20 May 2014

Topps Tiles Plc
("Topps Tiles", "the Group" or "the Company")

UNAUDITED INTERIM MANAGEMENT REPORT FOR THE 26 WEEKS ENDED 29 MARCH 2014

HIGHLIGHTS

Topps Tiles Plc, the UK's largest tile specialist with 330 stores, announces its interim results for the 26 weeks ended 29 March 2014.

	26 weeks ended 29 March 2014	26 weeks ended 30 March 2013
Group revenue	£97.7 million	£87.4 million
Group revenue growth year on year	11.7%	0.9%
Like-for-like revenue growth year on year	10.2%	(0.2)%
Gross margin	60.8%	59.8%
Adjusted operating profit[1]	£8.9 million	£6.5 million
Adjusted profit before tax[2]	£8.0 million	£4.7 million
Profit before tax	£8.0 million	£4.7 million
Net debt[4]	£36.3 million	£44.9 million
Basic earnings per share	3.18p	1.83p
Adjusted earnings per share[3]	3.22p	1.83p
Interim dividend	0.65p	0.50p

Notes
[1] Adjusted operating profit is adjusted for the loss on disposal of plant, property and equipment of £0.2 million (2013: £0.2 million), onerous lease gains of £0.1 million, (2013: charge of £0.4 million), and business restructuring costs of £0.1 million (2013: £0.1 million)
[2] Adjusted profit before tax is adjusted for the effect of the items above plus a £0.1 million (non cash) gain relating to forward currency contracts the Group (defined as Topps Tiles Plc and all its subsidiaries) has in place (per IAS 39) (2013: £0.7 million gain relating to interest rate derivatives and forward currency contracts the Group had in place).
[3] Adjusted for the post tax effect of the above items.
[4] Net debt is defined as bank loans, before amortised issue costs (note 6) and less cash and cash equivalents.

- First half sales increased by 11.7% to £97.7 million (2013: £87.4 million)
- Like for like revenues increased by 10.2% in the period reflecting strategic focus on market share gains and stronger levels of consumer confidence
- Sales growth believed to be ahead of the tile market, with market leading position strengthened further
- Gross margin increased to 60.8% (2013: 59.8%) reflecting further supply chain efficiencies and proactive management of cost base
- Adjusted EPS growth of 76% year on year
- Net debt reduced by £8.6 million year on year to £36.3 million at 29 March
- Interim dividend increased by 30% to 0.65p (2013: 0.50p)
- Encouraging initial results from trial of new smaller format "Topps Tiles Boutique" stores – trial to continue in H2, with a further two stores to be opened in and around the M25
- Current trading – like for like sales over 7 weeks to 17 May 2014 increased by 5.6% (2013: 8 weeks to 25 May 2013 decreased by 2.6%)

Commenting on the results, Matthew Williams, Chief Executive said:

"The Group has delivered a very successful first half performance, with strong sales growth, improving gross margins and overall growth in profits. While trading conditions undoubtedly improved during the period, helped by a higher level of consumer confidence, we believe our first half sales growth was significantly ahead of the overall tile market. Our strategy continues to focus on market share gains driven by offering an authoritative and differentiated range, outstanding service, and multichannel convenience, resulting in excellent overall value for money."

"We have made a good start to the second half with a healthy level of sales growth in the initial seven weeks of the period. We believe we continue to grow sales ahead of the market and remain confident that our strategy will continue to deliver profitable market share gains, against a backdrop of a steady improvement in UK economic indicators."

For further information please contact:

Topps Tiles Plc

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A copy of this announcement can be found on our website www.toppstiles.co.uk

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board,

Matthew Williams	**Rob Parker**
Chief Executive Officer	*Chief Financial Officer*

20 May 2014

UNAUDITED INTERIM MANAGEMENT REPORT

The Group has delivered a very successful first half performance, with strong sales growth, improving gross margins and overall growth in profits. While trading conditions undoubtedly improved during the period, helped by growing levels of consumer confidence, we believe our first half sales growth was significantly ahead of the overall tile market, which we anticipate will have resulted in continued market share gains. Our strategy continues to focus on market share gains driven by offering customers the compelling combination of an authoritative range, outstanding service, and multichannel convenience, resulting in excellent overall value for money.

