One company, one year, one objective...
THE TOPPS TILES GROUP IS BRITAIN’S BIGGEST TILE AND WOOD FLOORING SPECIALIST WITH 244 STORES THROUGHOUT THE UK, AND WITH A CONTROLLED OPENING PROGRAMME OF 24 NEW STORES PER ANNUM, THE UK STORE TARGET OF 350 STORES IS WELL WITHIN REACH.

TOPPS’ RECORD SINCE FLOTATION IN 1997 IS CONSISTENTLY EXCELLENT WITH BASIC EARNINGS PER SHARE SHOWING OVER 40% AVERAGE ANNUAL COMPOUND GROWTH OVER THE PAST EIGHT YEARS AND WITH OUR DOMINANT MARKET POSITION, MORE NEW STORES AND A GROWING MARKET, THE BOARD EXPECTS A CONTINUED BUILD IN SHAREHOLDER VALUE.
FINANCIAL HIGHLIGHTS 52 WEEKS RESULTS TO 1 OCTOBER 2005

+10.0%
Group turnover increased by 10.0% to £173.3 million (2004: £157.6m for 53 weeks)

+18.1%
Basic earnings per share increased to 13.34p (2004: 11.30p)

>+ Group gross margin increased to 61.3% (2004: 60.5%)
>+ Group like-for-like turnover increased by 3.4%
>+ Operating costs increased to 40.0% (2004: 39.9%)
>+ Profit before tax margin increased to 22.6% (2004: 21.4%)
>+ Profit before tax margin, excluding exceptional profit on capital items, increased to 21.7% (2004: 21.1%)

+16.1%
Profit Before Tax increased by 16.1% to £39.2 million (2004: £33.8m for 53 weeks)

+18.8%
Dividend per share increased to 9.50p (2004: 8.00p)

>+ Dividend policy maintained at 1.41 times cover
>+ A final net dividend of 6.00 pence per share to be paid on 31 January 2006
>+ Net cash position of £21.8m
>+ A net 24 new stores opened in the UK in this financial period
>+ 13 stores now trading in Holland (2004: 11 stores)
15 stores refurbished during the last financial period, as part of our commitment to infrastructure investment.

24 new stores (net) opened in the last 12 months.

244 stores trading across the UK with a further 13 in Holland.

Turnover (£m)

Source: see page 13
I am pleased to report another strong performance by the Group with record profits and increased UK market share. We have consolidated our position as the leading UK ceramic tile and wood flooring specialist, backed by what is now a truly national brand. The new Topps Distribution and Marketing Centre is fully integrated with the capacity to support our UK store target of a minimum of 350 stores.

The period has seen a particularly weak UK consumer environment, however I am pleased to report the resilience of our business model has enabled us to continue to deliver record results and to outperform the market.

Since flotation in 1997 total shareholder return has grown by over 2,000% and we have consistently been a top performing company in the FTSE Index.

Financial Results
Group turnover has increase by 10.0% over the period to £173.3 million, with profit before tax increasing by 16.1% to £39.2 million. Gross margins have improved to 61.3% compared to 60.5% in 2004. 2004 was an exceptional year in respect of trading and if you look at the trend over the last two years like-for-like sales have improved 24.9%.

Set against extremely strong comparatives last year and the tough UK trading, growth in like-for-like sales for the period was 3.4%, with overall sales growth of 10.0%.

Our business continues to be highly cash generative and at the year end we had net cash balances of £21.8 million.

Board Changes
As announced at the Annual General Meeting on 11 January 2005, Stuart Williams, my co-founder of Topps, stepped down as Co-Chairman and Board Director on 31 March 2005. I am delighted however that Stuart has taken on the newly created non Board advisory role of President and continues to offer his expertise and guidance to the business.

Dividend
The Board continues to be committed to a progressive dividend policy and is recommending a final dividend of 6.00 pence per share. Together with the interim dividend of 3.50p per share the total dividend for the period will be 9.50 pence per share, an increase of 18.8%. The dividend will be paid on 31 January 2006 to all shareholders on the register as at 13 January 2006.

People
Our staff are fundamental to the success of the business and I would like to take this opportunity to thank all our employees for their inspiring contributions and continued commitment during the period. We have created another 174 jobs as a direct result of our expansion programme.

Outlook
Although the current UK trading environment continues to be volatile, I remain confident that the strength of our business model and the expertise of the strong management team will enable us to continue to grow the business and ensure the delivery of sustainable growth for shareholders.

Barry Bester
Chairman
Our success is built on four key cornerstones:

- Customer service
- Store locations
- Stock availability
- Store layout
1. **Customer service**
   We continually strive to provide and maintain high levels of customer service and regard it as fundamental to the ongoing success of Topps. The quality and performance of our staff at every level is key and we train all our staff at our own national and regional training centres and through our e-learning tile training college. Customer service remains our number one priority and it is our policy to be honest, helpful and knowledgeable but never pushy.

   We complement the advice that our staff can give in store with a range of services offering practical support to customers which include Loan-a-Tile, free “How to” video or DVD, tile cutting service and our buy-back service which allows undamaged stock tiles to be returned within 28 days for a full refund.

2. **Store locations**
   Topps stores are purposely located in highly visible destinations, on or close to busy roads and always with parking facilities. Our stores in the main are not located on high streets or large retail parks. Our controlled expansion programme is taking us across the UK and a full list of stores can be found at the end of this report or on our website at [www.toppstiles.co.uk](http://www.toppstiles.co.uk).

   Our stores trade seven days a week on Monday to Saturday opening from 8.00am to 6.00pm and on Sundays either 10.00am to 4.00pm or 11.00am to 5.00pm, with a number of larger stores opening until 8.00pm during the week.

3. **Store layout**
   Our average store size is just over 6,300 square feet and can accommodate our in-house formats including Floor Store and Stone Works, which usually have their own individually branded section of the store.

   All our stores have a similar layout, are clearly branded and designed to be customer-friendly with product and pricing clearly displayed on colourful and informative point-of-sale displays. The stores are mini-warehouse style, which is ideal to display our extensive product ranges as well as ensuring they are easy to navigate with trolleys, prams and pushchairs.

4. **Stock availability**
   Topps Tiles and Tile Clearing House offer a huge choice of product, with the best the world has to offer in wall and floor tiles, natural stone, laminate and real wood flooring. Our extensive in-store product offering is supported by on-site stock facilities. The combination of choice of product with the availability of stock is unrivalled in the UK. Our new marketing and distribution centre ensures that all our stores receive at least two deliveries a week to ensure stock levels are maintained at every store.
**Projected Market Growth**

+26%

Projected market growth over the next five years.

**Average Store Size**

6,307 sq.ft is the average size of our mini-warehouse style stores.

**Continued TV Sponsorships**

Continued TV sponsorships.

**PLC Awards 2004**

Voted Company of the Year for the second consecutive year at Price Waterhouse Coopers PLC Awards.

**Overall Sales and Like-for-Like Sales Growth (%)**

- 5.3% in 2001
- 11.3% in 2002
- 15.2% in 2003
- 21.5% in 2004
- 10.0% in 2005

Source: see page 13

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<td>2005</td>
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</table>
This year, in a turbulent UK trading environment, we have again demonstrated the fundamental strength of our business through the continued delivery of improved profits.

**Store Development and Expansion**

Our national store opening programme continues apace with a net 24 new stores (20 Topps and 4 Tile Clearing House) opened in this financial year. We now have a total of 244 trading stores (207 Topps and 37 Tile Clearing House) and are firmly on our way to achieving our stated target of a minimum of 350 UK outlets. We continue to enjoy a good pipeline of suitable sites for occupation or development.

In line with our policy of continued store development and refurbishment, 3 stores were closed or relocated, 15 re-fitted and a net 24 new stores opened in the period. We have a total of 64 stores offering our tile studio concept of extra choice of up-market tiles, available on a special order basis and 17 floorstores with an enhanced stock range of laminate and real wood flooring. The average square footage of our stores has increased gradually and is now over 6,300 square feet.

Our Stoneworks concept has continued to be popular, as consumers’ appetite for natural product grows. We now have 19 stores open with a full Stoneworks offering and we also offer a selected range of these products in all our other stores.

**Holland**

We now have a total of 13 stores trading in Holland under our 50/50 joint venture including two new stores opened in the period. It is our intention to open a minimum two stores in the next financial period.

**Marketing, advertising and sponsorship**

As part of our strategy to be “the brand” of choice in the UK we have again continued our nationwide marketing and advertising programme. Our approach is two fold: using national television advertising both digital and terrestrial coupled with print and radio advertising on a regional basis. This is not only an effective strategy in respect of maximising our reach UK wide but is also a cost effective approach, spreading costs across each store in concentrated areas such as central London, for example, the Carlton Weather sponsorship.
61.3%  
Gross margin

+16.1%  
Increase in profit before tax
More specifically, in 2004 the UK ceramic tile market grew 12% to 77.2 million square metres, an increase of 49% compared with 2000. At manufacturers selling prices the market was worth close to £400 million in 2004 (source MBD).

The UK still has a very low consumption rate compared to its European counterparts with only 1.1% of world consumption in 2004 compared with, for example Spain at 5.9% (Source: Ceramic World Review). Consumption continues to increase driven by issues such as health and hygiene, an increase in second bathrooms, shower rooms, conservatories and utility rooms and an increase in the use of underfloor heating systems.

UK Retail sales of ceramic tiles are expected to increase by 26% by 2010 (source: MBD) and we are confident therefore of the continued growth in the ceramic tile market.

**Current trading**

In the first seven weeks of the new financial period we have recorded a like-for-like sales decrease of 4.7%, however, the two year like-for-like sales shows an increase of 14.1%. Overall sales have increased by 1.2% over last year and 24.8% over two years.

We have opened stores in Hayes, Lewes and Pentonville Road already this new financial year with our target roll-out of 24 new stores for 2005/06.

There is no doubt that we, along with the rest of the UK retail sector, are experiencing a very tough trading environment. However, given the strength of these results we believe we have the right business model and the best people to continue to gain market share and we are well placed to maintain our goal of providing sustainable returns for shareholders.

**Nicholas Ounstead**  
Chief Executive Officer
+18.1% Basic earnings per share increase

£8.8m Total capital expenditure during the financial period

Gross margin (%)

Source: see page 13
This does not represent a statutory Operating and Financial Review as set out in the Companies Act 1985 (Schedule 72A) and in RS1.

Nature, Objectives and Strategies of the business
Topps Tiles Plc is Britain’s biggest tile and wood flooring specialist group with over 244 stores throughout the UK. We have an opening programme of 24 stores per financial year and a long term target of a minimum of 350 stores UK wide.

Our founders, Stuart Williams and Barry Bester, whose vision and enterprise built up the business from just a few shops, are still major shareholders.

Topps first specialist tile centre opened in Manchester in 1963. It was a pioneering concept offering customers quality tiles at bargain prices, sold by friendly, helpful people. This policy has never changed.

We operate two brands in the market, Topps Tiles and Tile Clearing House. Topps is Britain’s biggest tile and wood flooring specialist group with the largest choice in the UK to suit all tastes and budgets. Tile Clearing House is a true “cash and carry” tile store selling end of lines, job lots and seconds, appealing to small builders, local contractors and bulk purchasers.

Today at Topps you will find the best the world can offer in wall and floor tiles, natural stone, laminate and solid wood flooring. Underfloor heating, tools, adhesives, grouts, accessories and cleaning products are also on hand for the perfect finish to any job.

Most of the tiles commissioned for Topps go straight to our central warehouse and distribution centre near Leicester. From here, all Topps stores receive at least two bulk deliveries a week, so stock is constantly flowing to keep pace with demand.

The business is built on four cornerstones that underpin our success: customer service, store locations, store layout and stock availability.

Our aim is to increase shareholder value through the delivery of sustainable earnings growth.

Operating Environment
Historically, the Group’s business has proven to be resilient in the face of economic downturn. The business has traded through a number of recessions and whilst sales continued to grow we did experience some pressure on margins. However, the business has changed over the years and we are confident that our current business model places us well to continue to deliver future shareholder value.
£21.8m
Net funds position as at
1 October 2005

+18.8%
Increase in dividend payout

Profit before tax (£m)

Source: see page 13
Operating Environment (continued)
Topps is the market leading brand in the UK, enjoying an estimated 20% market share by value. Estimated market shares are based on external research by MBD.

In terms of competitive positioning Topps sits between the DIY chains and the independent tile retailers. In the UK there is one other significant chain, Tiles R Us but they also sell bathrooms and kitchens.

Key Performance Indicators
The directors monitor a number of financial metrics and key performance indicators (KPIs) for the group and by store, including:

- Like for like Sales
- Sales value per transaction
- Gross Profit

The directors receive daily information on these and other metrics and KPIs for the Group as a whole.

In addition, the directors receive information on non financial metrics such as customer satisfaction questionnaires and Mystery Shopper surveys.

Key Strengths and Resources
Customer satisfaction is Topps No.1 priority. We are committed to the highest levels of customer service, it is our policy to be honest, helpful and knowledgeable.

In addition, we provide a range of services offering practical support at every stage of the job including Loan-a-Tile, free 'How to' video or DVD, tile cutting and Topps buy-back service for unused tiles.

The quality and range of products offered is the widest in the market with over 17,000 separate product lines.

Risks and Uncertainties
Risks to the business include its relationship with key suppliers, the potential threat of competitors, the risk that key information technology or EPOS systems could fail; the loss of key personnel; the risk of a prolonged economic recession and development of substitute products.

The directors routinely monitor all these risks and uncertainties and appropriate actions are taken to mitigate the risks or their potential outcomes.

Financial review
Profit and Loss Account
Turnover
During the period Group turnover increased by 10.0% to £173.3 million from £157.6 million last year. Like-for-like sales increased by 3.4%, with new store openings contributing a further 8.7% increase, with the difference of 2.1% being due to the 53 week comparison in the prior period.

Gross margin
Overall gross margin was 61.3% compared to 60.5% last year. At the interim point of this period gross margin was 61.9%. The second half of the period has shown a gross margin of 60.7% which reflects the tougher trading conditions in this period.

Operating expenses
Overall costs have increased from £62.8 million to £69.3 million which is an increase of 10.4%. New stores accounted for 6.9% with the remaining 3.5% due to like for like increases. Costs as a percentage of sales were 40.0% compared to 39.9% last year.

Profit before tax
We have achieved an overall increase in profit before tax of 16.1% to £39.2 million compared to a profit before tax of £33.8 million last year. This period’s profit before tax includes £1.7 million of exceptional profit, compared to £542,000 last year, following the sale and leaseback of four freehold properties.

Profit before tax margin
Group profit before tax margin has increased to 22.6% from 21.4% last year. This increase of 1.2 percentage points has been achieved primarily by an increase in gross margin of 0.8 percentage points less a slight increase in operating costs of 0.1 percentage points with the remainder being reflected in the exceptional profit on disposal of fixed assets and interest receivable.

Taxation
The effective rate of Corporation Tax was 23.1% (53 weeks ended 2 October 2004: 24.1%) and we have continued to fully provide for deferred taxation in line with FRS19. The effective rates of tax for both financial periods have been favourably affected by statutory deductions for share options exercised and intra-Group restructuring benefits.

