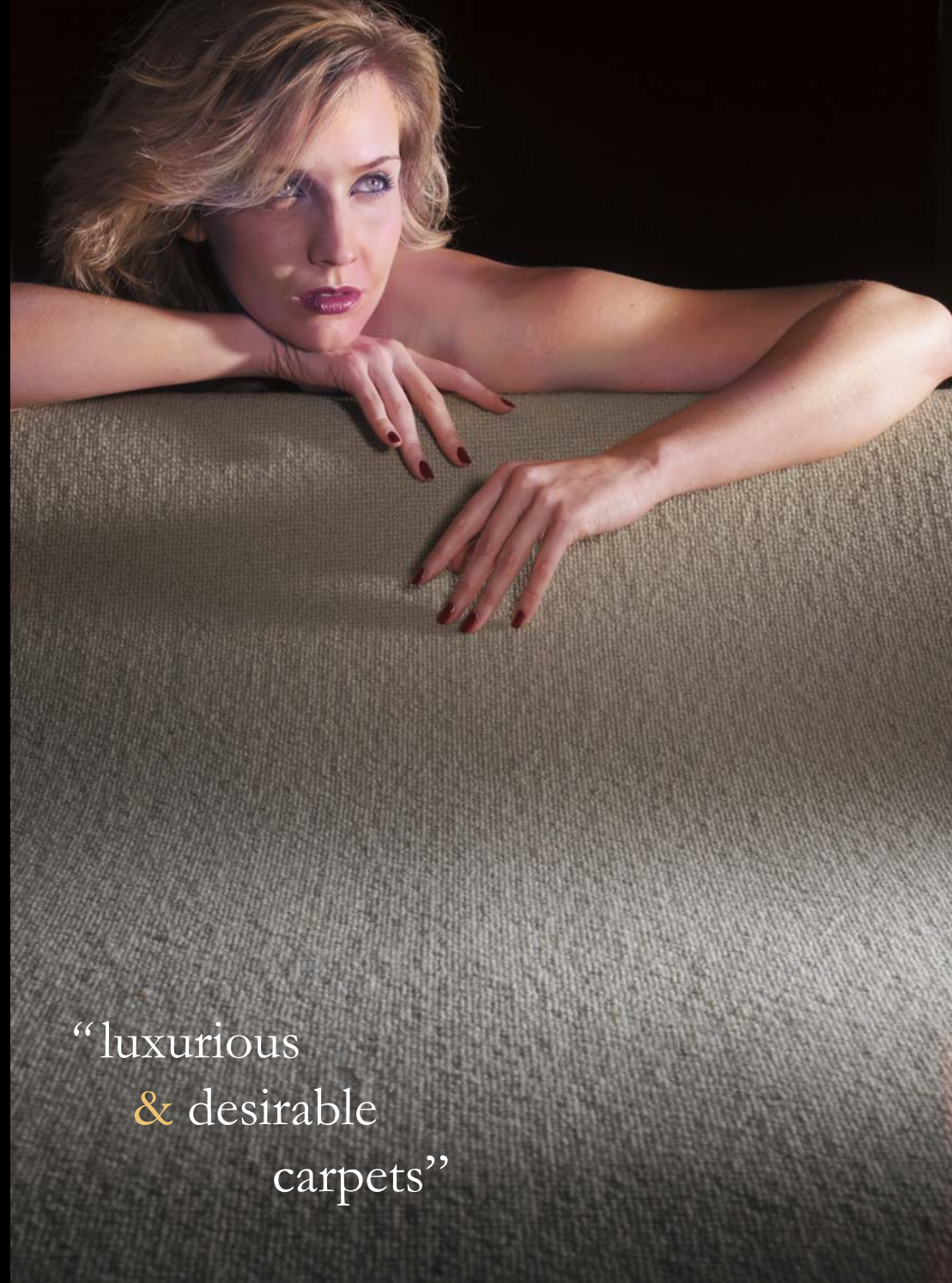




Preliminary Results

Year ended
1st April 2006



“luxurious
& desirable
carpets”

Financial Review

“Adapting well to a tough market environment”

- ❑ Gaining market share in a weak market
- ❑ Group Revenue up by 6.10% from £49.28 million to £52.29 million
- ❑ Margins affected by intense price competition and increased energy and raw material costs
- ❑ Operating Profit* down 23.2% to £2.87 million
- ❑ Profit before tax* down 27.0% to £2.20 million
- ❑ Dividend maintained at 11.5 pence per share

* 2006 profits are normalised by adding back restructuring costs of £0.188m (closure of a hank dyehouse at Victoria Carpets, Kidderminster). 2005 excludes the results of discontinued operations (Axminster weaving at Victoria Carpets, Kidderminster) which contributed a loss of £1.31 after tax.

Key Financial Highlights



	2006	2005	Change
Sales revenue	£ 52.29 m	£ 49.28 m	+ 6.10 %
Operating profit*	£ 2.87 m	£ 3.73 m	- 23.2 %
Pre-tax profit*	£ 2.20 m	£ 3.01 m	- 27.0 %
Earnings per share*	25.19 p	30.83 p	- 18.3 %
Dividend (pence)	11.5 p	11.5 p	
Net assets	£ 27.81 m	£ 26.91 m	+3.4 %
Net borrowings	£ 12.11 m	£ 11.92 m	+1.6 %

*note:

- 2006 profits are normalised by adding back restructuring costs of £0.188m
- 2005 and 2006 results are on continuing operations (excludes discontinued Axminster weaving at Victoria Carpets, Kidderminster).

