29 May 2013

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

UNAUDITED INTERIM MANAGEMENT REPORT FOR THE 26 WEEKS ENDED 30 MARCH 2013

HIGHLIGHTS

Topps Tiles Plc, the UK's largest tile specialist with 320 stores, announces its interim results for the 26 weeks ended 30 March 2013.

	26 weeks ended 30 March 2013	26 weeks ended 31 March 2012
Group revenue	£87.4 million	£86.6 million
Group revenue year on year	0.9%	-2.9%
Like-for-like revenue year on year	-0.2%	-4.7%
Gross margin	59.8%	59.7%
Adjusted operating profit[1]	£6.5 million	£7.1 million
Adjusted profit before tax[2]	£4.7 million	£5.6 million
Profit before tax	£4.7 million	£5.0 million
Net debt[4]	£44.9 million	£46.3 million
Basic earnings per share	1.83p	1.94p
Adjusted earnings per share[3]	1.83p	2.14p
Interim dividend	0.50p	0.50p

Notes

[1] Adjusted operating profit is adjusted for the loss on disposal of plant, property and equipment and onerous lease charges of £0.6 million (2012: £0.3 million), and business restructuring costs of £0.1 million (2012: £0.2 million)

[2] Adjusted profit before tax is adjusted for the effect of the items above plus a £0.7 million (non cash) gain relating to the interest rate derivatives and forward currency contracts the Group (defined as Topps Tiles Plc and all its subsidiaries) has in place (per IAS 39) (2012: £0.1 million loss). In addition the prior year period also included gains on disposal of freehold property of £0.4 million and partial settlement of outstanding interest rate derivatives at a cost of £0.5 million.

[3] Adjusted for the post tax effect of the above items

[4] Net debt is defined as bank loans, before amortised issue costs (note 6) and less cash and cash equivalents

- First half sales increased by 0.9% to £87.4 million (2012: £86.6 million)
- Like for like revenues decreased by 0.2% in the period reflecting weaker levels of consumer confidence
- Focus on growing market share and strengthening Topps' market leading position through a combination of excellent customer service, authoritative range and multichannel convenience
- Programme of self-help initiatives and £2.0 million cost savings targeted for the second half
- Net debt reduced by £0.7 million from year end to £44.9 million at 30 March, with £5.0 million of undrawn bank facilities
- Current trading – like for like sales over 8 weeks to 25th May decreased by 2.6% (2012: +3.2%)

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

“We further strengthened our market leading position during the first half by offering customers a compelling combination of outstanding service, an authoritative range and multi-channel convenience, together with excellent value for money. We continued to invest in the long term interests of the business, upgrading our store portfolio; improving the effectiveness of our marketing programme, particularly to the trade; and further developing our digital offering.

“In response to the weaker market conditions we saw across the second quarter, we are implementing a programme of self-help initiatives and significant cost reduction measures and are pleased with the progress made to date. However, we are also mindful of the current trading environment which has deteriorated slightly over the last eight weeks. At this early point in the second half, assessing the likely impact on the full year outcome is difficult, but we continue to be cautious on the like for like sales outlook for the remainder of the current year.

“While recent indications of an improvement in the UK housing market give encouragement for the future, it is too early to judge the sustainability of this trend and given the historic relationship between housing transactions and home improvement spend, any impact on trading conditions can be expected to lag a recovery. That said, Topps remains well placed to respond to any sustained increase in housing market volumes. Against this backdrop, we will continue to focus on taking further market share as we consolidate our position as the UK's number one tile retailer."

