Topps Tiles

19 May 2015

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

UNAUDITED INTERIM REPORT FOR THE 26 WEEKS ENDED 28 MARCH 2015

Encouraging sales growth, Further market share gains, Extending appeal of the Topps brand

HIGHLIGHTS

Topps Tiles Plc, the UK's largest tile specialist with 343 stores, announces its interim results for the 26 weeks ended 28 March 2015.

	26 weeks ended 28 March 2015	26 weeks ended 29 March 2014	YoY%
Group revenue	£104.0 million	£97.7 million	+6.4%
Like-for-like revenue growth year on year	+5.3%	+10.2%	
Gross margin	60.7%	60.8%	(10)bps
Adjusted operating profit[1]	£9.6 million	£8.9 million	+7.9%
Adjusted profit before tax[2]	£9.1 million	£8.0 million	+13.8%
Adjusted earnings per share[3]	3.67p	3.22p	+14.0%
Interim dividend	0.75p	0.65p	+15.4%
Net debt[4]	£31.0 million	£36.3 million	£5.3 million
Operating profit	£10.1 million	£8.8 million	+14.8%
Profit before tax	£9.1 million	£8.0 million	+13.8%
Basic earnings per share	3.67p	3.18p	+15.4%

Financial Highlights

- Total sales growth of 6.4%, with like-for-like sales ahead by 5.3%
- Gross margin of 60.7% (2014: 60.8%) with underlying gains offset by growth of lower margin trade business
- Adjusted EPS growth of 14.0% year on year (2014: 76%)
- Net debt reduced by £5.3 million year on year to £31.0 million at 28 March
- Interim dividend increased by 15.4% to 0.75p (2014: 0.65p)

Operational Highlights

- Growth ahead of the tile market – reflecting successful focus on taking profitable market share.
- Trade sales increased to 48.3% of total (2014: 44.0%) driven by accelerating "do it for me" trend and extension of successful trade loyalty scheme
- Completed roll-out of updated branding to all stores
- Launch of new online "tile visualiser" and tablet PCs across the estate to enhance the in-store customer experience
- Extension of Topps Tiles Boutique store trial – two further stores opened in Knutsford and St John's Wood with plans to be trading from 12-13 stores by year end.

Current Trading and Outlook

- Like for like sales over 6 weeks to 9 May 2015 increased by 5.1% (2014: 6 weeks to 10 May 2014 increased by 6.1%)

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

"Topps had an encouraging first half, increasing like-for-like sales by 5.3% and achieving further growth in market share. Initiatives to upgrade and rebrand our stores, making the shopping experience even more inspirational, have been well-received by customers. Our well-established trade offer is also ensuring that we keep pace with the accelerating "do it for me" trend, as more customers than ever use a professional fitter for their tiling project.

We have made a positive start to the second half, with like-for-like sales up by 5.1% in the first six weeks of the period. Looking ahead, we are well-positioned to grow our market share further as we continue to extend the appeal of the Topps brand."

Notes

[1] Adjusted operating profit is adjusted for the gain on a lease surrender of £0.6 million (2014: nil), and loss on disposal of plant, property and equipment, movements in onerous provisions and business restructuring costs of £0.1m million (charge) (2014: £0.1m charge).

[2] Adjusted profit before tax is adjusted for the effect of the items above plus an increase to the provision for interest charges relating to historical HMRC corporation tax enquiries of £0.5 million (2014: nil) and a gain on disposal of one freehold property of £0.1 million (2014: nil). The prior year adjusted profit before tax is adjusted for £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).

[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.

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

UNAUDITED INTERIM REPORT

The Group delivered a successful first half performance, with further sales growth, stable gross margins and strong growth in profits. We believe this result reflects an outperformance of the UK domestic tile market, driving further market share gains during the period. Our strategy continues to focus on offering customers outstanding value for money through an industry-leading product range, world class customer service and multichannel convenience. The Board wishes to extend its gratitude to colleagues across the business for their continued hard work and dedication without which these results would not have been possible.

Income Statement

Overall, first half revenue increased by 6.4% to £104.0 million (2014: £97.7 million). On a like-for-like basis sales increased by 5.3% which, when taken on a two year basis, including 2014 like-for-like growth of 10.2%, represents growth of 15.5%. Analysing like-for-like sales growth by quarter shows a 6.0% improvement in quarter one and 4.5% growth in quarter two.

