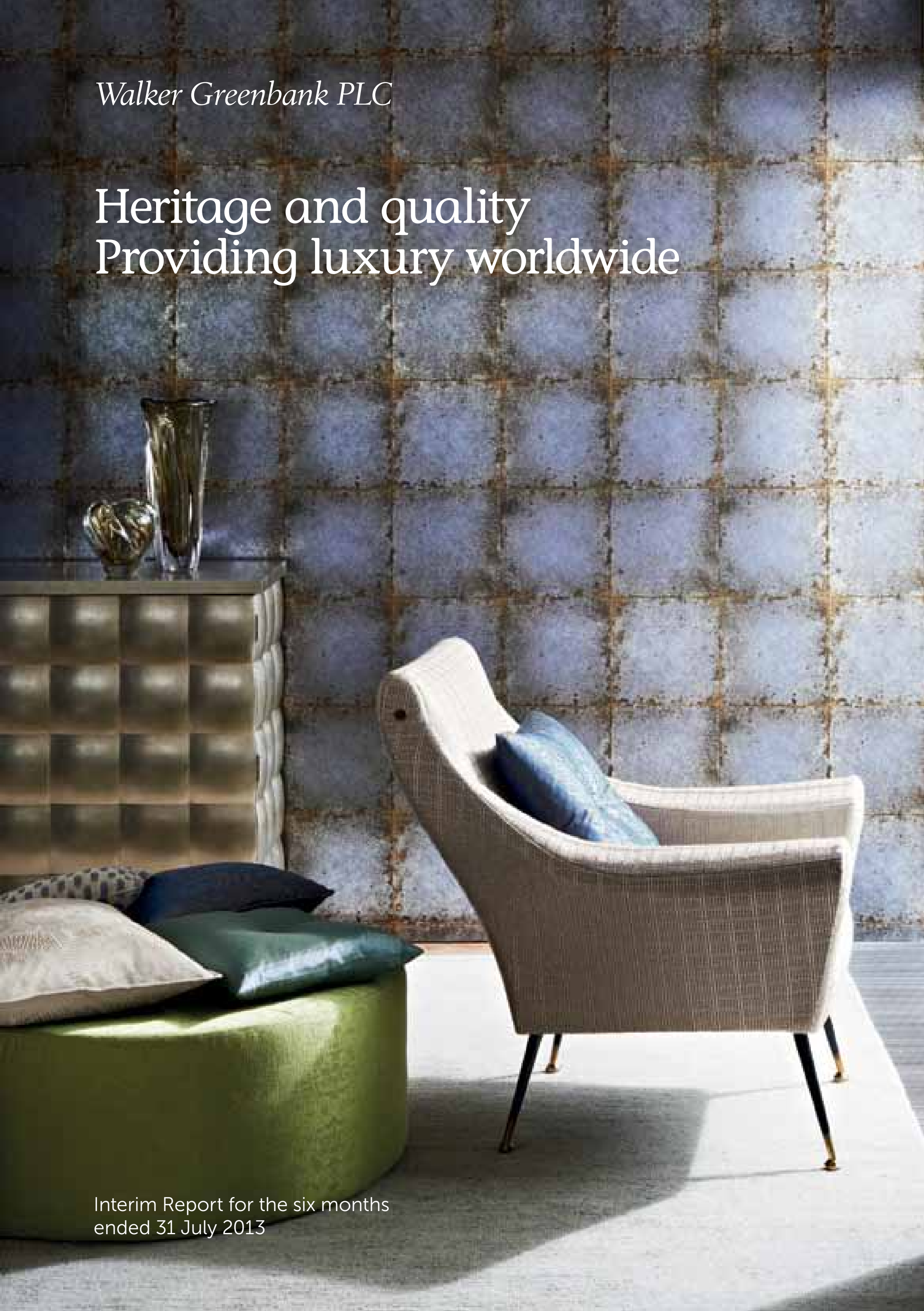
Walker Greenbank PLC

Heritage and quality Providing luxury worldwide



Interim Report for the six months ended 31 July 2013

Walker Greenbank PLC is an international luxury interior furnishings group

The Group's brands, Sanderson, Morris & Co., Harlequin, Zoffany and Scion offer a unique mix of heritage and contemporary design. The Group designs, manufactures and markets wallcoverings, fabrics and complementary products.

Cover image:
The Quartz collection from Zoffany

Image above:
Sanderson Home's debut collection, Maycott

Overview

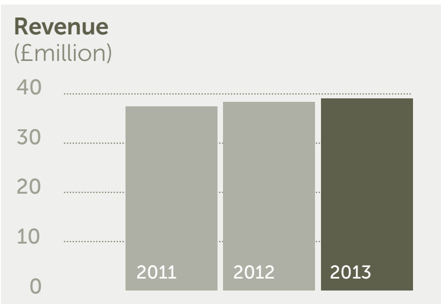
Financial statements

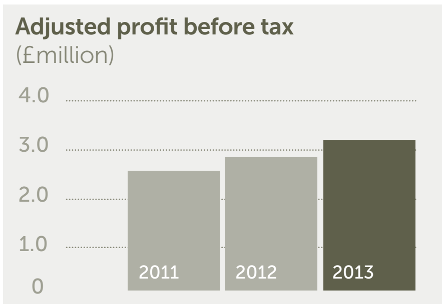
For more information please visit:
www.walkergreenbank.com

