



Issued by Citigate Dewe Rogerson Ltd, Birmingham  
Date: Wednesday, 18 June 2008

Embargoed: 7.00am

# Victoria PLC

*a successful and well established international manufacturer and distributor  
of carpets and floorcoverings*

**Preliminary Results for the 52 weeks ended 29 March 2008**

## Another Year of Solid Growth

- Group revenue increased 11.3% to £61.7m (an increase of over 25.0% in the past three years)
- Profit before tax up 27.0% to £3.5m
- Earnings per share (adjusted) up 26.3% to 36.5p
- Proposed final dividend of 14p per share, increase of 12.0%
- Proposal to start paying interim dividends
- Net borrowings reduced by £2.1m
- Carpet sales within the UK were up 6.8% at £24.9m, in a market which was estimated, by management, to be down by around 5%, whilst operating profits were up 9.8% to £1.3m
- Australian operation has again enjoyed another year of excellent growth with revenues up 20.1% to £28.5m and operating profit up 46.5% to £3.0m

*"The difficulty of the current markets is real and is the backdrop against which we have developed our growth plans. We have strong products, unrivalled knowledge and expertise, and a passion for customer service that means we are as well placed as any to deliver growing returns to our Shareholders."*

*Alexander Anton, Chairman*

*"The Board believes that the Group has an advantage within the sectors in which it is positioned. The businesses have a strong and experienced management team who are focused on winning market share. The businesses have a current and fashionable product offering which is sold through higher margin distribution channels and have a highly efficient manufacturing operation. These factors should enable the UK and Irish operations to deliver a superior business performance than our competitors and to continue to gain market share."*

*"The Australian operation again has a well proven and strong management team and they are operating within an attractive and growing sector in which they already have a track record of winning market share. The major investment in new "state-of-the-art" Tufting machines, which will be installed from June through to October 2008, will further add to our ability to service our customers in Australia and New Zealand in the second half of our financial year and to underpin the Group's performance."*

*Alan Bullock, Group Managing Director*

*Ian Davies, Group Finance Director*

### **FULL STATEMENT ATTACHED**

#### **Enquiries:**

Alan Bullock, Group Managing Director

Ian Davies, Group Finance Director

#### **Victoria PLC**

Today: +44 (0) 207 638 9571 (until 11.30am)

Thereafter: +44 (0) 1562 749640

Mobile: +44 (0) 7785 325701 (AB)

[www.victoria.plc.uk](http://www.victoria.plc.uk)

Keith Gabriel, Senior Account Manager

#### **Citigate Dewe Rogerson**

Today: +44 (0) 207 638 9571

Thereafter: +44 (0) 121 455 8370

Mobile: +44 (0) 7770 788624

**Victoria PLC**  
**Preliminary Results for 52 weeks ended 29 March 2008**

**CHAIRMAN'S STATEMENT**

**Progress of the Group and Board Structure**

With all the gloom and doom around, I am delighted to be able to declare a much improved result for the year ended 29 March 2008. Revenue for the Group was up by 11.3% on 2007 at £61.7m and profit before tax rose 27.0% to £3.51m. Improvements were achieved across all of the sectors, winning market share in our core markets in the UK and Australia. My congratulations and gratitude go to the management team and all employees in achieving this great result.

The last year has witnessed the successful transformation of the Group Board. The arrival of Ian Davies as Finance Director has greatly benefited the Group and evidence of his skills and influence can be seen in the enclosed accounts. Improved cash flow, return on operating assets and the implementation of more rigorous financial budgeting and reporting procedures have prepared the Group for future growth.

The Board has been strengthened with the arrival of Nikki Beckett and Aram Shishmanian as Non-Executive Directors. Their wide experience and skills, coupled with their dynamism, are making a significant contribution to the Group Board.

My thanks to Bob Gilbert and Keith Ackroyd for their considerable commitment to the Board over the last twelve years. Bob's arrival as Chairman in 1996 provided the Company with much needed stability at that time and the steady progress made since then is a testament to his influence. Keith has been a much valued colleague in his capacity of Senior Non-Executive Director, providing sound advice at all times.

I became Chairman on 4 December 2007 and am honoured to have been offered the role. I am respectful of the Group's heritage and in particular of its entrepreneurial spirit, commitment to the Company's continual focus on creating sustainable Shareholder value and forging leadership positions in its markets.

**Outlook and Alignment of Employees' to Shareholders' Interests**

The Board has developed plans for the next three years which are designed to deliver growing returns to its shareholders. These plans will be delivered in partnership with the executives and staff and will require significant commitment from them. In recognition of this, we intend to adopt a scheme to allow all employees to benefit from the Group's future success.

Within the Notice of Annual General Meeting, we are requesting that Shareholders approve the implementation of a Long Term Incentive Plan for the senior Executives. Working with Deloitte, the Remuneration Committee has devised a scheme which provides the appropriate alignment with Shareholder interests and will create the energy and incentive that is needed to achieve the growth plans.

