



VICTORIA PLC

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Victoria PLC

*international manufacturer and distributor
of carpets and floor-coverings, supplying the mid to high end residential market and
contract sector both in the UK and overseas.*

Preliminary Results for the 53 weeks ended 4 April 2009

	2009	2008	Change
• Revenue	£62.15m	£61.70m	+0.7%
• Operating profit	£2.23m	£4.19m	-46.9%
• Profit before tax	£1.46m	£3.51m	-58.3%
• Operating margin	3.6%	6.8%	-3.2%
• Basic adjusted earnings per share	15.01p	36.54p	-58.9%
• Total interim and proposed dividend	8.0p	14.0p	-42.9%

- Considerable investment made in plant, equipment, products and marketing enabling the business to exploit both current and future business opportunities
- Current borrowings remain comfortably within the Group facilities and banking relationships are strong
- The Group's strategy has enabled it to remain profitable and cash generative whilst maintaining a strong balance sheet

"The past twelve months have been extremely challenging throughout the Group, with the global down-turn remarkable in its severity and pace."

"No doubt, some of the markets in which the Company operates will in the short-term remain challenging but the Directors believe that the Group is well invested with "state of the art" plant and equipment and supported by highly motivated, strong and experienced managers in all of its businesses, capable of steering the business through whatever conditions the market presents."

"The first-half of the Group's financial year is seasonally the weaker of the two, and there is currently no expectation of any market improvement. This, coupled with further planned restructuring costs, is likely to see the first-half remaining challenging."

"The Group has a strong Balance sheet with relatively low net gearing. The breadth of the Group's operations and channels to market, the lean vertically integrated supply chain, excellent product portfolio and experienced management team, enables the Group to be confident it will manage the near term market weakness and, when confidence returns, continue to target medium to long term growth."

FULL STATEMENT ATTACHED

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Victoria PLC
Preliminary Results for the 53 weeks ended 4 April 2009

CHAIRMAN'S REPORT

Re-visiting my statement in last year's report, no one would have believed that the world's trade and economic landscape would be where it is today. Indeed, the year started well for the Group with the continuation of the growth experienced in the last few years, especially in Australia.

However, events overtook us and the Group spent the remaining period focused on sustaining sales in a worsening economic environment, whilst making necessary reductions to fixed costs and overheads. It is reassuring to report that the combination of skills and experience of the executive and the employees, and their strength in depth, are just what the Group would wish for in such turbulent times. Further details are contained within the Business Review.

It will, therefore, come as no surprise to shareholders to learn that whilst total sales were slightly up across the Group, supported in part by local currency gains, profits were substantially down as margins came under severe pressure.

Financial Results

Revenue for the Group increased by 0.7% to £62.15m (2008: £61.70m), but profit before tax declined 58.3% to £1.46m (2008: £3.51m). Earnings per share (basic adjusted, as per Note 2) were 15.01p (2008: 36.54p).

At the year-end, the Group's net borrowings increased by 50.4% to £11.43m (2008: £7.60m). With the completion of the Group's investment plans, future capital expenditure is likely to be well below current depreciation levels. Current borrowings remain comfortably within the Group facilities and banking relationships are strong.

Dividend

The Board was pleased to re-introduce an interim dividend in December 2008 after a gap of 28 years, paying 4.0p per share. However, and in the light of the current market conditions, the Board is now recommending the payment of a reduced final dividend of a further 4.0p per share, making a total of 8.0p for the full year (2008: 14.0p). Whilst the Board is disappointed not to be maintaining the dividend at last year's level, it believes that it is prudent at this time to focus on cash generation and reducing the net debt. The Board hopes that as the Group returns to higher earnings levels, it can in turn return to the progressive dividend policy adopted in the past.

The proposed final dividend, which is subject to shareholder approval at the Annual General Meeting which is to be held on 30 July 2009, will be paid on 3 August 2009 to all shareholders on the register at 26 June 2009, with the ex-dividend date being 24 June 2009.

Board Changes

As reported at the Half-year, Nikki Beckett has become the Senior Non-executive Director and taken on the additional responsibilities of being Chairman of both the Audit and Remuneration Committees. The Group has chosen not to seek a replacement for Aram Shishmanian at this time, (who left in November to join the World Gold Council), following consultation with its major shareholders. This decision will be reviewed periodically in the future.

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Strategy and Operations

Much time was invested in the early part of the year in planning for the future development of the Group over the next three to five years.

