



Topps Tiles Plc Half Year Report 2009

The business continues to demonstrate its resilience during a challenging trading period. We are delivering on our key financial and operational objectives and as the market leading brand we are confident that we will benefit as competitors withdraw and conditions improve.

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
Chief Executive Officer

Rob Parker
Finance Director

27 May 2009

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 and 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.

Group revenue £92.1 million (2008: £106.3 million)

Group like-for-like revenue decline of 18.5%

Gross margin of 59.4% (2008: 62.7%)

Operating costs of £44.4 million (2008: £45.9 million)

Operating profit £10.3 million (2008: £20.8 million)

Adjusted profit before tax £7.5 million (2008: £17.6 million)*

Profit before tax £0.6 million (2008: £15.8 million)

Adjusted earnings per share 2.99p (2008: 7.03p)**

Basic earnings per share of 0.11p (2008: 6.26p)

No interim dividend declared in order to focus on reducing the level of net debt and to improve financial flexibility (2008: 3.00p)

Net debt position of £85.0 million (2008: £94.7 million)

* Adjusted for non cash fair value charge relating to movements in interest rate derivatives of £6.9 million (2008: £1.9 million)

** Adjusted for post tax effect of non cash fair value charge relating to movements in interest rate derivatives of £4.9 million (2008: £1.3 million)

We are pleased to report our financial results for the first 26 weeks of 2008/09.

Income statement

The economic climate continues to be challenging and the reduction in consumer confidence has specifically and dramatically impacted the retail sector. Overall revenue decreased by 13.4% to £92.1 million compared with the 26 week period last year (2008: £106.3 million). Like-for-like revenues have declined by 18.5%. Overall gross margin for the Group was 59.4% compared to 62.7% last year. Within this the UK business gross margin was 60.4% compared with 63.2% last year. The key drivers of the margin decline have been a tougher trading environment and the continued weakness of Sterling which impacts the cost of our imported goods.

Operating costs reduced to £44.4 million, compared to £45.9 million in the prior year as a result of a company wide focus on cost control. During this period the business traded from an average of 341 stores compared to 321 in the prior interim period; when combined with a small amount of cost inflation this would have generated a c.7% increase in total costs. The actual costs for the period indicate an underlying reduction in costs of approximately £4.5 million.

Operating profit for the period was £10.3 million (2008: £20.8 million), a decline of 50.5% year-on-year.

There were no property disposals in the period (2008: none).

The net interest charge for the Group was £2.8 million (2008: £3.1 million).

The adjusted profit before tax was £7.5 million (2008: £17.6 million), excluding fair value (non-cash) movements on interest rate derivatives relating to the loan facility.

In addition to the interest charge above there is a fair value (non-cash) loss on the movement in the interest rate derivatives of £6.9 million (2008: £1.9 million). Due to the nature of the underlying financial instruments IAS 39 does not allow hedge accounting to be applied to these losses and hence this charge is being applied direct to the income statement rather than offset against balance sheet reserves.

Including these charges the profit before tax for the Group is £0.6 million (2008: £15.8 million).

The effective rate of corporation tax for the period was 70.6% (2008: 32.1%). The effective tax rate has been adversely impacted by a £0.6 million trading loss in Holland for which no relief against taxable profits is currently possible and no deferred tax asset has been recognised.

The effective tax rate on the UK business is 34.5% (2008: 32.1%).

Basic earnings per share were 0.11p (2008: 6.26p). Adjusting for non-cash items (fair value losses on interest rate derivatives) the revised basic earnings per share were 2.99p (2008: 7.03p).

Results for the 26 weeks ended 28 March 2009

Highlights

	26 weeks to 28 March 2009	26 weeks to 29 March 2008
Group revenue	£92.1m	£106.3m
Like-for-like revenue year-on-year	-18.5%	-0.9%
Gross margin	59.4%	62.7%
Operating profit	£10.3m	£20.8m
Operating profit – % of revenue	11.2%	19.5%
Finance costs less investment revenue	£2.8m	£3.1m
Fair value loss on interest rate derivatives	£6.9m	£1.9m
Profit before tax	£0.6m	£15.8m
Profit before tax margin	0.7%	14.8%
Adjusted basic earnings per share	2.99p	7.03p
Basic earnings per share	0.11p	6.26p
Interim dividend – per share	0.00p	3.00p
Net debt position	£85.0m	£94.7m

Key Performance Indicators

Financial KPIs

	26 weeks to 28 March 2009	26 weeks to 29 March 2008
Like-for-like sales growth year-on-year – %	-18.5%	-0.9%
Total sales growth year-on-year – %	-13.4%	+4.0%
Gross margin – %	59.4%	62.7%
Net debt	£85.0m	£94.7m
Stock days	149	147

Non-financial KPIs

	26 weeks to 28 March 2009	26 weeks to 29 March 2008
Customer satisfaction – %	99.0%	98.3%
Number of stores	339	331

Financial position

The Group currently owns six freehold or long leasehold sites and two warehouse and distribution facilities with a total net book value of £16.0 million (2008: £19.5 million).