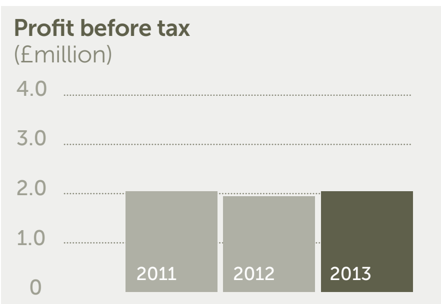
Highlights

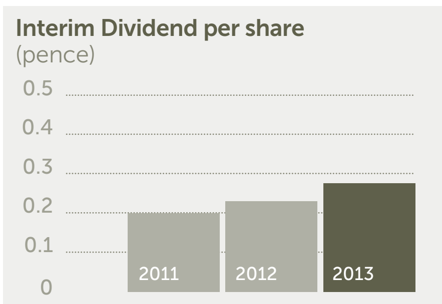
- Sales of £39.1 million (H1 2012: £38.3 million), with strong overseas brand sales notably in the US, Western Europe and the Far East
- Licensing income up 26% at £1.01 million (H1 2012: £0.80 million), driven by Sanderson in Japan and our bedding licensees in the UK and Australia
- Record performance from manufacturing with sales up 4.0% at £15.9 million
  - › digital fabric printing sales up 121% to £1.7 million after significant investment
  - › custom-built £1.75 million hybrid rotary/gravure machine successfully commissioned enhancing the Group's wallpaper printing capabilities
- Adjusted profit before tax* up 13.3% at £3.06 million (H1 2012: £2.70 million)
- Adjusted earnings per share* up 17.6% at 4.47p (H1 2012: 3.80p)
- Unadjusted profit before tax of £2.04 million (H1 2012: £1.94 million)
- Interim dividend up 21.7% to 0.28p per share (H1 2012: 0.23p per share)

* Adjusted for accounting charges relating to share-based incentives and defined benefit charge.



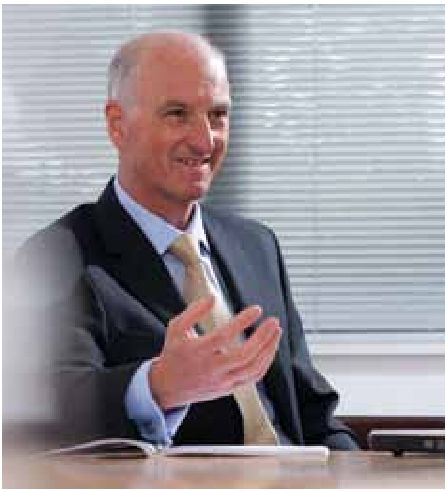






Establishing our strong position through quality brands and key partnerships

Terry Stannard Non-executive Chairman



Overview

I am pleased to report further progress in Walker Greenbank's trading performance and continued advances in the delivery of its strategy to extend the worldwide reach and range of the Group's products. Our worldwide brand sales grew 2.2% compared with the same period last year.

Brands sales growth of 7.4% in the US, our largest market outside of the UK, is particularly encouraging and the territory continues to represent good opportunity for market share growth. Initiatives to build US sales include substantially extending our flagship showroom in New York, which will be completed in the second half of the current financial year.

We have achieved growth of 6.5% in Western Europe, our second largest market outside of the UK, for the first time since the Eurozone crisis.

Outside of the US and Western Europe we have continued to develop our Rest of the World business where we have seen sales growth of 5.8%, helped by double digit growth in the Far East, Middle East and Australasia. Our overseas brands sales now represent 42% of our total brand sales.

Our UK brand sales experienced a small decline of 1.7% largely attributable to our Zoffany brand. It is encouraging that UK brand sales are up 1.1% since the half year on an improving trend, with sales growth of 2.6% in September.

The heritage, brand recognition and design excellence of our brands offers significant opportunities to extend our range of products through new licence arrangements. Licence income has grown 26% in the first half, driven by Sanderson and Morris & Co in Japan and strong performance from our UK and Australian bedding licensees.

We continue to invest in our manufacturing base, which represents a key asset that differentiates us from others in our industry. This investment has helped grow manufacturing sales and profits to record levels. We have recently completed our most significant investment with the purchase of a £1.75 million custom-built hybrid rotary/gravure printing machine for our wallpaper factory in Loughborough which was successfully commissioned on time and on budget as announced on 4 September 2013. This will not only increase capacity and improve efficiencies but allow the development of textured products which are a new opportunity for Walker Greenbank particularly for overseas markets.

Financials

Sales in the half year increased 2.0% to £39.1 million, from £38.3 million. Operating profits before an accounting charge relating to the Long-Term Incentive Plan ('LTIP') have risen 12.7% from £2.79 million to £3.15 million. The profit from operations grew 7.6% to £2.56 million (2012: £2.38 million).

The interest charge has reduced from £93,000 to £90,000, however the defined benefit pension charge has risen from £350,000 to £430,000.

Profit before tax before the LTIP accounting charge and the defined benefit charge increased 13.3% to £3.06 million (2012: £2.70 million). Profit before tax after the two charges was £2.04 million (2012: £1.94 million).

Profit after tax was £1.58 million (2012: £1.42 million) and adjusted earnings per share were up 17.6% at 4.47p (2012: 3.80p), after removing the LTIP accounting charge and defined benefit charge.

The Group maintains a strong balance sheet with indebtedness at the half year of £2.19 million, a reduction of £0.50 million over the last 12 month period despite the significant level of capital investment undertaken by the Group (31 January 2013: net funds £1.16 million).

Dividend

The Board has declared an interim dividend of 0.28p per share which represents an increase of 21.7% on the prior year reflecting the Boards confidence in the current financial position and future financial performance of the Group. The interim dividend will be payable on 22 November 2013 to shareholders on the register as at 25 October 2013.

People

On behalf of the Board I would like to thank all our management and employees for their continuing enthusiasm, commitment and support.

Outlook

Total brand sales in the eight weeks since the half year are up 3.8% compared with the corresponding period last year. It is encouraging to note that brand sales in the UK are up 2.6% in September on an improving trend, giving us confidence as we enter the key autumn selling period. Manufacturing continues to perform strongly and our licence income continues to build. We remain confident of meeting market expectations for the full year.

Terry Stannard
Non-executive Chairman
30 September 2013

Image left:
Momentum Wallcoverings Volume 2, from Harlequin

Image right:
Town & Country, from Zoffany

Chief Executive's Review

Delivering growth through continued investment

John Sach Group Chief Executive

Introduction

It is encouraging to report further progress in the Group's trading performance with both sales and operating profits increasing over the same period last year. Our substantial investment in the brands' product ranges, the stretching of their market positions through the launch of new sub-brands and the significant investment in our manufacturing capabilities have all helped drive this trading performance.

We have significantly grown our licence income reflecting the continued development of licencing arrangements and our growing range of product categories.

The Brands

The brands segment incorporates global trading from our internationally recognised brands including our overseas subsidiaries in the US and France.