For further information please contact:

Topps Tiles Plc

Matthew Williams, Chief Executive Officer	(29/05/13) 020 7638 9571
Rob Parker, Chief Financial Officer	(Thereafter) 0116 282 8000

Citigate Dewe Rogerson

Kevin Smith/Lindsay Noton	020 7638 9571

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

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

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

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

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

By order of the Board,

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

29 May 2013

INTERIM MANAGEMENT REPORT

We further strengthened our market leading position during the first half by offering customers a compelling combination of outstanding service, an authoritative range and multichannel convenience, together with excellent value for money. We are responding to our customers increasing demands for inspiration and quality, and have been successful in further penetrating the trade sector of our market. We continued to invest in the long term interests of the business, upgrading our store portfolio; improving the effectiveness of our marketing programme, particularly to the trade; and further developing our digital offering.

The economic environment presented us with a series of challenges, the most fundamental of which is weak consumer confidence, which continues to impact on businesses such as Topps which operate in the discretionary expenditure sector. In response to these challenges we have implemented a range of self-help measures intended to further enhance our customer proposition and also a series of cost saving and efficiency measures which will generate savings of £2 million over the remainder of this financial year. Against this background, the business remains in a sound financial position and management are concentrating on improving operational performance.

Income Statement

Overall, first half revenue increased by 0.9% to £87.4 million (2012: £86.6 million). Following growth in revenues of 1.6% on a like-for-like basis in the first quarter, we saw a step back in consumer confidence in the second quarter, with like-for-like revenue declining by 2.1%. The result was that like-for-like revenues decreased by 0.2% across the period as a whole.

Gross margin for the first half increased to 59.8% (2012: 59.7%). We continue to refine our sourcing strategy in order to ensure we are maximising the benefits of direct sourcing, and to work closely with suppliers to achieve the very best cost prices that allow us to deliver exceptional value to our customers.

Operating costs were £46.5 million, compared to £45.1 million in the prior interim period. On an adjusted basis, (excluding one off charges as defined in note 1) operating costs were £45.8 million, compared to £44.6 million in the prior interim period. The principal driver of increased costs is inflation and a small increase in the number of stores trading which, when combined, have increased our cost base by £1.2 million.

During this period the business traded from an average of 322 UK stores compared to 319 in the prior interim period.

Operating profit for the period was £5.8 million (2012: £6.6 million). On an adjusted basis operating profit was £6.5 million (2012: £7.1 million), an 8.2% decrease year-on-year. The key driver of this decline was the inflation referenced above, which caused costs to increase at a faster rate than sales revenues.

Against this background of weaker than expected demand and rising costs, management began implementing a number of cost reduction initiatives towards the end of the period, which are expected to reduce operating costs by approximately £2 million over the second half of our financial year.

There was one property disposal in the period (2012: one). This disposal was in line with the carrying value and hence there was no gain on disposal (2012: gain on disposal of £0.4 million).

The net interest charge for the Group was £1.5 million (2012: £2.1 million). On an adjusted basis (excluding the gains and charges as defined in note 2), the net interest charge was £1.8 million (2012: £1.5 million).
The adjusted profit before tax was £4.7 million (2012: £5.6 million).

In addition to the interest charge noted above there is a fair value (non-cash) movement in the interest rate derivatives and the MTM valuation of forward currency contracts the Group has in place. The interest rate derivatives have generated a gain in the period of £0.4 million (2012: gain of £0.1 million). The prior year period also included £0.5 million of costs associated with the partial exit of interest rate derivatives. The forward currency contracts have generated a gain in the period of £0.3 million (2012: loss of £0.1 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 directly to the income statement rather than offset against balance sheet reserves.

Including these losses, and a series of small one-off charges against the impairment and loss on disposal of plant, property and equipment, business restructuring charges and onerous lease charges, the profit before tax for the Group was £4.7 million (2012: £5.0 million).

The effective tax rate for the 26 weeks to 30 March 2013 is 26.0% (2012: 26.9%).

Basic earnings per share were 1.83p (2012: 1.94p). 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 1.83p (2012: 2.14p).

Financial Position

The Group currently owns five freehold or long leasehold sites (2012: 7), including one warehouse and distribution facility, with a total net book value of £13.7 million (2012: £16.3 million).

