



VICTORIA PLC

Issued by Citigate Dewe Rogerson Ltd, Birmingham
Date: Monday, 9 November 2009

Victoria PLC

("Victoria" or "the Group")

*Manufacturer and distributor of carpets and floorcoverings,
supplying the mid to high end residential market and contract sector internationally*

Half-year Results in line with the Board's expectations

	26 weeks ended 3.10.09	26 weeks ended 27.9.08
Revenue	£30.17m	£32.71m
Group operating profit	£0.52m	£1.64m
Pre-tax profit	£0.20m	£1.28m
Earnings per share-basic	1.86p	13.02p
Interim dividend	2.60p	4.00p

Highlights

- The Group has been strongly cash generative, enabling net debt to be significantly reduced by £1.96 million to £9.47 million. As a result net gearing is 21.4% at the half-year
- Strong balance sheet, good headroom to support planned working capital requirements
- Australian and UK operations remain profitable, but adverse market conditions have impacted performances in Ireland and Canada
- Group investment in new products should benefit second half and underpin future growth

"...The global recession has continued to impact the trading landscape in all of the geographies in which the Group operates.

"...We remain focused on optimising the full potential of each business and winning further market share. The Board remains confident that the Group will continue to weather the economic conditions well, and despite ongoing uncertain times, we hope to see an improved performance in the seasonally stronger second half of this financial year.

"Looking beyond this, Victoria is very well positioned so that when recovery in the markets does occur, the business is in good shape to move quickly to exploit and benefit fully from improved conditions both at home and overseas."

Alexander Anton, Chairman

FULL STATEMENT ATTACHED

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Registered in England No. 282204

Victoria PLC
Half-year Results for the six months ended 3 October 2009

CHAIRMAN'S STATEMENT

Overview

As previously flagged at the time of the AGM in July, the Group's first half-year, which is seasonally the weaker of the two halves, has proven to be extremely challenging. The global recession has continued to impact the trading landscape in all of the geographies in which the Group operates.

I am therefore pleased to report that although the pre-tax profit achieved is modest, it is in line with the Board's expectations and, during the period, the Group has been strongly cash generative, enabling net debt to be significantly reduced.

Financial summary

Group revenue declined by 7.8% in the first half from £32.71 million to £30.17 million and in constant currency terms, by 11.6%.

The Group's Australian and UK operations were both profitable but the Irish operation recorded a trading loss as the significant deterioration in the local economy and market conditions impacted that business.

Group operating profit fell by 68.2% from £1.64 million to £0.52 million and pre-tax profit was down by 84.3% from £1.28 million to £0.20 million.

Group borrowings reduced significantly in the six month period by £1.96 million from £11.43 million to £9.47 million, resulting in net gearing now being at the relatively low level of 21.4% compared to 26.0% at the year end.

The Group has a healthy balance sheet and, in each of its operational regions, enjoys strong banking relationships. The businesses have continued to trade well within the existing banking facilities and new arrangements, recently put in place, provide good headroom to support planned working capital requirements. The businesses are well invested with modern plant and equipment across all of their operations, and there are no major capital expenditure projects anticipated in the near term.

Half-year dividend

The Board declares an interim dividend of 2.60p per share, payable on 10 December 2009 (2008: 4.00p) to all shareholders on the register as at 20 November 2009.

Operational review

United Kingdom

As expected, the economic and market conditions have remained challenging throughout the first half of our current financial year.

Whilst there are signs that the decline in sales in the residential sector may be coming to an end, disappointingly the contract floorcovering market continues to experience recessionary pressure which, in the short-term, is restricting progress in this area.

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Overall, UK revenue was down by 10.8% from £12.44 million to £11.10 million. Operating profit achieved a small improvement, up 5.5% from £0.145 million to £0.153 million, whilst profit before tax increased 103.5% to £0.12 million compared to the corresponding period last year of £0.06 million.

Despite the difficult trading conditions, the operation has continued to invest in new products for the residential sector, which should benefit trading in the second half. It continues to build the infrastructure for the contract and export arena and is confident that as the markets start to recover from the down-turn, it will be well placed to exploit sales opportunities within these sectors.

The demise of several of the carpet trade's woollen spinners, both in the UK and in Europe, has taken considerable production capacity out of the woollen spun yarn market. This is benefiting the UK's yarn spinning division with increased external sales.

