991. Since 1983 he has been Chairman of Emess PLC, an international lighting group which supplies similar markets to Walker Greenbank. He is also a Non-Executive Director of TR Smaller Companies Investment Trust PLC.

Anne Thomas (44)
Company Secretary, has worked for the group since 1989 and was appointed Company Secretary to the board in 1992. Prior to joining the group she gained over 10 years experience as Finance Manager and Company Secretary of two private companies.

Group Structure

		Principal locations
Commercial Division	BRYMOR	Paddock Wood, Kent Dubai, UAE
	HARRIS FABRICS	Milton Keynes, Buckinghamshire
	HARTLEY	Cowling, Yorkshire
	Muraspec	Hemel Hempstead, Hertfordshire Brussels, Belgium Paris, France Warsaw, Poland Glasgow, Scotland
Consumer Division	ANSTEY WALLPAPER COMPANY LIMITED	Anstey, Leicestershire, Sileby, Leicestershire
	Afia	Chelsea Harbour, London
	Cole & Son	Islington, London Chelsea Harbour, London
	HARLEQUIN FABRICS AND WALLCOVERINGS	Sileby, Leicestershire
	WARNER FABRICS	Milton Keynes, Buckinghamshire Chelsea Harbour, London
	ZOFFANY	Rickmansworth, Hertfordshire Chelsea Harbour, London Mayfair, London
	John O. Borge as	Oslo, Norway
	WHITTAKER & WOODS	Sierentz, France Weil am Rhein, Germany Enschede, Holland Rome, Italy Atlanta, USA
Healthcare Division	HAMPSHIRE MEDICAL Developments	Romsey, Hampshire

Profile	Main customers
Europe's largest manufacturer of paper and fabric backed commercial wallcoverings	Muraspec (60%) Independent distributors in Eastern Europe, North America, Africa and the Far East
Designer and distributor of specialist upholstery fabrics	Hotels and leisure operators
Manufacturer of woven upholstery and screen fabrics	Muraspec (15%) Office furniture manufacturers and distributors
Europe's leading distributor of commercial wallcoverings, upholstery fabrics, screen fabrics and display materials	Specifiers such as architects, interior designers, office refurbishment and partitioning companies. Building owners such as banks, hospitals, hotels and retailers
Europe's largest specialist wallpaper printer	Group companies (60%) Third party wallpaper and fabric editors
Custom carpet designer	Interior decorators and designers
Designer and manufacturer of historic wallpapers since 1875	Interior decorators and leading interior design retailers
Designer of mid market contemporary wallpapers and furnishing fabrics	Independent retailers and department stores
Designer of luxury archive based furnishing fabrics since 1870	Interior decorators and leading interior design retailers
Designer of luxury archive based wallpapers, fabrics, carpets and trimmings	Interior decorators and leading interior design retailers
Norway's leading distributor of wallpapers and fabrics	Home furnishing retailers
Overseas distribution companies selling and marketing Cole & Son, Harlequin, Warner Fabrics and Zoffany products	Interior decorators, leading interior design retailers, department stores and independent home furnishing retailers
Specialist manufacturer of assisted bathing and children's seating products	Nursing homes, seating clinics and private individuals

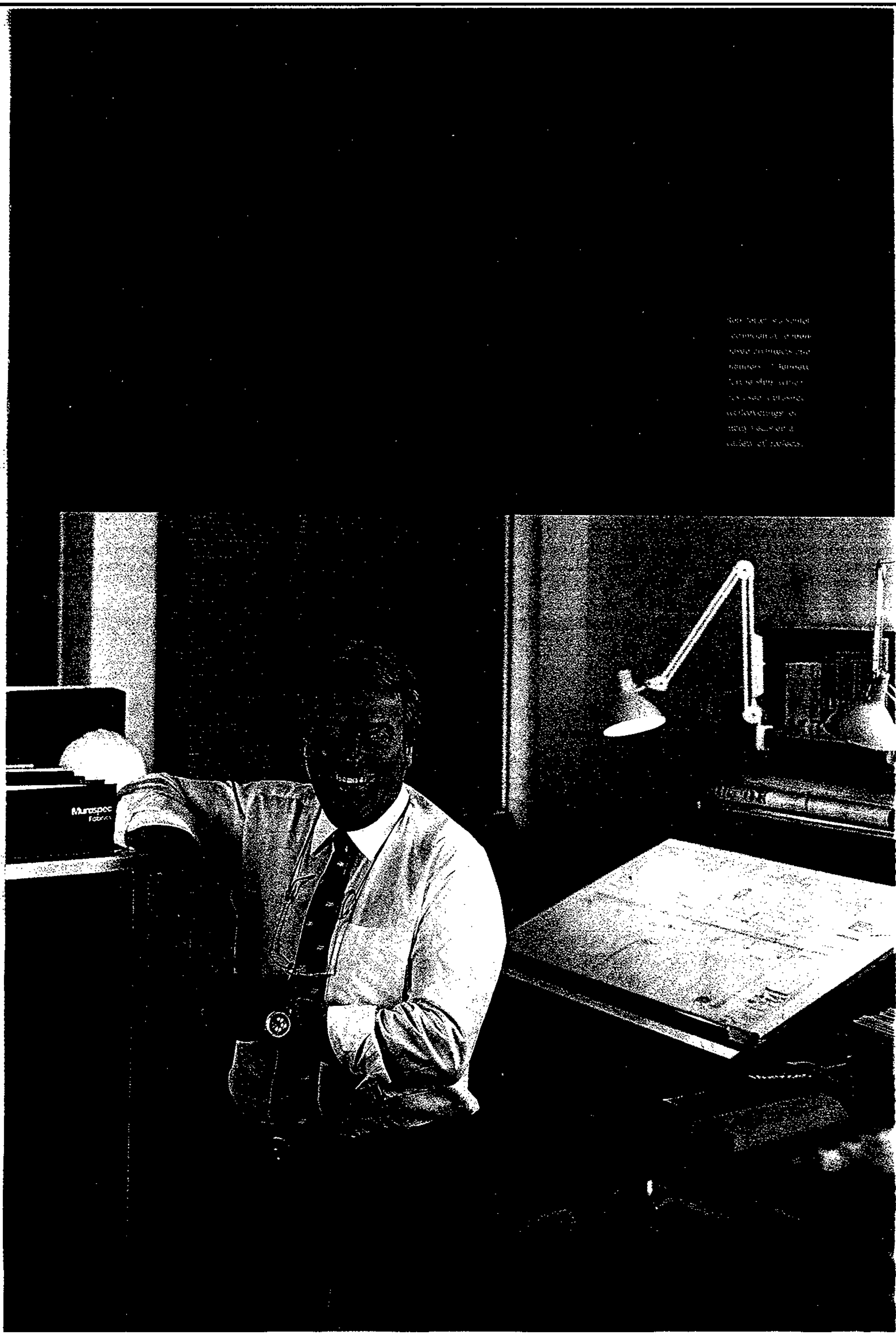
Operating Review Commercial Division

The commercial division has faced volatile market conditions during the year. After a strong first six months, the second half saw poor market demand in the UK and a slow down in export sales due to Sterling's rapid appreciation in value.

Despite these volatile market conditions the division as a whole saw turnover increase by 9% to £46.7m. Whilst UK turnover increased by 5%, the division's overseas sales grew by 23% as the long term investment in our overseas sales companies and our export marketing at Brymor continued to gain momentum.

However, the division still has 77% of its turnover in the UK and is therefore heavily dependent upon the state of the domestic economy. This year we encountered difficulties in the key UK wallcoverings market where a combination of poor demand and widespread cost consciousness led to a decline in turnover in the second half. We believe that the main contributor to these poor market conditions was a basic lack of business confidence in the sustainability of the consumer led recovery. However, as events have transpired consumer spending has proved remarkably resilient and shows little sign of slowing down in the run up to the general election on the 1st May. As a result, business confidence has improved and the last ten weeks have seen a marked improvement in our sales in this area.

Our sales performance in the second half was also affected by the centralisation of Muraspec's UK customer services department and the resulting closure of five regional branches. This reorganisation had been part of Muraspec's long term plans for some time and was strategically linked to the building of a new and enlarged office and warehouse complex for the company. In May 1996 the decision was taken not to proceed with this major capital project (budgeted at £9.5m) largely as a result of the freeing up of space from the centralisation of the consumer division's warehousing in Milton Keynes and the extension of warehouse capacity at Brymor. Muraspec therefore decided to accelerate the customer service department reorganisation which was implemented between July and September. Initially some minor problems were encountered with the communications technology which was installed to improve customer service and this undoubtedly had an impact on sales for two or three months. These problems were quickly resolved and the business is now benefiting from the improved organisational structure and shorter lines of communication between the field sales force and central management.



[illegible] is a senior [illegible] architects and [illegible] wallcoverings [illegible] variety of projects.