The brands segment has grown sales by 2.2% over the same period last year to £30.2 million. Trading conditions in our largest market, the UK, have remained challenging and have led to a small sales decline of 1.7% to £17.0 million in the first half. However, this decline has been more than offset by gains in our export markets which have grown by 6.5% to £12.2 million and now represent 42% of brand sales. The US market, our second largest market, has shown continued progress by growing 7.4% over the same period last year (3.7% in constant currency).

Encouragingly, our third most significant market, Western Europe, has improved during the past nine months with sales growing by 6.5% in the first half (2.6% in constant currency). We continue to develop the considerable opportunities to grow the brands in the Rest of the World where sales have grown 5.8%.

The significant potential to develop licensing opportunities through the extension of product categories across our brands has helped to grow licence income 26% to just over £1.0 million in the six month period.

The brands' operating profits have increased by 11.3% to £2.83 million.

Harlequin & Scion
Harlequin has grown its worldwide sales 3.3% to £12.9 million compared with the same period last year. It continues to be the UK's leading mid-market brand, achieving further growth of 0.7% in the UK. It has cemented its position as the Group's number one brand in the US, growing 18.1% compared with the same period last year. Sales in Western Europe continue to improve growing 18.4% in the first half. Elsewhere there has been a small sales decline of 2.9% to £1.85 million.

The Scion brand, which was launched in the early part of last year, continues to grow its brand presence with the launch of its second extensive collection, Wabi Sabi, in February. Its simple contemporary designs are proving to be ideally suited to licensed product and to date successful ranges of rugs, bed-linen and towels have been launched.

Sanderson, incorporating the Morris & Co brand
Sales at Sanderson grew 3.8% over the same period last year to £10.5 million. The largest market, the UK, has declined by 1.9%, however in export markets sales grew by 10.8% with the US, its second biggest export market, increasing 12.0%. The largest export market, Western Europe, experienced a small decline of 0.6% with countries such as Italy and Spain declining by more than 20%. Ireland, which historically has been a significant market for Sanderson, grew 47%. The strength of the Sanderson and Morris & Co brands in the Far East, and specifically Japan, continues to be important with sales in the region growing 51% over the same period last year.

The Sanderson and Morris & Co brands have the heritage and global brand recognition, as well as an extensive archive of designs, to attract licensing opportunities, leading to an increase in licence income of 18.2% in the first half. Income from Japan continues to grow but it has been new bedding launches in the UK and Australian licensees that have driven growth. New licensees, such as the international ceramics company Portmeirion and Brink & Campman rugs, have also progressed well during the period.

Zoffany
Zoffany is positioned at the upper end of the premium market which has been the most challenging area of the market in the past 12 months. In light of this, the opportunity was taken to discontinue some older slow selling collections slightly early, which contributed to an overall decline of 5.6% in sales to £5.3 million with Zoffany's two biggest markets, the UK and US, declining 7.8% and 3.9% respectively.

All other markets taken as a whole, with the notable exception of Western Europe, where growth of 3.3% was recorded, have also seen a slight decline. Within the mix we have seen a number of individual territories delivering growth.

Image left:
The Wabi Sabi collection from Scion

Image right:
Maple, from the Options 11 collection from Sanderson

Strong foundations through continual innovation

We have recently appointed a creative director to oversee the design strategy and direction of the Zoffany brand, with an emphasis on positioning the brand for sustained growth. On a positive note, Zoffany's sales since the half year are 2% ahead of the same period last year, with sales being driven by newer collections launched in the past 18 months.

Manufacturing
Continued significant investment in our wallpaper and fabric printing factories has helped deliver another strong performance with sales and profitability both increasing to record levels. Total sales grew 4.0% to £15.9 million leading to an increase in profits of 8.5% to £1.48 million.

Anstey
Anstey, our wallpaper factory, has seen overall sales of £8.0 million, level with the same period last year. Sales to our own group brands grew 3.2% with third party sales declining 3.4% on last year's external record sales performance.

Anstey has continued its investment in new innovative printing techniques. Recent investment in digital printing and the acquisition of a scatter machine has been followed by additional digital printing capacity and most significantly its £1.75 million investment in the first half in a hybrid rotary/gravure machine. This new custom-built machine will increase much-needed gravure capacity and replace outdated rotary equipment leading to improvements in efficiencies. It will also allow a new textured wallpaper product to be created by combining the two print techniques. This capability is being used by Harlequin in its latest collection, Leonida, to be launched this autumn and by third party customers developing their own new products. The machine is also currently being used by Harlequin to develop wallpaper ranges specifically created for international markets for launch next year.

Standfast
Overall sales at Standfast, our fabric printing factory, were 8.8% higher than the same period last year with sales from third party customers increasing 6.1%. This was driven by strong export growth of 20.8% with the UK growing by 3.6%. Sales from our own brands grew 12.7%.

The investment made by Standfast in digital printing over the past five years has resulted in digital sales almost doubling in each period. In the first half, sales have increased 121% and now represent 20% of Standfast sales. The increasing demand has encouraged the Group to bring forward its commitment to a second fast-run digital printer, which will now be commissioned in the second half of the year.

Eliminations and unallocated
The cost of the LTIP for Executive Directors and senior managers is included in this segment. As the share price has risen 44% in the first half the accounting charge associated with the LTIP has risen to £589,000 compared with £413,000 in the first half of last year.

Summary

We have continued to extend the reach and range of our brands both in the UK and overseas. It is pleasing that the strength and depth of our brands' designs have increased licence income 26%, and that our efforts to develop our international markets has led to encouraging sales growth of 6.5% in the first half and increased the proportion of international brand sales to 42%.

We have achieved sales growth in the majority of regions in which we operate and most particularly in the US and Western Europe, our second and third largest markets outside of the UK, where sales have grown 7.4% and 6.5% respectively. We are confident of making progress in the UK given an improving economy and our focus on product design, marketing and customer service. The strength of our brands, and our continued commitment to manufacturing mean that we can look forward to the continuing growth of our business.