Income Statement

Overall, first half revenue increased by 11.7% to £97.7 million (2013: £87.4 million). Following growth in revenues of 9.3% on a like-for-like basis in the first quarter, we saw a steady improvement in sales momentum into our second quarter with like-for-like revenue growing by 11.1%. The net result was that like-for-like revenues increased by 10.2% across the period as a whole.

Gross margin growth for the first half was also positive, with this key metric improving to 60.8% (2013: 59.8%). We continue to work closely with our key suppliers in order to deliver a unique combination of market leading products and exceptional value to our customers whilst also continuing to deliver improved returns. Key to delivery of these gains is the competitive advantage we have in direct sourcing, exclusivity and new product development.

Operating costs were £50.6 million, compared to £46.5 million in the prior interim period. On an adjusted basis, (excluding one off charges as defined in note 1) operating costs were £50.5 million, compared to £45.8 million in the prior interim period. The principal drivers of the increased costs are as follows:

- An increase in the number of stores trading (an average of 328 store vs 322 in the prior year), inflation and the impact of increased volumes account for approximately £1.5 million of additional costs;
- Investments in strategic initiatives such as our programme of all store improvements have contributed £0.5 million of additional costs;
- Employee profit share costs have increased by £1.9 million – these are as a result of the strong financial performance and cover a range of incentives from store commissions through to management long term incentive plans; and
- There were also a number of one off benefits in the prior year which have not repeated, and these account for £0.6 million of the increase.

Operating profit for the period was £8.8 million (2013: £5.8 million). On an adjusted basis operating profit was £8.9 million (2013: £6.5 million), a 36.9% increase year-on-year. The key driver of this improvement was the increased sales revenue and improved gross margin which generated an additional £7.1 million of gross profit, partly offset by an additional £4.7 million of adjusted operating costs, as explained above.

There were no property disposals in the period (2013: one). The prior year disposal generated no gain or loss on disposal.

The net interest charge for the Group reduced significantly to £0.8 million (2013: £1.5 million), as a result of the cancellation of the remaining interest rate derivatives in May 2013. On an adjusted basis (excluding the gains and charges as defined in note 2), the net interest charge was £0.9 million (2013: £1.8 million). Adjusting items are fair value (non-cash) movements in the MTM valuation of forward currency contracts the Group has in place. The forward currency contracts have generated a gain in the period of £0.1 million (2013: gain of £0.7 million on interest rate derivatives and forward currency contracts). Due to the nature of the underlying financial instruments, IAS39 does not allow hedge accounting to be applied to these movements and hence this gain is being applied directly to the income statement rather than offset against balance sheet reserves.

The adjusted profit before tax was £8.0 million (2013: £4.7 million), representing an increase of 70% year on year.

When adjusting items are included the statutory measure of profit before tax for the Group was £8.0 million (2013: £4.7 million). Adjusting items are detailed through the report and in the notes on page 1 and include charges against the impairment or loss on disposal of plant, property and equipment, business restructuring charges, onerous lease charges and fair value (non-cash) movements in the MTM valuation of forward currency contracts.

The effective tax rate for the 26 weeks to 29 March 2014 is 23.1% (2013: 26.0%).

Basic earnings per share were 3.18p (2013: 1.83p). Adjusting for the post tax impact of the items detailed in notes 1-3 in the highlights section the adjusted basic earnings per share were 3.22p (2013: 1.83p), an increase of 76%.

Financial Position

Capital expenditure (excluding freehold acquisitions) in the period amounted to £3.4 million (2013: £1.9 million). The majority of the increase year on year has been driven by our expanded store refit programme, investment into the new Boutique small store concept and our programme of all store improvements. We will continue to improve and expand the store estate on a selective basis and will seek to deliver a prudent balance between quality sites and our growth ambitions. An analysis of new store openings is included in the Strategic and Operational Review section of this document.

The Group currently owns 6 freehold or long leasehold sites (2013: 5), including one warehouse and distribution facility, with a total net book value of £14.0 million (2013: £13.7 million).
The Group purchased one freehold site in the period at a cost of £0.5 million (2013: no freehold sites were purchased).
There were no property disposals in the period (2013: one disposal for a consideration of £0.3 million).

