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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services Act 1986.

If you have sold or transferred all of your registered holding of ordinary shares in Walker Greenbank PLC, other than ex-rights, please forward this document and the accompanying provisional allotment letter as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

S.G. Warburg & Co. Ltd., a member of the Securities and Futures Authority, is acting for Walker Greenbank PLC in relation to the rights issue and is not advising any other person or treating any other person as its customer in relation to the rights issue.

Copies of this document, which comprises listing particulars relating to Walker Greenbank PLC in accordance with the listing rules made under Part IV of the Financial Services Act 1986, have been delivered to the Registrar of Companies in England and Wales for registration as required by Section 149 of that Act. Application has been made to the London Stock Exchange for the new ordinary shares to be admitted to the Official List. It is expected that admission will become effective and dealings in the new ordinary shares will commence, nil paid, on Thursday, 22nd December, 1994.

Walker Greenbank PLC

1 for 5 rights issue of new ordinary shares
at 90p per share

Acquisition of Warner Fabrics

Profit and dividend forecasts



Neither the new ordinary shares nor the provisional allotment letters have been nor will be registered under the United States Securities Act of 1933, as amended, or the securities laws of any State of the United States, nor have clearances been obtained nor will they be obtained from the securities regulatory authority of any province or territory of Canada nor has any prospectus been lodged with or registered by the Australian Securities Commission and the new ordinary shares may not, directly or indirectly, be offered or sold, renounced, taken up or delivered, within Australia or in favour of a resident of Australia or, subject to certain exceptions, within the United States or Canada or in favour of a North American Person. Persons including, without limitation, nominees and trustees who have a contractual or legal obligation to forward this document into the United States, Canada or Australia should read paragraph 7 of Part 2 of this document.

The latest time for acceptance and payment in full under the rights issue is 3.00 p.m. on Tuesday, 17th January, 1995. The procedure for acceptance and payment is set out in Part 2 of this document and in the accompanying provisional allotment letter.

Definitions

The following definitions apply throughout this document and the provisional allotment letter unless the context otherwise requires:

"Walker Greenbank" or "the Company"	Walker Greenbank ILC
"Walker Greenbank Group" or "the Group"	Walker Greenbank and its subsidiary undertakings
"Board" or "Directors"	the Directors of Walker Greenbank
"S.G. Warburg"	S.G. Warburg & Co. Ltd.
"ordinary shares" or "shares"	ordinary shares of 15p each in the capital of Walker Greenbank
"existing ordinary shares"	ordinary shares at present in issue
"new ordinary shares"	ordinary shares being offered pursuant to the rights issue
"convertible preference shares"	cumulative convertible redeemable preference shares of 25p each in the capital of Walker Greenbank
"Walker Greenbank share option schemes"	The Walker Greenbank PLC Executive Share Option Scheme ("the 1985 Scheme") and The Walker Greenbank PLC 1994 Executive Share Option Scheme ("the 1994 Scheme")
"rights issue"	the issue of 19,320,139 new ordinary shares by way of rights, as described in this document
"provisional allotment letter"	the renounceable provisional allotment letter in respect of new ordinary shares accompanying this document
"qualifying shareholders"	holders of ordinary shares on the register of members of the Company as at the close of business on 14th December, 1994
"Warner Fabrics"	Warner Fabrics plc and its subsidiary undertakings
"Abaris"	Abaris Holdings Limited, a wholly owned subsidiary of Walker Greenbank
"the acquisition"	the acquisition by Abaris of Warner Fabrics
"the London Stock Exchange"	The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited
"Act"	the Companies Act 1985, as amended
"U.K."	The United Kingdom of Great Britain and Northern Ireland
"United States"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"Australia"	the Commonwealth of Australia, its territories and possessions

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Timetable of principal events								1994
Record date for the rights issue	Wednesday, 14th December
Provisional allotment letters despatched	..	..	..	..	..	..	..	Wednesday, 21st December
Dealings in new ordinary shares expected to commence, nil paid	..	..	..	..	..	..	..	Thursday, 22nd December
								1995
Latest time for splitting, nil paid	..	..	..	..	..	..	..	3.00 p.m. on Friday, 13th January
Latest time for acceptance and payment in full	..	..	..	..	..	..	..	3.00 p.m. on Tuesday, 17th January
Latest time for splitting, fully paid	..	..	..	..	..	..	..	3.00 p.m. on Tuesday, 7th February
Latest time for registration of renunciation	..	..	..	..	..	..	..	3.00 p.m. on Thursday, 9th February
Certificates for new ordinary shares expected to be despatched	..	..	..	..	..	..	..	by Thursday, 16th February

Walker Greenbank PLC
(Registered in England and Wales No. 61880)

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

21st December, 1994

To ordinary shareholders and, for information only, to holders of convertible preference shares and holders of options under the Walker Greenbank share option schemes.

Dear shareholder,

1 for 5 rights issue, acquisition and profit and dividend forecasts

Introduction

Walker Greenbank announced today the acquisition of Warner Fabrics for a consideration of £4.45 million, and a rights issue to raise £16.8 million, net of expenses, on the basis of 1 new ordinary share for every 5 existing ordinary shares, at a price of 90p per share. The proceeds of the rights issue will be used to finance the acquisition and development of Warner Fabrics and to fund the Group's capital expenditure plans.

The purpose of this document is to provide you with information on the rights issue. The rights issue has been fully underwritten by S.G. Warburg, the sole manager of the rights issue.

Background to and reasons for the acquisition and rights issue

Warner Fabrics, which was acquired today from Collins & Aikman Corporation, is engaged in the design and sale of high quality furnishing fabrics which it sells throughout the world under the "Warner" and "Harris" names, primarily to the top end of the retail market. Warner Fabrics is based in Milton Keynes, Buckinghamshire, and has 68 employees. In the year ended 31st December, 1993 it had audited consolidated sales of £8.27 million, made an operating loss of £49,000 and a loss before taxation of £453,000. The audited consolidated net assets of Warner Fabrics as at 31st December, 1993 were £3.69 million.

Warner Fabrics operates in the same area of the market as Walker Greenbank's consumer division, and in particular is complementary to Zoffany, our quality wallpaper and fabrics supplier. Your Board considers that there is considerable scope for improvement in the profitability of Warner Fabrics through improved utilisation of its extensive design archive and access to Walker Greenbank's distribution network.

The consideration for Warner Fabrics was £4.45 million in cash inclusive of the repayment of an inter-company loan in the amount of £2.58 million. On acquisition, Warner Fabrics also had outstanding bank debt of approximately £2 million.

Following the acquisition, the Group will invest in the Warner Fabrics business, in particular the development of its product ranges and an extension to its existing warehouse facilities.

In addition to the Warner Fabrics acquisition, the Group will need over the next two years to make an investment of approximately £9.4 million in a new distribution facility and office complex for its Muraspec business, which is responsible for the marketing and distribution of the wallcoverings, display materials and upholstery fabrics of the commercial division in Europe. Muraspec is the Group's largest profit contributor. It has experienced good sales growth in the last two years and is continuing to increase its sales in both the U.K. and Continental Europe.

The lease on Muraspec's current central office and warehouse in Hemel Hempstead expires in December, 1996. The business has outgrown this site and the Group has identified a nearby site where it is proposed that new facilities will be built which will act as the central distribution point for the U.K. and Continental Europe. Outline plans have been drawn up and the investment will involve the acquisition of the site and construction of the new buildings. This investment will enable Muraspec to continue to develop its business in Europe.

The Group also has an increasing capital expenditure programme for its other existing businesses, primarily plant and equipment for its two main manufacturing businesses, Anstey and Brymor.

Against the background of these significant investments the Board considers that a rights issue of new ordinary shares is appropriate to maintain the strong capital base of the Group. The net proceeds of the rights issue will be used to refinance the cost of acquiring Warner Fabrics and to repay the debt in that company. The balance, pending investment in the business of Warner Fabrics, the new Muraspec distribution facility and other areas of the Group, will be used to repay existing bank borrowings of approximately £3.41 million or placed on deposit or put into similar interest bearing instruments, as appropriate.

Current trading

As I reported in the interim statement, the trading outlook continues to improve as a result of sustained economic recovery in the U.K. and improving economic conditions in Continental Europe. Sales in the first half ended 31st July, 1994 increased by an underlying rate of 17 per cent. over the equivalent period in the year ended 31st January, 1994 and I am pleased to report that sales have continued to grow at a similar rate in the second half.

Profit and dividend forecasts for the year ending 31st January, 1995

The Board forecasts that, in the absence of unforeseen circumstances, the consolidated profit before taxation for the Group for the year ending 31st January, 1995 will be not less than £8.94 million (1994: £7.08 million) including a profit from the disposal of an investment property of £0.26 million, as set out in Part 4 of this document.

Your Directors intend, in the absence of unforeseen circumstances, to recommend a final dividend for the year ending 31st January, 1995 of 2.30p net per share (1994: 2.10p), making a total dividend payable for the year of 3.60p net per share (1994: 3.30p).

Details of the rights issue

The Company is offering by way of rights 19,320,139 new ordinary shares at 90p per share, payable in full on acceptance, to qualifying shareholders (other than certain overseas shareholders) on the following basis:

1 new ordinary share for every 5 ordinary shares held

and so in proportion for any other number of ordinary shares held.