Gross margin for the period was 60.7% (2014: 60.8%). Gross margin is a key metric for the business and we continue to work closely with our suppliers to deliver a unique combination of market leading products and exceptional value to our customers. Our key areas of focus for gross margin are mix of business between trade and retail customers, direct sourcing, exclusivity and new product development.

Operating costs were £53.1 million, compared to £50.6 million in the prior interim period. On an adjusted basis, (excluding one off charges as defined in note 1) operating costs were £53.5 million, compared to £50.5 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 336 stores vs 328 in the prior year), inflation and the impact of increased volumes account for approximately £2.1 million of additional costs; and
- Employee profit share increased by £0.7 million as a result of the strong financial performance and covers a range of incentives from store commissions through to long term incentive plans

Operating profit for the period was £10.1 million (2014: £8.8 million). On an adjusted basis operating profit was £9.6 million (2014: £8.9 million), a 7.9% increase year-on-year. The key driver of this improvement was the increased sales revenue which generated an additional £3.8 million of gross profit, partly offset by an additional £3.1 million of adjusted operating costs, as explained in note 1 above.

There was one property disposal in the period which generated a gain of £0.1 million (2014: no disposals).

The net interest charge for the Group was £1.0 million (2014: £0.8 million). On an adjusted basis (excluding the gains and charges as defined in note 2), the net interest charge was £0.6 million (2014: £0.9 million). Adjusting items are fair value (non-cash) movements in the mark to market valuation ("MTM") of forward currency contracts the Group has in place and movements in the provision for interest charges relating to historical HMRC corporation tax enquiries. The charge for the period is £0.5 million (2014: £0.1 million gain). The Group does not apply hedge accounting (as per IAS39) to gains or losses on the forward currency contracts the Group has in place and hence this gain is being applied directly to the income statement rather than offset against balance sheet reserves.

Adjusted profit before tax was £9.1 million (2014: £8.0 million), representing an increase of 13.8% year on year.

When adjusting items are included, the statutory measure of profit before tax for the Group was £9.1 million (2014: £8.0 million). Adjusting items are detailed through the interim report and in the notes on page 2 and include charges against the impairment or loss on disposal of plant, property and equipment, business restructuring charges, onerous lease charges, fair value (non-cash) movements in the MTM valuation (as explained in net interest above) of forward currency contracts and charges relating to historical HMRC corporation tax enquiries.

The effective tax rate for the 26 weeks to 28 March 2015 is 21.8% (2014: 23.1%). The expected full year effective tax rate is 21.8% (2014: 23.1%).

Basic earnings per share were 3.67p (2014: 3.18p). 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 3.67p (2014: 3.22p), an increase of 14.0%.

Financial Position

Capital expenditure (excluding freehold acquisitions) in the period amounted to £3.9 million (2014: £3.4 million). The increase year on year has been driven by our investment in store rebranding which has accounted for £0.9 million of expenditure. We continue to improve and expand the store estate on a selective basis, seeking 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 8 freehold or long leasehold sites (2014: 6), including one warehouse and distribution facility, with a total net book value of £16.6 million (2014: £14.0 million).

The Group purchased two freehold sites in the period at a cost of £1.2 million (2014: £0.5 million).
There was 1 property disposal in the period with proceeds of £0.6 million (2014: no property disposals).

At the period end cash and cash equivalents for the Group were £14.0 million (2014: £13.7 million) and borrowings were £45.0 million (2014: £50.0 million), giving a net debt position of £31.0 million (2014: £36.3 million).

The Group has £50.0 million (2014: £65.0 million) of loan facilities in place which are non-amortising and committed to June 2019.

At the period end the Group had £30.4 million of inventories (2014: £28.8 million) which represented 141 days cover (2014: 143 days). This increase reflects the growth in the store estate, a drive to increase the availability of key selling lines and new product ranges which 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 28 March 2015 is set out in the table below. The source of data and calculation methods are consistent with those used in the 2014 annual report.

Results for the 26 weeks ended 28 March 2015
Highlights

Financial KPIs	**26 weeks to 28 March 2015**	**26 weeks to 29 March 2014**
Like-for-like revenue year-on-year	**5.3%**	**10.2%**
Total sales growth year-on-year	**6.4%**	**11.7%**
Gross margin	**60.7%**	**60.8%**
Adjusted operating profit	**£9.6m**	**£8.9m**
Adjusted profit before tax *	**£9.1m**	**£8.0m**
Net debt	**£31.0m**	**£36.3m**
Adjusted earnings per share *	**3.68p**	**3.22p**
Stock days	**141**	**143**

Non Financial KPIs	**26 weeks to 28 March 2015**	**26 weeks to 29 March 2014**
Market share (UK domestic market only)**	30.3%	28.5%
Number of stores at period end	340	330

** As explained on page 1 in note 2-3*
*** Market share as per September 2014 based on UK domestic tile market which is estimated as 50% of the overall UK tile market.*

Dividend

The Board is pleased to declare an increased interim dividend of 0.75 pence per share (2014: 0.65 pence per share). The shares will trade ex-dividend on 11 June 2015 and the dividend will be paid on 15 July 2015 to shareholders on the register at 12 June 2015.