Charts
Financial information in the charts displayed on pages 2,6,8,10,12,14,16 and 18 is based on the Annual Report and Financial Statements for the 52 week periods ending 2 June 2001, 1 June 2002, and 1 October 2005, the proforma unaudited statements for the 52 week period ended 27 September 2003, and the 53 week period ended 2 October 2004.
Costs as a percentage of sales

Basic earnings per share (pence)

Source: see page 13

Cash reserves position as at 1 October 2005

£27.8m
**Earnings per share**
Basic earnings per share has grown to 13.34 pence compared to 11.30 pence last year, an increase of 18.1%. Diluted earnings per share were 13.24 pence compared to 11.12 pence last year, an increase of 19.1%.

**Dividend and dividend policy**
The Board is recommending a final dividend of 6.00 pence per share, which will give a total dividend for the period of 9.50 pence compared to 8.00 pence last year an increase of 18.8%. This maintains our dividend cover at 1.41 times.

**Balance Sheet**
**Capital expenditure**
Capital expenditure in the period amounted to £8.8 million. This includes the cost of acquiring two freehold sites for £3.6 million and development stores site costs of £0.1 million.

We have also opened 27 new stores and undertaken preparatory work on a further two stores at a cost of £3.0 million and undertaken major refurbishment of a further 15 stores at a cost of £0.7 million and other re-fit costs of £0.8 million. We continue to update and expand our IT systems within the business and this coupled with some motor vehicle renewals accounted for £0.6 million.

At the period end the Group owned six freehold sites, two development sites and both the Topps and Tile Clearing House distribution and marketing centres, which have a total net book value of £12.0 million.

**Stock**
Stock at the period end represents 137 days turnover compared to 143 days for the same period last year.

**Capital structure**
Cash reserves at the period end were £27.8 million and borrowings were £6.0 million, the latter being to help fund the cost of the new Topps distribution and marketing centre which was opened in April 2004. This gives the Group a net funds position of £21.8 million compared to £23.1 million as at 2 October 2004.

The highly cash generative nature of our business means that the Group has always been able to fund its new store expansion programme from its own resources and to purchase freehold sites as suitable opportunities arise.

The Group expects that the business will continue to be cash generative and may look to repay part or all of the £6.0 million borrowings in 2006.

**Cash flow**
Net cash inflow from operating activities was £35.8 million, £2 million below last year. Higher trading profit for the Group was offset by higher cash outflows on working capital. This is due primarily to a decrease in Creditors as the Group now pays its employee bonuses on a quarterly basis rather than on an annual basis.

**Share buy-backs**
In the financial period the Group has bought back 1,722,115 Ordinary Shares at a cost of £3.77 million. This primarily is to stop any dilution occurring as employee share options are exercised and sold. However the Group has also, on occasion, acquired shares when the Board considers there is an opportunity to do so in the market. All of the shares acquired have now been cancelled.

**Joint venture in Holland**
The joint venture in Holland continues to develop with two new stores opened in the period to bring the total to 13 stores. The Group owns 50% in the joint venture with the other 50% owned by the Dutch management team. The Group’s Profit and Loss Account shows turnover of £2.3 million (2004 : £1.8 million) and operating profit before tax of £56,000 (2004 : £39,000) from the venture which reflects the Group’s 50% holding.

**Change in accounting policies**
During the financial period there have been no changes to the accounting policies of a material nature compared to the previous financial period.

**International Financial Reporting Standards (IFRS)**
The Group is working closely with its auditors to implement these changes. The Group is required to adopt IFRS for the financial period commencing 2 October 2005. However, the Group intends to make an announcement in January 2006 to show the impact of the changes.

**Post balance sheet events**
The Board confirms that there have been no events after the Balance sheet date requiring adjustment or disclosure in the financial statements for the period ended 1 October 2005.

**Annual General Meeting**
The Annual General Meeting for the period to 1 October 2005 will be held on 10 January 2006 at 10.30am at Topps Tiles Plc, Thorpe Way, Grove Park, Enderby, Leicestershire LE19 1SU, which is our Topps distribution and marketing centre.

**Nicholas Ounstead**
Chief Executive Officer

**Andrew Liggett**
Finance Director
Asthma UK was the natural choice of charity for Topps to adopt, as our products help to reduce the levels of house dust mites which are one of the triggers of asthma attacks.

Youth teams wear kit and play with equipment provided by our sports sponsorship scheme.
Corporate Social Responsibility is not new to Topps Tiles. We know that a reputation for acting responsibly helps build our business through customer recommendation. This is why we pride ourselves on our commitment to product quality, customer service excellence, good environmental management and to making a positive contribution to the communities where we do business.

In 2004, we set up a social and environmental responsibility working group chaired by a Board director. The purpose of this group was to review how we were doing and to look for opportunities for improvement. Much has been achieved. For example, we have set up a new way of including corporate social responsibility as part of our risk assessment.

Our Website demonstrates progress we have made on Corporate Social Responsibility an extension of the way we have done and will continue to do our business. In it we describe our approach towards:

- Community relations
- Environment
- Workplace
- Supply Chain

Our Approach
Andrew Liggett, the Finance Director for Topps Tiles Plc is the Chairman and the Board director responsible for the Social and Environmental policy.

Topps has established a social and environmental responsibility working group to further our consideration of corporate responsibility issues generally, but with a specific focus on environmental management. The members of the working group are the Group Finance Director, the Head of Human Resources, the Buying Director and the Internal Audit Manager. We are supported in these initial stages of establishing our environmental management systems by the use of a specialist environmental consultancy.

Together, the members of the working group are accountable for developing and improving our environmental management practice. Each member of the working group is responsible for implementing those elements of the environmental policy relevant to their functions. Topps Tiles believe that environmental responsibility should be an integral part of how we manage our business. This is why we have established such a senior working group to oversee our progress in this area.

Community relations
Topps is one of the biggest supporters of youth football in the UK, providing new kits and equipment to junior teams local to our stores. We have a policy of building local brand awareness of Topps Tiles and Tile Clearing House through involvement with young people. Probably our most well-known community project is our youth sports sponsorship, providing new kits and equipment to juniors in each town where we have an outlet. This has made Topps one of the biggest supporters of youth football in Britain and we now have over 225 teams playing regularly in our colours.
20+ schools have benefited from our ‘computers for schools’ scheme

Case Study
Len Denton (right) from Topps Tiles Southend has painted many valued murals at the local hospital and plans are underway in 2005 for a giant mosaic using 12,000 individual pieces of broken tiles.

Average number of employees (The Team) during the financial periods

<table>
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Source: see page 13

Strong culture of internal promotion
We also take great pride in our fund raising achievements for our adopted charity Asthma UK. This is our fifth year of support for the charity which aims to conquer this respiratory disorder which affects over one million children in the UK. Asthma UK was the natural choice of charity for Topps to adopt, as our products help to reduce the levels of house dust mites which are one of the triggers of asthma attacks. Our staff contributed greatly to the fundraising by holding sponsored events and in total with our Company donation of £10,000 we raised over £75,000 for this worthy cause.

As well as sport there is also education, where via our product catalogue schools can win valuable computer equipment. Since the scheme started, over 20 schools have benefited nationwide.

Environment
Respect for the environment is an accepted part of modern day business management.

At Topps, we recognise that our day-to-day activities impact on the environment and aim to minimise the harmful effects whenever we can. This year, we began a company-wide programme to improve our environmental performance, to review our policies, to put in place management systems to monitor and measure our performance and to set targets for improvement.

Much has been achieved but there is more to do. We have:
- assigned board responsibility for environmental management
- established our approach to environmental management
- updated our environmental policy
- identified our most important environmental impacts
- put in place systems to collect data to measure our performance and set targets for improvement.

Workplace
Topps’ businesses comply with current employment legislation and work with employees and local management of each branch to create a positive and equitable working environment.

There is a strong culture of internal promotion and regular dialogue on job and career development.

Topps is committed to promoting equal opportunities for all, and we believe that we have the right policies in place to meet this objective.

The Group also operates an employee suggestion scheme which is overseen by the Chairman, Barry Bester, which allows all employees to give suggestions which can help improve the business whether it be operational, environmental or social.

An in-house magazine is produced six times a year and sent to all employees as a further way of keeping everybody informed of the developments within the business.

Health and safety
The Group has a well documented and clear policy that is implemented rigorously throughout the business. We operate a Health and Safety Committee which meets on a regular basis and its members are representative of all areas of the business and is chaired by our Chief Executive.

Supply Chain
Topps Tiles purchases around £70m of goods each year. The majority of our purchases are ceramic tiles and we also purchase stone, wood and laminate and adhesives. We source our products from around the World.

Labour Standards and Environmental Responsibility are issues of growing importance. Topps Tiles has reviewed how it considers these issues with regard to its supplier relationships and has adopted:
- A policy on Labour Standards and Human Rights
- A standard clause on environmental protection which will be introduced into all new contracts and existing contracts on renewal.

Our buyers also have a regular programme to visit our suppliers, to discuss these issues.

Our full policy and established targets can be viewed on our website at www.toppstiles.co.uk and can be found in the Investors section under Corporate Responsibility.
Barry Bester  
*Executive Chairman*  
(aged 48)

**Member of Nomination Committee**

Barry was a founder shareholder and Director of Topps Tiles in 1984. His principal responsibilities are those of Group Strategy along with overseeing development of the joint venture in Holland.

He is also responsible for the Company’s employee suggestion scheme.

Nicholas Ounstead  
*Chief Executive Officer*  
(aged 45)

**Health and Safety Committee Chairman**

Nicholas joined Topps Tiles in April 1997. Prior to this he was Marketing Director at Bellegrove Ceramics Plc which is a major supplier to DIY chains and independent retailers. In September 2001 he was appointed Chief Operating Officer and promoted to Chief Executive Officer in October 2002. Nicholas is also Chairman of the Health and Safety Committee and has overall responsibility for the day-to-day operations of the business.

Andrew Liggett  
*Finance Director*  
(aged 44)

**Company Secretary**  
*Secretary of Nomination Committee*  
*Social and Environmental Responsibility Chairman*

Andrew joined Topps Tiles in 1995 as Finance Director. Prior to joining the Group, he worked for Gold Crown Group Limited where he was employed for ten years, initially as Management Accountant and then as Finance Director. He is responsible for the accounting, financial control, treasury, administration and Group secretarial matters.
Alan McIntosh CA  
Senior Non-Executive Director  
(aged 37)

Chairman of Audit Committee  
Member of Nomination Committee

Alan qualified as a Chartered Accountant with Deloitte. He was one of the founders and the former Group Finance Director of Punch Group Ltd. He joined the Board of Topps Tiles in 1997.

Victor Watson CBE  
Non-Executive Director  
(aged 77)

Member of Audit Committee  
Chairman of Nomination Committee

Victor was formerly Chairman of Waddington Plc. He joined the Board of Topps Tiles in 1997.

Rt. Hon Michael Jack Privy Councillor MP  
Non-Executive Director  
(aged 59)

Member of Audit Committee  
Member of Nomination Committee

Michael’s business career has seen him in management capacities with Proctor & Gamble and Marks & Spencer. In 1987 he became MP for Fylde and by 1990 had begun a ministerial career that saw him serve in the DSS, Home Office, MAFF and finally the Treasury as Financial Secretary. He joined the Board of Topps Tiles in 1999.
OPERATIONAL DIRECTORS

Matt Williams  
*Chief Operating Officer*  
(aged 31)

Ray joined the Company in 2002 and has over 30 years of sales experience including eight years with Wickes.

Adrian McCourt  
*Southern Operations Director*  
(aged 47)

Adrian joined the business in 1998 having spent his entire working life in sales, including time in the USA with JC Penney.

Martin Shenton  
*Midlands and South West Operations Director*  
(aged 50)

Martin joined the Company in 1978 and has worked in many different positions in his time with the business.

Matt joined the Company in 1998 after completing his Chartered Surveyors exams and took up a role in the property department. In 2004 he was promoted to Chief Operating Officer.

Ray Tricker  
*Northern Operations Director*  
(aged 49)

Matt Williams  
*Chief Operating Officer*  
(aged 31)
John joined the Company in 1998 after twelve years in the tile business, including three years with Great Mills DIY.

Colin joined the business in 1995 and has played a key role in implementing and developing our store Epos systems.

Alan joined the Company in 1984 as Store Manager and progressed to Area Manager before taking up his current role in 2002.

Alan Saunders
Marketing Director
(aged 42)

Colin Hampson
IT Director
(aged 33)

John Reilly
Buying Director
(aged 44)
**DIRECTORS AND ADVISORS**

**Directors**

B.F.J. Bester  
Executive Chairman

N.D. Ounstead  
Chief Executive Officer

A. Liggett FCMA  
Finance Director

W.A. McIntosh CA  
Senior Non-Executive Director

V.H. Watson CBE  
Non-Executive Director

The RT. Hon. J.M. Jack, Privy Counsellor, MP  
Non-Executive Director

**Secretary**  
A. Liggett FCMA

**Registered Number**  
3213782

**Registered Office**  
Rushworth House  
Wilmslow Road  
Handforth  
Wilmslow  
Cheshire SK9 3HJ

**Advisors**

**President**  
S.K.M. Williams FCA  
President (from 1 April 2005)

**Auditors**  
Deloitte & Touche LLP  
201 Deansgate  
Manchester M60 2AT

**Bankers**  
HSBC Bank Plc  
56 Queen Street  
Cardiff CF10 2PX

**Registrars**  
Capita IRG Plc  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

**Solicitors**  
TLT Solicitors  
1 Redcliff Street  
Bristol BS99 7JZ

**Sinclair Abson Smith Lawyers**  
19 Market Place  
Stockport SK1 1HA

**Beachcroft Wansbroughs Solicitors**  
St. Ann’s House  
St. Ann Street  
Manchester M2 7LP

**Stockbrokers**  
KBC Peel Hunt Limited  
111 Old Broad Street  
London EC2N 1PH
# Financial Statements

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- [64] Explanatory Notes to the Notice of Annual General Meeting
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The directors present their report on the affairs of the Group, together with the financial statements and auditors’ report, for the 52 week period ended 1 October 2005.

**Principal activity and business review**
The principal activity of the Group comprises the retail and wholesale distribution of ceramic tiles, wood flooring and related products.

Details of the Group's performance during the period and expected future developments are contained in the Chairman’s Statement and Chief Executive's and Financial reviews on pages 3 to 15 of the report and financial statements.

**Results and dividends**
The audited financial statements for the 52 week period ended 1 October 2005 are set out on pages 38 to 59. The Group’s profit for the period, after taxation, was £30,189,000 (53 weeks ended 2 October 2004 - £25,648,000).

An interim dividend of 3.50 pence per share, £7,983,000, was paid on 30 June 2005.

The directors recommend a final dividend of 6.00 pence per share, £13,576,000, making a total of 9.5 pence per share, £21,559,000 (2004 – total dividend 8.00p per share, £18,195,000). Subject to approval by the shareholders at the Annual General Meeting, to be held on 10 January 2006, the final dividend will be paid on 31 January 2006, to shareholders on the register at the close of business on 13 January 2006.

**Directors**
The directors who have served during the financial period were as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.K.M. Williams</td>
<td>President (Stepped down as Co-Chairman and Director 31 March 2005)</td>
</tr>
<tr>
<td>B.F.J. Bester</td>
<td>Executive Chairman (Co-Chairman to 31 March 2005)</td>
</tr>
<tr>
<td>N.D. Ounstead</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>A. Liggett</td>
<td>Finance Director</td>
</tr>
<tr>
<td>W.A. McIntosh</td>
<td>Senior Non-Executive Director</td>
</tr>
<tr>
<td>V.H. Watson</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>J.M. Jack</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

Stuart Williams stepped down from his position as Director and Co-Chairman on 31 March 2005 and took up the new position of President. The directors’ interests in the shares of the Company are set out on page 35.