Entitlements of qualifying shareholders will be rounded down to the nearest whole number of new ordinary shares. The fractional entitlements which would otherwise have arisen will be aggregated and sold for the benefit of the Company.

The new ordinary shares will, when fully paid, rank *pari passu* in all respects with the existing ordinary shares, including the right to receive all dividends and other distributions hereafter declared, made or paid, including the right to receive the final dividend for the year ending 31st January, 1995.

Further details of the rights issue, including the conditions thereto and the procedures for acceptance and payment and in respect of rights not taken up, are set out in Part 2 of this document.

Application has been made to the London Stock Exchange for the new ordinary shares to be admitted to the Official List. It is expected that admission will become effective and dealings in the new ordinary shares will commence, nil paid, on Thursday, 22nd December, 1994.

Walker Greenbank share option schemes and convertible preference shares

Holders of options under the Walker Greenbank share option schemes and holders of convertible preference shares are not entitled, in respect of their options or convertible preference shares, to participate in the rights issue. The attention of holders of options under the Walker Greenbank share option schemes is drawn to Part 2 of this document which outlines the adjustments which may be made to the terms of their options to take account of the rights issue in accordance with the rules of the Walker Greenbank share option schemes. The conversion rate of the convertible preference shares will be adjusted in accordance with the terms of the Company's Articles of Association to take account of the rights issue.

Taxation

Information regarding U.K. taxation in respect of new ordinary shares and the rights issue is set out in paragraph 6 of Part 2 of this document. If you are in any doubt as to your tax position you should consult an independent professional adviser without delay.

Overseas shareholders

The attention of shareholders who have registered addresses outside the U.K., or who are nationals, citizens or residents of countries other than the U.K., is drawn to paragraph 7 of Part 2 of this document.

Action to be taken

If you wish to take up your entitlement under the rights issue, you must lodge your provisional allotment letter, together with a remittance for the full amount payable on acceptance, in accordance with the instructions which appear thereon, not later than 3.00 p.m. on Tuesday, 17th January, 1995.

Directors' intentions with regard to the rights issue

The Directors and their immediate families, who currently hold 211,473 ordinary shares (representing approximately 0.22 per cent. of the existing ordinary shares), intend to take up their rights in full.

Further information

Your attention is drawn to the further information set out in Parts 2 and 5 of this document.

Yours sincerely,



David Richards
Chairman

Part 2

Further information relating to the rights issue

1. Details of the rights issue

The new ordinary shares are being offered by way of rights at 90p each to qualifying shareholders other than certain overseas holders. The new ordinary shares have been provisionally allotted on the following basis:

1 new ordinary share for every 5 ordinary shares held

and so in proportion for any other number of ordinary shares held.

Entitlements of qualifying shareholders have been rounded down to the nearest whole number of new ordinary shares. The fractional entitlements which would otherwise have arisen will be aggregated and sold for the benefit of the Company.

The allotment and issue of the new ordinary shares will be made upon and subject to the terms and conditions set out in this document and in the provisional allotment letter.

The rights issue has been fully underwritten by S.G. Warburg and is conditional, inter alia, upon the admission of the new ordinary shares, nil paid, to the Official List of the London Stock Exchange becoming effective by 9.30 a.m. on 22nd December, 1994 (or such later time and/or date as S.G. Warburg may agree with the Company).

Provisional allotment letters are being despatched today, together with a copy of this document, to the shareholders entitled thereto.

The new ordinary shares will, when fully paid, rank *pari passu* in all respects with the existing issued ordinary shares, including the right to receive the final dividend to be paid in respect of the year ending 31st January, 1995.

All documents and remittances will be sent by post to or by the allottees or their renounees (or their agents, as appropriate) at the risk of the person(s) entitled thereto.

Application has been made to the London Stock Exchange for the new ordinary shares to be admitted to the Official List. It is expected that admission will become effective and dealings in the new ordinary shares will commence, nil paid, on the London Stock Exchange on 22nd December, 1994.

2. Procedure for acceptance and payment

Persons wishing to subscribe for all or any of the new ordinary shares to which they are entitled should lodge the provisional allotment letter, together with the appropriate remittance for the full amount payable on acceptance, in accordance with the instructions thereon, by post or by hand, with the Company's receiving bankers, Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ or by hand only to Independent Registrars, Room 108, Salisbury House, London Wall, London EC2M 5QQ (during normal business hours only), so as to arrive not later than 3.00 p.m. on 17th January, 1995.

Cheques and banker's drafts must be in pounds sterling and made payable to "Independent Registrars Group Limited - A/C Walker Greenbank", must be crossed "A/C Payee" and drawn on a bank or a building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS & Town Clearing Company Limited or a member of either of the committees of the Scottish or Belfast Clearing Houses, or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sorting code in the top right-hand corner. No interest will be allowed on payments made before they are due. Return of the provisional allotment letter with the appropriate remittance will constitute a warranty that the remittance will be honoured on first presentation. The Company may elect not to treat as valid any acceptances in respect of which cheques are notified to it or its agent as not having been so honoured. The Company reserves the right to have cheques or banker's drafts presented for payment on receipt and to instruct Independent Registrars to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. The Company may (in its sole discretion) treat a provisional allotment letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required.

The Company reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 3.00 p.m. on 17th January, 1995 from an authorised person (as defined in the Financial Services Act 1986) specifying the new ordinary shares concerned and undertaking to lodge the relevant provisional allotment letter in due course.

It is a term of the rights issue that, to ensure compliance with the Money Laundering Regulations 1993 (the "Money Laundering Regulations"), Independent Registrars may require verification of the identity of the person by whom or on whose behalf a provisional allotment letter is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). The person (the "acceptor") who, by lodging a provisional allotment letter with payment, as described above, accepts the allotment of the shares (the "relevant shares") comprised in such provisional allotment letter (being the provisional allottee or, in the case of renunciation, the person named in Form Y on such allotment letter) and any agent lodging such provisional allotment letter on his/her behalf shall thereby be deemed to agree to provide Independent Registrars with such information and other evidence as Independent Registrars may require to satisfy the verification of identity requirements.

If Independent Registrars determines that the verification of identity requirements apply to any acceptance of an allotment the relevant shares will be allotted to the acceptor but (notwithstanding any other term of the rights issue) will not be issued to him/her or registered in his/her name until the verification of identity requirements have been satisfied. If the verification of identity requirements are not satisfied within such period as the Company may (subject to the provision of the Money Laundering Regulations) allow, the Company will be entitled, in its absolute discretion:

- (a) to elect to treat the relevant acceptance as invalid and to cancel the allotment, in which event the monies paid by the acceptor will be returned without interest to the account of the bank or building society on which the relevant cheque or draft was drawn; or
- (b) to make arrangements (in its absolute discretion as to manner, timing and terms) to sell the relevant shares and for that purpose the Company will be authorised to act as the agent of the acceptor. Any proceeds from such sale of the relevant shares (net of expenses of sale) which shall be issued to and registered in the name of the purchaser(s) of such relevant shares will be held on trust by the Company for the acceptor, subject to the requirements of the Money Laundering Regulations;

but in each case without prejudice to any rights the Company may have to take proceedings against any person to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid.

Independent Registrars is entitled in its absolute discretion to determine whether the verification of identity requirements apply to any acceptor and whether such requirements have been satisfied and neither Independent Registrars nor the Company shall be responsible or have any liability to any person for any loss or damage (whether actual or alleged) suffered or incurred as a result of the exercise of such discretion or as a result of any sale of relevant shares (as appropriate).

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in rejection of the acceptance and/or in delays in the despatch of a share certificate.

The verification of identity requirements will not usually apply:

- (a) if the acceptor or lodging agent is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC)); or
- (b) if the acceptor (not being an acceptor who delivers his/her acceptance in person) makes payment by way of a cheque drawn on an account in the name of such acceptor; or
- (c) if the aggregate subscription price for the relevant shares is less than £10,000.

In other cases the verification of identity requirements may apply. Satisfaction of requirements may be facilitated in the following ways:

- (i) if payment is made by building society cheque (not being a cheque drawn on an account of the acceptor) or banker's draft, by the building society or bank endorsing on the cheque or draft the acceptor's name and the number of an account held in the acceptor's name at such building society or bank, such endorsement being validated by a stamp and authorised signature;

- (ii) if payment is not made by cheque drawn on an account in the name of the acceptor and (i) above does not apply the acceptor should enclose with his/her provisional allotment letter evidence of his/her name and address from an appropriate third party, for example, a recent bill from a gas, electricity or telephone company or a bank statement, in each case bearing the acceptor's name and address (originals of such documents (not copies) are required; such documents will be returned in due course); or
- (iii) if the provisional allotment letter is lodged with payment by an agent which is an organisation of the kind referred to in (a) above or which is subject to anti-money-laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Australia, Austria, Canada, Finland, Hong Kong, Iceland, Japan, New Zealand, Norway, Singapore, Sweden, Switzerland, Turkey and United States) the agent should provide written confirmation that it has that status with the provisional allotment letter(s) and written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to Independent Registrars or the relevant authority.

In order to confirm the acceptability of any written assurance referred to in (iii) above or in any other case, the acceptor should contact Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ.

If a provisional allotment letter(s) is/are in respect of shares with an aggregate subscription price of £10,000 or more lodged by hand by the acceptor in person he/she should ensure that he/she has with him/her evidence of identity bearing his/her photograph (for example his/her Passport) and evidence of his/her address.