At the period end cash and cash equivalents for the Group were £13.7 million (2013: £15.1 million) and borrowings were £50.0 million (2013: £60.0 million). The Group therefore had a net debt position of £36.3 million (2013: £44.9 million).

The Group has £65.0 million (2013: £65.0 million) of loan facilities in place which are non-amortising and committed to May 2015. The Group is currently in negotiations for new facilities and has received a favourable response. The Group anticipates concluding a refinancing deal during the second half of the year.

At the period end the Group had £28.8 million of inventories (2013: £26.2 million) which represented 143 days cover (2013: 134 days). This increase reflects additional stores, a drive to increase the availability of key selling lines and an expansion of the product range to include a number of new lines at higher price points.

Key Performance Indicators

As set out in our most recent annual report, we monitor our performance in implementing our strategy with reference to a clearly defined set of key performance indicators ("KPIs"). These KPIs are applied on a Group wide basis. Our performance in the 26 weeks ended 29 March 2014 is set out in the table below. The source of data and calculation methods are consistent with those used in the 2013 annual report.

Results for the 26 weeks ended 29 March 2014
Highlights

Financial KPIs	26 weeks to 29 March 2014	26 weeks to 30 March 2013
Like-for-like revenue year-on-year	**10.2%**	**(0.2)%**
Total sales growth year-on-year	**11.7%**	**0.9%**
Gross margin	**60.8%**	**59.8%**
Adjusted profit before tax *	**£8.0m**	**£4.7m**
Net debt	**£36.3m**	**£44.9m**
Adjusted earnings per share *	**3.22p**	**1.83p**
Stock days	**143**	**134**

Non Financial KPIs	26 weeks to 29 March 2014	26 weeks to 30 March 2013
Market share**	28.5%	27.0%
Number of stores at period end	330	320

** As explained on page 1 in note 2-3*
*** Market share as per September 2013*

Dividend

The Board is pleased to declare an increased interim dividend of 0.65 pence per share (2013: 0.5 pence per share). The shares will trade ex-dividend on 11 June 2014 and the dividend will be paid on 15 July 2014 to shareholders on the register at 13 June 2014.

Strategic & Operational Review

The primary goal for the business remains to take profitable market share and our strategy to achieve this remains focused on being the UK's leading tile specialist, delivering an unbeatable combination of service and outstanding value to our customers, across the following areas:

Range authority – we have the widest range of tiles in the market and aim always to be one step ahead of our customers increasingly adventurous tastes, specifically:

- We have extended the range of professional trade fitting products based on feedback gained through trade specific research;
- New product development continues to be a key driver of sales – and further extending our market leading range will continue to be a primary business focus;

- Over the second half of our financial year we will implement a new natural stone range in all stores.

Providing an inspirational shopping experience – we are fanatical about providing market leading levels of service in order that we can inspire our customers to deliver their home improvement projects, specifically:

- Over the first half of the year we have implemented a programme of all store improvements designed to deliver a significantly improved in-store shopping environment. This programme has included new counters, high level navigational signage, product titles and promotional messaging, and has been well received by customers;
- A strong customer service ethic engrained within the culture of the business.

Multi-channel convenience – convenience for our customer means Topps delivering a seamless integrated shopping experience across all of the available channels; stores, online, telephone, and also the important integration with their tile fitter. More specifically:

- At the start of the current financial year we had 328 stores. During the first half we opened 6 new stores and closed 4 stores. At the period end the Group was trading from a total of 330 stores (March 2013: 320 stores);
- Our retail customers' increasing ambition for their tile projects results in additional complexity which our trade customer base is ideally suited to help deliver. In order to increase our trade customer base further we have implemented an attractive loyalty reward programme which has helped to drive sales growth;
- During the period we commenced the trial of our new "Topps Tiles Boutique" smaller store format at three sites in London. Early trading results from these new concept stores have been encouraging and we will continue to evaluate the pilot over the remainder of the year. We expect to add a further two trial sites in and around the M25 during the second half. The Boutique concept trial is providing valuable insight into customer behaviour and store design which is also highly applicable to our estate of core stores. Some of this intelligence has been used to implement improvements to the core estate during the first half and we are planning to continue this programme across the remainder of the year;
- The Group's online strategy is focussed on making the online and in-store customer experience as integrated and seamless as possible and we have made further investments in the multichannel experience in the period driving visitor numbers, conversion and order values. Importantly, over 75% of our shoppers use toppstiles.co.uk at some stage of their journey.

