



VICTORIA PLC

International manufacturer & distributor of carpets & floorcoverings, supplying the mid to high end residential and contract markets in the UK and overseas.

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Preliminary Results for the year ended 2 April 2011

	Year ended 2 April 2011	Year ended 3 April 2010	
Revenue	£70.50m	£62.97m	+12.0%
Operating profit	£2.42m	£1.78m	+35.8%
Pre-tax profit	£1.92m	£1.09m	+76.8%
Basic earnings per share	17.41p	9.04p	+92.6%
Basic adjusted earnings per share*	18.35p	9.04p	+103.0%
Total dividend for the year	9.00p	8.00p	+12.5%
Net debt	£6.21m	£7.14m	-13.0%

Key points

- Australia resilient, delivering strong performance reflecting margin improvement and more efficient utilisation of capacity.
- UK operations witnessed toughest environment seen for years; Victoria Carpets bounced back, finishing robustly after weak start.
- Quality of UK revenue improved with insurance replacement market reducing dependence on consumer spending.
- Strong portfolio of products with recent introductions receiving good feedback from the Trade.
 - New range supplied to Westminster Abbey for the Royal Wedding.
 - Significant additional products to be rolled out across John Lewis network.
 - Plans in place to expand both the Group's retail and commercial offering and develop new channels to market.
- Overall, encouraging start to the new fiscal year with clear focus on short term trading and delivering long term objectives.

"Victoria is determined to become the leading quality flooring supplier in both Australia and the UK and we have firm plans in place to ensure that we achieve this goal"

Nikki Beckett, Chairman

"Quality underpins everything we do and our reputation for exceptional quality and consistently high levels of service continues to set us apart from our competitors."

Alan Bullock, Group Managing Director

*See note 2 of this Announcement

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Victoria PLC
Preliminary results for the year ended 2 April 2011

CHAIRMAN'S STATEMENT

“Victoria is determined to become the leading quality flooring supplier in both Australia and the UK and we have firm plans now in place to ensure we achieve this goal”

Overview

I am pleased to present a positive set of results, which has seen the Group increase its sales and operating profit in a year that has been characterised by continuing challenging market conditions.

Victoria has a clear plan which is being well executed. Currently, we are focused on both our short term trading and delivering against our longer term objectives.

Financial Summary

Group revenue increased by 12.0% in the year ended 2 April 2011, from £62.97m to £70.50m and, in constant currency terms, was ahead of the prior year by 3.3%. Revenue in our core markets of Australia and the UK advanced by 2.1% and 9.0% respectively in local currency terms but, as previously reported, trading has continued to decline in the Republic of Ireland, with further action now having been taken to address the situation in the new financial year. Ireland is being closed as a separate trading entity and we will sell into the market via an agency distribution network. This is detailed further in the Group Managing Director's Review.

Group operating profit increased by 35.8% from £1.78m to £2.42m, whilst profit before tax increased by 76.8% from £1.09m to £1.92m.

Group borrowings were further reduced in the period under review, down by 13.0% from £7.14m to £6.21m. The Group remains very well invested in modern plant and equipment throughout its operations and, with modest capital expenditure plans, it is likely to remain cash generative. Gearing remains relatively low at 13.5%.

Earnings and Dividend

Basic adjusted earnings per share, (defined in note 2), have risen by 103.0%, from 9.04p to 18.35p, and the Board are pleased to declare a final dividend of 6.0p, up by 11.1% from 5.4p last year. This, together with the interim dividend of 3.0p, will bring the total dividend for the year to 9.0p, an increase of 12.5% over the prior year. The proposed final dividend, which is subject to shareholder approval at the Annual General Meeting to be held on 2 August 2011, will be paid on the 11 August 2011 to all members on the register at the close of business on 24 June 2011. The shares will be marked as ex-dividend on 22 June 2011.

The Board

We were delighted to welcome Peter Jensen to the Board in September 2010. Peter will be a great asset to the business and is already bringing his extensive marketing experience gained at SmithKlineBeecham PLC to bear at Victoria. We are all looking forward to continuing working with him in the future.

People

The continued success of the Group is the direct result of a team commitment by its employees at all levels of the business. I take this opportunity to express my thanks on behalf of all stakeholders to everyone in the Group for the dedication and effort they have put into achieving this year's result.

Outlook

The business has made a good start to its new financial year. Our product offering is fresh and receiving good feedback from the trade. However, we are expecting trading conditions in the year ahead to be tough, with raw material price increases remaining a challenge. Consumers are cautious about the future and their confidence is still at a low level; therefore discretionary spending is likely to stay under pressure on big ticket items, including carpets. The quality of revenues in the UK have improved as a consequence of the Group's entry into the insurance replacement market; reducing the dependence we have on consumer sentiment.

Whilst the short term economic environment is likely to remain difficult, we are confident that the Group is very well placed to deliver against its long term objectives.

Victoria is determined to become the leading quality flooring supplier in both Australia and the UK and we have firm plans now in place to ensure we achieve this goal. We look forward to updating stakeholders of our progress.

Nikki Beckett
Chairman
14 June 2011

GROUP MANAGING DIRECTOR'S REVIEW

“The excellent Victoria brand is very well respected. We remain focused on delivering great products of exceptional value to our customers. Quality underpins everything we do and our reputation for exceptional quality and consistently high levels of service continues to set us apart from our competitors”

The Group has traded well in what has been a challenging global environment and in a market which has had to face unprecedented raw material price inflation. Despite this, we have seen growth in both sales and market share in each of our two principal regions of operation, Australia and the United Kingdom.

