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Group Structure

Commercial Division

The commercial division designs, manufactures, markets and distributes a comprehensive range of durable wallcoverings, display materials and upholstery fabrics. These products are used in the refurbishment and decoration of offices, hotels, banks, hospitals, retail outlets and public buildings of all kinds.

Brynmor is Europe's largest manufacturer of paper and fabric backed vinyl wallcoverings. 70% of its output is supplied to Muraspec which is responsible for marketing and distribution in Europe. Muraspec commands a strong market position in the U.K. and is expanding rapidly in France and Belgium. Hartley designs and manufactures upholstery fabrics for use primarily in the office seating and screen market.

Consumer Division

The consumer division is one of Europe's fastest growing suppliers of furnishing fabrics and wallcoverings to the middle and top end of the retail market.

Anstey is Europe's leading manufacturer of quality wallpaper with 60% of production being supplied to group companies. Harlequin designs, markets and distributes a wide range of fabrics and wallpapers for the middle market. The company has subsidiaries in France and Germany and exports through distributors worldwide. Zoffany is the U.K.'s foremost quality wallpaper supplier whose papers and fabrics are used extensively to decorate period properties and luxury hotels. Afia specialises in the design of luxury custom carpets. TWIL distributes many of the division's products in the U.S.A..

Healthcare Division

Hampshire Medical Developments designs and markets a range of mobility aids for the less able. The company's unique product range is focused on children's seating and assisted bathing. The company is design led and enjoys a leading position in its niche markets. The products are manufactured to the company's specification by a range of sub-contract suppliers and are distributed both in the U.K. and internationally.

Financial Highlights

Continuum Data

	1994 £000	1993 £'000		
Turnover	£61,998	£51,875	20% increase	Continued improvement in market share.
Overseas turnover	£16,147	£11,990	35% increase	Further strategic growth of our international business.
Pre-tax profit	£7,079	£6,057	17% increase	Indicating the group's underlying growth potential.
Shareholders' funds	£30,126	£26,056	16% increase	Reflecting our philosophy of maintaining a strong balance sheet.
Capital expenditure	£5,715	£4,436	29% increase	Sustained investment in the organic development of the group.
Net debt	£734	£2,609	72% decrease	Gearing is now only 2.4% of shareholders' funds.
Earnings per share	5.10p	4.49p	14% increase	Shareholders are now seeing the benefits of the group's restructuring over the last four years.
Dividend per share	3.30p	3.10p	6% increase	Demonstrating our commitment to a progressive dividend policy in line with a gradual improvement in the dividend cover.



Chairman's Statement



David Richards

David Richards
Chairman

RESULTS

As I indicated to shareholders at the interim stage, I am pleased to report that last year saw continued improvement in your group's performance.

Group turnover increased by 10% from £56.2m to £62.0m but more significantly, sales in our core businesses, before taking account of acquisitions, increased by 15%. Our overseas sales increased by 35% to £16.1m following a 40% increase in 1992/93, and now represent 26% of turnover. We will continue to expand our overseas activities.

The implementation of Financial Reporting Standard 3 (FRS 3) has resulted in the restatement of the comparative figures for last year. This has meant including extraordinary items in the pre-tax profit for that year, and recalculating the profit on disposal of fixed assets on the basis of carrying value rather than historical cost. The effect of these changes is to increase the previously reported pre-tax profit for last year by £0.9m to £6.6m.

On this basis pre-tax profits for the year increased by 8% to £7.1m. However, on a continuing basis, which I believe provides a better comparison, pre-tax profits of the group increased by 17% and earnings per share increased by 14% to 5.10p.

As a result of the improvement in the group's profitability and our confidence in the group's trading prospects, we are proposing to increase the final dividend by 11% from 1.90p to 2.10p per ordinary share. This will have the effect of increasing the total dividend for the year by 6% from 3.10p to 3.30p per ordinary share.

ACQUISITIONS

During the year we purchased two businesses, Hartley and Afia Carpets. The total consideration for the two acquisitions was £1.9m of which £0.2m was deferred consideration payable over three years and £0.7m was debt. These acquisitions will enable us to expand our activities in niche markets which are directly related to those of our existing businesses.





Hartley designs, manufactures and sells commercial upholstery materials for use in offices, the same market in which Muraspec are leaders in the supply of commercial wallcoverings. Alfa designs and sells primarily custom made carpets for the top end of the consumer and commercial markets and is therefore selling largely to the same customers as those to whom Zoffany markets its fabrics and wallcoverings.

The long term marketing synergies of co-ordinating the activities of these businesses will be considerable. In addition, membership of the group provides both with the financial security and access to capital which is essential in an increasingly competitive international market place.

I am delighted to report that both businesses have made a smooth and successful transition into the group and are already meeting our expectations. Both businesses are trading profitably and will shortly be launching a series of new product ranges designed specifically to take them into areas of the market in which they have not yet been active.

CAPITAL EXPENDITURE

Capital expenditure for the year amounted to £5.7m of which £2.3m was invested in buildings, plant and machinery and £3.4m was invested in screens, rollers, pattern books and shade cards in connection with the launch of new product ranges. This represents an increase of 29% over the previous year as we continue to improve our productive capacity and exploit opportunities in the market place for product innovation.

We are planning to increase our level of capital expenditure in the current financial year in order to take advantage of our competitive position and develop further our long term profitability.

BALANCE SHEET

As a result of the £2.7m share placing made in connection with the acquisition of Hartley and the retained earnings for the year, the group's balance

sheet has been strengthened considerably with shareholders' funds rising 16% to £30.1m.

During the year we sold one small investment property for £0.26m leaving a balance of five properties with a valuation of £3.8m. We will make further disposals as and when opportunities arise.

At the end of the year, group net debt was £0.7m which represents gearing of only 2.4%. This balance sheet strength places the group in an excellent position to invest in the organic growth of all our businesses and to make further strategic acquisitions.

MANUFACTURING

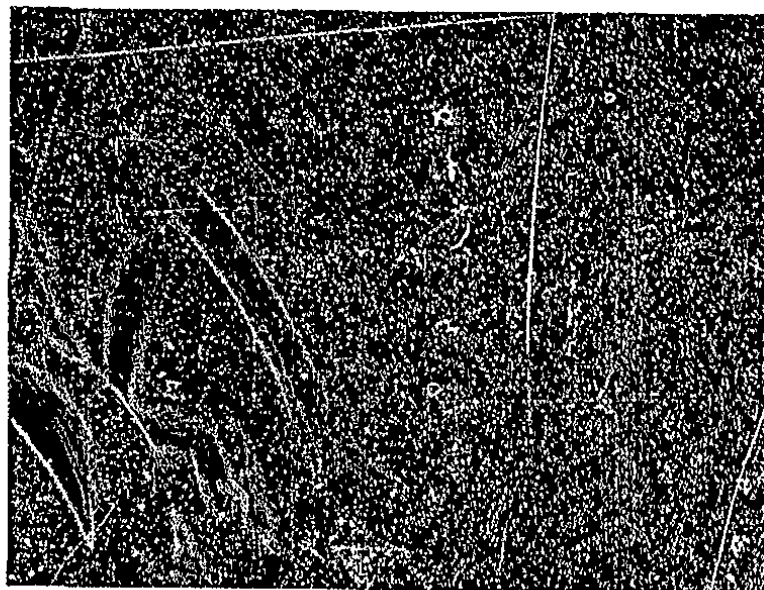
Last year's report and accounts focused on our greatest strength as an organisation - our employees. In this year's report we have chosen to highlight another fundamental area which contributes significantly to our consistent trading success - our manufacturing base.

In the various niche markets in which we operate, control over the manufacturing process provides our marketing businesses with the exclusivity of the products which they are selling. This is particularly important in the specification market. A strong manufacturing base also enables the group to guarantee customers excellent quality, competitive prices, value for money, rapid stock availability and flexibility.

Our three manufacturing businesses - Anstey, Brymor and Hartley - are run as autonomous profit centres and are focused towards servicing their customers. They are therefore market driven rather than production led.

FUTURE OUTLOOK

The current trading outlook has improved considerably over the last six months. All our businesses have seen a sustained improvement in sales during 1993, with an upturn in the consumer market being particularly noticeable. I am confident that this momentum will be maintained in the current financial year.



PAV 1111 Staked beams Hartley
ABOVE LEFT No.3 Wapping Mill Hartley
ABOVE RIGHT Hartley Ashfordham La auto-fa

Operating Review

Commercial Division



Charles Wightman

Charles Wightman
Chief Executive

The commercial division has enjoyed a year of steady progress, capitalising yet again on its efficient manufacturing base and its excellent marketing skills.

BRYMOR

As a result of its emphasis on marketing and customer support, Brymor has achieved another year of sound growth with an overall sales increase of 11%. Much of this growth is coming from overseas as the company expands its activities in particular in the Far East, North America and Eastern Europe. During the current financial year emphasis is also being placed on developing Brymor's market position in the Middle East.

The launch of the new Muralon range of fabric backed vinyl wallcoverings in June 1993 was particularly successful and has significantly enhanced the commercial division's competitive position. This will be followed in the current year by an update of Murek, which is the world's leading range of wide width, paperback vinyl wallcoverings.

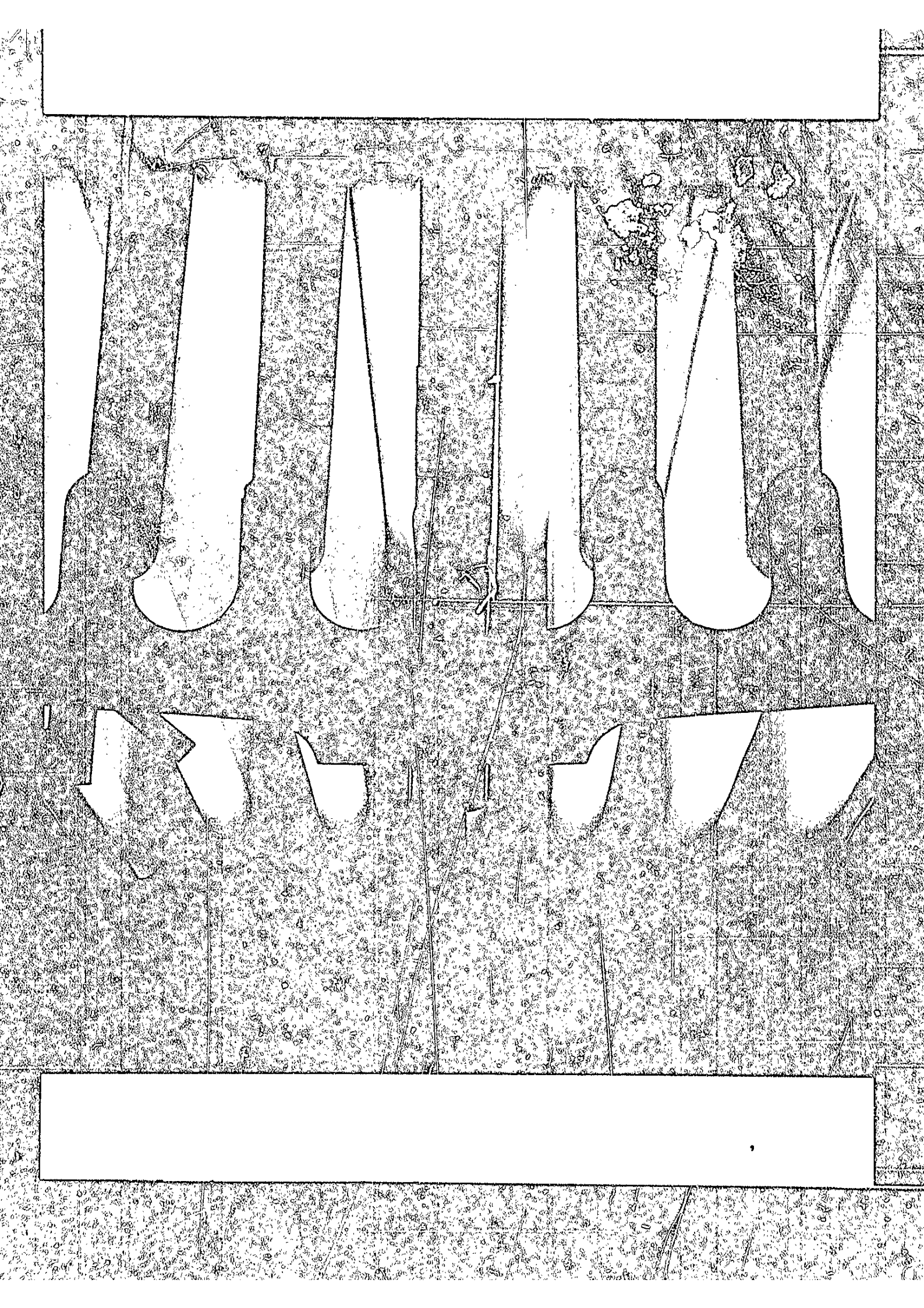
Brymor has continued during the year to gradually increase and improve its capacity and productivity. A new warehouse has been built at a total cost of £0.4m and a further £1m has been invested in plant and printing and embossing rollers.