The combination of these strategic initiatives creates a clear competitive advantage which we believe will continue to drive further market share growth.

Risks and Uncertainties

The Board continues to monitor the key risks and uncertainties of the Group and do not consider that there has been any material change to those documented in the 2013 Annual Report and Accounts.

Board Changes

Alan White has indicated his intention to step down from the Board before the end of the calendar year due to a series of widening business commitments. A search has been commenced for a suitable replacement and we envisage an orderly succession. Alan is the senior non-executive director and Chair of the Audit Committee and has been on the Board since 2008.

Going Concern

Based on a detailed review of the above risks and uncertainties, the financial facilities available to the Group, management's latest revised forecasts and a range of sensitised scenarios including the current rate of like-for-like sales projected forward, the Board believes the Group will continue to operate within its loan facility covenants, and meet all of its financial commitments as they fall due. In addition, as highlighted earlier in this report, the Group is currently in negotiations for new loan facilities which from discussions to date we are confident will be based on similar or improved terms. On this basis the Board consider that the Group will be able to continue as a going concern and have prepared the financial statements on this basis.

Current Trading

In the first seven weeks of the second half Group revenues, which are on a like-for-like basis, increased by 5.6% (2013: decreased by 2.6%).

Outlook

We have delivered an excellent first half performance and believe we are benefitting from both an improved level of consumer confidence and the results of a well-established and consistent strategy supported by continued investment in our business. Our goal of taking market share remains key and we are confident that we will have further strengthened our market leading position during the period.

We have made a good start to the second half with healthy levels of sales growth in the initial seven weeks of the period. We believe we continue to grow sales ahead of the market and remain confident that our strategy will continue to deliver profitable market share gains, against a backdrop of a steady improvement in UK economic indicators.

Matthew Williams
Chief Executive Officer
20 May 2014

Rob Parker
Chief Financial Officer

Cautionary statement

This Interim Management Report ("IMR") has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This interim management report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Topps Tiles Plc and its subsidiary undertakings when viewed as a whole.

Condensed Consolidated Statement of Financial Performance
for the 26 weeks ended 29 March 2014

	Note	**26 weeks ended 29 March 2014 £'000 (Unaudited)**	26 weeks* ended 30 March 2013 £'000 (Unaudited)	52 weeks* ended 28 September 2013 £'000 (Audited)
Group revenue - continuing operations	2	**97,684**	87,425	177,849
Cost of sales		**(38,263)**	(35,119)	(70,826)
Gross profit		**59,421**	52,306	107,023
Employee profit sharing		**(4,683)**	(2,762)	(6,356)
Distribution costs		**(34,736)**	(34,181)	(68,378)
Other operating expenses		**(2,547)**	(2,330)	(4,656)
Administrative costs		**(5,787)**	(4,998)	(10,025)
Sales and marketing costs		**(2,872)**	(2,231)	(3,763)
Group operating profit	2	**8,796**	5,804	13,845
Other (losses)/ gains		**-**	(1)	109
Investment revenue		**158**	389	170
Finance costs		**(998)**	(1,898)	(3,733)
Fair value gain on interest rate derivatives		**-**	448	210
Profit before taxation	2	**7,956**	4,742	10,601
Taxation	2,3	**(1,838)**	(1,234)	(1,457)
Profit for the period attributable to equity holders of the parent company		**6,118**	3,508	9,144
Earnings per ordinary share				
-basic	5	**3.18p**	1.83p	4.76p
-diluted	5	**3.15p**	1.82p	4.73p

*During the period the Group reviewed its internal reporting structure and represented certain departments' expenditure into a more appropriate operating cost caption. The comparative figures have been restated to reflect this.

There are no other recognised gains and losses for the current and preceding financial periods other than the result shown above. Accordingly a separate Condensed Consolidated Statement of Comprehensive Income has not been prepared.