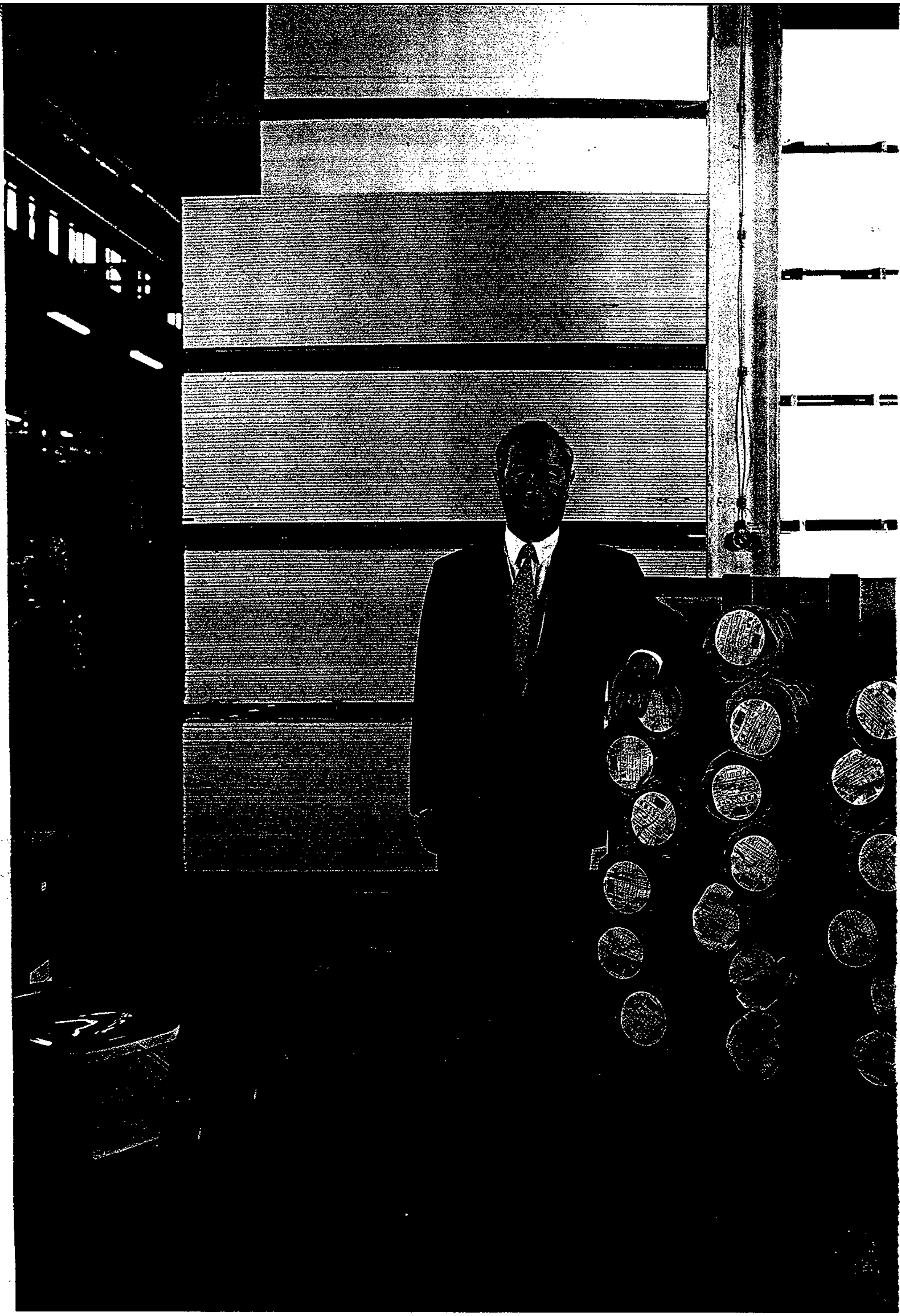
A further factor which has helped the recent sales improvement has been the launch by Muraspec in November 1996 of a major product range update. With an investment of some £0.75m Muraspec has replaced over 15,000 'Selectors' in the marketplace. The Selector is the industry standard reference catalogue which is widely used by specifiers to select wallcoverings for commercial refurbishment projects. With a physical life of some 7 years (the last major update was in 1989) a launch of this size offers a unique marketing opportunity both to revamp the product range - 50% of which has been renewed - and to bring the presentation and packaging up to date. The launch has been accompanied by a major sales and marketing push which has overcome any residual customer concerns about the branch closures and reinforced Muraspec's position as market leader.

Elsewhere in the division, our UK sales of upholstery and screen fabrics have improved from a poor year in 1995/96. Harris Fabrics, in particular, is benefiting from increased focus following its demerger from Warner in 1995 which has enabled its experienced management to concentrate fully on developing this niche business. Hartley, which traded at a loss in 1995/96, produced a much improved trading performance following a number of senior management changes over the last eighteen months.

On the international front, the division's overseas subsidiaries in France, Benelux and Dubai showed strong growth. The divisions exports to the Far East, South Africa and Eastern Europe were ahead by over 50%, despite a slow down in the final quarter following Sterling's rapid appreciation in value from October 1996 onwards. After an initial period of uncertainty, sales volumes are now returning to more normal levels - albeit at slightly reduced margins.

In February 1997 we took a further step towards extending our overseas business by establishing a distribution company in Poland.

Dave Allen is Products Manager for the interiors sub-division of Dexion Limited, a leading storage and materials handling company. They predecorate large quantities of partitioning panels using Muraspec wallcoverings.



Operating Review Consumer Division

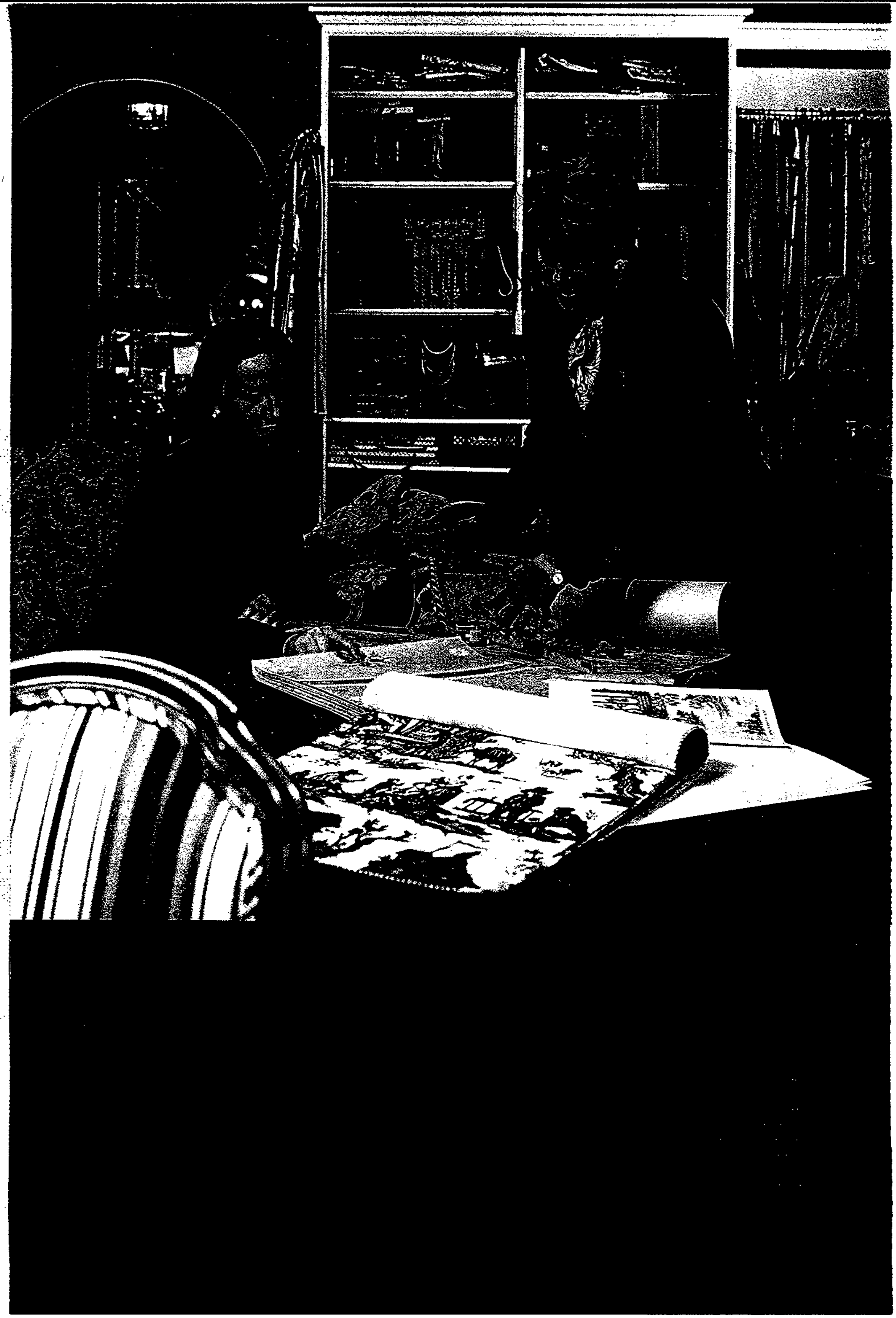
The consumer division has experienced a wide variety of different market conditions this year. The UK market has improved steadily during the year - but the depressed economies of Northem Europe have seen a sharp decline in consumer demand. The USA and Far Eastern markets, in contrast, remain extremely buoyant.

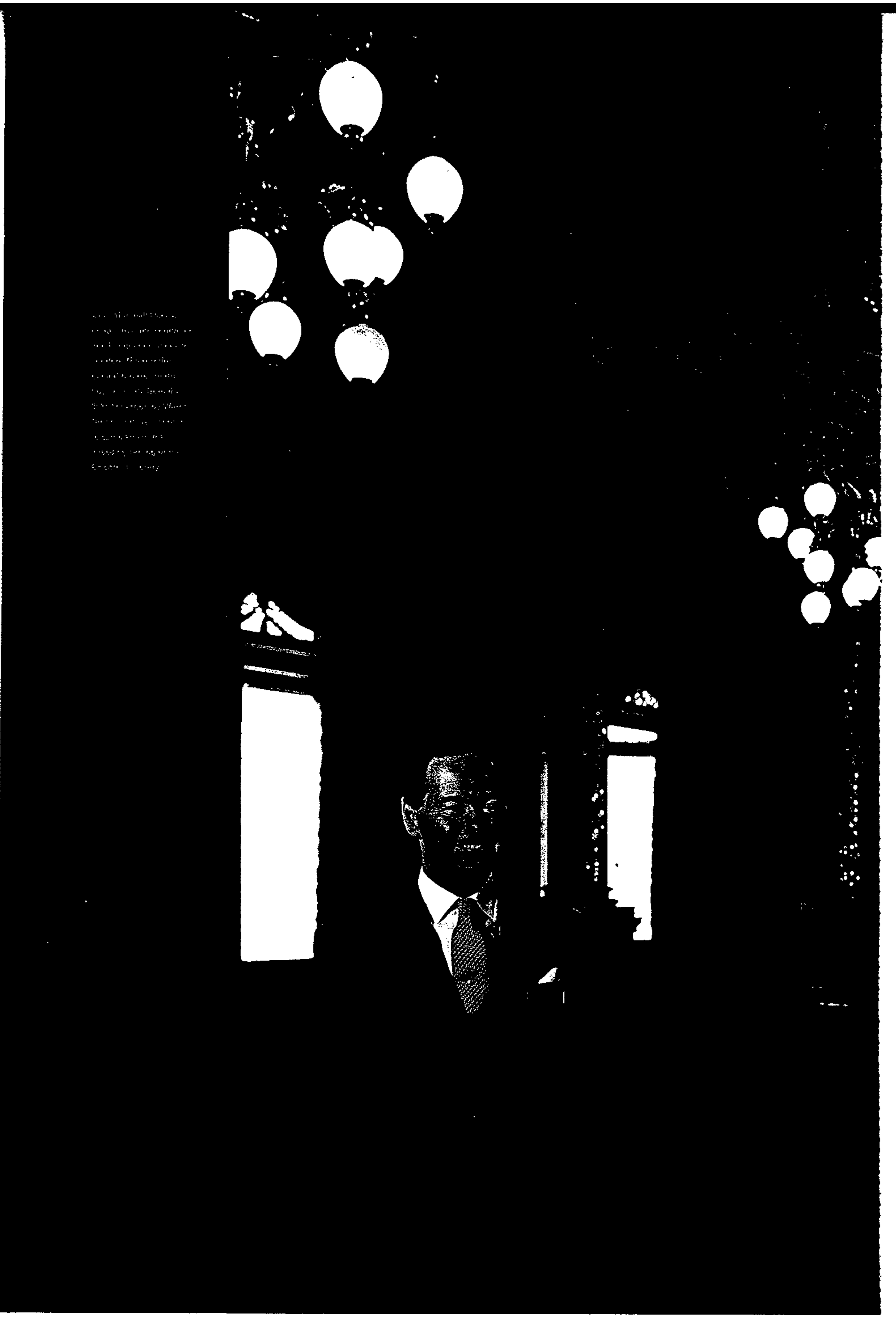
Overall, divisional turnover grew by 4% to £51.1m. In the UK which represents £26.1m or 51% of the divisional total, the consumer businesses generally had a satisfactory year. They took advantage of improving demand as the UK housing market in the South East of the country gradually picked up during the year. Demand in the final quarter was particularly strong, reflecting the fact that increased housing activity generally takes 3-9 months to filter through for demand for decorating products. Although the housing recovery has yet to spread to the whole of the UK, the market has remained reasonably buoyant in the first months of 1997. The division is therefore currently enjoying a good start to the new financial year.

