VICTORIA PLC

2015

Half-year report for the 27 weeks ended 3 October 2015

VICTORIA PLC

Mission Statement
To create wealth for our Shareholders

Victoria PLC is a manufacturer, supplier and distributor of design-led carpets, carpet tiles and other floorcoverings.

Financial Summary

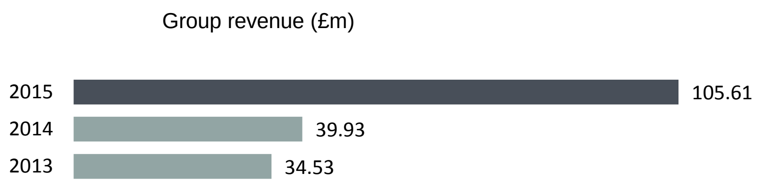
Contents

Revenue

£105.61m

Group revenue increased by 164.5% (172.5% in constant currency terms).

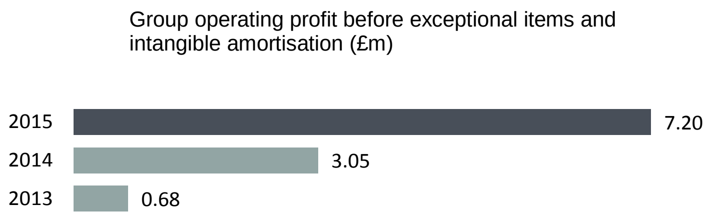
Significant increase in revenues reflecting first time contributions of acquisitions completed in Autumn 2014 and during 2015.



Operating profit before exceptional items and intangible amortisation

£7.20m

Operating profit before exceptionals and intangible amortisation has grown by 136.1% to £7.20m (2014: £3.05m) reflecting the impact of acquisitions and the achievement of operational synergies.

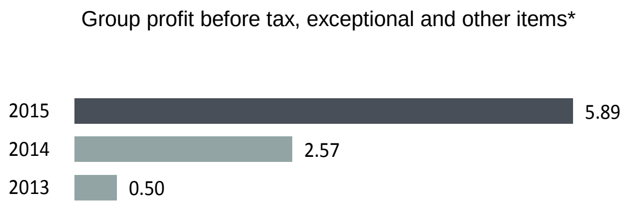


Profit before tax, exceptional and other items*

£5.89m

The Group delivered a record first half profit before tax (pre exceptional items) of £5.89m (2014: £2.57m)

** Other items comprises £0.42m in respect of non-cash charges relating to: i) intangible amortisation on acquisitions and ii) The Business Growth Fund redemption premium interest and share option charges not considered to form part of the Group's underlying profit.*



Chairman's Statement

"Progress has continued to be made over the last six months, with a record first half profit of £5.89m before exceptional items. The Board faces the balance of the financial year with positive sentiment."

This interim report marks three years since the shareholders appointed me to the board of Victoria and it has been a pleasure to work with some of the finest business people I have ever met. It has also been rewarding to hear one or two stories from individual shareholders where the wealth that has been created has made a material and genuine difference to their lives. So I am pleased to be able to briefly comment on the continued progress over the last six months:

First half revenues have increased to £105.61m (2014: £39.93m)
First half EBITDA increased to £9.02m (2014: £4.17m)
First half pre-tax earnings* increased to £5.89m (2014: £2.57m)
**excluding exceptional items*

These results are not directly comparable with the same period last year as they reflect the inaugural full first half contribution from both Abingdon Flooring and Whitestone, 2 months' contribution from Quest Carpets, acquired on 7 August 2015, and some 3 weeks of Interfloor, acquired on 11 September 2015. Nevertheless, operational synergies have been a primary driver of the significantly enhanced performance of the businesses that have been part of Victoria since the start of the year. Of course there is much more to achieve – the process is never ending – but the benefits of the Company's strategy of achieving scale through acquisitions are becoming clear.