In the UK, planned investment in both people and products for the development of new business channels produced encouraging results. The recruitment of key personnel in the Contract Commercial division delivered sales growth of 62% albeit from a low base, which helped buffer the decline in domestic sales to the residential market. Other key appointments in both the UK Export division and the Irish operation pave the way for future growth and profitability in these areas. Similarly, the recent appointment of a Vice President Finance and General Manager to the Canadian joint venture will further strengthen that business.

Following the adoption of the Long Term Incentive Plan by shareholders at the AGM last July, the scheme was implemented in December. However, the introduction of a broader based employee savings scheme has been planned for later in this financial year.

Outlook

The sometimes painful actions undertaken in all parts of the Group have repositioned the cost base in line with expected sales. The pressure on margins continues, but the cost base reduction helps.

Management and employees together, have responded to the tough market conditions by participating in the Group's efforts to cut its cloth to suit the conditions. This must be seen as a strength and a credit to the good relations that exist across the geographies. On behalf of both the Shareholders and the Board, I would like to express their thanks and gratitude for the efforts made by all throughout the year.

The first-half of the Group's financial year is seasonally the weaker of the two, and there is currently no expectation of any market improvement. This, coupled with further planned restructuring costs, is likely to see the first-half remaining challenging.

The Group has a strong Balance sheet with relatively low net gearing. The breadth of the Group's operations and channels to market, the lean vertically integrated supply chain, excellent product portfolio and experienced management team, enables the Group to be confident it will manage the near term market weakness and, when confidence returns, continue to target medium to long term growth.

Alexander Anton
Chairman

Victoria PLC
Preliminary Results for the 53 weeks ended 4 April 2009

2009 BUSINESS REVIEW

The business

Victoria PLC is a successful and well established international manufacturer and distributor of carpets and floor-coverings, supplying the mid to high end residential market and contract sector both in the UK and overseas.

Developing and manufacturing high quality, design-led products, whether produced internally in modern vertically integrated facilities in both the UK and Australia or outsourced using “best of class” products of differentiation to exploit the Victoria “brand”, the business seeks to achieve a market leading position in the geographic areas in which it is represented.

Financial results for 2009

The past twelve months have been extremely challenging throughout the Group, with the global down-turn remarkable in its severity and pace.

The Group’s past positioning, to help offset the cyclical nature of the Industry, has enabled it to remain profitable and cash generative at an operational level in each of its divisions.

The performance of each regional division in the financial year ended 4 April 2009 in terms of revenue, operating profit and operating margin is given in the table below:

Segmental performance	Revenue		Operating profit		Operating margin	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 %	2008 %
UK	24,326	27,149	408	1,335	1.7	4.9
Ireland	5,949	6,075	143	387	2.4	6.4
Australia	31,875	28,477	2,257	3,051	7.1	10.7
Central costs			(580)	(579)		
Group total	62,150	61,701	2,228	4,194	3.6	6.8

Business Review – results for the year

Associate company	Revenue		Operating profit*		Operating margin	
	2009 C\$'000	2008 C\$'000	2009 C\$'000	2008 C\$'000	2009 %	2008 %
Canada	9,309	10,154	383	877	4.1	8.6

* Associated company operating profit is before interest, tax, related party management charges and one-off items.

Divisional review

The Group is organised through four geographical regions, with each region controlled by a managing director who, with his team, is responsible for setting growth and development objectives. Performance is then monitored against agreed targets for each division:

United Kingdom

Despite the difficulties with the UK economy and, in particular, in the housing market, which has resulted in some of the worst trading conditions seen in decades, the UK division has made some significant progress against the objectives set last year in support of the Group’s overall strategic objectives and the division remained profitable in the year as a whole.

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Revenue for the period was down by 10.4% to £24.33m (2008: £27.15m), with operating profit down 69.4% to £0.41m (2008: £1.34m), reflecting as anticipated the impact of the overall economic conditions.

Reviewing the financial year, the division started off positively with revenue growth in Q1. Thereafter, economic confidence weakened and the business witnessed a significant fall-off in trade in the residential carpet sector as consumer confidence evaporated from October 2008.

In the UK, the carpet market was estimated to be down by in excess of 20%, whereas Victoria's carpet sales were only down 9.2% from £24.86m to £22.57m. The Group believes that it has continued to gain market share despite these very difficult conditions, which is a testament to its products, service and people.

Victoria's carpet sales into the UK residential market through its targeted independent retailers were down by 17.5% in the year as the impact of the financial crisis, housing market collapse and worldwide recession affected consumer discretionary spending.