Capital expenditure in the period amounted to £1.5 million (2008: £2.9 million), a reduction of around 50% compared to the prior year which reflects the Board's focus on cash management and a more cautious approach to expansion. During the interim period we have opened four new stores and have chosen to cease trading in seven poor performing stores, a net reduction of three. Other minor expenditure has been incurred on limited store refit activity and other infrastructure replacements. There has been no acquisition of freehold property in the first half (2008: none).

At the period end cash balances for the Group were £17.3 million (2008: £16.0 million) and borrowings were £102.2 million (2008: £110.7 million). The Group therefore has a net debt position of £85.0 million (2008: £94.7 million).

At the period end the Group had £31.6 million of inventories (2008: £32.0 million) which represents 149 inventory days cover (2008: 147 days).

Credit insurance

During the period we announced that credit insurance had been withdrawn from a number of our key suppliers. The Group has continued to trade with all affected suppliers and there has been no change to any of the commercial terms we have in place. There has, therefore, been no material impact on the business as a result of this event and our key suppliers have indicated that they remain supportive of the business.

Board change

Victor Watson did not seek re-election at the AGM on 13 January 2009 and has therefore stepped down from the Board. The Board are grateful to Victor for all of his support and contribution to the Company over a very successful 10 year period.

Dividend

In line with the Board's view at the end of the last financial year we have decided not to pay an interim dividend for the year (2008: £5.1 million). The Board remains focused on reducing the level of net debt and improving the Group's financial flexibility. The dividend policy will continue to be closely reviewed on a bi-annual basis and the Board will look to reinstate a dividend when sufficient financial flexibility and the Board's confidence in the outlook for the Group allows it.

Strategic intent

The Group strategy is focused around delivering outstanding value to our customers. The key elements to the success of this strategy are customer service, store locations, store layout, product choice and availability. We believe that this strategy will continue to serve the Company and its many stakeholders well and will see us through the current economic downturn.

Key operational objectives:

- Deliver customers outstanding value for money and service to ensure they always "return and recommend".
- Maintain our market leading position.
- Manage the store estate prudently, and open new stores where excellent property opportunities arise.
- Continue to develop our in store customer offer to maintain our competitive advantage.
- Develop additional routes to market where we believe the Topps brand can generate value.
- Ongoing review of the store portfolio to ensure our estate is keeping track with consumer shopping patterns and our cost base is as efficient as possible.

Financial objectives:

- Continued management of the business with a priority on revenues, cost control and cash generation.
- Review our dividend policy on a bi-annual basis.
- Ongoing supplier tendering and benchmarking of non stock suppliers.
- Manage the Group's exposure to fluctuations in foreign exchange.

Operational review

We are focused on trading as effectively as possible through this current economic cycle. Our primary objectives continue to be centred on optimising returns from the existing estate, managing our cost base very carefully and improving our financial flexibility. The Board continue to believe that the business is well placed to take advantage of a contraction in the competition and is satisfied with progress during the period. The resilience of the business model has been demonstrated by continuing to deliver operating profits and generate cash in spite of a very difficult trading environment.

Our main areas of cost savings have been derived from four broad areas, as follows:

- Marketing expenditure has been significantly reduced following the cessation of the national TV campaign in August 2008. Savings are in the region of £2 million compared to the prior interim period. Our marketing activities will be based on short term tactical opportunities for the remainder of the year.
- We have improved the utilisation of our own logistics infrastructure which has enabled savings in third party transport costs from warehouse to stores. Over the period we utilised 83.6% of our maximum fleet capacity (2008: 79.0%).
- Reductions in sales volumes have resulted in reduced store labour, which has driven significant salary savings. At the end of the period we employed 1,353 store staff, compared to 1,478 in March 2008, an 8.5% reduction in headcount.
- We have rationalised our central support structures and reduced headcount which is down by 10% compared to March 2008.

As previously indicated we have reduced the scale of our store opening programme from previous years. In the UK, since September 2008, we have opened 4 new stores and closed 7 stores that were poor performers. At the period end the Group was trading from a total of 339 stores (March 2008: 331), 318 in the UK, 268 Topps and 49 Tile Clearing House, and 22 stores in Holland.

The Group's e-commerce business, which launched in 2008, now enables customers to purchase the majority of the in-store offer online and also features products which are complementary to our existing ranges. This extension to the existing store estate continues to grow in popularity and has seen a steady increase in sales to the level of a good store.