We think it is important that all employees have the opportunity to align with Shareholders and we are proposing to introduce an employee share save scheme later in the year. I trust you will support the Board in these recommendations.

*continued...*

### **Outlook**

We are committed to our three year plan, as outlined in the business review, which commences this year and is designed to deliver continued growth in existing markets and expansion of our product offering. All divisions have performed ahead of last year. I would, however, particularly like to draw your attention to the outstanding performance of the Australian division. The Australian revenues grew by 12.5% in 2008, in local currency, and our three year plan shows continued strong growth in Australasia, with the Group intending to significantly increase expenditure in plant and equipment.

The Company has commenced a strategic review and I look forward to updating Shareholders on its progress in the future.

I started my comments by referring to the difficulty of the current markets and the consequential doom and gloom. The difficulty is real and is the backdrop against which we have developed our growth plans. We have strong products, unrivalled knowledge and expertise, and a passion for customer service that means we are as well placed as any to deliver growing returns to our Shareholders.

### **Dividend**

The Board recommends the payment of a final dividend of 14p per share, an increase of 12.0% over 2007 (12.5p), which is payable on Monday, 28 July 2008, to all Shareholders on the Register at 27 June 2008 (ex dividend date being Wednesday, 25 June 2008).

In addition, the Board is pleased to propose that in future an interim dividend will be paid in December of each year. The increase in dividend and proposal to pay interim dividends is a reflection of our solid financial performance this year and our continued confidence in the Group's businesses.

**Alexander Anton**

Chairman

18 June 2008

**Victoria PLC**  
**Preliminary Results for 52 weeks ended 29 March 2008**

**BUSINESS REVIEW**

**Group Activities**

Victoria PLC is a successful and well-established manufacturer and distributor of carpets and floorcoverings to the mid to high end product markets in which it chooses to operate.

Manufacturing high quality, design-led products, whether produced internally in modern vertically integrated facilities in both the UK and Australia or outsourced using “best of class” products of differentiation to exploit the Victoria “brand”, we seek a market leading position in the geographic areas in which we operate.

**Strategy and Objectives**

**Strategy**

Victoria has followed a consistent strategy over many years enabling it to build a robust business. The Group’s strategic approach is focused on growth, taking advantage of opportunities to exploit and build upon our market leading position.

The Group’s strategy for achieving this growth is based upon:

- Focusing the Group’s activities in the industry sector it knows and trying to develop market leading positions in chosen business segments.
- Manufacturing and delivering design-led innovative products to the Group’s customers.
- Providing outstanding levels of customer service, including achieving the highest delivery and quality standards.
- Achieving best in class manufacturing standards.

**Objectives**

Victoria is committed to providing long-term Shareholder value in the form of steadily growing earnings per share.

**Key performance indicators**

As part of the detailed budgeting process, each subsidiary is required to establish targets across a range of financial and non-financial indicators. At the monthly Board meetings, the Managing Director is required to present a review on progress against these targets. The non-financial KPIs may differ in each subsidiary but are focused on delivering high levels of customer satisfaction, introducing new products and services which meet the needs of our customers, ensuring operational effectiveness and attracting, retaining and developing key employees.

The financial KPIs reviewed and reported by all subsidiaries focus on profit growth, profitability improvement, inventory management, levels of debt, cash generation, future levels of borrowing requirements and return on operating assets.

*continued...*

<b>KPIs</b>	<b>2008</b>	2007
Operating margin	<b>6.8%</b>	6.1%
Return on operating assets	<b>10.6%</b>	9.0%
Earnings per share (basic)	<b>36.5p</b>	28.9p

### Results for 2008 Financial Year

The performance of each regional division in 2008, in terms of revenue, operating profit and operating margin growth is given in the table below:

<b>Segmental performance</b>	Revenue		Operating profit		Operating margin	
	<b>2008</b>	2007	<b>2008</b>	2007	<b>2008</b>	2007
	<b>£000</b>	£000	<b>£000</b>	£000	<b>%</b>	%
UK	<b>27,149</b>	25,524	<b>1,335</b>	1,216	<b>4.9</b>	4.8
Ireland	<b>6,075</b>	6,196	<b>387</b>	348	<b>6.4</b>	5.6
Australia	<b>28,477</b>	23,706	<b>3,051</b>	2,082	<b>10.7</b>	8.8
Central costs	-	-	<b>(579)</b>	(261)	-	-
Group total	<b>61,701</b>	55,426	<b>4,194</b>	3,385	<b>6.8</b>	6.1
<b>Associated Company</b>	Revenue		Operating profit*		Operating margin	
	<b>2008</b>	2007	<b>2008</b>	2007	<b>2008</b>	2007
	<b>C\$000</b>	C\$000	<b>C\$000</b>	C\$000	<b>%</b>	%
Canada	<b>10,154</b>	9,117	<b>877</b>	717	<b>8.6</b>	7.9

\* Associated company operating profit is before interest, tax, related party management charges and one-off items.