Market conditions in the Republic of Ireland have been radically affected by the state of the local economy, which has led to the Group making trading losses in Ireland in each of the past two years. Clearly this was unacceptable and, following a careful review, the Group has moved early in the new financial year to a completely new business model in Ireland. This allows us to retain a strong brand presence whilst stopping the losses going forward.

I am satisfied with the overall trading result of the Group for the year and the good progress that has been made towards the strategic objectives we have set for the future growth of our business.

Australian operations

Our Australian business has delivered a strong performance in the year, rebounding well from the margin erosion seen in the prior year. I am pleased to report on revenues up by 2.1% in local currency terms from A\$69.36m to A\$70.80m. There was also good margin improvement thanks to better spinning mill capacity utilisation and reduced raw material prices, reflecting the strength of the Australian Dollar. Operating profit was up 21.1% from A\$4.79m to A\$5.80m.

The Australian economy has proven far more resilient than most during the global economic downturn, although consumer sentiment has remained fairly low. A positive GDP growth, strong Australian Dollar, reasonably steady interest rates and a tight labour market would suggest that retail sales, including those of consumer durables, should have been at higher levels than those experienced during the past year. There can be little doubt that one of the legacies of the global financial crisis is heightened consumer caution about personal debt levels.

Whilst overall sales and production levels did not change significantly, there was a discernable shift in the sales mix.

Synthetic carpet ranges continue to grow in the Australian and New Zealand markets and our strategic move to enter the commercial market segment with new broadloom and carpet tiles has proven to be a successful area for growth. The challenge of managing the growing consumer preference for synthetic carpets over wool has been met with a series of marketing initiatives and product innovation in our wool range product offering. These actions, coupled with the launch of commercial ranges, have enabled spinning mill volumes to be maintained. Nevertheless, we have seen a small reduction in the sale of wool carpets in the residential sector.

In the second half of the year, both Australia and New Zealand suffered major natural disasters.

In Australia, the States of Queensland and Victoria suffered severe flooding. The Queensland floods in December 2010 and January 2011 resulted in 75% of the State being declared a disaster zone. More than 70 towns and over 200,000 people were affected and the damage bill is estimated to be at least A\$2 billion. The extent of the devastation and the degree of under-insurance are still being assessed but, in both States, there is likely to be a significant replacement market that may translate into increased demand over the next year or so.

In New Zealand, the tragedy of the Christchurch earthquake in February 2011 has been well documented. It may, however, be quite some time before rebuilding activity commences in the region but this will eventually increase demand for replacement floorcoverings.

In the meantime, the local economies of Queensland and the South Island of New Zealand have suffered major downturns and are likely to remain depressed until significant building activity commences.

During the latter part of the year, significant cost increases were experienced in both wool fibre and synthetic yarns. Wool price increases have been caused by the reduction in sheep being reared in New Zealand and the effects of foot and mouth disease in the UK, which reduced flocks. This reduced supply has been coupled with strong demand for wool from the burgeoning economies in both India and China. Synthetic yarn price increases are oil related. A strong Australian Dollar has mitigated the impact of the synthetic increases and to date we have managed the challenge of recovering the increased wool cost in a highly competitive market with minimal adverse effect.

Increased imported yarn stocks, additional commercial broadloom ranges and the introduction of carpet tiles combined to lift inventories by A\$2.48m at the year-end. Despite this, strong cash flow generation from operations and modest capital expenditure of A\$1.26m enabled borrowings to be reduced by A\$2.58m in the year to just A\$0.31m. This is a gearing rate of less than 1%.

The outlook for the Australian economy in 2011 fiscal year is for an overall growth in GDP of 3% to 3.5% but with significant sectoral differences. Expectations are for mining and agriculture to perform strongly, whilst retail, manufacturing and construction are forecast to remain flat. Signs of recovery from the flood-induced slowdown in Q1 2011 are starting to emerge and recent economic surveys indicate improving business and consumer confidence. Personal saving rates are at historic highs and consumers remain cautious; however, demand is expected to grow as household incomes are anticipated to rise during the coming year.

On balance, we anticipate modest growth in the Australian residential and commercial markets in the coming financial year.

The New Zealand market is different in that it was softening considerably prior to the Christchurch earthquake and has eased further since. We anticipate little if any improvement in this market during the next year.

With "state of the art" equipment, a strong balance sheet and a highly experienced management team in Australia, we are well placed and ready to take full advantage of any growth opportunities.

United Kingdom operations

The UK operations have probably had to face one of the most difficult trading periods of the past twenty years and the year under review has certainly been a story of two halves.

The UK economy over the past three years has barely left recession. The economy has remained stubbornly sluggish and, with the housing market still stagnant, consumers have remained unconvinced of any economic recovery. The much heralded public spending cut backs and a higher tax take have yet to fully impact but, nonetheless, have played a part during the year of sapping consumer confidence and reducing discretionary spend on luxury big ticket items such as home furnishings and floorcoverings.

Additionally, we have also had to contend with rapidly rising raw material prices which, due to the fragile state of the market, proved challenging to pass onto customers and consumers in the first half of our financial year. The second half of the year saw improved trading, resulting in the UK operation posting a pre-tax profit for the full year of £0.30m, compared to £0.24m in the prior year.