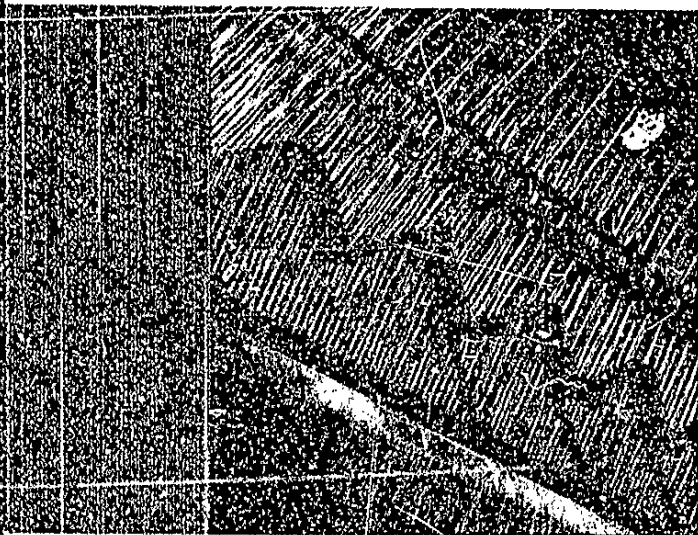
HARTLEY

Hartley, which was acquired in April 1993, has made a rapid and successful transition into the group and is gaining substantially from close links with Muraspec in the areas of marketing, sales and systems.

During the past year, the company has been involved in three major projects. The first of these has been the planning of a £1m, three year capital expenditure programme designed to make the company the most efficient and flexible manufacturer in its sector. The company has been testing a wide range of machinery during the year and has now finalised its requirements.

RIGHT Lembo Laminator, Brymor





The second project has been to assist Muraspec with the design, development and manufacture of several new products which will be launched by Muraspec under the Hemisphere brand in the summer of 1994.

The third project has involved the design and development of several new product ranges for launch by the company under the Hartley brand in May 1994. These new products have been designed specifically to expand Hartley's business into new areas of the commercial upholstery market.

MURASPEC

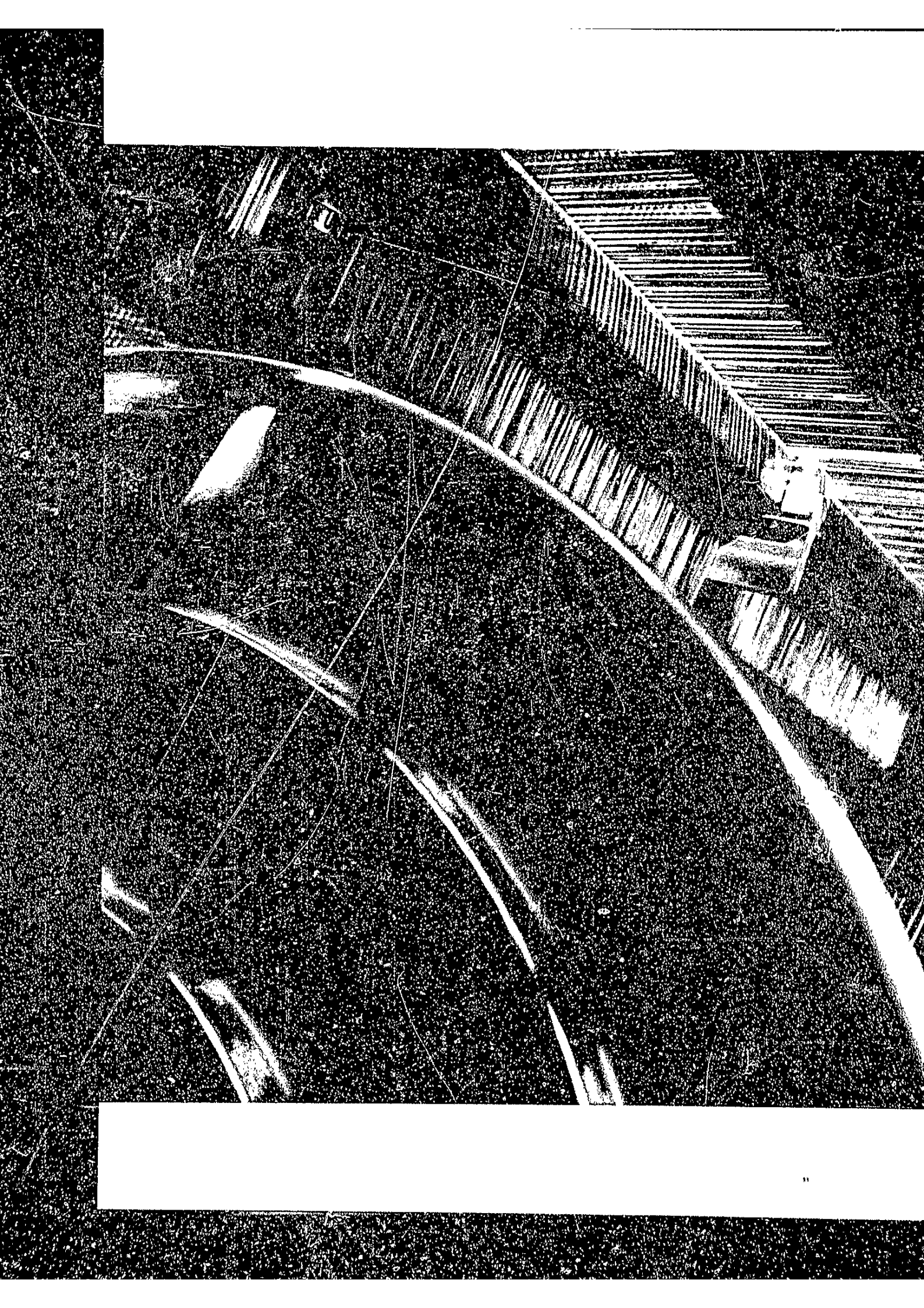
In the U.K., Muraspec enjoyed a slow but continuous improvement in wallcoverings sales during the year. This reflects both Muraspec's strong market position and a gradual return of business confidence.

Particularly good progress was made with the sale of display materials and upholstery fabrics, which are two of the major product areas targeted by Muraspec for growth over the coming years. Both of these product areas will benefit from a major expansion of Muraspec's product offer during 1994.

Muraspec's sales in France increased by 30% despite the growing Continental recession which resulted in a downturn in the market estimated at 25%. Muraspec has now achieved significant penetration of the French market. In order to capitalise on this position it will be making further investment during 1994 to extend its geographic field sales coverage outside the Paris area.

Muraspec's new branch in Belgium made a sound start in its first year of operation. The trading prospects are extremely promising and it is likely that the Brussels office will also act as the springboard for Muraspec's planned entry into the Dutch market.

ABOVE LEFT: Muraspec's Silkroad Monza
ABOVE RIGHT: Textile Laboratory 2, Bremer
FAR RIGHT: Saint Helena Working Loan Hartley



Operating Review

61 27 NOVEMBER 1982



The consumer division had an excellent year and has continued to make substantial gains in market share. This organic growth has been achieved despite generally adverse market conditions.

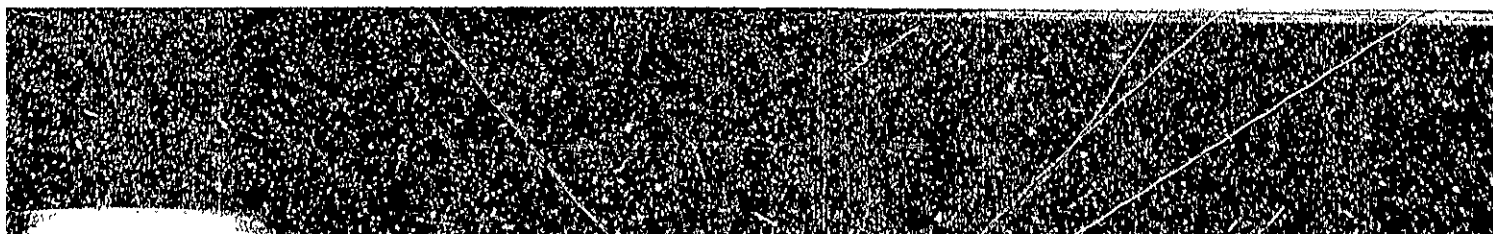
HARLEQUIN

Harlequin has made dramatic progress during the year. Sales improved in all of the company's major markets, but in particular in the U.K., France and Germany. In total Harlequin's sales increased by 30%. Most importantly, almost all of the growth in France and Germany has come from sales of Harlequin branded products which now account for 50% of sales in these two territories.