Capital expenditure in the period amounted to £1.9 million (2012: £3.1 million). We opened three new stores in the period, offset by eight closures, giving us a net decrease of five stores in the period to 320. We will continue to improve and expand the store estate on a selective basis and will seek to deliver a prudent balance between quality sites and our growth ambitions. The Group purchased no freehold sites in the period (2012: one freehold site purchased at a cost of £0.4 million).

We disposed of one property in the period for a consideration of £0.3 million (2012: one disposal for a consideration of £2.0 million), this disposal was in line with the carrying value and hence there was no gain on disposal (2012: gain on disposal of £0.4 million).

At the period end cash and cash equivalents for the Group were £15.1 million (2012: £18.7 million) and borrowings were £60.0 million (2012: £65.0 million). The Group therefore had a net debt position of £44.9 million (2012: £46.3 million).

The Group has £65.0 million (2012: £75.0 million) of loan facilities in place which are non-amortising and committed to May 2015. During the period the Group decided to reduce the size of its loan facility by £10 million. The portion of the facility which was cancelled had remained undrawn since the loan was taken out in 2011 and the Board considered it unlikely that, based on a conservative assessment of the Group's funding requirements, it would be utilised in future. The reduction generates a saving of £0.1 million per annum in non-utilisation fees.

Following the financial period end the Board decided to close out the remaining interest rate derivatives. This will have the effect of reducing the Group's future annual interest charge by approximately £1.25 million (at current LIBOR rates) but has increased net debt by £5.9 million since the end of the financial period.

At the period end the Group had £26.2 million of inventories (2012: £25.3 million) which represented 134 days cover (2012: 134 days).

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 30 March 2013 is set out in the table below. The source of data and calculation methods are consistent with those used in the 2012 annual report.

Results for the 26 weeks ended 30 March 2013
Highlights

Financial KPIs	**26 weeks to 30 March 2013**	**26 weeks to 31 March 2012**
Like-for-like revenue year-on-year	**(0.2)%**	**(4.7)%**
Total sales growth year-on-year	**0.9%**	**(2.9)%**
Gross margin	**59.8%**	**59.7%**
Adjusted profit before tax *	**£4.7m**	**£5.6m**
Net debt	**£44.9m**	**£46.3m**
Adjusted earnings per share *	**1.83p**	**2.14p**
Stock days	**134**	**134**

Non Financial KPIs	**26 weeks to 30 March 2013**	**26 weeks to 31 March 2012**
Market share**	27.0%	26.0%
Net Promoter Score % (explained below)	91.4%	89.9%
Number of stores at period end	320	319

** As explained on page 1 in note 2-3*
*** Market share as per September 2012*

Note - Net Promoter Score is based on customer 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 customers to be split into promoters (9 -10), passives (7-8) and detractors (0-6). The final score is based on the percentage of promoters less the percentage of detractors – thus creating a range from -100% to +100%.

Dividend

The Board is pleased to declare an interim dividend of 0.5 pence per share (2012: 0.5 pence per share). The shares will trade ex-dividend on 12 June 2013 and the dividend will be paid on 15 July 2013.

Strategy

The Group strategy of growing market share is focussed on engaging our people to deliver outstanding value and service to our customers, and maximising returns for our shareholders.

Key operational objectives:

- Extend our market leading position of the UK domestic tile market
- Leverage competitive advantage through the continued development of sector leading customer service, authoritative range and multichannel convenience
- Seek to inspire our customers with their home improvement projects by engaging colleagues to increase the focus on design, style and trends
- Deliver customers outstanding value for money and service to ensure they always “return and recommend”
- Continued development of our online offering to maintain a market leading service offer to our customers
- Prudent and pro-active management of the store estate - opening new stores that complement the existing portfolio, refitting stores on a rolling basis, and, where necessary, relocating stores to optimise performance
- Encourage employee share ownership - we consider share ownership to be a key link between shareholder returns and the engagement of all of our people
- Continue to invest in our people through retail apprenticeship qualifications and technical product training