**Share capital**
Details of the Company’s authorised and issued share capital are shown in note 19 to the financial statements.

**Supplier payment policy**
The Group’s policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensuring that suppliers are made aware of the terms of payment and that both parties abide by those terms.

The effect of the Group’s negotiated payment policy is that trade creditors at the period end represented 44 days purchases (2004 - 49 days).
Charitable and political contributions
During the period the Group made charitable donations of £10,000 to the ‘Tsunami Appeal’ and £10,000 to Asthma UK. The Group made no political contributions.

Substantial shareholdings
In addition to the directors’ shareholdings noted on page 35, on 3 November 2005 the Company had been notified, in accordance with Sections 198 to 208 of the Companies Act 1985, of the following interests in 3% or more of its issued share capital.

<table>
<thead>
<tr>
<th>Number Held</th>
<th>% Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC Global Custody Nominee (UK) Limited</td>
<td>39,977,000</td>
</tr>
<tr>
<td>Chase Nominees Limited</td>
<td>35,738,000</td>
</tr>
<tr>
<td>S.K.M. Williams</td>
<td>23,808,600</td>
</tr>
<tr>
<td>State Street Nominees Limited</td>
<td>16,847,000</td>
</tr>
<tr>
<td>BNY (OCS) Nominees Limited</td>
<td>9,754,000</td>
</tr>
<tr>
<td>Vidaqoss Nominees Limited</td>
<td>9,626,000</td>
</tr>
<tr>
<td>BBHISL Nominees Limited</td>
<td>8,210,000</td>
</tr>
<tr>
<td>Bank of New York (Nominees) Limited</td>
<td>7,467,000</td>
</tr>
</tbody>
</table>

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation
The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and the Company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Share option schemes
The directors recognise the importance of motivating employees and believe that one of the most effective incentives is increased employee participation in the Company through share ownership.

This has been achieved through the introduction of a number of employee sharesave, share bonus, approved and unapproved share option schemes, since the flotation in 1997.

The total of options held by employees, excluding directors, is 1,858,455. The directors will continue to incentivise employees through additional employee share option schemes in the forthcoming financial period.
Auditors
A resolution to re-appoint Deloitte & Touche LLP as the Company’s auditor will be proposed at the forthcoming Annual General Meeting.

Statement of Directors’ Responsibilities
United Kingdom company law requires the directors to prepare Financial Statements for each financial period which give a true and fair view of the state of affairs of the Company and Group as at the end of the financial period and of the profit of the Group for that period. In preparing those Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed.

Going concern
After making appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

A Liggett

Director and Company Secretary
29 November 2005
CORPORATE GOVERNANCE STATEMENTS

In June 1998 the Hampel Committee and the London Stock Exchange published the Combined Code on corporate governance. This combines the Cadbury Code on corporate governance, the Greenbury Code on directors’ remuneration and new requirements arising from the findings of the Hampel Committee.

**Statement of compliance with the Code of Best Practice**
The Company has complied throughout the period with the Provisions of the Code of Best Practice set out in section 1 of the Combined Code except for the provisions of A6.1. In this regard to A6.1 the Board does not currently undertake formal appraisal of its own performance and that of its committees but is currently in the process of completing such an appraisal. The Board considers this non-compliance with the Combined Code to be justified in view of the size of the Group and in this respect supports the recommendations of the City Group for smaller companies. The Company complies with all other provisions of the code.

Code Provision D.3.1 requires the members of the audit committee to be named in the report and financial statements. Mr. W.A. McIntosh (Chairman), Mr. V.H. Watson and Mr. J.M. Jack have served on the committee throughout the period.

**Attendance at Board/Committee meetings**
The following table shows the number of Board and Committee meetings held during the 52 week period ended 1 October 2005 and the attendance record of the individual directors.

<table>
<thead>
<tr>
<th></th>
<th>Board Of directors</th>
<th>Audit committee</th>
<th>Remuneration committee</th>
<th>Nomination committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of meetings</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>B.F.J. Bester</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>N.D. Ounstead</td>
<td>8</td>
<td>2</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>A. Liggett</td>
<td>8</td>
<td>2</td>
<td>N/A</td>
<td>1</td>
</tr>
<tr>
<td>W.A. McIntosh</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>V.H. Watson</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>J.M. Jack</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>S.K.M. Williams (Stepped down on 31/03/2005)</td>
<td>4</td>
<td>2</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Statement about applying the Principles of Good Governance**
The Company has applied the Principles of Good Governance set out in section 1 of the Combined Code by complying with the Code of Best Practice as reported above. Further explanation of how the Principles have been applied in connection with directors’ remuneration is set out in the Remuneration Report.

**Audit Committee**
The Audit Committee is chaired by Alan McIntosh and is authorised by the Board to liaise with the external auditors on the nature and scope of the audits, review the Audit Report and its findings and to ensure the Company’s internal control systems are adequate via liaison with the Internal Audit department.
Nomination Committee
The Nomination Committee is chaired by Victor Watson CBE and is authorised by the Board to maintain an ongoing review with the purpose of making recommendations for Board appointments.

Dialogue with institutional shareholders
The directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders by making annual presentations and communicating regularly throughout the year. The Company also posts financial information on its website www.toppstiles.co.uk.

Maintenance of a sound system of internal control
The Board has applied Principle D.2 of the Combined Code by establishing a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the process, which has been put in place from the start of the period to the date of the approval of this report and which is in accordance with Internal Control: Guidance for Directors on the Combined Code published in September 1999. The Board is responsible for the Group’s system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

In compliance with Provision D.2.1 of the Combined Code, the Board continuously reviews the effectiveness of the Group’s system of internal control. The Board’s monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Board has also performed a specific assessment for the purposes of this annual report. This assessment considers all significant aspects of internal control arising during the period covered by the report including the work of internal audit. The audit committee assists the Board in discharging its review responsibilities.
Introduction
This report has been prepared in accordance with the Directors’ Remuneration Report Regulations 2002 which introduced new statutory requirements for the disclosure of directors’ remuneration in respect of periods ending on or after 31 December 2002. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to directors’ remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The Regulations require the auditors to report to the Company’s members on the “auditable part” of the Directors’ remuneration report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information
Remuneration committee
The Company has established a Remuneration Committee, which is constituted in accordance with the recommendations of the Combined Code. The members of the committee are Mr. McIntosh, Mr. Watson and The Rt. Hon. Mr. Jack who are all independent non-executive directors, with the committee chaired by Mr. McIntosh.

None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business. The Committee makes recommendations to the Board. No director plays a part in any discussion about his own remuneration.

Remuneration policy
Executive remuneration packages are prudently designed to attract, motivate and retain directors of the high calibre needed to maintain the Group’s position as a market leader and to reward them for enhancing value to shareholders. The performance measurement of the executive directors and key members of senior management and the determination of their annual remuneration package are undertaken by the Committee. The remuneration of the non-executive directors is determined by the Board within limits set out in the Articles of Association.

There are four main elements of the remuneration package for executive directors and senior management:

- basic annual salary (including directors’ fees) and benefits;
- long-term incentive plan;
- annual bonus payments;
- pension arrangements.
Basic salary
An executive director’s basic salary is determined by the Committee prior to the beginning of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Committee considers the Group as a whole and relies on objective research which gives up-to-date information on a comparator group of companies. Basic salaries were reviewed in September 2005 with increases taking effect from 1 October 2005. Executive director’s contracts of service which include details of remuneration will be available for inspection at the Annual General Meeting.

In addition to basic salary, the executive directors receive certain benefits-in-kind, principally a car and private medical insurance.

Long-term incentive Plan (L–TIP)
The Topps Tiles Plc 2003 Executive L–TIP is a three year plan which is due to mature at the financial period ending 30 September 2006. The L–TIP is a cash based plan with performance targets based on the Group profitability over the three year period. It is discretionary and will be operated by the Board acting through the Remuneration Committee. The maximum total amount potentially payable to participants under the plan if performance criteria are met is £4,000,000. N.D. Ounstead and A. Liggett each have been granted a 25% interest in the L–TIP.

The payment of the individual awards under the scheme is dependent on the participant remaining in employment with the Group and the Group achieving a cumulative total of at least £80,000,000 pre-tax profits (before any accrual for the L–TIP) over the three year period and the diluted earnings per share as shown in the Group’s annual accounts must increase by an average of 15% per annum (compounded annually) over the same period. In the event of a take-over, reconstruction or winding up of the Group, a proportion of awards will vest having regard to the number of months of the performance period that have elapsed and any other relevant factors.

Annual bonus payments
A discretionary annual cash bonus scheme represents the short term incentive element of the overall remuneration package for Mr. Liggett and Mr. Ounstead. The committee establishes the objectives that must be met in the financial period if a cash bonus is to be paid. The maximum bonus achievable in the period was £nil and for the period ending 30 September 2006 will be a total of £520,000 which is 100% of basic salaries.

Pension arrangements
Mr. Bester, Mr. Ounstead and Mr. Liggett received contributions into their own personal pension schemes.

Directors’ contracts
Executive directors
It is the company’s policy that executive directors enter into a contract with a 12 month term providing for a maximum of six months notice.

Mr. Bester, Mr. Ounstead and Mr. Liggett have entered into new service contracts on 1 October 2005 in accordance with the above policy.

In the event of early termination, the directors’ contracts provide for compensation up to a maximum of six months basic salary for the notice period.
**Directors’ contracts (continued)**

**Non-executive directors**

All non-executive directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association and based on independent surveys of fees paid to non-executive directors of similar companies. The basic fee paid to each non-executive director in the period was £20,000. It is the Company’s policy that non-executive directors should have contracts with an indefinite term providing for a maximum of six months notice. Non-executive directors cannot participate in any of the Company’s share option schemes and are not eligible to join the Company’s pension scheme.

The details of the non-executive directors’ contracts are summarised in the table below:

<table>
<thead>
<tr>
<th>Name of director</th>
<th>Date of contract or letter of appointment</th>
<th>Unexpired term</th>
<th>Notice period</th>
</tr>
</thead>
<tbody>
<tr>
<td>W.A. McIntosh</td>
<td>27 May 1997</td>
<td>N/A</td>
<td>6 months</td>
</tr>
<tr>
<td>V.H. Watson</td>
<td>27 May 1997</td>
<td>N/A</td>
<td>6 months</td>
</tr>
<tr>
<td>J.M. Jack</td>
<td>26 January 1999</td>
<td>N/A</td>
<td>6 months</td>
</tr>
</tbody>
</table>

**Performance graph**

The following graph shows the company’s performance, measured by total shareholder return (“TSR”), compared with the performance of the FTSE Index also measured by TSR. The index chosen for the comparison demonstrates the Group’s TSR in comparison to the average for FTSE 250 companies.

![Graph showing TSR performance of Topps Tiles Plc against FTSE Mid 250 Index (Excluding Investment Trusts) for the period 3 June 2000 to 1 October 2005](image-url)
Audited information

Aggregate directors’ remuneration

The total amounts for directors’ remuneration were as follows:

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 October 2005 £’000</th>
<th>53 weeks ended 2 October 2004 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emoluments</td>
<td>902</td>
<td>959</td>
</tr>
<tr>
<td>Money purchase pension contributions</td>
<td>26</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>928</td>
<td>983</td>
</tr>
</tbody>
</table>

Directors’ emoluments

<table>
<thead>
<tr>
<th>Name of director</th>
<th>Fees £’000</th>
<th>Basic salary £’000</th>
<th>Vehicle allowance £’000</th>
<th>Benefits in kind £’000</th>
<th>Money purchase pension contributions £’000</th>
<th>52 weeks ended 1 October 2005 £’000</th>
<th>53 weeks ended 2 October 2004 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.F.J. Bester</td>
<td>–</td>
<td>182</td>
<td>–</td>
<td>22</td>
<td>6</td>
<td>210</td>
<td>204</td>
</tr>
<tr>
<td>(Stepped down as Co-Chairman 31 March 2005)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N.D. Ounstead</td>
<td>–</td>
<td>234</td>
<td>24</td>
<td>5</td>
<td>10</td>
<td>273</td>
<td>262</td>
</tr>
<tr>
<td>A. Liggett</td>
<td>–</td>
<td>234</td>
<td>–</td>
<td>23</td>
<td>10</td>
<td>267</td>
<td>259</td>
</tr>
<tr>
<td><strong>Non executive directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>W.A. McIntosh</td>
<td>20</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>V.H. Watson</td>
<td>20</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>J.M. Jack</td>
<td>–</td>
<td>20</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>40</td>
<td>761</td>
<td>24</td>
<td>63</td>
<td>26</td>
<td>914</td>
<td>983</td>
</tr>
</tbody>
</table>

Directors’ share options

There were no options outstanding, granted to or exercised by directors during the period and therefore no gains were made by the directors.

The market price of the ordinary shares at 1 October 2005 was 172 pence and the range during the year was 159 pence to 270 pence.
Directors interests
The directors had the following interest in the shares of the Company (all interests relate solely to Ordinary Shares).

<table>
<thead>
<tr>
<th></th>
<th>1 October 2005</th>
<th>2 October 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ordinary shares of 2.5p each</td>
<td>ordinary shares of 2.5p each</td>
</tr>
<tr>
<td>B.F.J. Bester</td>
<td>18,541,600</td>
<td>18,541,600</td>
</tr>
<tr>
<td>N.D. Ounstead</td>
<td>493,500</td>
<td>493,500</td>
</tr>
<tr>
<td>A. Liggett</td>
<td>2,001,500</td>
<td>2,001,500</td>
</tr>
<tr>
<td>W.A. McIntosh</td>
<td>1,585,000</td>
<td>1,585,000</td>
</tr>
<tr>
<td>V.H. Watson</td>
<td>180,000</td>
<td>185,000</td>
</tr>
<tr>
<td>J.M. Jack</td>
<td>15,000</td>
<td>15,000</td>
</tr>
</tbody>
</table>

Approval
This report was approved by the Board of directors on 29 November 2005 and signed on its behalf by:

Alan McIntosh
Chairman of Remuneration Committee

29 November 2005
INDEPENDENT AUDITORS’ REPORT

To the members of Topps Tiles Plc
We have audited the financial statements of Topps Tiles Plc for the 52 week period ended 1 October 2005 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors’ remuneration report that is described as having been audited.

This report is made solely to the Company’s members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditors’ 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 and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As described in the statement of directors’ responsibilities, the Company’s directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report, including the directors’ remuneration report. Our responsibility is to audit the financial statements and the part of the directors’ remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors’ remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors’ report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors’ remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the corporate governance statement reflects the Company’s compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board’s statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group’s corporate governance procedures or its risk and control procedures.

We read the directors’ report and the other information contained in the annual report for the above period as described in the contents section, including the unaudited part of the directors’ remuneration report, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.
Basis of audit opinion
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors’ remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors’ remuneration report described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors’ remuneration report described as having been audited.