Victoria's move into the contract floor-covering market through the architect/designer route to market, a strategic initiative for 2008/09, has also proven to be defensive and helped off-set the down-turn seen in the residential carpet market. Victoria has invested heavily, establishing a dedicated contract sales team and a programme of contract orientated product ranges. Whilst the contract market itself is not immune from the recession, the company has made significant progress in this sector, with sales in the year increasing by 62.7% to £2.05m (2008: £1.26m). A key success was securing a contract with Hilton International to supply tufted carpets for guest bedrooms to all the Hilton brands in the UK and Ireland.

Export sales in the period, including inter-group sales to Ireland, were 11.4% of total sales and valued at £2.90m against £3.51m in the previous year. Victoria did, however, continue to invest in this area of its business during the period under review, as it fits with the Group's medium to long-term strategy of targeting new and existing geographies in the contract sector. Victoria is also developing specific products aimed at particular international markets. This, coupled with the current low value of Sterling against many major currencies, should make Victoria's products even more attractive in overseas markets.

Operationally, in its manufacturing of both carpet yarns and carpets, Victoria's production capacity during the year has been subject to some under utilisation. However, the company moved relatively early to restructure the plant and labour force to meet the short-term market demands, whilst still preserving the ability to expand quickly as and when markets start to recover. Similarly, a continued tight control was exercised over all overheads and material costs throughout the year.

The introduction of new technology in the form of thermal splicing in the UK's yarn spinning division in Q4 is already delivering carpet yarns of a higher quality to Victoria's tufting division. This is expected to significantly improve tufted carpet productivity and reduce the costs of manufacturing tufted carpets.

During the year, Victoria's earlier investment in its own distribution fleet enabled the business to extend its contract to distribute carpeting throughout the UK for the Greendale Carpet Group, one of the UK's foremost independent retail buying groups, for a further six years. The division also continues under a five year agreement to warehouse, cut and distribute carpets on behalf of the John Lewis Partnership.

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Whilst Victoria's vertically integrated model, with its own yarn spinning, carpet manufacturing plants and distribution fleet brings an additional element of fixed cost, it does provide security of supply and opportunities to grow the business in a profitable manner.

The Board believes that the actions indicated above demonstrate the Management's proactive stance in steering the business through any near term market weaknesses.

Ireland

The state of the Irish economy has had a major impact on the Group's two Irish businesses and, as a result, the Group has not seen the growth from Ireland that it might otherwise have expected. Yet, against this back-drop, both of the Group's businesses in Ireland traded profitably.

The rapidly deteriorating market and economic conditions saw the division making a small loss in H2 after some non-recurring costs. Yet against this backdrop, both of the Group's businesses in Ireland traded profitably for the year as a whole.

Irish revenue, which represented 9.6% of overall Group revenue in Sterling terms, fell by 2.1% to £5.95m (2008: £6.08m). In local currency terms, revenue declined by 16.4%. This is a remarkable achievement in a domestic market estimated to be down by over 30%.

Operating profit decreased by 63.0% from £0.39m to £0.14m whilst profit before tax was down 64.4% from £0.35m to £0.13m, reflecting the difficult market conditions.

Reviewing the results of the two Irish businesses individually:

Munster Carpets, who are almost exclusively selling to the contract floor-covering market, saw sales in local currency terms down by 16.9%, with sales to its main customer base compromising the financial institutions and government sectors stalling badly. Price competition was also a factor during the period, as competitors fought keenly for a rapidly shrinking market. Despite this, Munster remained profitable throughout the year, it has also continued to bring new products to the market and to seek out segments of the market that are less likely to be affected by the recession.

Navan Carpets, which is a significant brand in the Irish residential carpet market, has the ability to react quickly to shifts in market sentiment. Therefore, Navan managed to limit the decline in its sales to 16.2% compared to the prior year. Improved 'point-of-sale' display units and patterning were fed into the market during the year and this, coupled with strong promotional activity, helped Navan in off-setting the worst of the market decline.

The management team in Ireland was also significantly strengthened during the year and the Group are pleased to welcome Janet Train, who joined in November 2008, as General Manager. She is working with Sean Kelly, the Irish Managing Director, in steering the companies through the currently challenging economic times.

Australia

The story of Australia during the year under review is very much a year of contrasting halves. The first half was broadly in-line with expectations, as the Australian commodity driven economy proved resilient to the global slowdown evident in other parts of the world. However, the second half was impacted by a significant decline in consumer confidence and a slowdown in discretionary spending, particularly on big ticket items such as carpets.

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The retail residential carpet market is estimated to have declined by at least 15% year on year. Despite this, Victoria's revenue was up in local currency terms by 5.5% and in Sterling terms, up by 11.9% to £31.88m (2008: £28.48m), assisted by a strong Australian dollar.