The Group made further progress towards its objectives of increasing market share in its chosen markets and improving operating margins. Total Group revenue was up 11.3% on 2007 to £61.70m. Revenue growth, combined with continued focus on gross margin and overhead costs, enabled operating profit before interest and tax to increase by £0.81m to £4.19m, with operating margin improving by 0.7% to 6.8%.

### Return on Operating Assets

A key measure of the effective use of resources for the Group is Return on Operating Assets (ROA). ROA demonstrates the effectiveness of our managers in utilising the assets of the business to deliver profits to provide a return for our Shareholders. ROA is calculated as the operating profit including share of associated company (2008: £4.27m) divided by the operating assets (2008: £40.2m) employed in the business and is expressed as a percentage.

For this financial year, the Group targeted a ROA of 10%. The Group met this target achieving a ROA of 10.6%, which represented an increase of 1.6% on the 2007 figure of 9.0%. This improvement was primarily due to the continued focus on working capital management, investment in capacity, expanding plant and equipment and the increase in operating margins in all geographic segments.

### Divisional Review

Victoria is organised through four regional divisions. Each region has an operational managing director who is responsible for meeting the targets set for each division.

*continued...*

### **United Kingdom**

In the prevailing market conditions, which could at best be described as very challenging, the UK division of the Group performed well.

Revenues were up by 6.4% from £25.52m to £27.15m, with operating profits up 9.8% from £1.22m to £1.34m.

Carpet sales within the UK were up from £23.28m to £24.86m, an increase of 6.8%, in a market which was estimated by management to be down by around 5%. This continues to illustrate Victoria's ability to gain market share from the competition, based on a strong product offering and consistently high levels of service.

New product introductions during the year all performed well, with products such as Celtic Heathers, Natural Companions and Rustic Jewels all proving a particular hit with consumers.

Sales to the targeted independent retail sector saw continued growth (+13.4%) and remain part of the core future strategy.

Export sales, including inter-Group sales to Ireland, were weaker in the year, falling from £4.04m to £3.51m, in part due to the strength of Sterling against the US dollar and, in part, through market conditions.

Operationally, Victoria has continued to remain focused on exploiting the advantages it has with its modern operational plant in both its carpet manufacturing division and yarn spinning facility.

Considerable work has taken place during the year on improving the runnability of the yarns used in our Tufted carpet operation which have enabled the unit cost of carpets produced to be reduced.

In the second half of 2007, the company installed two-fold yarn twisting facilities at its UK spinning mill which has allowed greater flexibility and increased yarn capacity for use in the UK group.

As part of its new strategic initiative, Victoria has decided to expand its sales into the contract carpet market in the UK. Hitherto, Victoria has focused its sales efforts almost entirely on the residential carpet market, with less than 5% of its products being sold to the contract market via its established retail and contractor customers. Plans are now well advanced in recruiting a small but dedicated contract sales team to target the architect/designer specified route to the contract market. This is a sizeable market segment which often operates on a different economic cycle to the residential market and may, in due course, offer Victoria additional growth potential.

As well as utilising existing manufacturing capacity at Victoria's UK plants, the Group has also signed an initial three year exclusive distribution agreement with Mannington Mills Inc., a specialist American carpet tile and resilient flooring manufacturer, to market their tiles in the UK, the Republic of Ireland and France.

*continued...*

## **Ireland**

The Irish businesses enjoyed mixed fortunes during the year as the Irish economy slowed.

The housing market in Ireland also stalled in 2007, making the market conditions within which we had to operate tougher than we had seen for some years.

Against this backdrop, whilst the overall revenues were marginally down by 1.9% from £6.20m to £6.08m, operating profits were up from £348k to £387k (+11.2%). Operating margin was up from 5.6% to 6.4%.

Navan Carpets, the Group's Irish business operating primarily in the residential carpet market, battled hard to win market share in challenging conditions, with revenues up 1% in the year. The widening of Navan's product offering and point-of-sale display units into the retailers undoubtedly helped the company offset the worst of the market conditions.

Conversely, Munster Carpets, who focus on the contract carpet market, had a tougher year with revenues down by 17.4% on the previous year. Whilst there can always be an element of spikiness in the flow of contract sales, the result from Munster was slightly disappointing.

The additional opportunity that Mannington products and programmes offer to Munster Carpets, coupled with the development of further Victoria Carpets generated contract products, should help to see a restoration of progress in Munster's fortunes in the forthcoming year.

## **Australia**

The Australian economy, which is currently commodity driven, has proven to be fairly robust and has, in the main, so far escaped the fall-out from the economic downturn being seen in other economies. GDP growth during the year has been around 3.9% and whilst interest rates have risen to 7.25% and a general election has taken place, the economy has held strong.

