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Wednesday, January 20, 2010

## **Ref – APB Consultation : Provision of non audit services by auditors**

Dear Hazel,

I understand that you are currently in the process of reviewing the provision of non audit services by auditors and I wanted to write to you to express my view as Audit Committee Chairman of Topps Tiles Plc.

As an independent non executive director I view our external auditors involvement in the business to be of crucial importance and in my role on the audit committee I rely on their very honest appraisal of our operations.

In the last year we have been through a very difficult financial period and have found that our reliance on our external auditors has increased. We have used their services to conduct a review of the business and provide us with further advice across several non audit areas. The audit committee considered this appropriate because it enabled us to leverage their existing knowledge of our business which, in our view, enabled a more thorough and productive review to take place at the same as reducing the disruption to the daily operations of the business.

At no stage did we feel that this additional reliance on the external auditors weakened the relationship, in either direction, or was in danger of compromising the auditors independence. In effect the opposite was true; the detailed knowledge and understanding of our business the external auditors have been able to build up has meant that their role during a difficult period has been made less complex than it may have been otherwise and has resulted in them having a very high level of insight into any significant issues that we have been facing.



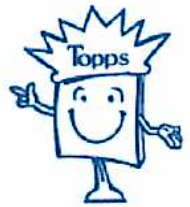
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We believe the existing governance framework is effective and allows us to have the flexibility and choice that we consider important. Any further restrictions to this framework would potentially result in us having this choice restricted which we would not be supportive of.

We would support increased disclosure requirements and are always keen to make our reporting to shareholders as transparent as possible.

Kind regards

Michael Jack.  
Chairman of Audit Committee  
Topps Tiles Plc



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