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Walker Greenbank PLC
05 April 2018

5 April 2018

WALKER GREENBANK PLC

("Walker Greenbank" or the "Company")

Financial Results for the year ended 31 January 2018

Walker Greenbank PLC (AIM: WGB), the luxury interior furnishings group, is pleased to announce its financial results for the 12 month period ended 31 January 2018.

Highlights

- Sales up 17.7% to £108.8 million (2017: £92.4 million)
- Total statutory profit from operations up 78.6% to £14.0 million (2017: £7.9 million) due to a full year's earnings contribution from Clarke & Clarke
- Adjusted underlying profit before tax* up 20.2% at £12.5 million (2017: £10.4 million)
- Licensing income up 21.6% in constant currency at £3.1 million as a result of range extensions into new product categories
- Underlying profit from operations** up 25.8% to £12.4 million (2017: £9.8 million)
- Adjusted earnings per share* up 6.2% at 14.52p per share (2017: 13.67p per share)
- Final dividend up 20.3% to 3.68p per share (2017: 3.06p per share), giving a total dividend up 21.1% at 4.37p per share (2017: 3.61p per share)
- Launch of in-house paint tinting and distribution for our Sanderson and Zoffany brands in partnership with global paint manufacturer PPG
- Direct business model launched in Moscow in February 2018, including a new showroom, with Germany to follow in H1 2018

* Excludes accounting charges relating to share-based incentives, defined benefit pension charge and non-underlying items.

** Excludes acquisition costs, unexpected external events costs and restructuring and reorganisation costs.

Terry Stannard, the Chairman of Walker Greenbank, said: "Trading to date in the current financial year reflects a difficult marketplace particularly in the UK. In the first nine weeks of the current financial year, Brand sales were down 8.3 per cent in the UK and down 3.8 per cent overseas in constant currency, down 6.1 per cent in reportable currency.

"The Board is focused on delivering growth-based strategic initiatives including targeted investment, cost savings where appropriate and a greater emphasis on Brand sales overseas. Additionally, our high margin licensing business is expected to continue to show strong growth. However, trading to date in the current financial year makes us cautious about the outlook; as a consequence, the Board expects that profits for the full year will be ahead of last year's but below current Board expectations. We will provide a further update on trading at our annual general meeting in June 2018."

Analyst meeting

A meeting for analysts will be held at 10.00 a.m. today, 5 April 2018, at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. For further details, contact Buchanan on 020 7466 5000.

For further information:

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Notes for editors:

About Walker Greenbank

Walker Greenbank PLC is a luxury interior furnishings company that designs, manufactures and markets wallpapers, fabrics and paints. In addition, the Company derives significant licensing income from the use of its designs on a wide range of interior products such as bed linen, rugs and tableware.

Walker Greenbank's brands include Sanderson, Morris & Co, Harlequin, Zoffany, Scion, Anthology, Clarke & Clarke and Studio G.

The Company has a strong UK manufacturing base comprising a wallpaper factory in Loughborough and a fabric printing factory in Lancaster. Both factories manufacture for the Company and for other wallpaper and fabric brands.

Walker Greenbank employs more than 600 people and its products are sold in more than 85 countries worldwide. It has showrooms in London, New York, Chicago, Paris, Amsterdam and Dubai along with partnership showrooms in Moscow and in Shenzhen, China.

Walker Greenbank trades on the AIM market of the London Stock Exchange under the ticker symbol WGB.

For further information please visit: www.walkergreenbank.com/

CHAIRMAN'S STATEMENT

Overview

Our financial results for the year ended 31 January 2018 show a step change in performance reflecting the acquisition of Clarke & Clarke in October 2016. This acquisition made a full year's contribution to earnings during the year, compared with an 18-week contribution last year.

Our brands, however, faced a challenging year and we have made revisions to our strategy where appropriate. We have a clear focus on international expansion, licensing, product category extension and innovative market leading manufacturing as well as seeking further acquisition opportunities. A number of medium to long term initiatives are underway with a view to enabling the Group to capture the growth potential that exists worldwide for our iconic brands.

Financials

Total sales increased 17.7% to £108.8 million (2017: £92.4 million) and statutory profit from operations was up 77.2% to £14.0 million (2017: £7.9 million), primarily due to a full year's earnings contribution from Clarke & Clarke. Underlying profit from operations increased 26.5% to £12.4 million (2017: £9.8 million) and adjusted underlying profit before tax for the year, excluding the LTIP accounting charge and the net defined benefit pension charge, was £12.5 million (2017: £10.4 million), an increase of 20.2%.

We are particularly pleased with licensing income of £3.1 million, which was up 21.5% in reportable currency, up 21.6% in constant currency. Substantial growth has been achieved as a result of range extensions into new product areas, new licensing agreements in the US and China, and apparel collaborations.

Our vertically integrated high-quality British manufacturing base, comprising our Loughborough-based wallpaper printing business, Anstey Wallpaper Company, and our Lancaster-based fabric printing operation, Standfast & Barracks, helps to differentiate us from others in our industry. Total manufacturing sales were up 4.2% compared with the flood disrupted period last year, driven by export orders and digital printing.

The December 2015 flood at Standfast & Barracks is now behind us, and we have a fully invested factory. These financial results include the recognition of insurance payments of £1.1 million in respect of the claim for loss of profits following the flood. During the year we received, in aggregate, £3.9 million in insurance receipts covering costs and business interruption losses as final settlement of our insurance claim.

The total statutory profit after tax was £11.8 million (2017: £5.4 million), and basic adjusted earnings per share were up 6.2% at 14.52p per share.

Dividend

The Directors recommend the payment of a final dividend of 3.68p per share (2017: 3.06p) which, subject to shareholder approval at the Company's annual general meeting, will be payable on 10 August 2018 to shareholders on the register on 20 July 2018. This brings the total dividend for the year to 4.37p per share (2017: 3.61p) an increase of 21.1%, reflecting the Board's confidence in the financial strength of the Group.

People

On behalf of the Board, I would like to thank all of our management and employees for their contribution.

I was delighted to welcome David Butcher as General Manager Brands during the year. David brings a wealth of sales, marketing and general management experience to the Company.

Outlook

Trading to date in the current financial year reflects a difficult marketplace particularly in the UK. In the first nine weeks of the current financial year, Brand sales were down 8.3 per cent in the UK and down 3.8 per cent overseas in constant currency, down 6.1 per cent in reportable currency.

The Board is focused on delivering growth-based strategic initiatives including targeted investment, cost savings where appropriate and a greater emphasis on Brand sales overseas. Additionally, our high margin licensing business is expected to continue to show strong growth. However, trading to date in the current financial year makes us cautious about the outlook; as a consequence, the Board expects that profits for the full year will be ahead of last year's but below current Board expectations. We will provide a further update on trading at our annual general meeting in June 2018.

Terry Stannard
Non-Executive Chairman
5 April 2018

CHIEF EXECUTIVE'S STRATEGIC REVIEW

We are pleased to report that, in a challenging year for the Group, we have continued to make good progress with the implementation of our revised strategy, which comprises:

- International expansion;
- Lifestyle product extension;
- Product category extension;
- Manufacturing innovation; and
- Acquisitions.