In a weakening and highly competitive market, the company has been able to maintain market share but at the expense of margin. Aggressive competitor pricing and a diminishing demand for wool products had the combined effect of reducing operating profit from £3.05m to £2.26m, a decline of 26.0% year-on-year. Profit before tax was also down by 33.9% to £1.84m (2008: £2.79m).

During the year, planned major capital expenditure projects were completed on time and within budget. The expansion of tufted carpet manufacturing at Dandenong saw four new tufting machines installed between June and November 2008. These machines provide sophisticated design and patterning capabilities, in addition to a general increase in production capacity. New products aimed at both the residential and contract commercial markets have been developed for release during this new financial year and this should enable the company to further differentiate itself from its competition and begin to restore its margins.

The demand for use of synthetic yarns in carpets has continued to grow in the Australian market and has been an important factor in the company's continued growth.

Other capital expenditure projects completed during the last quarter of the financial year under review will provide future economic and environmental benefits. The commissioning of a water recycling plant in the dye house at the Bendigo spinning mill will save an estimated 17 million litres of water usage per annum and a yarn stripping/recycling facility established at the Dandenong carpet tufting plant will divert approximately 60 tonnes of recyclable materials away from landfill.

With the new equipment in place, new products in the market, an experienced management team and the on-going support of the major retail buying groups in both Australia and New Zealand, the business is very well placed to take advantage of any market improvement or opportunity that may occur.

Canada

Whilst Colin Campbell, the Group's Canadian Associate business, has a diverse product portfolio and operates in the very high-end decorative supply showroom, distribution and contract commercial markets in Western Canada and the United States, the magnitude of the global recession impacted this business too. The building projects in Vancouver for the 2010 Winter Olympics are now almost over and the financial crisis has seen a curtailment to the high rise condominium developments that have fuelled the business in this region.

Revenue declined by 8.3% to C\$ 9.31m (2008: C\$10.15m) and operating profit reduced by 56.3% to C\$0.38m (2008: C\$0.88m).

Associate company	Underlying operating profit	
	2009 C\$'000	2008 C\$'000
Profit from operations per financial statements	9	514
Interest	24	13
Related party management charges	350	350
Underlying operating profit	383	877

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The success of Colin Campbell's move into the US market with its environmentally friendly range of carpets branded Natures Carpets[®] has been hampered by the recession in the USA. However, sampling has been placed across the USA and a team of sales agents are now actively promoting the products. The Group is still confident that the potential of Natures Carpets[®] will be realised, particularly when the market starts to show the first signs of recovery.

At the end of May 2009, June Sookaim, the Company Secretary and General Manager of Colin Campbell retired after 23 years of service to the company. June has been a great asset to the business and the Directors would like to record their thanks to her for her stewardship and to wish her every happiness in her retirement. The Group would also like to formally welcome Chris Dragan, who has been appointed Vice President Finance and General Manager of the Colin Campbell business.

The markets in which Colin Campbell operates are in the short-term likely to remain depressed, with trading expected to remain challenging throughout the year. However, the Group is confident that this business is well placed to fully exploit the recovery when this happens.

Group outlook

The first-half of the Group's financial year is seasonally the weaker of the two halves and, there is no expectation of any market improvement. This, coupled with some known and planned further restructuring costs continuing in the new financial year, is likely to see the first-half remain challenging.

The Group has many strengths operating in its favour including:

- Strong, experienced and autonomous management teams at the helm of each business which are highly motivated to deliver the best possible result from the prevailing market conditions and,
- the considerable investment the Group has made in plant, equipment, products and marketing in recent years, all of which in these uncertain times support the business enabling it to exploit both current and future business opportunities.

The Group remains confident that it has the products, people and financial strength in place to go a long way in achieving its targeted objectives this year and to make further progress in the medium term to grow the Group and to continue to deliver shareholder value.

Group strategy and objectives

The Group's strategy of positioning itself as both a vertically integrated manufacturer and distributor of floor-coverings, operating in the mid to high end of the sector and in carefully targeted international markets, has undoubtedly enabled it to remain profitable and cash generative whilst maintaining a strong balance sheet.

No doubt, some of the markets in which the Group operates will in the short-term remain challenging but the Directors believe that the Group is:

- Well invested with "state of the art" plant and equipment.
- Supported by highly motivated, strong and experienced managers in all of its businesses, capable of steering the business through whatever conditions the market presents.