Against this backdrop, our Australian operation has again enjoyed another year of excellent growth in both revenues and profitability.

Revenues were up by 20.1% from £23.71m to £28.48m, with operating profit up 46.5% from £2.08m to £3.05m. Operating margins were almost 2% higher at 10.7%, helped by the benefits of operational gearing on higher volumes.

Innovative product development, including an increased use of synthetic yarns and, in particular, solution dyed nylon, and the strength of the company's relationship with retail buying groups, has enabled it to increase market share in both Australia and New Zealand.

The Australian company has also managed to capitalise well on the benefits of recent capital expenditure at both its yarn spinning mills in Castlemaine and Bendigo and its carpet manufacturing operations in Dandenong.

In March 2008, the move to consolidate the company's finished goods warehousing was completed using a third party logistics company. This move will enable the company to provide improved customer services and will facilitate the expansion of the Tufted manufacturing operation at Dandenong.

*continued...*

In January 2008, the Group Board agreed a major capital expenditure programme at the Dandenong carpet manufacturing plant. A spend of A\$8.5m (£3.9m at year end exchange rates) was approved to both increase the tufting capacity but, above all, to introduce several new "state-of-the-art" advanced design Tufters. The new equipment will not only allow the business to meet customer demand for our current products but will also allow it to introduce new product styles to grow our share of both the residential and commercial contract markets. The investment will be funded by facilities already secured from the company's Australian bankers and whilst it will increase borrowings significantly in the short term, the business in Australia is strongly cash flow generative and the forecast sales growth will fairly quickly pay-down the debt to more normal levels.

Victoria is now the second largest manufacturer in the Australian carpet market, with well-established customer relationships and a strong management team. The Board believes the company can continue to capitalise on the dislocation caused by the industry consolidations we have already seen and new market opportunities that may present themselves.

### **Canada**

The Western Canadian economy in which our Canadian Associate Company, Colin Campbell, operates, has so far been less difficult than that seen in many parts of North America.

Campbell's business continued to prosper during the year under review with revenues up from C\$9.12m to C\$10.15m, an increase of 11.4%.

Underlying operating profits (see table) were increased from C\$717k to C\$877k, up 22.3% with an operating margin of 8.6%, up from 7.9% last year.

	Underlying operating profit	
	2008 C\$'000	2007 C\$'000
<b>Associated Company</b>		
Profit from operations per financial statements	<b>514</b>	412
Interest	<b>13</b>	5
Related party management charges	<b>350</b>	300
<b>Underlying operating profit</b>	<b>877</b>	717

Campbells continued to prosper with the supply of high quality wool carpeting to the burgeoning high-rise contract residential market in Vancouver and has supplied the Shangri-La and Harbour Green developments, two of the city's most prestigious apartment buildings completed in recent years.

Looking to the forthcoming year, whilst there are perhaps the first signs of a slowdown in the contract residential market, there is still scope to grow our business through Nature's Carpet® and the decorative showroom channels to market.

*continued...*

## **Product Design and Development**

### **Eco-friendly Products**

Early in 2008 (Q4 of the financial year 2008), Campbells started in earnest its move into the American market with Nature's Carpet<sup>®</sup>, an ultra-low toxicity and biodegradable floorcovering. This product meets the high standards demanded by both the environmental movement and by individuals with high sensitivity to chemical toxins.

The package of products were extended from purely Tufted carpet to include traditionally woven Wiltons, carpet tiles and a wool underlay. Stocks are now positioned in the States to service the market and a sales team is out prospecting for sales. Initial reaction to the new point-of-sales display and programme has been very positive. The Group remains committed to designing eco-friendly sustainable home products that don't sacrifice style.

### **Design Capabilities**

Victoria recognises the need to be a leader in the industry in offering products which are "leading edge" in their style, design and colour. In Australia, Victoria utilises the very latest pattern trialling equipment and in the UK it has recently expanded its capabilities with both software and personnel to develop products for its planned move into the contract market.

### **Future Outlook**

The Group is committed to its three year plan to deliver sustainable growth in its existing markets, which it commenced in April 2008.

The Group plans to leverage its brand and operational capabilities more effectively by entering the UK and overseas contract floorcovering markets for the first time.

In Australia the significant investment in additional plant and equipment will enable the company to continue in exploiting the growth potential offered in both the residential and commercial contract sectors in its local markets.

### **United Kingdom and Ireland**

In both the United Kingdom and Ireland, the very difficult general economic climate in which the Group operates is well documented in the media.

With the slowdown in both countries' economic growth and the fallout in the housing markets, we anticipate an extension of the extremely challenging economic and market conditions already seen in 2007 and 2008 to date. It is unlikely that consumer sentiment and spend will return to more normal levels in the forthcoming financial year.