SALES REVIEW

The Brands

	Year ended 31 January		Change	
	2018	**2017**	**Reported**	**Constant currency**
Total brand sales	£90.4m	£76.6m	18.0%	16.2%
UK brand sales	£48.4m	£42.5m	13.9%	n/a
Overseas brand sales	£38.9m	£31.6m	23.1%	18.9%
US brand sales	£12.7m	£10.3m	23.3%	19.8%
Western Europe brand sales	£11.7m	£9.6m	21.9%	15.0%
Rest of World brand sales	£14.5m	£11.7m	23.9%	21.9%

This segment incorporates global trading from our internationally recognised brands and includes our overseas subsidiaries in the US and France. In addition to Sanderson, Morris & Co., Harlequin, Zoffany, Scion and Anthology, the Brands now include Clarke & Clarke and Studio G, which were acquired by the Company in October 2016.

Total Brand sales were up 18.0% in reportable currency during the year to £90.4 million. In the UK, our largest market, sales were up 13.9% to £48.4 million.

In line with our strategy, we have achieved strong growth in export markets. Sales in the US, the Group's second largest market, were up 19.8% in constant currency to £12.7 million. In Western Europe, our third largest market, brand sales were up 15.0% in constant currency to £11.7 million with strong sales growth in most regions. Sales in the Rest of the World grew 21.9% in constant currency.

Harlequin incorporating Scion & Anthology
Harlequin remains the UK's leading mid-market contemporary brand. Its worldwide sales reduced 2.4% to £30.5 million in reportable currency compared with the same period last year. Sales in the UK decreased by 6.8% impacted by an uncertain economic environment. In the US, sales were up 6.3% in constant currency, sales in Western Europe fell 8.9% in constant currency.

Scion fills a gap in the market for fresh, individual and reasonably priced home products. The brand is cutting edge and continues to be a success with young, aspirational and fashion-aware customers. Scion is a valuable brand for licensing, where the contemporary and graphic nature of the designs translates particularly well to licensed product. The brand's designs have stretched very successfully to a wide range of products, ranging from bedding and bathroom products to window furnishings, gifting, tableware and stationery.

The Anthology brand, which was launched in April 2014 and is fuelled by a passion for design that embraces technology and texture, continues to show strong growth. The range now includes five innovative collections of wallcoverings complemented by a growing range of fabrics, which are design-led and aspirational whilst remaining inherently suitable for contract applications.

Arthur Sanderson & Sons incorporating the Morris & Co brand
Worldwide sales were up 3.7% at £23.4 million in reportable currency compared with the same period last year. Sales in the US were up 6.6% in constant currency and sales in Western Europe were down 2.4% in constant currency. As one of the oldest surviving English soft furnishing brands, Sanderson is famous today for a signature style that is informed by our heritage and designed for modern living. Our look combines classic, hand-drawn patterns with fresh, vibrant colours which are elegant yet easy to live with.

The Morris & Co brand enjoyed a very positive sales performance driven by the launch of the Pure Morris collection. This collection interprets William Morris' iconic designs in a new neutral colour palette. This has broadened the brand's appeal, making it more accessible to a wider audience. For the fourth volume of the outstandingly successful Archive series, the Morris & Co. studio has explored Morris' role as a collector of Persian carpets and global textiles and the influence it had on his work.

Zoffany
Total worldwide sales fell by 4.4% compared with the same period last year to £11.6 million in reportable currency. Sales in the US were up 1.8% in constant currency and sales in Western Europe were down 5.2% in constant currency.

Zoffany is positioned at the upper end of the premium market. Unique, captivating and effortlessly sophisticated, Zoffany is the brand for those that seek craftsmanship and artistic integrity.

Clarke & Clarke
Clarke & Clarke's two brands, Clarke & Clarke and Studio G, are at the affordable end of the market, complementing the Group's other brands. Total sales of £21.2 million represent a full year contribution from Clarke & Clarke compared with an 18-week contribution last year. Clarke & Clarke has launched 19 new collections during the year; Studio G has launched 10 new collections during the year and, for the first time, launched 10 new collections in the US during the second half via the second largest US wholesale distributor.

Studio G branded readymade curtains were launched in September 2017 and have been introduced into both independent and retail chain stores throughout the UK. January 2018 saw the official launch of Oasis-branded bedding, a licensed collaboration between Clarke & Clarke and the UK women's fashion brand, taking signature patterns from the Oasis archive and distributing beautiful bedding through the Clarke & Clarke retail network. 2019 will see the Oasis brand expand into fabrics, wallpapers and furniture, targeting major retail groups as well as existing independent retailers.

Licensing
High margin licensing income was up 21.6% in constant currency, to £3.1 million. Targeting double digit growth per annum over the next three years, global licensing income is a key part of our strategy and an important developing income stream for the Group. We are continuing to pursue the extension of our product offering through new licensing agreements to take the Company's Brands further into lifestyle products, apparel and geographic territories. An additional benefit of our licensing strategy is to create greater consumer awareness of our brands.

Manufacturing

Our Manufacturing capabilities are one of the Group's key assets, a differentiator from our peer group and an integral part of our growth strategy. A recovery from the December 2015 flood at Standfast & Barracks was a core focus in 2017, with the result that total Manufacturing sales grew 4.2% to £33.4 million, leading to an increase in profits of 90.0% to £1.9 million.

The remaining loss of profits impact from the flood in the second full year has been mitigated by a final instalment in our insurance payments.

Anstey Wallpaper Company

Sales at Anstey, our wallpaper printing business, grew 6.5% to £18.0 million. Third party sales in the UK were up 8.1%; third party export sales were up 3.6%; internal sales to our own Group Brands grew by 4.8%. Sales in the UK benefited from a strong performance in the second half of the year as Anstey pursued their strategy of world class excellence in manufacturing, customer service, quality and innovation.

A machine fire in a heat embossing machine impacted the final two months of orders on vinyl and scatter product. The machine is fully operational following repairs. The repair of the machine and related costs totalling £709,000 are fully covered by the Group's insurance policy.

Standfast & Barracks

Standfast, our fabric printing factory, saw an increase in sales of 2.0% to £15.4 million in the first full year unaffected by the flood. Third party sales in the UK grew by 30.0%; export by 21.0%; whilst sales to our own Group Brands decreased by 22.2%, as Style Library rebalanced their stock following the high levels of replenishment post-flood. The factory is now printing fabric for both Clarke & Clarke and Studio G brands.

In the year, Standfast has experienced a period of significant third party and export growth, driven by the focus on digital printing. Standfast finished the year with a mix of 50% digital print by value, which generates a higher margin, compared with 44% in 2016.

During the year, a third digital printing machine was installed with our innovative direct to fabric pigment ink, Ecofast™, with high versatility and lower cost finishing potential. This system allows printing on almost any type of substrate, thereby opening up market opportunities in such areas as contract and apparel.

To date we have received £19.3 million in insurance receipts, covering costs plus business interruption losses, with no further business interruption reimbursements expected in the next financial year.