The best performance in the UK last year was achieved by Anstey which benefited from lower overheads, better margins and improved intergroup and third party demand following a considerable amount of destocking by customers in the previous year.

The margin improvement was assisted by a slight fall in raw material prices but was achieved very largely by the implementation of a major waste reduction programme in the factory. This programme was successfully introduced in July 1995 and therefore produced a full year of savings in 1996/97.

In contrast, the division's main overseas markets have produced very differing results this year. In France, Germany and Holland - three of our main markets with a combined turnover of over £7m - sales declined by 13%, reflecting very poor consumer demand in these depressed economies. We do not anticipate any improvement in these markets in the foreseeable future. During the course of the year we changed the names of our trading companies in these three countries to Whittaker and Woods, which we are using internationally as our main consumer division marketing umbrella.





Borge, our distribution business in Norway, is currently the one exception to this strategy as the company is the Norwegian market leader and has a very strong local franchise. Borge's turnover for the year was static - but the company improved its profitability slightly as the result of good cost control.

In April 1996 we established a new subsidiary in Italy - Whittaker & Woods SRL - and acquired the Italian distribution rights to all four of our consumer brands - Cole & Son, Harlequin, Warner Fabrics and Zoffany. The Italian market is generally considered in our industry to be one of the most important export markets due to the great affinity felt by many affluent Italians for the style and quality of British home furnishing products. Our new company traded satisfactorily in its first year and we are now well positioned to benefit from the eventual recovery in the Italian domestic market which has been depressed for several years.

In North America our new marketing initiative - Whittaker & Woods Inc. - was launched in February 1996 and the first twelve months have been extremely successful. In November 1996 we opened a New York showroom in support of our sales and marketing effort which is now beginning to increase our sales in the key New York Tri-State area. Whittaker and Woods are now represented through 14 major regional independent showrooms in the US and Canada with a full selection of Cole & Son, Harlequin, Warner and Zoffany products, many of which are being sold in North America for the first time. Our up front investment this year in pattern books and fabric samples in order to achieve this market coverage has been over £0.75m.

At the same time our traditional TWIL business - importing Far Eastern grass cloths and specialist textile wallcoverings into the US - has seen a slight upturn, as these types of wallcoverings have enjoyed something of a revival. As a result, the overall turnover of our North American business - WG Inc. - was ahead by over 20% to nearly £3m. A modest beginning, but one which offers an excellent platform for future growth in this very important market.

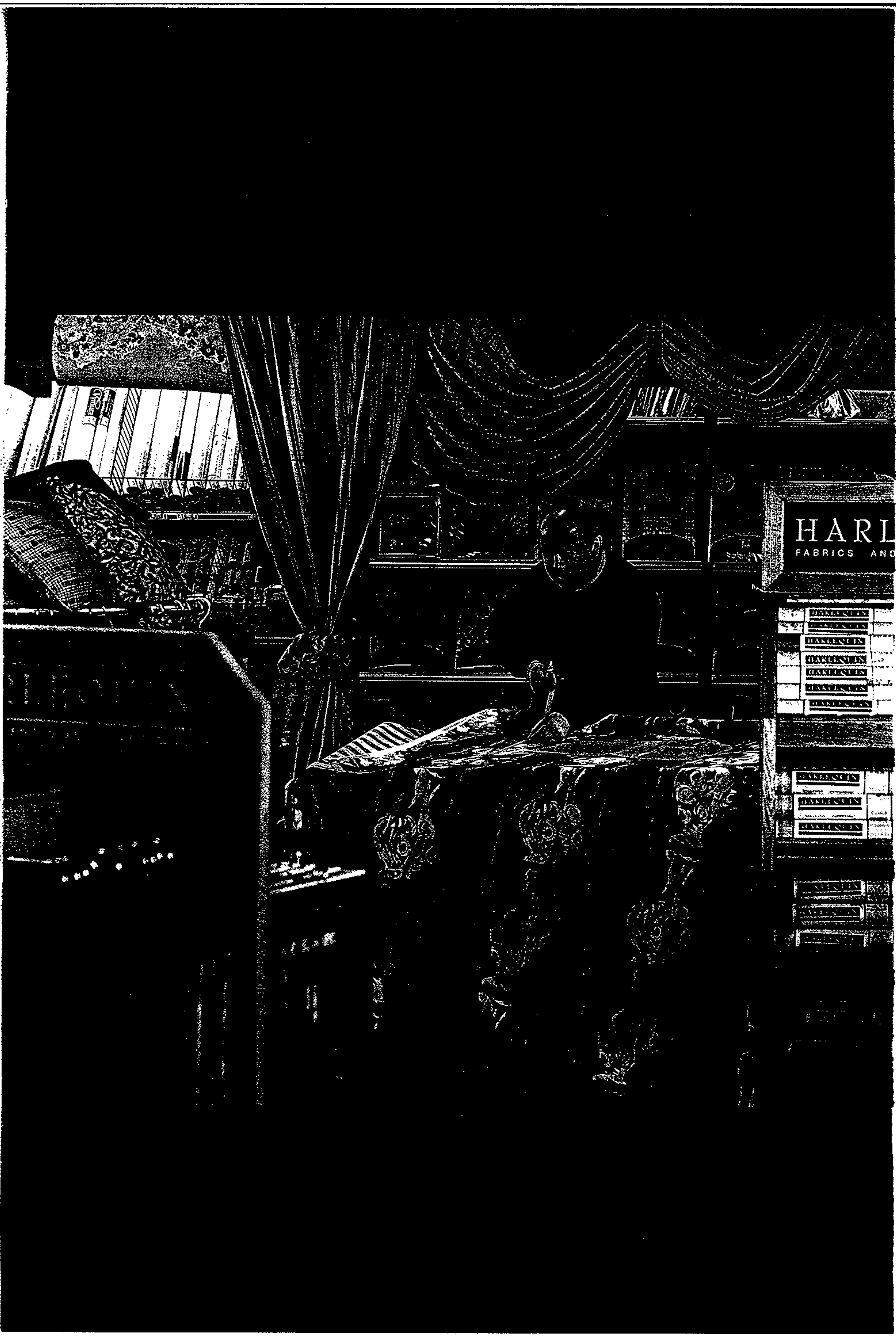
In the Far East and the Rest of the World, the division's sales in the last twelve months have increased by 11% reflecting our greater focus on these markets. The consumer division now controls the distribution of its products in all the major European and North American markets and our export sales teams are therefore beginning to concentrate more time and effort on developing our turnover in markets which are further afield.

From an operational point of view an important feature of the past year's performance has been the completion of three major restructuring projects. These have been both time consuming and costly and their completion leaves the division with a much improved organisational structure, cost base and sales potential.

The largest project has been the centralisation of the division's warehousing and distribution in Milton Keynes.

When the group acquired Warner Fabrics Plc in December 1995, one of the synergies of the acquisition was the fact that Warner owned a five year old, purpose built fabrics and wallpaper distribution centre of 45,000 square feet, only 35% of which was being effectively utilised. At the same time Harlequin and Zoffany already had a requirement for larger and more modern warehousing facilities. Over the past two years, at a total capital cost of £1m, we have therefore extended the warehouse by a further 12,500 square feet and completely re-racked and re-equipped it. During the past twelve months, we have recruited and trained over 50 staff and there has been a phased transfer of the Zoffany and Harlequin inventories into the new distribution centre. This project was finally completed in February this year.

Alan Thoma, Managing Director of Colourschemer, an interior design retailer in Sussex, stocks the entire range of Harlequin fabrics and wallcoverings.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FABRICS AND

The second project has been the reorganisation of our overseas distribution arrangements. Over the last five years we have been establishing control over the distribution rights to our four consumer brands - Cole & Son, Harlequin, Warner Fabrics and Zoffany - in the major European and North American markets. In the last eighteen months this has been effectively completed with a total of one major and eleven minor acquisitions in seven countries. The disruption caused by this reorganisation has inevitably had a short term impact on our sales in certain areas and this year we will be concentrating our efforts on developing and, where necessary, re-establishing the sales of our individual brands in these markets.

The third project has been the merger of Cole & Son and Warner Fabrics. These two businesses, which were acquired by Walker Greenbank two years ago, both date from the 1870s and have traditionally been exclusively designers and manufacturers of high quality wallpapers and furnishing fabrics respectively. Since the retail distribution channel for both companies' products is the same, we decided to combine the management and sales of both companies in order to provide both brands with more critical mass. Cole & Son will continue to develop ranges of historic wallpapers, whilst Warner Fabrics will concentrate on the production of the highest quality woven and printed furnishing fabrics.

Charles Wightman

Charles Wightman
Chief Executive

Lord Thurso, Managing Director of Champneys, and interior designer Carole Roberts, discuss the use of Zoffany's Pompadour fabric in the planned refurbishment of this exclusive health resort in Hertfordshire.

Financial Review

Accounting and reporting requirements

The only significant changes in this year's financial statements relate to Financial Reporting Standard 8 (FRS 8) 'Related Party Transactions' and FRS 1 (revised) 'Cash Flow Statements'. The 1996 cash flow statement and related disclosures have been restated accordingly.