Revenues in the UK were up in the year by 9.0% from £22.97m to £25.04m despite the harsh winter which severely impacted High Street trading pre-Christmas and in the first quarter of 2011. In the last quarter of the financial year, Victoria witnessed sales growth of 25.4% in like for like sales; a much stronger finish to the year than had been expected.

This is a creditable performance and can be attributed to the success of new product introductions made in the latter stages of the first half-year, in particular the new generation of synthetic carpets marketed under the EASICARE™ banner and growing traction in the insurance replacement market which we entered into in June 2010.

Victoria has undoubtedly gained market share in the UK during the year; however, UK sales margin has been eroded due to the increases in raw material costs that could not be passed on fully in the year.

The magnitude of raw material price increases to manufacturers has now meant that all suppliers have been forced to pass on the increases to their customers and in turn there has now been greater acceptance of the increases from the retail trade. Victoria's carpet prices were increased in October 2010 and again in April 2011. This has started to see a restoration of margins. Whilst raw material prices have continued to increase, Victoria has forward contracts in place and price escalation clauses built into some of its major contracts, which should help to avoid further margin erosion.

During the year, Victoria has been actively involved in negotiating an agreement to supply a new programme of carpet ranges for the John Lewis Partnership. This will give us a significant product presence in all of the 30 John Lewis department stores with effect from 1st April 2011. New format carpet departments within these stores and increased promotional activity should assist John Lewis in gaining additional market share in the mid to high-end floorcovering sector, which in turn will benefit our business.

Victoria has also been active during the year in developing a multi-channel e-commerce selling platform, which we hope to be able to offer to our retailers in the near future.

Victoria's sales emphasis has remained clearly focused on its Independent Retailers and our sales mix over the past year has increased to this sector by 19.0% and now accounts for 71.0% of our UK sales. Sales to the Contract sector increased by 20.7% and Export sales by 5.4%.

The excellent **Victoria Carpets** brand is very well respected in the UK by both its suppliers and customers. The quality of Victoria Carpets' products was recognised with the use of its Imperial Velvet range which was installed at Westminster Abbey for the recent Royal Wedding.

Our business also has good channels to market in both the Residential and Contract sectors. Recognising this, there are now plans to expand the product portfolio that we market and sell through these channels and we have identified several areas of potential future growth. Strategies are being developed to accelerate entry into a wider flooring product offer and we look forward to detailing our plans later in the year.

Shareholders will be aware that for some considerable time the Group has been looking to obtain planning consent on its redundant 6.25 acre sports field in Kidderminster. A planning decision on this site has been dependent on the sale of another site in Kidderminster whose owner needs the funding from the sale of their site to acquire part of our site. This other party's planning application was refused during 2010, but the decision is now being appealed and we are hopeful of adjudication on this planning application in July 2011.

Looking forward to the new financial year in the UK, we have made a good start to the year but are mindful that the increasing pressure on consumers' disposable incomes and higher commodity prices will make overall trading uncertain and therefore we must be cautious about the outlook.

This aside, we remain focused on delivering great products of outstanding value to our customers. Quality underpins everything we do and our reputation for exceptional quality and consistently high levels of service continues to set us apart from our competitors. Our successful move into the insurance replacement market should underpin trading and our plans to bring innovative new floorcovering products to our customers should allow us to capture greater market share and subsequently deliver increased value to our shareholders.

Ireland

The extent of the financial crisis and its effect on the Irish economy are on-going and well reported across all media. Despite our best attempts over the past year to "right-size" our business in Ireland, the deepening crisis we believe has yet to see the market reach the bottom.

The Group's Irish revenue declined by 22.3% in the year, down from €3.68m to €2.86m and recorded a pre-tax loss of €0.79m, compared to a loss of €0.59m in the prior year.

As announced to shareholders in the Group's Interim Management Statement in February and our Trading update in May 2011, the Group could see little likelihood of any improvement in market conditions in the near future; as such, a decision was taken to close the trading entity we have in Ireland.

By the end of June 2011, the end of the first quarter of the new financial year, the complete stocking and administrative functions in Ireland will have been closed and transferred back to the Group's UK operation. Sales in Ireland will be maintained and developed by Victoria Carpets under a new trading model, whereby we have offered agency agreements to some of the existing Irish sales employees. We will remain active in the Irish market through the continuing use and promotion of the two regionally established and well known brands of Munster and Navan Carpets.

Whilst there will be some material non-recurring costs associated with this action, the underlying future sales to Ireland are expected to be profitable.

I would also like to take this opportunity of thanking our Irish employees who have worked tirelessly on the Group's behalf during the financial crisis in Ireland.

Canada

Colin Campbell ('Campbell'), the Group's Canadian Associate company, whilst achieving an improved performance in comparison with the prior year, nonetheless, contributed a small operating loss to the Group position in the financial year.

The Western Canadian economy, in which Campbell principally operates, has been inconsistent in its slow recovery. As a resource dependent economy, Canada has benefitted from stronger commodity markets; however, as new home construction continues in the Vancouver area, there has been a greater focus on 'value' products. The Canadian consumer is more debt laden than in the past, thereby restricting their desire to spend.

Campbell's prime business is as a trade-only showroom, supplying high quality floorcoverings to interior designers and architects who are dealing with both high-end residential and leading commercial clients. This part of the business saw a reduction in revenue in the year but an improvement in gross margin.

In addition to the showroom and commercial supply business, Campbell distributes a select range of carpets to retailers in Western Canada. This includes an environmentally friendly range of carpets called Nature's Carpet®, which is distributed both in Canada and the USA, and are eco friendly, being made only from renewable resources.

