1 June 2011

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

UNAUDITED INTERIM MANAGEMENT REPORT FOR THE 26 WEEKS ENDED 2 April 2011

HIGHLIGHTS

- Group like-for-like revenue increased by 1.8% (2010: increase of 2.0%)
- Group revenue £89.2 million (2010: £91.4 million), 1.5% increase when restated on a same reporting week basis
- Gross margin of 59.7% (2010: 58.8%)
- Operating costs of £44.1 million (2010 : £43.5 million)
- Operating profit £9.1 million (2010: £10.3 million)
- Adjusted operating profit £9.3 million (2010 : £10.5 million) [1]
- Profit before tax £10.0 million (2010 : £7.4 million)
- Adjusted profit before tax £7.2 million (2010 : £7.8 million) [2]
- Basic earnings per share of 3.85p (2010: 3.39p)
- Adjusted earnings per share 2.76p (2010: 3.01p)[3]
- Interim dividend of 0.50p (2010 : no interim dividend)
- Net debt position of £50.0 million (2010: £57.7 million)[4]
- Additional warehousing facility will be completed and operational for quarter 4

Notes
[1] Adjusted operating profit is adjusted for the impairment of plant, property and equipment, £nil million (2010: £0.2 million) and the loss on disposal of plant, property and equipment and onerous lease charges of £0.2 million (2010: £nil)[2] Adjusted profit before tax is adjusted for the effect of the items above plus write off of remaining 2006 loan fees of £0.2 million (2010: £nil) and a £3.3 million (non cash) gain relating to the interest rate derivatives the Group (defined as Topps Tiles Plc and all its subsidiaries) has in place (per IAS 39) (2010: £0.2 million loss)
[3] Adjusted for the post tax effect of the interest rate derivatives gain, impairment and loss on disposal of plant, property and equipment, onerous lease charges, the write off of remaining 2006 loan fees highlighted above and the impact of discontinued operations
[4] Net debt is defined as bank loans, before amortised issue costs (note 7) and less cash and cash equivalents.

Please note this interim management report has been prepared for the 26 weeks ended 2 April 2011 and the comparative period has been prepared for the 27 weeks ended 3 April 2010. With the exception of the Group like-for-like revenue measure which is comparable, the highlights are presented on this basis and are not entirely comparable. The impact of the additional week in the comparative period was to increase revenue by £3.6 million and operating profit by £0.4 million.

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

"I consider this to have been a robust performance, in light of the prevailing economic conditions and in comparison to our sector peers. We are encouraged with these results, which demonstrate growth in like-for-like sales and gross margin over the period, and are in line with management's expectations. We remain committed to our strategy of delivering outstanding value and service to our customers which will enable us to retain our market leading position.

"We are continuing to manage the business by balancing short term constraints with longer term opportunities. Like-for-like sales growth across the period has given us confidence to continue investing in infrastructure to drive longer term growth and to increase marketing spend to continue to promote our brand. Current trading results reflect a more cautious approach amongst our consumers but we remain confident that we will continue to deliver our financial and operational objectives".

For further information please contact:

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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	*Finance Director*

1 June 2011

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.

INTERIM MANAGEMENT REPORT

Please note this interim management report has been prepared for the 26 weeks ended 2 April 2011 and the comparative period has been prepared for the 27 weeks ended 3 April 2010. With the exception of the Group like-for-like revenue measure which is comparable, the highlights are presented on this basis and are not entirely comparable. The impact of the additional week in the comparative period was to increase revenue by £3.6 million and operating profit by £0.4 million.

Income statement

We are pleased to report our financial results for the first 26 weeks of the 2010/11 financial year.

The economic environment remains challenging for retailers, in particular those within the discretionary spend sector, with consumer confidence continuing to be subdued. However, during the first half of our financial year our business performance has been solid and we are pleased with these results, which are in line with management’s expectations.

Overall revenue decreased by 2.5% to £89.2 million (2010: £91.4 million). However, when restated on a same reporting period to last year total revenue increased by 1.5%. Like-for-like revenues have increased by 1.8%. Overall gross margin for the Group was 59.7% compared to 58.8% last year. We are very satisfied to see such a solid improvement in gross margin, which has been driven by both an improvement in foreign currency exchange rates we have traded at and the continuing benefits of our supplier tendering programmes.