Acquisitions

In August we were fortunate to complete the acquisition of Australian carpet manufacturer, Quest. There are just four major carpet markets in the world: North America, Europe, Australasia, and the UK. Victoria intends to be the number one or number two business in each market in which it trades as the advantages of scale – especially in terms of distribution and logistics – are significant.

Victoria has had factories in Australia for more than 60 years and the purchase of Quest makes the Group the number two flooring manufacturer in Australia (we are already the largest in the UK). Quest is an outstanding business and I am pleased to report that it has continued to go from strength to strength since acquisition.

In mid-September Victoria made its largest acquisition to date, that of the underlay manufacturer Interfloor. Interfloor's purchase price was funded by a mixture of debt and equity and the level of institutional support for the equity placing was very encouraging.

Two of our senior operational managers have joined the Interfloor board, bringing the benefit of their entrepreneurial approach to the undoubted experience and skill of Interfloor's management team. Some adjustments have already been made to the cost base of Interfloor since completion and there are opportunities for considerably more.

It is important to understand that Victoria PLC is a flooring business, not just a carpet business. Whilst historically Victoria was a carpet manufacturer, the recent acquisitions and product initiatives are leveraging our very strong distribution channels and we now manufacture and distribute other flooring products such as hard flooring (wood, tiles, LVT) and underlay. Underlay is sold alongside nearly two-thirds of carpet sales in the UK and hence, with the potential synergies in distribution, Interfloor was an ideal acquisition for Victoria.

Bank Debt

Over the half year net debt increased from £36.28m to £81.11m, principally as result of the acquisition of Quest and Interfloor. However it is important shareholders appreciate that while net debt has increased, so have the Group's earnings.

Furthermore, since the half year, £8.46m was received following shareholder approval of the second part of the equity fund raising undertaken at the time of the Interfloor acquisition and these monies have been applied to reduce debt. Together with the strong cash generative nature of the Group's businesses, our debt to EBITDA ratio for bank covenant purposes is now less than 2.25x (well within our agreed bank covenants) and this is expected to continue to fall.

While on the subject of bank debt I would like to briefly talk about our bankers. Banks have had a hard time from politicians and the media over the last few years and, possibly, some of the opprobrium has been deserved. However I feel I need to balance this view with the observation that the turnaround in Victoria's fortunes could not have happened without the support of the Company's bankers, Barclays and, more recently, HSBC. We have not always seen eye to eye (especially over fees!), but our banks have made a genuine effort to understand the business and its strategy, and have always been ready to provide us with capital to execute our plans.

Divestment

Since 1989 Victoria PLC had owned a small spinning mill in Yorkshire, Westwood Yarns Limited, which had manufactured and supplied woollen yarns to, primarily, Victoria Carpets and generated £1.3m of external turnover in 2014. The new Board recognised quite early on that the mill, which had been loss-making for a number of years, had a permanent competitive disadvantage to its lower cost Eastern European competitors and large scale UK competitor and there was little prospect of it returning to sustained profitability. Furthermore, although there will always be a place for wool carpets, there is an undeniable consumer migration towards synthetic carpets and this reducing demand for wool will eventually make operation of the Westwood mill unviable and the cash closure costs would have been very high.

Therefore we decided to sell Westwood Yarns and free up capital to pay down debt and deploy more profitably.

Deciding to sell and achieving a sale are two very different things. You won't be surprised to hear there are a limited number of buyers willing to pay actual money for a loss-making, structurally uncompetitive, sub-scale business operating in a declining sector. Nevertheless the business was sold in September and, although we are taking a loss of £1.46m on the asset's carrying value (importantly, a non cash item), we received nearly £1m cash on completion and have freed-up another £1m previously tied up in working capital.

Outlook

Both markets in which Victoria trades – the UK and Australia – continue to perform well.