Profit and loss account format

The profit and loss account has been set out in a columnar format this year. This presentation has been adopted in order to show more clearly the impact of a number of one-off expenses in connection with two reorganisation and restructuring projects which were incurred during the year. Further details of the exceptional operating items are shown in note 4 to the accounts on page 41.

Earnings per share

Profit after tax declined 8.1% to £6.1m for the year. The exercise of share options, the further conversion of some preference shares and the issue of additional shares in respect of the deferred consideration for the acquisition of John O Borge increased the weighted average number of shares in issue to 118.8m, an increase of 2.1%. Consequently, basic earnings per share decreased by 9.9% from 5.57p to 5.02p.

Underlying earnings before exceptional operating items rose 4.1% to £6.9m, with underlying earnings per share rising 2.3% to 5.7p.

Dividends

The board is proposing to maintain the final dividend at 2.4 pence per ordinary share, making a total of 3.7 pence for the year, in line with last year.

This gives basic dividend cover of 1.36 times (1996 1.51 times) and underlying dividend cover of 1.54 times.

Interest

With the continued capital investment programme, net borrowings have increased by £4.6m to £4.8m. This has resulted in an interest charge of £0.3m compared to interest receivable of £0.2m last year.

The group uses a mixture of short and medium term borrowings at a variety of fixed and variable rates. Details of the loans are shown in note 19 to the accounts on page 50.

Taxation

This year's overall tax rate has increased to 33.0% from 31.2% last year mainly due to a higher proportion of unrelieved overseas tax losses, partially offset by a nil tax liability on property profits due to capital losses brought forward.

Cash flow and borrowings

This year the group's three year accelerated capital investment programme has reached its peak. Total net cash investment during the year was £12.2m (1996 - £8.3m) before the receipt of £2.8m from the sale of two investment properties. Net borrowings, defined as net debt excluding current asset investments, were £4.8m at the year end, representing only 9.9% gearing.

The full cash flow statement is set out on page 36 and is summarised below:

	1997 £m	1996 £m
Net cash inflow from operating activities	**11.5**	10.1
Net interest (paid)/received	**(0.3)**	0.2
Net capital expenditure	**(9.4)**	(8.3)
Dividends paid	**(4.4)**	(4.3)
Tax paid	**(2.1)**	(2.5)
Net payment for acquisitions	**(0.6)**	(2.9)
Issue of ordinary share capital	**0.5**	0.3
Other cash movements	**0.2**	(0.2)
Increase in net borrowings	**(4.6)**	(7.6)
Net (borrowings)/cash at 1 February 1996	**(0.2)**	7.4
Net borrowings at 31 January 1997	**(4.8)**	(0.2)

Treasury policy and foreign exchange management

The group's treasury function is controlled centrally in accordance with procedures approved by the board. It is run prudently as a central group function providing services to other group companies and adopts a risk averse strategy.

Transaction exposure is managed by netting imports and exports where practical, with around 75% to 100% of the balance covered through forward contracts.

We have also continued the policy of matching foreign currency assets with similar foreign currency borrowings.

Going concern

After making enquiries the directors have formed the opinion that at the time of approving the accounts there is a reasonable expectation that the group and the company has 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 accounts.

John Sach

Group Financial Controller

Report of the Directors

The directors submit their annual report, together with the audited financial statements of the group for the year ended 31 January 1997.

Group results

The profit before taxation amounted to £9,035,000 (1996: £9,575,000). The directors recommend payment of a final ordinary dividend of 2.40p (2.40p) per share, amounting to £2,866,000 (£2,797,000), making a total of 3.70p (3.70p) and £4,431,000 (£4,323,000) for the year, which with preference dividends of £89,000 (£104,000), leaves a surplus of £1,533,000 (£2,162,000) to be transferred to reserves.

Review of the business

The board has continued to lay the foundations for future growth by investing, restructuring and consolidating distribution overseas. As a part of this strategy, the group acquired overseas distribution businesses for the Coles, Harlequin, Warner and Zoffany brands in seven countries for a consideration of £1,022,000. Further information on the business and future of the group is included in the chairman's statement on pages 4 to 7 and in the operating and financial reviews on pages 12 to 25.

Directors

The board of directors as at the date of this report who served throughout the year is set out on pages 8 and 9, together with biographical details.

Directors' shareholdings

The interests of the directors in office at 31 January 1997 in the share capital of the company were:

	Number of ordinary shares	
	Beneficial 31 Jan 1997	Beneficial 31 Jan 1996
MS Meyer	**12,000**	12,000
PF Mostyn	**8,496**	-
DG Richards	**60,000**	60,000
RC Smurthwaite	**20,668**	20,668
AC Wightman	**30,392**	18,716

The movement in share options held by the directors during the year is shown as part of directors' remuneration in note 5 on pages 41 and 42.

Full details of the directors' shareholdings and options to subscribe are included in the Register of Directors' Interests (a copy of which is open to inspection at the registered office).

None of the directors' interests changed between 31 January 1997 and 2 April 1997. The directors had no interests in the preference shares of the company.

At no time during the year did any of the directors hold a beneficial interest in the share capital of any of the company's subsidiaries.

Directors' service contracts

All executive directors have 2 year rolling contracts. Mr Richards has a contract that is terminable on short notice. Mr Meyer does not have a service contract.

Executive share option schemes

Options over 726,408 ordinary shares were exercised during the year, 13,338 at an exercise price of 49.7p per share, 430,920 at an exercise price of 63.4p per share, 102,600 at an exercise price of 71.2p per share and 179,550 at an exercise price of 80.0p per share. During the year options over 460,000 ordinary shares have been issued and options over 423,190 ordinary shares have lapsed. Options over ordinary shares outstanding at 31 January 1997 are as shown below.

Directors' interests in material contracts

None of the directors had any material interest in any contract during the year which was significant to the business of the group.

Research and development

Development of new and improved products is a continuing feature of the group's operations. Companies are encouraged to explore methods of improving and extending their ranges of products and services.

Pensions

The group operates defined benefit and defined contribution schemes in the UK for all qualifying employees. Further information on the schemes and details of the valuations are given in note 29 to the accounts.

Date granted	No of shares	Subscription price	Exercisable
4 November 1988	320,625	114.1p	04.11.91 to 03.11.98
4 June 1990	222,642	49.7p	04.06.93 to 03.06.00
14 May 1991	567,378	63.4p	14.05.94 to 13.05.01
26 May 1993	964,440	80.0p	26.05.96 to 25.05.03
10 January 1994	112,860	92.6p	10.01.97 to 09.01.04
9 February 1994	51,300	110.2p	09.02.97 to 08.02.04
4 May 1994	225,720	98.5p	04.05.97 to 03.05.04
20 June 1994	1,431,270	102.4p	20.06.97 to 19.06.04
13 April 1995	1,010,000	96.0p	13.04.98 to 12.04.05
3 May 1995	100,000	96.0p	03.05.98 to 02.05.05
5 July 1995	60,000	89.0p	05.07.98 to 04.07.05
1 November 1995	50,000	88.0p	01.11.98 to 31.10.05
1 May 1996	210,000	98.0p	01.05.99 to 30.04.06
6 November 1996	250,000	69.5p	06.11.99 to 05.11.06
	5,576,235		

Employees

The group keeps its employees informed on matters affecting them and on the progress of the group by way of informal meetings and consultation with employees' representatives. Employees are encouraged to participate in holding shares in the group through the corporate PEP. Disabled persons are given full and fair consideration for employment where an appropriate vacancy occurs, having regard to their particular aptitudes and abilities. Whenever possible, arrangements are made for the continuing employment of persons who have become disabled during service, and for appropriate training of all disabled employees, who are given equal consideration with all other employees in promotion and career development.

Substantial shareholdings

As at 31 March 1997, the following beneficial interests of 3% or more of the issued ordinary share capital have been notified to the company: ESN Pension Management Group Limited 3.47%, Standard Life Group 4.01%, British Airways Pension Trustees Limited 4.46%, Prudential Corporation plc 4.47%, General Accident plc 4.59% and B.A.T. Industries plc 5.35%.

Special business

At the Annual General Meeting on 28 May 1997 resolutions 6, 7 and 8 will be special business. Details of the business can be found in the accompanying circular.

Payment to suppliers

The company agrees terms and conditions for its business transactions with suppliers. Payment is then made to these terms, subject to the terms and conditions being met by the supplier.

Close company provisions

The directors are of the opinion that the company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Auditors

Price Waterhouse have indicated their willingness to continue in office as auditors, and a resolution to re-appoint them and to authorise the directors to agree their remuneration will be put to the Annual General Meeting.

By order of the board
AE Thomas
Secretary
2 April 1997

Registered Office
4 Brunel Court Cornerhall
Hemel Hempstead
Hertfordshire HP3 9XX
Registered number 61880

Directors' Responsibilities

For the preparation of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

(i) select suitable accounting policies and then apply them consistently;

(ii) make judgements and estimates that are reasonable and prudent;

(iii) state whether applicable accounting standards have been followed;

(iv) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have prepared these financial statements under the above requirements.

By order of the board
AE Thomas
Secretary
2 April 1997

Corporate Governance

A summary of our system of corporate governance in respect of the Code of Best Practice by the Committee on the Financial Aspects of Corporate Governance ('the Code') appears below:

Board Composition

The board of directors comprised four executive and two non-executive directors until 31 August 1996 and thereafter three executive and two non-executive directors for the remainder of the year. MC Hynes resigned from the board on 31 August 1996. There is a clear separation of the roles of chairman, chief executive and divisional managing directors. The board meets regularly throughout the year and is responsible for overall group strategy, acquisition and investment policy, approval of major capital expenditure projects and consideration of other significant financial matters. It reviews the strategy and direction of individual trading subsidiaries, their annual budgets, their progress towards the achievement of those budgets and their capital expenditure programmes.

Audit Committee

The Audit Committee comprises the two non-executive directors and meets formally twice a year and whenever it is considered appropriate. It monitors the application of the group's accounting policies and financial reporting, and provides a forum through which the group's auditors report directly to the non-executive directors. Mr DG Richards has been chairman of the Audit Committee since its foundation in 1991.

Remuneration Committee

The Remuneration Committee comprises the two non-executive directors and is chaired by Mr DG Richards. The committee is responsible for measuring the performance of the executive directors and setting the level of their remuneration. In carrying out this function, the committee takes into consideration the remuneration of others performing similar duties in other organisations. The Remuneration Commitee is advised periodically by external consultants.

A Report by the Remuneration Committee on directors' remuneration is included on page 58 of the financial statements.