OPERATIONAL REVIEW

During the year we launched Style Library, our initiative to bring together our portfolio of brands including the unification of salesforces, customer service and websites to improve efficiency. We opened our Style Library flagship showroom in Chelsea Harbour in August 2017 to showcase all of our brands together. This showroom replaces the individual showrooms at Chelsea Harbour and seeks to offer in one place the widest and most diverse range of the Company's fabrics, wallpapers and paints.

In addition, the Company has continued to develop its international sales channels in the US through an increase in dedicated sales representatives; East and West Coast sales managers and the opening of a new directly owned showroom in Chicago in October 2017, to add to our flagship showroom in New York. Progress has also been made towards direct distribution in Russia through a showroom opening in February 2018 and direct sales into Germany is to follow.

David Butcher joined the Company in December 2017 as General Manager Brands, a role in which he has responsibility for all of the brands apart from Clarke & Clarke and Studio G, which operate on a standalone basis. David is responsible for delivering the UK and international growth objectives of the Company's brands.

September 2017 saw the launch of our in-house paint tinting and distribution for Zoffany and Sanderson brands in partnership with PPG, the global US-based paints and coatings company. As part of our growth strategy, in-house paint tinting and distribution provides greater opportunities for new routes to market; service and quality excellence; design synergies and colour integrity. We see our addressable market of between £125 million - £150 million and will provide a further update on this partnership as it progresses towards our goal of developing up to a 10% market share.

Summary

Despite the significant challenges faced as a result of the weaker macro-economic conditions, I am pleased that we have been able to continue to invest in our brands both in the UK and internationally with the launch of Style Library, our initiative to bring together our portfolio of brands and through the opening of two new showrooms.

We have made significant progress in growing our licensing income, boosting our lifestyle product extension and greater consumer awareness. We have benefited from our acquisition of Clarke & Clarke, which has made a material contribution to earnings, and will accelerate the Group's market penetration and extend our reach in the US. Furthermore, we have made some key senior appointments which will help to drive growth in 2018 and further develop and deliver our strategic objectives.

John Sach
Group Chief Executive
5 April 2018

CHIEF FINANCIAL OFFICER'S REVIEW

Income Statement

The Chairman's Statement and Chief Executive's Review provide an analysis of the key factors impacting our revenue and operating profit. In addition to the information on our Brands and Manufacturing divisions included in these reports, the Group has included in note 4 to the accounts further information on our reporting segments.

Underlying profit before tax

Statutory profit before tax of £12,784,000 (2017: £6,965,000) includes non-underlying credits of £1,251,000 (2017: charges £2,164,000).

	2018 £000	2017 £000
Statutory profit before tax	**12,784**	6,965
Acquisition related costs	**1,198**	2,955
Unwind of discount on contingent consideration	**405**	181
Fair value adjustment to contingent consideration	**(4,047)**	-
Total acquisition related costs	**(2,444)**	3,136
Standfast flood related costs	**1,125**	7,165
Standfast flood insurance reimbursements	**(1,342)**	(9,413)
Standfast net other income	**(217)**	(2,248)
Restructuring and reorganisation costs	**701**	1,276
Anstey fire related costs	**709**	-
Total non-underlying (credit)/charges included in profit before tax	**(1,251)**	2,164
Underlying profit before tax	**11,533**	9,129
LTIP accounting charge	**413**	756
Net defined benefit pension charge	**573**	527
Adjusted underlying profit before tax excluding LTIP and defined benefit pension charge	**12,519**	10,412

Acquisition related costs incurred were in respect of the acquisition of Clarke & Clarke. These include amortisation of intangible assets of £1,016,000 and a cost of £182,000 associated with the fair value adjustment recognised on the inventory as at the date of acquisition.

The acquisition of Clarke & Clarke included contingent consideration of up to £17,500,000, in aggregate, payable in the Company's shares and linked to the annual performance of the acquired business in each of the four years following the acquisition. As a result of the challenging performance targets and prevailing market conditions, the performance target for the period ended 31 January 2018 has not been achieved. It is not considered likely that the performance targets for the remaining two years will be achieved therefore, there has been a remeasurement of the fair value of this contingent consideration resulting in a £4,047,000 credit to the income statement in net other income. There has also been a charge of £405,000 recognised in respect of the unwind of the contingent consideration payable for Clarke & Clarke.

Standfast net other income comprises proceeds of £217,000 from the reimbursement of costs to replace impaired plant and equipment and intangible assets.

Restructuring and reorganisation costs of £701,000 reflect the rationalisation of certain operational and support functions. These costs mainly comprise professional fees, employee severance, agent termination and property costs associated with the reorganisation process.

Anstey fire related costs of £709,000 are in respect of plant and equipment repairs and related costs following a machine fire. It is expected that these costs will be reimbursed under the Company's comprehensive insurance policy.

Net other income

In addition to the non-underlying net other income described above, a further £1,069,000 has been recognised in underlying net other income which represents business interruption losses relating to the flood at Standfast for the period to 31 January 2018.

Long Term Incentive Plan ('LTIP')

There was a new award of shares during the financial year under the Long Term Incentive Plan ("**LTIP**") with vesting conditions half based on Total Shareholder Return ("**TSR**") and half based on an absolute adjusted Earnings per Share ("**EPS**") for the period ending 31 January 2020. There was a charge of £413,000 (2017: £756,000) in the Income Statement relating to LTIP awards. The charge in the year is lower than last year driven by a reduction to the Company's share price and a reduction in the vesting assumption for future awards.

Interest

The net underlying interest charge for the year was £275,000 (2017: £186,000) including amortisation of capitalised debt issue costs reflecting higher borrowings as a result of utilisation of £5,000,000 of the Group's existing accordion tranche of its bank facilities following the acquisition of Clarke & Clarke.

Net Defined Benefit Pension

The Group operates two defined benefit schemes in the UK for its employees. These comprise the Walker Greenbank Pension Plan and the Abaris Holdings Limited Pension Scheme which are both closed to new members and to future service accrual from 30 June 2002 and 1 July 2005 respectively.

The charge during the year was £573,000 (2017: £527,000). The increase reflects a decrease to the expected return on pension scheme assets.

Current Taxation

There was a corporation tax charge of £1,807,000 (2017: £1,445,000) which has been driven by the increase in underlying profit.

Deferred Taxation

There was a deferred tax credit of £776,000 (2017: credit £155,000) driven by the reversal of the deferred tax recognised in respect of the Clarke & Clarke acquisition.

The Group also continues to recognise the deferred tax asset arising from the pension deficit and LTIP.

Earnings per share

Basic reported EPS for the year was 16.70p (2017: 8.55p). The Group also reports an adjusted EPS which removes the impact of the LTIP accounting charge, net defined benefit pension charge and other non-underlying items as these can fluctuate due to external factors outside of the control of the Group. A better understanding of the underlying performance of the business is given after adjusting for these items. The adjusted basic EPS for the year was 14.52p (2017: 13.67p).