The distribution business also saw both a reduction in revenues and an improvement in gross margin.

Campbell's sales decreased by 10.5% from C\$7.19m to C\$6.43m, whilst the improvement in gross margin and reduced overheads enabled a reduction in the operating loss of the business, from C\$0.20m to C\$0.09m.

Colin Campbell is anticipating that the Canadian economy will continue with modest growth in 2011. With solid progress on gross margin and overheads already achieved over the past year, the business is now well positioned to seek growth in overall revenue.

Summary

In summary, our overall business is doing well in what continue to be challenging trading conditions. Our plans to expand the Group's retail and commercial product offering and to continue to develop new channels to market provides us with confidence that we can weather any uncertainty in market conditions.

Alan Bullock
Group Managing Director
14 June 2011

Victoria PLC
Preliminary results for the year ended 2 April 2011

FINANCIAL REVIEW

Group financial highlights

	2011	2010
	£'m	£'m
Revenue	70.50	62.97
Operating profit	2.42	1.78
Finance costs	(0.47)	(0.56)
Share of associate result	(0.02)	(0.13)
Profit before tax	1.92	1.09
Net debt	6.21	7.14

As described in detail within the Group Managing Director's Review, economic and market conditions have remained challenging in the current financial period across all the territories in which we operate. The Group has however achieved year on year growth in pre-tax profit of 76.8% to £1.92m against this difficult backdrop. The Group was cash generative in the period and reduced borrowings by £0.93m to £6.21m.

The Group achieved revenue growth of 12.0% to £70.50m (2010: £62.97m), in part benefitting from the Australian Dollar strengthening against Sterling by 12.8% in the period. In constant currency terms, revenue was ahead of prior year by 3.3%.

Exchange rates			
	2011	2010	% change
Average rates			
Australian Dollar	1.6460	1.8881	-12.8%
Euro	1.1688	1.1280	3.6%
Canadian Dollar	1.5831	1.7396	-9.0%

Overseas subsidiaries represented 64.5% of Group revenue (2010: 63.5%), with Australia representing 61.0% (2010: 58.3%) and Ireland 3.5% (2010: 5.2%).

The movement in average exchange rates in the period benefitted Group revenue by £5.43m, comprising a gain of £5.52m from the movement in the Australian Dollar and a loss of £0.09m from a 3.6% weakening in the Euro against Sterling.

The overall gross margin for the Group was 28.2%, a marginal reduction from prior year (2010: 28.4%). The UK experienced a margin reduction of 3.3%, impacted by circa 68.0% increase in wool prices during the period. Ireland margins were 7.6% below prior year, driven by a shift in consumer demand towards lower value, lower margin product. Australia, however, experienced margin improvement of 2.6%, aided by more efficient utilisation of the spinning mills and lower costs on imported raw materials due to the relative strength of the Australian Dollar.

Group operating profit increased by 35.8% to £2.42m (2010: £1.78m).

In local currency terms, operating profits increased by 21.1% and 24.5% in Australia and the UK respectively. Ireland reported an operating loss of £0.68m (2010: £0.52m operating loss).

Finance costs

Finance costs reduced by 16.5% to £0.47m (2010: £0.56m), primarily reflecting a 15.7% reduction in average borrowings year on year. The average interest rate on borrowings was in line with prior year at 5.6%.

Interest was covered 11.4 times by EBITDA (2010: 8.0 times) and 5.1 times by operating profit (2010: 3.2 times).

Profit before taxation

Group profit before taxation for the year increased by 76.8% to £1.92m (2010: £1.09m). On a constant currency basis, profit before taxation was ahead of prior year by 36.3%.

Taxation

The total tax charge for the period was £0.72m (2010: £0.46m), comprising a current tax charge of £1.17m (2010: £0.77m) and deferred tax credit of £0.45m (2010: a credit of £0.31m).

The underlying effective corporation tax rate was 37.2% (2010: 42.3%). The effective tax rate is above the UK standard rate of 28%, primarily due to a reported loss in Ireland with tax credits only available at the standard rate of tax of 12.5% in this jurisdiction. In addition, the deferred tax asset balance of £0.11m in Ireland relating to brought forward losses was written off in the period as a result of the planned restructuring in the next financial period.

A deferred tax credit of £0.12m arose in the period in respect of the UK deferred tax liability as a result of the tax rate reduction from 28% to 26%, which was substantively enacted during the period with effect from 1 April 2011.

Earnings per share

Basic adjusted earnings per share were 18.35p, 103.0% above prior year (2010: 9.04p); earnings were adjusted for a goodwill impairment charge of £0.07m in 2011. Basic earnings per share were 17.41p (2010: 9.04p).

The diluted adjusted earnings per share were 16.61p (2010: 7.87p).

Dividends

An interim dividend of 3.00p was paid in December 2010, and a final dividend of 6.00p is proposed, resulting in a total dividend for the year of 9.00p. This represents a 12.5% increase on the prior year total dividend of 8.00p.

The value of the interim dividend was £0.21m and the value of the proposed final dividend is £0.42m. (Total: £0.63m). The value of the total dividend paid in respect of the year ended 3 April 2010, was £0.56m.

Capital expenditure

The net book value of property, plant and equipment decreased by £0.92m to £26.54m (2010: £27.46m). Currency movements contributed an increase to net book value of £1.07m (2010: £3.39m), which was more than offset by the depreciation charge in the period of £2.87m (2010: £2.72m).