Ireland

The dire state of the Irish economy has been well reported upon in the media. The extent of its impact on the market, however, is unprecedented with the malaise affecting both the residential and contract floorcovering markets.

Revenue in Ireland in the first half fell by 50.6% from £3.39 million to £1.67 million and by 55.8% in constant currency terms.

The operation has moved quickly to control its costs and has introduced sales and marketing initiatives aimed at stimulating business, but it has proved difficult to 'right-size' the business enough to counterbalance the quantum of the market decline. Consequently, the Irish operation recorded an operating loss of £0.28 million in the half-year compared to an operating profit of £0.14 million in the first half of 2008.

Australia

Whilst the Australian economy did not officially enter into the recession seen in many other countries, it has nonetheless seen very low GDP growth and weak consumer demand. The operation has also had to contend with a highly competitive local trading environment.

Revenue in Australia was up by 3.0% in the first half from £16.88 million to £17.40 million, aided by a strong Australian Dollar: Sterling exchange rate. In constant currency terms, revenue was down by 3.4%.

Profitability has been affected by both the highly competitive nature of the market, as the Australian operation chose to protect its market share, and from a significant under utilisation of the woollen spun yarn capacity at its two spinning mills as the demand for synthetic pile carpets grew at the expense of wool ranges.

Operating profit was down by 44.6 % from £1.67 million to £0.93 million in the period. Profit before tax was down by 50.4% from £1.50 million to £0.74 million.

The operation has continued to introduce new products manufactured on the new tufting equipment introduced in late 2008. This has helped underpin the first half sales performance and should help improve margins in the second half of this financial year.

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Canada

The North American economy in general has remained weak during the first half of our financial year which has impacted our associate company's performance. Revenue was down by 25.9% from C\$5.04 million to C\$3.73 million. This gave rise to an operating loss of C\$0.11 million compared to a profit of C\$0.22 million in the first half of 2008.

Management changes have been initiated to further tighten costs and to leverage channels to market.

Personnel

I would like to make special mention of all employees who, over the past six months in particular, have had to contend with the worst trading conditions the Group has seen in several decades.

The Board has clearly had to make some very tough decisions over the past 12 months in 'right-sizing' the businesses and controlling costs to help the business in weathering these current economic conditions. All of the employees in the Group have had to make sacrifices and yet have worked tirelessly and loyally in positioning Victoria as best as possible to meet the market challenges.

On behalf of the shareholders and my fellow Directors, I would like to thank all our employees for their past commitment and continuing support.

Outlook

There still remains a high degree of uncertainty in all of the markets in which the Group operates, and this makes forecasting for the near future difficult.

Looking first at the UK, the Board feels that it cannot rely on any real help from the economy or a market recovery in the second half of this financial year and it might be well into 2010 before it can look forward to more normal trading conditions or any real market recovery. This having been said, there are some positives which lead the Board to believe that the UK operation can gain market share. It has invested in new product introductions which it hopes will help in underpinning sales growth in the coming months. Pre-emptive action taken to control operational costs both last year and again in the first quarter of this financial year has enabled it to operate in a very cost-effective manner. Likewise, better plant utilisation in the yarn spinning division should also start to deliver further benefits in the second half.

The Irish economic situation is unstable and the market conditions are not expected to benefit the operation in the second half-year. As a result, the Board believes that it is unlikely that the Irish operation will be profitable in the second half, despite the focus on maximising any sales and profit opportunities that may present themselves.

The Australian operation is now seeing the first signs of market improvement and the Board is optimistic for the second half out-turn. The current strength of the Australian Dollar benefits the Group not only in translating profits back into Sterling, but also locally in the sourcing of materials from overseas suppliers.

Colin Campbell, the Canadian associate business, is a small part of the overall Group result and, in the short-term, the outlook for the North American market remains uncertain. Recent management changes have stabilised the business and positioned it well to exploit any upturn as and when it comes.

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Summary

With a strong balance sheet, we remain focused on optimising the full potential of each business and winning further market share. The Board remains confident that the Group will continue to weather the economic conditions well, and despite ongoing uncertain times, we hope to see an improved performance in the seasonally stronger second half of this financial year.