Operating Cash Flow and Net Debt

The Group generated net cash inflow from operating activities during the year of £4,508,000 (2017: £9,925,000) including working capital outflow of £5,000,000 compared with the prior year.

Capital expenditure was £3,497,000 (2017: £6,768,000) and includes the move from two showrooms to a single larger flagship showroom at Chelsea Harbour, the new showroom opening in Chicago and development costs relating to the design of new collections for the Brands. The depreciation and amortisation charge during the period was £4,092,000 (2017 £3,191,000).

The Group made additional payments to the pension schemes of £1,521,000 (2017: £1,374,000) to reduce the deficit, part of the ongoing planned reduction, along with £386,000 (2017: £392,000) of pension fund scheme expenses.

Overall tax paid during the year was £2,236,000 (2017: £2,294,000) which reflects a reduction in the Group's tax charge. The Effective Tax Rate ("**ETR**") has fallen to 8.1% from 23.0% due to non-underlying items including the non-underlying net other income that is not taxable and the reversal of deferred tax on contingent consideration.

The Group had net debt as at 31 January 2018 of £5,263,000 (2017: £5,309,000). Average debt during the year varies due to the timing and seasonality of revenues and investment in products. The average monthly net debt increased by £8,206,000 to £11,246,000 (2017: £3,040,000) as a result of the Group starting the financial year with net debt following the Clarke & Clarke acquisition which increased the need to utilise the bank facilities.

The Group utilises facilities provided by Barclays Bank Plc. In December 2015, the Group entered into a £12.5 million multi-currency revolving credit facility with Barclays Bank PLC for a five year period and cancelled the existing receivables facilities. The agreement also includes a £10 million accordion facility option to further increase available funds which provides headroom for future growth. There were £7,500,000 borrowings at the end of the year for the revolving facility (2017: £7,500,000). Under these facilities there was borrowing headroom of £12,237,000 (2017: £12,391,000). The total facilities have a current limit of £22.50 million (2017: £22.70 million).

All of the Group's bank facilities remain secured by first fixed and floating charges over the Group's assets.

Pension Deficit

The pension deficit reduced slightly during the year with contributions from the Company offset by the fall in corporate bond yields, leading to a reduction in the discount rate. The impact of these factors is shown as follows:

	2018
	£000
Deficit at beginning of the year	(7,413)
Scheme expenses	(386)
Interest cost	(1,976)
Expected return on plan assets	1,789
Contributions	1,907
Return on scheme assets	440
Actuarial loss from the change in discount factor	(2,802)
Experience adjustments on benefit obligation	111
Actuarial gain from the change in demographic assumptions	1,032
Gross deficit at the end of the year	(7,298)

Dividends

During the year, the Group paid a final dividend for the year ended 31 January 2017 of 3.06p per share and an interim dividend of 0.69p per share.

The Directors have recommended the payment of a final dividend of 3.68p per share (2017: 3.06p) which, subject to shareholder approval at the Company's annual general meeting, will be payable on 10 August 2018 to shareholders on the register on 20 July 2018. This brings the total dividend for the year to 4.37p per share (2017: 3.61p), an increase of 21.1%.

Going Concern
The Directors are confident, after having made appropriate enquiries that the Group and Company have adequate resources to continue trading for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Foreign Currency Risk
All foreign currencies are bought and sold centrally on behalf of the Group. Regular reviews take place of the foreign currency cash flows and unmatched exposures are covered using forward contracts and working capital exposures are hedged using currency swaps where deemed appropriate. The Group does not trade in financial instruments and hedges are used for highly probable future cash flows and to hedge working capital exposures.

Credit Risk
The Group no longer seeks credit insurance as this is not a commercial solution to reducing credit risk. The Board reviews the internal credit limits of all major customers and reviews the credit risk regularly. The aging profile of trade debtors shows that payments from customers are close to terms, however, there have been specific expenses during the year. The current economic environment still presents a level of risk and in addition to specific provisioning against individual receivables, a provision has been required of £nil (2017: £65,000) which is a collective assessment of the risk against non-specific receivables.

Mike Gant
Chief Financial Officer
5 April 2018

Consolidated Income Statement

Year ended 31 January 2018

		2018			2017		
	Note	**Underlying £000**	**Non-underlying (note 5) £000**	**Total £000**	Underlying £000	Non-underlying (note 5) £000	Total £000
Revenue	3	**108,764**	**-**	**108,764**	92,373	-	92,373
Cost of sales		**(43,308)**	**(182)**	**(43,490)**	(36,223)	(1,061)	(37,284)
Gross profit / (loss)		**65,456**	**(182)**	**65,274**	56,150	(1,061)	55,089
Net operating expenses:							
Distribution and selling expenses		**(15,415)**	**-**	**(15,415)**	(12,421)	-	(12,421)
Administration expenses		**(38,729)**	**(2,426)**	**(41,155)**	(36,724)	(3,170)	(39,894)
Net other income	4,5	**1,069**	**4,264**	**5,333**	2,837	2,248	5,085
Profit / (loss) from operations		**12,381**	**1,656**	**14,037**	9,842	(1,983)	7,859
Net defined benefit pension charge	6	**(573)**	**-**	**(573)**	(527)	-	(527)
Finance costs	7	**(275)**	**(405)**	**(680)**	(186)	(181)	(367)
Total finance costs		**(848)**	**(405)**	**(1,253)**	(713)	(181)	(894)
Profit / (loss) before tax		**11,533**	**1,251**	**12,784**	9,129	(2,164)	6,965
Tax (expense) / income	8	**(2,489)**	**1,458**	**(1,031)**	(1,609)	9	(1,600)
Profit / (loss) for the year attributable to owners of the parent		**9,044**	**2,709**	**11,753**	7,520	(2,155)	5,365
Earnings per share - Basic	**10**			**16.70p**			8.55p

Earnings per share - Diluted	**10**	**16.60p**	8.08p
Adjusted earnings per share - Basic	**10**	**14.52p**	13.67p
Adjusted earnings per share - Diluted	**10**	**14.43p**	12.92p

All of the activities of the Group are continuing operations.