Financial Highlights

Geographical Segmentation



	Sales Revenue		Operating profit	
	2006 £m	Change	2006* £m	Change
UK & Ireland	29.65	+7.7%	1.05	-21.4%
Australia	22.64	+4.1%	2.22	-16.7%
Central costs	-		(0.41)	+47.65%
Group	£52.29m	+6.1%	2.87	-23.2%
Associate PBT			0.07	+58.7%
Interest costs			(0.74)	-3.1%
Group PBT			£2.20m	-27.0%

- 2006 profits are normalised by adding back restructuring costs of £0.188m
- 2005 and 2006 results are on continuing operations

UK Carpet performance

“Continuing growth in UK market share”

□ **Market background**

- Economic conditions weak throughout 2005 and first quarter 2006 with lower housing transaction volumes
- Consumer confidence remained low
- Carpet market estimated to be down by as much as 10%

□ **Victoria Carpets' performance**

- Home market sales up by 3.32% to £21.8 million
- Market share increased
- Healthy growth in sales to John Lewis Partnership
- Export sales down by 1.70% on a like-for-like basis to £3.47 million
- Decision made to close Hank Dyehouse in Kidderminster with charge of £188k included in this year's result.

UK Carpet performance - continued

□ UK Spinning

- Capacity fairly well utilised
- 93% of yarn capacity used in-house by Victoria Carpets
- Installation of 3 metre card completed – increasing capacity
- New White Blending line being installed
- Management team at Westwoods strengthened with new M.D.

□ Profitability & Margins

- Price increases difficult to pass on in highly competitive environment
- Significantly higher energy and raw material costs as a result of gas and oil prices
- High spend on new ranges and POS materials maintained

Ireland - Munster & Navan Carpets

“Starting to realise potential”

❑ **Market background**

- General economy improving
- Residential market recovering
- Contract market active particularly in hospitality

❑ **Munster Carpets**

- Difficult contract commercial market leads to sales 19% lower
- However, profit before tax increased by 16%

❑ **Navan Carpets**

- Active programme of new range launches and POS display material
- Strong growth in sales revenue (+12%)
- Profit before tax improved as critical sales mass is generated

❑ **Overall View**

- Irish business beginning to deliver its potential

“Pre-eminent position with quality wool carpets”

□ **Market background**

- 2 paced economy – with major States of NSW and Victoria subdued
- Residential property transactions down again on preceding years
- Strong Australian dollar benefits imports of synthetic carpets
- New Zealand economy poor
- Plight of competitors intensifies price competition

□ **Sales**

- Carpet sales up 1.63% to A\$52.3 million
- Yarn production up by 1.67%
- Increasing use of yarn in own carpets (now over 95%) and 49% reduction in external yarn sales

□ **Profits**

- Profit squeezed by intense price competition in over-supplied market
- Operating profit 16.7% lower at £2.22 million

Australia - continued

□ Carpet manufacturing

- New state-of-the-art tufters
- New generation of solution-dyed nylon products
- Exciting new LCL wool and SDN products
- Sales & Marketing team strengthened

□ Spinning mills

- 3 million Kg of yarn produced in year
- Second Superba continuous heat setting line installed at Bendigo plant
- Both spinning mills perform well

□ Management

- Michael Oakley to become Non-Executive Chairman in Australia
- Barry Poynter (Managing Director) to join P.L.C. Board

Canada – Colin Campbell & Sons



“Another successful year”

- ❑ Western Canadian economy remains strong
- ❑ Sales increase by 10.5% to C\$7.85 million
- ❑ Growth across all sectors of business
- ❑ Net profit before tax up 38%
- ❑ Business to re-locate to new 10,000 sq ft showrooms in Vancouver
- ❑ Expansion of product offering to include furniture for first time

Note: Colin Campbell & Sons Ltd is a 50%-owned associated undertaking of Victoria P.L.C.

Property

- **Sports field in Kidderminster**
 - Whitbread Group PLC option not exercised
 - Property re-marketed
 - Conditional contracts with 3 end users imminent
 - Planning consent possible
 - Consideration on disposal circa £1 million (£80k book value)

- **Hartlebury land**
 - Grazing sheep
 - Planning prospects uncertain

Outlook

□ UK

- Market in UK still lacks visibility. No real growth expected in 2006/07
- Sales growth sought at expense of competitors
- Continuing spend on ranges and Point-Of-Sale displays
- Carpet and spinning mills well invested
- Spinning mill's additional capacity available to Group or external sales

□ Ireland

- Irish economy looking stronger
- Continued growth of product offering to drive sales and profits

□ Canada

- Economy still set fair
- Product offering expanding with furniture
- Relocating to new showrooms in Vancouver
- Further progress expected

Outlook - Continued

□ Australia

- Market likely to remain challenging in both Australia and New Zealand
- Price competition to continue whilst competitors remain in disarray
- Competitor disarray to continue to present us with opportunities
- Benefits to be gained by “Point of Difference” products from new tufters
- Wider product offering in both wool and SDN fibres

□ Group

- Market conditions weak but resilient performance expected
- Group well positioned to exploit conditions expected and to take maximum advantage of upturn when it comes