The Australian flooring market is experiencing very good demand from consumers. The continued weakness in the Australian dollar (against Sterling) has impacted the paper translation of earnings but has had no impact on revenues or margins within the Australian trading businesses. Furthermore we borrowed in Australian dollars to fund the purchase of Quest and so earnings are being applied to reduce that debt; a step that is not affected at all by AUD/GBP exchange rates. (Without the impact of exchange rate movements in the period, Group revenues would have grown to £108.82m (£105.61m reported) and profit before tax and exceptional items would have grown to £6.13m (£5.89m reported)).

The UK, which represents about 75% of our business, is also trading well. At the time of writing this statement, consumer confidence has risen for the seventh consecutive quarter, according to Neilson Holdings, the global information and measurement company. With rising wages and low inflation, households are more positive about their finances than they have been for the past nine years. Nonetheless shareholders will be pleased to hear we are continuing to be parsimonious with their money and maintaining tight control over costs and inventory to ensure that the Group is well positioned should economic conditions change.

We continue to identify and explore acquisition opportunities. Our strong positive cash-flow, together with supportive bankers and shareholders, ensure further acquisition-based growth can be funded. By maintaining very strict criteria and strong price discipline, I am confident acquisitions will continue to be earnings enhancing and a useful tool to both strengthen the Group and create wealth for our shareholders.

I am pleased to say, therefore, that the Board faces the balance of the financial year with positive sentiment.

Geoff Wilding
Chairman

24 November 2015

Condensed Consolidated Income Statement

For the 27 weeks ended 3 October 2015 (unaudited)

	Notes	**27 weeks ended 3 Oct 2015 £000**	26 weeks ended 27 Sep 2014 (1) £000	52 weeks ended 28 Mar 2015 (Audited) (1) £000
Continuing operations				
Revenue	3	**105,607**	39,933	127,003
Cost of sales		**(70,365)**	(26,765)	(85,751)
Gross profit		**35,242**	13,168	41,252
Distribution costs		**(22,754)**	(7,422)	(22,268)
Administrative expenses (including exceptional items and intangible amortisation)		**(7,825)**	(11,089)	(20,246)
Other operating income		**130**	172	385
Operating profit/(loss)		**4,793**	(5,171)	(877)
Comprising:				
Operating profit before exceptional items	3	**7,203**	3,053	9,313
Intangible amortisation		**(197)**	(105)	(270)
Exceptional items	4	**(2,213)**	(8,119)	(9,920)
Finance costs		**(1,540)**	(381)	(1,643)
Comprising:				
Interest charges		**(1,316)**	(381)	(1,419)
Business Growth Fund redemption premium interest and share option charge		**(224)**	----	(224)
Profit/(loss) before tax	3	**3,253**	(5,552)	(2,520)
Taxation	5	**(1,319)**	(576)	(1,658)
Profit/(loss) for the period from continuing operations		**1,934**	(6,128)	(4,178)
Loss for the period from discontinued operations		**(1,746)**	(166)	(346)
Profit/(loss) for the period		**188**	(6,294)	(4,524)
Earnings/(loss) per share				
From continuing operations				
basic (pence)	6	**13.01**	(65.21)	(35.23)
diluted (pence)		**12.81**	(65.21)	(35.23)
From continuing and discontinued operations				
basic (pence)		**1.27**	(66.60)	(38.15)
diluted (pence)		**1.24**	(66.60)	(38.15)

(1) Re-stated to reflect the disposal of Westwood Yarns Limited which is now included above as discontinued operations.