Condensed Consolidated Statement of Financial Position
as at 29 March 2014

	Note	**29 March 2014 £'000 (Unaudited)**	30 March 2013 £'000 (Unaudited)	28 September 2013 £'000 (Audited)
Non-current assets				
Goodwill		**245**	245	245
Property, plant and equipment		**36,805**	34,334	35,348
		37,050	34,579	35,593
Current assets				
Inventories		**28,848**	26,246	26,196
Trade and other receivables		**6,765**	7,555	7,711
Cash and cash equivalents		**13,692**	15,115	18,443
		49,305	48,916	52,350
Total assets		**86,355**	83,495	87,943
Current liabilities				
Trade and other payables		**(33,277)**	(24,887)	(35,929)
Current tax liabilities		**(5,308)**	(5,192)	(3,734)
Provisions for liabilities and charges		**(985)**	(882)	(1,014)
Total current liabilities		**(39,570)**	(30,961)	(40,677)
Net current assets		**9,735**	17,955	11,673
Non-current liabilities				
Bank loans	6	**(49,953)**	(59,687)	(54,820)
Derivative financial instruments		**-**	(5,660)	-
Deferred tax liabilities		**(165)**	(287)	(426)
Provisions for liabilities and charges		**(2,047)**	(2,104)	(2,204)
Total liabilities		**(91,735)**	(98,699)	(98,127)
Net liabilities		**(5,380)**	(15,204)	(10,184)
Equity				
Share capital	9	**6,405**	6,403	6,404
Share premium		**1,500**	1,487	1,492
Own shares		**(10)**	(10)	(10)
Merger reserve		**(399)**	(399)	(399)
Share-based payment reserve		**1,058**	592	649
Capital redemption reserve		**20,359**	20,359	20,359
Retained earnings		**(34,293)**	(43,636)	(38,679)
Total deficit attributable to equity holders of the parent		**(5,380)**	(15,204)	(10,184)

Condensed Consolidated Statement of Changes in Equity

For the 26 weeks ended 29 March 2014

	Equity attributable to equity holders of the parent							
	Share capital £'000	**Share premium £'000**	**Own shares £'000**	**Merger reserve £'000**	**Share-based payment reserve £'000**	**Capital redemption reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 28 September 2013 (Audited)	6,404	1,492	(10)	(399)	649	20,359	(38,679)	(10,184)
Total comprehensive income for the period	-	-	-	-	-	-	6,118	6,118
Issue of share capital	1	8	-	-	-	-	-	9
Dividends	-	-	-	-	-	-	(1,919)	(1,919)
Credit to equity for equity-settled share based payments	-	-	-	-	409	-	-	409
Deferred tax on share-based payment transactions	-	-	-	-	-	-	187	187
Balance at 29 March 2014 (Unaudited)	**6,405**	**1,500**	**(10)**	**(399)**	**1,058**	**20,359**	**(34,293)**	**(5,380)**

For the 26 weeks ended 30 March 2013

	Equity attributable to equity holders of the parent							
	Share capital £'000	**Share premium £'000**	**Own shares £'000**	**Merger reserve £'000**	**Share-based payment reserve £'000**	**Capital redemption reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 29 September 2012 (Audited)	6,395	1,481	(4)	(399)	566	20,359	(45,746)	(17,348)
Total comprehensive income for the period	-	-	-	-	-	-	3,508	3,508
Issue of share capital	2	6	-	-	-	-	-	8
Dividends	-	-	-	-	-	-	(1,436)	(1,436)
Own shares purchased in the period	6	-	(6)	-	-	-	-	-
Credit to equity for equity-settled share based payments	-	-	-	-	26	-	-	26
Deferred tax on share-based payment transactions	-	-	-	-	-	-	38	38
Balance at 30 March 2013 (Unaudited)	**6,403**	**1,487**	**(10)**	**(399)**	**592**	**20,359**	**(43,636)**	**(15,204)**

Condensed Consolidated Statement of Changes in Equity (continued)