All enquiries in connection with the provisional allotment letters should be directed to Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ.

3. Splitting and transfer

A qualifying shareholder may wish to split his/her provisional allotment letter in order to dispose of part of his/her entitlement or to dispose of the whole to more than one person. A provisional allotment letter may be split (in accordance with the instructions printed on it) if lodged, by post or by hand, with Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ or, by hand only, with Independent Registrars, Room 108, Salisbury House, London Wall, London EC2M 5QQ, up to 3.00 p.m. on 13th January, 1995, nil paid, or 3.00 p.m. on 7th February, 1995 fully paid.

The right to accept allotment of all the new ordinary shares comprised in any provisional allotment letter or split provisional allotment letter may, save as required by the laws of certain foreign jurisdictions, be transferred by renouncing such right (by completing Form X on the provisional allotment letter) and handing the provisional allotment letter intact to the person through or to whom the new ordinary shares are being disposed of. Once renounced a provisional allotment letter will become a negotiable document in bearer form.

The latest time and date for registration of renunciation is 3.00 p.m. on 9th February, 1995. New ordinary shares will thereafter be in registered form and transferable by instrument of transfer complying with the Company's Articles of Association.

4. Documents of title

Where a provisional allotment letter has been accepted and paid for in accordance with the provisions of paragraph 2 above, the provisional allotment letter will be returned to the person making the payment who, unless he/she is the original allottee, must have completed the paying agent's box at the foot thereof.

After 9th February, 1995 and pending the issue of definitive share certificates, transfers will be certified by Independent Registrars Group Limited against the lodgement of fully paid provisional allotment letters, and/or against fully paid provisional allotment letters in its possession. It is expected that definitive share certificates will be despatched by post, at the risk of the person(s) entitled thereto, by 16th February, 1995. After 16th February, 1995, provisional allotment letters will cease to be valid for any purpose whatsoever.

5. Procedure in respect of rights not taken up

If payment in full for any new ordinary shares provisionally allotted has not been received by 3.00 p.m. on 17th January, 1995 (whether from the original allottee or any person in whose favour the rights have been renounced), the provisional allotment will be deemed to have been declined, in which event it will lapse. S.G. Warburg will (subject to its overriding discretion referred to below), acting as agent for the Company, endeavour to procure subscriber(s) for such new ordinary shares by not later than 3.00 p.m. on 19th January, 1995 if a price which is not less than the aggregate of the subscription price and the expenses of procuring subscriber(s) (including any value added tax thereon) can be obtained.

If subscriber(s) for such new ordinary shares are procured on such basis, such shares will be re-allotted at the subscription price to such subscriber(s) and any premium (after deduction of the subscription price and expenses (including any value added tax thereon) of procuring subscriber(s)) will be paid (without interest) to the provisional allottees who have not taken up their entitlements pro rata to their lapsed provisional allotments, except that amounts of less than £3.00 will not be paid to such persons but will be aggregated and paid to the Company for its own benefit.

If at any time after 3.00 p.m. on 17th January, 1995, S.G. Warburg determines that, in its opinion, it is unlikely that subscribers can be procured on the basis described above, S.G. Warburg may decide in its absolute discretion no longer to endeavour to procure subscribers on such basis.

Neither the Company nor S.G. Warburg nor any other person procuring such subscribers shall be responsible or have any liability for any loss or damage (whether actual or alleged) arising from the terms or timing of any such subscription or the procuring thereof. If subscribers cannot be procured on the basis described above, S.G. Warburg or any sub-underwriters will subscribe for the new ordinary shares at the subscription price.

Payment for the amount due (if any) will be made by cheque and will be sent by post at the risk of the person(s) entitled thereto to the first named or sole holder at his/her registered address.

6. United Kingdom taxation

(a) Taxation of Chargeable Gains

The following paragraphs are intended as a general guide to the position under current law in the United Kingdom and Inland Revenue practice and may not apply to certain classes of shareholders, such as dealers in securities.

For the purposes of U.K. tax on chargeable gains, the issue of the new ordinary shares pursuant to the rights issue will be regarded as a reorganisation of the share capital of the Company. Accordingly, a shareholder will not be treated as making a disposal of all or part of his/her existing holding of ordinary shares by reason of the rights issue.

To the extent that a shareholder takes up new ordinary shares provisionally allotted to him/her, the new ordinary shares so allotted and the shareholder's holding of existing ordinary shares will, for the purposes of tax on chargeable gains, be treated as the same asset and as having been acquired at the same time as the existing holding was acquired. The amount paid for the new ordinary shares will be added to the allowable expenditure for the shareholder's existing holding and the aggregated amount will generally, on a subsequent disposal of any shares comprised in the composite holding of existing ordinary shares and new ordinary shares, be apportioned between the number of shares disposed of and the number remaining by reference to the market value of ordinary shares at the date of disposal. The amount paid for new ordinary shares subscribed under the rights issue will be eligible for indexation allowance, but only from the date the amount payable is paid or liable to be paid.

If a shareholder disposes of all or part of his/her rights to subscribe for new ordinary shares or if he/she allows or is deemed to have allowed his/her rights to lapse and a cash payment is received in return, a liability to tax on chargeable gains may, depending on his/her circumstances, arise. However, if the proceeds resulting from the disposal or lapse of rights are "small" as compared to the value of the ordinary shares in respect of which the rights arose, the Inland Revenue may, on a claim by the shareholder, agree that the shareholder is not to be treated as making a disposal for the purposes of tax on chargeable gains. No liability to tax on chargeable gains will then arise as a result of the disposal or lapse of the rights, but the proceeds will be deducted from the base cost of the shareholder's holding of existing ordinary shares. The Inland Revenue normally interpret "small" as five per cent. or less of the value of the ordinary shares in respect of which the rights arose.

(b) Taxation of Dividends

The following summary assumes that the Company will not elect for any of its dividends to be treated as foreign income dividends (in accordance with the provisions of the Finance Act 1994). Dividends which are treated as foreign income dividends will not entitle the recipient to a tax credit. It is not currently expected that the Company will pay dividends in this way.

There is no U.K. withholding tax on dividends, but whenever the Company pays a dividend it will be liable to account to the Inland Revenue for advance corporation tax ("ACT") in respect of the dividend. The rate of ACT is equal to one-quarter of the dividend for dividends paid. ACT paid by the Company can be set off against its liability to corporation tax, subject to certain limits and restrictions.

A holder of an ordinary share who is an individual resident (for tax purposes) in the U.K. and who receives a dividend paid by the Company will be entitled to a tax credit of an amount equal to one-quarter of the cash dividend paid. The individual will be taxable on the total of the dividend and the related tax credit, which will be regarded as the top slice of the individual's income. For U.K. resident individual shareholders who are liable to income tax at the lower or basic rate, the tax credit will satisfy their liability to income tax on the aggregate of the dividend and related tax credit. For U.K. resident individual shareholders who are liable to income tax at the higher rate on all or any part of the aggregate of the dividend and the related tax credit there will be an additional liability to tax at a rate equal to the excess of the higher rate (currently 40 per cent.) over the lower rate (currently 20 per cent.). If the tax credit exceeds the individual's liability to income tax on the total of the dividend and the tax credit, he/she will be able to claim to have any excess paid to him/her by the Inland Revenue.

Subject to certain exceptions for some insurance companies, a corporate holder of an ordinary share which is resident (for tax purposes) in the U.K. and which receives a dividend paid by the Company will be entitled to a tax credit in respect of the dividend and will not be taxable on it. The dividend and related tax credit will be treated as franked investment income in its hands. The tax credit associated with the dividend received (equal to one-quarter of the cash dividend) can be used by the U.K. corporate shareholder for the purpose of reducing the rate of ACT for which the recipient will be liable to account to the Inland Revenue when it pays a dividend to its shareholders.

Subject to certain exceptions for Commonwealth citizens, citizens of the Republic of Ireland, residents of the Isle of Man or the Channel Islands and certain others, the right of a holder of an ordinary share who is not resident (for tax purposes) in the U.K. to a tax credit in respect of a dividend received from the Company and to claim payment from the Inland Revenue of any part of that tax credit will depend on the existence and terms of any double tax treaty between the U.K. and the country in which the holder is resident. Holders who are not resident in the U.K. should consult their own tax advisers concerning their tax liabilities on dividends received, whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so.

(c) Stamp Duty and Stamp Duty Reserve Tax

Except in relation to depositary receipt arrangements or clearance services, where special rules apply:

- (i) no stamp duty or stamp duty reserve tax ("SDRT") will be payable on the issue of provisional allotment letters or split letters of allotment, on the issue of definitive share certificates in respect of the new ordinary shares or on the registration by the original holders of provisional allotment letters or their renounees;
- (ii) the purchase of rights to the new ordinary shares represented by a provisional allotment letter (whether nil paid or fully paid) on or before the latest time for registration or renunciation will not be liable to stamp duty but will be liable to SDRT at the rate of 50p for every £100 (or part thereof) of the actual consideration paid. Where such a purchase is effected through a stockbroker or other financial intermediary, that person should normally account to the Inland Revenue for the liability to SDRT on behalf of the purchaser and should indicate that this has been done in any contract note issued to the purchaser. In other cases, the purchaser of rights to the new ordinary shares represented by a provisional allotment letter is liable to pay the SDRT and must account for it to the Inland Revenue; and
- (iii) the purchase of new ordinary shares after the latest time for registration or renunciation will generally give rise to liability on the purchaser to ad valorem stamp duty or (if an unconditional agreement to transfer such shares is not completed by a duly stamped transfer within two months) to SDRT, at the rate of 50p for every £100 (or part thereof) of the actual consideration paid.