External commercial pressures from both UK and continental European competitors will remain intense as the size of the market most likely shrinks.

The Board believes that the Group has an advantage within the sectors in which it is positioned. The businesses have a strong and experienced management team who are focused on winning market share. The businesses have a current and fashionable product offering which is sold through higher margin distribution channels and have a highly efficient manufacturing operation. These factors should enable the UK and Irish operations to deliver a superior business performance than our competitors and to continue to gain market share.

*continued...*

### **Australia**

In Australia, the overall economic picture looks to be more optimistic and, whilst inflation is increasing and interest rates may increase further, the outlook is relatively good.

The Australian operation again has a well proven and strong management team and they are operating within an attractive and growing sector in which they already have a track record of winning market share. The major investment in new "state-of-the-art" Tufting machines, which will be installed from June through to October 2008, will further add to our ability to service our customers in Australia and New Zealand in the second half of our financial year and to underpin the Group's performance.

### **Canada**

Whilst the Canadian Associate Company remains a relatively small part of the overall Group, it expects to continue to grow in the year ahead.

### **Corporate Responsibility**

Corporate responsibility is a key part of the Group's strategy and is integral to the business. The Board believes that conducting business in an ethical and responsible way enables it to build and maintain successful relationships with its customers and suppliers, as well as allowing us to attract and retain the right people within our organisation.

The Group's policies and activities on environmental matters, employees and social and community issues are set out in the 'Corporate Social Responsibility Report' in the full Report & Accounts.

## **FINANCIAL REVIEW**

### **Revenue, Gross Margin and Operating Profit**

The combined revenues of the subsidiaries, as reported for the year was £61.70m compared with £55.43m in 2007, with growth achieved, in local currency, in the UK (6.4%) and Australia (12.5%) but a decline in Ireland of 5.6%. Excluding the impact of currency, the increase in Group revenue was £4.24m (7.6%).

The overall gross margin for the Group was 29.7%, marginally up on last year's gross margin of 29.6%. Group operating profit for the year was £4.19m, 23.9% ahead of last year (2007: £3.39m). Underlying operating profit rose in the UK by 9.8%, in Ireland by 7.2% and in Australia by 37.2%. Underlying operating profit before related party management charges in our associated company, Colin Campbell, increased by 22.3%.

Central operating costs were up by £0.31m on 2007 operating costs of £0.26m. (2007 operating costs were down £0.15m on 2006 costs principally due to remuneration savings.) Central costs included nonrecurring costs in respect of recruitment, relocation expenses, website development and property costs. Central costs also included the full year's remuneration for the Group Finance Director, who joined in March 2007, and the remuneration of the retiring and new Non-Executive Directors.

Revenue and underlying operating profit are discussed in more detail on a divisional basis in 'Results for 2008 financial year' above.

### **Interest**

Interest costs rose slightly to £0.76m (2007: £0.73m). The increase in base rates in the period was mitigated by lower borrowing. Interest was covered 5.5 times by operating profit (2007: 4.6 times).

*continued...*

### **Profit Before Taxation**

Group profit before taxation for the year increased by 27.0% to £3.51m (2007: £2.76m).

### **Taxation**

Taxation was £0.97m for the year, £0.21m above last year reflecting the higher profit achieved. The effective rate of tax on profit for the year was 27.7%, an increase of 0.4% on 2007 (27.3%).

### **Earnings per Share**

Basic earnings per share grew by 26.3% to 36.54p (2007: 28.92p).

The rise in the effective rate of tax impacted the growth in earnings per share.

The number of shares in issue remained constant during the year and there remain no options or other dilutive arrangement during the financial year.

### **Dividends**

The Board is recommending a final dividend of 14.0p per share this year, compared to 12.5p in 2007. This represents a 12.0% increase (2007: 8.7%) and the current aim is to deliver continued dividend growth.

### **Capital Expenditure**

Property, plant and equipment net book value increased by £1.02m to £24.87m (2007: £23.85m).

The Group has continued to invest in its facilities and equipment during the year and spend on property, plant and equipment was up on the previous year at £2.10m at average rates (2007: £1.96m). Plant and machinery represented the majority of the expenditure with additions of £1.77m (2007: £1.00m) at average exchange rates. This is in line with expectations, as plant has been acquired to expand capacity and capability in both carpet manufacturing and yarn spinning.

Disposals for the year totalled £0.25m (2007: £0.79m). Currency movements accounted for a net increase to property, plant and equipment of £1.30m (2007: £0.02m).

### **Net Assets**

The Group's net asset value at the financial year end increased by 12.4% (2007: 4.2%) to £32.56m (2007: £28.98m). Non-current assets increased by £1.26m to £27.23m (2007: £25.97m) with the principal movement being in plant and machinery (see 'Capital expenditure' above).