Condensed Consolidated Statement of Comprehensive Income

For the 27 weeks ended 3 October 2015 (unaudited)

	27 weeks ended 3 Oct 2015	26 weeks ended 27 Sep 2014	52 weeks ended 28 Mar 2015 (Audited)
	£000	£000	£000
Exchange differences on translation of foreign operations	**(1,466)**	(393)	(756)
Actuarial gains on pension scheme	**329**	----	----
Reduction of deferred tax asset relating to pension scheme liability	**(60)**	----	----
Other comprehensive loss for the period	**(1,197)**	(393)	(756)
Profit/(loss) for the period	**188**	(6,294)	(4,524)
Total comprehensive loss for the period	**(1,009)**	(6,687)	(5,280)

Condensed Consolidated Balance Sheet
As at 3 October 2015 (unaudited)

	As at 3 Oct 2015 £000	As at 27 Sep 2014 £000	As at 28 Mar 2015 (Audited) £000
Non-current assets			
Goodwill	**70,760**	2,735	6,481
Intangible assets	**8,661**	4,848	8,858
Property, plant and equipment	**29,432**	17,530	22,489
Investment property	**180**	180	180
Deferred tax asset	**2,858**	1,415	1,903
Total non-current assets	**111,891**	26,708	39,911
Current assets			
Inventories	**54,679**	21,582	40,956
Trade and other receivables	**45,767**	13,863	30,953
Current tax asset	**----**	----	----
Other financial assets	**180**	----	----
Cash at bank and in hand	**7,846**	362	2,392
Total current assets	**108,472**	35,807	74,301
Total assets	**220,363**	62,515	114,212
Current liabilities			
Trade and other payables	**60,493**	17,092	39,066
Current tax liabilities	**2,201**	774	2,014
Other financial liabilities	**3,644**	11,968	18,408
Total current liabilities	**66,338**	29,834	59,488
Non-current liabilities			
Trade and other payables	**10,735**	6,876	12,260
Other financial liabilities	**85,311**	8,593	20,264
Deferred tax liabilities	**1,681**	950	2,370
Retirement benefit obligations	**2,665**	----	----
Total non-current liabilities	**100,392**	16,419	34,894
Total liabilities	**166,730**	46,253	94,382
Net assets	**53,633**	16,262	19,830
Equity			
Issued share capital	**4,370**	3,544	3,639
Share premium	**44,164**	8,138	10,144
Retained earnings	**4,978**	4,580	5,987
Share-based payment reserve	**121**	----	60
Total equity	**53,633**	16,262	19,830

Condensed Consolidated Statement of Changes in Equity

For the 27 weeks ended 3 October 2015 (unaudited)

	Share capital	Share premium	Retained earnings	Share based payment reserve	Total equity
	£000	£000	£000	£000	£000
At 30 March 2014	1,772	909	31,958	----	34,639
Loss for the period	----	----	(6,294)	----	(6,294)
Other comprehensive loss for the period	----	----	(393)	----	(393)
	1,772	909	25,271	----	27,952
Transactions with owners:					
Dividends paid	----	----	(20,691)	----	(20,691)
Issue of share capital	1,772	7,229	----	----	9,001
At 27 September 2014	3,544	8,138	4,580	----	16,262
At 30 March 2014	1,772	909	31,958	----	34,639
Loss for the period	----	----	(4,524)	----	(4,524)
Other comprehensive loss for the period	----	----	(756)	----	(756)
	1,772	909	26,678	----	29,359
Transactions with owners:					
Dividends paid	----	----	(20,691)	----	(20,691)
Issue of share capital	1,867	9,235	----	----	11,102
Movement in share-based payment reserve	----	----	----	60	60
At 28 March 2015	3,639	10,144	5,987	60	19,830
At 29 March 2015	**3,639**	**10,144**	**5,987**	**60**	**19,830**
Profit for the period	**----**	**----**	**188**	**----**	**188**
Other comprehensive loss for the period	**----**	**----**	**(1,197)**	**----**	**(1,197)**
	3,639	**10,144**	**4,978**	**60**	**18,821**
Transactions with owners:					
Issue of share capital	**731**	**34,020**	**----**	**----**	**34,751**
Movement in share-based payment reserve	**----**	**----**	**----**	**61**	**61**
At 3 October 2015	**4,370**	**44,164**	**4,978**	**121**	**53,633**