The above is intended only as a guide to the general tax position as at the date of this document. A shareholder who is in any doubt as to his/her tax position or who is subject to tax in a jurisdiction other than the U.K. is strongly recommended to consult his/her professional adviser immediately.

7. Overseas shareholders

(a) General

The offer by way of rights to qualifying shareholders who are resident in, or nationals or citizens of, countries other than the U.K. ("overseas shareholders") may be affected by the law of the relevant jurisdiction. No person receiving this document or a provisional allotment letter in any territory other than the U.K. may treat the same as constituting an invitation or offer to him/her, nor should he/she in any event use such allotment letter unless, in the relevant territory, such an invitation or offer could lawfully be made to him/her and such allotment letter could lawfully be used without contravention of any unfulfilled registration or other legal requirements.

Any person outside the U.K. wishing to accept the offer of new ordinary shares comprised in a provisional allotment letter must satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. A shareholder who is in any doubt as to his/her position should consult his/her professional adviser without delay.

Persons resident in any overseas jurisdiction should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up any new ordinary shares provisionally allotted to them. Receipt of a provisional allotment letter will not constitute an offer in those territories in which it would be unlawful to make such an offer and in such circumstances a provisional allotment letter will be sent for information only. In cases where overseas shareholders are unable to take up new ordinary shares provisionally allotted to them the provisions of paragraph 5 above will apply. The Company reserves the right to treat as invalid any acceptance or purported acceptance of the allotment of new ordinary shares comprised in, or renunciation or purported renunciation of, a provisional allotment letter which appears to the Company or its agents to have been executed or despatched in a manner which may involve a breach of the securities legislation of any jurisdiction or if it or they believe the same may violate applicable legal or regulatory requirements or if such provisional allotment letter provides the address for delivery of definitive certificates for new ordinary shares in the United States, Canada or Australia or any other jurisdiction outside the U.K. in which it would be unlawful to deliver such definitive certificates or which does not make the warranty set out in the paragraph therein headed "Overseas shareholders".

Persons (including, without limitation, nominees and trustees) receiving a provisional allotment letter should not in connection with the rights issue distribute or send it in or into the United States, Canada, Australia, or their respective territories or possessions or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If a provisional allotment letter is received by any person in any such territory, or by the agent or nominee of such a person, he/she must not seek to take up the new ordinary shares or renounce such provisional allotment except pursuant to an express agreement with the Company. Any person who does so forward a provisional allotment letter into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph. Notwithstanding any other statement in this document, the Company reserves the right to permit a shareholder to take up or renounce his/her rights if the Company is satisfied that such account would not result in contravention of any applicable legal or regulatory requirements. The attention of shareholders who are not resident in, or who have registered addresses outside, the United Kingdom is also drawn to sub-paragraphs (b) to (e) below.

All payments must be made in pounds sterling in the manner set out in paragraph 2 above.

(b) United States and Canada

- (i) The new ordinary shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any State of the United States nor have the relevant clearances been nor will they be obtained from the securities regulatory authority of any province or territory of Canada in accordance with the relevant Canadian securities laws and, therefore, except in certain limited circumstances, the new ordinary shares and the provisional allotment letters may not be offered for subscription or purchased, sold, taken up, delivered, renounced or transferred directly or indirectly in or into North America or to or for the account or

benefit of a North American Person, or within Canada unless the Company, in its sole discretion, is satisfied that the transaction in question is exempt from or not subject to such legislation. Provisional allotment letters will not be sent to any qualifying shareholder with a registered address in North America or who is known by the Company to be a North American Person, unless such shareholder satisfies the Company prior to 10th January, 1995 that doing so is permitted under the securities laws referred to above. If a provisional allotment letter is received by a North American Person or by the agent of a North American Person, a person must not seek to take up his/her entitlement except pursuant to an express agreement with the Company.

- (ii) Payment under a provisional allotment letter will constitute a warranty that the person entitled to the same is not a North American Person (unless such person satisfies the Company that an applicable exemption exists from the securities laws referred to above) and an agreement that such person will not offer or sell, directly or indirectly, any of the new ordinary shares directly or indirectly in North America or to or for the account or benefit of a North American Person. The Company reserves the right to treat as invalid any provisional allotment letter that appears to the Company or its agents to have been executed in or despatched from North America or that provides an address in North America for delivery of a definitive share certificate for the new ordinary shares allotted pursuant to the rights issue or where the person entitled to the provisional allotment letter does not make the warranty set out in the provisional allotment letter.

For the purpose of this document, "North America" means the United States and Canada and each province and territory thereof and "North American Person" means a qualifying shareholder with a registered address in the United States or Canada or any province of Canada (or who is otherwise located therein).

(c) Australia

No prospectus in relation to the provisional allotment letters and the new ordinary shares has been or will be lodged with, or registered by, the Australian Securities Commission. A person may not:

- (i) directly or indirectly offer for subscription or purchase, or issue an invitation to subscribe for or buy or sell the new ordinary shares; or
- (ii) distribute any draft or definitive document in relation to any such offer, invitation or sale,

in the Commonwealth of Australia, its territories or possessions ("Australia") or to any resident of Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of such corporation or entity located outside Australia).

Accordingly no offer of new ordinary shares is being made under this document or the provisional allotment letter to shareholders in or residents of Australia and no provisional allotment letter is being sent to any person with a registered address in Australia. The new ordinary shares attributable to such shareholders will be dealt with in accordance with sub-paragraph (e) below.

(d) South Africa

In order to comply with South African law, provisional allotment letters sent to shareholders with registered addresses in South Africa will not be renounceable. Shareholders will also require the approval of the South African Exchange Control authorities if they wish to take up their entitlement.

(e) Sale of rights attributable to certain overseas holders

S.G. Warburg will, acting as agent for the Company, endeavour, as soon as practicable after the commencement of dealings in the new ordinary shares, to procure subscriber(s) for the rights attributable to qualifying shareholders with registered addresses in Australia, if a premium over the expenses of procuring subscriber(s) (including any value added tax thereon) can be obtained, and any net proceeds (after deduction of expenses, including any value added tax thereon) will be paid pro rata to the persons entitled thereto, except that no payment will be made of any individual amount of less than £3.00. Such amounts will be retained for the benefit of the Company. Neither the Company nor S.G. Warburg nor any person procuring or seeking to procure subscriber(s) shall be responsible nor have any liability whatsoever for any loss or damage (whether alleged or actual) arising from the terms or timing of any such subscription or procuring thereof. The provisions of paragraph 5 above will apply to any new ordinary shares the rights to which have not been sold by 3.00 p.m. on 17th January, 1995.

8. Walker Greenbank share option schemes

In accordance with the rules of the Walker Greenbank share option schemes the Directors of the Company may make adjustments to the exercise price per ordinary share and/or to the number of ordinary shares subject to option and, in the case of the 1985 Scheme, to the aggregate number of shares issuable, under the Walker Greenbank share option schemes to take account of the rights issue. Such adjustments will be subject to written confirmation from the auditors of the Company that such adjustments are, in their opinion, fair and reasonable, will be subject to the prior approval of the U.K. Inland Revenue and, in the case of the 1994 Scheme, will be subject to the consent of the remuneration committee of the Company. Optionholders will be informed of any adjustments made in accordance with the terms of the Walker Greenbank share option schemes.

9. Convertible preference shares

The conversion rate of the convertible preference shares shall be adjusted in accordance with the Company's Articles of Association to take account of the rights issue. Holders of convertible preference shares will be informed of the adjustments in due course.

Part 3

Extract from the Interim Report 1994

An extract from the Walker Greenbank Group interim report and accounts for the six months to 31st July, 1994 containing the unaudited interim results announced on 4th October, 1994 is set out below.

Chairman's statement

Results

I am pleased to report another strong trading performance for the first six months of the current financial year.

Total Group turnover has grown by 22 per cent. to £36.3 million and by an underlying 17 per cent. excluding the impact of the two businesses which we acquired last year. Pre-tax profit has increased by 23 per cent. to £4.1 million and earnings per share are up 21 per cent. to 2.95p. The Board is increasing the interim dividend by 8 per cent. to 1.30p which will be paid on 6th December, 1994 to shareholders who are registered on 10th November, 1994.

Operating review

The first half has seen a sustained improvement in the level of our core U.K. turnover which has increased by 19 per cent. and continued development of our overseas business which has grown by a further 29 per cent. Our overseas turnover for the first 6 months was £10.0 million and now represents 28 per cent. of total Group sales. In addition, our intergroup turnover has risen by 31 per cent. to £10.8 million as our manufacturing operations continue to benefit from the increased market penetration of our distribution companies.

The two businesses which we acquired last year, Afia and Hartley, have both performed well and we are confident that they will make an increasing contribution to Group profits over the coming years.

Acquisition

The development of our international distribution network has taken a further step forward with the acquisition on 30th September, 1994 of Duwaco Wandbekleding BV ("Topwand") in Holland. Topwand has established itself over the last three years as Harlequin's major distributor in Holland. We are planning to invest in the business in order to develop it as a vehicle for distributing more of our consumer product ranges in the Dutch market.

