



# VICTORIA PLC

06 November 2013

## Victoria PLC

(‘Victoria,’ the ‘Company,’ or the ‘Group’)

### Half-Year Results for the 26 weeks ended 28 September 2013

Victoria PLC (LSE: VCP), a manufacturer, supplier and distributor of design-led carpets, carpet tiles and other floorcoverings, announces the following results for the 26 weeks ended 28 September 2013.

#### Summary:

- Group revenue: £34.53m (2012: £35.99m), decreased by 4.1% (1.5% in constant currency terms)
- Group profit before tax and exceptional items: £0.61m (2012: £0.07m loss).
- Net debt has reduced by a further £4.54m from the year end to £2.97m
- Interim dividend of 2.00 pence (2012: 2.00 pence)
- Working capital has reduced by £4.34m from September 2012

#### Geoff Wilding, Executive Chairman commented:

“The Group’s trading performance in the first half of the current financial year has been satisfactory. A considerable amount of work has been done to remove unnecessary cost from the business and improve the Group’s working capital position, although more remains to be done before the Group starts to deliver acceptable results.

The Board believes it has an appropriate strategy to further improve the Group’s performance and is focussed on its execution.”

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## Chairman's Statement

The Group's trading performance in the first half of the current financial year has been satisfactory. A considerable amount of work has been done to remove unnecessary cost from the business and improve the Group's working capital position, although more remains to be done before the Group starts to deliver acceptable results.

Key financial and operational highlights from the first half include:

- Revenues are 4.1% lower than for the same period last year at £34.53m, although 2.6% of this fall is due to currency movements. Nonetheless, the Group is now focussing on selling product at an acceptable margin, rather than seeking sales at any cost. This will impact top line sales but, in time, should deliver improved profits to the Group.
- Profits (pre-exceptional costs associated with the closure of the Group's spinning mill at Castlemaine, Australia) have improved from a loss of £0.07m for the same period last year to a profit of £0.61m.
- Net debt has reduced from £7.51m at 30 March 2013 to £2.97m. Despite needing to absorb significant exceptional costs over the last twelve months, net debt shows a substantial improvement from the £8.87m position as at the date the new Board was appointed (3 October 2012), and has been achieved without material asset sales and while maintaining investment where required into key operating assets.
- Colin Campbell & Sons Limited is now wholly-owned, having previously been a 50% associated undertaking. This has been achieved at no cash cost to Victoria (indeed during the period we have received the largest dividend since our involvement) and gives us greater control over the future of this business.
- Stock levels have been reduced, lowering the risk (and resultant expense) of obsolete product and materially improving the Group's working capital. Cash locked up in stock is 'dead money' and this improved stock management position means that growth in the future will consume less capital than previously, allowing funds to either be deployed into productive assets elsewhere in the business or returned to shareholders.
- A new Managing Director has been appointed in Australia and he, together with a talented team, is delivering significant improvements to the Australian subsidiary despite the most challenging market conditions in many years.

### Sports Ground Update

The Company has withdrawn from its negotiations with the local council to sell the Sports Ground in Kidderminster and is now actively pursuing other opportunities to realise value for shareholders in respect of this asset.

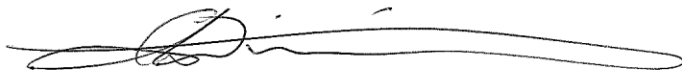
### Outlook

The market outlook remains mixed. Although there appears to be more positive consumer sentiment in both the UK and Australia, we share the views of other listed companies trading

in the sector that conditions remain challenging. Wool prices, a key driver of our costs, have appreciated significantly in the last six months and, overall, consumer demand for carpet remains soft. However, residential construction and property sales activity continue to improve, which shows encouraging signs of growth in consumer confidence. The Board believes it has an appropriate strategy to further improve the Group's performance and is focussed on its execution.

### **Half-year Dividend**

The Board declares an interim dividend of 2.00p per share, payable on 20 December 2013 (2012: 2.00p) to all Shareholders on the register as at 29 November 2013, with the ex-dividend date being 27 November 2013.

A handwritten signature in black ink, appearing to read 'Geoff Wilding', with a long horizontal flourish extending to the right.