Consolidated Statement of Comprehensive Income

Year ended 31 January 2018

	Note	**2018** **£000**	2017 £000
Profit for the year		**11,753**	5,365
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension schemes		**(1,219)**	(4,339)
Corporation tax credits recognised in equity		**234**	270
Increase / (reduction) of deferred tax asset relating to pension scheme liability		**-**	484
Total items that will not be reclassified to profit or loss		**(985)**	(3,585)
Items that may be reclassified subsequently to profit or loss			
Currency translation (losses) / gains		**(97)**	128
Cash flow hedge gains		**-**	26
Total items that may be reclassified subsequently to profit or loss		**(97)**	154
Other comprehensive expense for the year, net of tax		**(1,082)**	(3,431)
Total comprehensive income for the year attributable to the owners of the parent		**10,671**	1,934

Consolidated Balance Sheet

At 31 January 2018

	Note	**2018** **£000**	2017 £000 (Restated)
Non-current assets			
Intangible assets		**31,780**	32,561
Property, plant and equipment		**15,962**	15,845
		47,742	48,406
Current assets			
Inventories		**29,378**	30,305
Trade and other receivables	11	**21,238**	19,508
Cash and cash equivalents	12	**1,295**	1,516
		51,911	51,329
Total assets		**99,653**	99,735
Current liabilities			

Trade and other payables		**(22,360)**	(25,685)
Borrowings	12	**(6,558)**	(6,825)
Provision for other liabilities and charges	15	**-**	(2,708)
		(28,918)	(35,218)
Net current assets		**22,993**	16,111
Non-current liabilities			
Deferred income tax liabilities	9	**(1,825)**	(2,573)
Retirement benefit obligation	14	**(7,298)**	(7,413)
Provision for other liabilities and charges	15	**-**	(3,238)
		(9,123)	(13,224)
Total liabilities		**(38,041)**	(48,442)
Net assets		**61,612**	51,293
Equity			
Share capital		**709**	696
Share premium account		**18,682**	16,390
Foreign currency translation reserve		**(525)**	(428)
Retained earnings / (Accumulated losses)		**2,239**	(5,872)
Other reserves		**40,507**	40,507
Total equity		**61,612**	51,293

Consolidated Cash Flow Statement

Year ended 31 January 2018

		2018	2017
	Note	**£000**	£000
Cash flows from operating activities			
Cash generated from operations	13	**6,989**	12,381
Interest paid		**(245)**	(163)
Corporation tax paid		**(2,236)**	(2,294)
Net cash generated from operating activities		**4,508**	9,924
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	16	**-**	(27,073)
Interest received		**2**	1
Purchase of intangible assets		**(861)**	(792)
Purchase of property, plant and equipment		**(2,636)**	(5,976)
Proceeds from disposal of property, plant and equipment		**-**	89
Insurance proceeds relating to investing activities		**1,785**	2,268

Net cash used in investing activities		**(1,710)**	(31,483)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**-**	16,022
Debt issue costs		**-**	(40)
Repayment of term loan		**(200)**	(400)
Dividends paid to Company's shareholders		**(2,659)**	(1,818)
Net cash generated (used in) / from financing activities		**(2,859)**	13,764
Net (decrease) / increase in cash and cash equivalents		**(61)**	(7,795)
Cash and cash equivalents and bank overdraft at beginning of year		**(5,110)**	2,902
Effect of exchange rate fluctuations on cash held		**(92)**	(217)
Cash and cash equivalents and bank overdraft at end of year	12	**(5,263)**	(5,110)

Consolidated Statement of Changes in Equity

Year ended 31 January 2018

	Attributable to owners of the parent							
				Other Reserves				
	Share capital £000	Share premium account £000	Retained earnings / (Accumulated losses) £000	Capital reserve £000	Merger reserve £000	Hedge reserve £000	Foreign currency translation reserve £000	Total equity £000
Balance at 1 February 2016	602	457	(5,700)	43,457	(2,950)	(26)	(556)	35,284
Profit for the year	-	-	5,365	-	-	-	-	5,365
Other comprehensive Income:								
Remeasurements of defined benefit pension schemes	-	-	(4,339)	-	-	-	-	(4,339)
Corporation tax credits recognised in equity	-	-	270	-	-	-	-	270
Deferred tax relating to pension scheme liability	-	-	484	-	-	-	-	484
Currency translation differences	-	-	-	-	-	-	128	128
Cash flow hedge	-	-	-	-	-	26	-	26
Total comprehensive income	-	-	1,780	-	-	26	128	1,934

Transactions with owners, recognised directly in equity:								
Dividends	-	-	(1,818)	-	-	-	-	(1,818)
Allotment of share capital	94	15,933	(4)	-	-	-	-	16,023
Long-term incentive plan charge	-	-	658	-	-	-	-	658
Long-term incentive plan vesting	-	-	(664)	-	-	-	-	(664)
Related tax movements on long-term incentive plan	-	-	(124)	-	-	-	-	(124)
Balance at 31 January 2017	**696**	**16,390**	**(5,872)**	**43,457**	**(2,950)**	**-**	**(428)**	**51,293**

Consolidated Statement of Changes in Equity continued

Year ended 31 January 2018

	Attributable to owners of the parent							
				Other Reserves				
	Share capital £000	Share premium account £000	Retained earnings / (Accumulated losses) £000	Capital reserve £000	Merger reserve £000	Hedge reserve £000	Foreign currency translation reserve £000	Total equity £000
Balance at 1 February 2017	696	16,390	(5,872)	43,457	(2,950)	-	(428)	51,293
Profit for the year	-	-	11,753	-	-	-	-	11,753
Other comprehensive Income:								
Remeasurements of defined benefit pension schemes	-	-	(1,219)	-	-	-	-	(1,219)
Corporation tax credits recognised in equity	-	-	234	-	-	-	-	234
Deferred tax relating to pension scheme liability	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	(97)	(97)
Cash flow hedge	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	10,768	-	-	-	(97)	10,671
Transactions with owners, recognised directly in equity:								

Dividends	-	-	(2,659)	-	-	-	-	(2,659)
Allotment of share capital	13	2,292	-	-	-	-	-	2,305
Long-term incentive plan charge	-	-	434	-	-	-	-	434
Long-term incentive plan vesting	-	-	(404)	-	-	-	-	(404)
Related tax movements on long-term incentive plan	-	-	(28)	-	-	-	-	(28)
Balance at 31 January 2018	**709**	**18,682**	**2,239**	**43,457**	**(2,950)**	**-**	**(525)**	**61,612**

Notes to the Accounts

1. Accounting policies and general information

Basis of preparation
The Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards adopted for use in the European Union (IFRS).

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRS this announcement does not itself contain sufficient information to comply with IFRS. The financial information set out in this preliminary announcement does not constitute the Company's statutory accounts for the year ended 31 January 2018. The financial information is prepared in accordance with IFRSs as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board, and with the accounting policies set out in the Group's 2017 Annual Report and Financial Statements and as updated by the 2017 Interim Statement.

These financial statements will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting. The statutory accounts for the year ended 31 January 2017 have been filed with the Registrar of Companies and contained an auditor's report which was (i) unqualified and (ii) did not contain a reference to any matters to which the auditors drew attention by way of emphasis of matter without qualifying their report, and (iii) did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

This preliminary announcement was approved for release by the Board on 4 April 2018.

2. Critical accounting estimates and judgements

Business combinations
The Group applies judgement in determining whether a transaction is a business combination, which includes consideration as to whether the Group has acquired a business or a group of assets. For business combinations, the Group estimates the fair value of the consideration transferred, which includes assumptions about the future performance of the business acquired and an appropriate discount rate to determine the fair value of any contingent consideration. Judgement is also applied in determining whether any future payments should be classified as contingent consideration or as remuneration for future services. The Group estimates the fair value of assets acquired and liabilities assumed in the business combination, including any separately identifiable intangible assets and considering contingent liabilities. These estimates also require inputs and assumptions including future earnings, customer attrition rates and discount rates. The Group engages external experts to support the valuation process, where appropriate.