Operating costs were £44.1 million, compared to £43.5 million in the prior year. The principal driver of increased costs was an additional investment in marketing expenditure of c.£1.3 million for a national TV campaign.

During this period the business traded from an average of 312 UK stores compared to 309 in the prior interim period.

Operating profit for the period was £9.1 million (2010: £10.3 million), a decrease of 11.2% year-on-year.

There were no property disposals in the period (2010: none).

The net interest charge for the Group was £2.3 million (2010: £2.7 million).

The adjusted profit before tax and discontinued operations was £7.2 million (2010: £7.8 million).

In addition to the interest charge above there is a fair value (non-cash) gain on the movement in the interest rate derivatives of £3.3 million (2010: loss of £0.2 million). 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 direct to the income statement rather than offset against balance sheet reserves.

Including these gains, the impairment and loss on disposal of plant, property and equipment, onerous lease charges, and write off of remaining 2006 loan fees, the profit before tax for the Group is £10.0 million (2010: £7.4 million)

The effective tax rate for 26 weeks to 2 April 2011 is 27.7% (2010: 26.0%). In the prior year the effective tax rate was lower due to the inclusion of a non taxable gain of £1 million in respect of the Netherlands.

Basic earnings per share were 3.85p (2010: 3.39p). Adjusting for the post tax impact of the items detailed on notes 1-3 in the highlights section the adjusted basic earnings per share were 2.76p (2010 : 3.01p).

Board Changes

As announced on 18 May 2011 Barry Bester retired as Non-executive Chairman of the Board, and as a Director of the Group with immediate effect. Barry is succeeded as Non-executive Chairman by the Rt. Hon Michael Jack, the Company's senior Non-executive Director who joined the Board in 1999. In addition the Board has made significant progress towards the appointment of further Non-executive Directors and expects to be able to announce at least one new Directorship in the near future.

Financial Position

The Group currently owns 8 (2010: 6) freehold or long leasehold sites including two warehouse and distribution facilities with a total net book value of £16.3 million (2010: £13.4m).

Capital expenditure in the period amounted to £5.4 million (2010: £1.5 million). We have opened 3 new stores in the period. New store openings will continue to be an important part of our growth strategy and we are keen to increase the pace of openings. We believe a target of approximately 10 net openings a year will provide a prudent balance between quality sites and our growth ambitions. In addition to store openings we commenced construction of an additional warehousing facility at our Leicestershire headquarters which has impacted capital expenditure in the period – total build costs for this are in the region of £1.6 million in the period. We also continue to focus on maximising efficiencies and rationalising discretionary expenditure. The Group purchased one freehold site in the period at a cost of £1.6m (2010: none).

At the period end cash and cash equivalents for the Group were £16.1 million (2010: £37.0 million) and borrowings were £66.1 million (2010: £94.8 million). The Group therefore has a net debt position of £50.0 million (2010: £57.7 million).

During the period the refinancing of Group loan facilities was completed and the Group now has a committed £75 million revolving credit facility through to May 2015.

At the period end the Group had £25.3 million of inventories (2010: £26.1 million) which represents 126 inventory days cover (2010: 125 days).

Key Performance Indicators

As set out in our most recent annual report, we monitor our performance implementing our strategy with reference to clear targets set for key performance indicators (“KPIs”). These KPIs are applied on a Group wide basis. Performance in the 26 week ended 2 April 2011 is set out in the table below. The source of data and calculation methods are consistent with those used in the 2010 annual report.

Results for the 27 weeks ended 2 April 2011
Highlights

Financial KPIs	**26 weeks to 2 April 2011**	**27 weeks to 3 April 2010**
Like-for-like revenue year on year	**1.8%**	**+ 2.0%**
Total sales growth year-on-year	**(2.5)%**	**+ 4.3%**
Gross margin	**59.7%**	**58.8%**
Adjusted profit before tax *	**£7.2m**	**£7.8m**
Net debt	**£50.0m**	**£57.7m**
Stock days	**126**	**125**

Non Financial KPIs	**26 weeks to 2 April 2011**	**27 weeks to 3 April 2010**
Market share	25.5%	24.0%
Net Promoter Score % (explained below)	88.3%	n/a
Number of stores at period end	313	309

* As explained on page 1

Note - Net Promoter Score is a new measure we have adopted in favour of customer satisfaction ratings. The score is calculated based on customers feedback to the question of how likely they are to recommend Topps Tiles to friends or colleagues. The scores are based on a numerical scale from

0-10 which allows customer to be split into promoters (9 -10), passives (7-8) and detractors (0-6). The final score is based on % of promoters less % of detractors.