For the 52 weeks ended 28 September 2013

	Equity attributable to equity holders of the parent							
	Share capital £'000	**Share premium account £'000**	**Own shares £'000**	**Merger reserve £'000**	**Share-based payment reserve £'000**	**Capital redemption reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 29 September 2012 (Audited)	6,395	1,481	(4)	(399)	566	20,359	(45,746)	(17,348)
Profit and total comprehensive income for the period	-	-	-	-	-	-	9,144	9,144
Issue of share capital	9	11	-	-	-	-	-	20
Dividends	-	-	-	-	-	-	(2,396)	(2,396)
Own shares purchased in the period	-	-	(6)	-	-	-	-	(6)
Credit to equity for equity-settled share based payments	-	-	-	-	83	-	-	83
Deferred tax on share-based payment transactions	-	-	-	-	-	-	319	319
Balance at 28 September 2013 (Audited)	**6,404**	**1,492**	**(10)**	**(399)**	**649**	**20,359**	**(38,679)**	**(10,184)**

Condensed Statement of Cash Flows
for the 26 weeks ended 29 March 2014

	26 weeks ended 29 March 2014 £'000 (Unaudited)	26 weeks ended 30 March 2013 £'000 (Unaudited)	52 weeks ended 28 September 2013 £'000 (Audited)
Cash flow from operating activities			
Profit for the period	**6,118**	3,508	9,144
Taxation	**1,838**	1,234	1,457
Fair value gain on interest rate derivatives	**-**	(448)	(210)
Finance costs	**998**	1,898	3,733
Investment revenue	**(158)**	(389)	(170)
Other gains and losses	**-**	1	(109)
Group operating profit	**8,796**	5,804	13,845
Adjustments for:			
Depreciation of property, plant and equipment	**2,237**	2,099	4,258
Impairment of property, plant and equipment	**192**	162	553
Share option charge	**408**	26	83
Decrease/ (increase) in trade and other receivables	**946**	(285)	(486)
Increase in inventories	**(2,652)**	(329)	(279)
(Decrease)/ increase in payables	**(2,488)**	25	10,209
Cash generated by operations	**7,439**	7,502	28,183
Interest paid	**(761)**	(2,165)	(3,265)
Taxation paid	**(338)**	(1,387)	(2,649)
Net cash from operating activities	**6,340**	3,950	22,269
Investing activities			
Interest received	**64**	103	199
Purchase of property, plant and equipment	**(4,262)**	(2,238)	(5,586)
Proceeds on disposal of property, plant and equipment	**17**	287	398
Net cash used in investment activities	**(4,181)**	(1,848)	(4,989)
Financing activities			
Dividends paid	**(1,919)**	(1,437)	(2,396)
Proceeds from issue of share capital	**9**	8	14
Repayment of bank loans	**(5,000)**	-	(5,000)
Settlement of interest rate hedge	**-**	-	(5,897)
Net cash used in financing activities	**(6,910)**	(1,429)	(13,279)
Net (decrease)/ increase in cash and cash equivalents	**(4,751)**	673	4,001
Cash and cash equivalents at beginning of period	**18,443**	14,442	14,442
Cash and cash equivalents at end of period	**13,692**	15,115	18,443

1. General information

The interim report was approved by the Board on 19 May 2014. The financial information for the 26 weeks ended 29 March 2014 and similarly the 26 weeks ended 30 March 2013 has neither been audited nor reviewed by external auditors. The financial information for the 52 week period ended 28 September 2013 has been based on information in the audited financial statements for that period.

The comparative figures for the 52 week period ended 28 September 2013 are an abridged version of the Group's full financial statements and, together with other financial information contained in these interim results, do not constitute statutory financial statements of the Group as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that 52 week period has been delivered to the Registrar of Companies. The auditor has reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006.

This condensed set of consolidated financial statements has been prepared for the 26 weeks ended 29 March 2014 and the comparative period has been prepared for the 26 weeks ended 30 March 2013.

Basis of preparation and accounting policies

The annual financial statements of Topps Tiles Plc are prepared in accordance with IFRSs as adopted by the European Union. The unaudited condensed consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

Going concern

The Group is currently in advanced negotiations with its banking syndicate to renew its revolving credit facility. Based on a detailed review of the risks and uncertainties contained within the risks and uncertainties section above, the financial facilities available to the Group, management's latest revised forecasts and a range of sensitised scenarios the Board believe the Group will continue to meet all of its financial commitments as they fall due and will be able to continue as a going concern. The Board, therefore, consider it appropriate to prepare the financial statements on a going concern basis.