Opinion
In our opinion:
- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 1 October 2005 and of the profit of the Group for the 52 week period then ended; and
- the financial statements and part of the directors’ remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester
29 November 2005
## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 52 week period ended 1 October 2005

<table>
<thead>
<tr>
<th>Notes</th>
<th>52 weeks ended 1 October 2005 Audited £'000</th>
<th>53 weeks ended 2 October 2004 Audited £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover, group and share of joint venture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: share of joint venture turnover</td>
<td>2</td>
<td>175,640</td>
</tr>
<tr>
<td>Group turnover</td>
<td></td>
<td>173,326</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(2,314)</td>
<td>(1,818)</td>
</tr>
<tr>
<td>Gross profit</td>
<td></td>
<td>106,180</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>3</td>
<td>(7,502)</td>
</tr>
<tr>
<td>- employee profit sharing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- other operating expenses</td>
<td></td>
<td>(61,844)</td>
</tr>
<tr>
<td>Group operating profit</td>
<td></td>
<td>36,834</td>
</tr>
<tr>
<td>Share of operating profit in joint venture</td>
<td></td>
<td>56</td>
</tr>
<tr>
<td>Group and share of joint venture's operating profit</td>
<td></td>
<td>36,890</td>
</tr>
<tr>
<td>Exceptional profit on disposal of fixed assets</td>
<td>5</td>
<td>1,700</td>
</tr>
<tr>
<td>Profit on ordinary activities before finance income</td>
<td></td>
<td>38,590</td>
</tr>
<tr>
<td>Finance income (net)</td>
<td>6</td>
<td>642</td>
</tr>
<tr>
<td>Profit on ordinary activities before taxation</td>
<td></td>
<td>39,232</td>
</tr>
<tr>
<td>Tax on profit on ordinary activities</td>
<td>8</td>
<td>(9,043)</td>
</tr>
<tr>
<td>Profit on ordinary activities after taxation</td>
<td></td>
<td>30,189</td>
</tr>
<tr>
<td>Dividends paid and proposed</td>
<td>9</td>
<td>(21,492)</td>
</tr>
<tr>
<td>Retained profit for the year transferred to reserves</td>
<td>20</td>
<td>8,697</td>
</tr>
</tbody>
</table>

### Earnings per ordinary share

- basic | 10 | 13.34p | 11.30p |
- diluted | 10 | 13.24p | 11.12p |

All activity has arisen from continuing operations.

There are no recognised gains or losses in the period (53 weeks ended 2 October 2004 – £9,000 foreign exchange gain).

A statement of movements on reserves is given in note 20.

The accompanying notes are an integral part of this consolidated profit and loss account.
## BALANCE SHEETS  As at 1 October 2005

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>1 October 2005 £’000</th>
<th>2 October 2004 £’000</th>
<th>1 October 2005 £’000</th>
<th>2 October 2004 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>11</td>
<td>517</td>
<td>551</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>12</td>
<td>32,072</td>
<td>29,236</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Investments</td>
<td>13</td>
<td>–</td>
<td>–</td>
<td>15,122</td>
<td>15,122</td>
</tr>
<tr>
<td>Joint venture undertaking</td>
<td>13</td>
<td>–</td>
<td>–</td>
<td>1,196</td>
<td>1,059</td>
</tr>
<tr>
<td>- share of assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- share of liabilities</td>
<td></td>
<td>(971)</td>
<td>(866)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>32,814</td>
<td>29,980</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td>15,122</td>
<td>15,122</td>
</tr>
<tr>
<td>Stocks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>25,338</td>
<td>24,373</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Debtors within one year</td>
<td>14</td>
<td>4,071</td>
<td>3,809</td>
<td>76,209</td>
<td>40,103</td>
</tr>
<tr>
<td>Debtors after one year</td>
<td>14</td>
<td>115</td>
<td>110</td>
<td>6,200</td>
<td>6,200</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>17</td>
<td>27,829</td>
<td>29,624</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>57,353</td>
<td>57,916</td>
<td>82,409</td>
<td>46,303</td>
</tr>
<tr>
<td><strong>Creditors:</strong> Amounts falling due within one year</td>
<td>15</td>
<td>(39,775)</td>
<td>(45,452)</td>
<td>(44,214)</td>
<td>(19,195)</td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td>17,578</td>
<td>12,464</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>38,195</td>
<td>27,108</td>
</tr>
<tr>
<td><strong>Total assets less current liabilities</strong></td>
<td></td>
<td>50,392</td>
<td>42,444</td>
<td>53,317</td>
<td>42,230</td>
</tr>
<tr>
<td><strong>Creditors:</strong> Amounts falling due after more than one year</td>
<td>16</td>
<td>(9,394)</td>
<td>(7,571)</td>
<td>(3,394)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Provisions for liabilities and charges</strong></td>
<td>18</td>
<td>(2,345)</td>
<td>(1,864)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td></td>
<td></td>
<td>38,653</td>
<td>33,009</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>49,923</td>
<td>42,230</td>
</tr>
<tr>
<td><strong>Capital and reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Called-up share capital</td>
<td>19</td>
<td>5,655</td>
<td>5,673</td>
<td>5,655</td>
<td>5,673</td>
</tr>
<tr>
<td>Share premium</td>
<td>20</td>
<td>5,575</td>
<td>4,889</td>
<td>5,575</td>
<td>4,889</td>
</tr>
<tr>
<td>Merger reserve</td>
<td>20</td>
<td>(399)</td>
<td>(399)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Special reserve</td>
<td>20</td>
<td>–</td>
<td>–</td>
<td>14,917</td>
<td>14,917</td>
</tr>
<tr>
<td>Treasury Shares</td>
<td>20</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Capital redemption reserve</td>
<td>20</td>
<td>–</td>
<td>(733)</td>
<td>190</td>
<td>137</td>
</tr>
<tr>
<td>Other reserve</td>
<td>20</td>
<td>–</td>
<td>–</td>
<td>6,200</td>
<td>6,200</td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>20</td>
<td>27,632</td>
<td>23,442</td>
<td>17,386</td>
<td>11,147</td>
</tr>
<tr>
<td><strong>Equity shareholders’ funds</strong></td>
<td>21</td>
<td>38,653</td>
<td>33,009</td>
<td>49,923</td>
<td>42,230</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these balance sheets.

The financial statements on pages 38 to 59 were approved by the Board of directors on 29 November 2005 and signed on its behalf by:

**ND Ounstead**  
*Director*

**A Liggett**  
*Director*
## CONSOLIDATED CASH FLOW STATEMENT
For the 52 week period ended 1 October 2005

<table>
<thead>
<tr>
<th>Notes</th>
<th>52 weeks ended 1 October 2005 £'000</th>
<th>53 weeks ended 2 October 2004 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Returns on investments and servicing of finance</td>
<td>21(a) 35,766</td>
<td>37,770</td>
</tr>
<tr>
<td>Taxation</td>
<td>21(b) 634</td>
<td>530</td>
</tr>
<tr>
<td>Capital expenditure and financial investment</td>
<td>21(c) (8,864)</td>
<td>(5,236)</td>
</tr>
<tr>
<td>Equity dividends</td>
<td>21(c) (4,272)</td>
<td>(8,266)</td>
</tr>
<tr>
<td><strong>Cash inflow before financing</strong></td>
<td>1,775</td>
<td>13,264</td>
</tr>
<tr>
<td>Financing</td>
<td>21(d) (3,570)</td>
<td>(2,220)</td>
</tr>
<tr>
<td><strong>(Decrease)/increase in cash in the period</strong></td>
<td>21(e) (1,795)</td>
<td>11,044</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this Consolidated Cash Flow Statement.
1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period:

a) Basis of accounting
The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

b) Basis of consolidation
The statutory Group profit and loss account and balance sheet consolidate the financial statements of Topps Tiles Plc and its subsidiary undertakings made up to 1 October 2005. The financial statements of Topalpha Limited have been consolidated using merger accounting principles. In all other cases, subsidiary undertakings have been accounted for using acquisition accounting principles and incorporate the results of the Group’s joint venture undertaking. The Group accounts for its own share of assets, liabilities and cash flows associated with this joint venture.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. No profit and loss account is presented for Topps Tiles Plc, as permitted by S230 of the Companies Act 1985. The Company’s profit after tax for the period, determined in accordance with the Act, was £38,738,000 (2 October 2004 - £36,035,000).

c) Financial period
The accounting period ends on the Saturday which falls closest to 30 September, resulting in financial periods of either 52 or 53 weeks.

d) Goodwill
Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is twenty years. Provision is made for any impairment.

Goodwill of £15,080,000 arising on acquisitions in the period ended 30 May 1998 was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated on the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

e) Turnover
Turnover comprises the net amount receivable in respect of retail sales less goods returned during the period from third parties and excludes value added tax.
1 Accounting policies (continued)

f) Tangible fixed assets
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Costs are only those costs that are directly attributable to bringing the asset into working condition for its intended use. Depreciation is provided to write off the cost of tangible assets, less estimated residual value, over their estimated useful lives, as follows:

Freehold buildings - 2% per annum on cost on a straight-line basis
Short leasehold land and buildings - over the period of the lease, up to 25 years
Fixtures and fittings - over 10 years or at 25% per annum on reducing balance basis as appropriate
Motor vehicles - 25% per annum on reducing balance

Freehold land is not depreciated.
Residual value is calculated on prices prevailing at the date of acquisition.

g) Stocks
Stocks are stated at the lower of cost and net realisable value. Cost includes materials and an attributable proportion of distribution overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

h) Taxation
UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

i) Foreign currency
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.
1 Accounting policies (continued)

k) Leases
Assets held under finance leases and hire purchase contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

l) Investments
Fixed asset investments are shown at cost less provision for impairment.

m) Pension costs
For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

n) Derivative financial instruments
The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

For a forward foreign exchange contract to be treated as a hedge, the instrument must be related to actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign currency exchange movements on the Group’s operations. Gains and losses arising on these contracts are deferred and recognised in the profit and loss account, only when the hedged transaction has itself been reflected in the Group’s financial statements.

If an instrument ceases to be accounted for as a hedge, for example, because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

o) Finance costs
Finance costs of debt are recognised in the profit and loss account over the term of the debt at a constant rate on the carrying amount. Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.
2 Turnover

Turnover and profit before taxation are attributable to one activity, the retail and wholesale distribution of ceramic tiles, wood flooring and related products, and arise within the UK and Europe.

<table>
<thead>
<tr>
<th>By Geographical origin</th>
<th>Turnover £’000</th>
<th>52 weeks ended 1 October 2005</th>
<th>53 weeks ended 2 October 2004</th>
<th>Profit before tax £’000</th>
<th>52 weeks ended 1 October 2005</th>
<th>53 weeks ended 2 October 2004</th>
<th>Net assets £’000</th>
<th>52 weeks ended 1 October 2005</th>
<th>53 weeks ended 2 October 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td></td>
<td>173,326</td>
<td>157,612</td>
<td>38,534</td>
<td>33,051</td>
<td>44,428</td>
<td>39,333</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mainland Europe</td>
<td></td>
<td>2,314</td>
<td>1,818</td>
<td>56</td>
<td>39</td>
<td>225</td>
<td>193</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>175,640</td>
<td>159,430</td>
<td>38,590</td>
<td>33,090</td>
<td>44,653</td>
<td>39,526</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Bank loans and overdraft N/A 
Finance income (net) 642 704 N/A N/A
Profit on ordinary activities before taxation 39,232 33,794 N/A N/A
Total net assets N/A N/A 38,653 33,009

Turnover by destination is not materially different to that by geographical origin.

3 Operating expenses

<table>
<thead>
<tr>
<th>Distribution costs</th>
<th>52 weeks ended 1 October 2005 £’000</th>
<th>53 weeks ended 2 October 2004 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>46,348</td>
<td>41,176</td>
</tr>
<tr>
<td>Administrative expenses;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>15,496</td>
<td>13,792</td>
</tr>
<tr>
<td>Employee profit sharing</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,502</td>
<td>7,853</td>
</tr>
<tr>
<td></td>
<td>69,346</td>
<td>62,821</td>
</tr>
</tbody>
</table>
4 Staff costs
   a) Staff costs
   The average monthly number of employees (including executive directors) was:

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 October 2005</th>
<th>53 weeks ended 2 October 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number employed</td>
<td>Number employed</td>
</tr>
<tr>
<td>Selling</td>
<td>1,356</td>
<td>1,181</td>
</tr>
<tr>
<td>Administration</td>
<td>157</td>
<td>146</td>
</tr>
<tr>
<td></td>
<td>1,513</td>
<td>1,327</td>
</tr>
</tbody>
</table>

Their aggregate remuneration comprised:

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 October 2005</th>
<th>53 weeks ended 2 October 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>26,477</td>
<td>25,354</td>
</tr>
<tr>
<td>Social security costs</td>
<td>2,984</td>
<td>2,936</td>
</tr>
<tr>
<td>Other pension costs (note 22(b))</td>
<td>216</td>
<td>175</td>
</tr>
<tr>
<td></td>
<td>29,677</td>
<td>28,465</td>
</tr>
</tbody>
</table>

Details of director’s emoluments are disclosed on page 34.

5 Exceptional profit on disposal of fixed assets
   The profit on disposal of fixed assets increased the tax charge by £510,000 (53 weeks ended 2nd October 2004: £130,622).
6 Finance income (net)

<table>
<thead>
<tr>
<th>Investment income</th>
<th>52 weeks ended 1 October 2005 £'000</th>
<th>53 weeks ended 2 October 2004 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest receivable and similar income</td>
<td>1,076</td>
<td>930</td>
</tr>
<tr>
<td>Interest payable and similar charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans and overdrafts</td>
<td>(372)</td>
<td>(373)</td>
</tr>
<tr>
<td>Interest on VAT payments</td>
<td>(64)</td>
<td>–</td>
</tr>
<tr>
<td>Joint venture interest</td>
<td>(27)</td>
<td>(27)</td>
</tr>
<tr>
<td>Interest costs capitalised</td>
<td>29</td>
<td>174</td>
</tr>
<tr>
<td>Net finance charges</td>
<td>(434)</td>
<td>(226)</td>
</tr>
<tr>
<td>Net finance income</td>
<td>642</td>
<td>704</td>
</tr>
</tbody>
</table>

Finance costs have been capitalised based on a capitalisation rate of 4.5%, which is the weighted average of rates applicable to the Group’s general borrowings outstanding during the period.