Balance sheet

At the half year, Group net borrowings including finance leases were £2.1 million which represents gearing of only 7 per cent. The summer period traditionally marks the high point in the Group's working capital requirement and we are confident that the gearing level will be reduced by the year end.

Employee Benefit Trust

The Company has recently established an Employee Benefit Trust and a new Executive Share Option Plan in order to provide further long-term incentives to senior executives. In contrast to the old share option plan the new scheme operates over existing rather than new shares. In June 1994 the Employee Benefit Trust purchased 1.72 million shares in the Company at an average price of 102p and options over 1.67 million of these shares were granted to 25 senior executives at an option price of 105p.

Personal Equity Plan

I am pleased to announce that the Company has introduced a corporate Personal Equity Plan (PEP) which is available to all individual shareholders. The scheme offers substantial benefits over most PEPs by not making management or exit charges and by offering low dealing costs.

Trading outlook

The trading outlook continues to improve as indeed it has done for the last eighteen months. Economic conditions have improved in recent months in Continental Europe and together with sustained economic recovery in the U.K. provide a more stable background for further earnings growth in the second half.

David Richards
Chairman

4th October, 1994

Unaudited consolidated profit and loss account for the six months ended 31st July, 1994

	Note	6 months to 31st July, 1994	6 months to 31st July, 1993	Year to 31st January, 1994
		£000	£000	£000
Turnover				
Continuing operations	1	36,342	29,894	61,998
Operating Profit				
Continuing operations	1	4,174	3,532	7,337
Net interest payable		(39)	(181)	(258)
Profit on ordinary activities before taxation ..		4,135	3,351	7,079
Tax on profit on ordinary activities	2	(1,240)	(1,005)	(2,131)
Profit for the period		2,895	2,346	4,948
Dividends				
- Equity	3	(1,252)	(1,151)	(3,175)
- Non Equity		(52)	(52)	(104)
Retained profit for the period		1,591	1,143	1,669
Earnings per share	4	2.95p	2.44p	5.10p
Dividend per share	3	1.30p	1.20p	3.30p

Unaudited consolidated balance sheet
as at 31st July, 1994

		As at 31st July, 1994	As at 31st July, 1993	As at 31st January, 1994
	Note	£000	£000	£000
Fixed assets				
Tangible assets		16,980	15,453	16,353
Investments		3,836	4,061	3,845
		<u>20,816</u>	<u>19,514</u>	<u>20,198</u>
Current assets				
Stocks		12,961	11,756	11,367
Debtors		17,206	13,717	14,740
Cash at bank and in hand		388	1,713	1,731
		<u>30,555</u>	<u>27,186</u>	<u>27,838</u>
Creditors: amounts falling due within one year ..		(16,366)	(14,203)	(14,411)
Net current assets		<u>14,189</u>	<u>12,983</u>	<u>13,427</u>
Total assets less current liabilities		<u>35,005</u>	<u>32,497</u>	<u>33,625</u>
Creditors: amounts falling due after more than one year		(1,893)	(1,680)	(2,002)
Provisions for liabilities and charges		(1,499)	(1,023)	(1,497)
		<u>31,613</u>	<u>29,794</u>	<u>30,126</u>
Capital and reserves	5			
Called up share capital		14,847	14,790	14,842
Share premium account		8,765	8,626	8,753
Reserves		8,001	6,378	6,531
		<u>31,613</u>	<u>29,794</u>	<u>30,126</u>

Statement of total recognised gains and losses
for the six months ended 31st July, 1994

	6 months to 31st July, 1994	6 months to 31st July, 1993	Year to 31st January, 1994
	£000	£000	£000
Profit for the financial period	2,895	2,346	4,948
Currency translation differences	(121)	120	94
Total recognised gains and losses relating to the period ..	<u>2,774</u>	<u>2,466</u>	<u>5,042</u>

Note of historical cost profits and losses
for the six months ended 31st July, 1994

	6 months to 31st July, 1994	6 months to 31st July, 1993	Year to 31st January, 1994
	£000	£000	£000
Profit on ordinary activities before taxation	4,135	3,351	7,079
Realisation of property revaluation gains	—	—	120
Difference between historical cost depreciation charge and actual depreciation charge	8	11	16
Historical cost profit on ordinary activities before taxation ..	<u>4,143</u>	<u>3,362</u>	<u>7,215</u>
Historical cost profit for the period retained after taxation and dividends	<u>1,599</u>	<u>1,154</u>	<u>1,805</u>

Reconciliation of movements in shareholders' funds
for the six months ended 31st July, 1994

	6 months to 31st July, 1994	6 months to 31st July, 1993	Year to 31st January, 1994
	£000	£000	£000
Profit for the period	2,895	2,346	4,948
Dividends	(1,304)	(1,203)	(3,279)
Retained profit for the period	<u>1,591</u>	<u>1,143</u>	<u>1,669</u>
Other recognised gains and losses for the period	(121)	120	94
New share capital subscribed	17	3,097	3,276
Goodwill written-off on acquisitions	—	(622)	(969)
Net additions to shareholders' funds	<u>1,487</u>	<u>3,738</u>	<u>4,070</u>
Opening shareholders' funds	<u>30,126</u>	<u>26,056</u>	<u>26,056</u>
Closing shareholders' funds	<u>31,613</u>	<u>29,794</u>	<u>30,126</u>

Notes

1. Segmental analysis

					Turnover		Operating profit	
					6 months to 31st July, 1994	6 months to 31st July, 1993	6 months to 31st July, 1994	6 months to 31st July, 1993
					£000	£000	£000	£000
(a) Classes of business								
Continuing operations								
Fabrics, wallcoverings and related businesses					33,066	28,234	4,063	3,564
Fabrics, wallcoverings and related businesses acquired in the year to 31st January, 1994					2,051	752	56	(12)
					35,117	28,986	4,119	3,552
Healthcare					1,225	908	55	(20)
					36,342	29,894	4,174	3,532
(b) Sales by destination								
United Kingdom					26,347	22,155		
North America					2,325	1,895		
Europe					6,079	4,969		
Rest of the world					1,591	875		
					36,342	29,894		

2. Taxation

The tax charge for the six months ended 31st July, 1994 has been based on the estimated tax rate for the full year of 30 per cent.

3. Dividends

					6 months to 31st July, 1994	6 months to 31st July, 1993
					£000	£000
Equity – ordinary shares – proposed					(1,252)	(1,151)
Non equity – preference shares – paid					(52)	(52)
					(1,304)	(1,203)

An interim ordinary dividend of 1.30p per ordinary share (1993: 1.20p) will be paid on 6th December, 1994 to shareholders on the Register at the close of business on 10th November, 1994.

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.

4. Earnings per share

Earnings per share is based on profit after taxation and preference dividends, amounting to £2,843,000 (1993: £2,294,000) and 96,287,513 ordinary shares (1993: 93,974,393), being the weighted average number of the shares in issue during the period.

The earnings per share for the year ended 31st January, 1994 is based on earnings amounting to £4,844,000 and the weighted average of 95,019,308 ordinary shares in issue during the year.

There are no adjustments to bring the earnings per share onto a continuing basis.

5. Split of shareholders' funds

	As at 31st July, 1994	As at 31st July, 1993	As at 31st January, 1994
	£000	£000	£000
Equity	31,211	29,391	29,724
Non Equity	402	403	402
	<u>31,613</u>	<u>29,794</u>	<u>30,126</u>

6. Events occurring after the half year end

On 30th September, 1994, the entire share capital of Duwaco Wandbekleding BV ("Topwand") was acquired for a total consideration of £543,000. The purchase consideration was £183,000 in cash, £195,000 in Walker Greenbank PLC shares and £165,000 in deferred consideration payable over 2 years.

7. Employee Benefit Trust

The Company has recently established an Employee Benefit Trust and a new Executive Share Option Plan in order to provide further long-term incentives to senior executives. In June 1994 the Employee Benefit Trust purchased 1.72 million shares in the Company at an average price of 102p and options over 1.67 million of these shares were granted to 25 senior executives at an option price of 105p. The Employee Benefit Trust has been funded by a £1.25 million loan from Commerzbank AG and a £0.5 million loan from the Company.

8. Preparation of interim financial information

The interim financial statements have been prepared on a basis consistent with the accounting policies disclosed in the Annual Report and Accounts for the year ended 31st January, 1994 and to comply with FRS 4.

The consolidated results for the year ended 31st January, 1994 have been extracted from the financial statements for that year and do not constitute full statutory accounts for the Group. The Group accounts for the year ended 31st January, 1994 received an unqualified audit report and did not include a statement under section 237(2) or (3) of the Companies Act 1985 and have been filed with the Registrar of Companies.

Extract from the Auditors' Review Report

We have reviewed the interim financial information for the six months ended 31st July, 1994 which is the responsibility of, and has been approved by, the Directors. Our responsibility is to report on the results of our review.

Our review was carried out having regard to the Bulletin 'Review of Interim Financial Information' issued by the Auditing Practices Board. This review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied, and making enquiries of group management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and verification of assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with Auditing Standards. Accordingly we do not express an audit opinion on the interim financial information.

On the basis of our review:

- in our opinion the interim financial information has been prepared using accounting policies consistent with those adopted by Walker Greenbank PLC in its financial statements for the year ended 31st January, 1994 and
- we are not aware of any material modifications that should be made to the interim financial information as presented.