Financial objectives:

- Drive profitability with a primary focus on increasing revenues, margins and cash generation, maintaining tight cost control and a stable net debt position
- Maximise earnings per share and shareholder returns, including review of our dividend policy on a bi-annual basis
- Maintain an appropriate balance between a lean organisation and efficient cost base and ensuring that we have the correct resources at our disposal to deliver our strategy and invest for future growth
- Manage the Group’s exposure to fluctuations in foreign exchange rates
- Maintain 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

During the period, we retained a strong focus on optimising returns, pro-active management of our cost base and maintaining our financial flexibility.

At the start of the current financial year we had 325 stores. During the first half we opened three new stores and closed eight stores. At the period end the Group was trading from a total of 320 stores (March 2012: 319 stores). The remaining 13 Tile Clearing House stores have been brought under the Topps brand but will continue to trade as tactical clearance outlets, distinct from the core Topps estate.

We continue to take proactive steps to drive our sales performance and have accelerated a number of self-help initiatives from which we have seen positive indications. These initiatives are targeted to support the further evolution of the Topps Tiles brand, and include a greater focus on inspiring our customers with their home improvement projects, reaching beyond our traditional customer base and a greater penetration of the trade sector of our market. Work in-store is being supported by sustained marketing initiatives, including the sponsorship of the national weather on ITV’s Daybreak morning programme.

The Group’s online strategy is focussed on making the online and in-store customer experience as integrated and seamless as possible and we have continued to invest in our website to improve it both as a pre-purchase research tool and as a sales channel in its own right. Online sales represent c.2% of Group turnover, the equivalent of our best performing store, but as important are the 125,000 website visitors we receive each week, 35% of whom also use the site to help them locate their nearest store.

Risks and Uncertainties

The 2012 Annual Report and Accounts highlighted that the Board's primary focus areas 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:

- Continuing 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
- Continuing 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

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 including the current rate of like-for-like sales projected forward, the Board believes the Group will continue to operate within its loan facility covenants, and meet all of its financial commitments as they fall due. 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 eight weeks of the second half Group revenues, which are on a like-for-like basis, decreased by 2.6% (2012: +3.2%).

Outlook

In a trading environment which remained challenging, Topps further strengthened its market leading position during the first half, while continuing to invest in the long term interests of the business.

In response to the weaker market conditions we saw across the second quarter, we are implementing a programme of self-help initiatives and significant cost reduction measures and are pleased with the progress made to date. However, we are also mindful of the current trading environment which has deteriorated slightly over the last eight weeks. At this early point in the second half, assessing the likely impact on the full year outcome is difficult, but we continue to be cautious on the like for like sales outlook for the remainder of the current year.

While recent indications of an improvement in the UK housing market give encouragement for the future, it is too early to judge the sustainability of this trend and given the historic relationship between housing transactions and home improvement spend, any impact on trading conditions can be expected to lag a recovery. That said, Topps remains well placed to respond to any sustained increase in housing market volumes. Against this backdrop, we will continue to focus on taking further market share as we consolidate our position as the UK's number one tile retailer.

Matthew Williams	**Rob Parker**
Chief Executive Officer	*Chief Financial Officer*
29 May 2013	