Dividend

At the end of the last financial year the Board decided to resume dividend payments based upon progress in two key areas – stability in trading patterns and also the expectation that the business would be able to successfully extend its existing lending facilities. We are pleased to see that the trading patterns have continued to show good levels of stability and we have now successfully completed the renegotiation of our banking facilities and have new committed facilities in place until May 2015. The Board is therefore pleased to declare an interim dividend of 0.5 pence per share. The dividend will be paid on 8 July 2011 to shareholders on the register as at 10 June 2011.

Strategic Intent

The Group strategy is focussed around engaging our people to deliver outstanding value and service to our customers, and maximise returns for our shareholders.
Key operational objectives:

- Maintain our market leading position of the UK non contract tile market
- Deliver customers outstanding value for money and service to ensure they always “return and recommend” through continued measurement of the “Net Promoter Score” system
- Maintain competitive advantage through continued development of our in store customer offer
- Continued development of our online offering to maintain market leading service offer to customers
- Prudent management of the store estate - opening new stores that complement the existing portfolio, refitting stores on a rolling programme basis, converting appropriate Tile Clearing House (TCH) locations to the Topps Tiles brand and, where necessary, relocating stores to ensure that our portfolio compliments consumer shopping patterns as efficiently as possible
- Encourage share ownership - we consider share ownership to be a key link between shareholder returns and the engagement of all of our people. The company has had Save As You Earn schemes in place for several years and in addition we plan to launch a Buy As You Earn scheme during this financial year.

Financial objectives:

- Driving profit growth with a primary focus on increasing revenues and cash generation, maintaining tight cost control and a stable net debt position
- Maximising earnings per share and shareholder returns, including review of our dividend policy on a bi-annual basis
- Ongoing supplier tendering and benchmarking of non-stock suppliers
- Managing the Group’s exposure to fluctuations in foreign exchange rates
- Maintaining a capital structure which enables an appropriate balance of financial flexibility and capital efficiency

Progress against these objectives is discussed throughout this report and, where appropriate measures are utilised, these are included in the key performance indicators section.

Operational review

Our primary objectives continue to be centred on optimising returns from the existing estate, pro-active management of our cost base and sustaining our financial flexibility. The Board is pleased with performance during the period which has again demonstrated the strength and resilience of the business model. Net debt has stabilised as the business has started to invest the cash generated from operations into new infrastructure and dividend payments have re-commenced. The Board believes that the business is well placed to maintain its market leading position and take advantage of a contraction in the competition.

As discussed in the financial review, we continue to maintain a close focus on costs and have only seen increases in costs in areas where the Group deemed additional investment was appropriate. The key area where expenditure has increased has been in marketing. Our marketing activities have increased from historically low levels, albeit marketing spend remains closely monitored with only very competitively priced initiatives being undertaken during the period.

As indicated in our report for the 53 week period ended 2 October 2010 we had reviewed our store expansion strategy during the prior three years to take account of the prevailing economic conditions.

Whilst we maintain that prudent approach to expansion of our store estate, only considering those opportunities that are an excellent fit with the existing portfolio, we have returned to store growth and have plans in place to increase the size of the estate by approximately 8 stores during the current financial year, the majority of which will commence trading during the second half of the financial year. Since September 2010 we have opened 3 new stores and closed 2 stores. At the period end the Group was trading from a total of 313 stores in the UK (April 2010: 309 stores), 277 Topps and 36 Tile Clearing House (TCH). We have converted 2 stores from the TCH format to Topps Tiles during the period and results demonstrate that stores can deliver higher sales densities under the Topps brand name. We have plans in place to convert a further 3 TCH stores over the remainder of the financial year.