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The Group's long-term strategy remains based on:

- Focusing its activities in the industry sector it knows and where it has premium knowledge, whilst at the same time, looking to establish and develop market leading positions in new chosen business segments.
- Manufacturing and delivering design-led innovative products to its retail customers which meet the demands of the consumer.
- Providing outstanding levels of customer service, including attaining the highest delivery and quality standards that both Victoria as a business, and its customers require.
- Achieving 'best in class' manufacturing standards

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. There is some degree of variability in the non-financial KPI's monitored in each division but, generally, they are principally focused on the level of customer satisfaction, new product development, and retention & development of key employees.

The KPI's monitored by the Group Board are set out in the table below. Clearly, the Board recognises that due to the weakness in markets overall, the Group has not been able to deliver an increase in KPI's during the year under review.

KPI	Performance
Operating margin	2008: 6.8% 2009: 3.6%
Return on operating assets (ROA)	2008: 10.6% 2009: 5.1%
Earnings per share (basic adjusted)	2008: 36.5p 2009: 15.0p

Operating margin is calculated as total operating profit divided by revenue. This is used to assess the underlying trading performance of the Group.

Return on operating assets ('ROA') is calculated as operating profit (including share of its Associate company) divided by the operating assets employed. The target ROA for the Group is 10%. ROA is used to measure the effectiveness of utilising the assets to deliver profits to provide a return for our shareholders.

Adjusted earnings per share is calculated as profit for the period from continuing operations (as adjusted to remove the effect of non-recurring items), divided by the weighted average number of ordinary shares in issue for the period under review. This is used to assess the underlying financial performance of the Group as a whole.

Revenue, gross margin and operating profit

The deterioration in trading conditions across the Group in the second half of the year led to a reduction in operating margin for the year to 3.6% (2008: 6.8%).

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Group revenue has grown by 0.7% to £62.15m (2008: £61.70m). In local currencies, Australia achieved revenue growth of 5.5%, however, revenue declined in the UK and Ireland by 10.4% and 16.4% respectively.

Approximately 61% of Group revenue was generated by overseas subsidiaries in the year, 51% of which was achieved by the Australian division. In 2009, the net translation impact of currency changes compared to 2008 was to increase revenue by £2.70m, principally from the strengthening of the Australian dollar over the period.

Trading performance in the UK and Ireland has been adversely impacted by the weakening of activity in their respective housing markets and the general economic down-turn. As stated in last year's Report, the Group has sought to leverage its brand and operational capabilities by entering into the UK and overseas contract floor-covering market for the first time. This has enabled the UK in part to mitigate the down-turn felt in the retail markets by widening the channels to alternate markets.

The overall gross margin for the Group declined to 28.2% compared to last year (2008: 29.7%). This reduction is principally due to lower margins in Australia, impacted by pricing pressure from competitors. Central operating costs were in-line with the prior year at £0.58m.

Group operating profit for the year was £2.23m, 46.9% below last year (2008: £4.19m). Underlying operating profit declined in the UK by 69.4%, in Ireland by 63.0% and in Australia by 26.0%.

Revenue and underlying operating profit are discussed in more detail on a divisional basis in 'Results for 2009 financial year' earlier in this section.

Finance costs

Finance costs were £0.77m (2008: £0.76m). The benefits from lower average base rates in the year were offset by increased borrowings, driven by planned significant investment in new equipment in Australia during the period (refer to "Capital Expenditure" below).

Interest cover remains at a satisfactory level, with EBITDA covering interest by 6.0 times (2008: 8.6 times).

Profit before taxation

Group profit before taxation for the year decreased by 58.3% to £1.46m (2008: £3.51m).

Taxation

The total tax charge for the period was £1.07m (2008: £0.97m), of which current tax represented a charge of £0.57m (2008: £1.05m) and deferred tax was a charge of £0.50m (2008: a credit of £0.08m). The deferred tax value in the current period includes an exceptional charge of £0.65m in relation to the phased withdrawal of Industrial Buildings Allowances in the UK.

The underlying effective rate of Corporation tax, excluding the exceptional deferred tax charges, was 28.7% (2008: 27.7%).

The increase in the underlying effective rate of corporation tax reflects the increased proportion of profit before tax being derived from Australia, which has a higher rate of corporate tax at 30% (UK 28%).

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Earnings per share ('EPS')

Basic earnings per share, reflecting the exceptional deferred tax charge referred to above under "Taxation", was 5.60p (2008: 36.54p), however, adjusted basic earnings per share (before non-recurring items) was 15.01p (2008: 36.54p).

The diluted adjusted earnings per share were 13.97p (2008: 36.54p). This calculation factors in dilutive potential ordinary shares arising from the introduction of the Long-Term Incentive Plan (LTIP) during the financial year.