Strategic & Operational Review

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

Range authority – Topps has the most comprehensive and up-to-date range of quality tiles in the UK market, with over 70 new tile ranges launched in the last year. Within our sector we are recognised as a leader in product innovation, enabling us to keep one step ahead of our customers' increasingly adventurous tastes. Specifically, we have built range authority through:

- Continuous product innovation and driving new sourcing, format, print and glazing approaches to create desirable and on-trend designs.
- Extending the range of professional trade fitting and related products based on feedback received from our fast-growing trade loyalty programme.
- Evolving our natural stone and small tile ranges to bring the latest designs to market and create a clear differential over other tile retailers.

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

- Over the last twelve months all stores have been refreshed internally and externally, with new signage and consistent modern branding that supports our position as the leading tile retailer in the UK and the place to find the latest designs and receive expert advice.
- We are leading our market with the launch of a new online visualisation tool which enables customers to view a range of tiles in a variety of room settings. We have also brought this technology into store by providing tablet computers to support the interactive sales process.
- We have established a new brand audit process to help support consistency and our drive to constantly improve the world class service we provide.
- We have launched a very successful rewards programme for our trade customers that is encouraging even greater levels of loyalty amongst this important customer group, which is becoming an increasingly important channel to market as the trend for "do it for me" accelerates. The trade proportion of overall business has increased significantly over recent years and now accounts for around half of revenues. The rewards programme has over 9,000 active traders currently and later this year will be linked to a new customer relationship management system.
- We continue to provide world class levels of customer service and will extend our advantage through the launch of new "platinum service" standards in H2

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

- Our stores remain the dominant channel with 99% of customers coming to store at some stage of their journey with us. At the start of the current financial year we had 335 stores. During the first half we opened 9 new stores and closed 4 stores. At the period end the Group was trading from a total of 340 stores (March 2014: 330 stores);
- Our retail customers' increasingly ambitious tile projects result in additional complexity which our trade customer base is ideally suited to help deliver. We have implemented a series of initiatives to support our traders and make shopping with Topps easier for them.
- During the period we continued the "Topps Tiles Boutique" smaller store format trial in 5 stores in London. Trading results from these new concept stores remain encouraging and we have plans to extend the trial over the remainder of our financial year. Two further stores at Knutsford and St John's Wood have been opened since the period end and we have plans in place to be trading from 12-13 stores by year end. The trial extension will also include a "Boutique Plus" format which includes a larger back of shop space to hold limited quantities of stock. Boutique Plus enables us to service traders' immediate needs and also facilitate customer collections, whilst maintaining the benefits of the Boutique showroom. This will be evaluated next year.
- The Group's online strategy is focussed on making the online and in-store customer experience as integrated and seamless as possible. Online we have made further investments in the multichannel experience such as a totally new checkout process and delivery options menu, a new more intuitive tile selection process and enhanced style / inspiration areas of the site. We continue to see good growth in visitor numbers, conversion and orders online. Importantly, we know that over 75% of our customers use toppstiles.co.uk at some stage of their journey with us but that less than 1% use online as the only channel.

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 2014 Annual Report and Accounts.

Board Changes

In February 2015 Keith Down joined the Board as a Non-Executive Director and Chairman of our Audit Committee. Keith is Group Finance Director at Go-Ahead Group Plc and was previously a director at JD Wetherspoon plc. At the same time, Claire Tiney was appointed as the Senior Independent Director, following the retirement of Alan White.

Our Non-Executive Chairman, Michael Jack, retired from the Board in March 2015, having spent fifteen years as a Non-Executive Director with the last three and half years as Chairman. The Board would like to place on record their thanks and appreciation for Michael's unwavering dedication and significant contribution to the business over this period.

Michael was replaced as Non-executive Chairman by Darren Shapland. Darren has over 25 years of retail and public company experience, including five years as Chief Financial Officer of J Sainsbury plc. He is currently Chairman of Poundland Group Plc and Maplin Electronics Limited, and a Non-Executive Director at Ladbrokes Plc and Wolseley Plc.