**Geoff Wilding**  
Chairman

05 November 2013

## Condensed Consolidated Income Statement

For the 26 weeks ended 28 September 2013 (unaudited)

		<b>26 weeks ended 28 Sep 2013</b>	26 weeks ended 29 Sep 2012	52 weeks ended 30 Mar 2013 (Audited)
	Notes	£000	£000	£000
<b>Continuing operations</b>				
<b>Revenue</b>	3	<b>34,527</b>	35,985	70,909
Cost of sales		<b>(25,295)</b>	(26,596)	(53,679)
<b>Gross profit</b>		<b>9,232</b>	9,389	17,230
Distribution costs		<b>(6,918)</b>	(7,197)	(14,041)
Administrative expenses		<b>(2,361)</b>	(3,694)	(6,230)
Other operating income		<b>202</b>	147	168
Results of investment held for sale		<b>119</b>	74	(182)
<b>Operating profit/ (loss)</b>		<b>274</b>	(1,281)	(3,055)
Analysed between:				
Operating profit/ (loss) before exceptional items	3	<b>802</b>	180	(421)
Exceptional items	4	<b>(528)</b>	(1,461)	(2,634)
Finance costs		<b>(188)</b>	(245)	(465)
<b>Profit/ (loss) before tax</b>	3	<b>86</b>	(1,526)	(3,520)
Taxation	5	<b>(23)</b>	413	738
<b>Profit/ (loss) for the period</b>		<b>63</b>	(1,113)	(2,782)
Earnings/ (loss) per share - pence				
	basic	6	<b>0.90</b>	(15.83)
	diluted	6	<b>0.89</b>	(15.83)

## Condensed Consolidated Statement of Comprehensive Income

For the 26 weeks ended 28 September 2013 (unaudited)

	<b>26 weeks ended 28 Sep 2013</b>	26 weeks ended 29 Sep 2012	52 weeks ended 30 Mar 2013 (Audited)
	<b>£000</b>	£000	£000
Exchange differences on translation of foreign operations	<b>(4,514)</b>	(212)	1,597
<b>Other comprehensive (loss)/income for the period</b>	<b>(4,514)</b>	(212)	1,597
<b>Profit/ (loss) for the period</b>	<b>63</b>	(1,113)	(2,782)
<b>Total comprehensive loss for the period</b>	<b>(4,451)</b>	(1,325)	(1,185)

## Condensed Consolidated Balance Sheet

As at 28 September 2013 (unaudited)

	As at 28 Sep 2013	As at 29 Sep 2012	As at 30 Mar 2013 (Audited)
	£000	£000	£000
<b>Non-current assets</b>			
Intangible assets	236	742	248
Property, plant and equipment	20,518	24,132	23,778
Investment property	180	180	180
Deferred tax asset	1,199	805	1,323
<b>Total non-current assets</b>	<b>22,133</b>	<b>25,859</b>	<b>25,529</b>
<b>Current assets</b>			
Inventories	17,174	25,435	20,866
Trade and other receivables	11,432	12,215	11,163
Current tax asset	70	216	361
Cash at bank and in hand	3,098	1,576	1,091
Assets held for sale	329	636	389
<b>Total current assets</b>	<b>32,103</b>	<b>40,078</b>	<b>33,870</b>
<b>Total assets</b>	<b>54,236</b>	<b>65,937</b>	<b>59,399</b>
<b>Current liabilities</b>			
Trade and other payables	12,001	14,661	9,624
Other financial liabilities	5,818	9,567	7,709
<b>Total current liabilities</b>	<b>17,819</b>	<b>24,228</b>	<b>17,333</b>
<b>Non-current liabilities</b>			
Trade and other payables	1,500	2,040	1,954
Other financial liabilities	251	355	890
Deferred tax liabilities	651	773	749
<b>Total non-current liabilities</b>	<b>2,402</b>	<b>3,168</b>	<b>3,593</b>
<b>Total liabilities</b>	<b>20,221</b>	<b>27,396</b>	<b>20,926</b>
<b>Net assets</b>	<b>34,015</b>	<b>38,541</b>	<b>38,473</b>
<b>Equity</b>			
Issued share capital	1,758	1,758	1,758
Share premium	829	829	829
Retained earnings	31,273	35,764	35,724
Share-based payment reserve	155	190	162
<b>Total equity</b>	<b>34,015</b>	<b>38,541</b>	<b>38,473</b>

## Condensed Consolidated Statement of Changes in Equity

For the 26 weeks ended 28 September 2013 (unaudited)