Dividends

The Group re-introduced an interim dividend of 4.0p per share which was paid in December 2008. A final dividend of 4.0p per share is proposed, making a total dividend of 8.0p per share for the year (2008: 14.0p). The dividend yield is 6.7% (2008: 5.6%).

The value of the interim dividend was £0.28m and the value of the proposed final dividend is also £0.28m. (Total: £0.56m). The value of the dividend paid in July 2008, in respect of the year ended 29 March 2008, was £0.97m.

Capital expenditure

The value of property, plant and equipment increased by £1.56m to £26.43m (2008: £24.87m), of which currency movements accounted for £0.52m of the increase.

Capital expenditure in the year was £3.48m which, at average exchange rates, was 65.7% higher than 2008 (£2.10m) and represented 146% of depreciation (2008: 91%).

The majority of expenditure relates to plant and machinery and represents £3.22m of additions (2008: £1.77m). This investment was primarily in four "state-of-the-art" tufting machines at the carpet manufacturing plant in Australia (£2.84m of expenditure in the current financial year).

Disposals during the year totalled £0.45m (2008: £0.25m).

Net assets

The Group's overall net asset value at the financial year-end (4 April 2009) increased by £0.01m to £32.57m (2008: £32.56m). Non-current assets increased by £1.54m to £28.77m (2008: £27.23m) with the principle movement being in property, plant and equipment (see 'Capital expenditure').

The value of inventories rose in the year by £1.47m to £19.63m of which currency movements accounted for £0.49m of the total. The increase also reflected the phasing of new product launches which predominated in the second half of the year.

Trade and other receivables decreased by £0.35m to £9.18m, with debtor days reducing year-on-year from 53 days to 51 days. The Group has a wide portfolio of customers, with no individual customer accounting for more than 25% of any division's revenue. Trade and other payables have fallen by £1.09m to £8.57m. Current tax liabilities in the Balance sheet have reduced by £0.59m to £0.78m (2008: £1.37m).

The movement in net debt is discussed below (see 'Cash flow and net debt').

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Cash flow and net debt

Net cash inflow from operating activities fell by £4.53m to £0.89m (2008: £5.43m), primarily due to lower operating profits (£1.97m) and increased investment in net working capital (investment of £2.33m in 2009 compared to £0.50m in 2008). The main increase in working capital is in inventory (refer to "net assets" above).

Net cash invested was £3.38m (2008: £1.99m) which reflected the additions to plant and machinery (refer to "Capital expenditure" above).

Financing activity saw a net inflow of cash of £1.32m compared to a net outflow of cash in 2008 of £2.38m. Dividends paid increased by £0.38m to £1.25m (2008: £0.87m).

The Group net cash outflow was £1.16m, compared to a net cash inflow of £1.06m in 2008. Cash and cash equivalent borrowings increased to £3.79m (2008: £2.63m).

In the year, net debt increased by £3.83m to £11.43m (2008: £7.60m). The ratio of net debt to EBITDA is 2.46 times (2008: 1.15 times).

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 £2.0m maturing in July 2009. The Group has taken out a new £2.0m interest rate swap, commencing July 2009 for a two year period to July 2011.

The business regularly reviews its currency exposure in respect to trading operations involving the export sale of goods or import of raw materials or capital equipment. The Group may utilise forward currency contracts to manage any currency exposures where it is considered that currency movements may be volatile and the amounts involved significant.

The principle currency exposure of the Group relates to the investment in its Australian subsidiary. The Group maintains a relatively high proportion of its borrowings in Australian dollars which acts as a natural hedge against the investment exposure.

Future funding

The net gearing of the Group has increased to 26.0% (2008: 18.9%), but remains at a relatively low level.

The Group's UK banking facilities were renewed in September 2008 and the Australian facilities were renewed in October 2008. 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 this Business review. The financial position of the Group is described in this financial review.

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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 UK 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 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.

Summary

The financial year under review was a challenging year for the Group; however, it finished with gearing at a manageable level, a healthy balance sheet and all the divisions recording a profit for the year as a whole. The Group's actions in addressing the near term market weakness by ensuring it has a lean, vertically integrated supply chain, delivering excellent product through widening channels to market, combined with an experienced management team, enables the Board to be confident that it can manage the near term market weakness and as markets improve return the business to targeting long-term growth.