Looking beyond this, Victoria is very well positioned so that when recovery in the markets does occur, the business is in good shape to move quickly to exploit and benefit fully from improved conditions both at home and overseas.

Alexander Anton
Chairman
9 November 2009

Victoria PLC
Condensed Consolidated Income Statement
For the 26 weeks ended 3 October 2009 (unaudited)

	Notes	26 Weeks ended 3 Oct 2009	26 Weeks ended 27 Sept 2008	53 weeks ended 4 April 2009
		£000	£000	£000
Continuing operations				
Revenue	3	30,166	32,713	62,150
Cost of sales		(21,728)	(22,978)	(44,638)
Gross profit		8,438	9,735	17,512
Distribution costs		(6,409)	(6,423)	(12,313)
Administrative expenses		(1,677)	(2,078)	(3,604)
Other operating income		170	405	633
Operating profit	3	522	1,639	2,228
Share of results of associated company		(61)	8	2
Finance costs		(259)	(363)	(768)
Profit before tax		202	1,284	1,462
Taxation	4	(73)	(380)	(1,073)
Profit for the period		129	904	389
Attributable to equity holders of the parent		129	904	389
Earnings per share - pence				
basic	5	1.86	13.02	5.60
diluted	5	1.62	13.02	5.22

Condensed Consolidated Statement of Comprehensive Income
For the 26 weeks ended 3 October 2009 (unaudited)

		26 Weeks ended 3 Oct 2009	26 Weeks ended 27 Sept 2008	53 weeks ended 4 April 2009
		£000	£000	£000
Exchange differences on translation of foreign operations		2,360	(401)	864
Other comprehensive income/ (expense) for the period		2,360	(401)	864
Profit for the period		129	904	389
Total comprehensive income for the period		2,489	503	1,253
Attributable to equity holders of the parent		2,489	503	1,253

Victoria PLC
Condensed Consolidated Balance Sheet
As at 3 October 2009 (unaudited)

	As at 3 Oct 2009 £000	As at 27 Sept 2008 £000	As at 4 April 2009 £000
Non-current assets			
Goodwill	65	65	65
Intangible assets	451	433	464
Property, plant and equipment	27,190	24,756	26,430
Investment property	180	180	180
Investment in associated company	529	579	560
Deferred tax asset	1,133	1,107	1,067
Total non-current assets	29,548	27,120	28,766
Current assets			
Inventories	19,444	20,051	19,630
Trade and other receivables	11,501	13,533	9,175
Other financial asset	----	2	----
Cash at bank and in hand	687	282	259
Total current assets	31,632	33,868	29,064
Total assets	61,180	60,988	57,830
Current liabilities			
Trade and other payables	10,319	11,889	8,565
Current tax liabilities	809	1,053	776
Financial liabilities	6,572	5,498	5,507
Total current liabilities	17,700	18,440	14,848
Non-current liabilities			
Trade and other payables	2,414	1,430	1,521
Other financial liabilities	3,593	6,792	6,220
Deferred tax liabilities	2,696	2,233	2,675
Total non-current liabilities	8,703	10,455	10,416
Total liabilities	26,403	28,895	25,264
Net assets	34,777	32,093	32,566
Equity			
Issued share capital	1,736	1,736	1,736
Share premium	829	829	829
Retained earnings	32,212	29,528	30,001
Total equity	34,777	32,093	32,566

Condensed Consolidated Statement of Changes in Equity

For the 26 weeks ended 3 October 2009 (unaudited)

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 5 April 2009	1,736	829	30,001	32,566
Total comprehensive income for the period	----	----	2,489	2,489
Dividends paid	----	----	(278)	(278)
At 3 October 2009	1,736	829	32,212	34,777
At 30 March 2008	1,736	829	29,998	32,563
Total comprehensive income for the period	----	----	503	503
Dividends paid	----	----	(973)	(973)
At 27 September 2008	1,736	829	29,528	32,093
At 30 March 2008	1,736	829	29,998	32,563
Total comprehensive income for the period	----	----	1,253	1,253
Dividends paid	----	----	(1,250)	(1,250)
At 4 April 2009	1,736	829	30,001	32,566

Victoria PLC
Condensed Consolidated Statement of Cash Flows
For the 26 weeks ended 3 October 2009 (unaudited)

