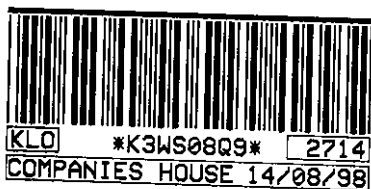


Walker Greenbank PLC

**Interim financial statements for the purposes
of distribution**

Period ended 13 August 1998

Registered number 61880



Directors' report and interim financial statements

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Directors' report

The directors present their unaudited interim financial statements for the period ended 13 August 1998.

The company's accounting reference date remains unchanged and audited consolidated accounts will be prepared for the year ending 31 January 1999. The purpose of these accounts is to confirm, as required by s272 Companies Act 1985, that there are sufficient distributable reserves to cover the distribution by way of the re-purchase of shares which will take place after the period end.

Sale of certain of the trade and assets

As at 1 July 1998, certain of the fixed assets, debtors and creditors were transferred from Abaris Holdings Limited to the company at book value.

On 13 August 1998, these assets and liabilities and other assets were sold for the sum of £70million.

Capital re-organisation

With effect from 17 August 1998, it is proposed to capitalise the sum of approximately £24.5 million standing to the credit of the share premium account of the company which will be applied in paying up in full 119,736,609 undesignated shares of 20 $\frac{1}{13}$ pence each in the capital of the company. Every undesignated share will then be consolidated with an existing ordinary share following which the resulting share will be split into one ordinary share of $\frac{1}{13}$ pence and one "B" share of 35 pence. Each ordinary share of $\frac{1}{13}$ pence will be sub-divided into 6 shares of $\frac{1}{13}$ pence, every 13 of which will then be consolidated into one new ordinary share.

The proposed distribution takes the form of an offer by the company to repurchase the "B" shares at their nominal value of 35 pence.

By order of the board



Anne Thomas
Secretary

Registered Office
4 Brunel Court, Comerhall
Hemel Hempstead
Hertfordshire HP3 9XX
14 August 1998

Profit and loss account
for the 28 week period ended 13 August 1998

	<i>Note</i>	1998 £000
Management charges receivable		1,618
Administrative expenses		(1,211)
Other operating income		555
		<hr/>
Operating profit – continuing operations		962
Profit on sale of a discontinued operation	2	40,792
Income from shares in group companies		12,000
Other interest receivable and similar income		11
Interest payable and similar charges		(174)
		<hr/>
Profit on ordinary activities before taxation	2-3	53,591
Tax on profit on ordinary activities	4	(283)
		<hr/>
Profit for the financial period		53,308
Dividends on equity and non-equity shares	5	(32)
		<hr/>
Retained profit for the period		53,276
		<hr/> <hr/>

There were no recognised gains and losses other than the profit for the period.

Balance sheet

At 13 August 1998

	Note	1998	
		£000	£000
Fixed assets			
Tangible assets	6		6,198
Walker Greenbank PLC shares	7		3,070
Investments	8		17,571
			<hr/>
			26,839
Current assets			
Debtors	9	109,370	
Cash at bank and in hand		2,136	
		<hr/>	
		111,506	
Creditors: amounts falling due within one year	10	(39,806)	
		<hr/>	
Net current assets			71,700
			<hr/>
Total assets less current liabilities			98,539
Creditors: amounts falling due after more than one year	11		(1,732)
Provisions for liabilities and charges	12		(188)
			<hr/>
Net assets			96,619
			<hr/> <hr/>
Capital and reserves			
Called up share capital	13		18,206
Share premium account	14		24,652
Profit and loss account	14		53,761
			<hr/>
			96,619
			<hr/> <hr/>

These financial statements were approved by the board of directors on 14 August 1998 and were signed on its behalf by:



Sir Malcolm Field
Director

Reconciliation of movements in shareholders' funds

for the 28 week period ended 13 August 1998

	1998 £000
Profit for the period	53,308
Dividends	(32)
	<hr/>
Net addition to shareholders' funds	53,276
Opening shareholders' funds	43,343
	<hr/>
Closing shareholders' funds	96,619
	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's interim financial statements, prepared for the purpose of confirming that the company has sufficient distributable reserves for the proposed distribution by way of the repurchase of shares.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Pursuant to section 272 of the Companies Act 1985 only limited financial information has been presented.

2 Profit on sale of discontinued operation

On 13 August 1998, the trade and assets of the businesses known as Muraspec and Brymor were sold for a cash consideration of £70 million. The assets sold comprised certain of the tangible fixed assets, debtors, stocks and creditors and resulted in a profit before taxation of £40,792,000 after charging other related costs.

The effect of the above item is to increase the taxation charge by £47,000.