In order to facilitate the expansion of the store estate and integrate the supply chain further, the Board agreed that an additional warehousing facility would be required. Construction of the facility at our Leicestershire headquarters began in January 2010 and will be fully operational during the final quarter of the financial year. The warehouse will play a significant role in our logistics strategy over the coming years as we further integrate our supply chain and allow increased levels of sourcing direct from factory gates, which will provide a platform for further gross margin growth.

The Group's online strategy is focussed on making the online and in-store customer experience as integrated and seamless as possible. The website continues to move forwards with the launch of a "visualizer" planned for the second half of the year. This will allow customers even greater flexibility when researching their projects online - browsing ranges, mixing and matching different styles, themes and colours, and then completing their purchase online or in-store, depending upon their preference. Online sales now represent c.1.5% of the Group's turnover, the equivalent of our best performing store.

We continue our commitment to making a positive contribution to the local communities served by our stores. The Topps' priority is to be a 'good neighbour' and we endeavour to instil this ethos in our community relations through sponsorship and charitable initiatives. We work closely with local communities through our nationwide youth football programme, sponsoring over 300 local junior football teams, providing new kits and equipment to each team. Our work with the British Association of Modern Mosaic is ongoing and we sponsor two national Mosaic competitions which focus on primary schools and community workshops. We are also proud to continue our support for our nominated charity Help for Heroes, which we hope to make Topps' biggest ever fundraising campaign and to date we have raised approximately £150,000 for the charity.

Risks and uncertainties

The 2010 Annual Report and Accounts highlighted that the Board's primary focus when reviewing key risks and uncertainties are:

- The continuing challenges of the UK economy and anticipated business impact
- Balancing the Group's plans for UK growth against the uncertain economic outlook
- Ensuring that the Group's capital structure remains appropriate and that future funding requirements are accessible

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
- Careful management of costs across all areas of the business with increased expenditure only in those areas that the Board decides are appropriate to drive growth and deliver long term strategic benefits
- Careful management of cash and a stable net debt position to enable financial flexibility
- Ongoing review of the Group's sourcing strategy to enable us to deliver greater value for money whilst maintaining returns and minimising the risk of reliance on any individual supplier

During the period the Group's loan facility was renegotiated with existing lenders, at a cost of £1.125 million. The Group now has a committed £75.0 million revolving credit facility with existing lenders through to May 2015. 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 comfortably within its current financial covenants.

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, 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.

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 Group revenues, which are on a like-for-like basis, decreased by 2.1%.

Outlook

The economic environment remains challenging for retailers and as a result we anticipate consumer confidence will continue to be subdued.

Whilst we recognise that consumers are likely to continue to face ongoing pressure on spending levels, we are encouraged by the trading patterns we have seen over the first six months of this financial year. Current trading, whilst slightly negative, is not significantly different from our expectations and the later part of the last 7 weeks offers more cause for encouragement. We will continue to make measured investments in infrastructure and marketing in order to drive longer term growth, further promote our brand and deliver our financial and operational objectives.

Matthew Williams	**Rob Parker**
Chief Executive Officer	*Finance Director*
1 June 2011	

Condensed Consolidated Statement of Financial Performance
for the 26 weeks ended 2 April 2011

	Note	**26 weeks ended 2 April 2011 £'000 (Unaudited)**	27 weeks ended 3 April 2010 £'000 (Unaudited)	53 weeks ended 2 October 2010 £'000 (Audited)
Group revenue - continuing operations	2	**89,171**	91,432	182,406
Cost of sales		**(35,940)**	(37,652)	(75,254)
Gross profit		**53,231**	53,780	107,152
Employee profit sharing		**(3,376)**	(3,293)	(6,902)
Distribution costs		**(32,231)**	(32,971)	(64,492)
Other operating expenses		**(2,359)**	(2,360)	(5,452)
Administrative costs		**(3,375)**	(3,655)	(7,044)
Sales and marketing costs		**(2,771)**	(1,229)	(3,385)
Group operating profit before exceptional items		**9,119**	10,475	21,093
Impairment of plant, property and equipment		**-**	(203)	(815)
Restructuring and other one-off costs		**-**	-	(401)
Group operating profit	2	**9,119**	10,272	19,877
Other gains and losses		**-**	-	100
Investment revenue		**263**	202	453
Finance costs		**(2,606)**	(2,923)	(5,275)
Fair value gain/(loss) on interest rate derivatives		**3,258**	(178)	(2,780)
Profit before taxation	2	**10,034**	7,373	12,375
Taxation	2,3	**(2,784)**	(2,182)	(3,903)
Profit for the period from continuing operations		**7,250**	5,191	8,472
Discontinued operations				
Profit for the period from discontinued operations	4	**-**	1,022	1,502
Profit for the period attributable to equity holders of the parent company		**7,250**	6,213	9,974
Earnings per ordinary share	6			
From continuing operations				
-basic		**3.85p**	2.83p	4.56p
-diluted		**3.77p**	2.77p	4.46p
From continuing and discontinued operations				
-basic		**3.85p**	3.39p	5.37p
-diluted		**3.77p**	3.31p	5.26p