We continue our involvement with local communities and sponsor over 300 local football teams through our youth football initiative, where each store sponsors a junior football team providing them with new kits and equipment.

Holland

Performance in Holland has become increasingly challenging. During the period we have seen a decline in like for like Euro revenues of 17% (2008: -3.7%) and we have recognised a loss of £0.6 million (2008: £-0.1 million). As a result of this we are continuing to review the business very closely. We have not opened any new stores and have no plans currently to expand the business further. At the end of the period we were trading from 22 stores. Since then we have closed 4 stores as a result of poor performance and are anticipating a further reduction over the rest of the year.

Risks and uncertainties

The 2008 Annual Report and Accounts highlighted that the Board's primary focus when reviewing key risks and uncertainties was a weaker outlook for the UK economy, which may result in reduced sales and earnings. This continues to be the case and the Board's response to these risks is articulated throughout this report.

This includes:

- Ongoing improvement in our existing retail operations, including regular review of our product offer and customer service to ensure that we are maximising the opportunity to deliver sales.
- Review, and reduction, of costs across all areas of the business to offset as far as possible the reduction in revenues.
- A more cautious approach to further expansion, and consequent reduction in capital expenditure.
- Tight management of cash and reduction in net debt to improve financial flexibility.
- Ongoing review of the Group's sourcing strategy to enable us to deliver greater value for money whilst maintaining returns.

The continued weakness of Sterling has caused gross profit margins to reduce in comparison to the prior year and we are constantly reviewing sourcing opportunities to protect the business from further downside. Approximately 20% of our purchases are sourced in either US dollar or Euro and whilst Sterling remains weak against both of these currencies we will be limited in opportunities to re-source. If the current exchange rates prevail for the remainder of the year then we would expect a further reduction of the gross margin when compared to the first half as the full effect of more expensive purchases cascades through the business.

Since the publication of the 2008 Report and Accounts there have continued to be significant reductions in interest rates. As we indicated at the year end the Group will see only a small amount of direct benefit due to the majority of the Company debt being hedged through a series of interest rates derivatives.

The removal of credit insurance from a number of suppliers during the period, as described above, did not cause the business any material impact and the Board do not believe that any significant impacts are likely during the remainder of the year.

The Group's loan facility contains financial covenants which are tested on a bi-annual basis. Based on current trading and the Board's current expectations for the next 12 months the Board expect that the Group will be able to continue to operate within its current financial covenants. The primary assumption within these estimates is that the business can maintain sales at the current levels and this remains a key uncertainty. The Board's basis for this estimate is the level of actual weekly cash takings over the last 12 weeks. Appropriate downward sensitivities have also been reviewed and, whilst limited headroom does exist, there are also further mitigating actions that can be taken if required.

We continue to maintain a constructive dialogue with our lenders and the Board is satisfied that a covenant revision, if required, would be agreed. A renegotiation of the Group's current loan facilities would be likely to result in both a one off bank fee plus an ongoing increase in the Group's cost of borrowing.

The Board remains confident that the business will continue to be both profitable and cash generative and as such will not require any additional funding.

In addition to the above risks the Board considers other key risks include its relationship with key suppliers, the potential threat of new competitors, the risk of failure of key information technology systems, loss of key personnel and development of substitute products.

The Directors will continue to monitor all of the key risks and uncertainties and the Board will take appropriate actions to mitigate these risks and their potential outcomes.

Going concern

Based on a detailed review of the above risks and uncertainties, 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.

Related party transactions

There have been no material changes in the related party transactions described in the last annual report.

Current trading

In the first seven weeks of the current period overall Group revenues declined 9.6%. Like-for-like revenues across the Group declined 11.9%.

Outlook

We recognise that there are key uncertainties in the economic outlook with ongoing pressure on consumer spending levels. We have continued to deliver our financial objective of reducing costs and maximising cash generation and the business model has demonstrated its resilience during a very challenging trading period.

Operationally our objectives remain focused upon the ongoing development of the customer offer and sustaining high levels of customer service. We are the market leader and we are confident that we will be able to benefit as competitors withdraw and economic conditions improve.