Condensed Consolidated Statement of Cash Flows
For the 27 weeks ended 3 October 2015 (unaudited)

	Notes	**27 weeks ended 3 Oct 2015 £000**	26 weeks ended 27 Sep 2014 (1) £000	52 weeks ended 28 Mar 2015 (Audited) (1) £000
Net cash inflow from operating activities continuing	8a	**2,265**	2,036	9,740
Investing activities continuing				
Purchases of property, plant and equipment		**(1,483)**	(285)	(1,391)
Proceeds on disposal of property, plant and equipment		**827**	570	816
Acquisition of subsidiary, net of cash acquired, at Group level		**(16,478)**	----	(14,616)
Deferred earn-out payments		**(5,155)**	----	(1,000)
Net cash (used)/generated in financing activities		**(22,289)**	285	(16,191)
Financing activities continuing				
(Decrease)/ increase in long term loans		**(657)**	(2,638)	8,596
Issue of share capital		**34,592**	----	1,543
Repayment of obligations under finance leases/HP		**(539)**	(27)	(241)
Dividends paid		**----**	(20,691)	(20,691)
Net cash generated/(used) in financing activities		**33,396**	(23,356)	(10,793)
Net increase/(decrease) in cash and cash equivalents continuing		**13,372**	(21,035)	(17,244)
Cash and cash equivalents at beginning of period		**(8,502)**	9,925	9,925
Cash inflow/(outflow) from discontinued operations		**65**	(356)	(1,183)
Effect of foreign exchange rate changes		**(35)**	(6)	----
Cash and cash equivalents at end of period	8b	**4,900**	(11,472)	(8,502)

(1) Re-stated to present the cash-flows from Westwood Yarns Limited as a discontinued operation.

Notes to the Condensed Half-year Financial Statements

For the 27 weeks ended 3 October 2015 (unaudited)

1. General information

These condensed consolidated financial statements for the 27 weeks ended 3 October 2015 have not been audited or reviewed by the Auditor. They were approved by the Board of Directors on 24 November 2015.

The information for the 52 weeks ended 28 March 2015 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The Auditor's report on those accounts was unqualified and did not include a reference to any matter to which the Auditor drew attention by way of emphasis without qualifying the report and did not contain statements under Section 498(2) or 498(3) of the Companies Act 2006.

2. Basis of preparation and accounting policies

These condensed consolidated financial statements should be read in conjunction with the Group's financial statements for the 52 weeks ended 28 March 2015, which were prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies and basis of consolidation of these condensed financial statements are consistent with those applied and set out on pages 20 to 25 of the Group's audited financial statements for the 52 weeks ended 28 March 2015.

Having reviewed the Group's projections, and taking account of reasonably possible changes in trading performance, the Directors believe they have reasonable grounds for stating that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Directors are of the view that the Group is well placed to manage its business risks. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements of the Group.

Notes to the Condensed Half-year Financial Statements continued

For the 27 weeks ended 3 October 2015 (unaudited)

3. Segmental information

The Group is organised into two operating divisions: The UK and Australia.

Geographical segment information for revenue, operating profit and reconciliation to Group net profit is presented below:

	For the 27 weeks ended 3 October 2015					For the 26 weeks ended 27 September 2014				
	Revenue	**Segmental operating profit**	**Exceptional operating items**	**Finance costs**	**Profit before tax***	Revenue	Segmental operating profit	Exceptional operating items	Finance Costs	Profit/ (loss) before tax*
	£000	**£000**	**£000**	**£000**	**£000**	£000	£000	£000	£000	£000
UK	**81,069**	**5,926**	**----**	**6**	**5,932**	21,572	2,691	----	(1)	2,690
Australia	**24,538**	**1,849**	**----**	**(46)**	**1,803**	18,361	835	----	(82)	753
	105,607	**7,775**	**----**	**(40)**	**7,735**	39,933	3,526	----	(83)	3,443
Central costs	**----**	**(769)**	**(2,213)**	**(1,500)**	**(4,482)**	----	(578)	(8,119)	(298)	(8,995)
Total continuing operations	**105,607**	**7,006**	**(2,213)**	**(1,540)**	**3,253**	39,933	2,948	(8,119)	(381)	(5,552)
Tax					**(1,319)**					(576)
Profit/(loss) after tax from continuing activities					**1,934**					(6,128)
Loss from discontinued operations *	**543**	**(286)**	**(1,460)**		**(1,746)**	573	(166)	----	----	(166)
Profit/(loss) for the period	**106,150**	**6,720**	**(3,673)**	**(1,540)**	**188**	40,506	2,782	(8,119)	(381)	(6,294)

* Loss from discontinued operations relates to the disposal of Westwood Yarns Limited. The £1.46m exceptional loss represents the difference between the disposal proceeds and the carrying value of the assets.

Intersegment sales between the Group's subsidiaries were immaterial in the current and comparative periods.

4. Exceptional items

	27 weeks ended 3 Oct 2015	26 weeks ended 27 Sep 2014
	£000	£000
(a) Acquisition costs	**(1,066)**	(104)
(b) Deferred consideration	**(885)**	(464)
(c) Bank refinancing costs	**(262)**	----
(d) Contract for differences	**----**	(7,551)
	(2,213)	(8,119)

All exceptional items are classified within administrative expenses.

Notes to the Condensed Half-year Financial Statements *continued*

For the 27 weeks ended 3 October 2015 (unaudited)

4 Exceptional items *continued*

(a) Relate to professional fees in connection with the acquisitions completed during the period.

(b) Deferred consideration in respect to acquisitions is measured under IFRS 3, initially at fair value discounted for the time value of money. Subsequently, deferred consideration is re-measured at each half-year and year end to unwind the time value of money and for changes to the earn-out value arising from actual and forecast business performance. Such adjustments are non-cash items.

(c) Relate to costs in connection with the Company's new multi-currency revolving facility with existing Group bankers, Barclays and HSBC.

(d) The prior year charge relates to the Contract for Differences between the Company and Camden Holdings Limited. There are no remaining liabilities outstanding in respect to the Contract for Differences.

5. Tax

	27 weeks ended 3 Oct 2015	26 weeks ended 27 Sep 2014
	£000	£000
Current tax		
- Current year UK	**1,295**	608
- Current year overseas	**550**	228
	1,845	836
Deferred tax		
- Current year	**(506)**	(226)
- Prior year	**(20)**	----
	(526)	(226)
Total	**1,319**	610

The overall corporation tax is calculated at 23.3% (2014: 24.0%), representing the best estimate of the weighted average corporation tax charge expected for the full financial year.

Notes to the Condensed Half-year Financial Statements continued

For the 27 weeks ended 3 October 2015 (unaudited)

6. 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:

	27 weeks Ended 3 Oct 2015 Basic £'000	27 weeks ended 3 Oct 2015 Adjusted £'000	26 weeks ended 27 Sep 2014 Basic £'000	26 weeks ended 27 Sep 2014 Adjusted £'000
Profit/(loss) attributable to ordinary equity holders of the parent entity	**188**	**188**	(6,294)	(6,294)
Exceptional items (net of tax effect):				
Acquisition costs	**----**	**1,066**	----	104
Deferred consideration	**----**	**885**	----	464
Bank refinancing costs	**----**	**262**	----	----
Contract for differences	**----**	**----**	----	7,551
Earnings for the purpose of basic, adjusted and diluted earnings per share	**188**	**2,401**	(6,294)	1,825
Earnings for the purpose of basic, adjusted and diluted earnings per share from continuing operations	**1,934**	**4,147**	(6,162)	1,957
Weighted average number of ordinary shares ('000) for the purposes of basic and basic adjusted earnings per share		**14,860**		9,450
Effect of dilutive potential ordinary shares:				
Business Growth Fund share options (1) ('000)		**243**		----
Weighted average number of ordinary shares ('000) for the purposes of diluted and diluted adjusted earnings per share		**15,103**		9,450
The Group's earnings per share are as follows:				
Basic adjusted from continuing operations (pence)		**27.91**		20.71
Diluted adjusted from continuing operations (pence)		**27.46**		20.71
Basic from continuing operations (pence)		**13.01**		(65.21)
Diluted from continuing operations (pence)		**12.81**		(65.21)