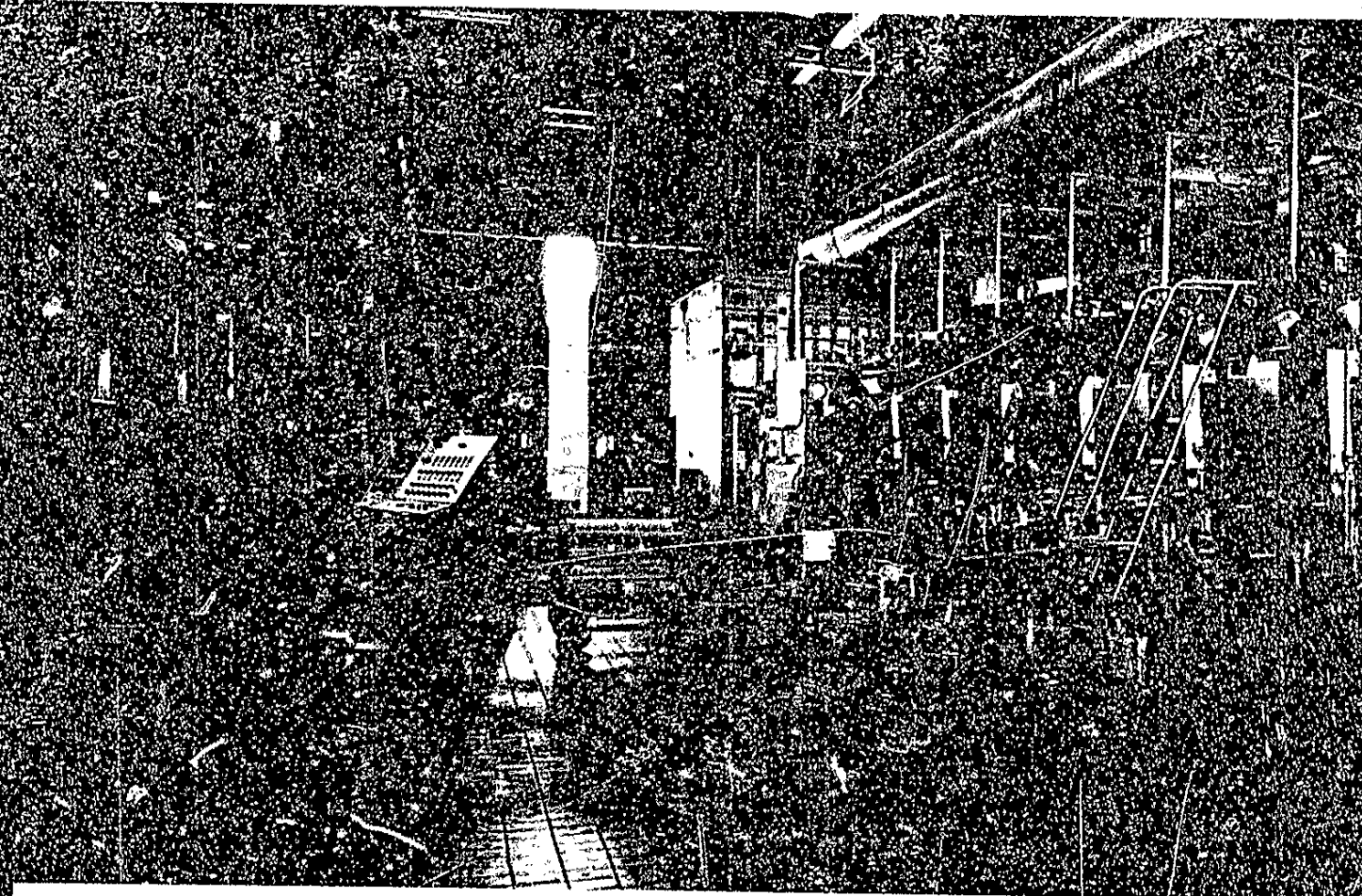
The most significant operational achievement during the year has been the transfer of all warehousing functions from Germany back to the U.K.. This has been facilitated by the installation of a new UNIX based computer system and the conversion of our existing distribution and accounting software to work on this new platform. This important change has resulted in considerable operational savings and has also achieved a much closer integration of Harlequin's European distribution subsidiary from the point of view of systems and operating culture. All customer orders are now being serviced daily from Harlequin's central warehouse in Leicester and shipped direct to customers in France and Germany. It is intended to extend this concept to other major European markets during the current year.

Harlequin has also made significant progress in the development of its fabrics business. The major investment which has been made in product development over the last three years has enabled the company to penetrate new channels of distribution. Harlequin is now generating substantial sales growth from this area of its business.

ABOVE LEFT: Harlequin Stripe
ABOVE RIGHT: G6 Garware Press, Anney
FAR RIGHT: G5 Garware Press, Anney





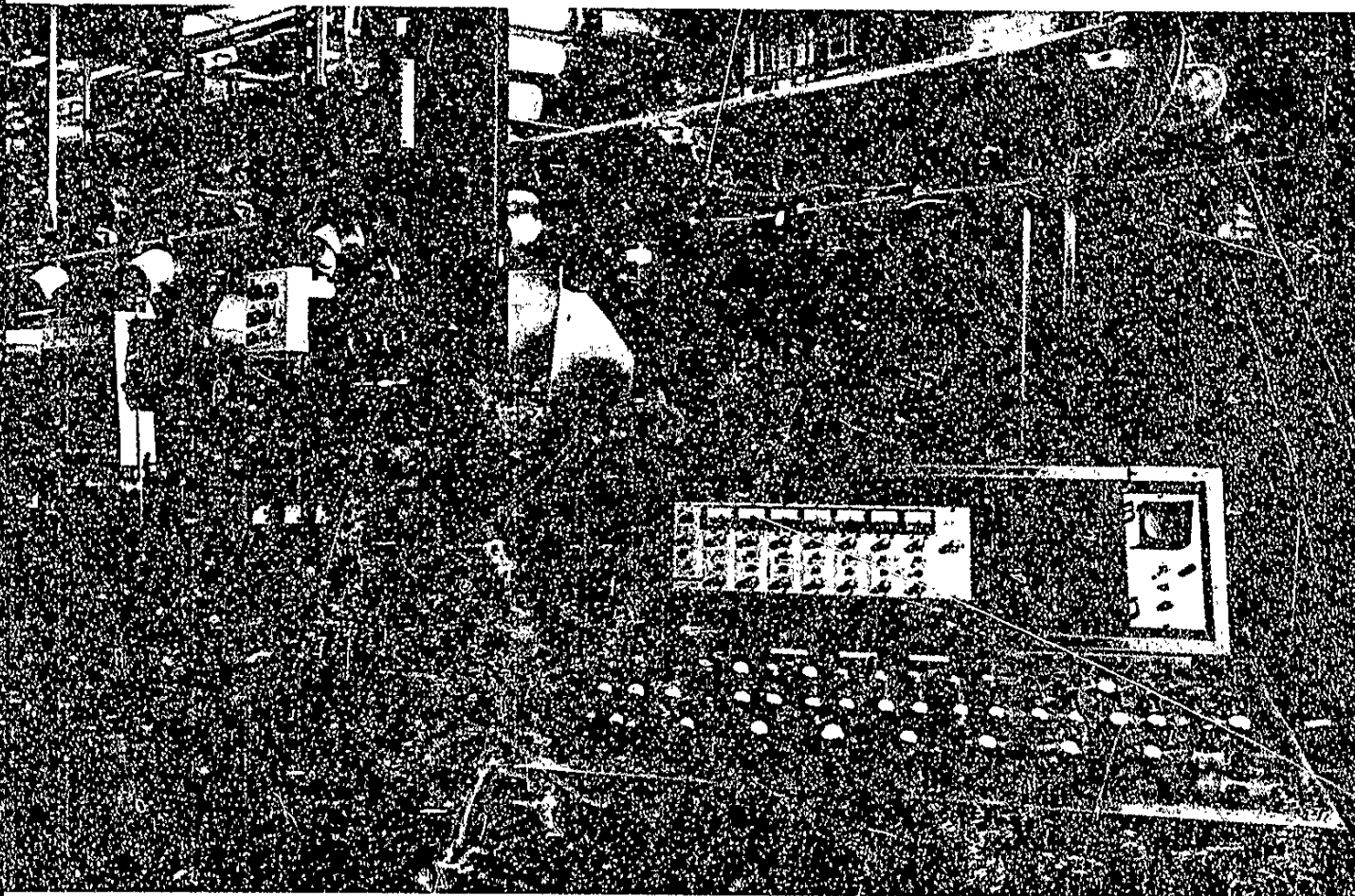


ANSTCY

Anstey has yet again underlined the strength of its position as Europe's leading quality wallpaper printer with the achievement of an overall sales increase of 39%. A large proportion of this growth came again from export markets where sales increased by 72%. Anstey's third party sales have now doubled in the last three years.

As a result of this consistent growth, the decision was taken in 1993 to increase the workforce by 30%

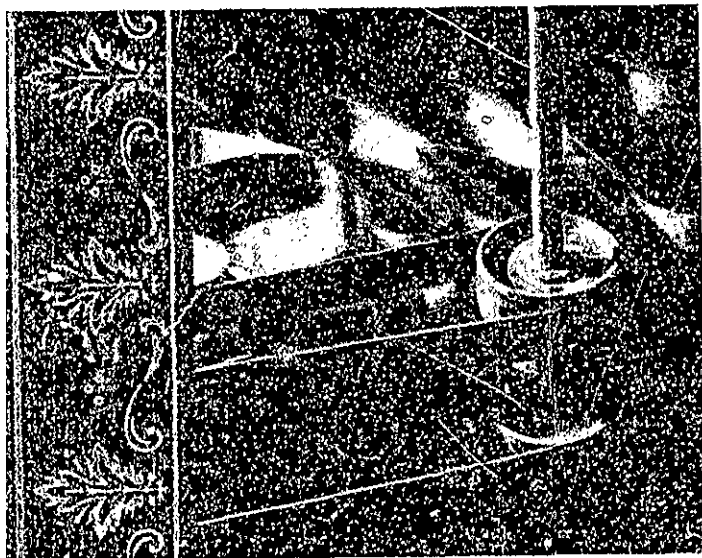
ANSTCY Co. (Europe) Printers Anstey



by recruiting and training several additional printing crews. This has enabled the factory to improve both productivity and plant utilisation. In addition, capacity was increased during the year with the commissioning of an additional gravure press which is shown above. It is planned to increase the level of capital expenditure at Anstey this year in order to capitalise on its success and to develop the company's market position further.

AFIA

Afia Carpets, Royal Warrant holders as carpet suppliers to Her Majesty The Queen, became part of the group in November 1993. The company currently employs five people and specialises in the design of luxury custom carpets. It will shortly be launching the first of a series of new stock carpet ranges which are being designed specifically to meet the requirements of the professional interior decorator and designer.



ABOVE LEFT Zoffany Bloss Border
 ABOVE RIGHT Surface Printing Press, Anstey
 FAR RIGHT Embossing Machine, Anstey

Alfa's activities are being co-ordinated with those of Zoffany which will be responsible for providing sales, accounting and administrative support as the business grows.

TWIL

TWIL has made considerable progress during the year towards achieving a higher degree of integration with the rest of the group. Although it is still involved in the sales and marketing of certain commercial products, the company's focus is now being orientated more towards the consumer market.

During the year TWIL successfully launched the first of a programme of consumer wallpaper collections under the new Canterbury brand name. These have been designed and coloured specifically for the North American market and are being manufactured by Anstey.

In addition, TWIL has taken over the distribution of several Harlequin fabric and wallpaper ranges which are being sold direct to interior decorators and retail showrooms.

ZOFFANY

Zoffany has achieved another successful year with sales increasing by 12%. The company has strengthened its position as the U.K.'s leading quality wallpaper supplier and it is beginning to make significant inroads into the much larger furnishing fabrics market. Fabric sales now represent one third of Zoffany's total turnover and are planned to increase further in the current year.

Over the last twelve months Zoffany has concentrated much of its efforts on establishing new distribution arrangements in some of its major export markets in Europe and North America. The full benefits of these changes will begin to flow through in the current financial year.

Zoffany has recently opened an additional showroom at the design centre in Chelsea Harbour in order to offer improved service to its customers in South West London.



Financial Review



Martin Hynes
Martin Hynes
Group Finance Director

FINANCIAL REVIEW

This year's annual report and accounts shows a number of changes from last year, reflecting the implementation of Financial Reporting Standard 3 and the Cadbury Code.

FINANCIAL REPORTING STANDARD 3

The use of FRS 3 has not affected the results for this financial year with the exception of highlighting acquisitions separately. However, it has changed the comparative year to 31st January 1993 significantly with the inclusion of extraordinary items in pre-tax profits and the recalculation of profits on disposal of properties on the basis of carrying values rather than historical cost.

In order to simplify understanding of the changes a reconciliation of last year's published results to this year's comparatives in FRS 3 format is shown in note 28.

EARNINGS PER SHARE

The inclusion of extraordinary items in the pre-tax profits for last year has changed the comparative EPS figure. In order to provide a more meaningful comparison with this year's EPS figure of 5.10p, last year's figure has been recalculated on a continuing basis to give a comparable EPS of 4.49p. The reconciliation between the EPS in accordance with FRS 3 and the EPS on a continuing basis is shown in note 8 to the accounts.