The fair value of the contingent consideration recognised in business combinations is reassessed at each reporting date, using updated inputs and assumptions based on the latest financial forecasts for the relevant business. Judgement is applied as to whether changes should be applied at the acquisition date or as post-acquisition changes. Fair value movements and the unwinding of the discounting is recognised within finance costs in the Income Statement.

Other critical accounting estimates include retirement benefit pension obligations, impairment of non-financial assets, deferred tax recognition and long term incentive plan payment awards.

3. Segmental analysis

The Group is a designer, manufacturer and distributor of luxury interior furnishings, fabrics and wallpaper. The reportable segments of the Group are aggregated as follows:

- Brands - comprising the design, marketing, sales and distribution, and licensing activities of Sanderson, Morris & Co, Harlequin, Zoffany, Anthology, Scion, Clarke & Clarke and Studio G brands operated 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.

This is the basis on which the Group presents its operating results to the Board of Directors, which is considered to be the CODM for the purposes of IFRS 8. Other group-wide activities and expenses, predominantly related to corporate head office costs, defined benefit pension costs, long-term incentive plan expenses, taxation and eliminations of intersegment items, are presented within 'Eliminations and unallocated'.

Following the acquisition of Clarke & Clarke the Board of Directors have also monitored the performance of this division for the purposes of the earn-out.

3. Segmental analysis continued

a) Reportable segment information

Year ended 31 January 2018

	Brands	Manufacturing	Eliminations and Unallocated	Total
	£000	**£000**	**£000**	**£000**
UK revenue	**48,414**	**14,426**	**-**	**62,840**
International revenue	**38,870**	**3,936**	**-**	**42,806**
Licence revenue	**3,118**	**-**	**-**	**3,118**
Revenue - External	**90,402**	**18,362**	**-**	**108,764**
Revenue - Internal	**-**	**15,014**	**(15,014)**	**-**
Total revenue	**90,402**	**33,376**	**(15,014)**	**108,764**
Profit / (loss) from operations	**12,603**	**1,942**	**(508)**	**14,037**
Net defined benefit pension charge			**(573)**	**(573)**
Net finance costs			**(680)**	**(680)**
Profit / (loss) before tax	**12,603**	**1,942**	**(1,761)**	**12,784**
Tax charge	**-**	**-**	**(1,031)**	**(1,031)**
Profit / (loss) for the year	**12,603**	**1,942**	**(2,792)**	**11,753**

Year ended 31 January 2017

	Brands	Manufacturing	Eliminations and unallocated	Total
	£000	£000	£000	£000
UK revenue	42,531	12,227	-	54,758
International revenue	31,552	3,497	-	35,049
Licence revenue	2,566	-	-	2,566
Revenue - External	76,649	15,724	-	92,373
Revenue - Internal	-	16,320	(16,320)	-
Total revenue	76,649	32,044	(16,320)	92,373
Profit / (loss) from operations	9,239	1,026	(2,406)	7,859
Net defined benefit pension charge	-	-	(527)	(527)
Net finance costs	-	-	(367)	(367)
Profit / (loss) before tax	9,239	1,026	(3,300)	6,965
Tax charge	-	-	(1,600)	(1,600)
Profit / (loss) for the year	9,239	1,026	(4,900)	5,365

Business interruption reimbursements to cover loss of profits of £1,069,000 (£2017: £2,837,000) are included within 'Eliminations and unallocated'.

3. Segmental analysis continued

The segmental revenues of the Group are reported to the CODM in more detail. One of the analyses presented is revenue by export market for Brands.

Brands international revenue by export market:	**2018 £000**	2017 £000
Western Europe	**11,710**	9,594
Scandinavia	**2,789**	2,557
Eastern Europe	**3,023**	2,374
Europe Total	**17,522**	14,525
Middle East	**2,028**	1,345
Far East	**4,100**	3,308
USA	**12,670**	10,310
South America	**431**	458
Australasia	**1,246**	1,004
Other	**873**	602
	38,870	31,552

Revenue of the Brands reportable segment - revenue from operations in all territories where the sale is sourced from the Brands operations, together with contract and licence revenue:

Brand Revenue Analysis:	**2018 £000**	2017 £000
Harlequin, incorporating Anthology & Scion	**30,531**	31,270
Sanderson, incorporating Morris & Co	**23,358**	22,516
Zoffany	**11,621**	12,162
Clarke & Clarke, incorporating Studio G	**21,202**	7,267
Other brands	**572**	868
Licensing	**3,118**	2,566
	90,402	76,649

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

Manufacturing Revenue Analysis:	**2018 £000**	2017 £000
Standfast	**15,423**	15,097
Anstey	**17,953**	16,947
	33,376	32,044

b) Additional entity-wide disclosures

Revenue by geographical location of customers:	**2018 £000**	**2017 £000**
United Kingdom	**64,607**	56,064
Continental Europe	**19,209**	15,917
USA	**14,727**	12,237
Rest of the World	**10,221**	8,155

	108,764	92,373

4. Net other income

Net other income arising as a result of the flood at Standfast, the Group's fabric printing factory in December 2015, is £1,069,000 (2017: £2,837,000) and represents business interruption reimbursements to cover loss of profits. In addition non-underlying other income of £4,264,000 (2017: £2,248,000) is explained in note 5.

5. Non-statutory profit measures

Underlying profit measures
The Group seeks to present a measure of underlying performance which is not impacted by material non-recurring items or items considered non-operational in nature. This measure of profit is described as 'underlying' and is used by management to measure and monitor performance. The excluded items are referred to as 'non-underlying' items.

Non-underlying items
The non-underlying items included in profit before tax are as follows:

	Note	**2018 £000**	2017 £000
(i) Acquisition related:			
Transaction costs	(a)	**-**	(1,552)
Amortisation of acquired intangible assets		**(1,016)**	(342)
Unwind of the fair value uplift adjustment on inventory	(b)	**(182)**	(1,061)
Unwind of discount on contingent consideration	(c)	**(405)**	(181)
Fair value adjustment to contingent consideration	(d)	**4,047**	-
		2,444	(3,136)
(ii) Standfast flood:			
Incremental costs, inventory loss and property, plant and equipment impairments		**(1,125)**	(7,165)
Insurance reimbursements		**1,342**	9,413
	(e)	**217**	2,248
(iii) Restructuring and reorganisation costs	(f)	**(701)**	(1,276)
(iv) Anstey fire:			
Incremental costs and property, plant and equipment repairs	(g)	**(709)**	-
Total non-underlying items included in profit before tax		**1,251**	(2,164)
Tax on non-underlying items		**1,458**	9
Total impact of non-underlying items on profit after tax		**2,709**	(2,155)

Costs detailed in (a) - (c) below relate to costs incurred on the acquisition of Clarke & Clarke, which completed on 31 October 2016 (see note 16).