The Board is now comprised of an Independent Non-executive Chairman, three Independent Non-Executive Directors and two Executive Directors, and its composition is fully compliant with the Combined Code.

Going Concern

Based on a detailed review 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. 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 six weeks of the second half Group revenues, which are on a like-for-like basis, increased by 5.1% (2014: increased by 6.1%).

Outlook

We have delivered a strong first half performance and are benefitting from a well- executed and consistent strategy supported by continued investments in our business to lay the foundations for future growth.

We have made a good start to the second half with healthy levels of sales growth in the initial six weeks. We continue to grow sales ahead of the market and remain confident that our strategy will continue to deliver profitable market share gains.

Matthew Williams
Chief Executive Officer
19 May 2015

Rob Parker
Chief Financial Officer

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*

19 May 2015

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 28 March 2015

	Note	**26 weeks ended 28 March 2015 £'000 (Unaudited)**	26 weeks ended 29 March 2014 £'000 (Unaudited)	52 weeks ended 27 September 2014 £'000 (Audited)
Group revenue - continuing operations		**104,026**	97,684	195,237
Cost of sales		**(40,834)**	(38,263)	(76,367)
Gross profit		**63,192**	59,421	118,870
Employee profit sharing		**(5,429)**	(4,683)	(9,827)
Distribution costs		**(35,588)**	(34,736)	(69,161)
Other operating expenses		**(2,586)**	(2,547)	(5,359)
Administrative costs		**(6,644)**	(5,787)	(11,665)
Sales and marketing costs		**(2,885)**	(2,872)	(4,672)
Group operating profit		**10,060**	8,796	18,186
Other gains		**81**	-	401
Investment revenue		**93**	158	251
Finance costs		**(1,132)**	(998)	(2,147)
Profit before taxation		**9,102**	7,956	16,691
Taxation	3	**(1,986)**	(1,838)	(4,179)
Profit for the period attributable to equity holders of the parent company		**7,116**	6,118	12,512
Earnings per ordinary share				
-basic	5	**3.67p**	3.18p	6.49p
-diluted	5	**3.65p**	3.15p	6.43p

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

Condensed Consolidated Statement of Financial Position as at 28 March 2015

	Note	**28 March 2015 £'000 (Unaudited)**	29 March 2014 £'000 (Unaudited)	27 September 2014 £'000 (Audited)
Non-current assets				
Goodwill		**245**	245	245
Property, plant and equipment		**43,334**	36,805	41,294
		43,579	37,050	41,539
Current assets				
Inventories		**30,441**	28,848	27,846
Trade and other receivables		**7,249**	6,765	5,800
Cash and cash equivalents		**14,024**	13,692	19,547
		51,714	49,305	53,193
Total assets		**95,293**	86,355	94,732
Current liabilities				
Trade and other payables		**(37,852)**	(33,277)	(36,240)
Current tax liabilities		**(5,032)**	(5,308)	(4,888)
Provisions for liabilities and charges		**(811)**	(985)	(876)
Total current liabilities		**(43,695)**	(39,570)	(42,004)
Net current assets		**8,019**	9,735	11,189
Non-current liabilities				
Bank loans	6	**(44,632)**	(49,953)	(49,581)
Deferred tax liabilities		**(228)**	(165)	(261)
Provisions for liabilities and charges		**(2,168)**	(2,047)	(2,043)
Total liabilities		**(90,723)**	(91,735)	(93,889)
Net assets / (liabilities)		**4,570**	(5,380)	843
Equity				
Share capital	9	**6,456**	6,405	6,455
Share premium		**1,898**	1,500	1,879
Own shares		**(1,160)**	(10)	(656)
Merger reserve		**(399)**	(399)	(399)
Share-based payment reserve		**2,010**	1,058	1,941
Capital redemption reserve		**20,359**	20,359	20,359
Retained earnings		**(24,594)**	(34,293)	(28,736)
Total funds/ (deficit) attributable to equity holders of the parent		**4,570**	(5,380)	843