Capital expenditure in the year of £0.95m was 33.1% of the annual depreciation charge. Whilst capital expenditure is anticipated to increase in the new financial period, it is likely to remain below the normal annual depreciation level. The Group remains well invested with "state of the art" equipment.

Disposals during the year amounted to £0.26m (2010: £0.28m).

Net assets

The Group's overall net assets value increased in the year by £2.50m to £39.76m (2010: £37.26m). The increase in net assets due to exchange differences arising on overseas operations was £1.73m.

The inventory balance has increased by £2.21m to £22.90m (2010: £20.69m), with currency movements accounting for £0.94m of the increase. On a constant currency basis, inventory has increased by £1.27m, primarily driven by stock building for new product launches taking place before and after the financial period end.

Trade debtors increased by £1.14m to £10.85m (2010: £9.71m) of which currency movements accounted for £0.41m of the increase. Trade debtor days were in line with prior year at 56 days.

Current trade and other payables increased by £2.03m to £12.44m (2010: £10.41m), with the average credit period at 50 days (2010: 58 days).

Operating cash flow

	2011 £'m	2010 £'m
Operating profit	2.42	1.78
Depreciation and other non-cash items	3.03	2.74
Foreign exchange	0.12	0.22
Working capital	(1.67)	2.85
Operating cash flow	3.90	7.59
EBITDA*	5.38	4.53
Operating cash flow conversion % (against EBITDA)	72.5%	167.5%

*Earnings before interest, tax, depreciation and amortisation

The Group generated operating cash flows of £3.90m in the period (2010: £7.59m).

Operating cash flow is below prior year primarily due to absorption of working capital, which is driven by the growth in stocks for new range releases noted above. Operating cash flow conversion percentage, as measured against EBITDA, was 72.5% (2010: 167.5%), with the lower level of conversion reflecting an investment in working capital.

Free cash flow

Operating cash flow less interest, tax and capital expenditure resulted in a cash inflow of £1.62m (2010: £6.28m cash inflow). Tax and capital expenditure outflows were above prior year levels by £0.48m and £0.56m respectively, whilst interest payments were marginally below prior year.

Net debt and gearing

Group net debt reduced by 13.0% to £6.21m (2010: £7.14m). The average net debt during the period decreased by £1.59m to £8.51m (2010: £10.10m).

The ratio of net debt to EBITDA has improved to 1.15 times (2010: 1.58 times).

Net gearing remains low at 13.5% (2010: 16.1%).

Hedging

The Group manages interest rate exposures in the UK through the use of derivative financial instruments and currently has one interest rate swap covering £2.00m maturing in July 2011.

The Group reviews currency exposures on a regular basis in respect of trading operations involving the export sale of goods or import of raw materials or capital equipment. The Group may manage potential currency exposures through the use of forward currency contracts where currency movements may be considered as volatile and the amounts involved significant. The principle currency exposure of the Group is in respect of the investment in its Australian subsidiary.

Future funding

The Group's annual renewal of banking facilities was completed in the UK in September 2010 and in Australia in February 2011. The current facilities across the Group provide sufficient capacity in Australian Dollars, Sterling and Euros to cover all anticipated capital expenditure and working capital requirements in the year ahead.

Going concern

The consolidated financial statements have been prepared on a going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Group Managing Director's Review. The financial position of the Group is described in this financial review.

Having reviewed the Group's budgets and projections, and taking account of reasonable 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 Group will open its usual annual renewal negotiations with its bankers in due course. The Group has already held discussions with all its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

The restructuring of the Irish division noted earlier in the Group Managing Director's Review will occur during the next financial year. As noted in the Group Managing Director's Review, the Group plans to continue to supply into Ireland as an export market from the UK operations. The Irish division currently accounts for 3.5% of the Group's revenue and the planned restructuring does not materially impact on the Group's ability to operate within its existing facilities or to continue operating on a going concern basis.

The Directors are of the view that the Group is well placed to manage its business risks despite the current challenging economic and market conditions. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Accounting standards

The financial statements have been produced in accordance with International Financial Reporting Standards (IFRS), as endorsed and adopted for use in the EU. There have been no changes to IFRS this year that have a material impact on the Group's results. There have been no changes in the accounting policies of the Group and its subsidiaries this year.

Key performance indicators (KPI's)

The Board of Victoria PLC ('Victoria' or the 'business' or 'Company') and the Divisional Management boards monitor a range of financial and non-financial performance indicators on a monthly basis so as to measure performance against expected targets.

The KPI's monitored by the Group Board are set out in the table below.