	Notes	26 Weeks ended 3 Oct 2009 £000	26 Weeks ended 27 Sept 2008 £000	53 weeks ended 4 April 2009 £000
Net cash inflow/ (outflow) from operating activities	7a	3,251	(2,094)	894
Investing activities				
Dividends received from associate		----	----	33
Purchases of property, plant and equipment		(195)	(1,429)	(3,484)
Proceeds of disposals of property, plant and equipment		5	46	76
Net cash used in investing activities		(190)	(1,383)	(3,375)
Financing activities				
(Decrease)/ increase in long term loans		(2,726)	2,926	3,233
Receipts from financing of assets		----	31	102
Payment of finance leases/HP liabilities		(270)	(387)	(766)
Dividends paid		(278)	(972)	(1,250)
Net cash (used in)/ from financing activities		(3,274)	1,598	1,319
Net decrease in cash and cash equivalents		(213)	(1,879)	(1,162)
Cash and cash equivalents at beginning of period		(3,785)	(2,629)	(2,629)
Effect of foreign exchange rate changes		29	(30)	6
Cash and cash equivalents at end of period	7b	(3,969)	(4,538)	(3,785)

Victoria PLC

Notes to the Condensed Half-Year Financial Statements

For the 26 weeks ended 3 October 2009 (unaudited)

1 General information

These condensed consolidated financial statements for the 26 weeks ended 3 October 2009 have not been audited or reviewed by the Auditors. They were approved by the Board of Directors on 6 November 2009.

The information for the 53 weeks ended 4 April 2009 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The Auditors' report on those accounts was unqualified.

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 53 weeks ended 4 April 2009, 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 46 to 50 of the Group's audited financial statements for the 53 weeks ended 4 April 2009, except for the following accounting standards and interpretations which are effective for the Group from 5 April 2009:

IAS1 (revised) 'Presentation of Financial Statements' requires the presentation of a consolidated statement of changes in equity as a primary statement rather than as a note. IAS 1 (revised) has no impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

IAS 23 (revised) 'Borrowing Costs' requires the Group to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as a part of the cost of the asset. IAS 23 (revised) has no significant impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

IFRS 2 (revised) 'Share Based Payments' makes changes to the definitions and accounting treatment of vesting conditions and cancellations. These amendments have no significant impact on the Group's net cashflows, financial position, total comprehensive income or earnings per share.

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of information that is provided internally to the chief operating decision maker. Following the adoption of IFRS 8, the Group is continuing to report operating segments by operating divisions since this forms the basis of internal reporting.

Having reviewed the Group's 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 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 financial statements of the Group.

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3 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 and Australia, to which is added the Canadian associate.

The accounting standard IFRS8 "Operating Segments" replaces IAS14 "Segment Reporting" for periods beginning on or after 1 January 2009. The segments identified in accordance with IFRS8 do not materially change those previously disclosed under IAS14.

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

	For the 26 weeks ended 3 October 2009				For the 26 weeks ended 27 September 2008			
	Revenue	Operating profit/(loss)	Finance Costs	Profit/(loss) before tax*	Revenue	Operating profit	Finance costs	Profit before tax*
	£000	£000	£000	£000	£000	£000	£000	£000
UK	11,100	153	(37)	116	12,443	145	(88)	57
Ireland	1,671	(284)	(4)	(288)	3,386	139	(10)	129
Australia	17,395	928	(185)	743	16,884	1,674	(177)	1,497
	30,166	797	(226)	571	32,713	1,958	(275)	1,683
Share of results of associate	----	----	----	(61)	----	----	----	8
Central costs	----	(275)	(33)	(308)	----	(319)	(88)	(407)
Total continuing operations	30,166	522	(259)	202	32,713	1,639	(363)	1,284
Tax				(73)				(380)
Profit after tax from continuing activities				129				904

* 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.

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4 Tax

	26 Weeks ended 3 Oct 2009	26 Weeks ended 27 Sept 2008
	£000	£000
Current tax		
- Current year UK	(54)	(95)
- Current year overseas	127	475
- Prior years	----	----
	73	380
Deferred tax	----	----
Total	73	380

Corporation tax for the half year is charged at 36.0% (2008: 29.6%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year. The high effective tax rate is primarily due to the low tax rate and consequently tax credit in Ireland and the Canadian associate loss being reported after tax, as required under IAS1.