TAXATION

The taxation charge in the accounts at 30% reflects, as in previous years, the utilisation of ACT previously considered irrecoverable as well as the utilisation of some prior year losses and the agreement of certain prior year liabilities. The use of this ACT has had a beneficial impact on cash flow in the year with no mainstream corporation tax being paid, only ACT on dividends. It is anticipated that the group will pay some mainstream corporation tax during the year to 31st January 1995.

CASH AND BORROWINGS

Overall, net debt during the year decreased from £2.6m to £0.7m notwithstanding the increased level of capital expenditure of £5.7m this year, compared to £4.4m last year. Details of the impact on the cash flow of the acquisition of Hartley and Afia Carpets are shown in the group cash flow statement on page 32.

During the year a fixed interest loan of £1.5m was repaid to take advantage of falling interest rates. In addition a floating rate loan of £0.2m and the final loan note of £0.8m outstanding on the Bryant acquisition were also repaid during the year.

At the year end, the net debt of £0.7m, including finance leases and hire purchase contracts of £0.6m, represented gearing of just 2.4% on the group net assets of £30.1m.

The net debt was made up as follows:

	£'000
Bank and cash in hand	1,731
Foreign currency borrowings	(1,885)
Net borrowings	(154)
Finance leases and hire purchase contracts	(580)
Net debt	(734)

The balance of all borrowings remaining at the year end were at floating interest rates.

FOREIGN CURRENCY

With greater overseas turnover, the exposure to foreign currency profits and losses increases. Within the group, individual companies purchase currencies forward whenever possible in order to minimise the risk of currency fluctuations but, at present, future foreign currency profits are not hedged.

In addition, as far as possible, the group borrows any required funds in local currency for investment

and working capital requirements. This minimises currency risk by matching foreign currency assets against foreign currency liabilities.

CADBURY CODE

The implementation of the Cadbury Code on The Financial Aspects of Corporate Governance took effect for U.K. listed companies for accounting periods ending after 30th June 1993. Many of the recommendations made have been in place in the group for a number of years. However, the directors must now formally comment on corporate governance and our responsibilities for the preparation of these financial statements.

The summary of our system of corporate governance is set out on pages 26 and 27 with the responsibilities of the directors for the preparation of the financial statements set out on page 28.

SUMMARY

Our strong balance sheet and continued investment in the group means that we are in a good position to grow earnings and increase shareholders' funds.

Group Operating Companies

FABRICS, WALLCOVERINGS, AND RELATED BUSINESSES

COMMERCIAL DIVISION

B. BROWN (HOLBORN) LIMITED*
Hemel Hempstead, Hertfordshire

BRYMOR LIMITED
Paddock Wood, Kent

JOHN HARTLEY (COWLING) LIMITED
Keighley, West Yorkshire

MURASPEC LIMITED*
UK Branches
London
Birmingham
Bristol
Glasgow
Hemel Hempstead
Leeds
Manchester

Overseas Branches
Brussels

MURASPEC SARL
Paris

HEALTHCARE DIVISION

**HAMPSHIRE MEDICAL
DEVELOPMENTS LIMITED**
Southampton, Hampshire

CONSUMER DIVISION

AFIA CARPETS LIMITED*
Chelsea, London

ANSTEY WALLPAPER COMPANY LIMITED*
Anstey, Leicestershire
Sileby, Leicestershire

HARLEQUIN WALLCOVERINGS LIMITED*
Sileby, Leicestershire

HARLEQUIN WALLCOVERINGS GMBH
Weil am Rhein, Germany
Sierentz, France

TEXTILE WALLCOVERINGS INTERNATIONAL LIMITED*
Atlanta, Georgia, U.S.A.

ZOFFANY LIMITED*
Mayfair, London
Chelsea, London
Rickmansworth, Hertfordshire

* Subsidiary undertakings of Wallcoverings International Limited, 4 Brunel Court, Cornerhall, Hemel Hempstead, Hertfordshire, HP3 9XX

All companies are wholly owned and are registered in England and Wales with the following exceptions.

Textile Wallcoverings International Limited - incorporated in the USA

Muraspec SARL - incorporated in France

Harlequin Wallcoverings GmbH - incorporated in Germany

A list of all subsidiary undertakings will be attached to the next annual return

Directors

David Richards CBE, FCA (65), Chairman, has served as a non-executive director since February 1988 and was appointed non-executive Chairman in June 1990. 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 Wigham BSc FCA (42), Chief Executive, joined Walker Greenbank PLC in February 1990 as Group Managing Director and became Chief Executive in June 1990. Previously he was a Director of Blenheim Group Plc. Prior to this he spent 10 years in Europe working for Price Waterhouse, De La Rue Plc and American Greetings Corporation.

Roger Smurthwaite (48), Managing Director, joined the wallcoverings division shortly after its inception in 1970. Now Chairman & Managing Director of Wallcoverings International Limited, he was appointed to the board in December 1988. He has over 20 years experience in the fabrics and wallcoverings industry.

Martin Hynes ACA (36), Group Finance Director, joined Walker Greenbank PLC in April 1990 as Group Financial Controller. He was appointed to the board as Group Finance Director in July 1990. Previously he was U.K. Finance Director of Blenheim Group Plc.

Michael Meyer (43), has served as non-executive director since February 1991. He is currently Chairman of Emess plc, an international lighting company, and a non-executive director of TR Smaller Companies Investment Trust PLC.

The Audit and Remuneration Committees of Walker Greenbank PLC are comprised of the non-executive directors.

Secretary
A. E. Thomas

Registered in England and Wales No. 61880

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

Report of the Directors

The directors submit their annual report, together with the audited accounts of the group for the year ended 31st January 1994.

GROUP RESULTS

The profit before taxation amounted to £7,079,000 (1993: £6,572,000). The directors recommend payment of a final ordinary dividend of 2.10p (1.90p) per share, amounting to £2,022,000 (£1,737,000), making a total of 3.30p (3.10p) and £3,175,000 (£2,834,000) for the year, which with preference dividends of £104,000 (£110,000), leaves a surplus of £1,669,000 (£2,002,000) to be transferred to reserves.

REVIEW OF THE BUSINESS

During the year, the board continued a strategy of concentrating the group's ongoing operations and development around fabrics, wallcoverings, and related businesses. This has resulted in the acquisition of the entire share capital of John Hartley (Cowling) Ltd. ("Hartley") for the total consideration of £1,594,000 including £720,000 of debt and the acquisition of the business and assets of Afia Carpets Limited ("Afia Carpets"). Further information on the business and future development of the group is included in the chairman's statement on pages 4 to 7 and in the operating and financial reviews on pages 8 to 19.

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.

EXECUTIVE SHARE OPTION SCHEME

Options over 530,000 ordinary shares were exercised during the year at an exercise price of 51p per share. During the year options over 1,355,000 ordinary shares have been issued and options over 125,000 ordinary shares have lapsed. Options over ordinary shares outstanding at the date of this report are as follows:

Date Granted	No. of Shares	Subscription Price	Exercisable
4th November 1988	332,500	117p	04.11.91 to 03.11.98
4th June 1990	560,000	51p	04.06.93 to 03.06.00
14th May 1991	1,335,000	65p	14.05.94 to 13.05.01
7th November 1991	40,000	55p	07.11.94 to 06.11.01
27th January 1993	100,000	73p	27.01.96 to 26.01.03
26th May 1993	1,245,000	82p	26.05.96 to 25.05.03
10th January 1994	110,000	95p	10.01.97 to 09.01.04
9th February 1994	50,000	113p	09.02.97 to 08.02.04
	3,772,500		

PENSIONS

The group operates defined benefit and defined contribution schemes in the U.K. for all qualifying employees. During the year a new actuarial valuation was carried out on the main Walker Greenbank Pension Plan. Further information on the schemes and details of the valuation are given in note 27 to the accounts.

BOARD OF DIRECTORS

The board of directors as at the date of this report who served throughout the year is set out on page 21, together with biographical details.

It is proposed to re-elect the director retiring by rotation, Mr M. Meyer, (in accordance with guidelines issued by PRONED on the recommended practice for the appointment of non-executive directors) for a term of three years to be reconsidered at the annual general meeting for the year ended 31st January 1997.

DIRECTORS' SHAREHOLDINGS

The interests of the directors in office at 31st January 1994 in the share capital of the company were:

	Number of ordinary shares		31st Jan 1994	Number of options		31st Jan 1993
	Beneficial 31st Jan 1994	Beneficial 31st Jan 1993		Issued during year	Exercised during year	
M. C. Hynes	35,000	5,000	200,000	100,000	(100,000)	200,000
M. S. Meyer	10,000	10,000	-	-	-	-
D. G. Richards	20,000	20,000	-	-	-	-
R. C. Smurthwaite	101,473	101,473	600,000	150,000	-	450,000
A. C. Wightman	15,000	15,000	550,000	200,000	(50,000)	400,000

None of the directors' interests changed between 31st January 1994 and 11th April 1994.
The directors had no interests in the preference shares of the company.

At no time during the year were any of the directors interested in the share capital of any of the company's subsidiaries.

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.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year the company maintained directors' and officers' liability insurance.

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. 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.

FIXED ASSETS

Movements in tangible fixed assets are disclosed in note 9 to the accounts.

CHARITABLE CONTRIBUTIONS

During the year the group made donations totalling £988 for charitable purposes.

SUBSTANTIAL SHAREHOLDINGS

As at 31st March 1994, the following beneficial interests of 3% or more of the issued ordinary share capital have been notified to the company: British Airways Pensions 4.4%, Prudential Corporation Group 4.08%, Electricity Supply Pension Scheme 3.97%, Standard Life 3.06%.

SPECIAL BUSINESS

Resolutions will be proposed at the annual general meeting to renew the powers granted to the directors to allot shares, to renew the authority to make allotments other than to existing shareholders, to renew the authority of the company to purchase its own ordinary shares and to amend the Articles of Association of the company.

It is proposed to renew the authority of the directors to allot securities up to an aggregate amount of £4,813,366 (representing one third of the current issued ordinary share capital), such authority to expire in 1999.

The Companies Act 1985 requires that any equity securities issued for cash must first be offered to existing shareholders unless approval is obtained by special resolution to this requirement not applying. Your directors consider it desirable that they should have the ability to make allotments of ordinary shares in cash to provide flexibility in the making of rights issues and up to a maximum nominal amount of £722,005 (approximately 5% of the present issued ordinary share capital). The proposed power would expire at the conclusion of next year's annual general meeting, or 15 months from the passing of the resolution, whichever is earlier.

Section 166 of the Companies Act 1985 allows the use of a company's available resources to acquire its own shares in the market, for cancellation. It is proposed that the authority of the company to make such purchases where they are in the interests of the company and its shareholders be renewed until the conclusion of the next annual general meeting of the company, or 15 months from the passing of the resolution, whichever is the earlier. The maximum number of ordinary shares to be purchased would not exceed 9,626,000 (approximately 10% of the current issued ordinary share capital) and the maximum purchase price per share would be an amount equal to 105% of the average middle market quotations taken from the London Stock Exchange Daily Official List for the 10 business days immediately preceeding the day on which the purchase is made.

Both the Articles of Association of the company and the London Stock Exchange regulations require that approval of the holders of convertible securities be obtained before the company enters into any contract to purchase its own shares. Accordingly, a meeting of the holders of the cumulative convertible redeemable preference shares (the "preference shares") is being convened immediately following the holding of the annual general meeting to seek renewal of their approval for share purchases on the above terms, such approval to remain in force for a period of five years up to completion of the 1999 annual general meeting.

These proposals should not be taken as an indication that the company will purchase shares at a particular price, or indeed at all, or to imply any opinion on the part of your directors as to the market value of the company's ordinary shares. Your directors have no present intention of exercising the authority and will only consider making such purchases if they believe this would result in an increase in earnings per share and be in the best interests of the shareholders.