7 Profit on ordinary activities before taxation

a) Profit on ordinary activities before tax is stated after charging/(crediting):

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 October 2005 £'000</th>
<th>53 weeks ended 2 October 2004 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amounts written off tangible fixed assets</td>
<td>3,363</td>
<td>2,729</td>
</tr>
<tr>
<td>Amortisation of goodwill</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Joint venture goodwill</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Loss on disposal of tangible fixed assets</td>
<td>–</td>
<td>269</td>
</tr>
<tr>
<td>Exceptional profit on disposal of fixed assets</td>
<td>(1,700)</td>
<td>(542)</td>
</tr>
<tr>
<td>Operating lease rentals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- plant and machinery</td>
<td>746</td>
<td>563</td>
</tr>
<tr>
<td>- other</td>
<td>13,047</td>
<td>11,652</td>
</tr>
<tr>
<td>Remuneration to auditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- audit</td>
<td>70</td>
<td>54</td>
</tr>
<tr>
<td>- other</td>
<td>47</td>
<td>181</td>
</tr>
</tbody>
</table>
7 Profit on ordinary activities before taxation (continued)

b) Exceptional operating items that have been charged in the period are as follows:

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 October 2005 £'000</th>
<th>53 weeks ended 2 October 2004 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairment of display stands</td>
<td>344</td>
<td>344</td>
</tr>
</tbody>
</table>

8 Tax on profit on ordinary activities

The tax charge comprises:

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 October 2005 £'000</th>
<th>53 weeks ended 2 October 2004 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK corporation tax</td>
<td>8,688</td>
<td>7,573</td>
</tr>
<tr>
<td>Share of current tax paid by joint venture</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>Adjustments in respect of prior years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- UK corporation tax</td>
<td>(142)</td>
<td>39</td>
</tr>
<tr>
<td><strong>Total current tax</strong></td>
<td>8,562</td>
<td>7,631</td>
</tr>
<tr>
<td><strong>Deferred tax</strong> - Origination and reversal of timing differences (note 18)</td>
<td>481</td>
<td>515</td>
</tr>
<tr>
<td><strong>Total tax on profit on ordinary activities</strong></td>
<td>9,043</td>
<td>8,146</td>
</tr>
</tbody>
</table>
8 Tax on profit on ordinary activities (continued)
The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended</th>
<th>53 weeks ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 October 2005</td>
<td>2 October 2004</td>
</tr>
<tr>
<td>Profit on ordinary activities before tax</td>
<td>£'000</td>
<td>£’000</td>
</tr>
<tr>
<td>Tax on profit on ordinary activities at standard UK corporation tax rate of 30%</td>
<td>11,770</td>
<td>10,139</td>
</tr>
<tr>
<td>Effects of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intra-Group restructuring</td>
<td>(540)</td>
<td>–</td>
</tr>
<tr>
<td>Net income not chargeable for tax purposes</td>
<td>(1,590)</td>
<td>(869)</td>
</tr>
<tr>
<td>Capital allowances in excess of depreciation</td>
<td>(297)</td>
<td>(475)</td>
</tr>
<tr>
<td>Depreciation on tangible fixed assets which do not qualify for capital allowances</td>
<td>128</td>
<td>196</td>
</tr>
<tr>
<td>Savings from Share Symmetry on options exercised</td>
<td>(729)</td>
<td>(1,408)</td>
</tr>
<tr>
<td>Accounting profit in excess of chargeable gains on sale of freehold property</td>
<td>(38)</td>
<td>–</td>
</tr>
<tr>
<td>Higher tax rate on overseas earnings</td>
<td>–</td>
<td>9</td>
</tr>
<tr>
<td>Adjustments to tax charge in respect of prior periods</td>
<td>(142)</td>
<td>39</td>
</tr>
<tr>
<td>Current tax charge for period</td>
<td>8,562</td>
<td>7,631</td>
</tr>
</tbody>
</table>

9 Dividends

|                                | 52 weeks ended | 53 weeks ended |
|                                | 1 October 2005 | 2 October 2004 |
| Interim paid 3.50p (2004 – 2.00p) per ordinary share | 7,983          | 4,602          |
| Final proposed 6.00p (2004 – 6.00p) per ordinary share | 13,576         | 13,593         |
| Over provision in respect of the prior period final dividend | (67)           | (40)           |
| Total 9.50p (2004 – 8.00p) per ordinary share | 21,492         | 18,155         |
10 Earnings per share

The calculation of earnings per share is based on the earnings for the financial period attributable to equity shareholders and the weighted average number of ordinary shares as follows:

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 October 2005</th>
<th>53 weeks ended 2 October 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average</td>
<td>226,351,825</td>
<td>226,881,069</td>
</tr>
<tr>
<td>of shares under option</td>
<td>1,678,222</td>
<td>3,868,815</td>
</tr>
<tr>
<td>For diluted earnings per share</td>
<td>228,030,047</td>
<td>230,749,884</td>
</tr>
</tbody>
</table>

11 Goodwill

<table>
<thead>
<tr>
<th></th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>At 3 October 2004 and 1 October 2005</td>
<td>693</td>
</tr>
<tr>
<td>Amortisation</td>
<td></td>
</tr>
<tr>
<td>At 3 October 2004</td>
<td>142</td>
</tr>
<tr>
<td>Charge for the period</td>
<td>34</td>
</tr>
<tr>
<td>At 1 October 2005</td>
<td>176</td>
</tr>
<tr>
<td>Net book value</td>
<td></td>
</tr>
<tr>
<td>At 1 October 2005</td>
<td>517</td>
</tr>
<tr>
<td>At 2 October 2004</td>
<td>551</td>
</tr>
</tbody>
</table>
12 Tangible fixed assets

<table>
<thead>
<tr>
<th>Land and buildings</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Freehold</td>
<td>Leasehold</td>
<td>Fixtures</td>
<td>Motor</td>
</tr>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 3 October 2004</td>
<td>11,204</td>
<td>1,293</td>
<td>25,548</td>
<td>346</td>
</tr>
<tr>
<td>Additions</td>
<td>3,548</td>
<td>88</td>
<td>5,067</td>
<td>88</td>
</tr>
<tr>
<td>Disposals</td>
<td>(2,342)</td>
<td>–</td>
<td>(117)</td>
<td>(185)</td>
</tr>
<tr>
<td>At 1 October 2005</td>
<td>12,410</td>
<td>1,381</td>
<td>30,498</td>
<td>249</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 3 October 2004</td>
<td>278</td>
<td>700</td>
<td>8,127</td>
<td>50</td>
</tr>
<tr>
<td>Charge</td>
<td>203</td>
<td>81</td>
<td>3,015</td>
<td>64</td>
</tr>
<tr>
<td>Disposals</td>
<td>(57)</td>
<td>–</td>
<td>32</td>
<td>(27)</td>
</tr>
<tr>
<td>At 1 October 2005</td>
<td>424</td>
<td>781</td>
<td>11,174</td>
<td>87</td>
</tr>
<tr>
<td>Net book value</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 October 2005</td>
<td>11,986</td>
<td>600</td>
<td>19,324</td>
<td>162</td>
</tr>
<tr>
<td>At 2 October 2004</td>
<td>10,926</td>
<td>593</td>
<td>17,421</td>
<td>296</td>
</tr>
</tbody>
</table>

Freehold land and buildings include £372,466 (2004 - £406,535) of assets under construction and £2,160,000 of land (2004 - £2,160,000) on which no depreciation has been charged in the current period.

Cumulative finance costs capitalised included in the cost of tangible fixed assets amount to £370,000 (2004 - £341,000) for the Group.
13 Fixed asset investments

<table>
<thead>
<tr>
<th>Company</th>
<th>1 October 2005</th>
<th>2 October 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidiary undertakings</td>
<td>14,640</td>
<td>14,640</td>
</tr>
<tr>
<td>Joint venture</td>
<td>482</td>
<td>482</td>
</tr>
<tr>
<td></td>
<td>15,122</td>
<td>15,122</td>
</tr>
</tbody>
</table>

The Company and the Group have investments in the following subsidiary undertakings and joint ventures which principally affected the profit or net assets of the Group. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

<table>
<thead>
<tr>
<th>Subsidiary undertaking</th>
<th>% of issued shares held</th>
<th>Principal activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topalpha Limited*</td>
<td>100%</td>
<td>Property management and investment</td>
</tr>
<tr>
<td>Multi Tile Limited</td>
<td>100%</td>
<td>Retail and wholesale of ceramic tiles, wood flooring and related products</td>
</tr>
<tr>
<td>Topps Tiles (UK) Limited</td>
<td>100%</td>
<td>Retail and wholesale of ceramic tiles, wood flooring and related products</td>
</tr>
<tr>
<td>Topps Tiles Distribution Ltd</td>
<td>100%</td>
<td>Wholesale and distribution of ceramic tiles, wood flooring and related products.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Joint venture undertaking</th>
<th>% of issued shares held</th>
<th>Principal activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topps Tiles Holdings BV*</td>
<td>50%</td>
<td>Retail and wholesale of ceramic tiles, wood flooring and related products</td>
</tr>
</tbody>
</table>

*held directly by Topps Tiles Plc

The investments are represented by ordinary shares.

All undertakings are incorporated in Great Britain and are registered and operate in England and Wales except for Topps Tiles (Holland) BV which is registered and incorporated in the Netherlands.

<table>
<thead>
<tr>
<th>Joint venture</th>
<th>1 October 2005</th>
<th>2 October 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of gross assets</td>
<td>1,196</td>
<td>1,059</td>
</tr>
<tr>
<td>Share of gross liabilities</td>
<td>(971)</td>
<td>(866)</td>
</tr>
<tr>
<td>Share of net assets</td>
<td>225</td>
<td>193</td>
</tr>
</tbody>
</table>
## 14 Debtor

The table below shows the amounts falling due within one year and after one year:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 October 2005</td>
<td>2 October 2004</td>
</tr>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
</tbody>
</table>

### Amounts falling due within one year:

<table>
<thead>
<tr>
<th>Description</th>
<th>1 October 2005</th>
<th>2 October 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>238</td>
<td>635</td>
</tr>
<tr>
<td>Loan to joint venture</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Amounts owed by subsidiary undertaking</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other debtors</td>
<td>523</td>
<td>651</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>3,310</td>
<td>2,523</td>
</tr>
</tbody>
</table>

### Amounts falling due after one year:

<table>
<thead>
<tr>
<th>Description</th>
<th>1 October 2005</th>
<th>2 October 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan to joint venture</td>
<td>115</td>
<td>110</td>
</tr>
<tr>
<td>Amounts owed by subsidiary undertaking</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### Total

<table>
<thead>
<tr>
<th></th>
<th>1 October 2005</th>
<th>2 October 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,071</td>
<td>3,809</td>
</tr>
<tr>
<td></td>
<td>76,209</td>
<td>40,103</td>
</tr>
</tbody>
</table>

## 15 Creditors: Amounts falling due within one year

The table below shows the amounts falling due within one year:

<table>
<thead>
<tr>
<th>Description</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank loans and overdrafts (note 17)</td>
<td>–</td>
<td>3,394</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>14,389</td>
<td>30,097</td>
</tr>
<tr>
<td>Other creditors</td>
<td>4,114</td>
<td>151</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>3,640</td>
<td>–</td>
</tr>
<tr>
<td>Proposed dividend</td>
<td>13,576</td>
<td>13,576</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>4,056</td>
<td>381</td>
</tr>
</tbody>
</table>

### Total

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>39,775</td>
<td>44,214</td>
</tr>
<tr>
<td></td>
<td>45,452</td>
<td>19,195</td>
</tr>
</tbody>
</table>

## 16 Creditors: Amounts falling due after more than one year

The table below shows the amounts falling due after more than one year:

<table>
<thead>
<tr>
<th>Description</th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank loan (note 17)</td>
<td>–</td>
<td>6,000</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>3,394</td>
<td>3,394</td>
</tr>
</tbody>
</table>

### Total

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9,394</td>
<td>3,394</td>
</tr>
<tr>
<td></td>
<td>7,571</td>
<td>–</td>
</tr>
</tbody>
</table>
17 Derivatives and other financial instruments

The Group holds financial instruments to finance its operations, and to manage interest rate and currency risks arising from its operations. Consequently the main risks arising from the Group’s operations are liquidity risk, interest rate risk and currency risk.

Liquidity risk

The Group’s objective is to maintain continuity of funding through the use of retained profits and medium to long-term borrowings. The maturity profiles of the Group’s borrowings are detailed in section (c) of this note.

Interest rate risk

The Group’s objective is to manage the exposure to interest rate fluctuations whilst trying to minimise the cost of capital of the Group.

Currency risk

The Group has transactional currency exposures which arise from purchases by subsidiary undertakings in currencies other than the functional currency of the Group. The Group’s policy is to periodically use forward contracts to hedge those transactions to eliminate any significant currency exposure. The frequency and amount hedged is decided by the Board and depends upon the magnitude of the exposure and volatility of the currency involved.

a) Interest rate profile

The currency profile of the Group’s financial assets is as follows:

<table>
<thead>
<tr>
<th></th>
<th>1 October</th>
<th>2 October</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Sterling</td>
<td>27,940</td>
<td>29,719</td>
</tr>
<tr>
<td>Euro</td>
<td>164</td>
<td>(33)</td>
</tr>
<tr>
<td>Dollar</td>
<td>(275)</td>
<td>(62)</td>
</tr>
<tr>
<td></td>
<td>27,829</td>
<td>29,624</td>
</tr>
</tbody>
</table>

Financial assets (liabilities) comprise short term cash deposits with major United Kingdom clearing banks (with associated right of off-set) and deposits placed on money markets at call. The financial assets (liabilities) earn floating rates of interest based upon bank base rates.
17 Derivatives and other financial instruments (continued)

The interest rate profile of the Group’s financial liabilities is as follows:

<table>
<thead>
<tr>
<th>Sterling – Borrowings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan 1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1.00</td>
</tr>
<tr>
<td>-1.00</td>
</tr>
<tr>
<td>517</td>
</tr>
<tr>
<td>1.00</td>
</tr>
<tr>
<td>6,000</td>
</tr>
<tr>
<td>0.75</td>
</tr>
<tr>
<td>6,000</td>
</tr>
<tr>
<td>0.75</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>6,000</td>
</tr>
</tbody>
</table>

The interest rate on floating rate financial liabilities indicates the excess over bank base rate.

Loan 2 has an offset facility whereby if the cash deposit is equivalent to the loan value the Company only pays 0.75% on loan value.

b) Currency exposures

The amounts shown in the table below show the effect of forward contracts entered into to manage foreign currency exposure as at 2 October 2004 and 1 October 2005.