John Sach
Group Chief Executive
30 September 2013

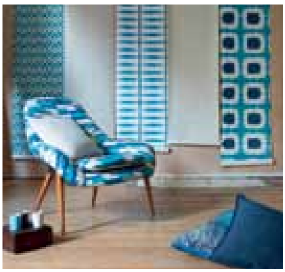
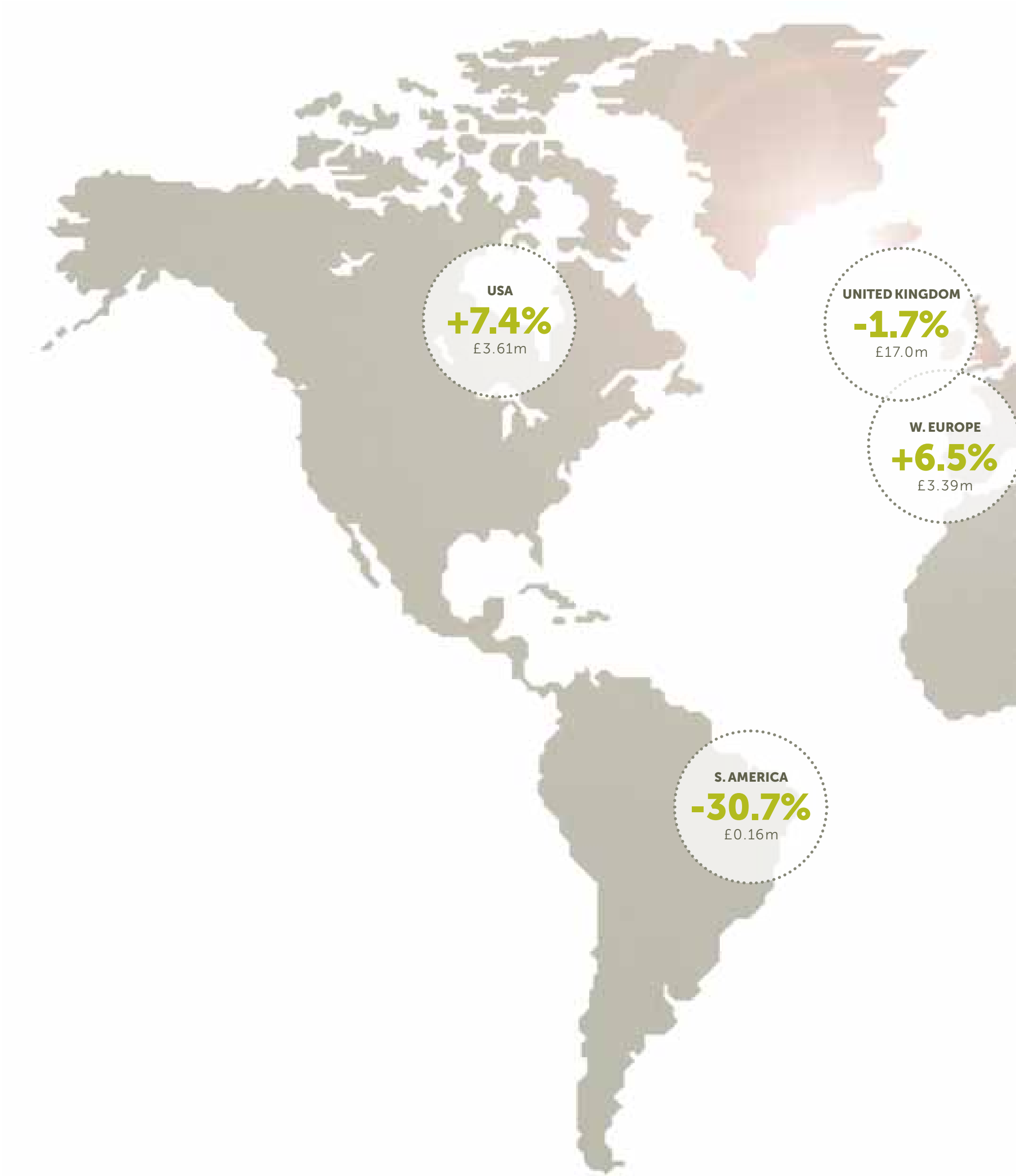


Image top:
The Momentum Sheers & Structures collection from Harlequin

Image above:
The Wabi Sabi collection from Scion

International Brand Sales




E. EUROPE
+1.9%
£1.21m
MIDDLE EAST
+10.4%
£0.44m
FAR EAST
+18.1%
£1.69m
AUSTRALASIA
+17.8%
£0.48m

Unaudited Consolidated Income Statement

For the six months ended 31 July 2013

	Note	**6 months to 31 July 2013 £000**	6 months to 31 July 2012 £000	Audited Year to 31 January 2013 £000
Revenue	2	**39,055**	38,295	75,725
Profit from operations		**2,561**	2,381	5,831
Net defined benefit pension charge	4	**(430)**	(350)	(704)
Interest payable		**(90)**	(93)	(193)
Net finance costs		**(520)**	(443)	(897)
Profit before taxation		**2,041**	1,938	4,934
Tax expense	5	**(463)**	(515)	(972)
Profit for the period		**1,578**	1,423	3,962
Earnings per share – Basic and diluted	6	**2.71p**	2.47p	6.89p
Adjusted earnings per share – Basic and diluted	6	**4.47p**	3.80p	9.41p

Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 31 July 2013

	6 months to 31 July 2013 £000	6 months to 31 July 2012 £000	Audited Year to 31 January 2013 £000
Profit for the period	**1,578**	1,423	3,962
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gains on scheme assets	**–**	–	1,013
Other actuarial losses on scheme liabilities	**–**	–	(3,036)
(Reduction)/recognition in deferred tax asset relating to pension scheme liability – (note 5)	**(265)**	(249)	121
Total items that will not be reclassified to profit or loss	**(265)**	(249)	(1,902)
Items that will be reclassified subsequently to profit or loss:			
Currency translation (losses)/gains	**(64)**	(38)	14
Cash flow hedges (losses)/gains	**(116)**	27	113
Total items that will be reclassified subsequently to profit or loss	**(180)**	(11)	127
Other comprehensive (expense) for the period, net of tax	**(445)**	(260)	(1,775)
Total comprehensive income for the period attributable to the owners of the parent	**1,133**	1,163	2,187