Compliance

Areas where the board, after due consideration, did not comply formally with the Code during the financial year are noted below:

(i) Non-executive directors were not appointed for specific terms. In future non-executive directors will be appointed for fixed terms, as they stand for re-election on retirement by rotation;

(ii) There are only two non-executive directors on the board at present. The board believes that its current composition reflects the requirements of the size of the company and gives the correct balance between non-executive and executive directors. This view is supported by The City Group for Smaller Companies (CISCO) who believe that two non-executive directors are sufficient for a company of our size.

Other than for the matters referred to above, since 1 February 1996 the company has complied with all the relevant requirements of the Code.

Internal Financial Controls

The directors acknowledge their responsibility for the group's system of internal financial controls and consider that it is appropriately designed to provide reasonable but not absolute assurance that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded.

The framework for the system may be described as follows:

Financial Reporting

The group has a comprehensive system for reporting financial results to the board. Each operating unit reports monthly results, with comparison against quarterly forecasts, budget and prior year. The group reports twice each year to shareholders. Towards the end of each financial year, the operating units prepare detailed budgets for the following year and update their rolling five year strategic plans. Budgets and plans are reviewed by the board prior to formal adoption.

Operating Unit Controls

The operating units are required to report in accordance with group financial controls and procedures. Regular reviews of the operating units are carried out by head office staff and key business risks identified, monitored and reported to the board.

Controls over Central Functions

A number of the group's key functions including treasury, taxation, property, company secretarial, environmental monitoring, legal matters and insurance are dealt with centrally and controlled by the finance director and company secretary.

Investment Appraisal

The group has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures. Where businesses are being acquired, the group's procedures include detailed 'due diligence' reviews, both by the group's own staff and with the assistance of external advisors.

The board has reviewed the effectiveness of the system of internal financial control in operation during the financial year through the monitoring process set out in the above paragraphs.

The auditors have reported to the board that in their opinion the directors' statements on internal financial controls and on going concern on page 25 have provided the disclosures required by Listing Rules 12.43(j) and 12.43(v) and are consistent with the information which came to the auditors' attention as a result of their audit work on the financial statements; and that the directors' other statement on page 29 appropriately reflects the group's compliance with the other paragraphs of the Code specified for their review by Listing Rule 12.43(j). The auditors were not required to perform the additional work necessary to, and did not, express any opinion on the effectiveness of either the group's system of internal financial controls or corporate governance procedures nor on the ability of the group to continue in operational existence.

Auditors' Report

To the members of Walker Greenbank PLC

We have audited the financial statements on pages 34 to 57 which have been prepared under the accounting polices set out on pages 38 and 39.

Respective Responsibilities of Directors and Auditors

As described on page 29, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based upon 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 circumstances of the company and the group, 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 as at 31 January 1997 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse

Price Waterhouse
10 Bricket Road
St Albans
Hertfordshire AL1 3JX
2 April 1997

Financial Statements

Group Profit and Loss Account

Year ended 31 January 1997

	note	Before exceptional operating items £000	Exceptional operating items (note 4) £000	1997 Total £000	1996 Total £000
TURNOVER					
Continuing operations		99,697	-	**99,697**	95,856
Acquisitions		1,180	-	**1,180**	-
	2	100,877	-	**100,877**	95,856
OPERATING PROFIT					
Continuing operations		10,078	(1,206)	**8,872**	9,380
Acquisitions		66	-	**66**	-
Operating profit/(loss)	3	10,144	(1,206)	**8,938**	9,380
Net profit on disposal of properties		367	-	**367**	44
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		10,511	(1,206)	**9,305**	9,424
Net interest (payable)/receivable	7	(270)	-	**(270)**	151
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		10,241	(1,206)	**9,035**	9,575
Tax on profit/(loss) on ordinary activities	8	(3,380)	398	**(2,982)**	(2,986)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		6,861	(808)	**6,053**	6,589
Dividends (including non-equity)	16			**(4,520)**	(4,427)
RETAINED PROFIT FOR THE YEAR	22			**1,533**	2,162
EARNINGS PER SHARE - basic	9	-		**5.02p**	5.57p
- underlying		**5.70p**		-	5.57p
DIVIDEND PER SHARE	16			**3.70p**	3.70p

Balance Sheets

At 31 January 1997

	note	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
FIXED ASSETS					
Tangible assets	10	**31,559**	25,373	**12,569**	6,189
Walker Greenbank PLC shares	11	**2,070**	2,070	**2,070**	2,070
Investments	12	**517**	3,041	**18,027**	21,834
		34,146	30,484	**32,666**	30,093
CURRENT ASSETS					
Stocks	13	**20,428**	18,107	**-**	-
Debtors	14	**22,640**	21,880	**40,332**	32,787
Cash at bank and in hand		**2,199**	2,011	**9**	3
		45,267	41,998	**40,341**	32,790
CREDITORS: due within one year	15	**(25,287)**	(22,702)	**(23,850)**	(15,804)
Net current assets		**19,980**	19,296	**16,491**	16,986
Total assets less current liabilities		**54,126**	49,780	**49,157**	47,079
CREDITORS: due after more than one year	17	**(3,488)**	(1,780)	**(3,188)**	(1,394)
PROVISIONS FOR LIABILITIES AND CHARGES	20	**(1,931)**	(1,307)	**(135)**	(20)
		48,707	46,693	**45,834**	45,665
CAPITAL AND RESERVES (including non-equity interests)					
Share capital	21	**18,205**	17,877	**18,205**	17,877
Share premium account	22	**24,649**	23,161	**24,649**	23,161
Profit and loss account	22	**6,250**	5,981	**2,980**	4,627
Other reserves	22	**(397)**	(326)	**-**	-
	23	**48,707**	46,693	**45,834**	45,665

Charles Wightman

A C Wightman

David Richards

D G Richards

Directors

These accounts were approved by the directors on 2 April 1997

Group Cash Flow Statement

Year ended 31 January 1997

	note	1997 £000	1997 £000	1996 £000	1996 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	25		**11,484**		10,054
RETURNS ON INVESTMENT AND SERVICING OF FINANCE					
Interest received		**125**		380	
Interest paid		**(391)**		(217)	
Interest element of finance lease payments		**(4)**		(11)	
Dividends paid on non-equity shares		**(51)**		(104)	
			(321)		48
TAXATION			**(2,060)**		(2,507)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of tangible fixed assets		**(12,298)**		(8,459)	
Purchase of investments		**-**		(435)	
Proceeds from disposal of properties		**2,801**		569	
Proceeds from disposal of tangible fixed assets		**76**		41	
			(9,421)		(8,284)
ACQUISITION AND DISPOSALS					
Purchase of subsidiary undertakings		**-**		(2,946)	
Purchase of overseas distribution businesses		**(647)**		-	
	28		**(647)**		(2,946)
EQUITY DIVIDENDS PAID			**(4,362)**		(4,245)
CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING			**(5,327)**		(7,880)
MANAGEMENT OF LIQUID RESOURCES					
Bills of exchange receivable			**131**		(62)
FINANCING					
Issue of ordinary share capital		**496**		324	
Expenses paid in connection with issue of shares		**-**		(17)	
Principal repayments of finance lease obligations		**(19)**		(175)	
Proceeds of medium term loans		**2,213**		644	
Repayment of borrowings		**(272)**		(1,827)	
			2,418		(1,051)
DECREASE IN CASH	26		**(2,778)**		(8,993)

Statement of Total Recognised Gains and Losses

Year ended 31 January 1997

	1997 £000	1996 £000
Profit for the financial year	**6,053**	6,589
Currency translation differences	**(321)**	(71)
Total recognised gains and losses relating to the year	**5,732**	6,518

Note of Historical Cost Profits and Losses

Year ended 31 January 1997

	1997 £000	1996 £000
Profit on ordinary activities before taxation	**9,035**	9,575
Realisation of property revaluation gains	**55**	-
Difference between historical cost depreciation charge and actual depreciation charge	**16**	16
Historical cost profit on ordinary activities before taxation	**9,106**	9,591
Historical cost profit for the year retained after taxation and dividends	**1,604**	2,178

Reconciliation of Movements in Shareholders' Funds

Year ended 31 January 1997

	1997 £000	1996 £000
Profit for the financial year	**6,053**	6,589
Dividends	**(4,520)**	(4,427)
Retained profit for the year	**1,533**	2,162
Currency translation differences	**(321)**	(71)
New share capital subscribed	**1,816**	307
Goodwill written-off	**(1,014)**	(4,156)
Net addition/(reduction) to shareholders' funds	**2,014**	(1,758)
Opening shareholders' funds	**46,693**	48,451
Closing shareholders' funds	**48,707**	46,693

Notes to the Accounts

1 ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention modified for the revaluation of certain properties and in accordance with applicable accounting standards.

Compliance with SSAP 19 'Accounting for investment properties' requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given further in this note.

BASIS OF CONSOLIDATION

The group accounts consolidate the financial statements of the parent and its subsidiary undertakings made up to 31 January 1997. Profits arising on trading between group undertakings are excluded.

The group profit and loss account includes the results of all companies acquired during the year from their effective date of acquisition using the acquisition method.

No profit and loss account is presented for Walker Greenbank PLC as provided by Section 230 of the Companies Act 1985. £2,873,000 (£4,512,000) of the profit attributable to shareholders has been dealt with in the accounts of the parent company.

GOODWILL

Purchased goodwill and goodwill arising on consolidation, being the difference between the consideration payable and the fair value of the net assets acquired, are written off against the profit and loss account reserve upon acquisition. Goodwill is charged against the disposal proceeds on the disposal of a business with a corresponding adjustment to reserves for the amount previously written off.

FOREIGN CURRENCY

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or, if hedged, at the forward contract rate. All differences are taken to the profit and loss account.

The balance sheets of overseas subsidiary undertakings are translated at the rates of exchange ruling at the balance sheet date. The profit and loss accounts are translated at the average rates of exchange applicable to the accounting period. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are dealt with through reserves.

TURNOVER

The group turnover represents the invoiced value, excluding VAT, of sales to external customers.

STOCKS

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials, on a first-in, first-out basis, and direct labour plus attributable production overheads based on a normal level of activity. Net realisable value is based on estimated selling prices less anticipated costs to disposal.

PENSIONS

The group operates both defined benefit and defined contribution schemes. The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods during which members are employed. Any surplus of assets over liabilities is apportioned over the expected remaining service lives of current employees in the schemes.

RESEARCH AND DEVELOPMENT

Research and development expenditure is written off as incurred.