Matthew Williams
Chief Executive Officer
27 May 2009

Rob Parker
Finance Director

Consolidated Group income statement

For the 26 weeks ended 28 March 2009



	Note	26 weeks ended 28 March 2009 £'000 (Unaudited)	26 weeks ended 29 March 2008 £'000 (Unaudited)	52 weeks ended 27 September 2008 £'000 (Audited)
Group Revenue	2	92,076	106,338	208,084
Cost of sales		(37,375)	(39,703)	(79,537)
Gross profit		54,701	66,635	128,547
Operating expenses:				
Employee profit sharing		(2,416)	(3,713)	(6,514)
Distribution costs		(34,208)	(31,884)	(66,142)
Other operating expenses		(3,091)	(2,826)	(7,024)
Administration costs		(3,488)	(4,100)	(8,082)
Sales and marketing costs		(1,188)	(3,354)	(6,165)
Group operating profit before impairment of goodwill		10,310	20,758	35,805
Impairment of goodwill		-	-	(1,185)
Group operating profit	2	10,310	20,758	34,620
Other gains		-	-	877
Investment revenue		222	598	992
Finance costs		(3,049)	(3,741)	(7,302)
Fair value loss on interest rate derivatives		(6,857)	(1,854)	(1,464)
Profit before taxation	2	626	15,761	27,723
Taxation	3	(442)	(5,058)	(11,370)
Profit after taxation for the period attributable to equity holders of the parent Company		184	10,703	16,353
Earnings per ordinary share	5			
- basic		0.11p	6.26p	9.56p
- diluted		0.11p	6.25p	9.55p

All the above results relate to continuing operations

Consolidated statement of recognised income and expense

For the 26 weeks ended 28 March 2009

	26 weeks ended 28 March 2009 £'000 (Unaudited)	26 weeks ended 29 March 2008 £'000 (Unaudited)	52 weeks ended 27 September 2008 £'000 (Audited)
Exchange differences on retranslation of overseas operation	348	-	248
Tax effect of share options exercised	-	147	-
Deferred tax on share options taken directly to equity	(43)	(307)	(305)
Profit for the period	184	10,703	16,353
Total recognised income and expense for the period attributable to equity holders of the parent Company	489	10,543	16,296

Consolidated balance sheet

As at 28 March 2009



	Note	28 March 2009 £'000 (Unaudited)	29 March 2008 £'000 (Unaudited)	27 September 2008 £'000 (Audited)
Non-current assets				
Goodwill		245	1,430	245
Property plant and equipment		39,320	42,237	40,386
		39,565	43,667	40,631
Current assets				
Inventories		31,621	31,953	30,496
Trade and other receivables		3,215	6,764	7,909
Cash and cash equivalents		17,271	15,982	13,977
		52,107	54,699	52,382
Total assets		91,672	98,366	93,013
Current liabilities				
Trade and other payables		(29,642)	(32,255)	(29,961)
Derivative financial instruments		(8,782)	(2,334)	(2,110)
Bank loans	6	(7,250)	(4,907)	(7,250)
Current tax liabilities		(5,379)	(7,995)	(8,878)
		(51,053)	(47,491)	(48,199)
Net current assets		1,054	7,208	4,183
Non-current liabilities				
Bank loans	6	(94,338)	(105,744)	(97,963)
Deferred tax liabilities		(979)	(963)	(1,964)
Total liabilities		(146,370)	(154,198)	(148,126)
Net liabilities		(54,698)	(55,832)	(55,113)
Equity				
Share capital		5,703	5,703	5,703
Share premium		1,001	1,001	1,001
Merger reserve		240	240	240
Share-based payment reserve		248	262	322
Capital redemption reserve		20,359	20,359	20,359
Forex reserve		596	-	248
Retained earnings		(82,845)	(83,397)	(82,986)
Total deficit		(54,698)	(55,832)	(55,113)

Consolidated cash flow statement

For the 26 weeks ended 28 March 2009

	26 weeks ended 28 March 2009 £'000 (Unaudited)	26 weeks ended 29 March 2008 £'000 (Unaudited)	52 weeks ended 27 September 2008 £'000 (Audited)
Cash flow from operating activities			
Group profit from operations	10,310	20,758	34,620
Adjustments for:			
Depreciation of property, plant and equipment	2,421	2,319	4,792
Impairment of goodwill	-	-	1,185
Share option charge	(73)	40	100
Loss on sales of fixed assets	582	285	513
Decrease/(increase) in receivables	4,540	287	(833)
(Increase)/decrease in inventories	(801)	(886)	877
(Decrease)/increase in payables	(184)	80	(2,557)
Cash generated by operations	16,795	22,883	38,697
Interest paid	(3,811)	(2,693)	(6,154)
Payment of loan arrangement fee	-	-	(530)
Taxation paid	(4,969)	(6,074)	(10,650)
<i>Net cash from operating activities</i>	8,015	14,116	21,363
Cash flows from investing activities			
Interest received	435	556	960
Purchase of property, plant and equipment	(1,531)	(2,928)	(6,622)
Proceeds of sale of property, plant and equipment	58	-	4,004
<i>Net cash used in investment activities</i>	(1,038)	(2,372)	(1,658)
Cash flows from financing activities			
Proceeds from issue of share capital	-	337	337
Repayment of loans	(3,750)	-	(5,000)
Dividends paid	-	(11,880)	(17,014)
<i>Net cash used in financing activities</i>	(3,750)	(11,543)	(21,677)
Net increase/(decrease) in cash and cash equivalents	3,227	201	(1,972)
Cash and cash equivalents at beginning of period	13,977	15,781	15,781
Effect of foreign exchange rate changes	67	-	168
Cash and cash equivalents at end of period	17,271	15,982	13,977