5 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:

	26 Weeks ended 3 Oct 2009	26 Weeks ended 27 Sept 2008
Earnings (£000) basic and diluted		
Profit attributable to ordinary equity holders of the parent entity	129	904
Weighted average number of ordinary shares ('000) for the purposes of basic and adjusted earnings per share	6,944	6,944
Effect of dilutive potential ordinary shares:		
Long-Term Incentive Plan ('000)	1,034	----
Weighted average number of ordinary shares ('000) for the purposes of diluted earnings per share	7,978	6,944
The Group's earnings per share are as follows:		
Basic and adjusted	1.86	13.02
Diluted and diluted adjusted	1.62	13.02

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6 Dividends

	26 Weeks ended 3 Oct 2009 £000	26 Weeks ended 27 Sept 2008 £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 4 April 2009 paid during the year 4p per share (2008: 14p)	278	972
Interim dividend declared for the year to 3 April 2010 2.6p per share (2008: 4p)	181	278

7 Notes to the cash flow statement

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

	26 Weeks ended 3 Oct 2009 £000	26 Weeks ended 27 Sept 2008 £000	53 weeks ended 4 April 2009 £000
Operating profit from continuing operations	522	1,639	2,228
Adjustments for:			
- Depreciation charges	1,306	1,179	2,380
- Amortisation of intangible assets	16	15	31
- Loss/ (profit) on disposal of property, plant and equipment	2	(9)	(16)
- Exchange rate difference on consolidation	1,226	(144)	336
Operating cash flows before movements in working Capital	3,072	2,680	4,959
Decrease/ (increase) in working capital	488	(3,800)	(2,331)
Cash generated from operations	3,560	(1,120)	2,628
Interest paid	(289)	(374)	(742)
Income taxes paid	(20)	(600)	(992)
Net cash inflow/(outflow) from operating activities	3,251	(2,094)	894

b) Analysis of net debt

	At 4 April 2009 £000	Cash flow £000	Other non- cash changes £000	Exchange movement £000	At 3 October 2009 £000
Cash	259	399	----	29	687
Bank overdrafts	(4,044)	(612)	----	----	(4,656)
Cash and cash equivalents	(3,785)	(213)	----	29	(3,969)
Secured commercial bills					
- Payable less than one year	(766)	278	(593)	(106)	(1,187)
- Payable more than one year	(4,622)	2,448	593	(640)	(2,221)
Finance leases and hire purchase Agreements					
- Payable less than one year	(662)	270	(305)	(26)	(723)
- Payable more than one year	(1,598)	----	305	(79)	(1,372)
Net debt	(11,433)	2,783	----	(822)	(9,472)

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8 Rates of exchange

The results of overseas subsidiaries 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:

	26 Weeks ended 3 Oct 2009	26 Weeks ended 27 Sept 2008	53 weeks ended 4 April 2009
Australia (A\$) - average rate	1.9927	2.1252	2.1787
Australia (A\$) - period end	1.8339	2.2216	2.0879
Ireland (€) - average rate	1.1318	1.2643	1.2096
Ireland (€) - period end	1.0883	1.2619	1.1028
Canada (C\$) - average rate	1.7912	1.9836	1.9186
Canada (C\$) - period end	1.7199	1.9080	1.8288

9 Related party transactions

During the period, the Group had transactions with its associate, comprising sales of goods to the value of £104k (2008: £384k) and provision of services worth £49k (2008: £44k). At 3 October 2009, the Group was owed £144k (2008: £332k). All goods and services were provided at market rates.

10 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 20 of the Group's 2009 Annual Report, a copy of which is available on the Group's website - www.victoriapl.com. The Chairman's Statement includes consideration of uncertainties affecting the Group in the remaining six months of the year.

11 Information rights

Under Section 146 of the Companies Act 2006, registered shareholders of fully listed companies are able to nominate the underlying beneficial owners of their shares to receive information rights from 1 October 2007. Companies are required to fulfil these requests from 1 January 2008.

Please note that beneficial owners of shares nominated by the registered holders of those shares are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Capita Registrars, or the Company directly.

12 Statement of Directors' responsibilities

The directors confirm that to the best of their knowledge the condensed set of financial statements has been prepared in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union, and includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7R, 4.2.8R and 4.2.9R of the United Kingdom's Financial Services Authority.