Alan R Bullock
Group Managing Director

Ian Davies
Group Finance Director

Victoria PLC
Consolidated Income Statement
For the 53 weeks ended 4 April 2009

	Notes	53 weeks ended 4 April 2009	52 weeks ended 29 March 2008
		£000	£000
Continuing operations			
Revenue	1	62,150	61,701
Cost of sales		(44,638)	(43,392)
Gross Profit		17,512	18,309
Distribution costs		(12,313)	(11,186)
Administrative expenses		(3,604)	(3,757)
Other operating income		633	828
Operating Profit	1	2,228	4,194
Share of results of associated company		2	78
Finance costs		(768)	(763)
Profit before tax	1	1,462	3,509
Taxation		(1,073)	(972)
Profit for the period		389	2,537
Attributable to:			
Equity holders of the parent		389	2,537
Earnings per share – pence	basic	5.60	36.54
	diluted	5.22	36.54

Victoria PLC

Consolidated Statement of Recognised Income and Expense

For the 53 weeks ended 4 April 2009

	53 weeks ended 4 April 2009	52 weeks ended 29 March 2008
	£000	£000
Exchange differences on translation of foreign operations	864	1,911
Net income recognised directly in equity	864	1,911
Profit for the period	389	2,537
Total recognised income for the period	1,253	4,448
Attributable to		
Equity holders of the parent	1,253	4,448

Victoria PLC
Balance Sheets
As at 4 April 2009

	Group		Company	
	4 April 2009	29 March 2008	4 April 2009	29 March 2008
	£000	£000	£000	£000
Non-current assets				
Goodwill	65	65	----	-----
Other intangible assets	464	447	----	-----
Property, plant and equipment	26,430	24,866	5,216	5,283
Investment property	180	180	180	180
Investment in subsidiary undertakings	----	-----	3,321	3,321
Investment in associated company	560	541	56	56
Deferred tax asset	1,067	1,129	21	-----
Total non-current assets	28,766	27,228	8,794	8,840
Current assets				
Inventories	19,630	18,162	-----	-----
Trade and other receivables	9,175	9,521	5,042	5,198
Cash at bank and in hand	259	1,260	-----	-----
Total current assets	29,064	28,943	5,042	5,198
Total assets	57,830	56,171	13,836	14,038
Current liabilities				
Trade and other payables	8,565	9,651	90	119
Current tax liabilities	776	1,365	-----	-----
Other financial liabilities	5,507	4,635	4,055	3,672
Total current liabilities	14,848	15,651	4,145	3,791
Non-current liabilities				
Trade and other payables	1,521	1,474	-----	-----
Other financial liabilities	6,220	4,235	-----	-----
Deferred tax liabilities	2,675	2,248	1,126	656
Total non-current liabilities	10,416	7,957	1,126	656
Total liabilities	25,264	23,608	5,271	4,447
Net assets	32,566	32,563	8,565	9,591
Equity				
Share capital	1,736	1,736	1,736	1,736
Share premium	829	829	829	829
Retained earnings	30,001	29,998	6,000	7,026
Total equity	32,566	32,563	8,565	9,591

Victoria PLC

Cash Flow Statements

For the 53 weeks ended 4 April 2009

	Notes	Group		Company	
		53 weeks ended 4 April 2009	52 weeks ended 29 March 2008	53 weeks ended 4 April 2009	52 weeks ended 29 March 2008
		£000	£000	£000	£000
Net cash inflow/(outflow) from operating activities	4	894	5,427	860	(30)
Investing activities					
Dividends received from associates		33	54	33	54
Purchases of property, plant and equipment		(3,484)	(2,102)		(37)
Proceeds on disposal of property, plant and equipment		76	62		
Net cash (used in)/ from investing activities		(3,375)	(1,986)	33	17
Financing activities					
Increase/(decrease) in long term loans		3,233	(1,392)		----
Receipts from financing of assets		102	832		----
Repayment of obligations under finance leases/HP		(766)	(953)		----
Dividends paid		(1,250)	(868)	(1,250)	(868)
Net cash from/ (used in) financing activities		1,319	(2,381)	(1,250)	(868)
Net (decrease)/increase in cash and cash equivalents		(1,162)	1,060	(357)	(881)
Cash and cash equivalents at beginning of period		(2,629)	(3,693)	(3,663)	(2,782)
Effect of foreign exchange rate changes		6	4		----
Cash and cash equivalents at end of period	5	(3,785)	(2,629)	(4,020)	(3,663)

Victoria PLC
Notes to the Preliminary Announcement

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 53 weeks ended 4 April 2009				For the 52 weeks ended 29 March 2008			
	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	24,326	408	(151)	257	27,149	1,335	(240)	1,095
Ireland	5,949	143	(18)	125	6,075	387	(36)	351
Australia	31,875	2,257	(415)	1,842	28,477	3,051	(266)	2,785
	62,150	2,808	(584)	2,224	61,701	4,773	(542)	4,231
Share of Canadian associate				2				78
Unallocated corporate expenses		(580)	(184)	(764)		(579)	(221)	(800)
Total continuing operations	62,150	2,228	(768)	1,462	61,701	4,194	(763)	3,509
Tax				(1,073)				(972)
Profit after tax from continuing activities				389				2,537