Condensed Consolidated Statement of Changes in Equity

For the 26 weeks ended 28 March 2015

	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 27 September 2014 (Audited)	6,455	1,879	(656)	(399)	1,941	20,359	(28,736)	843
Total comprehensive income for the period	-	-	-	-	-	-	7,116	7,116
Issue of share capital	1	19	-	-	-	-	-	20
Own shares purchased in the period	-	-	(504)	-	-	-	-	(504)
Dividends	-	-	-	-	-	-	(3,087)	(3,087)
Credit to equity for equity-settled share based payments	-	-	-	-	69	-	-	69
Deferred tax on share-based payment transactions	-	-	-	-	-	-	113	113
Balance at 28 March 2015 (Unaudited)	**6,456**	**1,898**	**(1,160)**	**(399)**	**2,010**	**20,359**	**(24,594)**	**4,570**

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)**

Condensed Consolidated Statement of Changes in Equity (continued)

For the 52 weeks ended 27 September 2014

	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 28 September 2013 (Audited)	6,404	1,492	(10)	(399)	649	20,359	(38,679)	(10,184)
Total comprehensive income for the period	-	-	-	-	-	-	12,512	12,512
Issue of share capital	51	387	-	-	-	-	-	438
Dividends	-	-	-	-	-	-	(3,175)	(3,175)
Own shares purchased in the period	-	-	(650)	-	-	-	-	(650)
Own shares issued in the period	-	-	4	-	-	-	-	4
Credit to equity for equity-settled share based payments	-	-	-	-	1,292	-	-	1,292
Deferred tax on share-based payment transactions	-	-	-	-	-	-	606	606
Balance at 27 September 2014 (Audited)	**6,455**	**1,879**	**(656)**	**(399)**	**1,941**	**20,359**	**(28,736)**	**843**

Condensed Statement of Cash Flows
for the 26 weeks ended 28 March 2015

	26 weeks ended 28 March 2015 £'000 (Unaudited)	26 weeks ended 29 March 2014 £'000 (Unaudited)	52 weeks ended 27 September 2014 £'000 (Audited)
Cash flow from operating activities			
Profit for the period	**7,116**	6,118	12,512
Taxation	**1,986**	1,838	4,179
Finance costs	**1,132**	998	2,147
Investment revenue	**(93)**	(158)	(251)
Other gains	**(81)**	-	(401)
Group operating profit	**10,060**	8,796	18,186
Adjustments for:			
Depreciation of property, plant and equipment	**2,461**	2,237	4,553
Impairment of property, plant and equipment	**47**	192	348
Share option charge	**69**	408	1,292
(Increase)/ decrease in trade and other receivables	**(1,446)**	946	1,834
Increase in inventories	**(2,595)**	(2,652)	(1,650)
Increase/ (decrease) in payables	**2,105**	(2,488)	348
Cash generated by operations	**10,701**	7,439	24,911
Interest paid	**(1,342)**	(761)	(1,695)
Taxation paid	**(1,762)**	(338)	(2,582)
Net cash from operating activities	**7,597**	6,340	20,634
Investing activities			
Interest received	**92**	64	140
Purchase of property, plant and equipment	**(5,223)**	(4,262)	(11,450)
Proceeds on disposal of property, plant and equipment	**592**	17	733
Purchase of own shares	**(504)**	-	(646)
Net cash used in investment activities	**(5,043)**	(4,181)	(11,223)
Financing activities			
Dividends paid	**(3,087)**	(1,919)	(3,175)
Proceeds from issue of share capital	**20**	9	438
Repayment of bank loans	**(5,000)**	(5,000)	(5,000)
Loan issue costs	**(10)**	-	(570)
Net cash used in financing activities	**(8,077)**	(6,910)	(8,307)
Net (decrease)/ increase in cash and cash equivalents	**(5,523)**	(4,751)	1,104
Cash and cash equivalents at beginning of period	**19,547**	18,443	18,443
Cash and cash equivalents at end of period	**14,024**	13,692	19,547

1. General information

The interim report was approved by the Board on 19 May 2015. The financial information for the 26 weeks ended 28 March 2015 has been reviewed by the company's auditor. Their report is included within this announcement. The financial information for the 26 weeks ended 29 March 2014 has neither been audited nor reviewed by the company's auditor. The financial information for the 52 week period ended 27 September 2014 has been based on information in the audited financial statements for that period.

The comparative figures for the 52 week period ended 27 September 2014 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 28 March 2015 and the comparative period has been prepared for the 26 weeks ended 29 March 2014.