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 2 April 2011

	Note	**2 April 2011 £'000 (Unaudited)**	3 April 2010 £'000 (Unaudited)	2 October 2010 £'000 (Audited)
Non-current assets				
Goodwill		**245**	245	245
Property, plant and equipment		**34,859**	31,787	31,639
		35,104	32,032	31,884
Current assets				
Inventories		**25,307**	26,112	24,874
Trade and other receivables		**7,193**	6,964	7,594
Cash and cash equivalents		**16,110**	37,042	41,879
		48,610	70,118	74,347
Total assets		**83,714**	102,150	106,231
Current liabilities				
Trade and other payables		**(25,046)**	(23,543)	(25,588)
Derivative financial instruments		**(7,299)**	(7,960)	(10,557)
Bank loans	7	**-**	(7,250)	(7,250)
Current tax liabilities		**(7,373)**	(6,158)	(6,181)
Total current liabilities		**(39,718)**	(44,911)	(49,576)
Net current assets		**8,892**	25,207	24,771
Non current liabilities				
Bank loans	7	**(65,016)**	(87,091)	(83,466)
Deferred tax liabilities		**(637)**	(1,544)	(422)
Provisions for liabilities and charges		**(1,403)**	(1,112)	(1,297)
Total liabilities		**(106,774)**	(134,658)	(134,761)
Net liabilities		**(23,060)**	(32,508)	(28,530)
Equity				
Share capital	10	**6,275**	6,273	6,273
Share premium		**1,022**	1,001	1,001
Merger reserve		**(399)**	(399)	(399)
Share-based payment reserve		**414**	256	367
Capital redemption reserve		**20,359**	20,359	20,359
Retained earnings		**(50,731)**	(59,998)	(56,131)
Total Equity		**(23,060)**	(32,508)	(28,530)

Condensed Consolidated Statement of Changes in Equity
For the 26 weeks ended 2 April 2011

	Equity attributable to equity holders of the parent							
	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 3 October 2010 (Audited)	6,273	1,001	(399)	367	20,359	-	(56,131)	(28,530)
Total comprehensive income for the period	-	-	-	-	-	-	7,250	7,250
Issue of share capital	2	21	-	-	-	-	-	23
Credit to equity for equity-settled share based payments	-	-	-	47	-	-	-	47
Deferred tax on share-based payment transactions	-	-	-	-	-	-	32	32
Dividends	-	-	-	-	-	-	(1,882)	(1,882)
Balance at 2 April 2011 (Unaudited)	**6,275**	**1,022**	**(399)**	**414**	**20,359**	**-**	**(50,731)**	**(23,060)**

For the 27 weeks ended 3 April 2010

	Equity attributable to equity holders of the parent							
	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 27 September 2009 (Audited)	5,703	1,001	240	240	20,359	336	(81,161)	(53,282)
Total comprehensive income for the period	-	-	-	-	-	-	6,213	6,213
Shares issued in respect of placing and open offer	570	14,296	-	-	-	-	-	14,866
Transfer to retained earnings	-	(14,296)	-	-	-	-	14,296	-
Credit to equity for equity-settled share based payments	-	-	-	16	-	-	-	16
Release of reserve on disposal of subsidiary	-	-	(639)	-	-	(336)	639	(336)
Deferred tax on share-based payment transactions	-	-	-	-	-	-	15	15
Balance at 3 April 2010 (Unaudited)	**6,273**	**1,001**	**(399)**	**256**	**20,359**	**-**	**(59,998)**	**(32,508)**