Touche Ross & Co.
Chartered Accountants
10-12 East Parade
Leeds LS1 2AJ

4th October, 1994

Part 4

Profit and dividend forecasts for the year ending 31st January, 1995

1. Forecast of results and dividend

- (a) The Board forecasts that, in the absence of unforeseen circumstances and on the basis of preparation and principal assumptions set out in paragraph 2 below, the consolidated profit before taxation for the Group will be not less than £8.94 million, including a profit from the disposal of an investment property of £0.26 million, for the year ending 31st January, 1995 (1994: £7.08 million).
- (b) The Board expects to recommend, in the absence of unforeseen circumstances, a final dividend of 2.30p net per share for the year ending 31st January, 1995 (1994: 2.10p net paid), making a total dividend of 3.60p net per share payable for the year (1994: 3.30p net paid).

2. Basis of preparation and principal assumptions

- (a) The forecast of consolidated profit before taxation for the year ending 31st January, 1995 has been prepared using the accounting policies normally adopted by the Group. The profit forecast is based on the Group's published unaudited interim results for the six months ended 31st July, 1994, unaudited management accounts for the four months ended 25th November, 1994 and a forecast of the Group's results for the two months ending 31st January, 1995.
- (b) The principal assumptions upon which the forecast of profit before taxation is based are:
 - (i) there will be no serious industrial or political disputes or climatic or economic disturbances which will adversely affect the Group, its operations or its customers;
 - (ii) there will be no material change in the bases or rates of direct or indirect taxation;
 - (iii) there will be no material change in U.K. rates of interest; and
 - (iv) there will be no material changes in legislation or regulatory rules or policies which will adversely affect the Group or its customers.

3. Letters relating to the profit forecast

(a) Letter from Touche Ross & Co.

"The Directors,
Walker Greenbank PLC
4 Brunel Court,
Cornerhall,
Hemel Hempstead,
Hertfordshire HP3 9XX

21st December, 1994

The Directors,
S.G. Warburg & Co. Ltd.,
2 Finsbury Avenue,
London EC2M 2PA

Dear Sirs,

We have reviewed the accounting policies and calculations used to prepare the forecast of profit before taxation ("the Forecast") of Walker Greenbank PLC ("the Company") and its subsidiary undertakings (together "the Group") for the year ending 31st January, 1995 for which the Directors of the Company are solely responsible, set out in paragraph 1(a) of Part 4 of the circular to shareholders dated 21st December, 1994 ("the Circular").

The Forecast is based on the Group's published unaudited interim results for the six months ended 31st July, 1994, unaudited management accounts for the four months ended 25th November, 1994 and a forecast of the Group's results for the two months ending 31st January, 1995.

In our opinion the Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors of the Company, set out in paragraph 2(b) of Part 4 of the Circular, and has been prepared on a basis consistent with the accounting policies normally adopted by the Group.

Your faithfully,
Touche Ross & Co.
Chartered Accountants"

(b) Letter from S.G. Warburg & Co. Ltd.

"The Directors,
Walker Greenbank PLC
4 Brunel Court,
Cornerhall,
Hemel Hempstead,
Hertfordshire HP3 9XX

21st December, 1994

Dear Sirs,

We refer to the forecast of profit before taxation ("the Forecast") of Walker Greenbank PLC ("the Company") and its subsidiary undertakings for the year ending 31st January, 1995 set out in paragraph 1(a) of Part 4 of the circular dated 21st December, 1994 addressed to the shareholders of the Company.

We have discussed the Forecast, together with the basis and principal assumptions upon which the Forecast is made, with you and with Touche Ross & Co. We have considered the letter dated 21st December, 1994 addressed to you and ourselves from Touche Ross & Co. regarding the accounting policies and calculations used to prepare the Forecast.

On the basis of the foregoing, we consider that the Forecast, for which you as Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
for and on behalf of
S.G. Warburg & Co. Ltd.
James Taylor
Director"

Part 5

General information

1. Responsibility for the listing particulars

The Directors, whose names appear in paragraph 2 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors of Walker Greenbank

The Directors are as follows:

David Gordon Richards	Non-executive Chairman
Autony Charles Wightman	Chief Executive
Roger Charles Smurthwaite	Managing Director
Martin Christopher Hynes	Finance Director
Michael Siegfried Meyer	Non-executive Director

The business address of each of the Directors is 4 Brunel Court, Cornerhall, Hemel Hempstead, Hertfordshire HP3 9XX.

3. Formation and constitution of Walker Greenbank

Walker Greenbank was incorporated in England and Wales. The Company's registered office is at 4 Brunel Court, Cornerhall, Hemel Hempstead, Hertfordshire HP3 9XX. The Company is the holding company of a number of businesses operating in three main markets. The commercial division designs, manufactures, markets and distributes a range of durable wallcoverings, display materials and upholstery fabrics. The consumer division supplies furnishing fabrics and wallcoverings to the middle and top end of the retail market in the U.K., Continental Europe and the United States. The healthcare division designs and markets a range of mobility aids for the less able.

4. Details of new ordinary shares

The 19,320,139 new ordinary shares are being offered at a price of 90p per share, representing a premium of 75p over their nominal value of 15p each. The new ordinary shares, which will, following the expiry of the renunciation period under the rights issue, be in registered form, will rank pari passu in all respects with the existing ordinary shares, including the right to receive the final dividend to be paid in respect of the year ending 31st January, 1995. Application has been made to the London Stock Exchange for the new ordinary shares to be admitted to the Official List. Admission to listing is not being sought on any other stock exchange. It is expected that the new ordinary shares will be admitted to the Official List and that dealings in the new ordinary shares will commence (nil paid) on 22nd December, 1994. None of the new ordinary shares have been sold or are available in whole or in part to the public in conjunction with the application for the new ordinary shares to be admitted to the Official List otherwise than pursuant to the rights issue.

5. Indebtedness

At the close of business on 25th November, 1994 the Group had the following borrowings outstanding:

	£m
Unsecured borrowings	
— bank overdrafts	1.33
— short term bank loans	1.54
Secured borrowings	
— bank overdrafts	0.33
— term bank loans	0.21
Finance lease obligations	0.24
Gross borrowings	3.65

As at 25th November, 1994 the Group also had outstanding an unsecured term bank loan of £1.25 million relating to the Walker Greenbank PLC Employee Benefit Trust.

Amounts in foreign currencies have been translated into sterling at rates of exchange ruling at the close of business on 25th November, 1994.

Save as disclosed above and apart from intra-group liabilities, no member of the Walker Greenbank Group had outstanding at the close of business on 25th November, 1994 any loan capital (whether issued or created but unissued) term loans, mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, obligations under finance leases, guarantees or other material contingent liabilities.

At the close of business on 25th November, 1994 the Group also had cash at bank and in hand of £0.81 million.

6. Working capital

The Directors are of the opinion that, taking into account available bank and other facilities and the net proceeds of the rights issue, the Walker Greenbank Group has sufficient working capital for its present requirements.

7. Share capital of Walker Greenbank

- (a) Set out below are details of the share capital of Walker Greenbank as at the date of this document, and as it will be following the rights issue:

(i) Ordinary shares of 15p each

	Present		Following the rights issue	
	No. of shares '000	Nominal value £000	No. of shares '000	Nominal value £000
Authorised	140,000	21,000	140,000	21,000
Issued and fully paid	96,601	14,490	115,921	17,388

(ii) Cumulative convertible redeemable preference shares of 25p each

	Present		Following the rights issue	
	No. of shares '000	Nominal value £000	No. of shares '000	Nominal value £000
Authorised	6,000	1,500	6,000	1,500
Issued and fully paid	1,596	399	1,596	399

The convertible preference shares bear a fixed preferential dividend at 6.5p per share per annum, and are convertible into ordinary shares at the convertible preference shareholders' option in August in any of the years to 2005 at the rate set out in the Company's Articles of Association.

- (b) As at the date of this document, the following options to subscribe for ordinary shares were outstanding under the 1985 Scheme:

Date of grant	Exercise period	Exercise price	Number of ordinary shares under option
4th November, 1988	04.11.91 to 03.11.98	117p	332,500
4th June, 1990	04.06.93 to 03.06.00	51p	515,000
14th May, 1991	14.05.94 to 13.05.01	65p	1,233,000
7th November, 1991	07.11.94 to 06.11.01	55p	40,000
27th January, 1993	27.01.96 to 26.01.03	73p	100,000
26th May, 1993	26.05.96 to 25.05.03	82p	1,245,000
10th January, 1994	10.01.97 to 09.01.04	95p	110,000
9th February, 1994	09.02.97 to 08.02.04	113p	50,000
			<hr/> 3,625,500 <hr/>

All options under the 1985 Scheme were granted for £1 consideration.

As at the date of this document, the Walker Greenbank PLC Employee Benefit Trust held ordinary shares over which the following options have been granted pursuant to the 1994 Scheme:

Date of grant	Exercise period	Exercise price	Number of ordinary shares under option
20th June, 1994	20.06.97 to 19.06.04	105p	1,665,000

The consideration payable for the grant of options under the 1994 Scheme was nil.

Particulars of the options held by Directors in respect of ordinary shares are specified in paragraph 9(a) below.