Notes to the financial statements

For the 26 weeks ended 29 March 2009



1. Basis of preparation

General information The interim report was approved by the Board on 26 May 2009. The financial information for the 26 weeks ended 28 March 2009 and similarly the 26 weeks ended 29 March 2008 has neither been audited nor reviewed. The financial information for the 52 week period ended 27 September 2008 has been based on information in the audited financial statements for that period.

The information for the 52 week period ended 27 September 2008 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that 52 week period has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matter by way of emphasis and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

Accounting policies The annual financial statements of Topps Tiles Plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed 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.

Basis of preparation

Based on a detailed review of the risks and uncertainties (see pages 5 and 6 of the interim management report), 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.

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.

2. Business segments

Segmental revenue and profit before taxation by business activity were as follows:

	26 weeks ended 28 March 2009 £'000 (Unaudited)	26 weeks ended 29 March 2008 £'000 (Unaudited)	52 weeks ended 27 September 2008 £'000 (Audited)
Revenue			
Topps	77,429	89,952	175,312
TCH	10,205	12,327	23,977
Holland	4,442	4,059	8,795
Total revenue	92,076	106,338	208,084
Group operating profit			
Topps	10,513	19,287	34,353
TCH	519	1,936	3,112
Holland	(634)	(135)	(758)
Other central costs	(88)	(330)	(2,087)
Total Group operating profit	10,310	20,758	34,620
Other gains	-	-	877
Finance costs less investment revenue	(2,827)	(3,143)	(6,310)
Fair value loss on interest rate derivatives	(6,857)	(1,854)	(1,464)
Profit before taxation	626	15,761	27,723

3. Taxation

	26 weeks ended 28 March 2009 £'000 (Unaudited)	26 weeks ended 29 March 2008 £'000 (Unaudited)	52 weeks ended 27 September 2008 £'000 (Audited)
Current tax – charge for the period	1,470	5,180	9,711
Current tax – adjustment in respect of previous periods	–	282	1,209
Deferred tax – (credit)/charge for the period	(1,028)	(404)	434
Deferred tax – adjustment in respect of previous periods	–	–	16
	442	5,058	11,370

4. Interim dividend The Board are continuing with the dividend policy adopted in the period ended 27 September 2008 and therefore no interim dividend has been declared (2008: 3.00p per share, £5.1 million). No Dividends have been paid in the period (2008: £11.9 million).

5. Earnings per share Basic earnings per share for the 26 weeks ended 28 March 2009 have been calculated on earnings (after deducting taxation) of £184,000 (2008: £10,703,000) and on ordinary shares of 171,092,178 (2008: 170,927,366), being the weighted average of ordinary shares in issue during the period.

Diluted earnings per share for the 26 weeks ended 28 March 2009 have been calculated on earnings (after deducting taxation) of £184,000 (2008: £10,703,000) and on ordinary shares of 171,008,982 (2008: 171,297,777), being the weighted average of ordinary shares in issue during the period.

Adjusted earnings per share have been calculated on earnings before the IAS 39 interest rate derivative fair value movement charge and property disposal gains (after deducting taxation) of £5,090,295 (2008: £12,035,000).

6. Bank loans

	26 weeks ended 28 March 2009 £'000 (Unaudited)	26 weeks ended 29 March 2008 £'000 (Unaudited)	52 weeks ended 27 September 2008 £'000 (Audited)
Bank loans (all sterling)	101,588	110,651	105,213
The borrowings are repayable as follows:			
On demand or within one year	7,500	5,000	7,500
In the second year	7,500	5,000	7,500
In the third to fifth year	87,250	101,000	91,000
	102,250	111,000	106,000
Less: total unamortised issue costs	(662)	(349)	(787)
	101,588	110,651	105,213
Less: amount due for settlement within 12 months (shown under current liabilities)	(7,500)	(5,000)	(7,500)
Issue costs to be amortised within 12 months	250	93	250
Amount due for settlement after 12 months	94,338	105,744	97,963

7. Contingent liabilities The directors are not aware of any contingent liabilities faced by the Group as at 28 March 2009.

8. Events after the balance sheet date There have been no material events subsequent to the end of the interim reporting period ended 28 March 2009.

9. Share capital The issued share capital of the Group for the period ended 27 September 2008 amounted to £5,703,000. There has been no change to the issued share capital in the six months ended 28 March 2009.

