Titon Holdings Plc

2007 Interim Statement

Titon®

Interim Financial Statements

for the six months ended 31 March 2007

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Titon®

Chairman's Statement

Financial Performance

I am pleased to announce a 4.5% improvement in profit before taxation for the six months to £439,000 (2006: £420,000) on a 5.8% increase in revenue to £8,670,000 (2006: £8,195,000). Earnings per share for the period were 3.8% higher at 2.97p (2006: 2.86p) and the Directors have approved an unchanged interim dividend of 2.3p per ordinary share (2006: 2.3p). The dividend will be payable on the 28 June 2007 to shareholders on the register on 1 June 2007. The ex-dividend date is 30 May 2007.

Capital expenditure has been much lower this period at £208,000 (2006: £1,142,000) and cash balances at the end of the period were £1,671,000 (2006: £2,392,000)

Trading Commentary

First half year performance has been very much as expected, with growth opportunities being largely curtailed by a subdued UK window market.

Over the previous few years I have reported on the Building Regulation change for England and Wales, and the impact it is likely to have on Titon. A major outcome of this process has been our diversification into mechanical ventilation systems. One of the factors driving the demand for these systems is the increase in building air tightness levels arising from the Building Regulation. This progression towards more airtight construction has been further reinforced by the recently published 'Code for Sustainable Homes', as has the need for greater energy efficient products. In response to this requirement, we have recently sourced several new powered ventilation products which are among the most energy efficient on the market. We believe that these products will give us a good opportunity to further establish our name in this growing marketplace.

Sales of our recently launched Trimvent Select Xtra trickle ventilator range to suit passive ventilation requirements for the new Regulation are progressing satisfactorily, although much of current house building is still being processed under previous Regulations. The Trimvent Select Xtra range will be expanded as the year progresses.

I reported in my last Statement that, following the Government U-turn on introducing a Regulation for background ventilation in existing dwellings, the window industry had been tasked to introduce a 'Good Practice' guide for fitting trickle ventilators to replacement windows. However, it is now evident that this guidance is having a minimal impact on ventilator demand and part of the investment committed by Titon in 2005/2006 to increase sales and capacity will have a slower payback than anticipated. It has been a big disappointment and a potential setback for improving air quality in existing homes.

Our export sales, which have shown steady growth over the past few years, have continued to improve. However, the weakness of the US dollar, combined with the steep fall in house building activity in the USA, has limited overall export growth to 6%.

I have previously reported on our intent to seek overseas supply options to help reduce our product costs. I am now able to report that, effective from June 2007, we will be sourcing our zinc die casting components from Slovenia and closing our in-house operation, achieving significant annual savings from the venture. As part of the arrangement with our Slovenian supplier, Titus Lama, we will be selling to them our entire die casting plant and equipment whilst retaining all product design rights.

Prospects

The UK window market, which provides a large proportion of our business, is declining as social housing programmes near completion and as quality imported windows gain a greater market share. However, we anticipate increasing our market share of the available trickle ventilator market through our Trimvent Select Xtra range.

The progress of Titon towards becoming a domestic ventilation systems supplier will continue and will be aided by the introduction of leading edge energy efficient products.

Further growth in our exports, in our sales into the aluminium window market and our powered ventilation products is anticipated. Providing that any further increases in UK interest rates do not significantly impact on the UK house building industry, we believe that the improvement in the financial results can be maintained.

John Anderson
Chairman
10 May 2007

Consolidated Interim Income Statement

for the six months ended 31 March 2007

	Note	Six Months to 31.3.07	Six Months to 31.3.06	Year to 30.9.06
	Note	£'000	£'000	£'000
Revenue	2	**8,670**	8,195	16,600
Operating profit		**388**	354	782
Finance income		**51**	66	112
Profit before taxation		**439**	420	894
Tax expense	3	**(126)**	(118)	(219)
Profit for the period attributable to the equity holders of the parent	7	**313**	302	675
Earnings per share - basic	5	**2.97p**	2.86p	6.40p
- diluted	5	**2.97p**	2.85p	6.40p

Consolidated Interim Statement of Recognised Income & Expense for the six months ended 31 March 2007

	Note	Six Months to 31.3.07	Six Months to 31.3.06	Year to 30.9.06
	Note	£'000	£'000	£'000
Profit for the period attributable to the equity holders of the parent	7	**313**	302	675
Exchange difference on re-translation of net assets of overseas subsidiary undertakings		**4**	12	20
Total recognised income & expense for the period attributable to equity holders of the parent		**317**	314	695