a) Transaction costs comprise legal and professional fees in relation to the acquisition. In addition, share issue costs of £nil (2017: £978,000) relating to the acquisition have been offset against the share premium account.
b) In accordance with IFRS, the inventory value was uplifted to fair value at the date of acquisition by £1,243,000 and this adjustment increased costs of sales in the post-acquisition period. £182,000 (2017: £1,061,000) cost in respect of unwind of the fair value uplift adjustment is considered an exceptional cost of sale. The balance of the fair value uplift has been fully unwound during the year.
c) A charge of £405,000 (2017: £181,000) has been recognised in respect of unwind of the contingent consideration on acquisition.
d) As a result of the challenging performance targets and prevailing market conditions, the performance target for the period ended 31 January 2018 has not been achieved. It is not considered likely that the performance targets for the remaining two years will be achieved therefore, there has been a remeasurement of the fair value of this contingent consideration resulting in a £4,047,000 credit to the income statement, in other income.
e) Other income of £217,000 (2017: £2,248,000) comprises of proceeds arising from reimbursement of costs to replace impaired plant and equipment and intangible assets of £217,000 (2017: £2,780,000) less flood defence costs of £nil (2017: £253,000) and additional insurance costs of £nil (2017: £279,000).
f) Restructuring and reorganisation costs relate to the reorganisation of the Group and comprise of the rationalisation of certain operational and support functions. These costs mainly comprise professional fees, employee severance and property costs associated with the reorganisation process.
g) Anstey fire related costs of £709,000 are in respect of plant and equipment repairs and related costs following a minor fire.

In addition to the non-underlying items detailed above, an adjustment is made for the LTIP accounting charge and net defined benefit pension charge in arriving at the 'Adjusted profit' and 'Adjusted earnings per share'.

6. Net defined benefit pension charge

	2018 £000	2017 £000
Expected return on pension scheme assets	**1,789**	2,064
Interest on pension scheme liabilities	**(1,976)**	(2,199)
Scheme expenses met by the Group	**(386)**	(392)
Net charge	**(573)**	(527)

7. Net Finance costs

	2018 £000	2017 £000
Interest income:		

Interest received on bank deposits	**2**	1
Interest expense:		
Interest payable on bank borrowings	**(245)**	(161)
Amortisation of issue costs of bank loans	**(32)**	(26)
Total finance costs	**(277)**	(187)
Net finance costs excluding non-underlying items	**(275)**	(186)
Unwind of discount on contingent consideration (note 5)	**(405)**	(181)
Net finance costs including non-underlying items	**(680)**	(367)

8. Tax expense

	2018 £000	2017 £000
Current tax:		
- UK current tax	**1,722**	1,367
- UK adjustments in respect of prior years	**85**	78
- overseas, current tax	**-**	-
Corporation tax	**1,807**	1,445
Deferred tax:		
- current year	**(795)**	271
- adjustments in respect of prior years	**36**	(12)
- effect of changes in corporation tax rates	**(17)**	(104)
Deferred tax	**(776)**	155
Total tax charge for the year	**1,031**	1,600

8. Tax expense continued

	2018 £000	2017 £000
Reconciliation of total tax charge for the year		
Profit on ordinary activities before tax	**12,784**	6,965
Tax on profit on ordinary activities at 19% (2017: 20%)	**2,429**	1,393
Non-deductible expenditure	**86**	418
Parent and overseas losses and temporary timing differences not recognised	**(36)**	(99)
Income not subject to tax	**(795)**	-
Permanent differences in respect of share options	**170**	11
Adjustments in respect of prior years	**121**	66
Reversal of acquisition related deferred tax	**(927)**	-
Adjustments in respect of pre-acquisition period	**-**	(85)
Effect of changes in corporation tax rates	**(17)**	(104)
Total tax charge for year	**1,031**	1,600

Factors affecting current and future tax charges
No overseas taxation is anticipated to become payable within the immediate future due to the availability of gross tax losses of approximately £3.2 million (2017: £2.8 million).

9. Deferred income tax

A net deferred tax liability of £1,825,000 (2017: £2,573,000) is recognised in respect of future deductions for LTIP payments and other temporary differences.

	2018 £000	2017 £000
Taxable temporary differences on property, plant and equipment	**(1,484)**	(1,361)
Taxable temporary differences on intangible assets	**(1,662)**	(2,591)
Other temporary differences	**18**	(141)
Temporary differences on LTIP payments	**49**	260
	(3,079)	(3,833)
Retirement benefit obligations	**1,254**	1,260
	(1,825)	(2,573)

Movements on the deferred income tax account are as follows:

	2018	2017

Net deferred tax asset/ (liability)	**£000**	£000
At 1 February	**(2,573)**	108
Acquisition of subsidiary	**-**	(2,885)
Income Statement charge	**776**	(155)
Tax credit/(charge) relating to components of other comprehensive income	**-**	484
Tax charged directly to equity	**(28)**	(125)
At 31 January	**(1,825)**	(2,573)

10. Earnings per share

Basic earnings per share ('EPS') is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the year, excluding those held in the Employee Benefit Trust ('EBT') and those held in treasury, which are treated as cancelled. The adjusted basic earnings per share is calculated by dividing the adjusted earnings by the weighted average number of shares. As a consequence of the improved profitability of the Group, PBT performance criteria within LTIPs 9,10 and 11 are now being met and as a consequence these LTIP awards are now dilutive.

	2018			2017		
	Earnings	**Weighted average number of shares**	**Per Share Amount**	Earnings	Weighted average number of shares	Per Share Amount
	£000	**(000s)**	**Pence**	£000	(000s)	Pence
Basic earnings per share	**11,753**	**70,376**	**16.70**	5,365	62,732	8.55
Effect of dilutive securities:						
Shares under LTIP		**428**			3,645	
Diluted earnings per share	**11,753**	**70,804**	**16.60**	5,365	66,377	8.08
Adjusted basic and diluted earnings per share:						
Add back LTIP accounting charge	**413**			756		
Add back net defined benefit pension charge	**573**			527		
Non-underlying items (note 5)	**(1,251)**			2,164		
Tax effect of non-underlying items and other add backs	**(1,269)**			(235)		
Adjusted basic earnings per share	**10,219**	**70,376**	**14.52**	8,577	62,732	13.67
Adjusted diluted earnings per share	**10,219**	**70,804**	**14.43**	8,577	66,377	12.92

On 31 May 2017, 421,218 shares vested under the Company's LTIP. To satisfy the vesting, 227,247 shares of 1 pence each were allotted at par value and 4,909 shares were issued from the Walker Greenbank PLC EBT.

On 26 June 2017, the Company issued 1,116,586 ordinary shares of 1 pence each at an issue price of 206.25 pence per share in respect of the first tranche of the performance related Clarke & Clarke earn-out consideration for the period ended 31 January 2017.

Following these transactions Walker Greenbank's issued ordinary share capital with voting rights at 31 January 2018 consists of 70,895,511 (2017: 69,551,678) ordinary shares of which no (2017: nil) ordinary shares are held in treasury and no (2017: 4,909) ordinary shares are held by the Walker Greenbank PLC EBT. Shares held in treasury or by the EBT are treated as cancelled when calculating EPS.