Condensed Consolidated Statement of Changes in Equity (continued)

For the 53 weeks ended 2 October 2010

	Equity attributable to equity holders of the parent							
	Share capital £'000	**Share premium account £'000**	**Merger reserve £'000**	**Share-based payment reserve £'000**	**Capital redemption reserve £'000**	**Foreign exchange reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 27 September 2009 (Audited)	5,703	1,001	240	240	20,359	336	(81,161)	(53,282)
Profit and total comprehensive income for the period	-	-	-	-	-	-	9,974	9,974
Shares issued in respect of placing and open offer	570	14,296	-	-	-	-	-	14,866
Transfer to retained earnings	-	(14,296)	-	-	-	-	14,296	-
Credit to equity for equity-settled share based payments	-	-	-	127	-	-	-	127
Deferred tax on share-based payment transactions	-	-	-	-	-	-	121	121
Release of reserve on disposal of subsidiary	-	-	(639)	-	-	(336)	639	(336)
Balance at 2 October 2010 (Audited)	**6,273**	**1,001**	**(399)**	**367**	**20,359**	**-**	**(56,131)**	**(28,530)**

Condensed Statement of Cash Flows
for the 26 weeks ended 2 April 2011

	26 weeks ended 2 April 2011 £'000 (Unaudited)	27 weeks ended 3 April 2010 £'000 (Unaudited)	53 weeks ended 2 October 2010 £'000 (Audited)
Cash flow from operating activities			
Profit for the period	**7,250**	6,213	9,974
Profit for the period from discontinued operations	**-**	(1,022)	(1,502)
Taxation	**2,784**	2,182	3,903
Fair value (gain)/loss on interest rate derivatives	**(3,258)**	178	2,780
Finance costs	**2,606**	2,923	5,275
Investment revenue	**(263)**	(202)	(453)
Other gains and losses	**-**	-	(100)
Group operating profit	**9,119**	10,272	19,877
Adjustments for:			
Depreciation of property, plant and equipment	**2,040**	2,031	4,040
Impairment of property, plant and equipment	**-**	202	815
Restructuring and other one-off costs	**-**	-	401
Share option charge	**47**	16	127
Loss on sale of property, plant and equipment	**144**	-	-
Decrease/(increase) in trade and other receivables	**57**	(2,952)	(3,351)
(Increase)/decrease in inventories	**(433)**	615	1,853
Increase/(decrease) in payables	**773**	(5,755)	(3,991)
Cash generated by operations	**11,747**	4,429	19,771
Interest paid	**(2,705)**	(2,883)	(5,308)
Payment in respect of loan renegotiation	**(1,125)**	-	-
Taxation paid	**(1,345)**	(1,878)	(4,112)
Net cash from/(used in) operating activities	**6,572**	(332)	10,351
Investing activities			
Interest received	**594**	115	107
Purchase of property, plant & equipment	**(5,909)**	(1,479)	(4,292)
Proceeds on sale of property, plant & equipment	**-**	4	949
Net cash used in investment activities	**(5,315)**	(1,360)	(3,236)
Financing activities			
Proceeds from issue of share capital	**23**	14,874	14,874
Repayment of borrowings	**(91,000)**	(3,750)	(7,500)
Amortisation of issue costs	**(300)**	-	-
New bank loans raised	**66,125**	-	-
Dividends paid	**(1,882)**	-	-
Net cash (used in)/from financing activities	**(27,034)**	11,124	(7,374)
Net (decrease)/increase in cash and cash equivalents	**(25,777)**	9,432	14,489
Cash and cash equivalents at beginning of period	**41,879**	27,270	27,270
Effect of foreign exchange rate changes	**8**	340	120
Cash and cash equivalents at end of period	**16,110**	37,042	41,879

1.General information

The interim report was approved by the Board on 1 June 2011. The financial information for the 26 weeks ended 2 April 2011 and similarly the 27 weeks ended 3 April 2010 has neither been audited nor reviewed. The financial information for the 53 week period ended 2 October 2010 has been based on information in the audited financial statements for that period.