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 30 March 2013

	Note	**26 weeks ended 30 March 2013 £'000 (Unaudited)**	26 weeks ended 31 March 2012 *Restated £'000 (Unaudited)	52 weeks ended 29 September 2012 *Restated £'000 (Audited)
Group revenue - continuing operations	2	**87,425**	86,648	177,693
Cost of sales		**(35,119)**	(34,961)	(71,144)
Gross profit		**52,306**	51,687	106,549
Employee profit sharing		**(2,669)**	(2,586)	(6,023)
Distribution costs		**(34,274)**	(33,588)	(66,734)
Other operating expenses		**(2,330)**	(2,310)	(4,755)
Administrative costs		**(4,998)**	(4,599)	(9,482)
Sales and marketing costs		**(2,231)**	(1,982)	(4,093)
Group operating profit before exceptional items		**5,804**	7,068	15,462
Impairment of property, plant and equipment		**-**	(187)	-
Restructuring costs		**-**	(166)	-
Property related provisions		**-**	(93)	-
Group operating profit	2	**5,804**	6,622	15,462
Other (losses)/ gains		**(1)**	426	1,624
Investment revenue		**389**	85	152
Finance costs		**(1,898)**	(2,191)	(4,108)
Fair value gain/(loss)on interest rate derivatives		**448**	61	(637)
Profit before taxation	2	**4,742**	5,003	12,493
Taxation	2,3	**(1,234)**	(1,347)	(2,724)
Profit for the period attributable to equity holders of the parent company		**3,508**	3,656	9,769
Earnings per ordinary share				
-basic	5	**1.83p**	1.94p	5.14p
-diluted	5	**1.82p**	1.92p	5.09p

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

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 30 March 2013

	Note	**30 March 2013 £'000 (Unaudited)**	31 March 2012 £'000 (Unaudited)	29 September 2012 £'000 (Audited)
Non-current assets				
Goodwill		**245**	245	245
Deferred tax asset		**-**	239	139
Property, plant and equipment		**34,334**	36,610	35,016
		34,579	37,094	35,400
Current assets				
Inventories		**26,246**	25,284	25,917
Trade and other receivables		**7,555**	6,757	7,085
Cash and cash equivalents		**15,115**	18,747	14,442
		48,916	50,788	47,444
Total assets		**83,495**	87,882	82,844
Current liabilities				
Trade and other payables		**(24,887)**	(25,983)	(26,099)
Current tax liabilities		**(5,192)**	(5,756)	(5,809)
Provisions for liabilities and charges		**(882)**	(1,074)	(820)
Total current liabilities		**(30,961)**	(32,813)	(32,728)
Net current assets		**17,955**	17,975	14,716
Non-current liabilities				
Bank loans	6	**(59,687)**	(64,422)	(59,555)
Derivative financial instruments		**(5,660)**	(12,125)	(6,107)
Deferred tax liabilities		**(287)**	-	-
Provisions for liabilities and charges		**(2,104)**	(1,349)	(1,802)
Total liabilities		**(98,699)**	(110,709)	(100,192)
Net liabilities		**(15,204)**	(22,827)	(17,348)
Equity				
Share capital	9	**6,403**	6,280	6,395
Share premium		**1,487**	1,027	1,481
Own shares		**(10)**	(4)	(4)
Merger reserve		**(399)**	(399)	(399)
Share-based payment reserve		**592**	574	566
Capital redemption reserve		**20,359**	20,359	20,359
Retained earnings		**(43,636)**	(50,664)	(45,746)
Total deficit attributable to equity holders of the parent		**(15,204)**	(22,827)	(17,348)

Condensed Consolidated Statement of Changes in Equity

For the 26 weeks ended 30 March 2013

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

For the 26 weeks ended 31 March 2012

	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 1 October 2011 (Audited)	6,279	1,022	(4)	(399)	543	20,359	(53,262)	(25,462)
Total comprehensive income for the period	-	-	-	-	-	-	3,656	3,656
Issue of share capital	1	5	-	-	-	-	-	6
Dividends	-	-	-	-	-	-	(1,129)	(1,129)
Credit to equity for equity-settled share based payments	-	-	-	-	31	-	-	31
Deferred tax on share-based payment transactions	-	-	-	-	-	-	71	71
Balance at 31 March 2012 (Unaudited)	**6,280**	**1,027**	**(4)**	**(399)**	**574**	**20,359**	**(50,664)**	**(22,827)**

Condensed Consolidated Statement of Changes in Equity (continued)