Unaudited Consolidated Balance Sheet
As at 31 July 2013

	Note	**As at 31 July 2013 £000**	As at 31 July 2012 £000	Audited As at 31 January 2013 £000
Non-current assets				
Intangible assets		**7,028**	6,403	6,683
Property, plant and equipment		**10,847**	9,356	9,808
Deferred income tax assets		**1,291**	2,091	2,015
		19,166	17,850	18,506
Current assets				
Inventories		**17,497**	16,921	16,825
Trade and other receivables	7	**14,469**	14,261	12,810
Cash and cash equivalents		**2,415**	1,630	2,920
Derivative financial asset		**27**	–	63
		34,408	32,812	32,618
Total assets		**53,574**	50,662	51,124
Current liabilities				
Borrowings	8	**(400)**	(2,760)	(400)
Derivative financial liability		**(60)**	(37)	(15)
Trade and other payables		**(16,518)**	(16,013)	(16,925)
		(16,978)	(18,810)	(17,340)
Net current assets		**17,430**	14,002	15,278
Non-current liabilities				
Borrowings	8	**(4,208)**	(1,587)	(1,364)
Retirement benefit obligation	10	**(7,760)**	(6,632)	(8,238)
		(11,968)	(8,219)	(9,602)
Total liabilities		**(28,946)**	(27,029)	(26,942)
Net assets		**24,628**	23,633	24,182
Equity				
Share capital		**590**	590	590
Share premium account		**457**	457	457
Foreign currency translation reserve		**(252)**	(240)	(188)
Accumulated losses		**(16,621)**	(17,658)	(17,247)
Other reserves		**40,454**	40,484	40,570
Total equity		**24,628**	23,633	24,182

Unaudited Consolidated Cash Flow Statement

For the six months ended 31 July 2013

	Note	**6 months to 31 July 2013 £000**	6 months to 31 July 2012 £000	Audited Year to 31 January 2013 £000
Cash flows from operating activities				
Cash (outflow)/inflow generated from operations	9	**(742)**	(469)	6,023
Issue costs		**(75)**	–	–
Interest paid		**(42)**	(81)	(209)
Income tax paid		**(4)**	(5)	(16)
		(863)	(555)	5,798
Cash flows from investing activities				
Purchase of intangible fixed assets		**(562)**	(432)	(880)
Purchase of property, plant and equipment		**(1,966)**	(915)	(2,239)
Proceeds from disposal of property, plant and equipment		**15**	–	–
		(2,513)	(1,347)	(3,119)
Cash flows from financing activities				
Purchase of treasury shares		**–**	(136)	(136)
Net drawdown/(repayment) of borrowings	8	**2,871**	1,471	(1,109)
Dividends paid to Company's shareholders		**–**	–	(711)
		2,871	1,335	(1,956)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(505)**	(567)	723
Cash, cash equivalents and bank overdrafts at beginning of period		**2,920**	2,197	2,197
Cash, cash equivalents and bank overdrafts at the end of the period		**2,415**	1,630	2,920

Unaudited Consolidated Statement of Changes in Equity

	Share capital £000	Share premium account £000	Accumulated losses £000	Other reserves: Capital reserve £000	Other reserves: Merger reserve £000	Other reserves: Hedge reserve £000	Translation reserve £000	Total £000
Balance at 1 February 2013	590	457	(17,247)	43,457	(2,950)	63	(188)	24,182
Profit for the period	–	–	1,578	–	–	–	–	1,578
Other comprehensive income:								
Currency translation differences	–	–	–	–	–	–	(64)	(64)
Deferred tax relating to pension scheme liability – (refer note 5)	–	–	(265)	–	–	–	–	(265)
Cash flow hedging reserve – released to Income Statement	–	–	–	–	–	28	–	28
Cash flow hedging reserve – recognised in equity during the period	–	–	–	–	–	(144)	–	(144)
Total comprehensive income/(expense)	**–**	**–**	**1,313**	**–**	**–**	**(116)**	**(64)**	**1,133**
Transactions with owners:								
Dividends in respect of year ended 31 January 2014	–	–	–	–	–	–	–	–
Long-term incentive plan charge	–	–	249	–	–	–	–	249
Long-term incentive plan vesting	–	–	(936)	–	–	–	–	(936)
Purchase of treasury shares	–	–	–	–		–	–	–
Balance at 31 July 2013	**590**	**457**	**(16,621)**	**43,457**	**(2,950)**	**(53)**	**(252)**	**24,628**

Unaudited Consolidated Statement of Changes in Equity continued

	Share capital £000	Share premium account £000	Accumulated losses £000	Other reserves: Capital reserve £000	Other reserves: Merger reserve £000	Other reserves: Hedge reserve £000	Translation reserve £000	Total £000
Balance at 1 February 2012	590	457	(18,250)	43,457	(2,950)	(50)	(202)	23,052
Profit for the period	–	–	1,423	–	–	–	–	1,423
Other comprehensive income:								
Currency translation differences	–	–	–	–	–	–	(38)	(38)
Deferred tax relating to pension scheme liability – (refer note 5)	–	–	(249)	–	–	–	–	(249)
Cash flow hedging reserve – released to Income Statement	–	–	–	–	–	25	–	25
Cash flow hedging reserve – recognised in equity during the period	–	–	–	–	–	2	–	2
Total comprehensive income/(expense)	–	–	1,174	–	–	27	(38)	1,163
Transactions with owners:								
Dividends in respect of year ended 31 January 2013	–	–	–	–	–	–	–	–
Long-term incentive plan charge	–	–	194	–	–	–	–	194
Long-term incentive plan vesting	–	–	(640)	–	–	–	–	(640)
Purchase of treasury shares	–	–	(136)	–	–	–	–	(136)
Balance at 31 July 2012	**590**	**457**	**(17,658)**	**43,457**	**(2,950)**	**(23)**	**(240)**	**23,633**