Your directors believe that it is in the interests of the company to facilitate the conversion of the company's preference shares into ordinary shares. A special resolution is being proposed to alter the provisions of the Articles of Association, one of the effects of which is to provide an additional mechanism whereby the company can carry out such conversions.

The other amendments to the Articles of Association are minor and are required to update the Articles of Association to ensure compliance with new provisions of The Listing Rules of the London Stock Exchange which came into effect on 1st December 1993. Their purpose is to amend the period within which notice of an intention to propose the appointment of a director may be served on the company and to clarify the existing provisions relating to voting by directors on contracts in which they have an interest.

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

Touche Ross & Co, 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.

4 Brunel Court
Cornerhall
Hemel Hempstead
Hertfordshire HP3 9XX



By order of the board
A. E. Thomas
Secretary
11th April 1994

Corporate Governance

Following the issue on 1st December 1992 of the Code of Best Practice by the Committee on the Financial Aspects of Corporate Governance ("the Code"), which has only become mandatory since 30th June 1993, the board has carried out a full review of the company's compliance for the year ended 31st January 1994.

A summary of our system of corporate governance appears below:

BOARD COMPOSITION

The board of directors comprises three executive and two non-executive directors, with a clear separation of the roles of chairman, chief executive and managing director, and meets regularly throughout the year. The board is responsible for overall group strategy, acquisition and investment policy, approval of major capital expenditure projects and consideration of significant financing 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 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 to the non-executive directors. Mr D. G. Richards has been chairman of the Audit Committee since its foundation in 1991.

REMUNERATION COMMITTEE

The Remuneration Committee comprises the non-executive directors and is chaired by Mr D. G. 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 Committee is advised periodically by external consultants.

COMPLIANCE

Areas where the board did not comply formally with the Code during the period since its introduction in June 1993 are noted below:

- (i) The procedure for directors to take independent professional advice at the company's expense was agreed by the board during January 1994;
- (ii) The board has matters specifically reserved to it for decision, and since the year end the formal schedule of such matters has been adopted by the board;
- (iii) The written terms of reference with respect to the Audit Committee have been formally agreed by the board since the year end;
- (iv) 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;
- (v) 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 group and gives the correct balance between non-executive and executive directors.

Other than for the matters referred to above, since 30th June 1993 the company has complied with all the relevant requirements of the Code

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
A.E. Thomas
Secretary
11th April 1994



Auditors' Report

TO THE MEMBERS OF WALKER GREENBANK PLC

We have audited the financial statements on pages 30 to 49 which have been prepared under the accounting policies set out on pages 34 to 35.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 28, 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

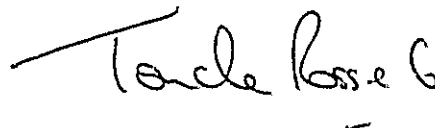
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 31st January 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co
Chartered Accountants and Registered Auditors
10-12 East Parade
Leeds LS1 2AJ
11th April 1994



Group Profit and Loss Account

Year ended 31st January 1994

		1994 £000	1994 £000	1993 £000	1993 £000
TURNOVER					
Continuing operations			59,817		51,875
Acquisitions			2,181		—
	2		61,998		51,875
Discontinued operations			—		4,281
TOTAL TURNOVER			61,998		56,156
OPERATING PROFIT					
Continuing operations		7,288		6,520	
Exceptional item—property write down		—		(489)	
			7,288		6,031
Acquisitions			49		—
			7,337		6,031
Discontinued operations		—		(381)	
Exceptional item—Alkar litigation		—		3,564	
			—		3,183
Operating profit	3		7,337		9,214
Loss on sale of discontinued operations			—		(2,122)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST			7,337		7,092
Net interest payable	6		(258)		(520)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			7,079		6,572
Tax on profit on ordinary activities	7		(2,131)		(1,626)
PROFIT FOR THE FINANCIAL YEAR			4,948		4,946
Dividends	18		(3,279)		(2,944)
RETAINED PROFIT FOR THE YEAR	19		1,669		2,002
EARNINGS PER SHARE ON A CONTINUING BASIS	8		5.10p		4.49p
EARNINGS PER SHARE	8		5.10p		5.30p

Balance Sheets

At 31st January

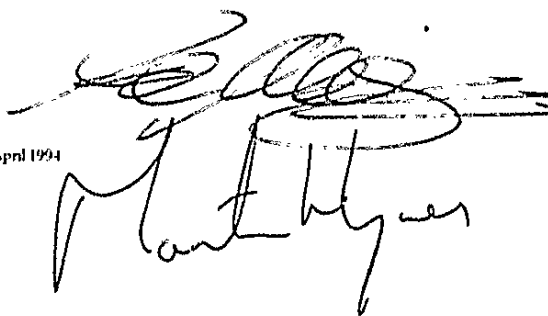
	note	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
FIXED ASSETS					
Tangible assets	9	16,353	14,475	2,596	2,620
Investments	10	3,845	4,061	18,520	17,687
		<u>20,198</u>	<u>18,536</u>	<u>21,116</u>	<u>20,307</u>
CURRENT ASSETS					
Stocks	11	11,367	10,354	—	—
Debtors	12	14,740	12,008	9,617	8,367
Cash at bank and in hand		1,731	3,231	877	1,818
		<u>27,838</u>	<u>25,593</u>	<u>10,494</u>	<u>10,185</u>
CREDITORS: amounts falling due					
within one year	13	14,411	14,666	4,678	7,206
Net current assets		<u>13,427</u>	<u>10,927</u>	<u>5,816</u>	<u>2,979</u>
Total assets less current liabilities		<u>33,625</u>	<u>29,463</u>	<u>26,932</u>	<u>23,286</u>
CREDITORS: amounts falling due					
after more than one year	14	(2,002)	(2,393)	(1,577)	(1,572)
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	21	(1,468)	(973)	—	(12)
Other provisions	21	(29)	(41)	—	—
		<u>30,126</u>	<u>26,056</u>	<u>25,355</u>	<u>21,702</u>
CAPITAL AND RESERVES					
Called up share capital	17	14,842	14,114	14,842	14,114
Share premium account	19	8,753	6,205	8,753	6,205
Profit and loss account	19	6,311	5,381	1,760	1,383
Other reserves	19	220	356	—	—
		<u>30,126</u>	<u>26,056</u>	<u>25,355</u>	<u>21,702</u>

A. C. Wightman

M. C. Hynes

Directors

These accounts were approved by the directors on 11th April 1994



Group Cash Flow Statement

Year ended 31st January 1994

	1994	1994	1993	1993
note	£000	£000	£000	£000
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	9,564		10,378
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Dividends paid	(2,994)		(2,888)	
Interest received	99		282	
Interest paid	(293)		(584)	
Interest element of finance lease payments	(72)		(202)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(3,260)		(3,392)
TAXATION				
U.K. Corporation tax paid	(875)		(1,020)	
Overseas tax paid	—		(5)	
TAX PAID		(875)		(1,025)
INVESTING ACTIVITIES				
Purchase of fixed assets	(5,178)		(3,993)	
Purchase of subsidiary undertaking, net of cash acquired	23 (1,462)		(3,194)	
Purchase of investments	(34)		(10)	
Costs of disposal of investments	(7)		(23)	
Proceeds from disposal of investments	265		1,321	
Costs of disposal of subsidiary undertaking	—		(267)	
Proceeds from disposal of subsidiary undertaking	24 —		643	
Proceeds from disposal of fixed assets	89		136	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(6,327)		(5,387)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(898)		574
FINANCING				
Issue of ordinary share capital	(2,994)		—	
Expenses paid in connection with issue of shares	38		—	
Principal repayments of finance lease obligations	470		617	
Proceeds of short term loan	—		(813)	
Proceeds of medium term loan	—		(1,567)	
Repayments of borrowings	2,653		456	
NET CASH OUTFLOW/(INFLOW) FROM FINANCING	25	167		(1,307)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	26	(1,065)		1,881
		(898)		574

Statement of Total Recognised Gains and Losses

Year ended 31st January 1994

	1994 £000	1993 £000
Profit for the financial year	4,948	4,946
Unrealised deficit on revaluation of properties	-	(2,254)
Currency translation differences	4,948	2,692
	94	15
Total recognised gains and losses relating to the year	<u>5,042</u>	<u>2,707</u>

Note of Historical Cost Profits and Losses

Year ended 31st January 1994

	1994 £000	1993 £000
Profit on ordinary activities before taxation	7,079	6,572
Realisation of property revaluation gains	120	548
Difference between historical cost depreciation charge and actual depreciation charge	16	46
Historical cost profit on ordinary activities before taxation	<u>7,215</u>	<u>7,166</u>
Historical profit for the year retained after taxation and dividends	<u>1,805</u>	<u>2,596</u>

Reconciliation of Movements in Shareholders' Funds

Year ended 31st January 1994

	1994 £000	1993 £000
Profit for the financial year	4,948	4,946
Dividends	<u>(3,279)</u>	<u>(2,944)</u>
Retained profit for the year	1,669	2,002
Other recognised gains and losses for the year	94	(2,239)
New share capital subscribed	3,276	-
Goodwill transferred on disposal	-	886
Goodwill written-off on acquisitions	<u>(969)</u>	<u>(126)</u>
Net additions to shareholders' funds	4,070	523
Opening shareholders' funds	26,056	25,533
Closing shareholders' funds	<u>30,126</u>	<u>26,056</u>

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. The results for the year ended 31st January 1993 have been restated to comply with the provisions of FRS 3. The impact of these changes is shown in note 28.

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 31st January 1994. 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.

No profit and loss account is presented for Walker Greenbank PLC as provided by Section 230 of the Companies Act 1985. £3,656,000 (£2,151,000) of the profit attributable to shareholders has been dealt with in the accounts of the parent company.

GOODWILL

Purchased goodwill is written off against the profit and loss account reserve upon acquisition. Goodwill arising on consolidation, being the difference between the consideration payable and the fair value of the net assets acquired, is written off against the profit and loss account reserve upon acquisition. Goodwill arising on consolidation is charged against the disposal proceeds on the disposal of a company with a corresponding adjustment to the 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. 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. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves.

TURNOVER

The group turnover represents the invoiced value, excluding VAT, of sales to outside 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 Rolls	Between 33% and 50%

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.

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 to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

2 SEGMENTAL ANALYSIS

	Turnover		Operating profit		Non-interest bearing operating net assets	
	1994 £000	1993 £000	1994 £000	1993 £000	1994 £000	1993 £000
(a) Classes of businesses						
Continuing operations:						
Fabrics, wallcoverings and related businesses	59,911	50,172	7,257	5,975	34,549	31,749
Healthcare	2,087	1,703	80	56	294	284
	<u>61,998</u>	<u>51,875</u>	<u>7,337</u>	<u>6,031</u>	<u>34,843</u>	<u>32,033</u>

	Turnover		Operating profit/(loss)		Non-interest bearing operating net assets/(liabilities)	
	1994 £000	1993 £000	1994 £000	1993 £000	1994 £000	1993 £000
(b) Geographical segments						
By origin on continuing operations:						
United Kingdom	54,102	46,540	7,562	6,128	33,970	28,763
North America	2,194	1,877	(152)	(1)	1,277	1,625
Europe	5,702	3,458	(73)	(96)	(404)	1,645
	<u>61,998</u>	<u>51,875</u>	<u>7,337</u>	<u>6,031</u>	<u>34,843</u>	<u>32,033</u>

By destination on continuing operations:

United Kingdom	45,851	39,885
North America	3,993	2,907
Europe	9,912	7,568
Rest of the world	<u>2,242</u>	<u>1,515</u>
	<u>61,998</u>	<u>51,875</u>

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

Turnover and operating profit on discontinued operations in the year ended 31st January 1993 related to Bloom Signs Limited and arose in the United Kingdom.