<table>
<thead>
<tr>
<th>Contract 1</th>
<th>1 October 2005</th>
<th>2 October 2004</th>
<th>Initial contract value £'000</th>
<th>Contract delivery</th>
<th>Currency</th>
<th>Initial contract value £'000</th>
<th>Contract delivery</th>
<th>Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 2</td>
<td>-</td>
<td>500</td>
<td>1 Nov 2004</td>
<td>Euro</td>
<td></td>
<td>500</td>
<td>1 Dec 2004</td>
<td>Euro</td>
</tr>
<tr>
<td>Contract 4</td>
<td>250</td>
<td>3 Oct 2005</td>
<td>USD</td>
<td></td>
<td></td>
<td>250</td>
<td>1 Nov 2005</td>
<td>USD</td>
</tr>
<tr>
<td>Contract 5</td>
<td>650</td>
<td>1 Nov 2005</td>
<td>Euro</td>
<td></td>
<td></td>
<td>650</td>
<td>1 Dec 2005</td>
<td>Euro</td>
</tr>
<tr>
<td>Contract 6</td>
<td>650</td>
<td>1 Nov 2005</td>
<td>Euro</td>
<td></td>
<td></td>
<td>650</td>
<td>1 Dec 2005</td>
<td>Euro</td>
</tr>
<tr>
<td>Contract 7</td>
<td>650</td>
<td>1 Dec 2005</td>
<td>Euro</td>
<td></td>
<td></td>
<td>650</td>
<td>1 Dec 2005</td>
<td>Euro</td>
</tr>
<tr>
<td>Contract 8</td>
<td>650</td>
<td>1 Dec 2005</td>
<td>Euro</td>
<td></td>
<td></td>
<td>650</td>
<td>1 Dec 2005</td>
<td>Euro</td>
</tr>
<tr>
<td>Contract 9</td>
<td>650</td>
<td>1 Jan 2006</td>
<td>Euro</td>
<td></td>
<td></td>
<td>650</td>
<td>1 Jan 2006</td>
<td>Euro</td>
</tr>
<tr>
<td>Contract 10</td>
<td>650</td>
<td>1 Feb 2006</td>
<td>Euro</td>
<td></td>
<td></td>
<td>650</td>
<td>1 Mar 2006</td>
<td>Euro</td>
</tr>
<tr>
<td>Contract 11</td>
<td>650</td>
<td>4 Apr 2006</td>
<td>Euro</td>
<td></td>
<td></td>
<td>650</td>
<td>2 May 2006</td>
<td>Euro</td>
</tr>
<tr>
<td>Contract 12</td>
<td>650</td>
<td>2 May 2006</td>
<td>Euro</td>
<td></td>
<td></td>
<td>650</td>
<td>2 May 2006</td>
<td>Euro</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6,750</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
17 Derivatives and other financial instruments (continued)

c) Maturity of financial liabilities
The maturity profile of the Group’s financial liabilities was as follows:

<table>
<thead>
<tr>
<th></th>
<th>1 October</th>
<th>2 October</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005 £'000</td>
<td>2004 £'000</td>
</tr>
<tr>
<td>In one year or less</td>
<td>–</td>
<td>517</td>
</tr>
<tr>
<td>In more than two years but not more than five years</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Total</td>
<td>6,000</td>
<td>6,517</td>
</tr>
</tbody>
</table>

d) Borrowing facilities
The Group had undrawn committed borrowing facilities, in respect of which all conditions precedent had been met, as follows:

<table>
<thead>
<tr>
<th></th>
<th>1 October</th>
<th>2 October</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005 £'000</td>
<td>2004 £'000</td>
</tr>
<tr>
<td>Expiring in one year or less</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Expiring in more than two years</td>
<td>2,500</td>
<td>1,983</td>
</tr>
<tr>
<td>Total</td>
<td>4,500</td>
<td>3,983</td>
</tr>
</tbody>
</table>

e) Fair values
There is no material difference between the fair value and book value of the Group’s financial assets and liabilities at the end of either period.

18 Provisions for liabilities and charges

<table>
<thead>
<tr>
<th></th>
<th>At 3 October 2004</th>
<th>Charged to profit and loss account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred taxation £'000</td>
<td>1,864</td>
<td>481</td>
</tr>
</tbody>
</table>

**At 1 October 2005**

<table>
<thead>
<tr>
<th></th>
<th>2,345</th>
</tr>
</thead>
</table>

Deferred tax is provided as follows:

<table>
<thead>
<tr>
<th></th>
<th>1 October</th>
<th>2 October</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005 £'000</td>
<td>2004 £'000</td>
</tr>
<tr>
<td>Accelerated capital allowances</td>
<td>2,345</td>
<td>1,864</td>
</tr>
</tbody>
</table>
19 Called-up share capital

<table>
<thead>
<tr>
<th></th>
<th>Number of shares</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ordinary shares of 2.5p each</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Authorised</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning and end of period</td>
<td>320,000,000</td>
<td>8,000</td>
</tr>
<tr>
<td><strong>Allotted, called-up and fully-paid</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of period</td>
<td>226,952,805</td>
<td>5,673</td>
</tr>
<tr>
<td>Issued in period</td>
<td>1,413,585</td>
<td>35</td>
</tr>
<tr>
<td>Treasury Shares cancellation</td>
<td>(2,129,915)</td>
<td>(53)</td>
</tr>
<tr>
<td>At end of period</td>
<td>226,236,475</td>
<td>5,655</td>
</tr>
</tbody>
</table>

During the period the Company allotted 1,413,585 (2004 – 6,055,380) ordinary shares with a nominal value of £35,000 (2004 – £151,000) under share option schemes for an aggregate cash consideration of £721,000 (2004 – £3,325,000).

20 Reserves

<table>
<thead>
<tr>
<th></th>
<th>Share premium £’000</th>
<th>Merger reserve £’000</th>
<th>Treasury shares £’000</th>
<th>Capital redemption reserve £’000</th>
<th>Profit and loss account £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 3 October 2004</td>
<td>4,889</td>
<td>(399)</td>
<td>(733)</td>
<td>137</td>
<td>23,442</td>
</tr>
<tr>
<td>Premium on issue of new shares</td>
<td>686</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Treasury Shares purchased</td>
<td>–</td>
<td>–</td>
<td>(3,774)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Treasury Shares cancellation</td>
<td>–</td>
<td>–</td>
<td>4,507</td>
<td>53</td>
<td>(4,507)</td>
</tr>
<tr>
<td>Retained profit for the period</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>8,697</td>
</tr>
<tr>
<td><strong>At 1 October 2005</strong></td>
<td>5,575</td>
<td>(399)</td>
<td>–</td>
<td>190</td>
<td>27,632</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Share premium £’000</th>
<th>Special reserve £’000</th>
<th>Treasury shares £’000</th>
<th>Capital redemption reserve £’000</th>
<th>Other reserves £’000</th>
<th>Profit and loss account £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 3 October 2004</td>
<td>4,889</td>
<td>14,917</td>
<td>(733)</td>
<td>137</td>
<td>6,200</td>
<td>11,147</td>
</tr>
<tr>
<td>Premium on issue of new shares</td>
<td>686</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Treasury Shares purchased</td>
<td>–</td>
<td>–</td>
<td>(3,774)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Treasury Shares cancellation</td>
<td>–</td>
<td>–</td>
<td>4,507</td>
<td>53</td>
<td>–</td>
<td>(4,507)</td>
</tr>
<tr>
<td>Retained profit for the period</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>10,746</td>
</tr>
<tr>
<td><strong>At 1 October 2005</strong></td>
<td>5,575</td>
<td>14,917</td>
<td>–</td>
<td>190</td>
<td>6,200</td>
<td>17,386</td>
</tr>
</tbody>
</table>

The Directors consider the balances on the Company profit and loss account and special reserves to be distributable. The other reserve comprises an unrealised gain arising on the disposal of certain trademarks to a subsidiary company.
21 Reconciliation of movements in Group equity shareholders’ funds

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 October 2005 £'000</th>
<th>53 weeks ended 2 October 2004 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period</td>
<td>30,189</td>
<td>25,648</td>
</tr>
<tr>
<td>Dividends paid and proposed</td>
<td>(21,492)</td>
<td>(18,155)</td>
</tr>
<tr>
<td>Consideration for purchase of Treasury Shares</td>
<td>(3,774)</td>
<td>(8,640)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Issue of shares (net of expenses)</td>
<td></td>
<td>721</td>
</tr>
<tr>
<td>Net additions to shareholders’ funds</td>
<td>5,644</td>
<td>2,187</td>
</tr>
<tr>
<td>Opening equity shareholders’ funds</td>
<td>33,009</td>
<td>30,822</td>
</tr>
<tr>
<td>Closing equity shareholders’ funds</td>
<td>38,653</td>
<td>33,009</td>
</tr>
</tbody>
</table>

21a) Reconciliation of operating profit to operating cash flows

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 October 2005 £'000</th>
<th>53 weeks ended 2 October 2004 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>36,834</td>
<td>32,509</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,363</td>
<td>2,729</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill amortisation</td>
<td></td>
<td>34</td>
</tr>
<tr>
<td>Increase in stocks</td>
<td></td>
<td>34</td>
</tr>
<tr>
<td>(Increase)/decrease in debtors</td>
<td>(965)</td>
<td>(4,660)</td>
</tr>
<tr>
<td>(Decrease)/increase in creditors</td>
<td>(267)</td>
<td>793</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>35,766</td>
<td>37,770</td>
</tr>
</tbody>
</table>

21b) Returns on investments and servicing of finance

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 October 2005 £'000</th>
<th>53 weeks ended 2 October 2004 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>942</td>
<td>930</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(308)</td>
<td>(400)</td>
</tr>
<tr>
<td>Net cash inflow from returns on investments and servicing of finance</td>
<td>634</td>
<td>530</td>
</tr>
</tbody>
</table>
## 21c) Capital expenditure and financial investment

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended</th>
<th>53 weeks ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 October 2005</td>
<td>2 October 2004</td>
<td></td>
</tr>
<tr>
<td>£'000</td>
<td>£'000</td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>----------------</td>
<td></td>
</tr>
<tr>
<td>Purchase of tangible fixed assets</td>
<td>(8,564)</td>
<td>(11,491)</td>
</tr>
<tr>
<td>Sale proceeds of tangible fixed assets</td>
<td>4,292</td>
<td>3,225</td>
</tr>
<tr>
<td><strong>Net cash outflow from capital expenditure and financial investment</strong></td>
<td><strong>(4,272)</strong></td>
<td><strong>(8,266)</strong></td>
</tr>
</tbody>
</table>

## 21d) Financing

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended</th>
<th>53 weeks ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 October 2005</td>
<td>2 October 2004</td>
<td></td>
</tr>
<tr>
<td>£'000</td>
<td>£'000</td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>----------------</td>
<td></td>
</tr>
<tr>
<td>Proceeds from issue of ordinary share capital</td>
<td>721</td>
<td>3,325</td>
</tr>
<tr>
<td>New loans</td>
<td>–</td>
<td>3,095</td>
</tr>
<tr>
<td>Purchase of Treasury Shares</td>
<td>(3,774)</td>
<td>(8,640)</td>
</tr>
<tr>
<td>Repayment of loans</td>
<td>(517)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net cash outflow from financing</strong></td>
<td><strong>(3,570)</strong></td>
<td><strong>(2,220)</strong></td>
</tr>
</tbody>
</table>

## 21e) Analysis and reconciliation of net funds

<table>
<thead>
<tr>
<th></th>
<th>At 2 October 2004</th>
<th>Cash flow</th>
<th>At 1 October 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>29,624</td>
<td>(1,795)</td>
<td>27,829</td>
</tr>
<tr>
<td>Debt due within 1 year</td>
<td>(517)</td>
<td>517</td>
<td>–</td>
</tr>
<tr>
<td>Due debt after 1 year</td>
<td>(6,000)</td>
<td>–</td>
<td>(6,000)</td>
</tr>
<tr>
<td><strong>Net funds</strong></td>
<td>23,107</td>
<td>(1,278)</td>
<td>21,829</td>
</tr>
</tbody>
</table>
21e) Analysis and reconciliation of net funds (continued)

<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 1 October 2005 £'000</th>
<th>53 weeks ended 1 October 2004 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Decrease)/increase in cash in the period</td>
<td>(1,795)</td>
<td>11,044</td>
</tr>
<tr>
<td>Cash inflow (outflow) from increase/(decrease) in debt and finance leasing</td>
<td>517</td>
<td>(3,095)</td>
</tr>
<tr>
<td><strong>Movements in net funds in the period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net funds at start of period</td>
<td>23,107</td>
<td>15,158</td>
</tr>
<tr>
<td><strong>Net funds at end of period</strong></td>
<td>21,829</td>
<td>23,107</td>
</tr>
</tbody>
</table>

22 Financial commitments

a) Capital commitments
At the end of the period there were no capital commitments contracted (2004 - £nil).

b) Pension arrangements
The Group operates separate defined contribution pension schemes for employees and directors. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £216,000 (2004 - £175,000).

c) Lease commitments
The Group has entered into non-cancellable operating leases in respect of motor vehicles, equipment and land and buildings.

The annual rentals under the foregoing leases are as follows:

<table>
<thead>
<tr>
<th></th>
<th>1 October 2005 Land and buildings £'000</th>
<th>Other £'000</th>
<th>2 October 2004 Land and buildings £'000</th>
<th>Other £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating leases which expire:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- within 1 year</td>
<td>1,030</td>
<td>92</td>
<td>1,255</td>
<td>56</td>
</tr>
<tr>
<td>- within 2 - 5 years</td>
<td>2,521</td>
<td>623</td>
<td>2,052</td>
<td>516</td>
</tr>
<tr>
<td>- after 5 years</td>
<td>9,688</td>
<td>30</td>
<td>8,777</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>13,239</td>
<td>745</td>
<td>12,084</td>
<td>583</td>
</tr>
</tbody>
</table>

23 Related parties
At 1 October 2005 S.K.M. Williams was the landlord of two properties leased to Multi Tile Limited, a trading subsidiary of Topps Tiles Plc, for £66,000 (2004 - £66,000).

No amounts were outstanding at 1 October 2005 (2004 - £nil).

The lease agreements on both properties are operated on commercial arms length terms.
<table>
<thead>
<tr>
<th></th>
<th>52 weeks ended 2 June 2001 £'000</th>
<th>52 weeks ended 1 June 2002 £'000</th>
<th>Proforma 52 weeks ended 27 September 2003 £'000</th>
<th>53 weeks ended 2 October 2004 £'000</th>
<th>52 weeks ended 1 October 2005 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover, including joint ventures</td>
<td>74,642</td>
<td>91,026</td>
<td>120,032</td>
<td>159,430</td>
<td>175,640</td>
</tr>
<tr>
<td>Operating profit</td>
<td>9,637</td>
<td>11,660</td>
<td>18,569</td>
<td>32,548</td>
<td>36,890</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>9,414</td>
<td>11,516</td>
<td>18,888</td>
<td>33,794</td>
<td>39,232</td>
</tr>
<tr>
<td>Shareholders’ funds</td>
<td>18,669</td>
<td>23,824</td>
<td>30,822</td>
<td>33,009</td>
<td>38,653</td>
</tr>
<tr>
<td>Basic earnings per share¹</td>
<td>2.96p</td>
<td>3.58p</td>
<td>5.82p</td>
<td>11.30p</td>
<td>13.34p</td>
</tr>
<tr>
<td>Dividend per share¹</td>
<td>1.00p</td>
<td>1.43p</td>
<td>3.48p</td>
<td>8.00p</td>
<td>9.50p</td>
</tr>
<tr>
<td>Dividend cover</td>
<td>2.9</td>
<td>2.5</td>
<td>1.67</td>
<td>1.41</td>
<td>1.41</td>
</tr>
<tr>
<td>Average number of employees</td>
<td>941</td>
<td>1,070</td>
<td>1,176</td>
<td>1,327</td>
<td>1,513</td>
</tr>
<tr>
<td>Share price (period end)¹</td>
<td>66.0p</td>
<td>54.8p</td>
<td>85.4p</td>
<td>178.9p</td>
<td>172.0p</td>
</tr>
</tbody>
</table>

¹adjusted for share sub-division of 5:1 in May 2004.
NOTICE IS HEREBY GIVEN that the Annual General Meeting of Topps Tiles Plc (the “Company”) will be held at Topps Tiles Plc, Thorpe Way, Grove
Park, Enderby, Leicestershire, LE19 1SU on Tuesday 10 January 2006 at 10.30 a.m. for the following purposes:

Ordinary business
1 To receive and adopt the Company’s Annual Report and Financial Statement for the financial period ended 1 October 2005 together with the
last Directors’ Report, the last Directors’ Remuneration Report and the Auditors’ Report on those accounts and the auditable part of the
Directors’ Remuneration Report.