Unaudited Consolidated Statement of Changes in Equity continued

	Share capital £000	Share premium account £000	Accumulated losses £000	Other reserves: Capital reserve £000	Other reserves: Merger reserve £000	Other reserves: Hedge reserve £000	Translation reserve £000	Total £000
Balance at 1 February 2012	590	457	(18,250)	43,457	(2,950)	(50)	(202)	23,052
Profit for the year	–	–	3,962	–	–	–	–	3,962
Other comprehensive income:								
Actuarial gains on scheme assets	–	–	1,013	–	–	–	–	1,013
Other actuarial losses on scheme liabilities	–	–	(3,036)	–	–	–	–	(3,036)
Deferred tax relating to pension scheme liability	–	–	121	–	–	–	–	121
Currency translation differences	–	–	–	–	–	–	14	14
Cash flow hedging reserve – released to Income Statement	–	–	–	–	–	(56)	–	(56)
Cash flow hedging reserve – recognised in equity during the year	–	–	–	–	–	169	–	169
Total comprehensive income	**–**	**–**	**2,060**	**–**	**–**	**113**	**14**	**2,187**
Transactions with owners:								
Dividends	–	–	(711)	–	–	–	–	(711)
Long-term incentive plan charge	–	–	430	–	–	–	–	430
Long-term incentive plan vesting	–	–	(640)	–	–	–	–	(640)
Purchase of treasury shares	–	–	(136)	–	–	–	–	(136)
Balance at 31 January 2013	**590**	**457**	**(17,247)**	**43,457**	**(2,950)**	**63**	**(188)**	**24,182**

Unaudited Notes to the Accounts

1. Basis of preparation of interim statements

The interim financial statements have been prepared in accordance with the accounting policies that the Group expects to apply in its annual financial statements for the year ending 31 January 2014. The Group's accounting policies are based on International Financial Reporting Standards ('IFRS') adopted for use by the European Union ('EU') and interpretive guidance from the International Financial Reporting Interpretations Committee ('IFRIC'). These standards and interpretations are subject to ongoing review and endorsement by the EU or possible amendment by further interpretive guidance from IFRIC and are therefore still subject to change.

The Group has chosen not to adopt IAS 34 'Interim Financial Reporting' in preparing these interim financial statements for the period to 31 July 2013 as it is not mandatory for AIM listed companies.

The Group's accounting policies for the year ended 31 January 2014 will be set out in the annual report for that year. Since the Group's previous annual financial report for the year ended 31 January 2013 a number of authoritative pronouncements issued by the International Accounting Standards Board and IFRIC along with new or revised accounting standards are now effective for financial years ending 31 January 2014; none of these have any material impact on either the current or prior period financial statements. Additional authoritative pronouncements have been issued and will become effective in later years; these have not been adopted early by the Group.

Further details of authoritative pronouncements effective for financial years ending 31 January 2014 and additional authoritative pronouncements that have been issued and will become effective in later years will be set out in the financial statements of the Group for the year ending 31 January 2014.

The interim financial statements do not represent statutory accounts for the purposes of S434 of the Companies Act 2006. The financial information for the year ended 31 January 2013 is based on the statutory accounts for the financial year ended 31 January 2013, on which the auditors issued an unqualified opinion and did not contain a statement under section 498 of the Companies Act 2006, and have been delivered to the Registrar of Companies. The interim financial statements for the six month period ended 31 July 2013 have not been audited, but have been reviewed by the auditors. The auditors' review report is included following the interim financial statements.

After making enquiries, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the interim statements.

The Board approved the interim financial information on 30 September 2013.

2. Segmental analysis

Walker Greenbank PLC is a designer, manufacturer and distributor of luxury interior furnishings, fabrics and wallpaper. The Board of Walker Greenbank PLC predominantly manages the operations of the Group. The reportable segments of the Group are as follows:

- Brands – comprises the design, marketing, sales, distribution, and licensing activities of Sanderson, Morris & Co, Harlequin, Zoffany and Scion brands operating from the UK and its foreign subsidiaries in the US and France.
- Manufacturing – comprising the wallcovering and printed fabric manufacturing businesses operated by Anstey and Standfast respectively.

Unaudited Notes to the Accounts continued

2. Segmental analysis continued

This is the basis on which the Group presents its operating results to the Board of Directors which is considered to be the Chief Operating Decision Maker ('CODM') for the purposes of IFRS8. Additional revenue-only data is also reported to the CODM and is disclosed on the basis explained below. Other group wide activities and expenses, predominantly related to corporate head office costs, defined benefit pension costs, long-term incentive plans expenses, taxation and eliminations of intersegment items, are presented within 'Eliminations and unallocated'.

2a. Principal measures of profit and loss – Income Statement segmental information

6 months to 31 July 2013	**Brands £000**	**Manufacturing £000**	**Eliminations and unallocated £000**	**Total £000**
UK Revenue	**17,030**	**7,411**	**–**	**24,441**
International Revenue	**12,187**	**1,414**	**–**	**13,601**
Licence Revenue	**1,013**	**–**	**–**	**1,013**
Revenue – External	**30,230**	**8,825**	**–**	**39,055**
Revenue – Internal	**–**	**7,077**	**(7,077)**	**–**
Total Revenue	**30,230**	**15,902**	**(7,077)**	**39,055**
Profit/(loss) from operations	**2,827**	**1,477**	**(1,743)**	**2,561**
Interest payable	**–**	**–**	**(90)**	**(90)**
Net pension charge	**–**	**–**	**(430)**	**(430)**
Profit/(loss) before taxation	**2,827**	**1,477**	**(2,263)**	**2,041**
Tax charge	**–**	**–**	**(463)**	**(463)**
Profit/(loss) for the period	**2,827**	**1,477**	**(2,726)**	**1,578**

6 months to 31 July 2012	Brands £000	Manufacturing £000	Eliminations and unallocated £000	Total £000
UK Revenue	17,332	7,279	–	24,611
International Revenue	11,447	1,433	–	12,880
Licence Revenue	804	–	–	804
Revenue – External	29,583	8,712	–	38,295
Revenue – Internal	–	6,582	(6,582)	–
Total Revenue	29,583	15,294	(6,582)	38,295
Profit/(loss) from operations	2,540	1,361	(1,520)	2,381
Interest payable	–	–	(93)	(93)
Net pension charge	–	–	(350)	(350)
Profit/(loss) before taxation	2,540	1,361	(1,963)	1,938
Tax charge	–	–	(515)	(515)
Profit/(loss) for the period	2,540	1,361	(2,478)	1,423

2a. Principal measures of profit and loss – Income Statement segmental information
continued

12 months to 31 January 2013	Brands £000	Manufacturing £000	Eliminations and unallocated £000	Total £000
UK Revenue	34,669	13,864	–	48,533
International Revenue	22,315	3,000	–	25,315
Licence Revenue	1,877	–	–	1,877
Revenue – External	58,861	16,864	–	75,725
Revenue – Internal	–	13,200	(13,200)	–
Total Revenue	58,861	30,064	(13,200)	75,725
Profit/(loss) from operations	5,894	2,675	(2,738)	5,831
Interest payable	–	–	(193)	(193)
Net pension charge	–	–	(704)	(704)
Profit/(loss) before taxation	5,894	2,675	(3,635)	4,934
Tax charge	–	–	(972)	(972)
Profit/(loss) for the year	5,894	2,675	(4,607)	3,962

2b. Additional segmental revenue information
The segmental revenues of the Group are reported to the CODM in more detail. One of the analyses presented is revenue by export market in the brands.

