

Victoria  PLC



Where Great
Carpets Begin

Interim Results

6 months ended
30th September 2006

Financial Highlights



"Adapting well in changing environments"

	2006	2005	
Sales	£27.03 m	£26.02 m	+ 3.87 %
Operating Profit	£1.29 m	£1.35 m	- 4.44 %
Profit Before Tax	£1.00 m	£0.98 m	+ 2.63 %
Earnings per share	10.69 p	10.07 p	+ 6.16 %
Net Borrowings	£11.76 m	£11.86 m	- 0.84 %
Free Cash Flow	£1.04 m		
Net Assets	£27.35 m		
Net Assets per share	£3.94		

Geographical Analysis



	Turnover		Operating profit	
	2006 £m	Change %	2006 £m	Change %
UK & Ireland	15.32	+6.97%	0.55	+54.39%
Australia	11.71	+0.08%	0.92	-23.53%
Central costs	-	-	(0.18)	-13.68%
Group	£27.03m	+3.87%	1.29	-4.67%
Associate PBT			0.07	+73.33%
Interest costs			0.36	-13.40%
Group PBT			£1.00m	+2.67%

UK Carpet Performance

“Rolling out growth”

□ **Tough Retail environment**

- Continued weakness in consumer spending
- Long hot summer badly affected Industry sales

□ **Victoria grows market share**

- Sales up by 7.6% in volume and 7.10% in value
- Drivers to sales
 - Innovative new product ranges
 - Passion for Customer Service
 - Strong growth in sales to JLP

□ **Channels to market sales**

- Independent retailers up 3.60%
- Major groups up 12.68%
- Wholesale up 9.98%
- Contract up 0.52%
- Export up 10.21%

UK Carpet Performance

(continued)

- ❑ **Home/Export sales split 84% Home : 16% Export**

- ❑ **UK Spinning**
 - 93% of capacity brought inter-Group
 - Capacity under utilised

- ❑ **Profitability**
 - Good progress made on restoring profitability
 - Continued high spend, new ranges and POS material

- ❑ **John Lewis Distribution Agreement extended**
 - New 5 year warehousing, cutting, distribution agreement signed
 - New on-line, "real time" business system live in pilot stores
 - Growing sales strongly with JLP

Ireland - Munster & Navan Carpets

“Solid performance”

□ **Market conditions**

- Contract market strong
- Residential market similar to UK

□ **Munster Carpets**

- Contract sales and profits show good progress
- Strong specification list which augurs well for 2007
- Sales team extended

□ **Navan Carpets**

- Residential sales affected by long hot summer and slower consumer confidence
- Sales up marginally on last year
- New range introductions yet to fully feed through

“Growing market share in a changing market landscape”

□ **Market**

- Australian economy still running at two paces
- Housing and property markets still remain slow
- New Zealand economy still sluggish
- Predatory pricing by Feltex prior to Receivership

□ **Sales up by 3.95% to A\$ 28.79 million**

- Market share taken from competitors
- New Solution Dyed Nylon products a “hit” with dealers
- Spinning mills ran under capacity in first half

Australia (continued)

□ Operating profit down to £0.924 m

- Feltex demise affects margins in short term
- 22% reduction in government grant income in period
- Average exchange rate A\$2.4565 v A\$2.3822 affects Sterling profits by 3.12%
- Increased Costs:
 - Samples
 - Carriage
 - Personnel

Net profit before tax £0.792 m

- 26.53% lower than first-half of 2005

Canada – Colin Campbell & Sons



“Strong first half”

- ❑ Sales revenues up 8.14% from C\$3.97 million to C\$4.29 million
- ❑ Continued growth in all segments of business
- ❑ Showroom in Vancouver expanded onto a new site
- ❑ Campbells contribution to Group profits up from £45k to £78k
- ❑ Market remains buoyant

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

“Disposal of Sports Field progressing well”

- New conditional sales contracts:
 - Travelodge
 - Wolverhampton & Dudley Brewery
 - Chester Road Bowling Club

- Detailed planning application to be submitted in January 2007

- Planning decision within 13 weeks of application date

- Book value of Sports Field £80k – likely sales consideration of £1 million (gross)

Outlook

“On-track”

- **United Kingdom**
 - Company well positioned despite market remaining testing
 - Threat of further interest rate increase may dampen consumer spending
 - Major product introductions in first half year should benefit fully in second half
 - Further innovative new ranges planned for Q4 (early 2007)

- **Ireland**
 - Contract market seems to be set fair
 - Residential market likely to be tough but Navan should benefit from new range launches

- **Australia**
 - Economic conditions likely to remain unchanged
 - Severe drought conditions may affect trade
 - Feltex’s departure may allow margins to be improved
 - Active product introduction programme planned to exploit market opportunities

- **Canada**
 - New showroom in Vancouver allows expanded product offering
 - Anticipate continuing strong performance

- **Group**
 - Economies in main market likely to remain difficult
 - Service, design, colour and quality throughout the Group should further increase and drive sales through existing sales channels.
 - Group will exploit its leading market position through investment in plant and products