In current assets the main movement was in inventory which increased by £2.42m to £18.16m (2007: £15.74m). Currency movements accounted for £1.07m of this increase. Underlying inventory (inventory at constant exchange rates) rose in the UK by 6.8%, in Ireland by 10.2% and in Australia by 10.3%.

The reduction in net debt is discussed in more detail below (see 'Cash flow and net debt' below).

*continued...*

### **Cash Flow and Net Debt**

The net cash inflow was £1.06m (2007: £2.66m), reducing our cash and cash equivalent borrowings to £2.63m (2006: £3.69m).

Net cash used in investing activity was £1.99m (2007: £1.85m) which was primarily in additions to property, plant and machinery and this is discussed in more detail above (see 'Capital expenditure').

Financing activity saw a net outflow of cash of £2.38m (2007: £0.54m). The principal movement was a £1.39m outflow of cash reflecting a reduction in our long-term financing (2007: £0.34m inflow from increased long-term financing). Dividends paid were up £0.07m at £0.87m (2007: £0.80m).

In the year net debt reduced by £2.09m to £7.60m (2007: £9.69m).

### **Hedging**

The Group uses derivative financial instruments to manage our interest rate exposure in the UK. The Group currently has one swap covering £2m, with a maturity date in July 2009. The Group's policy is to continue to consider utilising such instruments subject to an appraisal of cost and interest rate risk.

The Group reviews its currency exposure relating to trading operations involving the export sale of goods or import of raw materials or capital equipment.

The Group may utilise forward currency contracts to manage any currency exposures where it is considered that currency movements may be volatile and the amounts involved significant.

The principal exposure of the Group relates to the investment in its Australian subsidiary. The Group maintains a relatively high proportion of its borrowings in Australian dollars which acts as a natural hedge against the investment exposure.

### **Future Funding**

The gearing of the Group is significantly lower at 23.4%, at the balance sheet date, in comparison to 2007 at 33.4%.

The facilities in Australia were increased in January 2008, by the granting of a new A\$6.39m multi-option facility which can be drawn by commercial bills or lease. This, together with existing facilities, will provide sufficient debt capacity to cover anticipated increased capital expenditure in Australia this year. In addition, our current facilities in the UK and Ireland provide capacity in Sterling and Euros sufficient to cover both capital expenditure and expected working capital requirements.

### **Changes in accounting policies**

There have been no changes in the accounting policies of the Group and its subsidiaries this year.

### **Alan Bullock**

Group Managing Director  
18 June 2008

### **Ian Davies**

Group Finance Director  
18 June 2008

**Victoria PLC**  
**CONSOLIDATED INCOME STATEMENT**  
**for the 52 weeks ended 29 March 2008**

	Notes	52 weeks ended 29 March 2008 £000	52 weeks ended 31 March 2007 £000
<b>Revenue</b>	1	<b>61,701</b>	55,426
Cost of sales		<b>(43,392)</b>	(39,003)
<b>Gross Profit</b>		<b>18,309</b>	16,423
Distribution costs		<b>(11,186)</b>	(10,641)
Administrative expenses		<b>(3,757)</b>	(3,097)
Other operating income		<b>828</b>	700
<b>Operating Profit</b>	1	<b>4,194</b>	3,385
Share of results of Associated Company		<b>78</b>	104
Finance costs		<b>(763)</b>	(727)
<b>Profit before tax</b>	1	<b>3,509</b>	2,762
Taxation		<b>(972)</b>	(754)
<b>Profit for the period</b>		<b>2,537</b>	2,008
Attributable to:			
Equity holders of the parent		<b>2,537</b>	2,008
Earnings per share -			
pence			
basic	2	<b>36.54</b>	28.92
diluted	2	<b>36.54</b>	28.92

**Victoria PLC**  
**CONSOLIDATED STATEMENT OF RECOGNISED INCOME & EXPENSE**  
**for the 52 weeks ended 29 March 2008**

	<b>52 weeks ended 29 March 2008</b>	52 weeks ended 31 March 2007
	<b>£000</b>	£000
Exchange differences on translation of foreign operations	<b>1,911</b>	(33)
<b>Net income/(loss) recognised directly in equity</b>	<b>1,911</b>	(33)
<b>Profit for the period</b>	<b>2,537</b>	2,008
<b>Total recognised income for the period</b>	<b>4,448</b>	1,975
Attributable to		
Equity holders of the parent	<b>4,448</b>	1,975