(1) On 24 November 2015 the option agreement granted by the Company on 30 September 2014 with BGF Investments LP ("BGF"), was varied such that the period pursuant to which BGF is permitted to exercise the options and to subscribe for ordinary shares now commences on 24 September 2015 and expires 31 December 2022 without any other restrictions applying.

Notes to the Condensed Half-year Financial Statements continued

For the 27 weeks ended 3 October 2015 (unaudited)

7. Dividends

	27 weeks ended 3 Oct 2015 £'000	26 weeks ended 27 Sep 2014 £'000
Amounts recognised as distributions to equity holders in the period:		
Special dividend of 292.0p per share paid on 25 July 2014	**-----**	20,691

8. Notes to the cash flow statement

a) Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	27 weeks ended 3 Oct 2015 £000	26 weeks ended 27 Sep 2014 (1) £000	52 weeks ended 28 Mar 2015 (1) £000
Operating profit/(loss) from continuing operations	**4,793**	(5,171)	(877)
Adjustments for non-cash items:			
- Depreciation charges	**1,817**	1,116	2,758
- Amortisation of intangible assets	**197**	105	270
- Deferred consideration revaluation	**885**	464	1,968
- Charge for Contract for Differences	**----**	7,397	7,397
- Profit on disposal of property, plant and equipment	**(129)**	(14)	(68)
- Exchange rate difference on consolidation	**(425)**	45	(27)
Operating cash flows before movements in working capital	**7,138**	3,942	11,421
(Increase)/decrease in working capital	**(1,854)**	(301)	1,851
Cash generated from operations	**5,284**	3,641	13,272
Interest paid	**(1,392)**	(381)	(1,419)
Income taxes paid	**(1,627)**	(1,224)	(2,113)
Net cash inflow from continuing operating activities	**2,265**	2,036	9,740

(1) Comparatives re-stated to exclude the cash-flows from Westwood Yarns Limited, which was discontinued in the first half. The net cash flow from discontinued operations is shown within the 'Condensed Consolidated Statement of Cash Flows'.

Notes to the Condensed Half-year Financial Statements continued
For the 27 weeks ended 3 October 2015 (unaudited)

8. Notes to the cash flow statement (continued)

b) Analysis of net debt

	At 28 Mar 2015 £000	Cash flow £000	Acquisition £000	Other non-cash changes £000	Exchange movement £000	**At 3 Oct 2015 £000**
Cash	2,392	5,489	----	----	(35)	**7,846**
Bank overdrafts	(10,894)	7,948	----	----	----	**(2,946)**
Cash and cash equivalents	(8,502)	13,437	----	----	(35)	**4,900**
Finance leases and hire purchase agreements						
- Payable less than one year	(825)	539	(458)	10	36	**(698)**
- Payable more than one year	(388)	----	----	(10)	----	**(398)**
Bank loans						
- Payable less than one year	(6,689)	6,689	----	----	----	**----**
- Payable more than one year	(9,712)	(5,867)	(59,005)	----	----	**(74,584)**
Other loans payable more than one year	(10,164)	(164)	----	----	----	**(10,328)**
Net debt	(36,280)	14,634	(59,463)	----	1	**(81,108)**