FIXED ASSETS

Depreciation is charged on a straight-line basis on the original cost or subsequent valuation of assets (excluding freehold land) after deduction of any estimated residual value. The principal annual rates are:

Freehold Buildings	2%
Short and Long Leaseholds	Over the unexpired period of lease
Plant, Equipment and Vehicles	Between 5% and 33%
Pattern Books, Shade Cards and Print Rollers	Between 25% and 100%

Land and buildings are stated at cost plus any revaluation reserve less provision for permanent diminution in value.

INVESTMENTS

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Other investments held as fixed assets are stated at cost plus any revaluation reserve less provisions for permanent diminution in value.

LEASING AND HIRE PURCHASE COMMITMENTS

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income as incurred.

DEFERRED TAXATION

Deferred taxation is provided on all timing differences only to the extent that they are expected to reverse in the foreseeable future, calculated at the rate at which it is estimated that tax will be payable.

2 SEGMENTAL ANALYSIS

(a) Classes of business	Turnover 1997 £000	Turnover 1996 £000	Operating profit 1997 £000	Operating profit 1996 £000	Non-interest bearing operating net assets 1997 £000	Non-interest bearing operating net assets 1996 £000
Continuing operations:						
Fabrics, wallcoverings and other businesses	**100,877**	95,856	**8,938**	9,380	**61,496**	53,831

(b) Geographical segments	Turnover 1997 £000	Turnover 1996 £000	Operating profit/(loss) 1997 £000	Operating profit/(loss) 1996 £000	Non-interest bearing operating net assets 1997 £000	Non-interest bearing operating net assets 1996 £000
By origin on continuing operations:						
United Kingdom	**80,764**	78,778	**9,560**	8,614	**57,776**	50,578
Continental Europe	**17,183**	14,670	**(165)**	942	**1,730**	1,781
North America	**2,930**	2,408	**(457)**	(176)	**1,990**	1,472
	100,877	95,856	**8,938**	9,380	**61,496**	53,831
By destination on continuing operations:						
United Kingdom	**64,987**	62,753				
Continental Europe	**23,812**	22,408				
North America	**4,413**	4,946				
Rest of the world	**7,665**	5,749				
	100,877	95,856				

Operating net assets are defined as tangible assets plus net current assets, but excluding cash, borrowings, tax, dividends and deferred consideration payable.

3 OPERATING PROFIT

	1997 Continuing operations £000	1997 Acquisitions £000	1997 Total £000	1996 Total £000
Turnover	**99,697**	**1,180**	**100,877**	95,856
Cost of sales	**(44,958)**	**(574)**	**(45,532)**	(43,906)
Gross profit	**54,739**	**606**	**55,345**	51,950
Distribution costs	**(23,843)**	**(233)**	**(24,076)**	(22,068)
Administrative expenses	**(22,154)**	**(307)**	**(22,461)**	(20,752)
	8,742	**66**	**8,808**	9,130
Other operating income	**130**	**-**	**130**	250
Operating profit	**8,872**	**66**	**8,938**	9,380

3 OPERATING PROFIT continued

	1997 £000	1996 £000
Operating profit is after charging:		
Emoluments of directors (note 5)	**875**	824
Auditors' remuneration:		
Audit fees	**120**	114
Taxation and other services	**83**	102
Depreciation of owned assets	**5,814**	5,017
Depreciation of assets held under finance leases and hire purchase contracts	**134**	232
Hire of motor vehicles and plant and machinery	**1,265**	1,253
Other operating leases	**1,136**	944

Auditors' remuneration for audit services to the group includes £30,000 (£30,000) in respect of the company.

4 EXCEPTIONAL OPERATING ITEMS

The exceptional operating costs incurred during the year comprise £544,000 in respect of the restructuring of the consumer division's warehousing and distribution, and £662,000 in respect of the centralisation of Muraspec's customer services department which resulted in the closure of five regional branches in the UK.

5 EMOLUMENTS OF DIRECTORS OF THE PARENT COMPANY RELATING TO THEIR PERIODS OF OFFICE

	Salary £000	Benefits £000	Profit related pay (i) £000	1997 Total £000	1996 Total £000
Executive directors					
AC Wightman	**160**	**8**	**40**	**208**	214
RC Smurthwaite	**150**	**14**	**40**	**204**	211
PF Mostyn	**110**	**6**	**-**	**116**	-
MC Hynes	**58**	**4**	**-**	**62**	130
Non-executive directors					
DG Richards (Chairman)	**56**	**-**	**-**	**56**	56
MS Meyer	**24**	**-**	**-**	**24**	24
	558	**32**	**80**	**670**	635

	1997	1996
Pension fund contributions (executive directors only)	**135**	189
Compensation for loss of office (ii)	**70**	-
Total emoluments	**875**	824

(i) Profit related pay consists of bonuses paid to directors dependent upon the earnings per share achieved during the year. Profit related pay is a part of total pensionable salary.

(ii) MC Hynes was paid £70,000 as compensation for loss of office on 31 August 1996.

5 EMOLUMENTS OF DIRECTORS OF THE PARENT COMPANY RELATING TO THEIR PERIODS OF OFFICE continued

The movement in share options held by directors during the year was:

Director	1 February 1996 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	31 January 1997 Number	Option Price (pence)	Exercise Price (pence)	Exercise dates Earliest	Exercise dates Latest
M C Hynes	102,600		102,600		-	63.4	96.0	-	-
	102,600			102,600	-				
	179,550			179,550	-				
	100,000			100,000	-				
P F Mostyn	100,000				100,000	96.0		03.05.98	02.05.05
	50,000				50,000	88.0		01.11.98	31.10.05
		50,000			50,000	98.0		01.05.99	30.04.06
		100,000			100,000	69.5		06.11.99	05.11.06
R C Smurthwaite	102,600				102,600	114.1		04.11.91	03.11.98
	153,900				153,900	80.0		26.05.96	25.05.03
	230,850				230,850	102.4		20.06.97	19.06.04
	100,000				100,000	96.0		13.04.98	12.04.05
A C Wightman	153,900				153,900	49.7		04.06.93	03.06.00
	205,200				205,200	63.4		14.05.94	13.05.01
	205,200				205,200	80.0		26.05.96	25.05.03
	307,800				307,800	102.4		20.06.97	19.06.04
	150,000				150,000	96.0		13.04.98	12.04.05
Total	**2,244,200**	**150,000**	**102,600**	**382,150**	**1,909,450**				

Neither Mr M S Meyer or Mr D G Richards held any interests in share options of the company throughout the year.

The mid-market price of the ordinary shares at 31 January 1997 was 69p and the range during the year was 53p to 101p.

6 EMPLOYEE INFORMATION, EXCLUDING DIRECTORS

	1997 £000	1996 £000
Wages and salaries	**24,844**	22,189
Social security costs	**2,615**	2,299
Other pension costs	**1,277**	1,595
	28,736	26,083

The average weekly number of employees during the year:	Number	Number
Administration and warehousing	**798**	749
Manufacturing	**361**	344
	1,159	1,093

7 **NET INTEREST (PAYABLE)/RECEIVABLE**

	1997 £000	1996 £000
Interest receivable:		
Bank and other short term deposit interest receivable	129	379
Interest payable:		
Bank and other short term interest on loans and overdrafts wholly repayable within 5 years	(378)	(200)
Bank interest on loans not wholly repayable within 5 years	(17)	(17)
Finance charges payable under finance leases and hire purchase contracts	(4)	(11)
	(399)	(228)
Net interest (payable)/receivable	(270)	151

8 **TAXATION**

	1997 £000	1996 £000
Corporation tax at 33% (33%)	2,450	2,554
Deferred taxation	729	567
Overseas taxation	152	346
	3,331	3,467
Adjustments with respect to prior years	(349)	(481)
	2,982	2,986

Due to the availability of capital losses brought forward, there is no liability to tax in respect of the sale of the investment properties during the year.

9 **EARNINGS PER SHARE**

Earnings per share is based on the profit on ordinary activities after taxation and preference dividends, amounting to £5,964,000 (£6,485,000) and the weighted average of 118,781,690 (116,395,039) ordinary shares in issue during the year. No material dilution of earnings per share would arise if all outstanding share options were exercised.

The underlying earnings per share has been disclosed as in the opinion of the directors this provides additional information to shareholders on the results of the group's activities.

The underlying earnings per share can be reconciled to the basic earnings per share as follows:

	1997 Pence per share	1997 £000	1996 Pence per share	1996 £000
Profit attributable to ordinary shareholders	5.02	5,964	5.57	6,485
Exceptional operating items after taxation (note 4)	0.68	808	-	-
	5.70	6,772	5.57	6,485

10 TANGIBLE FIXED ASSETS

	Land and buildings £000	Plant, equipment and vehicles £000	Pattern books, shade cards & print rollers £000	Total £000
GROUP				
Cost or valuation:				
1 February 1996	13,409	21,851	10,164	45,424
Additions	2,181	4,446	5,671	12,298
Disposals	-	(1,283)	(1,585)	(2,868)
Currency movements	(30)	(133)	(81)	(244)
31 January 1997	**15,560**	**24,881**	**14,169**	**54,610**
Depreciation:				
1 February 1996	1,724	14,098	4,229	20,051
Charge	221	1,847	3,880	5,948
Disposals	-	(1,196)	(1,585)	(2,781)
Currency movements	(14)	(109)	(44)	(167)
31 January 1997	**1,931**	**14,640**	**6,480**	**23,051**
Net book value				
31 January 1997	**13,629**	**10,241**	**7,689**	**31,559**
31 January 1996	11,685	7,753	5,935	25,373
Analysis of cost and valuation:				
At cost	13,718	24,881	14,169	52,768
At valuation 1993	1,842	-	-	1,842
	15,560	**24,881**	**14,169**	**54,610**

Land and buildings were valued on 31 January 1993 at open market value on the basis of existing use.