KPI	Description	Performance
Financial KPIs		
Sales growth (constant currency)	Overall sales growth achieved year on year after adjusting for the impact from currency movements (Australian Dollar and Euro) in the period. This is used to assess the underlying trading performance of the Group.	2011: +3.3% 2010: -6.9% 2009: -3.6%
Operating margin	Calculated as total operating profit divided by revenue. This is used to assess the underlying trading performance of the Group.	2011: 3.4% 2010: 2.8% 2009: 3.6%
Return on operating assets	Calculated as operating profit (including share of associate company) divided by the operating assets employed. This is used to assess the profitability achieved from the Group's operating base.	2011: 5.2% 2010: 3.7% 2009: 5.1%
Earnings per share (basic adjusted)	Calculated as profit for the period divided by the total number of shares in issue, adjusted for any non-recurring items in the period. This is used to assess the underlying financial performance of the Group.	2011: 18.3p 2010: 9.0p 2009: 15.0p
Net debt to EBITDA	Calculated as net debt divided by EBITDA (earnings before interest, tax, depreciation and amortisation). This is used to assess the financial position of the Group and its ability to fund future growth.	2011: 1.2 times 2010: 1.6 times 2009: 2.5 times
Interest cover	Represents the number of times EBITDA covers net interest payments. Used to assess the financial position of the Group and its ability to fund future growth.	2011: 11.4 times 2010: 8.0 times 2009: 6.0 times
Non-Financial KPIs		
Voluntary employee turnover	Number of permanent employee resignations as a percentage of total permanent employees. This is used to monitor our objective to be recognised as an employer of choice.	2011: 4.7% 2010: 5.3% 2009: 5.5%
Absenteeism	Calculated as unauthorised leave expressed as a percentage of total available work days. Our aim is to keep this to a minimum to ensure operational effectiveness.	2011: 4.3% 2010: 3.1% 2009: 3.3%
Kwh per square metre of carpet	Represents the energy consumption (in kilowatt-hours) for every square metre of carpet manufactured. Measured as part of the Group's objective to improve energy efficiency and reduce carbon emissions.	2011: 1.50 kWh/m ² 2010: 1.53 kWh/m ² 2009: 1.61 kWh/m ²
Kwh per Kg of yarn spun	Represents the energy consumption (in kilowatt-hours) for every Kilogram of yarn produced. Measured as part of the Group's objective to improve energy efficiency and reduce carbon emissions.	2011: 5.74 kWh/kg 2010: 5.16 kWh/kg 2009: 5.68 kWh/kg

Risk management

There are a number of potential risks and uncertainties which could have a material impact on the Group. The Directors continue to develop processes for identifying, understanding and evaluating the risks faced by the organisation. The Directors recognise that the management of significant risks is necessary in order that the Group achieves its objective of creating long term returns for its shareholders.

At both Group and subsidiary level, risks are categorised across four key areas: Financial, operational, organisational and external. For each key risk, each business reviews the likelihood of its occurrence, its potential effect on the company's performance and identifies management responsibility for the risk, control measures in place and any mitigating actions that are required.

Listed in the table below are examples of key risks being managed by the business and mitigating actions or controls:

Business risk			
Risk Area	Description	Potential impact	Mitigation
Finance	Interest rates – exposure to market rate	Increased borrowing costs	Hedging policy <i>See 'Hedging' above</i>
	Foreign exchange – exposure to market rates	Unexpected impact on material or investment cost	Use of forward contracts <i>See 'Hedging' above</i>
	Funding – lack of available funds	Inability to pursue capital expenditure or provide sufficient working capital	Debt capacity <i>See 'future funding' above</i>
Operational	Customer satisfaction – Insufficient quality or on time delivery	Failure to retain and grow key customers' accounts	Pro-active service and quality management; regular customer meetings; own fleet (UK); third party service provider (Australia).
	Equipment – breakdown of key plant	Inability to produce carpet in accordance with production plan	Maintenance programme and reciprocal breakdown agreements.
Organisational	People – loss of key staff	Failure to retain and develop key management	Service agreements; regular line management reviews; training and development plans.
	Health & Safety – personal injury to employees	Loss of availability of employees	Designated health & safety officers, health & safety procedures, first aiders on duty.
External	Regulations – breach of applicable rules	Unexpected impact on sales and profit	Internal controls, ongoing training, insurance.
	Customer concentration and relationships	Loss of major customer would impact sales and profitability	No single entity has more than 25% of any individual region's revenue.
	Increase in material or energy costs	Significant impact on costs and profit	Monitoring of raw material price; forward pricing agreements; proactive energy efficiency.
	Market – major downturn	Inability to maintain sales growth	Geographic spread and mix of business, widen channels to market.

This review has been prepared to provide a fair review of the business of the Group and to describe the principal risks and uncertainties it faces. In doing so, it aims to provide a balanced and comprehensive analysis of the development and performance of the business during the past financial year.

The review contains certain forward looking statements which have been made by the Directors in good faith based on the information available to them up to the time of their approving this report. As such, statements should be treated with caution due to inherent uncertainties, including both economic and business risk factors underlying any such financial information.

In preparing this review, the Directors have sought to comply with the guidance set out in the Accounting Standards Board's Reporting Statement.

This review has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Victoria PLC and its subsidiary undertakings when viewed as a whole.

Summary

The past year has been one in which Victoria has seen continued tough market conditions.

The Group has remained focused on profitability, cost control and tight working capital management. The Group is well invested, with "state of the art" manufacturing equipment and facilities and has strengthened its financial position whilst continuing to invest in product and programmes aimed at delivering future growth.