**Victoria PLC**  
**BALANCE SHEETS**  
as at 29 March 2008

	Group		Company	
	29 March 2008	31 March 2007	29 March 2008	31 March 2007
	£000	£000	£000	£000
<b>Non-current assets</b>				
Intangible assets	512	491	-	-
Property, plant and equipment	24,866	23,846	5,283	5,312
Investment property	180	180	180	180
Investment in subsidiary undertakings	-	-	3,321	3,321
Investment in Associated Company	541	469	56	56
Deferred tax asset	1,129	983	-	3
<b>Total non-current assets</b>	<b>27,228</b>	25,969	<b>8,840</b>	8,872
<b>Current assets</b>				
Inventories	18,162	15,740	-	-
Trade and other receivables	9,521	9,603	5,198	4,505
Other financial assets	-	10	-	10
Cash at bank and in hand	1,260	644	-	-
<b>Total current assets</b>	<b>28,943</b>	25,997	<b>5,198</b>	4,515
<b>Total assets</b>	<b>56,171</b>	51,966	<b>14,038</b>	13,387
<b>Current liabilities</b>				
Trade and other payables	9,651	8,234	119	61
Current tax liabilities	1,365	998	-	-
Other financial liabilities	4,635	5,261	3,672	2,782
<b>Total current liabilities</b>	<b>15,651</b>	14,493	<b>3,791</b>	2,843
<b>Non-current liabilities</b>				
Trade and other payables	1,474	1,209	-	-
Other financial liabilities	4,235	5,072	-	-
Deferred tax liabilities	2,248	2,209	656	695
<b>Total non-current liabilities</b>	<b>7,957</b>	8,490	<b>656</b>	695
<b>Total liabilities</b>	<b>23,608</b>	22,983	<b>4,447</b>	3,538
<b>Net assets</b>	<b>32,563</b>	28,983	<b>9,591</b>	9,849
<b>Equity</b>				
Issued share capital	1,736	1,736	1,736	1,736
Share premium	829	829	829	829
Retained earnings	29,998	26,418	7,026	7,284
<b>Total equity</b>	<b>32,563</b>	28,983	<b>9,591</b>	9,849

**Victoria PLC**  
**CASH FLOW STATEMENTS**  
**for the 52 weeks ended 29 March 2008**

	Notes	Group		Company	
		52 weeks ended 29 March 2008 £000	52 weeks ended 31 March 2007 £000	52 weeks ended 29 March 2008 £000	52 weeks ended 31 March 2007 £000
<b>Net cash inflow from operating activities</b>	4	<b>5,427</b>	5,061	<b>(30)</b>	574
<b>Investing activities</b>					
Dividends received from associates		54	32	54	32
Purchases of property, plant and equipment		(2,102)	(1,959)	(37)	-
Proceeds of disposals of property, plant and equipment		62	74	-	-
<b>Net cash used in investing activities</b>		<b>(1,986)</b>	(1,853)	<b>17</b>	32
<b>Financing activities</b>					
(Decrease)/increase in long term loans		(1,392)	347	-	-
Receipts from financing of assets		832	870	-	-
Payment of finance leases/HP liabilities		(953)	(963)	-	-
Dividends paid		(868)	(799)	(868)	(799)
<b>Net cash used in financing activities</b>		<b>(2,381)</b>	(545)	<b>(868)</b>	(799)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,060</b>	2,663	<b>(881)</b>	(193)
<b>Cash and cash equivalents at beginning of period</b>		<b>(3,693)</b>	(6,363)	<b>(2,782)</b>	(2,589)
Effect of foreign exchange rate changes		4	7	-	-
<b>Cash and cash equivalents at end of period</b>	5	<b>(2,629)</b>	(3,693)	<b>(3,663)</b>	(2,782)

**Victoria PLC**  
**NOTES TO THE PRELIMINARY ANNOUNCEMENT**

**1. Segmental Information**

For management purposes, the Group is organised into four operating divisions according to the geographical areas where they are managed. These divisions form the basis on which the Group reports its primary segment information, plus the Canadian associate. The three segments are UK, Ireland, Australia, to which is added the Canadian associate.

Geographical segment information for revenue, operating profit and a reconciliation to entity net profit is presented below.

Income statement	For the 52 weeks ended 29 March 2008				For the 52 weeks ended 31 March 2007			
	Revenue	Operating Profit	Finance Costs	Profit Before Tax*	Revenue	Operating Profit	Finance Costs	Profit Before Tax*
	£000	£000	£000	£000	£000	£000	£000	£000
UK	27,149	1,335	(240)	1,095	25,524	1,216	(302)	914
Ireland	6,075	387	(36)	351	6,196	348	(44)	304
Australia	28,477	3,051	(266)	2,785	23,706	2,082	(271)	1,811
	61,701	4,773	(542)	4,231	55,426	3,646	(617)	3,029
Share of results of associate				78				104
Central costs		(579)	(221)	(800)		(261)	(110)	(371)
Total continuing operations	61,701	4,194	(763)	3,509	55,426	3,385	(727)	2,762
Tax				(972)				(754)
Profit after tax from continuing activities				2,537				2,008

\* The share of profits of the Associated Company is shown net of tax as required by IAS1.