	1994			1993		
	Continuing operations	Acquisitions	Total	Continuing operations	Discontinued operations	Total
	£000	£000	£000	£000	£000	£000
Turnover	59,817	2,181	61,998	51,875	4,281	56,156
Cost of sales	(26,242)	(1,552)	(27,794)	(22,193)	(3,296)	(25,489)
Gross profit	33,575	629	34,204	29,682	985	30,667
Distribution costs	(13,658)	(204)	(13,962)	(12,174)	(252)	(12,426)
Administrative expenses	(13,027)	(276)	(13,303)	(11,456)	(1,114)	(12,570)
	6,890	49	6,939	6,052	(381)	5,671
Exceptional items	-	-	-	(489)	3,564	3,075
Other operating income	398	-	398	468	-	468
Operating profit	<u>7,288</u>	<u>49</u>	<u>7,337</u>	<u>6,031</u>	<u>3,183</u>	<u>9,214</u>

2 OPERATING PROFIT (continued)	1994	1993
	£000	£000
The profit is arrived at after charging:		
Emoluments of directors (note 4)	718	631
Auditors' remuneration:		
Audit fees	134	124
Taxation and other services	146	113
Depreciation of owned assets	3,611	3,053
Depreciation of assets held under finance leases and hire purchase contracts	325	627
Hire of motor vehicles and plant and machinery	871	784
Other operating leases	712	670

4 EMOLUMENTS OF DIRECTORS OF THE PARENT COMPANY RELATING TO THEIR PERIODS OF OFFICE	1994	1993
	£000	£000
Emoluments including pension contributions and benefits in kind:		
As directors	68	68
As executives	349	345
Benefits in kind	39	24
Profit related pay	150	112
Pension contributions	112	82
	718	631

Remuneration including benefits in kind but excluding pension contributions:

Chairman	50	50
Highest paid director including benefits in kind of £15,000 (£10,000) and profit related pay of £60,000 (£45,000)	219	195

Number of other directors whose remuneration was within the scales:

	Number	Number
£15,001 – £20,000	1	1
£105,001 – £110,000	–	1
£115,001 – £120,000	1	–
£180,001 – £185,000	–	1
£200,001 – £205,000	1	–

Executive directors' pay is subject to the recommendations of the remuneration committee which is made up of the non-executive directors who are advised periodically by external consultants.

Profit related pay consists of bonuses payable to the executive directors dependent upon the earnings per share achieved during the year.

5 EMPLOYEE INFORMATION, EXCLUDING DIRECTORS	1994	1993
	£000	£000
Wages and salaries	14,210	12,974
Social security costs	1,486	1,245
Other pension costs	624	670
	16,320	14,889

The average weekly number of employees during the year:

	Number	Number
Administration and warehousing	529	516
Manufacturing	270	238
	799	754

6 NET INTEREST PAYABLE	1994	1993
	£000	£000
Interest receivable:		
Bank interest receivable	107	283
Interest payable:		
Bank and other short term interest on loans and overdrafts wholly repayable within 5 years	(278)	(586)
Bank interest on loans not wholly repayable within 5 years	(15)	(15)
Finance charges payable under finance leases and hire purchase contracts	(72)	(202)
	(365)	(803)
Net interest payable	(258)	(520)

7 TAXATION	1994	1993
	£000	£000
Corporation tax at 33% (33%)	2,204	1,802
Deferred taxation	266	200
	2,470	2,002
Adjustments with respect to prior years	(339)	(376)
	2,131	1,626

The tax credit for 1993 includes a tax credit in respect of discontinued operations of £221,000.

8 EARNINGS PER SHARE

Earnings per share is based on the profit on ordinary activities after taxation and preference dividends, amounting to £4,844,000 (£4,836,000) and the weighted average of 95,019,308 (91,279,507) ordinary shares in issue during the year. No material dilution of earnings per share would arise if all outstanding share options were exercised. The earnings per share on a continuing basis is calculated on the following adjusted earnings in order to give a more meaningful comparison:

	Profit before tax £000	Taxation £000	Preference dividends £000	Adjusted earnings £000	Earnings per share Pence
1993 Results as previously reported	5,651	(1,626)	(110)	3,915	4.29
FRS 3 Adjustments – see note 28					
Property	(548)	–	–	(548)	(0.60)
Extraordinary items	1,469	–	–	1,469	1.61
Adjusted Profit	6,572	(1,626)	(110)	4,836	5.30
Adjustments to bring onto a continuing basis:					
Property write down	489	–	–	489	0.54
Discontinued items:					
Alkar litigation	(3,564)	–	–	(3,564)	(3.91)
Loss on sale of discontinued operations	2,122	–	–	2,122	2.32
Operating loss on discontinued operations	381	–	–	381	0.42
Interest and tax on discontinued operations	57	(221)	–	(164)	(0.18)
Adjusted earnings on a continuing basis	6,057	(1,847)	(110)	4,100	4.49

9 TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant, equipment and vehicles £'000	Patent books trade marks & print matters £'000	Total £'000
GROUP				
Cost or valuation:				
1st February 1993	8,245	12,120	7,578	28,343
Additions	346	1,970	3,399	5,715
Acquisition of subsidiary	461	742	—	1,203
Disposals	—	(258)	(1,833)	(2,091)
Currency movements	(7)	(33)	(39)	(79)
31st January 1994	<u>9,045</u>	<u>14,541</u>	<u>9,505</u>	<u>33,091</u>
Depreciation:				
1st February 1993	803	8,724	4,341	13,868
Charge	161	732	2,448	3,936
Acquisition of subsidiary	—	488	—	488
Disposals	—	(163)	(1,354)	(1,513)
Currency movements	(2)	(23)	(16)	(41)
31st January 1994	<u>962</u>	<u>10,353</u>	<u>5,423</u>	<u>16,738</u>
Net book value				
31st January 1994	<u>8,083</u>	<u>4,188</u>	<u>4,082</u>	<u>16,353</u>
31st January 1993	<u>7,442</u>	<u>3,396</u>	<u>3,637</u>	<u>14,475</u>
Analysis of cost and valuation:				
At cost	7,997	14,541	9,505	32,043
At valuation 1993	1,048	—	—	1,048
	<u>9,045</u>	<u>14,541</u>	<u>9,505</u>	<u>33,091</u>

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

	£'000
The net book value of land and buildings comprises:	
Freehold land	2,531
Freehold buildings	5,006
Long leaseholds	418
Short leaseholds	128
Net book value at 31st January 1994	<u>8,083</u>
Historical cost of revalued land and buildings:	794
Depreciation to 1st February 1993	(45)
Charge	(13)
Net book value at 31st January 1994	<u>736</u>

9 TANGIBLE FIXED ASSETS (continued)

COMPANY	Land and buildings £'000	Plant, equipment and vehicles £'000	Total £'000
Cost:			
1st February 1993	2,850	259	3,109
Additions	46	102	148
Disposals	—	(43)	(43)
31st January 1994	<u>2,896</u>	<u>318</u>	<u>3,214</u>
Depreciation:			
1st February 1993	368	121	489
Charge	85	76	161
Disposals	—	(32)	(32)
31st January 1994	<u>453</u>	<u>165</u>	<u>618</u>
Net book value			
31st January 1994	<u>2,443</u>	<u>153</u>	<u>2,596</u>
31st January 1993	<u>2,482</u>	<u>138</u>	<u>2,620</u>

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				
31st January 1994	<u>825</u>	<u>27</u>	<u>—</u>	<u>—</u>
31st January 1993	<u>1,223</u>	<u>14</u>	<u>—</u>	<u>—</u>

10 INVESTMENTS

	Investment properties £'000	Other investments £'000	Total £'000
GROUP			
1st February 1993	4,048	13	4,061
Additions	36	—	36
Disposals	(250)	(2)	(252)
31st January 1994	<u>3,834</u>	<u>11</u>	<u>3,845</u>

Other investments represent a 15% shareholding in the ordinary share capital of Bloom Signs Limited (illuminated sign manufacturer) registered in England and Wales.

10 INVESTMENTS (continued)

COMPANY	£'000	£'000
Shares in subsidiary undertakings:		
Historical cost	17,012	
Provisions	(3,384)	
1st February 1993		13,628
Movements:		
Investment in subsidiary undertaking	5	
Acquisitions	1,087	
Investments written off	(45)	
		1,047
Investment properties:		
1st February 1993	4,048	
Acquisitions	36	
Disposals	(250)	
		3,834
Other investments:		
1st February 1993 and 31st January 1994		11
31st January 1994		<u>18,520</u>

Details of group operating companies are given on page 20. Details of acquisitions are given in note 23.

Investment properties represent properties awaiting disposal. The investment properties were valued on an open market vacant possession basis as at 31st January 1993. The historical cost of these investment properties is £3,790,000 (group) and £5,737,000 (company).

The directors believe that these valuations remain appropriate at 31st January 1994.

11 STOCKS

	Group 1994 £000	Group 1993 £000
Raw materials	1,713	1,531
Work in progress	856	616
Finished goods	8,798	8,207
	<u>11,367</u>	<u>10,354</u>

12 DEBTORS	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Trade debtors	12,390	9,505	43	27
Amounts owed by subsidiary undertakings	-	-	8,748	7,233
Other debtors	1,329	1,659	725	960
Prepayments	1,021	844	101	147
	<u>14,740</u>	<u>12,008</u>	<u>9,617</u>	<u>8,367</u>

Other debtors include AEC recoverable in more than one year of £520,500 (£519,000) in both the group and the company.

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Current instalments due on loans (note 14)	30	2,469	-	813
Obligations under finance leases and hire purchase contracts (note 15)	400	485	-	-
Bank overdrafts	166	514	-	2,036
Trade creditors	5,514	4,522	37	219
Amounts owed to subsidiary undertakings	-	-	40	61
Corporation tax	727	99	351	-
Other taxes and social security	1,227	839	692	535
Proposed dividends (note 18)	2,074	1,789	2,074	1,789
Other creditors	1,323	1,025	356	567
Accruals	2,950	2,924	1,128	1,186
	<u>14,411</u>	<u>14,666</u>	<u>4,678</u>	<u>7,206</u>

The overdrafts of the company and certain subsidiary undertakings are subject to multilateral guarantees given by the company and those subsidiary undertakings.

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Loans (note 16)	1,689	1,845	1,444	1,567
Amounts owed to subsidiary undertakings	-	-	-	5
Obligations under finance leases and hire purchase contracts (note 15)	180	527	-	-
Other creditors	133	21	133	-
	<u>2,002</u>	<u>2,393</u>	<u>1,577</u>	<u>1,572</u>

Other creditors are repayable within three years.

15 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Amounts payable within one year	450	590	—	—
Between one and five years	190	592	—	—
	640	1,182	—	—
Less finance charges allocated to future periods	(60)	(170)	—	—
	580	1,012	—	—
Current obligations (note 13)	400	485	—	—
Non-current obligations	180	527	—	—
	580	1,012	—	—

The commitments 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	75	206	—	3
Between one and five years	351	324	300	22
Over five years	338	—	61	—
	764	530	361	25

16 LOANS	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Secured loans:				
Bank loan repayable by instalments over more than five years at 84.26% of prime rate of U.S.A. lender	275	307	—	—
Bank loans				
— repayable over 15 years at 12.875% fixed rate	—	1,477	—	—
— repayable by 1995 at 1.5% above LIBOR	—	150	—	—
Unsecured loans:				
Bank loan				
— repayable August 1995 at 1% above LIBOR	1,444	1,567	1,444	1,567
Loan note				
— repayable April 1993 at 1.5% below LIBOR	—	813	—	813
Total loans	1,719	4,314	1,444	2,380
Amounts due at 31st January 1994 are repayable as follows:				
Over five years	129	158	—	—
Between two and five years	87	1,657	—	1,567
Between one and two years	1,473	30	1,444	—
After more than one year (note 14)	1,689	1,845	1,444	1,567
Within one year (note 13)	30	2,469	—	813
	1,719	4,314	1,444	2,380

All secured loans are secured against the applicable group property.