Ian Davies
Group Finance Director
14 June 2011

Consolidated Income Statement
For the 52 weeks ended 2 April 2011

		52 weeks ended 2 April 2011	52 weeks ended 3 April 2010
	Notes	£000	£000
Continuing operations			
Revenue	1	70,503	62,973
Cost of sales		(50,611)	(45,107)
Gross profit		19,892	17,866
Distribution costs		(13,615)	(12,837)
Administrative expenses		(4,337)	(3,611)
Other operating income		478	362
Operating profit	1	2,418	1,780
Share of results of associated company		(22)	(127)
Finance costs		(472)	(565)
Profit before tax	1	1,924	1,088
Taxation		(715)	(460)
Profit for the period		1,209	628
Attributable to:			
Equity holders of the parent		1,209	628
Earnings per share - pence			
basic	2	17.41	9.04
diluted	2	15.76	7.87

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 2 April 2011

	52 weeks ended 2 April 2011	52 weeks ended 3 April 2010
	£000	£000
Exchange differences on translation of foreign operations	1,733	4,509
Deferred tax on share option scheme	18	11
Other comprehensive income for the period	1,751	4,520
Profit for the period	1,209	628
Total comprehensive income for the period	2,960	5,148
Attributable to:		
Equity holders of the parent	2,960	5,148

Company Statement of Comprehensive Income

For the 52 weeks ended 2 April 2011

	52 weeks ended 2 April 2011	52 weeks ended 3 April 2010
	£000	£000
Deferred tax on share option scheme	18	11
Other comprehensive income for the period	18	11
Profit for the period	443	685
Total comprehensive income for the period	461	696
Attributable to:		
Equity holders of the parent	461	696

Consolidated and Company Balance Sheets
As at 2 April 2011

	Group		Company	
	2 April 2011	3 April 2010	2 April 2011	3 April 2010
	£000	£000	£000	£000
Non-current assets				
Goodwill	----	65	----	----
Other intangible assets	389	422	----	----
Property, plant and equipment	26,537	27,459	5,078	5,147
Investment property	180	180	180	180
Investment in subsidiary undertakings	----	----	3,321	3,321
Investment in associated company	487	510	56	56
Deferred tax asset	853	1,530	----	45
Total non-current assets	28,446	30,166	8,635	8,749
Current assets				
Inventories	22,902	20,686	----	----
Trade and other receivables	11,821	10,244	4,958	5,083
Cash at bank and in hand	1,626	906	----	----
Total current assets	36,349	31,836	4,958	5,083
Total assets	64,795	62,002	13,593	13,832
Current liabilities				
Trade and other payables	12,442	10,411	141	108
Current tax liabilities	613	1,153	----	----
Other financial liabilities	6,360	5,145	3,707	3,801
Total current liabilities	19,415	16,709	3,848	3,909
Non-current liabilities				
Trade and other payables	2,611	2,374	----	----
Other financial liabilities	1,497	2,952	----	----
Deferred tax liabilities	1,510	2,712	978	1,121
Total non-current liabilities	5,618	8,038	978	1,121
Total liabilities	25,033	24,747	4,826	5,030
Net assets	39,762	37,255	8,767	8,802
Equity				
Share capital	1,736	1,736	1,736	1,736
Share premium	829	829	829	829
Retained earnings	37,067	34,690	6,115	6,237
Share based payment reserve	130	----	87	----
Total equity	39,762	37,255	8,767	8,802

Consolidated Statement of Changes in Equity

For the 52 weeks ended 2 April 2011

	Share capital	Share premium	Retained earnings	Share based payment reserve	Total equity
	£000	£000	£000	£000	£000
At 4 April 2010	1,736	829	34,690	----	37,255
Total comprehensive income for the period	----	----	2,960	----	2,960
Dividends paid	----	----	(583)	----	(583)
Transfer from accruals	----	----	----	73	73
Share based payment charge	----	----	----	57	57
At 2 April 2011	1,736	829	37,067	130	39,762
At 5 April 2009	1,736	829	30,001	----	32,566
Total comprehensive income for the period	----	----	5,148	----	5,148
Dividends paid	----	----	(459)	----	(459)
At 3 April 2010	1,736	829	34,690	----	37,255

Company Statement of Changes in Equity

For the 52 weeks ended 2 April 2011

	Share capital	Share premium	Retained earnings	Share based payment reserve	Total equity
	£000	£000	£000	£000	£000
At 4 April 2010	1,736	829	6,237	----	8,802
Total comprehensive income for the period	----	----	461	----	461
Dividends paid	----	----	(583)	----	(583)
Transfer from accruals	----	----	----	73	73
Share based payment charge	----	----	----	14	14
At 2 April 2011	1,736	829	6,115	87	8,767
At 5 April 2009	1,736	829	6,000	----	8,565
Total comprehensive income for the period	----	----	696	----	696
Dividends paid	----	----	(459)	----	(459)
At 3 April 2010	1,736	829	6,237	----	8,802

Consolidated and Company Statements of Cash Flows

For the 52 weeks ended 2 April 2011

	Notes	Group		Company	
		52 weeks ended 2 April 2011	52 weeks ended 3 April 2010	52 weeks ended 2 April 2011	52 weeks ended 3 April 2010
		£000	£000	£000	£000
Net cash inflow from operating activities	4	2,505	6,629	644	729
Investing activities					
Purchases of property, plant and equipment		(948)	(384)	----	----
Proceeds on disposal of property, plant and equipment		62	39	----	----
Net cash used in investing activities		(886)	(345)	-----	-----
Financing activities					
Decrease in long term loans		(971)	(4,971)	----	----
Receipts from financing of assets		202	125	----	----
Repayment of obligations under finance leases/HP		(725)	(722)	----	----
Dividends paid		(583)	(459)	(583)	(459)
Net cash used in financing activities		(2,077)	(6,027)	(583)	(459)
Net (decrease)/ increase in cash and cash equivalents		(458)	257	61	270
Cash and cash equivalents at beginning of period		(3,474)	(3,785)	(3,750)	(4,020)
Effect of foreign exchange rate changes		66	54	----	----
Cash and cash equivalents at end of period	5	(3,866)	(3,474)	(3,689)	(3,750)