- (c) Save as disclosed in this paragraph 7 and in paragraph 10(e) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed, conditionally or unconditionally, to be put under option.
- (d) By an ordinary resolution passed on 1st June, 1994 the Directors were generally and unconditionally authorised to allot relevant securities (as defined for the purposes of section 80 of the Act) up to an aggregate nominal amount of £4,813,366, such authority to expire on the date being five years after the passing of the 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 the authority had not expired.
- (e) By a special resolution passed on 1st June, 1994 the Directors were 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 described in paragraph 7(d) above as if section 89(1) of the Act did not apply to any such allotment, this power being limited:
 - (i) 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 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
 - (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) 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

such power (unless renewed, varied or revoked by the Company) to expire on the date being fifteen months from the date of passing of the resolution or, if earlier, at the conclusion of the annual general meeting of the Company in 1995 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 such power had not expired.

- (f) The provisions of section 89(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in section 94(2) of the Act) which are, or are to be, paid up in cash) apply to the allotment of unissued ordinary shares to the extent that such rights are not disapplied pursuant to section 95 of the Act.

- (g) At 20th December, 1994, being the latest practicable date prior to the publication of this document, so far as was known to the Company, the following had interests of 3 per cent. or more of the issued ordinary share capital of the Company:

	Number of ordinary shares	Percentage of issued ordinary share capital
British Airways Pensions	4,232,400	4.38
Prudential Corporation Group	3,927,519	4.07
Electricity Supply Pension Schemes	3,918,575.	4.06
Standard Life	2,950,000	3.05

- (h) The existing ordinary shares are listed on the London Stock Exchange.

8. Rights attaching to new ordinary shares and to convertible preference shares

The Articles of Association include or incorporate, inter alia, provisions to the following effect:

(a) Voting Rights

The convertible preference shares confer on the holders thereof the right to receive notice of, attend and vote at every general meeting of the Company but do not confer on the holders thereof the right to attend or vote at any such meeting unless at the date of the notice convening such meeting, the dividend on such shares is six months or more in arrears (and for this purpose the dividend is deemed to be payable half-yearly on 2nd February and 1st August; or a resolution is to be proposed for the winding up of the Company, the reduction of its share capital or any abrogation or variation of any of the rights or privileges of the holders of the convertible preference shares and in any such event the holders of convertible preference shares shall be entitled to attend and vote at any such general meeting and, on a show of hands each holder of convertible preference shares who (being an individual) is present in person or (being a corporation) is present by a representative, shall have one vote and on a poll each such holder who is present in person or by proxy shall be entitled to exercise the number of votes which he/she would have been entitled to exercise if all the convertible preference shares held by him/her had been converted into ordinary share capital at the applicable conversion rate or, after the last conversion date (as defined in the Articles of Association), shall be entitled to one vote per convertible preference share held by him/her.

Subject as aforesaid and to any special rights or restrictions as to voting attached to any special class of shares which may be issued, or may for the time being be held, and subject as mentioned below, at any general meeting on a show of hands every person present who is either a member (being a holder of ordinary shares or convertible preference shares) entitled to vote in his/her own right and/or the duly authorised representative of one or more corporations (which is a holder of ordinary shares or convertible preference shares) shall have one vote, and in the case of a poll, every member present in person or by proxy shall have one vote for every share of which he/she is the holder.

Unless the Directors otherwise determine no member shall be entitled (save as proxy for another member) to attend or vote at any general meeting, either personally or by proxy in the event of either non-payment of calls or other monies due and payable in respect of shares in the Company held by him/her or non-compliance after 30 days from the date of service of a notice pursuant to any statutory provision relating to disclosure of interests in voting shares. Disenfranchisement in respect of such non-compliance will only take effect upon the expiry of seven days notice served both on the registered holder of the shares in question and on any other person duly served with a notice thereunder and the disenfranchisement shall only apply for so long as the required information has not been supplied.

(b) Transferability of Shares

The ordinary shares and the convertible preference shares are in registered form. All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form approved by the Board which shall be executed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The Board may in their absolute discretion, and without assigning any reason therefor, decline to register any transfer of, or which includes, shares which are not fully paid. The Board may refuse to register any instrument of transfer of shares

unless: (i) the instrument of transfer is duly stamped and is lodged at the registered office of the Company, or such other place as the Board may appoint, accompanied by the relevant share certificates and other such evidence of ownership as the Board may reasonably require; (ii) the instrument of transfer is in respect of only one class of share and (iii) in the case of a transfer to joint holders, they do not exceed four in number.

The registration of transfers of shares, or of any class of shares, may be suspended and the register closed at such times and for such periods as the Board may from time to time determine, provided that it shall not be closed for more than thirty days in any year.

(c) Dividends and Winding-up

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the Board.

The holders of the convertible preference shares are entitled, in priority to any payment of dividend to the holders of any other class of shares of the Company, to be paid in respect of each financial year a fixed cumulative preferential dividend at the rate of 6.5p per convertible preference share per annum (net), such dividend to be payable half-yearly in arrears by two equal instalments on 2nd February and 1st August in each year, and are not entitled to any further right of participation in the profits of the Company.

All dividends shall be declared and paid according to the amount paid on the shares in respect whereof the dividend is paid but, for these purposes, no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as if paid up (in whole or in part) as from a particular date or be entitled to dividends declared after a particular date, such share shall rank for or be entitled to dividends accordingly.

Subject to the provisions of the Act, the Board may pay to the members in respect of any class of shares in the capital of the Company (including shares which confer on the holders thereof preferential rights with regard to dividend) such interim dividends as appear to the Directors to be justified. The Board may also pay the fixed dividend payable on any shares of the Company with preferential rights half-yearly or otherwise on fixed dates if, in the opinion of the Directors, the payment is justified.

All unclaimed dividends may be retained by the Company or invested or made use of by the Company as the Board may think fit until the same be claimed and so that the Company shall not be obliged to account for any interest or other income derived therefrom nor shall it be constituted a trustee in respect thereof or be responsible for any loss thereby arising. All dividends unclaimed for a period of twelve years after having been declared shall be forfeited and shall revert to the Company.

On a return of capital on a winding-up or other repayment of capital (otherwise than on redemption of the convertible preference shares or any other redemption of capital duly authorised by the Articles of Association of the Company), the holders of the convertible preference shares are, subject as provided below, entitled to receive in priority to any payment to the holders of any other class of shares, out of the assets available for distribution the repayment of a sum equal to the nominal capital paid up or credited as paid up on the convertible preference shares held by them respectively plus a premium of 75p per convertible preference share and a sum equal to all arrears and accruals (if any) of the fixed preferential dividend referred to above irrespective of whether or not such dividend has been declared or earned, to be calculated down to and including the date of such repayment of capital. The holders of the ordinary shares are next entitled to receive a sum equal to the nominal capital paid up or credited as paid up on the ordinary shares together with a sum of £1,000 per ordinary share held by them respectively. Thereafter the holders of the convertible preference shares shall be entitled to participate with the holders of the ordinary shares on the basis that for every 1p paid in respect of each convertible preference share there shall be paid £1 in respect of each ordinary share in the surplus assets (if any) of the Company available for distribution.

If while any of the convertible preference shares remain capable of conversion the Company is placed in liquidation, a holder of convertible preference shares shall, in respect of all or any of his/her convertible preference shares, be entitled within forty-two days after the date of the resolution for the winding-up of the Company or (as the case may be) after the date of the court

order for such winding-up (the "operative date") to elect to be treated as if his/her conversion rights had been exercisable and had been exercised on the day before the operative date and in that event such holder shall be entitled to be paid in satisfaction of the amount due in respect of such of his/her convertible preference shares as are to be treated as converted a sum equal to the amount to which he/she would have become entitled on such liquidation if he/she had been the holder of the ordinary shares to which he/she would have become entitled by virtue of such conversion together with any arrears of the fixed cumulative preferential dividend on such convertible preference shares calculated to the last date prior to the day immediately preceding the operative date on which such dividend was payable.

The convertible preference shares shall carry no further right to participate in the assets of the Company.

On a winding-up the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or kind the whole or any part of the assets of the Company in such manner as he/she shall think fair and may, for that purpose, set such value as he/she deems fair upon any property to be divided as aforesaid and may with the like sanction, determine how such division shall be carried out between the members or different classes of members of the Company. The liquidator may with the like sanction vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members as the liquidator shall think fit but so that no member shall be compelled to accept any shares or other securities whereon there is a liability.

9. Directors' remuneration and other interests

- (a) As at the date of this document, the interests (all of which are beneficial) of the Directors and their immediate families in the share capital of the Company pursuant to section 324 or 328 of the Act or which are required to be entered in the register maintained under section 325 of the Act or which so far as the Directors are aware having made due and proper enquiry of those persons connected (within the meaning of section 346 of the Act) with each Director would be required to be included if those persons were Directors in each case as at the date of this document were as follows:

										Ordinary shares	Share options
M.C. Hynes ..	..	..	..	..	..	..	..	..	..	35,000	375,000
M.S. Meyer ..	..	..	..	..	..	..	..	..	..	10,000	—
D.G. Richards ..	..	..	..	..	..	..	..	..	..	50,000	—
R.C. Smurthwaite ..	..	..	..	..	..	..	..	..	..	101,473	825,000
A.C. Wightman ..	..	..	..	..	..	..	..	..	..	15,000	850,000

- (b) No Director is interested in any transaction which is or was unusual in its nature or conditions or which is or was significant in relation to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year or during any earlier financial year and remains in any respect outstanding or unperformed.
- (c) The aggregate of the remuneration paid and benefits in kind (including pension contributions) granted to the then Directors by members of the Group during the year ended 31st January, 1994 amounted to £718,000.
- (d) Save for the service contracts between the Company and the Directors made available for inspection at the last Annual General Meeting of the Company held on 1st June, 1994, there are no contracts of service, existing or proposed, between any Director and any member of the Group and there have been no variations to the terms of any of the service contracts of the Directors since that date.