* The share of profits 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 4 April 2009		As at 29 March 2008	
	Segment assets £000	Segment liabilities £000	Segment assets £000	Segment liabilities £000
UK	24,320	6,087	25,724	7,266
Ireland	2,285	731	2,480	1,199
Australia	30,484	13,176	27,135	10,824
Investment in associated company	560	----	541	----
Unallocated central assets/liabilities	181	5,270	291	4,319
	57,830	25,264	56,171	23,608

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

continued...

Other segmental information	53 weeks ended 4 April 2009	52 weeks ended 29 March 2008
	£000	£000
Depreciation and amortisation		
UK	955	1,012
Ireland	36	31
Australia	1,412	1,277
Unallocated central	8	7
	2,411	2,327

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

Capital expenditure		
UK	374	904
Ireland	4	1
Australia	3,106	1,160
Unallocated central	----	37
	3,484	2,102

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 2009 £'000	Adjusted 2009 £'000	Diluted 2009 £'000	Basic 2008 £'000	Adjusted 2008 £'000	Diluted 2008 £'000
Profit attributable to ordinary equity holders of the parent entity	389	389	389	2,537	2,537	2,537
Effect of change in tax law	----	653	----	----	----	----
Earnings for the purpose of basic, adjusted and diluted earnings per share	389	1,042	389	2,537	2,537	2,537

continued...

Weighted average number of shares

	2009	2008
	Number of Shares ('000)	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	513	----
Weighted average number of ordinary shares for the purposes of diluted earnings per share	7,457	6,944
The Group's earnings per share are as follows:		
	2009	2008
Basic adjusted	15.01	36.54
Diluted adjusted	13.97	36.54
Basic	5.60	36.54
Diluted	5.22	36.54

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:

	2009		2008	
	Average	Year end	Average	Year end
Australia - A\$	2.1787	2.0879	2.3115	2.1657
Ireland - €	1.2096	1.1028	1.4170	1.2623
Canada - C\$	1.9186	1.8288	2.0734	2.0251

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

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Operating profit from continuing operations	2,228	4,194	922	741
Adjustments for:				
- Depreciation charges	2,380	2,299	67	66
- Amortisation of intangible assets	31	28		----
- (Profit)/ loss on disposal of property, plant and equipment	(16)	15		----
- Exchange rate difference on consolidation	336	976		----
Operating cash flows before movements in working capital	4,959	7,512	989	807
(Increase)/decrease in working capital	(2,331)	(500)	28	(634)
Cash generated by operations	2,628	7,012	1,017	173
Interest paid	(742)	(743)	(157)	(203)
Income taxes paid	(992)	(842)		----
Net cash inflow/ (outflow) from operating activities	894	5,427	860	(30)

continued...

5. Analysis of net debt

	At 29 March 2008 £000	Cash flow £000	Other non-cash changes £000	Exchange movement £000	At 4 April 2009 £000
Cash	1,260	(1,046)		45	259
Bank loans payable less than one year and overdrafts	(3,889)	(116)		(39)	(4,044)
Cash and cash equivalents	(2,629)	(1,162)		6	(3,785)
Secured commercial bills					
- Payable less than one year	----	----	(766)	----	(766)
- Payable more than one year	(2,078)	(3,233)	766	(77)	(4,622)
Finance leases and hire purchase agreements					
- Payable less than one year	(737)	766	(685)	(6)	(662)
- Payable more than one year	(2,157)	(102)	685	(24)	(1,598)
Bank loans payable more than one year	----				----
Net debt	(7,601)	(3,731)		(101)	(11,433)

The Group's policy on Derivatives and Other Financial Instruments is set out in the Report & Accounts.

6. The results have been extracted from the audited financial statements of the Group for the 53 weeks ended 4 April 2009. Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company will publish full financial statements that comply with IFRSs. These audited financial statements incorporate an unqualified audit report. The results do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the 52 weeks ended 29 March 2008, which incorporated an unqualified auditor's report, have been filed with the Registrar of Companies.

The auditors report on these accounts did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

7. The Report & Accounts will be posted to Shareholders by 1 July 2009. Further copies will be available from the Company's Registered Office: Worcester Road, Kidderminster, Worcestershire, DY10 1JR or via the website: www.victoria.plc.uk.

8. The Annual General Meeting is being held at the Registered Office of the Company, as above, at 2.00pm on Thursday, 30 July 2009.