2 To declare a final dividend of 6.00 pence per Ordinary Share on the Ordinary Shares for the period.

3 To re-elect Barry Bester as a Director of the Company.

4 To re-elect Andrew Liggett as a Director of the Company.

5 To re-elect the Rt. Hon. Michael Jack as a Director of the Company.

6 To re-elect Victor Watson who reached the age of 77 years on 26 September 2005, as a Director of the Company.

7 To re-appoint Deloitte & Touche LLP as Auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at
which the Annual Report and Financial Statements are laid before the Company at a remuneration to be determined by the Directors.

8 To approve the Directors’ Remuneration Report for the financial period ended 1 October 2005 as set out in the Annual Report and Financial
Statements for that period.

Special business
To consider and, if thought fit, to pass the resolutions set out below which, in the case of Resolution 9 will be proposed as an Ordinary Resolution
and, in the case of Resolutions 10 and 11 will be proposed as Special Resolutions.

9 THAT the Directors of the Company be and they are generally and unconditionally authorised for the purposes of and pursuant to Section
80(1) of the Companies Act 1985 (the “Act”) to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 (2)
of the Act) up to an aggregate nominal amount of £1,885,303 (in substitution for/to any existing authorities under the Act) to such persons
at such times and upon such terms and conditions as they may determine (subject always to the articles of association of the Company)
provided that this authority shall (unless previously revoked, varied or extended by the Company in general meeting) expire at the conclusion
of the next Annual General Meeting or 15 months from the date of the passing of this resolution, if earlier save that the Company may,
before such expiry, make an offer, agreement or arrangement which would or might require relevant securities to be allotted after the expiry
of such period and the Directors may then allot relevant securities pursuant to any such offer, agreement or arrangement as if the authority or
power conferred hereby had not expired.
Special business (continued)

10 THAT subject to and conditional on the passing of Resolution 9 set out above, the Directors of the Company be and they are authorised and empowered, pursuant to Section 95 of the Act, to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the general authority and power conferred by Resolution 9 above (as varied from time to time by the Company in general meeting) as if Section 89(1) of the Act did not apply to any such allotment provided that this authority and power shall unless renewed, varied or revoked, expire at the conclusion of the next Annual General Meeting of the Company or 15 months from the date of the passing of this resolution, if earlier and provided further that this authority and power shall be limited to:

(a) the allotment of equity securities pursuant to a rights issue or similar offer to Ordinary Shareholders where the equity securities respectively attributable to the interests of all Ordinary Shareholders are proportionate or as nearly as practical (and taking into account any prohibitions against or difficulties concerning the making of an offer of allotment to shareholders whose registered address or place of residence is overseas and subject to such exclusions as the Directors of the Company may deem necessary or expedient to deal with fractional entitlement or record dates) to the respective numbers of Ordinary Shares held by them; and

(b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of the greater of £282,795 or 5% of the issued share capital of the Company.

11 THAT the Company be generally and unconditionally authorised for the purposes of Section 166 of the Act to make market Purchases (within the meaning of Section 163(3) of the Act) of Ordinary Shares of 2.5p each in the capital of the Company (“Ordinary Shares”) provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased is 33,709,234 (representing 14.9% of the Company’s issued Ordinary Share capital);

(b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is 2.5p;

(c) the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such Ordinary Share is Contracted to be purchased;

(d) unless previously renewed, varied or revoked, the authority conferred shall expire at the close of the next Annual General Meeting of the Company or twelve months from the date of this resolution, if earlier; and

(e) the Company may make a contract for the purchase of Ordinary Shares under this authority before the expiry of this authority which would or might require to be executed wholly or partly after the expiry of such authority, and may make purchases of Ordinary Shares in pursuance of such a contract as if such authority had not expired.
Notes
1. This notice has been sent to all Ordinary Shareholders who are entitled to attend or be represented at the meeting.
2. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy or proxies to attend on a poll vote and, on a poll, vote on his or her behalf. A proxy need not be a member of the Company. To be valid, a Form of Proxy and any power or authority under which it is signed, must be lodged with the Company’s Registrars, Capita Registrars (Proxies), PO Box 25, Beckenham, Kent BR3 4BR, no later than 48 hours before the time appointed for the holding of the Annual General Meeting.
3. A proxy is not entitled to speak at the meeting except to demand a poll, and may vote only when a poll is taken.
4. A Form of Proxy is enclosed and instructions for use are shown on the form. The fact that shareholders may have completed forms of proxy will not prevent them from attending and voting in person should they afterwards decide to do so.
5. As permitted by Regulation 41 of the Uncertified Securities Regulations 2001, only those shareholders who are registered on the Company’s share register at 8.00am on 9 January 2006 (or if the meeting is adjourned, shareholders entered on the Company’s register of members not later than 48 hours before the time fixed for the adjourned meeting) shall be entitled to attend the Annual General Meeting and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 8.00am on 9 January 2006 (or, if the meeting is adjourned after 48 hours before the time fixed for the adjourned meeting) shall be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “CREST”Proxy Instruction”) must be properly authenticated in accordance with CRESTCo’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer’s agent (ID : RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. The following documents are available for inspection by members at the registered office of the Company (except Bank Holidays) during the normal business hours and at the place of the meeting but not less than 15 minutes prior to and during the meeting:
   (a) the register of Directors’ interests required to be kept under Section 325 of the Act; and
   (b) copies of the Directors’ service contracts.

A. Liggett
Company Secretary
29 November 2005

Registered Office: Rushworth House
            Registered No: 3213782
            Wilsmslow Road
            Handforth,Wilmslow
            Cheshire SK9 3HJ

63 TOPPS TILES PLC
Annual Report and Financial Statements 2005
EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

THE ANNUAL GENERAL MEETING of the Company will be held at the Company's premises at Thorpe Way, Grove Park, Enderby, Leicestershire LE19 1SU on 10 January 2006 at 10.30a.m.

Three of the resolutions are to be taken at this year’s Annual General Meeting as special business. By way of explanation of these and certain other resolutions:

Ordinary Business
Resolution 2
Final dividend
A final dividend of 6.00 pence per Ordinary Share is recommended by the Directors for payment to shareholders on the register of members of the Company at the close of business on 13 January 2006. Subject to approval by the Ordinary Shareholders at the Annual General Meeting, the dividend will be paid on 31 January 2006. An interim dividend of 3.50 pence per Ordinary Share was paid on 30 June 2005. This gives a total dividend level of 9.50 pence per Ordinary Share for the 52 week period to 1 October 2005.

Resolutions 3, 4, 5 and 6
Re-election of directors
B. Bester, A. Liggett, M. Jack and V.H. Watson are the Directors retiring by rotation this year and they offer themselves for re-election. All members of the Board of Directors submit themselves for re-election at least every three years with the exception of VH Watson who at the age of 77 retires and offers himself for re-election annually. Brief biographical details about the Directors standing for re-election appear on pages 20 and 21 of the Annual Report and Financial Statements. Special notice of the Intention to propose the resolution to re-elect Victor Watson has been duly given as required by sections 379 and 293(5) of the Companies Act 1985.

Special Business
Resolution 9 and 10
Appointment of authority to issue shares and the disapplication of statutory rights of pre-emption
Resolution 9: The right of the Directors to allot further shares in the capital of the Company requires in most cases the prior authorisation of the shareholders in general meeting under Section 80 of the Companies Act 1985 ("the Act"), Resolution 9 will be put to members as special business to authorise the Directors to allot Ordinary Shares with a nominal value of £1,885,303 out of the Company’s unissued share capital representing approximately 33.3% of the Company’s current issued share capital (excluding shares held in treasury). The Company currently holds Nil Ordinary Shares in treasury.

The Directors have no current intention of exercising the authority to allot further shares. The authority shall expire immediately following the Annual General Meeting next following the resolution or, if earlier, 15 months following the resolution being passed.
Special Business (continued)

Resolution 10: This proposed resolution seeks to obtain power under Section 95 of the Act to enable the Directors to allot, for cash, shares with an aggregate nominal value of £282,795 equal to approximately 5% of the Company’s current issued share capital without being required first to offer such securities to existing shareholders. The Company will thereby be given greater flexibility when considering future opportunities but the interests of existing shareholders will be protected as, except in the case of a rights issue or the allotment of shares under the Company’s share option schemes, the Directors have no present intention to allot any part of the unissued share capital of the Company or, without the prior approval of the Company in general meeting, to make any issue which would effectively alter the control of the Company or the nature of its business. This authority will expire immediately following the Annual General Meeting next following the resolution or, if earlier, 15 months following the resolution being passed.

Resolution 11

Authority to purchase Ordinary Shares

At the Annual General Meeting, Ordinary Shareholders are being invited under Resolution 11 to grant authority to the Company to make market purchases of its Ordinary Shares. It is proposed such authority shall expire on the conclusion of the Annual General Meeting to be held in 2007 or twelve months from the date of this resolution, if earlier.

This authority will be limited to the purchase of not more than 14.9% of the Ordinary Shares currently in issue. This represents the maximum amount of Ordinary Share capital in issue which is permitted before tender or partial offer to all shareholders is require to be made to perform any share buy-back. The maximum price payable under this authority will be 105% of the average of the middle market quotations of an Ordinary Share for the five business days before the relevant purchase and the minimum price will be 2.5p per Ordinary Share.

In considering whether or not to purchase Ordinary Shares under the market purchase authority, the Directors will take into account cash resources, the effect on gearing and other investment opportunities before exercising the authority. In addition, the Company will only exercise the authority to make such a purchase in the market when the Directors consider it is in the best interests of the shareholders generally to do so and it should result in an increase in Earnings per Ordinary Share. The Directors’ current intention is that the authority sought by Resolution 11 shall be utilised in respect of employee share options as they are exercised.

As at 29 November 2005, there were options to subscribe for 1,858,455 equity shares outstanding under various schemes representing approximately 0.82% of the current issued share capital of the Company. If the authority sought by Resolution 11 was exercised in full, the number of outstanding options would represent approximately 0.97% of the issued share capital following the repurchase of shares.
## Key dates

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<td>Annual General Meeting and first quarter trading update</td>
<td>10 January 2006</td>
</tr>
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<td>Final dividend payable</td>
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<td>2005/06 interim results announcement</td>
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1,672 people - one team

A
Aaron Brand
Aaron Cook
Aaron Frogley
Aaron Hodgkinson
Abdulkadir Kulmie
Adam Boshir
Adam Charles
Adam Coates
Adam Gale
Adam Harris
Adam Howie
Adam Hughes
Adam Laidlaw
Adam Lucas
Adam Mundy
Adam Stopford
Adam Walker
Adrian Earley
Adrian McCorkell
Adrian Partridge
Adrian Pickup
Adrian Rimmington
Ahmar Nadeem
Aidan Ward
Aileen Crossley
Akommili Ali
Akushu Mulenga
Alan Cordery
Alan Faulkner
Alan Grady
Alan Harding
Alan Hartley
Alan Hemsley
Alan Jones
Alan Logan
Alan Mclonald
Alan McIntosh
Alan Monk
Alan Parker
Alan Rogers
Alan Roif
Alan Saunders
Alan Sinclair
Alan Smalley
Alan Sproston
Alasdair Higgins
Alec Dakin
Alex Bott
Alex Long
Alex Padgham
Alex Paterson
Alexander Mcaleese
Alexander Onions
Alexandria Murphy
Ali Sadique
Ali Syed
Alistair Fleming
Alistair Payne
Allan Duffy
Allan Gill
Allan Harper
Alvin Chinyanga
Alvin Lapao
Amadou Janneh
Amanda Green
Amanda Hullett
Amar Mohammed
Amardeep Flora
Amin Ladhlu
Andrea Hallfield
Andrew Armstrong
Andrew Bailey
Andrew Balillie
Andrew Carlisle
Andrew Clay
Andrew Collins
Andrew Curr
Andrew Curtis
Andrew French
Andrew Green
Andrew Hanson
Andrew Hastings
Andrew Hill
Andrew Jones
Andrew Liggett
Andrew Lindley
Andrew Macdonald
Andrew Merz
Andrew Middleton
Andrew Moore
Andrew Murphy
Andrew Parnell
Andrew Smith
Andrew Snary
Andrew Ward
Andrew Warwick
Andrew Waterfield
Andrew Wathan
Andrew Wheat
Andrew Whiteley
Andrew Williams
Andrew Wood
Andrew Woolley
Andrew Young
Andy Bird
Andy Dawson
Andy Playfoot
Andy Shaw
Andy Thomas
Angela Harrison
Angela Tremling
Anil Sehdev
Anna Chang Pin Tive
Anna Timney
Anne Lloyd
Anne Mccabe
Anne-Marie Carpenter
Annette Harris
Annamarie Malone
Anthony Bradford
Anthony Christopher
Anthony Cope
Anthony Cox
Anthony Dent
Anthony Dightam
Anthony Dwyer
Anthony Fincher
Anthony Fleming
Anthony Fusco
Anthony Gilbert
Anthony Linsell
Anthony Molyneux
Anthony Oleru
Anthony Telfer
Anthony Wychwood
Antony Beazer
Antony Parker
Antony Plant
Arnold Harrison
Ashaheed Khan
Ashley Jordan
Astone Davids
Audley Hall
Barrie Palmer
Barry Bester
Barry Gaies
Barry Hodges
Barry Shane
Barry Squires
Barry Taylor
Barry Webber
Bas Snellenburg
Belinda Davis
Ben Armitage
Ben Brink
Ben Colliis
Ben Davis
Ben Garrett
Ben Holder
Ben Lee
Ben Smee
Ben Wood
Ben Woolins
Benjamin Finn
Benjamin Marland
Benjamin Naughton
Benjamin Rich
Benjamin Whittingham
Benoni Akueuteh
Bernadette Crawford-King
Bernard Cope
Bert Van Houten
Bertiil Boyles
Beverley Bond
Beverly Butler
Blake Heys
Blodwyn Hopkins
Bob Heuerman
Bob Snellenburg
Bobby Park
Brad Croshwaite
Bradley Cooper
Bradley Cromwell
Brandon Abels
Brant Wells
Brendan Munsamy
Brendon Roberts
Brett Goulden
Brian Adams
Brian Alchin
Brian Dicks
Brian Fisher
Brian Kirwin
Brian Nelson
Brian Richards
Brian Simpson
Bridget Anderson
Bruce Fielding
Bruno Alves
Bryan Hartley
Burzes Batiwalla
C
Cade Somerville
Calbert Hall
Campbell Marr
Carl Bradbury
Carl Brown
Carl Cumberbatch
Carl Dyke
Carl Fraser
Carl Johnson
Carl Sheppard
Carl Taylor
Carl Whatley
Carol Lakin
Carol Livingstone
Caroline Bennett
Caroline Crofts
Caroline Head
Caroline May
Cassandra Hulton
Charlotte Highley
Charles Tetley
Charlotte Highley
Chetan Patel
Chioma Onyeakazi
Chirag Patel
Chris Bain
Chris Cameron-Waller
Chris Cartey
Chris Davies
Chris Dixon
Chris Edwards
Chris Evans
Chris Forbes
Chris Gough
Chris Heyes
Chris Ireland
Chris Jelley
Chris Kanteberg
Chris Newell
Chris Riddick
Chris Semple
Chris Shute
Chris Willshaw
Christian Scannell
Christina Langridge
Christina Xavier
Christine Earl
Christine Hendry
Christine Jones
Christine Rea
Christine Wadsworth
Christine Whiteman
Christopher Bowles
Christopher Brown
Christopher Chapman
Christopher Cooper
Christopher Cowap
Christopher Haslam
Christopher Hunter
Christopher Newman
Christopher Nicholls
Christopher Ongaro
Christopher Smith
Christopher Turley
Christopher Tyler
Christopher Wright
Christy Kolesniak
Claire Loney
Claire Barden
Clare Hogg
Clare Webster
Claude Naidoo
Cole Blackman
Colin Clark
Colin Hampson
Colin Hoban
Colin Markham
Colin Rymer
Colin Taylor
Colin Vowles
Colin Winterburn
Conrad Harrup
Cornelius Fru Ndi
Corrine Marshall
Craig Conway
THE TEAM continued