For the 52 weeks ended 29 September 2012

	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 1 October 2011 (Audited)	6,279	1,022	(4)	(399)	543	20,359	(53,262)	(25,462)
Profit and total comprehensive income for the period	-	-	-	-	-	-	9,769	9,769
Issue od share capital	116	459	-	-	-	-	-	575
Dividends	-	-	-	-	-	-	(2,087)	(2,087)
Credit to equity for equity-settled share based payments	-	-	-	-	23	-	-	23
Deferred tax on share-based payment transactions	-	-	-	-	-	-	(166)	(166)
Balance at 29 September 2012 (Audited)	**6,395**	**1,481**	**(4)**	**(399)**	**566**	**20,359**	**(45,746)**	**(17,348)**

Condensed Statement of Cash Flows
for the 26 weeks ended 31 March 2012

	26 weeks ended 30 March 2013 £'000 (Unaudited)	26 weeks ended 31 March 2012 £'000 (Unaudited)	52 weeks ended 29 September 2012 £'000 (Audited)
Cash flow from operating activities			
Profit for the period	**3,508**	3,656	9,769
Taxation	**1,234**	1,347	2,724
Fair value (gain)/ loss on interest rate derivatives	**(448)**	(61)	637
Finance costs	**1,898**	2,191	4,108
Investment revenue	**(389)**	(85)	(152)
Other losses and (gains)	**1**	(426)	(1,624)
Group operating profit	**5,804**	6,622	15,462
Adjustments for:			
Depreciation of property, plant and equipment	**2,099**	1,974	3,988
Impairment of property, plant and equipment	**162**	187	525
Property related provisions	**-**	93	-
Share option charge	**26**	31	23
(Increase)/ decrease in trade and other receivables	**(285)**	403	62
Increase in inventories	**(329)**	(1,484)	(2,117)
Increase in payables	**25**	1,781	1,782
Cash generated by operations	**7,502**	9,607	19,725
Interest paid	**(2,165)**	(1,445)	(3,145)
Taxation paid	**(1,387)**	(701)	(2,161)
Net cash from operating activities	**3,950**	7,461	14,419
Investing activities			
Interest received	**103**	186	266
Purchase of property, plant and equipment	**(2,238)**	(3,865)	(6,522)
Proceeds on disposal of property, plant and equipment	**287**	2,000	5,419
Net cash used in investment activities	**(1,848)**	(1,679)	(837)
Financing activities			
Dividends paid	**(1,437)**	(1,129)	(2,087)
Proceeds from issue of share capital	**8**	6	575
New loans	**-**	5,000	-
Partial settlement of interest rate hedge	**-**	-	(6,716)
Net cash (used in)/ from financing activities	**(1,429)**	3,877	(8,228)
Net increase in cash and cash equivalents	**673**	9,659	5,354
Cash and cash equivalents at beginning of period	**14,442**	9,088	9,088
Cash and cash equivalents at end of period	**15,115**	18,747	14,442

1. General information

The interim report was approved by the Board on 29 May 2013. The financial information for the 26 weeks ended 30 March 2013 and similarly the 26 weeks ended 31 March 2012 has neither been audited nor reviewed by external auditors. The financial information for the 52 week period ended 29 September 2012 has been based on information in the audited financial statements for that period.

The comparative figures for the 52 week period ended 29 September 2012 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 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 30 March 2013 and the comparative period has been prepared for the 26 weeks ended 31 March 2012.

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 including the current rate of like-for-like sales projected forward, the Board believes the Group will continue to operate within its loan facility covenants, and meet all of its financial commitments as they fall due. 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.

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.

In 2012, information was provided to the Chief Executive concerning the TCH and Topps business units. Over time a number of TCH stores have been converted to Topps units and there are only 14 TCH stores still operating within the Group. Therefore, the TCH business unit is no longer a material segment, and because strategic decisions by the Chief Executive are made on the basis of the combined Group, no separate information has been provided for TCH this year.