	Share capital	Share premium	Retained earnings	Share based payment reserve	Total equity
	£000	£000	£000	£000	£000
At 1 April 2012	1,736	829	37,575	180	40,320
Loss for the period	-	-	(1,113)	-	(1,113)
Other comprehensive loss for the period	-	-	(212)	-	(212)
Dividends paid	-	-	(486)	-	(486)
Movement in share-based payment reserve	-	-	-	10	10
Issue of share capital in connection with exercise of share options under LTIP plan	22	-	-	-	22
<b>At 29 September 2012</b>	<b>1,758</b>	<b>829</b>	<b>35,764</b>	<b>190</b>	<b>38,541</b>
At 1 April 2012	1,736	829	37,575	180	40,320
Loss for the period	-	-	(2,782)	-	(2,782)
Other comprehensive income for the period	-	-	1,597	-	1,597
Dividends paid	-	-	(627)	-	(627)
Movement in share-based payment reserve	-	-	-	(18)	(18)
Deferred tax on share option scheme	-	-	(39)	-	(39)
Issue of share capital in connection with exercise of share options under LTIP plan	22	-	-	-	22
<b>At 30 March 2013</b>	<b>1,758</b>	<b>829</b>	<b>35,724</b>	<b>162</b>	<b>38,473</b>
At 31 March 2013	<b>1,758</b>	<b>829</b>	<b>35,724</b>	<b>162</b>	<b>38,473</b>
Profit for the period	-	-	63	-	63
Other comprehensive loss for the period	-	-	(4,514)	-	(4,514)
Movement in share-based payment reserve	-	-	-	(7)	(7)
<b>At 28 September 2013</b>	<b>1,758</b>	<b>829</b>	<b>31,273</b>	<b>155</b>	<b>34,015</b>

## Condensed Consolidated Statement of Cash Flows

For the 26 weeks ended 28 September 2013 (unaudited)

	Notes	26 weeks ended 28 Sep 2013 £000	26 weeks ended 29 Sep 2012 £000	52 weeks ended 30 Mar 2013 (Audited) £000
<b>Net cash inflow from operating activities</b>	8a	<b>4,457</b>	517	1,611
<b>Investing activities</b>				
Purchases of property, plant and equipment		(40)	(652)	(850)
Proceeds on disposal of property, plant and equipment		17	15	96
Dividends received from investment held for sale		179	-	-
<b>Net cash generated/ (used) in investing activities</b>		<b>156</b>	(637)	(754)
<b>Financing activities</b>				
(Decrease)/ increase in long term loans		(500)	-	500
Receipts from financing of assets		-	67	-
Repayment of obligations under finance leases/HP		(77)	(246)	(327)
Dividends paid		-	(486)	(627)
<b>Net cash used in financing activities</b>		<b>(577)</b>	(665)	(454)
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>4,036</b>	(785)	403
Cash and cash equivalents at beginning of period		(6,475)	(6,920)	(6,920)
Effect of foreign exchange rate changes		(161)	2	42
<b>Cash and cash equivalents at end of period</b>	8b	<b>(2,600)</b>	(7,703)	(6,475)



# Notes to the Condensed Half-year Financial Statements

For the 26 weeks ended 28 September 2013 (unaudited)

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## 1. General information

These condensed consolidated financial statements for the 26 weeks ended 28 September 2013 have not been audited or reviewed by the Auditor. They were approved by the Board of Directors on 5 November 2013.

The information for the 52 weeks ended 30 March 2013 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The Auditor's report on those accounts was unqualified and did not include a reference to any matter to which the Auditor drew attention by way of emphasis without qualifying the report and did not contain statements under Section 498(2) or 498(3) of the Companies Act 2006.

## 2. Basis of preparation and accounting policies

These condensed consolidated financial statements should be read in conjunction with the Group's financial statements for the 52 weeks ended 30 March 2013, which were prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies and basis of consolidation of these condensed financial statements are consistent with those applied and set out on pages 20 to 25 of the Group's audited financial statements for the 52 weeks ended 30 March 2013.

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

The Directors are of the view that the Group is well placed to manage its business risks 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.

**Notes to the Condensed Half-year Financial Statements** continued  
For the 26 weeks ended 28 September 2013 (unaudited)