2. Business segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. As there is one segment, being the operation of retail stores in the UK, and the Chief Executive bases decisions on the performance of the Group as a whole, separate operating segments have not been identified.

3. Taxation

	26 weeks ended 29 March 2014 £'000 (Unaudited)	26 weeks ended 30 March 2013 £'000 (Unaudited)	52 weeks Ended 28 September 2013 £'000 (Audited)
Current tax - charge for the period	**1,912**	770	1,799
Current tax - adjustment in respect of previous years	**-**	-	(1,226)
Deferred tax – (credit) / charge for the period	**(74)**	464	875
Deferred tax - adjustment in respect of previous years	**-**	-	9
	1,838	1,234	1,457

4. Interim dividend

An interim dividend of 0.65p (2013: 0.50p) per ordinary share has been declared payable on 15 July 2014 to shareholders on the register at 13 June 2014; in accordance with IFRS the dividend will be recorded in the financial statements in the second half of the period. A final dividend of 1.00p per ordinary share was approved and paid in the period, in relation to the 52 week period ended 28 September 2013.

5. Earnings per share

Basic earnings per share for the 26 weeks ended 29 March 2014 were 3.18p (2013: 1.83p) having been calculated on earnings (after deducting taxation) of £6,118,482 (2013: £3,508,450) and on ordinary shares of 192,157,729 (2013: 191,920,097), being the weighted average of ordinary shares in issue during the period.

Diluted earnings per share for the 26 weeks ended 29 March 2014 were 3.15p (2013: 1.82p) having been calculated on earnings (after deducting taxation) of £6,118,482 (2013: £3,508,450) and on ordinary shares of 194,411,482 (2013: 193,029,737), being the weighted average of ordinary shares in issue during the period.

Adjusted earnings per share for the 26 weeks ended 29 March 2014 were 3.22p (2013: 1.83p) having been calculated on adjusted earnings after tax of £6,191,058 (2013: £3,507,551) being earnings (after deducting taxation) of £6,118,482 adjusted for the post-tax impact of the following items; the IAS 39 interest rate derivative fair value gain of £nil (2013: gain £447,545), forward currency contracts fair value gain of £94,303 (2012: gain £287,284), impairment of property, plant and equipment of £192,195 (2013: £161,684), loss on disposal of freehold property of £nil (2013: loss £745), a net credit impact of onerous lease provision reductions and certain restructuring costs of £47,006 (2013: £521,329 net charge).

6. Bank loans

	26 weeks ended 29 March 2014 £'000 (Unaudited)	26 weeks ended 30 March 2013 £'000 (Unaudited)	52 weeks ended 28 September 2013 £'000 (Audited)
Bank loans (all sterling)	**49,687**	59,422	54,555
The borrowings are repayable as follows:			
On demand or within one year	**50,000**	-	-
In the second year	**-**	-	-
In the third to fifth year		60,000	55,000
	50,000	60,000	55,000
Less: total unamortised issue costs	**(313)**	(578)	(445)
	49,687	59,422	54,555
Issue costs to be amortised within 12 months	**266**	265	265
Amount due for settlement after 12 months	**49,953**	59,687	54,820

The Group now has in place a £65.0 million committed revolving credit facility, expiring in May 2015. As at the financial period end £50.0 million of this facility was drawn, with a further £15.0 million of undrawn financing available. The loan facility contains financial covenants which are tested on a bi-annual basis.

At 20 March 2014, the Group had available £15 million (2013: £5 million) of undrawn committed banking facilities.

7. Contingent liabilities

The directors are not aware of any contingent liabilities faced by the Group as at 29 March 2014.

8. Events after the balance sheet date

There were no events after the balance sheet date to report.

9. Share capital

The issued share capital of the Group as at 29 March 2014 amounted to £6,405,000 (30 March 2013: £6,403,000). The Group issued 46,760 shares during the period increasing the number of shares from 192,127,669 to 192,174,429.

10. Seasonality of sales

Historically there has not been any material seasonal difference in sales between the first and second half of the reporting period, with approximately 50% of annual sales arising in the period from October to March.