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.

11. Copies of the interim results Copies of the interim results have been sent to shareholders, and further copies can be obtained from the Company's Registered Office at Topps Tiles Plc, Thorpe Way, Grove Park, Enderby, Leicestershire LE19 1SU.

Details are also available on our website: www.toppstiles.co.uk.

Topps Tiles

Midlands

Birmingham - Erdington
Birmingham - Solihull
Birmingham - Sheldon
Boston
Burton upon Trent
Cannock
Chesterfield
Coventry
Coventry Binley
Derby
Derby Omaston
Evesham
Grantham
Hereford
Kidderminster
Kings Heath
Leicester
Leicester Grove Park
Lincoln
Long Eaton
Mansfield
Newark
Newcastle under Lyme
Nottingham
Redditch
Rugby
Shrewsbury
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Stafford
Stamford
Stoke on Trent
Stratford upon Avon
Tamworth
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Eltham
Enfield
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Fulham
Gunnersbury
Harrow
Highgate
Ilford
Mile End
Mitcham
New Cross Gate
New Southgate
Old Kent Road
Penge
Raynes Park
Richmond
Romford
Ruislip
Southall
Stamford Hill
Stevenage ■
Twickenham
Uxbridge
Vauxhall
Waltham Cross
Wandsworth
Watford

Wembley
West Wickham

South

Abingdon
Ashford
Aylesbury
Banbury
Barnstaple
Basildon
Basingstoke
Bedford
Bexhill
Bishops Stortford
Bognor Regis
Bodmin
Braintree
Brentwood
Bridgwater
Brighton
Bristol - Clevedon
Bristol - Bedminster
Bristol - Cribbs Causeway
Broadstairs
Buckingham ■
Bury St Edmunds
Byfleet
Camberley
Cambridge
Canterbury
Chichester
Chippenham ■
Chelmsford
Cheltenham
Chesham
Christchurch
Clacton
Colchester
Crayford
Cromer
Eastbourne
Eriith

Exeter
Exmouth
Fareham
Farnborough
Farnham
Folkestone
Grays
Gatwick
Gloucester
Harlow
Great Yarmouth
Guildford
Hemel Hempstead
Hengrove
Horsham
Huntingdon
Ipswich
Ipswich Martlesham
Isle Of Wight
Kettering
Kings Lynn
Launceston
Letchworth
Lewes
Lowestoft
Luton
Maidstone
Milton Keynes
Newbury
Newhaven
Northampton
Norwich
Orpington
Oxford
Oxford - Watlington
Peterborough
Plymouth
Poole
Portsmouth
Rayleigh
Reading
Salisbury

Sittingbourne
Slough
Southend On Sea
Southampton
Hedgend
Southampton
Millbrook
St Albans
St Neots
Sudbury
Swindon
Taunton
Thetford
Tiverton
Tonbridge
Torquay
Tunbridge Wells
Uckfield
Wellingborough
Welwyn Garden City
Weston Super Mare
Winchester
Wisbech
Yeovil

Wales

Barry
Bridgend
Cardiff
Cardiff - South
Glamorgan
Cross Hands
Flint
Haverfordwest
Holyhead
Merthyr Tydfil
Neath
Rhyl
Swansea
Wrexham

North

Aintree
Anfield
Barnsley
Barrow In Furness
Birkenhead
Birstall
Blackburn
Blackpool
Bolton
Bradford
Carlisle
Cheadle
Chelmsford
Chester
Chorley
Cleveleys
Congleton
Crewe
Darlington
Doncaster
Durham
Grimsby
Harrogate
Huddersfield
Hull
Leeds
Leek
Macclesfield
Manchester - Audenshaw
Manchester - Green Quarter
Manchester - Failsworth
Manchester - Hyde
Manchester - Salford
Manchester - Sale
Manchester - Stockport
Morecambe
Nantwich
Northwich

Oldham
Ormskirk
Penrith
Pontefract
Preston
Rotherham
Scarborough
Sheffield - Meadowhall
Stockton
St Helens
Sunderland
Tyneside
Wakefield
Warrington
Widnes
Wigan
York

Scotland

Aberdeen
Dumfries
Dundee
Edinburgh - Sighthill
Edinburgh - Leith
Falkirk
Glasgow
Leek
Glasgow - Govan ■
Glasgow - Greenock
Glasgow - Hillington
Glasgow - Shawfield
Inverness
Perth
Wishaw

Tile Clearing House

Midlands

Cheltenham
Birmingham Great Barr
Kettering
Kidderminster
Northampton
Norwich
Nottingham
Nuneaton
Peterborough
Shrewsbury
Stoke-on-Trent
Stoke on Trent - Fenton
Wolverhampton