**3. Segmental information**

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

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

	For the 26 weeks ended 28 September 2013					For the 26 weeks ended 29 September 2012				
	Revenue	Segmental operating profit	Exceptional Operating items	Finance costs	(Loss)/ profit before tax*	Revenue	Segmental operating profit	Exceptional operating items	Finance costs	Loss before tax*
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
UK & Ireland	14,050	1	-	(6)	(5)	13,763	(235)	-	(54)	(289)
Australia	20,477	918	(528)	(49)	341	22,222	752	(860)	(98)	(206)
	<b>34,527</b>	<b>919</b>	<b>(528)</b>	<b>(55)</b>	<b>336</b>	<b>35,985</b>	<b>517</b>	<b>(860)</b>	<b>(152)</b>	<b>(495)</b>
Central costs	-	(236)	-	(133)	(369)	-	(411)	(601)	(93)	(1,105)
Results of investment held for sale	-	119	-	-	119	-	74	-	-	74
Total continuing operations	<b>34,527</b>	<b>802</b>	<b>(528)</b>	<b>(188)</b>	<b>86</b>	<b>35,985</b>	<b>180</b>	<b>(1,461)</b>	<b>(245)</b>	<b>(1,526)</b>
Tax					(23)					413
Profit/ (loss) after tax from continuing activities					<b>63</b>					<b>(1,113)</b>

\* Results of the investment held for sale is shown net of tax.

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

**4. Exceptional items**

	26 weeks ended 28 Sep 2013	26 weeks ended 29 Sep 2012
	£000	£000
(a) Restructuring of Australia's spinning mills	528	860
(b) Move to AIM	-	177
(c) Incentive Plan	-	144
(d) General Meeting costs	-	280
	<b>528</b>	<b>1,461</b>

All exceptional items are classified within administrative expenses.

**Notes to the Condensed Half-year Financial Statements** continued  
For the 26 weeks ended 28 September 2013 (unaudited)

**4 Exceptional items** *continued*

- (a) Relates to costs associated with “right-sizing” and reorganising the two Australian spinning mills to meet reduced volume requirements as a result of declining demand for woollen yarns. The smaller of the two spinning mills was closed during the first half period and production ceased at the end of June 2013. Key items of equipment were relocated to the mill at Bendigo, which has improved efficiencies at this mill.
- (b) Relate to costs incurred in the move from the Official List to the AIM market of the London Stock Exchange. Further costs were incurred after the prior year first half period and the total cost was £233,000.
- (c) Relate to costs in connection with a proposed incentive remuneration plan. The remuneration plan was subsequently withdrawn.
- (d) Relate to costs in connection with various General Meetings of the Company, resulting in changes to the Board composition.

**5. Tax**

	<b>26 weeks ended 28 Sep 2013</b>	26 weeks ended 29 Sep 2012
	<b>£000</b>	£000
Current tax		
- Current year overseas	<b>121</b>	(92)
	<b>121</b>	(92)
Deferred tax		
- Current year movement	<b>(98)</b>	(321)
	<b>(98)</b>	(321)
<b>Total</b>	<b>23</b>	(413)

The overall corporation tax rate is 26.7% (2012: 27.1%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year.

**Notes to the Condensed Half-year Financial Statements** continued  
For the 26 weeks ended 28 September 2013 (unaudited)

**6. Earnings per share**

The calculation of earnings per ordinary equity share in the parent entity is based on the following earnings and number of shares:

	<b>26 weeks ended 28 Sep 2013 Basic £'000</b>	<b>26 weeks ended 28 Sep 2013 Adjusted £'000</b>	26 weeks ended 29 Sep 2012 Basic £'000	26 weeks ended 29 Sep 2012 Adjusted £'000
Profit/ (loss) attributable to ordinary equity holders of the parent entity	<b>63</b>	<b>63</b>	(1,113)	(1,113)
Exceptional items (net of tax effect):				
Restructuring of Australian Spinning Mills	-	<b>370</b>	-	602
Move to AIM	-	-	-	136
Incentive Plan	-	-	-	111
General Meeting costs	-	-	-	216
Earnings for the purpose of basic, adjusted and diluted earnings per share	<b>63</b>	<b>433</b>	(1,113)	(48)
Weighted average number of ordinary shares ('000) for the purposes of basic and basic adjusted earnings per share		<b>7,033</b>		7,033
Effect of dilutive potential ordinary shares:				
Long Term Incentive Plan and Performance Share Plan ('000)		<b>70</b>		-
Weighted average number of ordinary shares ('000) for the purposes of diluted and diluted adjusted earnings per share		<b>7,103</b>		7,033
The Group's earnings per share are as follows:				
Basic adjusted (pence)		<b>6.16</b>		(0.68)
Diluted adjusted (pence) *		<b>6.10</b>		(0.68)
Basic (pence)		<b>0.90</b>		(15.83)
Diluted (pence) *		<b>0.89</b>		(15.83)

\* There was no difference in the weighted average number of shares used for the calculation of basic and diluted loss per share in the prior year first half period as the effect of all potentially dilutive shares outstanding was anti-dilutive.