Craig Cooper
Craig Gardener
Craig Hill
Craig Ollard
Craig Palethorpe
Craig Pike
Craig Sims
Craig Stewart
Craig Tietlow
Craig White
Craig Woodward
Crescent Baron
Cyril Mitson

D
Daan Rubens
Daan Rubens
Daniel Taylor
Dan Nield
Daniel Mann
Daniel Jones
Daniel Nobles
Daniel Cross
Daniel Davey
Daniel Egan
Daniel Fallows
Daniel Fennings
Daniel Findlay
Daniel France
Daniel Gibbons
Daniel Greenley
Daniel Hall
Daniel Johnson
Daniel Jones
Daniel Jones
Daniel Little
Daniel Mann
Daniel Musguin
Daniel Nield
Daniel Roberts
Daniel Rosenthal
Daniel Rowson
Daniel Rudd
Daniel Scott Francis
Daniel Skinner
Daniel Stiven
Daniel Taylor
Danielle Smythe
Danielle Spencer
Danielle Ten Hoven
Danny Kok
Danny Manning
Danny Slater
Danny Weatherley
Danny Whitten

E
Eamonn Clancy
Edmund Smith
Edward Collop
Edward Derbyshire
Edward Dove
Edward Gardiner
Edward Moore
Edward Murphy
Elaine Miller
Elizabeth Bott
Elizabeth Kelly
Elizabeth McCourt
Elizabeth Smith
Emily Lenton
Emin Demirkaya
Emma Breeks
Emma Kenney
Emma Lane
Emma Watson
Emma-Louise Rowlands
Enid Lamb
Eric Byarugaba
Erik Rubens
Ernest Johnson
Esther Ten Hoven
Euan Grieve

F
Fabian Bhundia
Farzana Latif
Fern Marshall
Finbar McQuaid
Fiona Shaw
Flora Tuit
Folkert Hildama
Fran Graysmark
Frances Aylward
Frances Donnelly
Francis Shynge
Francis Slater
Francis Tully
Frank Hibbert
Frans Leveleger
Fuzile Mayo

G
Gail Clifton
Gareth Henry
Gareth Sutton
Gareth Veck
Gareth Ward
Gareth Wright
Gary Hardy
Gary Ashdown
Gary Asher
Gary Bloomfield
Gary Burns
Gary Cerrone
Gary Chapman

H
Hans Ebbelink
Harlukbir Sangha
Harpreet Hansra
Harry Biggs
Harvinder Bunger
Hayley Bover
Helen Bosworth
Helen Gosling
Henri Khoury
Helen Thakore
Herman Krekamp
Hitesh Hirani
Holly Bradbury
Howard Farmer
Hugh Selley
Husna Iqbal

I
Iain Jackson
Iain Philip
Ian Bloomfield
Ian Dods
Ian Fairchild
Ian Hobson
Ian Jones
Ian Kirwin
Ian Lightowler
Ian Mclain
Ian McIvor
Ian Mcintyre
Ian N Born
Ian Noon
Ian Paterson
Ian Pennington
Ian Pickering
Ian Reavey
Ian Sykes
Ian Tebbutt
Ian. Marshall
Ilker Camur
Imran Ashraf
Imran Yousaf
Ivan Frampton

J
Jack Carslake
Jack Driscoll-Slack
Jacob Bos
Jacqueline Byrne
Jacqueline Twiddle
Jacques Human
Jaiwinder Harar
James Aspey
James Baker
James Bott
James Cameron
James Cernuschi
James Coles
James Dennett
James Di Leva
James Eastham
James Edge
James Hollingshead
James Hudson
James Kelly
James Koroma
James Lamkin
James Lane
James Martin
James Mcgoldrick
James Mcguigan
James Mcmillan
James Mercer
THE TEAM

continued

Mark Geary
Mark Hilton
Mark Hirst
Mark Hodkinson
Mark Hunter
Mark Jepson
Mark Johnson
Mark Jones
Mark Lever
Mark Maciver
Mark Meakin
Mark Moore
Mark Mottershead
Mark Nicholls
Mark Rigley
Mark Samuels
Mark Stephenson
Mark Strong
Mark Tennant
Mark Thompson
Mark Traynor
Mark Waldock
Mark Wailer
Mark Williams
Mark Williams
Mark Woodcock
Martin Baker
Martin Brophy
Martin Clare
Martin Curry
Martin De Bruijn
Martin Derricott
Martin Horton
Martin Jackson
Martin Morris
Martin Pryce
Martin Shenton
Martin Siggers
Martin Sinnott
Martin Smyth
Martin Watt
Martin Winterburn
Martin Yardley
Martyn Gilbert
Marvin Daniels
Mary Dodman
Mary Lane
Mary Smith
Mary Stonard
Mathew Mereweather
Matthew Allison
Matthew Beal
Matthew Bond
Matthew Broughton
Matthew Connor
Matthew Dunne
Matthew Foster
Matthew Foulger
Matthew Hawley
Matthew Jenner
Matthew Johnson
Matthew Lorenz
Matthew McKune
Matthew Meigh
Matthew Moore
Matthew Rayner
Matthew Riddell
Matthew Robinson
Matthew Savill
Matthew Sigley
Matthew Williams
Matthew Winstone
Matthew Wright
Matthew Wyatt
Maxine Barry
Mehmet Asdoyuran
Melanie Hall
Melissa Isaac
Melton Thompson
Merlin Hassoldt
Mica Stiphout
Michael Bamborough
Michael Blinkhorne
Michael Boughton
Michael Collins
Michael Cosgrove
Michael Cotter
Michael Coward
Michael Dorman
Michael Earls
Michael Finn
Michael Gay
Michael Hall
Michael Harrison
Michael Holland
Michael Hughes
Michael Ingham
Michael Jack
Michael Jenks
Michael Leamaitre
Michael Litster
Michael Mcvey
Michael Revill
Michael Rothengatter
Michael Rout
Michael Simmons
Michael Skinner
Michael Thacker
Michael Whately
Michael Willis-Thompson
Micheal Gallagher
Michele Bloomfield
Michele Poxon
Michele Forsyth
Michele Hands
Michelle Kempson
Michelle Lawson
Michelle Mannion
Michelle Butler
Mike Easton
Mike King
Mike Lee
Mike Lock
Mikelai Worship
Milly Van Der Linden
Mitchell Sole
Mohamed Patel
Mohammed Azhar
MohammedJamil
Mohammed Parvaz
Mumtaz Khamisa
Murray Mcpherson
Nadine Foster
Nancy Beaver
Narinder Chatha
Natalie Hogg
Nathan Austin
Nathan Broughton
Nathan Collins
Nathan Coulthard
Nathan Gourlay
Nathan Seigneur
Neil Bartholomeusz
Neil Brownley
Neil Carr
Neil Clarke
Neil Curtis
Neil Hendy
Neil Homan
Neil Ketnor
Neil Shephard
Neil Thakore
Neil Turner
Neil Worthington
Ngadhnjm Speahu
Nicholas Bradshaw
Nicholas Clifford
Nicholas Davies
Nicholas Griffiths
Nicholas Kyriacou
Nicholas Lawrence
Nicholas Leach
Nicholas Ounstead
Nicholas Payne
Nicholas Salisbury-Jones
Nicholas Stones
Nicholas Thorn
Nicholas Withers
Nick Elmore
Nick Hielkert
Nick Wardman
Nicky Dalley
Nicola Acres
Nicola Dearden
Nicola Lewis
Nicola Slater
Nicola West
Nicolas Wassell
Nigel Brooks
Nigel Fleming
Nigel Parkinson
Nigel Slaughter
Nigel Wood
Nikita Groener
Nikola Sutton
Nikolai Nikoloff
Noel Hackett
P
Pamela Davie
Parminder Nijur
Pasquale Santianello
Patience Bender
Patricia Campbell
Patricia Squires
Patrick Mcgee
Patrice Janssen
Paul Bainbridge
Paul Barnard
Paul Baxter
Paul Burrow
Paul Carter
Paul Castleton
Paul Chalmers
Paul Chapman
Paul Clark
Paul Cull
Paul Day
Paul Edwards
Paul Galvin
Paul Glynn
Paul Goodson
Paul Huxtable
Paul Irving
Paul Jones
Paul Kelly
Paul Lathrope
Paul Laverty
Paul Ligget
Paul Mackin
Paul Martindale
Paul Mayfield
Paul Mcculloch
Paul Miller
Paul Mills
Paul Noyes
Paul Oldroyd
Paul Peacock
Paul Price
Paul Redfern
Paul Rockett
Paul Ruddle
Paul Ryan
Paul Saunders
Paul Semple
Paul Sluiter
Paul Smith
Paul Smith
Paul Smith
Paul Smith
Paul Smith
Paul Smithingale
Paul Southern
Paul Starkey
Paul Stuart
Paul Sutton
Paul Thorneycroft
Paul Tomlin
Paul Wheeler
Paul Williams
Paul Wixen
Paula Budsworth
Pauline Grenfell
Pauline Harrison
Pawel Warzych
Peter Charters
Peter Davey
Peter Davidson
Peter Deegan
Peter Gosling
Peter Gyanetey
Peter Hogg
Peter Johnson
Peter Jones
Peter Kitchen
Peter Lea
Peter Lynn
Peter Mcgowan
Peter Robertson
Peter Robinson
Peter Samways
Peter Smith
Peter Tassenaar
Peter Tilling
Peter White
Phl Kelly
Philip Aird
Philip Dunn
Philip English
Philip Glasgow
Philip Gostick
Philip Hawkeswood
Philip Kelly
Philip Lonsdale
Philip Mccarney
Philip Meakin
Philip Tomlin
Philip Tovey
Phillip Downing
Phillip Godden
Phillip Hillier
Phillip Hunt
Phillip Lewis
Phillip Walters
Phillipa Hewitt
Pius Chibwe
Pravesh Ramsaha
Quasim Bashir
Q
Rabindranath Jewbali
Rachel Siu
Rahul Coel
Raj Surani
Rajan Mehta
Rajbinder Dhanoya
Rajiv Vadgama
Ranjit Grewal
Ravi Sudera
Raymond Tricker
Rebecca Crawshaw
Rebecca Derricott
Rebecca Ellis
Rebecca Halliday
Rebecca Heathater
Rebecca Oblein
Rebecca Plant
Recep Tarirm
Reedwan Desai
Reg Anderton
Rhonda Partridge
Rhyys Kelland
Ria Croft
Ricardo Malcolm
Richard Bickers
Richard Brookfield
Richard Carter
Richard Clark
Richard Davies
Richard Deavall
Richard Dempsey
Richard Fairley
Richard Gallagher
Richard Grove
Richard Hamilton
Richard Harris
Richard Homan
Richard Hopkin
Richard Hutcheson
Richard Jackson
Richard Lewington
Richard Mais
Richard Oldale
Richard Paine
Richard Scott
Richard Smallman
Richard Spencer Smith
Richard Tucker
STORE LOCATIONS

TOPPS TILES

Central Region
Aston
Banbury
Bedford
Binley
Boston
Burton
Bury St Edmunds
Cambridge
Cannock
Clacton-on-Sea
Colchester
Coventry
Derby
Derby 2
Erdington
Grantham
Great Yarmouth
Grove Park
Hereford
Ipswich
Kidderminster
Kings Heath
Kings Lynn
Leicester
Lincoln
Luton
Mansfield
Martlesham
Milton Keynes
Newcastle-U-Lyme
Newark
Northampton
Norwich
Nottingham
Oldbury
Peterborough
Sheldon
Shrewsbury
Solihull
Stafford
Stamford
Stoke on Trent
Stratford-upon-Avon
Tamworth
Telford
Wellingborough
West Bromwich
Wolverhampton
Worcester
Worksop

London and Thames South
Basildon
Beckton
Bexhill
Braintree
Brentwood
Brighton
Broadstairs
Camberley
Canterbury
Catford
Charlton
Cheam
Chelmsford
Chichester
Chingford
Colindale
Croydon
Dagenham
Eastbourne
Edmonton
Eltham
Erith
Farnborough
Farnham
Folkestone
Fulham
Gatwick
Grays
Gunnersbury
Guildford
Harlow
Hedgerton
Highgate
Horsham
Ilford
Isle of Wight
Maidstone
Mitcham
New Southgate
Newbury
Newhaven
Old Kent Road
Orpington
Penge
Portsmouth
Raynes Park
Rayleigh
Reading
Richmond
Romford
Sittingbourne
Slough
Southall
Southampton
Southend
Stamford Hill
Sudbury
Swindon
Tonbridge
Twickenham
Uckfield
Uxbridge
Vauxhall
Waltham Cross
Wandsworth
Watford
Wembley
West Wickham

North West
Aintree
Blackburn
Blackpool
Bolton
Cheadle
Chester
Chester 2
Chesterley
Cleveleys
Crewe
Failsworth
Flint
Liverpool
Macclesfield
Morecambe
Nantwich
Northwich
Oldham
Ormskirk
Preston
Rhyl
Sale
Salford
Snipe (Audenshaw)
St Helens
Stockport
Stockport 2
Warrington
 Widnes
Wigan
Wrexham

South West
Barnstaple
Basingstoke
Bournemouth
Briggend
Brigewater
Bristol
Cardiff
Cheltenham
Christchurch
Cribs Causeway
Exeter
Frome
Gloucester
Hengrove
Launceston
Merthyr Tydfil
Newport
Plymouth
Poole
Salisbury
Swansea
Taunton
Torquay
Weston-Super-Mare
Winchester
Yeovil

Durham
Harrowgate
Huddersfield
Dewsbury
Leeds
Hull
Sheffield
Stockton
Sunderland
Tynside
Wakefield
York

Scotland
Aberdeen
Dundee
Edinburgh
Falkirk
Glasgow
Hillington
Inverness
Linwood
Perth
Rutherglen
Sighthill
Wishaw

TOTAL 244 STORES

TILE CLEARING HOUSE

Central Region
Aylesbury
Fenton
Great Barr
Leicester
Northampton
Nottingham
Peterborough
Shrewsbury
Stoke-on-Trent

London and Thames South
Barking
Beckenham
Charlton
Eastbourne
Harlow
New Southgate
Orpington
Southampton
Swindon
Wembley

North West
Bolton
Cheadle
Crosby
Maghull
Oldham
Preston
Stockport
Wigan

North
Bradford
Darlington
Doncaster
Hull
Sheffield

Scotland
Aberdeen
Edinburgh

South West
Bournemouth
Exeter
Salisbury

TOTAL 244 STORES

New store 2004/05
United Kingdom

London Stores

Stores at beginning of period 187
New stores opened 20
Sub-Total 207
Closures –
Total 207

Stores at beginning of period 33
New stores opened 5
Sub-Total 38
Closures (1)
Total 37