3. Taxation

	26 weeks ended 30 March 2013 £'000 (Unaudited)	26 weeks ended 31 March 2012 £'000 (Unaudited)	52 weeks Ended 29 September 2012 £'000 (Audited)
Current tax - charge for the period	**770**	920	2,573
Current tax - adjustment in respect of previous years	**-**	-	(139)
Deferred tax – effect of reduction in UK corporation tax rate	**-**	22	48
Deferred tax - charge for the period	**464**	405	661
Deferred tax - adjustment in respect of previous years	**-**	-	(419)
	1,234	1,347	2,724

4. Interim dividend

An interim dividend of 0.50p per ordinary share has been declared payable on 15 July 2013 to shareholders on the register at 12 June 2013; in accordance with IFRS the dividend will be recorded in the financial statements in the second half of the period. A final dividend of 0.75p per ordinary share was approved and paid in the period, in relation to the 52 week period ended 29 September 2012.

5. Earnings per share

Basic earnings per share for the 26 weeks ended 30 March 2013 were 1.83p (2012: 1.94p) having been calculated on earnings (after deducting taxation) of £3,508,450 (2012: £3,656,463) and on ordinary shares of 191,920,097 (2012: 188,373,006), being the weighted average of ordinary shares in issue during the period.

Diluted earnings per share for the 26 weeks ended 30 March 2013 were 1.82p (2012: 1.92p) having been calculated on earnings (after deducting taxation) of £3,508,450 (2012: £3,656,463) and on ordinary shares of 193,029,737 (2012: 190,740,194), being the weighted average of ordinary shares in issue and shares under option during the period.

Adjusted earnings per share for the 26 weeks ended 30 March 2013 were 1.83p (2012: 2.14p) having been calculated on adjusted earnings after tax of £3,507,551 (2012: £4,029,794) being earnings (after deducting taxation) of £3,508,450 adjusted for the post-tax impact of the following items; the IAS 39 interest rate derivative fair value gain of £447,545 (2012: £61,436), forward currency contracts fair value gain of £287,284 (2012: loss £141,466), impairment of property, plant and equipment of £161,684 (2012: £187,353), loss on disposal of freehold property of £745 (2012: gain £425,613), onerous lease charges and certain restructuring costs of £521,329 (2012: £259,425) and the partial close out of the interest rate derivatives of £nil (2012: 476,000).

6. Bank Loans

	26 weeks ended 30 March 2013 £'000 (Unaudited)	26 weeks ended 31 March 2012 £'000 (Unaudited)	52 weeks ended 29 September 2012 £'000 (Audited)
Bank loans (all sterling)	**59,422**	64,157	59,289
The borrowings are repayable as follows:			
On demand or within one year	**-**	-	-
In the second year	**-**	-	-
In the third to fifth year	**60,000**	65,000	60,000
	60,000	65,000	60,000
Less: total unamortised issue costs	**(578)**	(843)	(711)
	59,422	64,157	59,289
Issue costs to be amortised within 12 months	**265**	265	266
Amount due for settlement after 12 months	**59,687**	64,422	59,555

During the period the Group reduced its loan facility by £10.0 million. The Group now has in place a £65.0 million committed revolving credit facility, expiring in May 2015. As at the financial period end £60.0 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 bi-annual basis.

At 30 March 2013, the Group had available £5 million (2012: £10 million) of undrawn committed banking facilities.

7. Contingent liabilities

The directors are not aware of any contingent liabilities faced by the Group as at 30 March 2013.

8. Events after the balance sheet date

On the 30 April 2013 the Group settled the remaining interest rate hedging derivatives for a consideration of £5.9m.

9. Share capital

The issued share capital of the Group as at 30 March 2013 amounted to £6,403,000 (31 March 2012: £6,280,000). The Group issued 239,573 shares during the period increasing the number of shares from 191,852,710 to 192,092,283.

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.