Intersegment sales between the UK and Ireland and Australia were immaterial in the current and comparative periods.

Balance Sheet	As at 29 March 2008		As at 31 March 2007	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
	£000	£000	£000	£000
UK	25,724	7,266	25,990	8,444
Ireland	2,480	1,199	2,249	1,457
Australia	27,135	10,824	22,994	9,544
Investment in Associated Company	541	-	469	-
Unallocated central assets/liabilities	291	4,319	264	3,538
	56,171	23,608	51,966	22,983

The investment in Associated Company is held directly by the parent entity and does not relate specifically to any geographic segment.

*continued...*

<b>Other segmental information</b>	<b>52 weeks ended 29 March 2008 £000</b>	52 weeks ended 31 March 2007 £000
<b>Depreciation and amortisation</b>		
UK	1,012	985
Ireland	31	39
Australia	1,277	1,229
Unallocated central	7	-
	<b>2,327</b>	2,253

No other significant non-cash expenses were deducted in measuring segment results.

<b>Capital expenditure</b>		
UK	904	377
Ireland	1	2
Australia	1,160	1,580
Unallocated central	37	-
	<b>2,102</b>	1,959

## Business Segments

No secondary segmental information is reported as the Directors consider that substantially all of the Group's operations relate to a single activity, that of the manufacture and sale of carpets.

## 2. Earnings per Share

The calculation of earnings per ordinary equity share in the parent entity is based on the following earnings and number of shares:

	2008	2007
Earnings (£000) basic and diluted		
Profit attributable to ordinary equity holders of the parent entity	2,537	2,008
Number of shares (thousands)		
- In issue throughout the period	6,944	6,944
Earnings per share (basic and undiluted) in pence	36.54	28.92

No arrangements existed during the period or the comparative period that might require the issue of shares and hence the diluted earnings per share are the same as the basic earnings per share.

*continued...*

### 3. Rates of Exchange

The results of overseas subsidiary and associated undertakings have been translated into sterling at the average exchange rates prevailing during the periods. The balance sheets are translated at the exchange rates prevailing at the period ends:

	2008		2007	
	Average	Year end	Average	Year end
Australia - A\$	2.3115	2.1657	2.4687	2.4279
Ireland - €	1.4170	1.2623	1.4717	1.4735
Canada - Can\$	2.0734	2.0251	2.1540	2.2627

### 4. Notes to the Cash Flow Statement

#### Reconciliation of operating profit to net cash inflow from operating activities

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Operating profit from continuing operations	4,194	3,385	741	1,215
Adjustments for:				
- Depreciation charges	2,299	2,226	66	61
- Amortisation of intangible assets	28	27	-	-
- Loss on disposal of property, plant and equipment	15	8	-	-
- Exchange rate difference on consolidation	976	(18)	-	-
Operating cash flows before movements in working capital	7,512	5,628	807	1,276
(Increase)/decrease in working capital	(500)	801	(634)	(526)
Cash generated by operations	7,012	6,429	173	750
Interest paid	(743)	(792)	(203)	(176)
Income taxes paid	(842)	(576)	-	-
Net cash inflow from operating activities	5,427	5,061	(30)	574

### 5. Analysis of Net Debt

	At 31 March 2007 £000	Cash flow £000	Other non-cash changes £000	Exchange movement £000	At 29 March 2008 £000
Cash	644	544	-	72	1,260
Bank loans payable less than one year and overdrafts	(4,337)	516	-	(68)	(3,889)
Cash and cash equivalents	(3,693)	1,060	-	4	(2,629)
Secured commercial bills					
- Payable less than one year	-	-	-	-	-
- Payable more than one year	(2,883)	1,154	-	(349)	(2,078)
Finance leases and hire purchase agreements					
- Payable less than one year	(924)	953	(724)	(42)	(737)
- Payable more than one year	(1,985)	(832)	724	(64)	(2,157)
Bank loans payable more than one year	(204)	238	-	(34)	-
Net debt	(9,689)	2,573	-	(485)	(7,601)

The Group's policy on Derivatives and Other Financial Instruments is set out in the Report & Accounts.

*continued...*

6. The results have been extracted from the audited financial statements of the Group for the 52 weeks ended 29 March 2008. Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company will publish full financial statements that comply with IFRSs. These audited financial statements incorporate an unqualified audit report. The results do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the 52 weeks ended 31 March 2007, which incorporated an unqualified auditor's report, have been filed with the Registrar of Companies.

The auditors report on these accounts did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

7. The Report & Accounts will be posted to Shareholders by 26 June 2008. Further copies will be available from the Company's Registered Office: Worcester Road, Kidderminster, Worcestershire, DY10 1HL or via the website: [www.victoria.plc.uk](http://www.victoria.plc.uk).
8. The Annual General Meeting is being held at the Registered Office of the Company, as above, at 2.30pm on Thursday, 24 July 2008.