	£000
The net book value of land and buildings comprises:	
Freehold land	3,596
Freehold buildings	9,633
Long leaseholds	40
Short leaseholds	360
Net book value at 31 January 1997	**13,629**

10 TANGIBLE FIXED ASSETS continued

	£000
If shown on a historical cost basis, land and buildings would be stated at:	
Cost	14,512
Depreciation	(1,867)
Net book value at 31 January 1997	**12,645**

	Land and buildings £000	Plant, equipment and vehicles £000	Total £000
COMPANY			
Cost or valuation:			
1 February 1996	6,649	422	7,071
Additions	1,918	138	2,056
Transfers from group companies	4,587	-	4,587
Disposals	-	(46)	(46)
31 January 1997	**13,154**	**514**	**13,668**
Depreciation:			
1 February 1996	624	258	882
Charge	177	78	255
Disposals	-	(38)	(38)
31 January 1997	**801**	**298**	**1,099**
Net book value			
31 January 1997	**12,353**	**216**	**12,569**
31 January 1996	6,025	164	6,189

Included in the amounts for plant, equipment and vehicles above are the following amounts relating to leased assets and assets acquired under hire purchase contracts:

	Group Finance leases £000	Group Hire purchase £000	Company Finance leases £000	Company Hire purchase £000
Net book value				
31 January 1997	**160**	**-**	**-**	**-**
31 January 1996	292	2	-	-

11 WALKER GREENBANK PLC SHARES

	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Shares held:				
2,058,000 ordinary shares				
of 15p each in Walker Greenbank PLC				
- cost	**2,070**	2,070	**2,070**	2,070
- nominal value	**309**	309	**309**	309

The above shares are held by The Walker Greenbank PLC Employee Benefit Trust ('the Trust') which was set up in June 1994. It holds a number of shares in Walker Greenbank PLC with options being granted to beneficiaries, being employees of the group, at the discretion of the Remuneration Committee. The options do not become exercisable until the third anniversary of the date of being granted and then must be exercised within the following seven years.

The expenses borne by Walker Greenbank PLC in relation to the Trust amounted to £9,000 (£24,000) in the year.

At 31 January 1997, the Trust held 2,058,000 ordinary shares of 15p each in Walker Greenbank PLC, representing 1.7% of the total called up share capital, with a market value on that date of £1,420,020. Of these 1,851,270 shares were held under options to employees.

12 INVESTMENTS

	£000
GROUP AND COMPANY	
Investment properties	
1 February 1996	3,041
Provision for diminution in value	(90)
Disposals	(2,434)
31 January 1997	**517**

	£000
COMPANY	
Shares in subsidiary undertakings:	
1 February 1996	18,793
Acquisition	166
Amounts written-off	(1,250)
Other movements	(199)
	17,510
Investment properties	517
31 January 1997	**18,027**

12 **INVESTMENTS** continued

The principal group operating companies which are all wholly owned are as follows:

Abaris Holdings Limited
- registered in England and Wales

Hampshire Medical Developments Limited
- registered in England and Wales

John O Borge as - incorporated in Norway

Muraspec SARL - incorporated in France

Textile Wallcoverings International Limited
- incorporated in the USA

Walker Greenbank Inc
- incorporated in the USA

Whittaker & Woods BV - incorporated in Holland

Whittaker & Woods GmbH
- incorporated in Germany

Whittaker & Woods Inc - incorporated in the USA

Whittaker & Woods SRL - incorporated in Italy

With the exception of Abaris Holdings Limited which operates in the UK, Belgium and Dubai, all other companies operate in their country of incorporation. All companies are involved in the design, manufacture and distribution of wallcoverings and fabrics except Hampshire Medical Developments Limited which designs and markets a range of bathing products and mobility aids for the less able.

Details of acquisitions are given in note 28.

Investment properties represent one property awaiting disposal which was valued on an open market vacant possession basis as at 31 January 1993. The directors believe that this valuation remains appropriate at 31 January 1997. The historical cost of this investment property is £647,000 (group and company).

13 **STOCKS**

	Group 1997 £000	Group 1996 £000
Raw materials	**2,904**	2,393
Work in progress	**1,256**	1,227
Finished goods	**16,268**	14,487
	20,428	18,107

14 **DEBTORS**

	Group 1997 £000	Group 1996 £000	**Company 1997 £000**	Company 1996 £000
Trade debtors	**19,444**	18,947	**16**	23
Amounts owed by subsidiary undertakings	**-**	-	**39,444**	31,683
Other debtors	**1,325**	1,240	**792**	981
Prepayments	**1,871**	1,693	**80**	100
	22,640	21,880	**40,332**	32,787

Other debtors in the company include ACT recoverable in more than one year of £726,000 (£712,000). Amounts owed by subsidiary undertakings in the company include long term loans recoverable in more than one year of £3,461,000 (£nil).

15 CREDITORS: DUE WITHIN ONE YEAR

	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Current instalments due on loans (note 19)	**278**	279	**250**	250
Bank overdrafts	**3,420**	320	**1,390**	368
Obligations under finance leases and hire purchase contracts	**7**	19	**-**	-
Trade creditors	**9,973**	9,535	**335**	134
Amounts owed to subsidiary undertakings	**-**	-	**17,202**	9,046
Corporation tax	**3,041**	2,723	**1,127**	1,129
Other taxes and social security	**1,051**	632	**386**	23
Proposed dividends (note 16)	**2,904**	2,797	**2,904**	2,797
Other creditors	**1,722**	3,504	**23**	1,813
Accruals	**2,891**	2,893	**233**	244
	25,287	22,702	**23,850**	15,804

The overdrafts of the company and certain subsidiary undertakings are covered by cross guarantees given by the company and those subsidiary undertakings. As at 31 January 1997 an amount of £6,028,000 (£3,671,000) was guaranteed by the company.

16 DIVIDENDS

	1997 £000	1996 £000
Equity		
Ordinary - paid	**1,565**	1,526
- proposed	**2,866**	2,797
	4,431	4,323
Non-equity		
Preference - paid	**51**	104
- proposed	**38**	-
	89	104
Total dividends	**4,520**	4,427

The directors propose a final dividend in respect of the year ended 31 January 1997 of 2.40p (2.40p) per ordinary share payable on 8 July 1997 to shareholders registered at the close of business on 13 June 1997. This makes a total dividend for the year of 3.70p (3.70p) per ordinary share.

17 CREDITORS: DUE AFTER MORE THAN ONE YEAR

	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Loans (note 19)	**3,332**	1,576	**3,188**	1,394
Obligations under finance leases and hire purchase contracts	**-**	7	**-**	-
Overseas tax	**156**	197	**-**	-
	3,488	1,780	**3,188**	1,394

18 OPERATING LEASE COMMITMENTS

Commitments due within one year under non-cancellable operating leases are as follows:

	Group Land & buildings £000	Group Other £000	Company Land & buildings £000	Company Other £000
Operating leases which expire:				
Within one year	18	94	-	1
Between one and five years	697	506	300	19
Over five years	458	-	60	-
	1,173	600	360	20

19 LOANS

	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Secured loans:				
US dollar bank loan repayable by instalments over more than five years at 84.2% of prime rate of USA lender	**172**	211	-	-
Unsecured loans:				
Bank loans				
- French franc loan repayable October 1998, bearing interest at 7.75% per annum	**564**	644	**564**	644
- Belgian franc loan repayable May 1999, bearing interest at 5.8125% per annum	**874**	-	**874**	-
- US dollar loan repayable October 1999, bearing interest at 7.0% per annum	**781**	-	**781**	-
- US dollar loan repayable November 1999, bearing interest at 0.7% over LIBOR	**469**	-	**469**	-
- repayable by June 1999, bearing interest at 9.3125% per annum and repayable in equal annual instalments of £250,000	**750**	1,000	**750**	1,000
Total loans	**3,610**	1,855	**3,438**	1,644
Amounts due at 31 January 1997 are repayable as follows:				
Over five years	**33**	64	-	-
Between two and five years	**2,457**	1,233	**2,374**	1,144
Between one and two years	**842**	279	**814**	250
After more than one year (note 17)	**3,332**	1,576	**3,188**	1,394
Within one year (note 15)	**278**	279	**250**	250
	3,610	1,855	**3,438**	1,644

The secured loan is secured against the applicable group property.

Exchange gains of £99,000 (£nil) on translation of foreign currency borrowings have been taken directly to reserves and exchange gains of £87,000 (exchange losses of £89,000) on translation of foreign currency borrowings have been taken to the profit and loss account.

20 PROVISIONS FOR LIABILITIES AND CHARGES

	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Deferred taxation	**1,931**	1,286	**135**	20
Other provisions	**-**	21	**-**	-
	1,931	1,307	**135**	20

DEFERRED TAXATION

	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Deferred taxation provided in the accounts is as follows:				
Capital allowances in excess of depreciation	**2,888**	2,109	**77**	(42)
Other timing differences	**(231)**	(111)	**58**	62
Total deferred taxation provided	**2,657**	1,998	**135**	20
Advance corporation tax	**(726)**	(712)	**-**	-
	1,931	1,286	**135**	20

	Group £000	Company £000
Deferred taxation movement for the year:		
1 February 1996	1,998	20
Current year charge	729	59
Adjustment in respect of prior years	(70)	(101)
Other adjustments	-	157
31 January 1997	**2,657**	**135**

The group and company have no unprovided deferred tax liabilities (£nil).

21 **SHARE CAPITAL**

	Number of shares	£
Ordinary shares of 15p each:		
Authorised: 1 February 1996 and 31 January 1997	**170,000,000**	**25,500,000**
Allotted, called up and fully paid:		
1 February 1996	116,563,752	17,484,563
Issued during the year	2,193,075	328,961
Conversion of preference shares	661,348	99,202
31 January 1997	**119,418,175**	**17,912,726**

On 5 February 1996, 1,466,667 shares were allotted for £1,320,000 as consideration for the prior year acquisition of John O Borge. In addition, 726,408 ordinary shares with an aggregate nominal value of £108,961 were allotted for cash under the share option schemes for an aggregate consideration of £496,304.

Cumulative convertible redeemable preference shares of 25p each ('preference shares')	Number of shares	£
Authorised: 1 February 1996 and 31 January 1997	**6,000,000**	**1,500,000**
Allotted, called up and fully paid:		
1 February 1996	1,570,015	392,504
Conversion to ordinary shares	(399,366)	(99,842)
31 January 1997	**1,170,649**	**292,662**

The preference shares bear a fixed cumulative preferential dividend of 6.5p per share per annum, and are convertible into ordinary shares at the preference shareholders' option in August in any of the years to 2005 at the rate of 8.28 ordinary shares for every 5 preference shares. Any preference shares which remain unconverted after August 2005 may be redeemed by the company at 100p per share.The holders of the preference shares do not have any voting rights at general meetings of the company unless the dividend payable on preference shares is six months or more in arrears or unless a resolution is to be proposed at such meeting for the winding up of the company, the reduction of its share capital or any abrogation or variation of any of the rights or privileges of the holders of the preference shares. The holders of the preference shares are entitled, on a winding up, to receive in priority to any payment to the holders of ordinary shares out of the assets available for distribution the amount paid up or credited as paid up thereon plus a premium of 75p per share together with any dividend arrears. No provision has been made for the redemption of the preference shares as the amounts involved are not significant.