In order to finance the initial cash consideration to acquire 100% of the issued share capital of Clarke & Clarke, a placing of a total of 8,947,369 new ordinary shares of 1p each in the Company was announced on 12 October 2016. These shares, which represented approximately 12.9% of the Company's issued ordinary share capital on admission to trading on AIM (excluding treasury shares), were placed at a price of 190.0 pence per share raising proceeds of approximately £17,000,000.

On 16 May 2016, 773,393 shares vested under the Company's Long Term Incentive Plan. To satisfy the vesting, 431,788 shares of 1 pence each were allotted at par value.

The market value of shares held by the EBT at 31 January 2018 was £nil (2017: £10,000). The total number of shares held in the EBT at the year end represented 0% (2017: 0.01%) of the issued shares.

11. Trade and other receivables

Current	**2018 £000**	2017 £000
Trade receivables	**14,497**	13,302
Less: Provision for impairment of trade receivables	**(353)**	(198)
Net trade receivables	**14,144**	13,104
Corporation tax	**1,270**	609
Other taxes and social security	**879**	39
Other receivables	**400**	2,066
Marketing materials	**1,963**	1,249
Prepayments	**2,582**	2,441
	21,238	19,508

Other receivables include the recognition of £nil (2017: £1,500,000) relating to insurance reimbursement in respect of the Standfast flood received after the year end.

12. Analysis of net funds

	1 February 2017 £000	Cash flow £000	Other non-cash changes £000	**31 January 2018 £000**
Cash and cash equivalents	1,516	(221)	-	**1,295**
Bank overdraft	(6,626)	68	-	**(6,558)**
Cash and cash equivalents and bank overdraft	(5,110)	(153)	-	**(5,263)**
Term loan due within one year	(199)	200	(1)	**-**
Term loan due after one year	-	-	-	**-**
	(199)	200	(1)	**-**
Net debt	(5,309)	47	(1)	**(5,263)**

Other non-cash changes are capitalisation and amortisation of the issue costs relating to the borrowings.

13. Cash generated from operations

	2018 £000	2017 £000
Profit before tax	**12,784**	6,965
Defined benefit pension charge	**573**	527
Net finance costs	**680**	367
Depreciation and impairment of property, plant and equipment	**2,450**	2,172
Amortisation	**1,642**	1,019
Insurance reimbursements	**(2,411)**	(12,250)
Release of contingent consideration	**(4,047)**	-

Charge for LTIP recognised in equity	**434**	658
LTIP vesting	**(404)**	(664)
Unrealised foreign exchange gains included in operating profit	**112**	56
Defined benefit pension cash contributions	**(1,908)**	(1,766)
Cash generated / (used in) operating activities pre insurance proceeds	**9,905**	(2,916)
Insurance proceeds relating to operating activities	**2,126**	13,165
Cash generated from operating activities post insurance proceeds	**12,031**	10,249
Changes in working capital:		
Decrease / (increase) in inventories	**927**	(5,976)
(Increase) / decrease in trade and other receivables	**(2,584)**	2,728
(Decrease) / increase in trade and other payables	**(3,385)**	5,380
Cash generated from operations	**6,989**	12,381

14. Retirement benefit obligation

Defined benefit schemes

Walker Greenbank PLC operates two defined benefit schemes in the UK which both offer pensions in retirement and death benefits to members: the Walker Greenbank Pension Plan and the Abaris Holdings Limited Pension Scheme. Pension benefits are related to the members' final salary at retirement and their length of service. The schemes are closed to new members and to future accrual of benefits. This disclosure excludes any defined contribution assets and liabilities.

The Group's contributions to the schemes for the year beginning 1 February 2018 are expected to be £1,926,000.

	2018 £000	2017 £000
Deficit at beginning of the year	**(7,413)**	(4,313)
Scheme expenses	**(386)**	(392)
Interest cost	**(1,976)**	(2,199)
Expected return on plan assets	**1,789**	2,064
Contributions	**1,907**	1,766
Return on scheme assets	**440**	8,107
Actuarial loss from the change in discount factor	**(2,802)**	(12,615)
Experience adjustments on benefit obligation	**111**	169
Actuarial gain from the change in demographic assumptions	**1,032**	-
Gross deficit at the end of the year	**(7,298)**	(7,413)

15. Provision for other liabilities and charges

Contingent liability arising on business combination:	**2018 £000**	2017 (Restated) £000
At 1 February	**5,946**	-
Provision on acquisition of Clarke and Clarke	**-**	5,765
Payment of first tranche of contingent liability	**(2,304)**	-
Fair value adjustment to contingent liability (note 16)	**(4,047)**	-
Unwind of discount (note 5)	**405**	181
At 31 January	**-**	5,946

Analysis of total contingent liability:	**2018 £000**	2017 (Restated) £000
Non-current	**-**	3,238
Current	**-**	2,708
Total	**-**	5,946

16. Business combinations

On 12 October 2016, the Group conditionally acquired Clarke & Clarke for an initial cash consideration of £25,000,000 and a contingent consideration of up to £17,500,000, in aggregate, payable in the Company's shares linked to the performance of the acquired business over a four year period, giving a total potential consideration of up to £42,500,000 excluding working capital adjustments. The completion date for the transaction was 31 October 2016.

On 26 June 2017, the Group issued 1,116,586 ordinary share shares of 1 pence each in the Company (the "Consideration Shares") in respect of the first tranche of the performance related earn-out consideration. This first tranche of Consideration Shares has been issued following Clarke & Clarke achieving its variable EBITDA target for the period ended 31 January 2017. The Consideration Shares have been issued at an issue price of 206.25 pence per share (being the average closing price for the Company's Ordinary Shares 10 business days preceding 16 June 2017) and are subject to a 12 month lock-in period.

In accordance with IFRS 3 'Business Combinations', the Directors made an initial assessment of the fair values of the acquired assets and liabilities and contingent consideration, resulting in goodwill of £14,736,000 being created in the Balance Sheet.

During the year and within 12 months of the acquisition date, the Directors undertook a review of the provisional fair value of the contingent consideration, with adjustments of £617,000 being reflected within the carrying value of goodwill as at the acquisition date.

Also, following finalisation of the Group's tax computations for the year ended 31 January 2017, the purchase consideration for Clarke & Clarke was reassessed in respect of tax reliefs relating to the acquiree's pre-acquisition position resulting in an increase of £338,000.

Net adjustments amounting to £955,000 have been made to increase the contingent consideration, other payables and respective goodwill and the balance sheet at 31 January 2017 has been restated accordingly. The net assets are unaffected by these adjustments.

The Group remeasures the contingent consideration at fair value at each balance sheet date. As a result of the challenging performance targets and prevailing market conditions, the performance target for the period ended 31 January 2018 has not been achieved. It is not considered likely that the performance targets for the remaining two years will be achieved therefore, there has been a remeasurement of the fair value of this contingent consideration resulting in a £4,047,000 credit to the income statement. There has also been a charge of £405,000 recognised in respect of the unwind of the contingent consideration payable for Clarke & Clarke. Therefore the estimated fair value of the assumed probability adjusted contingent consideration at 31 January 2018 was £nil (2017: £5,946,000), which is classified at Level 3 in the fair value hierarchy.