10. Material contracts

The following contracts, which are or may be material, have been entered into by members of the Walker Greenbank Group otherwise than in the ordinary course of business since 21st December, 1992 (being the date two years prior to the date of this document) and have not been on display since that date:

- (a) An agreement dated 13th April, 1993 made between J. H. Bailey Esq. and others (the "Vendors") (1) and the Company (2) pursuant to which the Vendors agreed to the sale to the Company of the entire issued share capital of John Hartley (Cowling) Limited ("JH") for a total consideration of

£1,594,000 including the assumption of £720,000 of debt, to be satisfied in cash as to £554,000 and in respect of the balance, such number of ordinary shares (the "Consideration Shares") as had an aggregate value nearest to but not less than £320,000. For this purpose, the value of each Consideration Share was a sum equal to the average of the middle market quotation of an ordinary share on the London Stock Exchange on the last five business days up to and including the date of the agreement.

- (b) An agreement dated 14th April, 1993 made between the Company (1) and S.G. Warburg Securities Ltd. ("SGW") (2) pursuant to which SGW agreed as agent for the Company, to procure subscribers and as principal to the extent that it did not so procure subscribers, itself to subscribe for the Placing Shares (defined below) at 70p per share (the "Placing Price"). The Placing Shares comprised (i) 721,429 ordinary shares allotted and issued credited as fully paid to, or to persons nominated by, SGW on terms that their allotment realised the £554,000 necessary to make up the cash consideration specified in sub-paragraph (a) of this paragraph 10 and (ii) a further 3,100,000 ordinary shares, all such shares ranking *pari passu* in all respects with the then existing issued ordinary shares of the Company save that they did not rank for the final dividend in respect of the financial year ended 31st January, 1993. The Company agreed to pay SGW for its services under this agreement a commission of 1 per cent. of the aggregate value of the Placing Shares at the Placing Price plus value added tax thereon (if any). In addition the Company gave certain warranties and an indemnity in favour of SGW.
- (c) An agreement dated 29th October, 1993 made between Afia Carpets Limited ("Afia") (1), Wallcoverings International Limited ("Wall") (2) and David Afia and Judith Afia (3) pursuant to which Afia agreed to sell to Wall the goodwill of Afia's business and its associated assets for a total cash consideration of £250,000. £50,000 of the consideration was paid on completion and the balance of £200,000 is to be paid in three annual instalments.
- (d) An agreement dated 24th June, 1994 made between the Company (1) and Cofton Land & Property Limited ("Cofton") (2) pursuant to which the Company agreed to sell and Cofton agreed to purchase the freehold land comprised in H.M. Land Registry Title No. SL48201, known as land at Station Road, Donnington, Telford, Shropshire, excluding a portion of retained land, for a total cash consideration of £1,300,000.
- (e) An agreement dated 29th September, 1994 made between the Company (1) and Duwaco Onroerend Goed B.V. ("Duwaco") (2) pursuant to which Duwaco sold to the Company the entire issued capital of Duwaco Wandbekleding B.V. The consideration for the shares was 1,450,000 Dutch guilders, of which 500,000 Dutch guilders were paid at completion. Of the balance of the consideration part was satisfied by the issue of 183,725 ordinary shares in the Company. In respect of the remainder of the consideration being 450,000 Dutch guilders, this is payable as to 250,000 Dutch guilders on the first anniversary of the agreement and as to 200,000 Dutch guilders on the second anniversary of the agreement. Duwaco can elect to take all or part of those instalments in ordinary shares in the capital of the Company.
- (f) An agreement dated 21st December, 1994 made between Collins & Aikman Products Co. ("Collins & Aikman") and Wickes International Corporation (together "C&W") (1), Abaris (2) and Warner Fabrics (3) pursuant to which C&W agreed to sell to Abaris the entire issued share capital of Warner Fabrics for a total consideration of £1,872,000. On completion Abaris procured the payment by Warner Fabrics to Collins & Aikman of the sum of £2,582,000, being the principal amount of an inter-company debt between those companies under the terms of two promissory notes dated 31st March, 1993 and 16th December, 1993.
- (g) An agreement dated 21st December, 1994 (the "Underwriting Agreement") made between the Company (1) and S.G. Warburg (2) under which S.G. Warburg has agreed, subject to the conditions specified therein, to underwrite the rights issue.

Under the Underwriting Agreement, S.G. Warburg is entitled to receive a commission of 2 per cent. of the aggregate value at the subscription price of the new ordinary shares, of which $\frac{1}{4}$ per cent. is payable only if the conditions of the rights issue are satisfied. Out of such commission S.G. Warburg will pay sub-underwriting commissions to the extent, if any, that sub-underwriters are procured and a fee to the brokers to the rights issue.

Under the Underwriting Agreement, the Company has agreed to indemnify S.G. Warburg and has given to S.G. Warburg certain representations, warranties and undertakings. The Underwriting Agreement is conditional, *inter alia*, on the admission of the new ordinary shares to the Official List

of the London Stock Exchange becoming effective by 9.30 a.m. on 22nd December, 1994. The Underwriting Agreement contains provisions entitling S.G.Warburg to terminate its obligations thereunder prior to such admission.

11. Litigation

Neither Walker Greenbank nor any of its subsidiaries is engaged in any legal or arbitration proceedings which may have or have had during the twelve months preceding the date of this document a significant effect on the financial position of the Group taken as a whole, nor, so far as Walker Greenbank is aware, are any such proceedings pending or threatened against Walker Greenbank or any of its subsidiaries which may have such an effect.

12. Market quotations

The following table sets out the middle market quotations for the ordinary shares derived from the London Stock Exchange Daily Official List on the first dealing day of each of the six months from July 1994 to December 1994 and on 20th December, 1994 (the last dealing day prior to the publication of this document):

1st July, 1994	..	..	..	..	..	..	..	..	..	..	101p
1st August, 1994	..	..	..	..	..	..	..	..	..	..	102p
1st September, 1994	..	..	..	..	..	..	..	..	..	..	105p
3rd October, 1994	..	..	..	..	..	..	..	..	..	..	106p
1st November, 1994	..	..	..	..	..	..	..	..	..	..	105p
1st December, 1994	..	..	..	..	..	..	..	..	..	..	106p
20th December, 1994	..	..	..	..	..	..	..	..	..	..	107p

13. Other information

- (a) Save as referred to in the current trading section of the Letter from the Chairman contained in Part 1 of this document, there has been no significant change in the financial or trading position of the Group since 31st July, 1994, the date to which the interim results set out in Part 3 of this document were prepared.
- (b) S.G.Warburg, of 2 Finsbury Avenue, London EC2M 2PA, registered in England and Wales number 292689, is a member of The Securities and Futures Authority Limited. S.G.Warburg and Touche Ross & Co. have each given and have not withdrawn their written consent to the issue of this document with the inclusion herein of the references to their respective letters and names in the form and context in which they appear. S.G.Warburg has authorised the contents of the letter set out in paragraph 3(b) of Part 4 of this document and Touche Ross & Co. has authorised the contents of the letter set out in paragraph 3(a) of Part 4 of this document in each case for the purposes of section 152(1)(e) of the Financial Services Act 1986.
- (c) The expenses relating to the rights issue (including underwriting commission, the London Stock Exchange listing fee, the Company's and S.G.Warburg's professional fees, the costs of printing and circulating this document and the fee payable to the receiving bank) are estimated to amount to approximately £0.55 million (net of VAT) and are payable by Walker Greenbank.
- (d) Touche Ross & Co., Chartered Accountants, 10-12 East Parade, Leeds, LS1 2AJ were the auditors to the Company and audited the annual accounts of the Company for the three financial years ended 31st January, 1994.
- (e) The financial information contained in this document does not constitute statutory accounts within the meaning of Section 240 of the Act. Statutory accounts for the Company for the financial year ended 31st January, 1994 have been delivered to the Registrar of Companies on which the auditors gave a report under Section 235 of the Act which was not qualified and did not contain any statement as is referred to under Sections 237(2) or (3) of the Act. No accounts for the Company have been delivered to the Registrar of Companies in respect of any subsequent period.
- (f) The registrars of the Company are Independent Registrars Group Limited, Broseley House, Newlands Drive, Witham, Essex CM8 2UL. The receiving bank for the rights issue is Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ.

14. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of McKenna & Co., Mitre House, 160 Aldersgate Street, London EC1A 4DD and at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 10th January, 1995:

- (a) the Memorandum and Articles of Association of Walker Greenbank;
- (b) the published audited consolidated accounts of Walker Greenbank for the two financial years ended 31st January, 1994 and the published unaudited interim results of Walker Greenbank for the period ended 31st July, 1994;
- (c) the material contracts referred to in paragraph 10 above;
- (d) the Directors' contracts of service referred to in paragraph 9(d) above;
- (e) the rules of the Walker Greenbank share option schemes;
- (f) the consent letters referred to in paragraph 13(b) above; and
- (g) the letters set out in paragraph 3 of Part 4 of this document.

21st December, 1994