**Notes to the Condensed Half-year Financial Statements** continued  
For the 26 weeks ended 28 September 2013 (unaudited)

**7. Dividends**

	<b>26 weeks ended 28 Sep 2013 £'000</b>	26 weeks ended 29 Sep 2012 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2012 paid during the prior year 7.0p per share	-	486
	-	486
Final dividend declared for the year ended 30 March 2013 6.0p per share (paid 3 October 2013).	<b>422</b>	-
Interim dividend declared for the year to 29 March 2014 2.0p per share (2012: 2.0p)	<b>141</b>	141

**8. Notes to the cash flow statement**

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

	<b>26 weeks ended 28 Sep 2013 £000</b>	26 weeks ended 29 Sep 2012 £000	52 weeks ended 30 Mar 2013 £000
Operating profit/ (loss) from continuing operations	<b>274</b>	(1,281)	(3,055)
Adjustments for:			
- Depreciation charges	<b>1,204</b>	1,341	2,700
- Amortisation of intangible assets	<b>12</b>	26	52
- Impairment of intangible assets	-	-	442
- Share-based payment charge	<b>3</b>	32	-
- (Profit)/ loss of investment held for sale	<b>(119)</b>	(74)	182
- (Profit)/ loss on disposal of property, plant and equipment	<b>(1)</b>	-	13
- Exchange rate difference on consolidation	<b>(91)</b>	(100)	124
Operating cash flows before movements in working capital	<b>1,282</b>	(56)	458
Decrease in working capital	<b>3,193</b>	973	2,124
Cash generated from operations	<b>4,475</b>	917	2,582
Interest paid	<b>(188)</b>	(245)	(465)
Income taxes received/ (paid)	<b>170</b>	(155)	(506)
Net cash inflow from operating activities	<b>4,457</b>	517	1,611

**Notes to the Condensed Half-year Financial Statements** continued  
For the 26 weeks ended 28 September 2013 (unaudited)

**8. Notes to the cash flow statement (continued)**

b) Analysis of net debt

	At 30 Mar 2013 £000	Cash flow £000	Other non- cash changes £000	Exchange movement £000	At <b>28 Sep 2013</b> <b>£000</b>
Cash	1,091	2,170	-	(163)	<b>3,098</b>
Bank overdrafts	(7,566)	1,866	-	2	<b>(5,698)</b>
Cash and cash equivalents	(6,475)	4,036	-	(161)	<b>(2,600)</b>
Finance leases and hire purchase agreements					
- Payable less than one year	(143)	77	(77)	23	<b>(120)</b>
- Payable more than one year	(390)	-	77	62	<b>(251)</b>
Bank loans payable more than one year	(500)	500	-	-	-
Net debt	(7,508)	4,613	-	(76)	<b>(2,971)</b>

**9. Rates of exchange**

The results of overseas subsidiaries and investments 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:

	<b>26 weeks ended 28 Sep 2013</b>	26 weeks ended 29 Sep 2012	52 weeks ended 30 Mar 2013
Australia (A\$) - average rate	<b>1.6162</b>	1.5465	1.5317
Australia (A\$) - period end	<b>1.7319</b>	1.5555	1.4565
Ireland (€) - average rate	<b>1.1774</b>	1.2417	1.2215
Ireland (€) - period end	<b>1.1963</b>	1.2515	1.1825
Canada (C\$) - average rate	<b>1.5965</b>	1.5898	1.5841
Canada (C\$) - period end	<b>1.6646</b>	1.5833	1.5427

**10. Related party transactions**

During the period, the Group had transactions with its investment held for sale (Colin Campbell & Sons Limited), comprising sales of goods to the value of £163k (2012: £459k). At 28 September 2013, the Group was owed £145k (2012: £355k). All goods and services were provided at market rates. The Company also received a dividend of £179k during the period (2012: £nil).

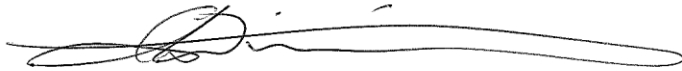
**Notes to the Condensed Half-year Financial Statements** continued  
For the 26 weeks ended 28 September 2013 (unaudited)

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**11. Risks and uncertainties**

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's medium term performance and the factors which mitigate these risks have not changed from those set out on page 8 of the Group's 2013 Annual Report, a copy of which is available on the Group's website – [www.victoriapl.com](http://www.victoriapl.com). The Chairman's Statement includes consideration of uncertainties affecting the Group in the remaining six months of the year.

On behalf of the Board



**Geoff Wilding**  
Chairman

05 November 2013