Brands revenue by export market	**6 months to 31 July 2013 £000**	6 months to 31 July 2012 £000	Audited Year to 31 January 2013 £000
Western Europe	**3,387**	3,179	6,142
Scandinavia	**921**	947	1,908
Eastern Europe	**1,209**	1,186	2,174
Europe Total	**5,517**	5,312	10,224
Middle East	**436**	395	846
Far East	**1,689**	1,430	3,018
US	**3,609**	3,360	6,442
South America and Canada	**314**	381	401
Australasia	**482**	409	841
Other	**140**	160	543
	12,187	11,447	22,315

Unaudited Notes to the Accounts continued

2b. Additional segmental revenue information continued

Revenue of the Brands reportable segments – revenue from operations in all territories where the sale is sourced from the United Kingdom and overseas subsidiary operations, excluding internal sales to overseas subsidiaries, together with contract and license revenue:

Brand revenue analysis	**6 months to 31 July 2013 £000**	6 months to 31 July 2012 £000	Audited Year to 31 January 2013 £000
Harlequin incorporating Scion	**12,946**	12,534	25,154
Sanderson incorporating Morris & Co	**10,487**	10,107	19,977
Zoffany	**5,342**	5,658	10,952
Other brands	**442**	480	901
Licensing	**1,013**	804	1,877
	30,230	29,583	58,861

Revenue of the Manufacturing reportable segments – including revenues from internal sales to the Group's Brands:

Manufacturing revenue analysis	**6 months to 31 July 2013 £000**	6 months to 31 July 2012 £000	Audited Year to 31 January 2013 £000
Standfast	**7,968**	7,325	14,344
Anstey	**7,934**	7,969	15,720
	15,902	15,294	30,064

3 Analysis of operating profit by function of expense

	6 months to 31 July 2013 £000	6 months to 31 July 2012 £000	Audited Year to 31 January 2013 £000
Revenue	**39,055**	38,295	75,725
Cost of sales	**(15,177)**	(15,545)	(30,193)
Gross profit	**23,878**	22,750	45,532
Net operating expenses	**(20,728)**	(19,956)	(38,955)
Long-term incentive plan charge for period	**(589)**	(413)	(746)
Operating profit	**2,561**	2,381	5,831

The charge to the long-term incentive plan of £589,000 (2012: £413,000) although not considered an exceptional cost has been separately identified within this note to aid comparison and analysis.

4 Net defined benefit pension costs

	6 months to 31 July 2013 £000	6 months to 31 July 2012 £000	Audited Year to 31 January 2013 £000
Expected return on plan assets	**1,102**	1,104	2,190
Interest on obligation	**(1,268)**	(1,226)	(2,439)
Scheme expenses	**(264)**	(228)	(455)
Net defined benefit pension costs	**(430)**	(350)	(704)

The accounting standard IAS19 (Revised) has become effective. The impact on the Group's results is not significant and therefore prior period results have not been restated. The impact has been to reduce the expected return on scheme assets by £30,000 in the period.

5 Taxation

		6 months to 31 July 2013 £000	6 months to 31 July 2012 £000	Audited Year to 31 January 2013 £000
UK Corporation tax at 21% (2012: 23%)	– current year	**–**	–	–
Overseas taxation	– current year	**(5)**	(5)	(16)
	– prior year	**–**	–	–
Deferred tax	– current year	**(448)**	(424)	(821)
	– prior year	**–**	–	(53)
	– change in rates in future years	**(10)**	(86)	(82)
Tax charge on profit on ordinary activities		**(463)**	(515)	(972)

Other than overseas taxation, there was no current tax arising in the year to 31 January 2013, as taxable profits arising in the year were offset against available losses from prior years. Because of the previous recognition of deferred tax assets relating to losses of prior years, the Group's taxable profits earned in the six months to 31 July 2013, and in future periods, will result in deferred tax charges being recognised as losses are utilised and as temporary differences originate and reverse. The tax at the half year has been based on a forecast full year effective tax rate.

A deferred tax charge of £448,000 (2012: £424,000) arose in the period to 31 July 2013 on the profits for the period. A further charge of £10,000 (2012: £86,000) arose due to the reduction in the corporation tax rate to 21% which was substantively enacted on 2 July 2013 and due to take effect from 1 April 2014.

A further reduction in the tax rate of 1% to 20% was also substantively enacted on 2 July 2013 that takes effect from 1 April 2015. This further reduction would result in a decrease in the deferred tax balance at 31 July 2013 of £16,000.

A deferred tax charge of £100,000 (2012: £107,000) has been recognised for movements in the deferred tax relating to the pension liability. An additional charge of £165,000 (2012: £142,000) arose due to the reduction in future corporation tax rates noted above. The movements in deferred tax relating to the pension liability have been recognised in the Statement of Comprehensive Income in accordance with the Group's accounting policy.

Unaudited Notes to the Accounts continued

6 Earnings per share

The basic and diluted earnings per share for the half year are based on a profit for the period of £1,578,000 (2012: £1,423,000) and 58,161,000 ordinary shares (2012: 57,571,000), being the weighted average number of the shares in issue during the period, excluding those held in the Employee Benefit Trust ('EBT') and in treasury, which are treated as cancelled.

On 20 May 2013, 1,003,305 shares vested under the Company's Long-Term Incentive Plan and these were issued from the Walker Greenbank PLC Employee Benefit Trust.

On 18 May 2012, 960,000 ordinary shares were transferred out of the treasury into the Company's Employee Benefit Trust. Following the transfer the Company no longer holds treasury shares.

On 28 May 2012, 191,921 ordinary shares were acquired by the Company's Employee Benefit Trust.