22 RESERVES

	Share premium account £000	Profit and loss account £000	Other reserves: Revaluation reserve £000	Capital reserve £000	Merger reserve £000
GROUP					
1 February 1996	23,161	5,981	1,055	1,569	(2,950)
Goodwill written-off	-	(1,014)	-	-	-
Issue of shares	1,488	-	-	-	-
Transfer of additional depreciation on revalued assets	-	16	(16)	-	-
Retained earnings for the year	-	1,533	-	-	-
Currency translation movements	-	(321)	-	-	-
Property disposals	-	55	(55)	-	-
31 January 1997	**24,649**	**6,250**	**984**	**1,569**	**(2,950)**

	Share premium account £000	Profit and loss account £000	Other reserves: Revaluation reserve £000	Capital reserve £000	Merger reserve £000
COMPANY					
1 February 1996	23,161	4,627	-	-	-
Deficit for the year	-	(1,647)	-	-	-
Issue of shares	1,488	-	-	-	-
31 January 1997	**24,649**	**2,980**	**-**	**-**	**-**

	£000
Capital reserve represents:	
Share premium of companies acquired and accounted for under merger accounting principles	1,276
Capital reserve arising on consolidation	293
	1,569
Revaluation reserve represents:	
Tangible fixed assets - land and buildings	984

The cumulative amount of goodwill which has been written off to the profit and loss account reserve in respect of existing group companies is £13,948,000 (£12,934,000).

23 SHAREHOLDERS' FUNDS	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Equity				
Ordinary share capital	**17,913**	17,485	**17,913**	17,485
Share premium	**23,930**	22,197	**23,930**	22,197
Profit and loss account	**6,250**	5,981	**2,980**	4,627
Other reserves	**(397)**	(326)	-	-
	47,696	45,337	**44,823**	44,309
Non-equity				
Preference share capital	**292**	392	**292**	392
Share premium	**719**	964	**719**	964
	1,011	1,356	**1,011**	1,356
Total shareholders' funds	**48,707**	46,693	**45,834**	45,665

24 CAPITAL EXPENDITURE	Group 1997 £000	Group 1996 £000	Company 1997 £000	Company 1996 £000
Authorised and contracted	**395**	738	-	-

25 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1997 £000	1997 £000	1996 £000	1996 £000
Operating profit		**8,938**		9,380
Depreciation	**5,948**		5,249	
Loss on disposal of tangible fixed assets	**11**		-	
Increase in stocks	**(2,429)**		(1,786)	
Increase in operating debtors and prepayments	**(1,695)**		(2,214)	
Increase/(decrease) in creditors and provisions	**711**		(575)	
		2,546		674
Net cash inflow from operating activities		**11,484**		10,054

The operating cash inflow is stated after an outflow of £1,206,000 which relates to the exceptional operating items referred to in note 4.

26 ANALYSIS OF NET DEBT

	At 1 February 1996 £000	Cash flow £000	Other non-cash changes £000	Exchange movement £000	At 31 January 1997 £000
Cash at bank and in hand	2,011	322		(134)	2,199
Overdrafts	(320)	(3,100)		-	(3,420)
		(2,778)			
Debt due after 1 year	(1,576)	(2,213)	278	179	(3,332)
Debt due within 1 year	(279)	272	(278)	7	(278)
Finance leases	(26)	19		-	(7)
		(1,922)			
Current asset investments	423	(131)		-	292
	233	(4,831)	-	52	(4,546)

27 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1997 £000	1996 £000
Decrease in cash in the period	(2,778)	(8,993)
(Increase)/decrease in debt and lease financing	(1,922)	1,447
(Decrease)/increase in liquid resources	(131)	62
Change in net debt from cash flows	(4,831)	(7,484)
Translation difference	52	(89)
Movements in net debt in period	(4,779)	(7,573)
Net debt at 1 February 1996	233	7,806
Net debt at 31 January 1997	(4,546)	233

28 ACQUISITION OF OVERSEAS DISTRIBUTION BUSINESSES

	Overseas distribution businesses Book value £000	Overseas distribution businesses Fair value adjustment £000	1997 Total £000	1996 Total £000
Net assets acquired:				
Tangible fixed assets	-	-	-	567
Stock	50	(42)	**8**	774
Debtors	-	-	-	1,296
Cash	-	-	-	586
Creditors	-	-	-	(2,243)
Deferred tax	-	-	-	(23)
	50	(42)	**8**	957
Goodwill arising on acquisition			**1,014**	3,298
Cost of acquisition			**1,022**	4,255
Discharged by:				
Cash paid			**647**	2,935
Amounts receivable written-off			**300**	-
Deferred consideration - cash			**75**	-
- shares			-	1,320
			1,022	4,255
Cash outflow from acquisitions comprised:				
Cash paid			**647**	2,935
Other debt acquired and settled			-	393
Cash balance acquired			-	(382)
			647	2,946

Since acquisition, the overseas distribution businesses have generated an operating profit of £66,000.

29 PENSIONS

The group operates defined benefit and defined contribution pension schemes in the UK for all qualifying employees. The major scheme is of the defined benefit type and the assets of each of the schemes are held in separate trustee administered funds. In addition, there are defined benefit schemes for all qualifying employees of Abaris Holdings Limited and John O Borge.

The pension costs relating to the UK defined benefit schemes are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. These schemes are subjected to triennial actuarial reviews with the most recent ones having been at 6 April 1996 for the major scheme and 6 April 1995 for the Abaris Holdings Limited Pension Scheme (formerly Warner Fabrics Scheme). The John O Borge scheme was valued in accordance with The Norwegian Financial Accounting Standard for Pension Benefits as at 31 December 1995.

The principal actuarial assumptions applied for the two UK schemes were as follows:

Investment returns	9.0% per annum
Salary growth	7.0% per annum
Pension increases	5.0% per annum in excess of Guaranteed Minimum Pension

Assets have been valued using the discounted income method assuming a dividend growth rate of 4.5% per annum.

At the latest actuarial valuation, the aggregate market value of the assets of the major scheme was £22,173,000. The actuarial value of the assets of the scheme was sufficient to cover 106% of the liability for benefits which have accrued to members on an ongoing basis.

At the last actuarial valuation, the aggregate market value of the assets of the Abaris Holdings Limited Pension Scheme (formerly Warner Fabrics Scheme) was £2,423,000. The actuarial value of the assets of the scheme was sufficient to cover 205% of the liability for benefits which have accrued to members on an ongoing basis.

The effect of the employer's contribution rates for the two UK schemes is to take account of the surpluses disclosed by the valuations over the average remaining service lives of the current employees who are in the schemes.

The aggregate market value of the assets of the John O Borge scheme as at 31 December 1995 was £627,000 with a surplus of £131,000.

The total pension cost for the group was £1,412,000 (£1,784,000) of which £1,194,000 (£1,595,000) related to the major defined benefit scheme.

Report of the Remuneration Committee

The members of the Remuneration Committee are shown in the Corporate Governance report on page 30. The constitution and operation of the Committee complies with the principles of the Greenbury Code as now incorporated in Section A of the Best Practice Provisions annexed to the Stock Exchange Listing Rules. The Committee has given full consideration to Section B of the Best Practice Provisions in determining the remuneration packages for directors.

The Remuneration Committee sets the remuneration and other terms of employment of executive directors and the company's policy on remuneration of the senior executives within terms of reference agreed by the Board. Remuneration levels are set by reference to individual performance, experience and market conditions with a view to providing packages which attract, retain and motivate executive directors and management.

The main components of each executive director's remuneration are basic salary, annual bonus and share options.

1) Basic salary is determined by the Remuneration Committee taking into account the performance of the individual and information from external consultants.

2) Performance related bonuses are payable to the executive directors in office throughout the year dependent upon the Earnings Per Share achieved during the year. Any bonus payable is pensionable in accordance with the practice adopted for all employees who are members of the group pension schemes.

3) Share options form the basis for the longer term incentives for the executive directors and senior executives and are granted at the discretion of the Remuneration Committee.

The company operates a pension scheme for directors which is a defined benefit scheme whereby retirement benefits based on final total remuneration and length of service are funded through a separate trustee administered scheme. The company pays contributions to the scheme on behalf of executives based on the recommendations of the independent actuary who carries out a valuation of the scheme every three years.

Details of service contracts are shown in the Report of the Directors on page 27.
On 1 May 1997 Mr A J Connolly will be appointed to the board as an executive director with a two year rolling service contract. Mr M S Meyer who does not have a service contract and Mr A J Connolly, retire and offer themselves for re-election at the Annual General Meeting.

Full details of directors' remuneration and benefits as presently recommended by the Greenbury Code are given in note 5 to the financial statements on pages 41and 42.

David Richards

David Richards
Chairman

Advisors

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Five Year Record

	1993 £000	1994 £000	1995 £000	1996 £000	**1997** **£000**
CONTINUING OPERATIONS					
Turnover	51,875	61,998	74,971	95,856	**100,877**
Overseas turnover	11,990	16,147	21,981	33,103	**35,890**
Operating profit	6,031	7,337	8,932	9,380	**8,938**
Profit before taxation	6,057	7,079	9,021	9,575	**9,035**
Capital expenditure	4,112	5,232	6,506	8,459	**12,298**
Earnings per share (as restated)	4.38p	4.97p	6.23p	5.57p	**5.02p**
Average number of employees	724	799	918	1,093	**1,159**
Turnover per employee	£72,000	£78,000	£82,000	£88,000	**£87,000**

	1993 £000	1994 £000	1995 £000	1996 £000	**1997** **£000**
TOTAL GROUP					
Dividends	2,944	3,279	4,024	4,427	**4,520**
Shareholders' funds	26,056	30,126	48,451	46,693	**48,707**
Dividend per share	3.10p	3.30p	3.60p	3.70p	**3.70p**

The earnings per share figures have been restated to reflect the bonus element of the rights issue in January 1995.

FINANCIAL CALENDAR

Annual General Meeting 28 May 1997
Record date 13 June 1997
Final dividend payable 8 July 1997
Announcement of half-year results October 1997

Five Year Record

	1993 £000	1994 £000	1995 £000	1996 £000	**1997 £000**
CONTINUING OPERATIONS					
Turnover	51,875	61,998	74,971	95,856	**100,877**
Overseas turnover	11,990	16,147	21,981	33,103	**35,890**
Operating profit	6,031	7,337	8,932	9,380	**8,938**
Profit before taxation	6,057	7,079	9,021	9,575	**9,035**
Capital expenditure	4,112	5,232	6,506	8,459	**12,298**
Earnings per share (as restated)	4.38p	4.97p	6.23p	5.57p	**5.02p**
Average number of employees	724	799	918	1,093	**1,159**
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