Notes to the Accounts

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 2 April 2011				For the 52 weeks ended 3 April 2010			
	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	25,040	397	(94)	303	22,974	319	(78)	241
Ireland	2,448	(675)	(13)	(688)	3,265	(517)	(6)	(523)
Australia	43,015	3,526	(264)	3,262	36,734	2,537	(342)	2,195
	70,503	3,248	(371)	2,877	62,973	2,339	(426)	1,913
Share of Canadian associate				(22)				(127)
Unallocated central expenses		(765)	(101)	(866)		(559)	(139)	(698)
Goodwill impairment		(65)		(65)				
Total continuing operations	70,503	2,418	(472)	1,924	62,973	1,780	(565)	1,088
Tax				(715)				(460)
Profit after tax from continuing activities				1,209				628

* The share of results 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 2 April 2011		As at 3 April 2010	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
	£000	£000	£000	£000
UK	24,589	6,989	24,541	6,649
Ireland	1,161	876	1,629	618
Australia	38,286	12,259	35,087	12,453
Investment in associated company	487	----	510	----
Unallocated central assets/liabilities	272	4,909	235	5,027
	64,795	25,033	62,002	24,747

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

1 Segmental information (continued)

Other segmental information	52 weeks ended 2 April 2011	52 weeks ended 3 April 2010
	£000	£000
Depreciation and amortisation		
UK	820	874
Ireland	38	40
Australia	2,030	1,830
Goodwill impairment	65	----
Unallocated central	9	9
	2,962	2,753

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

	52 weeks ended 2 April 2011	52 weeks ended 3 April 2010
	£000	£000
Capital expenditure		
UK	182	87
Australia	766	297
	948	384

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 the basic, adjusted and diluted earnings per share is based on the following data:

	Basic 2011 £'000	Adjusted 2011 £'000	Diluted 2011 £'000	Basic 2010 £'000	Adjusted 2010 £'000	Diluted 2010 £'000
Profit attributable to ordinary equity holders of the parent entity	1,209	1,209	1,209	628	628	628
Adjustment for goodwill impairment	----	65	----	----	----	----
Earnings for the purpose of basic, adjusted and diluted earnings per share	1,209	1,274	1,209	628	628	628

Weighted average number of shares:

	2011 Number of shares (‘000)	2010 Number of shares (‘000)
Weighted average number of ordinary shares for the purposes of basic earnings per share	6,944	6,944
Effect of dilutive potential ordinary shares: Long Term Incentive Plan	728	1,034
Weighted average number of ordinary shares for the purposes of diluted earnings per share	7,672	7,978

The Group's earnings per share are as follows:

	2011 Pence	2010 Pence
Basic adjusted	18.35	9.04
Diluted adjusted	16.61	7.87
Basic	17.41	9.04
Diluted	15.76	7.87

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:

	2011		2010	
	Average	Year end	Average	Year end
Australia - A\$	1.6460	1.5465	1.8881	1.6596
Ireland - €	1.1688	1.1333	1.1280	1.1289
Canada - C\$	1.5831	1.5461	1.7396	1.5420

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

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Operating profit from continuing operations	2,418	1,780	461	773
Adjustments for:				
- Depreciation charges	2,865	2,720	69	69
- Amortisation of intangible assets	32	33	----	----
- Goodwill impairment	65	----	----	----
- Share based payment charge	57	----	14	----
- Loss/ (profit) on disposal of property, plant and equipment	13	(10)	----	----
- Exchange rate difference on consolidation	126	219	----	----
Operating cash flows before movements in working capital	5,576	4,742	544	842
(Increase)/ decrease in working capital	(1,673)	2,852	230	10
Cash generated by operations	3,903	7,594	774	852
Interest paid	(505)	(549)	(134)	(123)
Income taxes (paid)/ refunded	(893)	(416)	4	----
Net cash inflow from operating activities	2,505	6,629	644	729

5 Analysis of net debt

	At 3 April 2010 £000	Cash flow £000	Other non- cash changes £000	Exchange movement £000	At 2 April 2011 £000
Cash	906	654	----	66	1,626
Bank loans payable less than one year and overdrafts	(4,380)	(1,112)	----	----	(5,492)
Cash and cash equivalents	(3,474)	(458)	----	66	(3,866)
Secured commercial bills					
- Payable more than one year	(1,808)	971	----	(133)	(970)
Finance leases and hire purchase agreements					
- Payable less than one year	(714)	725	(829)	(32)	(850)
- Payable more than one year	(1,144)	(202)	829	(10)	(527)
Net debt	(7,140)	1,036	----	(109)	(6,213)

6 The results have been extracted from the audited financial statements of the Group for the 52 weeks ended 2 April 2011. The results do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. The Group will publish full financial statements that comply with IFRS. The audited financial statements incorporate an unqualified audit report.

Statutory accounts for the 52 weeks ended 3 April 2010, which incorporated an unqualified auditor's report, have been filed with the Registrar of Companies.

The Auditor's report on these accounts did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) Companies Act 2006 or equivalent preceding legislation.

7 The Annual Report & Accounts will be posted to Shareholders by 1 July 2011. Further copies will be available from the Company's Registered Office: Worcester Road, Kidderminster, Worcestershire, DY10 1JR or via the website: www.victoriapl.com.

8 The Annual General Meeting is being held at the Registered Office of the Company, as above, at 2.30 pm on Tuesday, 2 August 2011.