17 SHARE CAPITAL

	Number of shares	£
Ordinary shares of 15p each:		
Authorised: 1st February 1993	<u>140,000,000</u>	<u>21,000,000</u>
31st January 1994	<u>140,000,000</u>	<u>21,000,000</u>
Allotted, called up and fully paid:		
1st February 1993	91,409,811	13,711,471
Issued during the year	4,853,862	728,079
Conversion of preference shares	3,648	547
31st January 1994	<u>96,267,321</u>	<u>14,440,097</u>

On 16th April 1993, the entire share capital of Hartley was acquired. The acquisition was funded by a vendor placing and a placing for cash of 3,891,429 ordinary shares which raised £2,685,000. In addition, a further 432,433 ordinary shares were allotted to the vendors for a consideration of £320,000.

During the year, 530,000 ordinary shares with an aggregate nominal value of £79,500 were allotted under the share option schemes for an aggregate consideration of £270,300.

	Number of shares	£
Cumulative convertible redeemable preference shares of 25p each:		
Authorised: 1st February 1993 and 31st January 1994	<u>6,000,000</u>	<u>1,500,000</u>
Allotted, called up and fully paid:		
1st February 1993	1,611,400	402,849
Conversion to ordinary shares	(2,606)	(651)
31st January 1994	<u>1,608,794</u>	<u>402,198</u>

The preference shares bear a fixed cumulative preferential dividend at 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 7 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.

18 DIVIDENDS

	1994 £000	1993 £000
Ordinary - paid	1,153	1,097
- proposed	<u>2,022</u>	<u>1,737</u>
	<u>3,175</u>	<u>2,834</u>
Preference - paid	52	58
- proposed	<u>52</u>	<u>52</u>
	<u>104</u>	<u>110</u>
Total dividends	<u>3,279</u>	<u>2,944</u>

The directors propose a final dividend in respect of the year ended 31st January 1994 of 2.10p (1.90p) per ordinary share payable on 5th July 1994 to shareholders registered at close of business on 3rd June 1994. This makes a total dividend for the year of 3.30p (3.10p) per ordinary share.

19 RESERVES

	Share premium account £000	Profit and loss account £000	Revaluation reserves £000	Other Reserves Capital reserves £000	Merger reserves £000
GROUP					
1st February 1993	6,205	5,381	1,737	1,569	(2,950)
Goodwill written-off					
on acquisition of Hartley	-	(619)	-	-	-
on acquisition of Afia Carpets	-	(350)	-	-	-
Issue of shares	2,548	-	-	-	-
Transfer of amount equivalent to additional depreciation on revalued assets	-	16	(16)	-	-
Retained earnings for the year	-	1,669	-	-	-
Currency translation movements	-	94	-	-	-
Property disposals	-	120	(120)	-	-
31st January 1994	<u>8,753</u>	<u>6,311</u>	<u>1,601</u>	<u>1,569</u>	<u>(2,950)</u>
COMPANY					
1st February 1993	6,205	1,383	-	-	-
Retained earnings for the year	-	377	-	-	-
Issue of shares	2,548	-	-	-	-
31st January 1994	<u>8,753</u>	<u>1,760</u>	<u>-</u>	<u>-</u>	<u>-</u>

Capital reserves represent:	£000
Share premium of companies acquired and accounted for under merger accounting principles	1,276
Capital reserve arising on consolidation	293
	<u>1,569</u>
Revaluation reserves represent:	
Investment properties	569
Tangible fixed assets – land and buildings	1,032
	<u>1,601</u>

The cumulative amount of goodwill which has been written off to the profit and loss account reserve in respect of existing group companies is £9,262,000 (£8,293,000).

20 CAPITAL EXPENDITURE

	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Authorised and contracted	215	29	-	-
Authorised but not yet contracted	<u>19</u>	<u>712</u>	<u>-</u>	<u>-</u>

21 PROVISIONS FOR LIABILITIES AND CHARGES

	Group 1994 £000	Group 1993 £,000	Company 1994 £000	Company 1993 £,000
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DEFERRED TAXATION

Deferred taxation provided in the accounts is as follows:

Capital allowances in excess of depreciation	1,426	928	-	-
Other timing differences	42	143	-	62
	<u>1,468</u>	<u>1,071</u>	-	<u>62</u>
Advance corporation tax	-	(98)	-	(50)
	<u>1,468</u>	<u>973</u>	-	<u>12</u>

Deferred taxation not provided in the accounts is as follows:

Capital allowances	<u>137</u>	<u>143</u>	-	-
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Deferred taxation movement for the year:

1st February 1993	1,071	62		
Introduced on acquisition of subsidiary	22	-		
Current year charge	266	-		
Adjustment in respect of prior years	109	(62)		
31st January 1994	<u>1,468</u>	-		

OTHER PROVISIONS

1st February 1993	41	-		
Current year charge	-	-		
Applied	(12)	-		
31st January 1994	<u>29</u>	-		

22 RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES

	1994 £000	1994 £000	1993 £,000	1993 £,000
Operating profit		7,337		9,214
Depreciation	3,936		3,680	
Write down of properties	-		489	
Loss on disposal of tangible fixed assets	6		38	
Profit on disposal of investments	(8)		(79)	
Increase in stocks	(527)		(472)	
Increase in operating debtors and prepayments	(2,483)		(802)	
Increase/(decrease) in creditors and provisions	<u>1,303</u>		<u>(1,690)</u>	
		<u>2,227</u>		<u>1,164</u>
Net cash inflow from operating activities		<u>9,564</u>		<u>10,378</u>

ACQUISITION OF SUBSIDIARY UNDERTAKINGS

	1994 Fair value balance sheets			1993
	Hartley £000	Afia Carpets £000	Total £000	£'000
Net assets acquired:				
Tangible fixed assets	715	—	715	—
Working capital and provisions	(225)	1	(224)	—
Deferred tax	(22)	—	(22)	—
	468	1	469	—
Goodwill arising on acquisitions	619	350	969	—
Cost of acquisition of subsidiary undertakings	1,087	351	1,438	—
Discharged by:				
Cash paid	767	151	918	3,194
Shares issued	320	—	320	—
Deferred consideration	—	200	200	(3,194)
	1,087	351	1,438	—
Cash outflow from acquisitions comprised:				
Cash paid	767	151	918	3,194
Bank overdraft acquired	544	—	544	—
	1,311	151	1,462	3,194

The audited financial statements of Hartley for the year ended 30th September 1992 show a retained loss of £35,000. The unaudited management accounts for the period from 1st October 1992 to 16th April 1993, the date of acquisition by Walker Greenbank PLC, showed a retained loss of £119,000. Since acquisition, Hartley has generated an operating profit of £28,000.

Since its acquisition on 1st November 1993, Afia Carpets has generated an operating profit of £21,000.

No fair value adjustments were required to be made to the balance sheets of the subsidiary undertakings acquired.

24 DISPOSAL OF SUBSIDIARY UNDERTAKINGS

	1994 £000	1993 £'000
Net assets disposed of:		
Tangible fixed assets	—	428
Working capital and provisions	—	(292)
	—	136
Goodwill	—	886
	—	1,022
Costs of disposal	—	267
	—	1,289
Loss on disposal	—	(1,203)
	—	86
Capitalisation of remaining interest	—	(11)
Sale consideration received	—	75
Cash inflow from disposals comprised:		
Cash received	—	75
Cash at bank and in hand disposed of	—	(1)
Repayment of bank overdraft	—	569
	—	643

1993	1992
to capital	Leased
retention	leases and lease
£,000	obligations
	£,000
0,319	4,098
1997	1,307
1998	2007
1999	677
2000	1993
1991	(145)
1990	8
1989	58
0,319	5,326

1994	1993
£000	£000
2,852	908
1,965)	1,881
(25)	63
1,762	2,852

In year	Change in year
1994	1993
£000	£000
(4,438)	1,711
348	233
(6,090)	1,944

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27 PENSIONS (continued)

The pension cost relating to the major defined benefit scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. This scheme is subjected to triennial actuarial reviews with the most recent one being at 6th April 1993. The principal actuarial assumptions applied 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 valuations, the aggregate market value of the assets of the major scheme was £13,394,000 and the actuarial value of the assets was sufficient to cover 98% of the liability for benefits which have accrued to members on an ongoing basis. The employer's contribution rate takes account of the small deficit disclosed by the valuation over the average remaining service lives of the current employees who are in the scheme.

The total pension cost for the group was £736,000 (£752,000) of which £624,000 (£688,000) related to the defined benefit scheme.

28 RECONCILIATION OF 1993 PUBLISHED RESULTS TO FR5 3 COMPARATIVES

	Published results 1993	Property adjustment (Note 1)	Extraordinary item adjustment (Note 2)	Other movement (Note 3)	FRS 3 Published comparatives
	£000	£000	£000	£000	£000
Operating profit	6,231	-	-	(6,231)	-
Continuing operations	-	79	-	6,441	6,520
Exceptional item - property write down	-	(489)	-	-	(489)
Acquisitions	-	-	-	-	-
Discontinued operations	-	-	-	(381)	(381)
Exceptional item - Alkar litigation	-	-	3,564	-	3,564
Operating profit before exceptionals	6,231	(410)	3,564	(171)	9,214
Exceptional items	(60)	(96)	-	156	-
Loss on sale of discontinued operations	-	(42)	(2,095)	15	(2,122)
Profit on ordinary activities before interest	6,171	(548)	1,469	-	7,092
Net interest payable	(520)	-	-	-	(520)
Profit on ordinary activities before taxation	5,651	(548)	1,469	-	6,572
Tax on profit on ordinary activities	(1,626)	-	-	-	(1,626)
Profit before extraordinary items	4,025	(548)	1,469	-	4,946
Extraordinary items	1,469	-	(1,469)	-	-
Profit for the financial year	5,494	(548)	-	-	4,946
Dividends	(2,944)	-	-	-	(2,944)
Retained profit for the year	2,550	(548)	-	-	2,002

Note 1 Recalculation of the profit on disposal of fixed assets according to carrying value rather than historical cost.

Note 2 Reclassification of the settlement proceeds from the Alkar litigation and the loss on disposal of discontinued businesses, previously shown as extraordinary items.

Note 3 Reclassification of operating profit, analysed between continuing and discontinued operations.

Five Year Record

	1990 £,000	1991 £,000	1992 £,000	1993 £,000	1994 £,000
TURNOVER					
Continuing operations	46,396	48,214	47,904	51,875	61,998
Discontinued operations	80,874	27,126	8,897	4,281	-
Total turnover	127,270	75,340	56,801	56,156	61,998
OPERATING PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS					
Continuing operations	5,616	5,723	5,853	6,031	7,337
Discontinued operations	2,980	902	(461)	3,183	-
Total operating profit	8,596	6,625	5,392	9,214	7,337
Profit before taxation	74	3,727	1,912	6,572	7,079
Dividends	2,627	2,941	2,942	2,944	3,279
Shareholders' funds	31,239	33,015	25,533	26,056	30,126
Earnings per share	(2.03)p	2.65p	0.55p	5.30p	5.10p
Dividend per share	2.75p	3.10p	3.10p	3.10p	3.30p

The prior year figures have been restated in accordance with FRS 3. Operating profit on discontinued operations in 1993 included the proceeds from the settlement of the Alkar litigation amounting to £3.6m.