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

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 28 March 2015 £'000 (Unaudited)	26 weeks ended 29 March 2014 £'000 (Unaudited)	52 weeks Ended 27 September 2014 £'000 (Audited)
Current tax - charge for the period	**1,986**	1,912	4,087
Current tax - adjustment in respect of previous periods	**-**	-	(57)
Deferred tax – effect of reduction in UK corporation tax rate	**-**	-	(81)
Deferred tax – charge / (credit) for the period	**-**	(74)	133
Deferred tax - adjustment in respect of previous periods	**-**	-	97
	1,986	1,838	4,179

4. Interim dividend

An interim dividend of 0.75p (2014: 0.65p) per ordinary share has been declared payable on 15 July 2015 to shareholders on the register at 12 June 2015; in accordance with IFRS the dividend will be recorded in the financial statements in the second half of the period. A final dividend of 1.60p per ordinary share was approved and paid in the period, in relation to the 52 week period ended 27 September 2014.

5. Earnings per share

Basic earnings per share for the 26 weeks ended 28 March 2015 were 3.67p (2014: 3.18p) having been calculated on earnings (after deducting taxation) of £7,116,046 (2014: £6,118,482) and on ordinary shares of 193,675,300 (2014: 192,157,729), being the weighted average of ordinary shares in issue during the period.

Diluted earnings per share for the 26 weeks ended 28 March 2015 were 3.65p (2014: 3.15p) having been calculated on earnings (after deducting taxation) of £7,116,046 (2014: £6,118,482) and on ordinary shares of 194,715,418 (2014: 194,411,482), being the weighted average of ordinary shares in issue during the period.

Adjusted earnings per share for the 26 weeks ended 28 March 2015 were 3.67p (2014: 3.22p) having been calculated on adjusted earnings after tax of £7,101,469 (2014: £6,191,058) being earnings (after deducting taxation) of £7,116,046 adjusted for the post-tax impact of the following items; lease surrender premiums of £400,000 (2014: £nil), HMRC interest of £401,885 (2014: £nil) forward currency contracts fair value gain of £16,296 (2014: gain £72,613), impairment of property, plant and equipment of £47,447 (2014: £192,195), gain on disposal of freehold property of £80,876 (2014: £nil), a net charge impact of onerous lease provision reductions and certain restructuring costs of £33,263 (2014: £47,006 net credit).

6. Bank loans

	26 weeks ended 28 March 2015 £'000 (Unaudited)	26 weeks ended 29 March 2014 £'000 (Unaudited)	52 weeks ended 27 September 2014 £'000 (Audited)
Bank loans (all sterling)	**44,516**	49,687	49,467
The borrowings are repayable as follows:			
On demand or within one year	**-**	50,000	-
In the second to fifth year	**45,000**	-	50,000
	45,000	50,000	50,000
Less: total unamortised issue costs	**(484)**	(313)	(533)
	44,516	49,687	49,467
Issue costs to be amortised within 12 months	**116**	266	114
Amount due for settlement after 12 months	**44,632**	49,953	49,581

The Group now has in place a £50.0 million committed revolving credit facility, expiring 1 June 2019. As at the financial period end £45.0 million of this facility was drawn, with a further £5.0 million of undrawn financing available. The loan facility contains financial covenants which are tested on a biannual basis.

At 28 March 2015, the Group had available £5 million (2014: £15 million) of undrawn committed banking facilities.

7. Contingent liabilities

The directors are not aware of any contingent liabilities faced by the Group as at 28 March 2015.

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 28 March 2015 amounted to £6,456,000 (29 March 2014: £6,405,000). The Group issued 47,957 shares during the period increasing the number of shares from 193,636,240 to 193,684,197.

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. Related Party Transactions

S.K.M Williams is a related party by virtue of his 10.45% shareholding (20,243,950 ordinary shares) in the Group's issued share capital (2014: 10.6% shareholding of 20,593,950 ordinary shares).

At 28 March 2015 S.K.M Williams was the landlord of four properties leased to Multi Tile Limited, a trading subsidiary of Topps Tiles Plc, for £230,000 (2014: three properties for £162,000) per annum.

No amounts were outstanding with S.K.M. Williams at 28 March 2015 (2014: £nil). The lease agreements on all properties are operated on commercial arm's length terms.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note, in accordance with the exemption available under IAS24.

INDEPENDENT REVIEW REPORT TO TOPPS TILES PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 28 March 2015 which comprises the Consolidated Statement of Financial Performance, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Statement of Cash Flows and related notes 1 to 11. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

We have not audited or reviewed the financial information for the 26 week period ended 29 March 2014.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group 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.

Our responsibility

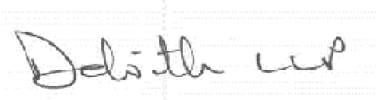
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 28 March 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.



Deloitte LLP

Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
19 May 2015