3 Income from shares in group undertakings

	1998 £000
Dividend receivable from subsidiary undertaking	12,000
	12,000

4 Taxation

	1998 £000
UK corporation tax at 31 %	283
	283

5 Dividends

	1998 £000
Non-equity :	
Preference – paid	32
	32

Notes (continued)

6 Tangible fixed assets

	Land and buildings	Plant, Equipment And vehicles	Total
	£000	£000	£000
<i>Cost</i>			
At beginning of period	12,796	682	13,478
Additions	49	31	80
Disposals	(6,405)	(17,583)	(23,988)
Transfers from group undertakings	406	17,447	17,853
	<hr/>	<hr/>	<hr/>
At end of period	6,846	577	7,423
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of period	924	410	1,334
Charge for year	100	59	159
Transfers from group undertakings	-	10,475	10,475
On disposals	(170)	(10,573)	(10,743)
	<hr/>	<hr/>	<hr/>
At end of period	854	371	1,225
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 13 August 1998	5,992	206	6,198
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 January 1998	11,872	272	12,144
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

7 Walker Greenbank PLC shares

	£000
<i>Shares held</i>	
At beginning and end of period	3,070
	<u> </u>

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

At 13 August 1998, the Trust held 3,573,151 ordinary shares of 15p each in Walker Greenbank PLC, representing 3.0% of the total called up share capital, with a market value on that date of £2,180,000. Of these 3,125,100 shares were held under options to employees.

8 Investments

	£000
<i>Shares in subsidiary undertakings</i>	
At beginning and end of period	17,571
	<u> </u>

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

Subsidiary	Country of incorporation
Abaris Holdings Limited	England and Wales
John O Borge	Norway
Whittaker and Woods BV	Holland
Walker Greenbank Deutschland GmbH	Germany
Whittaker and Woods Srl	Italy

With the exception of Abaris Holdings Limited which now only operates in the UK, all other companies operate in their country of incorporation. All companies are involved in the design, manufacture and distribution of wallcoverings and fabrics.

Notes (continued)

9 Debtors

	1998 £000
Trade debtors	23
Amounts owed by group undertakings	37,269
Other debtors	72,008
Prepayments and accrued income	70
	109,370
	109,370

10 Creditors: amounts falling due within one year

	1998 £000
Bank loans and overdrafts	8,250
Trade creditors	245
Amounts owed to group undertakings	26,700
Corporation tax	1,323
Other taxes and social security	941
Other creditors	75
Accruals and deferred income	2,272
	39,806
	39,806

11 Creditors: amounts falling due after more than one year

	1998 £000
Bank loans and overdrafts	1,732
	1,732
	1,732

12 Provisions for liabilities and charges

	Taxation including deferred taxation £000
At beginning and end of the period	188
	188
	188

Notes (continued)

13 Called up share capital

	1998 Number of shares	1998 £
<i>Authorised: 1 February 1998 and 13 August 1998</i>		
Equity: Ordinary shares of 15 p each	170,000,000	25,500,000
Non-equity: cumulative convertible redeemable preference shares of 25p each ('preference shares')	6,000,000	1,500,000
		<hr/>
		27,000,000
<i>Allotted, called up and fully paid: 1 February 1998 and 13 August 1998</i>		
Equity: Ordinary shares of 15p each	119,736,609	17,960,491
Non-equity: cumulative convertible redeemable preference shares of 25p each ('preference shares')	984,552	246,138
		<hr/>
		18,206,629
		<hr/> <hr/>

The preference shares bear a fixed cumulative preferential dividend of 6.5p per share per annum, and are convertible into ordinary shares at the preference shareholders' option in August in any of the years to 2005 at the rate of 8.28 ordinary shares for 5 preference shares. Any preference shares which remain unconverted after August 2005 may be redeemed by the company at 100p per share.

The holders of the preference shares do not have any voting rights at general meetings of the company unless the dividend payable on preference shares is six months or more in arrears or unless a resolution is to be proposed at such a meeting for the winding up of the company, the reduction of its share capital or abrogation or variation of any rights or privileges of the holders of the preference shares. The holders of the preference shares are entitled, on a winding up, to receive in priority to any payment to the holders of ordinary shares out of the assets available for distribution the amount paid up or credited as paid up thereon plus a premium of 75p per share together with any dividend arrears.

14 Share premium and reserves

	Share premium account £000	Profit and loss account £000
At beginning of period	24,652	485
Retained profit for the period	-	53,276
	<hr/>	<hr/>
At end of period	24,652	53,761
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

15 Post balance sheet events

With effect from 17 August 1998, it is proposed to capitalise the sum of approximately £24.5 million standing to the credit of the share premium account of the company which will be applied in paying up in full 119,736,609 undesignated shares of 20 $\frac{6}{13}$ pence each in the capital of the company. Every undesignated share will then be consolidated with an existing ordinary share following which the resulting share will be split into one ordinary share of $\frac{6}{13}$ pence and one "B" share of 35 pence. Each ordinary share of $\frac{6}{13}$ pence will be sub-divided into 6 shares of $\frac{1}{13}$ pence, every 13 of which will then be consolidated into one new ordinary share.