FINANCIAL CALENDAR

Annual General Meeting 1st June 1994

Record date 3rd June 1994

Final dividend payable 5th July 1994

Announcement of half-year results October 1994

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Notice of Meeting

Notice is hereby given that the ninety-sixth Annual General Meeting of the members of Walker Greenbank PLC will be held at the Howard Hotel, Temple Place, Strand, London WC2R 2PR on Wednesday 1st June 1994 at 3.30 pm for the transaction of the following business:

1. To receive the reports of the directors and of the auditors, together with the accounts for the year ended 31st January 1994.
2. To declare a final dividend on the ordinary share capital of the company for the year ended 31st January 1994 at the rate of 2.10p per ordinary share of 13p each in the capital of the company ('ordinary share').
3. To re-elect the director retiring by rotation, Mr. M. Meyer, who being eligible seeks re-election.
4. To re-appoint Touche Ross & Co as auditors and to authorise the directors to agree their remuneration for the year.
5. As special business to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That the directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the company to allot relevant securities (as defined for the purposes of section 80 of the Companies Act 1985) ('the Act') up to an aggregate nominal amount of £4,813,366 provided that this authority shall expire on the date being five years after the passing of this resolution unless renewed, varied or revoked by the company in general meeting save that the company may before such expiry or the expiry of any renewal of this authority make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if this authority had not expired and provided further that this authority shall be in substitution for and supersede and revoke any other earlier such authorities.

6. As special business to consider and, if thought fit, to pass the following resolution as a special resolution:

That, subject to the passing of the resolution numbered 5 above, the directors be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined for the purposes of sections 89 to 96 of the Act) for cash pursuant to the general authority conferred on them for the purposes of section 80 of the Act by the resolution numbered 5 above as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue or other offer in favour of the holders of ordinary shares where the equity securities respectively attributable to the interests of such holders of ordinary shares on a fixed record date are proportionate (as nearly as may be) to the respective numbers of shares held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to the rights of the holders of the cumulative convertible redeemable preference shares of 25p each in the capital of the company ('convertible preference shares') (which may include the offer of such equity securities to the holders of the convertible preference shares on terms which reflect the rights and privileges attached to such shares) and fractional entitlements or to deal with any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or any other stock exchange in any territory; and
- (b) to the allotment (otherwise than pursuant to paragraph (a) above) of equity securities having, in the case of relevant shares (as defined in section 94(5) of the Act), a nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having a nominal amount not exceeding in aggregate the sum of £722,005

and this power shall (unless renewed, varied or revoked by the company) expire on the date being fifteen months from the date of passing of this resolution or, if earlier, at the conclusion of the annual general meeting of the company next following the date of passing of this resolution save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

7. As special business to consider and, if thought fit, to pass the following resolution as a special resolution:

That, subject to the approval of the holders of the cumulative convertible redeemable preference shares being given at a meeting of such holders to be held immediately after the conclusion of the meeting at which this resolution is proposed

or at any adjournment thereof, the company be and is hereby generally and unconditionally authorised pursuant to section 166 of the Act to make one or more market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 15p each in the capital of the company subject to the following restrictions and provisions:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 9,626,500;
- (b) the minimum price which may be paid for an ordinary share is not less than the nominal value of such share (exclusive of advance corporation tax and expenses);
- (c) the maximum price which may be paid for an ordinary share is an amount (exclusive of advance corporation tax and expenses) being not more than 105 per cent of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the ordinary share is purchased;
- (d) unless previously renewed, revoked or varied, this authority shall expire at the conclusion of the annual general meeting of the company to be held in 1995 or within fifteen months from the date of the passing of this resolution, whichever shall be the earlier (except in relation to a purchase of ordinary shares the contract for which was concluded before such date and which is executed wholly or in part after such date); and
- (e) the company may make a contract to purchase ordinary shares under this authority before the expiry of such authority and may make a purchase of ordinary shares pursuant to any such contract which purchase or contract would or might be executed wholly or partly after the expiration of such authority.

8. As special business to consider and, if thought fit, to pass the following resolution as a special resolution:

That the Articles of Association be amended:-

- (i) by the adoption of the provisions set out below in substitution for and to the exclusion of sub-paragraph 3(B)(2)(h) of the existing Articles of Association:-

"(h) Conversion of the Convertible Preference Shares may be effected in such manner as the Board shall from time to time determine (subject to the provisions of the Statute (as amended)) and without prejudice to the generality of the foregoing may be effected in accordance with the provisions set out below:-

- (i) The Directors may determine to effect conversion by the redemption of the Convertible Preference Shares at a price of 100p per share. In the case of a conversion effected by means of the redemption of Convertible Preference Shares the Board may effect redemption of the relevant Convertible Preference Shares out of profits of the Company which would otherwise be available for dividends, out of the proceeds of a fresh issue of shares made for the purpose of such redemption or in any other manner for the time being permitted by law, in the case of redemption out of such profits the Board shall apply the redemption monies in the name of the holder of the Convertible Preference Shares to be converted in subscribing for the appropriate nominal amount of fully paid Ordinary Share capital at such premium (if any) as shall represent the amount by which the redemption monies exceed the nominal amount of the Ordinary Share capital to be subscribed. In the case of redemption out of the proceeds of a fresh issue of shares the Board may arrange for the issue of the appropriate nominal amount of Ordinary Share capital to some person selected by the Board on terms that such person will:-
 - (a) subscribe for such Ordinary Share capital at par or at such premium as shall be necessary to provide the redemption monies for redemption at the price of 100p per share of the relevant Convertible Preference Shares; and
 - (b) renounce the allotment of such Ordinary Share capital in favour of the holder of the relevant Convertible Preference Shares against payment to such subscriber by the Company of the redemption monies in respect of the Convertible Preference Shares to be redeemed.

Any allotment of Ordinary Share capital pursuant to this Article 3(B)(2)(h) shall be made within 14 days of the relevant Conversion Date.

- (ii) The Directors may determine to effect the conversion by means of consolidation and sub-division. Consolidation and sub-division shall be effected by consolidating the Convertible Preference Shares held by a shareholder which are subject to a Conversion Notice into one share (the "Consolidated Share") and by sub-dividing such Consolidated Share into Ordinary Shares of 15 pence each on the basis of seven Ordinary Shares of 15 pence

each for every 125 pence in the nominal value of the Consolidated Share (and so on up to the nominal amount of the Consolidated Share). Any fractional entitlements to Ordinary Shares shall be dealt with in accordance with sub-paragraph 3(b)(2)(i)(vii) and the balance of the nominal amount of the Consolidated Share shall be non-voting deferred shares (the "Deferred Shares") of 1 penny each having the rights set out in paragraph 3(b)(2)(b)(iii) below.

(iii) In the case of a conversion effected by means of consolidation and sub-division as provided for in subparagraph 2(f)(2)(h)(iii), the holders of Deferred Shares arising therefrom shall be entitled on a return of capital on winding-up or otherwise only to repayment of the amounts paid up on such shares after repayment of the capital paid up on the Ordinary Shares, Convertible Preference Shares or Cumulative Redeemable Preference Shares (if any are in existence) and the additional payment of £5.00 on each such Ordinary Share and £50 on each such Convertible Preference or Cumulative Redeemable Preference Share. The holders of Deferred Shares shall not be entitled to any dividend nor to any rights to participate in the profits or assets of the Company nor to receive notice of or attend or vote at any general meeting of the Company. Such conversion shall be deemed to convey an irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of Deferred Shares a transfer thereof to such a person as the Company may determine as custodian and/or on the Company to purchase or cancel the same (in accordance with the Statute (as amended)) in any such case for not more than one penny for all the Deferred Shares without need to obtain the sanction of the holders thereof. Pending such transfer and/or purchase the Company may retain the certificate for such Deferred Shares and the Company may at its option at any time after the creation of the Deferred Shares redeem all the Deferred Shares then in issue at a price not exceeding one penny for all the Deferred Shares redeemed at any one time upon giving the registered shareholders of such shares not less than 28 days' previous notice in writing of its intention so to do and fixing a time and place for the redemption. The Deferred Shares will not be listed on The Stock Exchange."

- (ii) by the substitution of the words "seven" and "forty-two" for "six" and "twenty-one" respectively in Article 84;
- (iii) by the addition of the words "(together with any interest of any person connected with him)" after the words "Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which" in the first and second lines of Article 112(4); and
- (iv) by the addition of the words "(as that term is used in part VI Companies Act 1985)" after the words "provided that his interest" in the third line of Article 112(5)(d).

By order of the board,
A. E. Thomas
Secretary
1th May 1994



Registered Office:
4 Brunel Court
Comerhall
Hemel Hempstead
Hertfordshire HP3 9XX

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and a proxy need not be a member of the company. Forms of proxy, one of which is enclosed herewith, must be lodged at Independent Registrars Group Limited, Broseley House, Newlands Drive, Wilham, Essex CM8 2BR, not less than 48 hours before the time fixed for the meeting.

In accordance with the requirements of the London Stock Exchange there will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excluded) at the registered office of the company from the date of this notice until the date of the annual general meeting:

- (a) The register of directors' interests in accordance with section 325 of the Companies Act 1985;
- (b) Copies of the directors' contracts of service with the company; and
- (c) The Articles of Association incorporating the proposed amendments.

The documents will also be available on the day and at the place of the meeting from 3.15pm until the conclusion of the meeting.

Walker Greenbank PLC-Form of Proxy

For use at the Annual General Meeting of Walker Greenbank PLC to be held on 1st June 1994

I/We

of _____
being (an) Ordinary Shareholder(s) of Walker Greenbank PLC, hereby appoint the Chairman of the meeting,

failing whom

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the company to be held at 3.30 pm on the 1st June 1994 and at every adjournment thereof. The proxy is requested to comply with the voting instructions, if any, shown in the spaces below and subject thereto, shall be entitled to vote or abstain from voting at his/her discretion on all matters arising at the meeting.

ORDINARY RESOLUTIONS

	FOR	AGAINST
1. To receive the report and accounts for the year ended 31st January 1994	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the ordinary dividend	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr M. Meyer as a director	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint the retiring auditors and authorise the directors to agree the remuneration of the auditors	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorise the directors to allot relevant securities under section 80 of the Companies Act 1985	<input type="checkbox"/>	<input type="checkbox"/>

SPECIAL RESOLUTIONS

6. To empower to a limited extent the directors to allot shares as if section 89(1) of the Companies Act 1985 did not apply	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the company to make market purchases of its own shares	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise amendments to the Articles of Association of the company	<input type="checkbox"/>	<input type="checkbox"/>

Please indicate how you wish your proxy to vote by ticking the appropriate box. If the form is duly signed but with no direction as to how the proxy is to vote, the proxy will vote or abstain from voting at his/her discretion.

Dated this _____ day of _____ 1994

Signature _____

NOTES

- To be valid this document must be signed and together with the power of attorney or any other written authority (if any), under which it is signed or an office or a notationally certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power or authority, must be deposited at the office of the company's registrars, Independent Registrars Group Limited, Brusley House, Newlands Drive, Witham, Essex CM8 2BR, not later than 48 hours before the time fixed for the meeting.
- If this proxy is executed by an individual, it must be under his/her hand or under the hand of his/her attorney duly authorised in writing. If this proxy is executed by a corporation, it must either be under its seal or under the hand of a duly authorised officer or attorney.
- If any other proxy is desired, strike out the name mentioned and insert the name or names preferred. A proxy need not be a member of the company.
- In the case of joint holders the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of other joint holders. The most senior joint holder is he or she whose name appears first in the order in which the names stand in the register of the members in respect of the joint holding.
- The lodging of a form of proxy does not prevent a member from attending and voting at the meeting in person if he or she so wishes. In such a case any votes cast by the member will be accepted to the exclusion of those cast by the proxy holder.

BUSINESS REPLY SERVICE
Licence No CL450

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Independent Registrars Group Limited
Broseley House
Newlands Drive
Witham
Essex CM8 2BR

SECOND FOLD

FIRST FOLD

THIRD FOLD
AND TUCK IN FLAP OPPOSITE