London

Barking
Basildon
Beckenham
Charlton
Croydon
Darford
Hayes
Orpington
Park Royal
Southgate
Staples Corner

South

Bournemouth
Eastbourne
Exeter
Harlow
Ilford
Plymouth
Swindon

Wales

Swansea

North

Blackpool
Bradford
Cheadle
Crosby
Doncaster
Liverpool - Maghull
Hull
Lincoln
Oldham
Preston
Stockport
Warrington
Wigan

Scotland

Aberdeen
Edinburgh

Holland Stores

Almere
Amersfoort
Amsterdam
Amsterdam 2
Beuningen
Capelle
Duivern
Eindhoven
Enschede

Groningen
Heerhugowaard
Helmond
Sliedrecht
Tiel
Utrecht
Veenendaal
Waalwijk
Zwolle

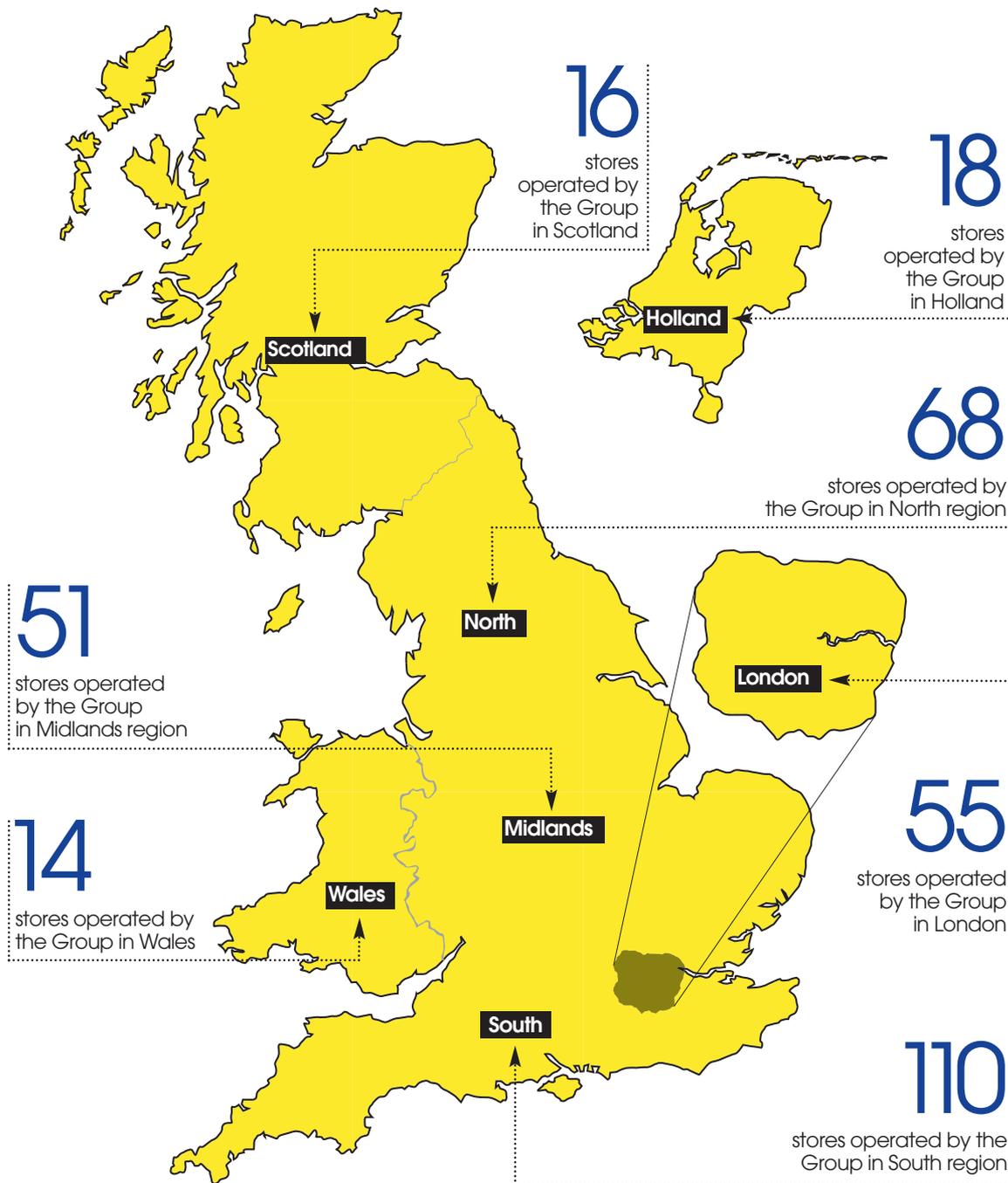
TOTAL 332 STORES

■ New store 2008/09 (including brand swaps).