The comparative figures for the 53 week period ended 2 October 2010 are an abridged version of the Group's full financial statements and, together with other financial information contained in these interim results, does 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 53 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 2 April 2011 and the comparative period has been prepared for the 27 weeks ended 3 April 2010. The impact of the additional week's trading in the comparative period was to increase revenue by £3.6 million and operating profit by £0.4 million. The comparative amounts in the consolidated financial statements are not entirely comparable as a result.

Basis of preparation

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

Going concern

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.

Accounting policies.

This unaudited condensed consolidated set of financial statements has been prepared in accordance with International Financial Reporting Standards (IFRS) 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.

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. These segments comprise (a) Topps Tiles retail operations in the UK; (b) TCH retail operations in the UK; and (c) the Topps Floorstore operation in Holland, which was disposed on 22 December 2009.

There has been no change in the basis of segmentation or in the basis of measurement of segment profit or loss in the period. Segment result represents the profit / (loss) earned by each segment without allocation of the central administration costs including Directors' salaries, other gains and losses, investment income, finance costs, fair value loss on interest rate derivatives and income tax expense.

No inter-segment sales were made during the periods presented.

The following is an analysis of the Group's revenue and results by reportable segment in the 26 weeks ended 2 April 2011:

26 weeks ended 2 April 2011	Topps £'000	TCH £'000	Topps Floorstore £'000	Discontinued operations £'000	Consolidated £'000
Revenue	82,460	6,711	-	-	89,171
Result					
Segment result	9,330	11	-	-	9,341
Central administration costs					(222)
Operating profit					9,119
Investment revenues					263
Finance costs					(2,606)
Fair value gain on interest rate derivatives					3,258
Profit before tax					10,034
Tax					(2,784)
Profit after tax					7,250

2. Business segments (continued)

The following is an analysis of the Group's revenue and results by reportable segment in the 27 weeks ended 3 April 2010:

27 weeks ended 3 April 2010	Topps	TCH	Topps Floorstore	Discontinued operations	Consolidated
	£'000	£'000	£'000	£'000	£'000
Revenue	82,402	9,030	1,014	(1,014)	91,432
Result					
Segment result	10,343	420	1,032	(1,032)	10,763
Central administration costs					(491)
Operating profit					10,272
Investment revenues					202
Finance costs					(2,923)
Fair value loss on interest rate derivatives					(178)
Profit before tax					7,373
Tax					(2,182)
					5,191
Profit for the period from discontinued operations					1,022
Profit after tax and discontinued operations					6,213

The following is an analysis of the Group's revenue and results by reportable segment in the 53 weeks ended 2 October 2010:

53 weeks ended 2 October 2010	Topps	TCH	Topps Floorstore	Discontinued operations	Consolidated
	£'000	£'000	£'000	£'000	£'000
Revenue	165,068	17,338	1,014	(1,014)	182,406
Result					
Segment result	20,276	964	1,022	(1,022)	21,240
Central administration costs					(1,363)
Operating profit					19,877
Other gains and losses					100
Investment revenues					453
Finance costs					(5,275)
Fair value loss on interest rate derivatives					(2,780)
Profit before tax					12,375
Tax					(3,903)
					8,472
Profit for the period from discontinued operations					1,502
Profit after tax and discontinued operations					9,974

There have been no material changes to the measure of assets and liabilities between the Group reportable segments from the amounts disclosed in the last annual financial statements and the measure of assets and liabilities between the Group's reportable segments is not regularly provided to the chief operating decision maker. Accordingly it is not presented in this half year report.

3.Taxation

	26 weeks ended 2 April 2011 £'000 (Unaudited)	27 weeks ended 3 April 2010 £'000 (Unaudited)	53 weeks ended 2 October 2010 £'000 (Audited)
Current tax - charge for the period	**2,609**	2,500	5,276
Current tax - adjustment in respect of previous years	**(72)**	-	(39)
Deferred tax – effect of reduction/(increase) in UK corporation tax rate	**14**	-	(31)
Deferred tax - charge/(credit) for the period	**225**	(318)	(1,246)
Deferred tax - adjustment in respect of previous years	**8**	-	(57)
	2,784	2,182	3,903

4. Discontinued operations

On 18 December 2009, the Group announced that it was withdrawing funding to the Dutch operation, which resulted in Topps Retail BV being placed into administration on 22 December 2009. The transaction was completed on 22 December 2009, on which date control of Topps Retail BV passed to the administrator and was therefore accounted as a disposal in the consolidated financial statements for the 53 week period ended 2 October 2010.