On 28 May 2012, 1,001,546 shares vested under the Company's Long-Term Incentive Plan and these were issued from the Walker Greenbank PLC Employee Benefit Trust.

The basic and diluted earnings per share for the year ended 31 January 2013 were based on a profit for the year amounting to £3,962,000 and the weighted average of 57,501,000 ordinary shares in issue during the year.

	6 months to 31 July 2013	6 months to 31 July 2012	Year to 31 January 2013
Basic and diluted EPS:			
Weighted average number of shares (000)	**58,161**	57,571	57,501
Earnings after tax (£000)	**1,578**	1,423	3,962
Earnings per share – basic and diluted	**2.71p**	2.47p	6.89p
Adjusted basic and diluted EPS:			
Add back LTIP accounting charge (£000)	**589**	413	746
Add back Net defined benefit pension charge (£000)	**430**	350	704
Adjusted earnings after tax (£000)	**2,597**	2,186	5,412
Adjusted earnings per share – basic and diluted	**4.47p**	3.80p	9.41p

7 Trade and other receivables

	6 months to 31 July 2013 £000	6 months to 31 July 2012 £000	Audited As at 31 January 2013 £000
Net trade receivables	**10,546**	10,413	9,054
Marketing materials	**1,345**	1,586	1,515
Other receivables and prepayments	**2,578**	2,262	2,241
Trade and other receivables	**14,469**	14,261	12,810

8 Analysis of net debt

	1 February 2013 £000	Cash flow £000	Working capital facilities (see note below) £000	Current portion of term loan facilities £000	Other non-cash changes £000	Exchange movement £000	**31 July 2013 £000**
Cash at bank and in hand	2,920	(505)	–	–	–	–	**2,415**
Borrowings due within one year	(400)	400	–	(400)	–	–	**(400)**
Borrowings due after one year	(1,364)	(3,271)	–	400	27	–	**(4,208)**
	(1,764)	(2,871)	–	–	27	–	**(4,608)**
Net debt	1,156	(3,376)	–	–	27	–	**(2,193)**

In January 2013, the Group agreed terms to renew the Receivables facilities from Barclays Bank PLC and to cancel the existing inventory facility and replace it with a new £2.5 million Committed facility. The total facilities from Barclays Bank PLC comprises: a variable rate term loan secured on the Groups freehold property which is being repaid on a 10 year profile, a Committed facility whose availability is determined by the level of finished goods held by the Brands and a Receivables financing agreement which provides three year variable rate floating loans secured on eligible trade receivables at any point in time (the working capital facilities). The working capital facilities may be drawn down in either sterling or euro.

9 Cash generated from operations

	6 months to 31 July 2013 £000	6 months to 31 July 2012 £000	Audited Year to 31 January 2013 £000
Profit before tax	**2,041**	1,938	4,934
Defined benefit pension charge	**430**	350	704
Net borrowing costs	**90**	93	193
Depreciation	**921**	855	1,740
Amortisation	**217**	140	308
Charge for long-term incentive plan	**249**	194	430
Tax paid on vesting of LTIP	**(936)**	(640)	(640)
Unrealised foreign exchange (gains)/losses included in operating profit	**(73)**	(21)	18
Defined benefit pension cash contributions	**(908)**	(813)	(1,584)
	2,031	2,096	6,103
Changes in working capital			
(Increase)/decrease in inventories	**(672)**	79	175
(Increase)/decrease in trade and other receivables	**(1,686)**	(1,160)	172
(Decrease) in trade and other payables	**(415)**	(1,484)	(427)
Cash (outflow)/inflow generated from operations	**(742)**	(469)	6,023

Unaudited Notes to the Accounts continued

10 Retirement benefit obligations

The Group operates the following funded pension schemes in the UK: the Walker Greenbank Pension Plan and the Abaris Holdings Limited Pension Scheme. The Walker Greenbank Pension Plan is the biggest scheme. All schemes contain defined benefits sections, which are closed to new members and the accrual of future benefits, however the Abaris Holdings Limited Pension Scheme also contains a defined contribution section, although this section is relatively small.

The pension costs relating to the UK defined benefit schemes are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. These schemes are subject to triennial actuarial reviews with the most recent ones having been April 2009. An updated funding valuation for IAS 19 financial reporting purposes was completed for the previous annual financial statements to 31 January 2013.

The assumptions applied for valuation of the defined benefit schemes are fully disclosed in the annual financial statements for the year ended 31 January 2013 and continue to be applied in the half year to 31 July 2013. The net defined benefit pension charge recognised in the half year represents the relevant proportion of the annual amounts expected to be recognised for the year ending 31 January 2014, and are based on previous actuarial estimates. The net retirement benefit obligation recognised at 31 July 2013 is based on the actuarial valuation under IAS 19 at 31 January 2013 updated for movements in net defined benefit pension charge and contributions paid during the half year period which include additional payments to the Pension scheme to reduce the deficit along with the regular contributions to fund scheme expenses. The deferred tax effect of movements in the net retirement benefit obligation has also been recognised in the half year. A full valuation for IAS 19 financial reporting purposes will be completed for the next annual financial statements for the year ending 31 January 2014, at which time any actuarial gains and losses arising throughout the year will be recognised.

11 Dividends

The Directors paid on 9 August 2013, a final dividend of 1.25p per share (2012: 1.00p), a total of £735,000 (2012: £578,000) for the financial year ended 31 January 2013.

The Directors have declared an interim dividend of 0.28p per share, a total of £165,000 (2012: £132,400) for the financial year ending 31 January 2014, to be paid to shareholders on the register on 25 October 2013 (ex dividend date being 23 October 2013).

Independent Review Report to Walker Greenbank PLC

Introduction
We have been engaged by the Company to review the interim set of financial statements in the half-yearly financial report for the six months ended 31 July 2013 which comprises the Income Statement, Balance Sheet, Statement of Comprehensive Income, Statement of changes in Equity, Cash Flow Statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the Company's annual financial statements.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the basis of preparation set out in note 1.

The maintenance and integrity of the Walker Greenbank plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the AIM Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Review Report to Walker Greenbank PLC continued

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2013 is not prepared, in all material respects, in accordance with the basis of preparation set out in note 1.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
30 September 2013
Birmingham

Notes

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