9. Acquisition of subsidiaries

(a) Quest Carpet Manufacturers Pty Limited and Quest Carpet Manufacturers Unit Trust

On 7 August 2015, the Group acquired Australian carpet manufacturer Quest Carpet Manufacturers Pty Limited and Quest Carpet Manufacturers Unit Trust (together 'Quest'), for an initial cash consideration of A$24.3m (£11.3m) and deferred cash consideration of A$10.5m (£4.9m), payable in equal annual instalments on the anniversary of completion for each of the next three years. The acquisition has been funded in Australian dollars from existing facilities. The principal activity of Quest is the manufacture and sale of premium quality carpets across Australia and New Zealand. The business operates from facilities in Dandenong (near Melbourne), Australia. The acquisition is expected to be immediately accretive to the underlying earnings per share of the Company.

The Group results for the 27 weeks ended 3 October 2015 included A$11.5m (£5.7m) of revenue and A$1.4m (£0.7m) EBITDA from Quest. If the acquisition of Quest had been completed on the first day of the half year period, Group revenues would have been A$21.4m (£10.4m) higher and Group EBITDA would have been A$2.0m (£1.0m) higher. For the financial year ended 30 June 2015, Quest revenue was A$59.8m (£28.1m) and normalised EBITDA of A$7.1m (£3.3m).

The valuation exercise to identify intangible assets acquired, as required under IFRS3, has not been finalised as at the half year. The valuation will be reflected in the Annual Report and Accounts for the Group for the year ending 2 April 2016 together with the IFRS 3 disclosures. Accordingly, an element of the Goodwill recorded on the balance

Notes to the Condensed Half-year Financial Statements continued
For the 27 weeks ended 3 October 2015 (unaudited)

sheet as at 3 October 2015 will be reclassified to Intangible assets once the IFRS 3 valuation has been completed.

(b) Interfloor Group Limited

On 14 September 2015, the Group acquired the entire share capital and shareholder indebtedness of Interfloor Group Limited ('Interfloor'), for a total enterprise value of £65.0m. The acquisition has been funded by a share placing (£44.5m) and existing facilities. The principal activity of Interfloor is the manufacture of carpet underlay and supply of related flooring accessories. The business operates from facilities in Lancashire, UK. The acquisition is expected to be immediately accretive to the underlying earnings per share of the Company.

The Group results for the 27 weeks ended 3 October 2015 included £4.1m of revenue and £0.8m EBITDA from Interfloor. If the acquisition of Interfloor had been completed on the first day of the half year period, Group revenues would have been £31.4m higher and Group EBITDA would have been £5.2m higher. For the year ended 30 May 2015, Interfloor revenue was £72.3m and EBITDA of £10.0m.

The valuation exercise to identify intangible assets acquired, as required under IFRS3, has not been finalised as at the half year. The valuation will be reflected in the Annual Report and Accounts for the Group for the year ending 2 April 2016 together with the IFRS 3 disclosures. Accordingly, an element of the Goodwill recorded on the balance sheet as at 3 October 2015 will be reclassified to Intangible assets once the IFRS 3 valuation has been completed.

10. Rates of Exchange

The result of the Group's overseas subsidiary has 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:

	27 weeks ended 3 Oct 2015	26 weeks ended 27 Sep 2014	52 weeks ended 28 Mar 2015
Australia (A$) - average rate	**2.0489**	1.8116	1.8547
Australia (A$) - period end	**2.1544**	1.8621	1.9184

Notes to the Condensed Half-year Financial Statements continued

For the 27 weeks ended 3 October 2015 (unaudited)

11. Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's medium term performance and the factors which mitigate these risks have not changed from those set out on page 8 of the Group's 2015 Annual Report, a copy of which is available on the Group's website – www.victoriaplc.com. The Chairman's Statement includes consideration of uncertainties affecting the Group in the remaining six months of the year.

On behalf of the Board

Geoff Wilding
Chairman

24 November 2015

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