The results of the discontinued operations, which have been included in the consolidated statement of financial performance, were as follows:

	26 weeks ended 2 April 2011 £'000 (Unaudited)	27 weeks ended 3 April 2010 £'000 (Unaudited)	53 weeks ended 2 October 2010 £'000 (Audited)
Revenue	**-**	1,014	1,014
Expenses	**-**	(1,329)	(1,329)
Loss before tax	**-**	(315)	(315)
Attributable tax expense	**-**	-	-
	-	(315)	(315)
Profit on disposal of discontinued operations	**-**	1,337	1,337
	-	1,022	1,022
Attributable tax expense on profit on disposal	**-**	-	480
Net profit attributable to discontinued operations	**-**	1,022	1,502

During the period, Topps Retail BV contributed £nil (2010: £7,000) to the Group's net operating cash flows, contributed £nil (2010: £57,000) in respect of investing activities and paid £nil (2010: £nil) in respect of financing activities.

In the prior period, a profit of £1,337,000 arose on the disposal of Topps Retail BV, being the proceeds of disposal (£nil) less the carrying amount of the subsidiary's liabilities.

The effect of discontinued operations on segment results is disclosed in note 2.

5. Interim dividend

An interim dividend of 0.50p per ordinary share has been declared payable on 8 July 2011 to shareholders on the register at 10 June 2011; 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 53 week period ended 2 October 2010.

6. Earnings per share

Basic earnings per share for the 26 weeks ended 2 April 2011 have been calculated on earnings (after deducting taxation) of £7,250,000 (2010: £6,213,000) and on ordinary shares of 188,223,227 (2010: 183,179,922), being the weighted average of ordinary shares in issue during the period.

Diluted earnings per share for the 26 weeks ended 2 April 2011 have been calculated on earnings (after deducting taxation) of £7,250,000 (2009: £6,213,000) and on ordinary shares of 192,309,421 (2010: 187,697,731), 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 gain (2010: loss), impairment and loss on disposal of property, plant and equipment, onerous lease charges and the write off of the remaining 2006 loan fees (after deducting taxation) of £5,185,681 (2010: £5,521,651). The impact of discontinued operations has been excluded from the calculation.

7. Bank Loans

	26 weeks ended 2 April 2011 £'000 (Unaudited)	27 weeks ended 3 April 2010 £'000 (Unaudited)	53 weeks ended 2 October 2010 £'000 (Audited)
Bank loans (all sterling)	**65,016**	94,341	90,716
The borrowings are repayable as follows:			
On demand or within one year	**-**	7,500	7,500
In the second year	**-**	87,250	7,500
In the third to fifth year	**66,125**	-	76,000
	66,125	94,750	91,000
Less: total unamortised issue costs	**(1,109)**	(409)	(284)
	65,016	94,341	90,716
Less: amount due for settlement within 12 months (shown under current liabilities)	**-**	(7,500)	(7,500)
Issue costs to be amortised within 12 months	**-**	250	250
Amount due for settlement after 12 months	**65,016**	87,091	83,466

During the period the refinancing of Group loan facilities was completed and the Group now has a committed £75 million revolving credit facility with existing lenders through to May 2015. The £91 million outstanding balance on the previous loan was repaid and the balance of the unamortised issue costs relating to the original loan, which amounted to £0.2 million, has been fully written off in the period.

Issue costs of £1.125 million, incurred under the new facility, will be amortised over the period of the agreement.

8. Contingent liabilities

The directors are not aware of any contingent liabilities faced by the Group as at 2 April 2011.

9. Events after the balance sheet date

There has been no material event subsequent to the end of the interim reporting period ended 2 April 2011.

10. Share capital

The issued share capital of the Group as at 2 April 2011 amounted to £6,275,000 (3 April 2010: £6,273,000). The Group issued 41,520 shares during the period increasing the number of shares from 188,202,323 to 188,243,843.

11. 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.