Topps Tiles - Store numbers	
Stores at the beginning of the period	263
New stores opened	5
Closures (including brand swaps)	0
Stores at the end of the period	268
Changes since the end of the period	-1
Stores currently trading	267

Tile Clearing House - Store numbers	
Stores at the beginning of the period	57
New stores opened	0
Closures (including brand swaps)	-8
Stores at the end of the period	49
Changes since the end of the period	-2
Stores currently trading	47

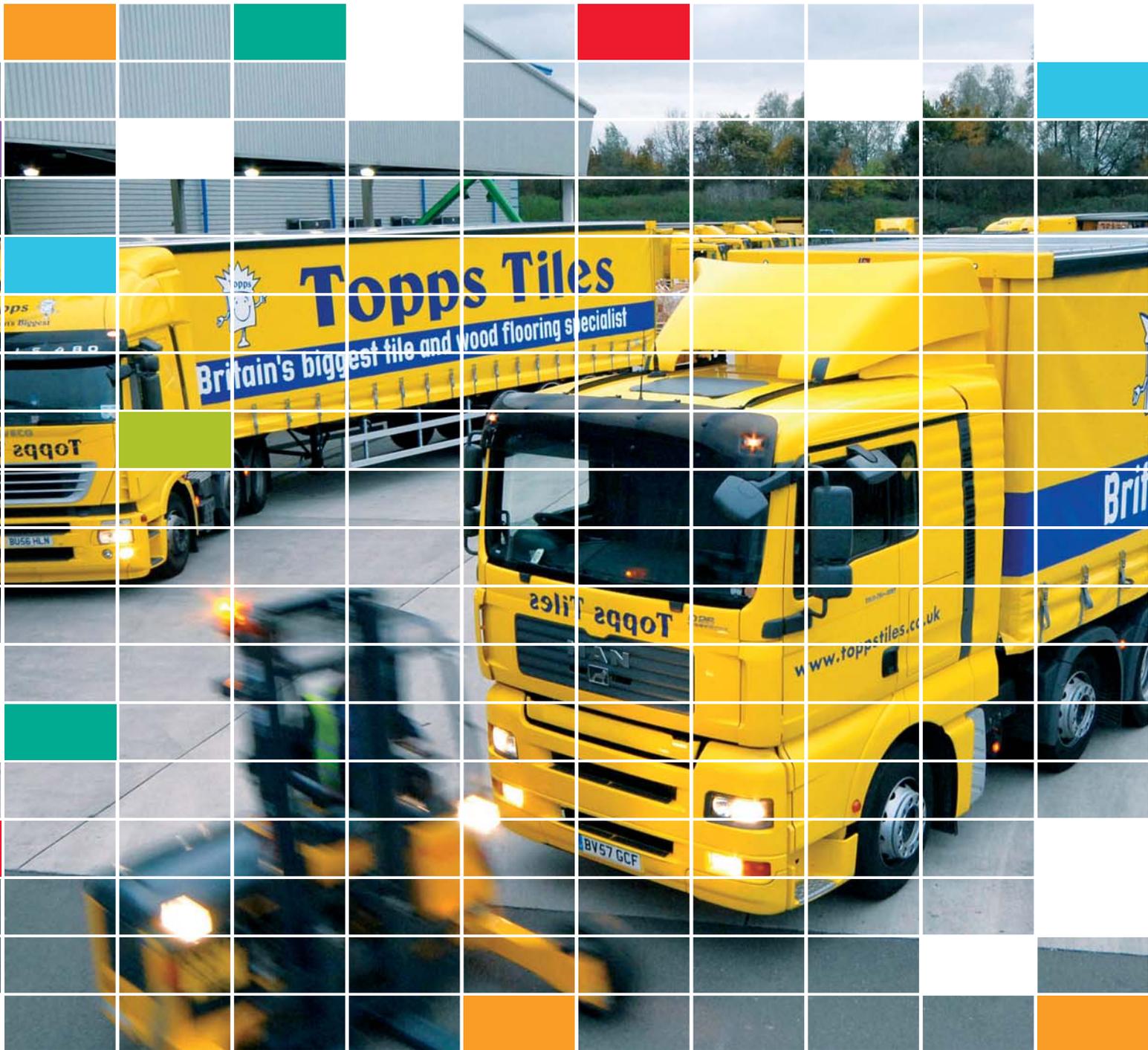
Holland - Store numbers	
Stores at the beginning of the period	22
New stores opened	0
Closures (including brand swaps)	0
Stores at the end of the period	22
Changes since the end of the period	-4
Stores currently trading	18



INVESTOR IN PEOPLE



More information available online: www.toppstiles.co.uk



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