Consolidated Interim Balance Sheet

at 31 March 2007

	Note	31.3.07 £'000	31.3.06 £'000	30.9.06 £'000
Assets				
Property, plant and equipment	6	**4,854**	4,984	5,009
Intangible assets		**63**	57	67
Total non-current assets		**4,917**	5,041	5,076
Inventories		**3,344**	2,863	2,950
Trade and other receivables		**3,785**	3,828	3,624
Cash and cash equivalents		**1,674**	2,473	2,078
Total current assets		**8,803**	9,164	8,652
Total Assets		**13,720**	14,205	13,728
Liabilities				
Deferred tax		**185**	104	170
Total non-current liabilities		**185**	104	170
Trade and other payables		**2,491**	2,883	2,362
Bank overdraft		**3**	81	9
Corporation tax		**118**	166	75
Total current liabilities		**2,612**	3,130	2,446
Total Liabilities		**2,797**	3,234	2,616
Equity				
Share capital		**1,056**	1,055	1,056
Share premium reserve		**865**	863	865
Capital redemption reserve		**56**	56	56
Translation reserve		**21**	9	17
Share schemes reserve		**3**	2	2
Retained earnings		**8,922**	8,986	9,116
Total Equity attributable to the equity holders of the parent	7	**10,923**	10,971	11,112
Total Liabilities and Equity		**13,720**	14,205	13,728

Consolidated Interim Cash Flow Statement

for the six months ended 31 March 2007

	Note	Six Months to 31.3.07 £'000	Six Months to 31.3.06 £'000	Year to 30.9.06 £'000
Cash generated from operating activities				
Profit before tax		**439**	420	894
Depreciation of property, plant & equipment		**339**	315	682
Amortisation on intangible assets		**17**	20	25
Interest income		**(51)**	(66)	(112)
Increase in inventories		**(391)**	(343)	(424)
(Increase) / decrease in receivables		**(160)**	(130)	76
Increase / (decrease) in payables and other current liabilities		**129**	456	(66)
Profit on sale of plant & equipment		**-**	(10)	(22)
Share based payment - equity settled		**1**	1	1
Cash generated from operations		**323**	663	1,054
Income taxes paid		**(68)**	(96)	(221)
Net cash generated from operating activities		**255**	567	833
Cash used in investing activities				
Purchase of plant & equipment	6	**(195)**	(1,071)	(1,485)
Purchase of intangible assets		**(13)**	(71)	(86)
Proceeds from sale of plant & equipment		**11**	24	58
Interest received		**51**	66	112
Net cash used in investing activities		**(146)**	(1,052)	(1,401)
Cash flows from financing activities				
Dividends paid to equity shareholders	4	**(507)**	(506)	(749)
Proceeds from issue of share capital		**-**	24	27
Net cash used in financing activities		**(507)**	(482)	(722)
Net decrease in cash & cash equivalents		**(398)**	(967)	(1,290)
Cash & cash equivalents at beginning of period		**2,069**	3,359	3,359
Cash & cash equivalents at end of period		**1,671**	2,392	2,069
Cash & cash equivalents comprise:				
Cash at bank		**1,674**	2,473	2,078
Bank overdraft		**(3)**	(81)	(9)
Cash & cash equivalents at end of period		**1,671**	2,392	2,069

Notes to the Consolidated Interim Statement

at 31 March 2007

1 Basis of preparation

The consolidated interim financial statements of the Group for the six months ended 31 March 2007 incorporates Titon Holdings Plc ("the Company") and its subsidiaries (together referred to as "the Group").

The consolidated interim financial statements have been prepared using accounting policies set out in the Annual Report and Accounts 2006 and were authorised by the Board of Directors for release on 10 May 2007.

The consolidated interim financial statements for the six months ended 31 March 2007 and 31 March 2006 have not been audited. The results for the year end 30 September 2006 and the balance sheet as at that date are abridged from the Group's Annual Report and Financial Statements 2006, prepared under IFRS, which have been delivered to the Registrar of Companies. The auditors' report on those Financial Statements was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985. The interim statement does not constitute full accounts within the meaning of Section 240 of the Companies Act 1985.

This statement is being sent to shareholders and will be available from the Company's registered office at International House, Peartree Road, Stanway, Colchester, Essex CO3 0JL.

2 Segment reporting

For management and internal reporting purposes, the Group's operations are currently analysed according to geographical regions. This is the basis on which the Group reports its primary segment information.

The Group's business is comprised of the following reportable geographic segments:

United Kingdom

Rest of the World

Segment information about the geographic regions is presented below.

	United Kingdom			Rest of the World			Consolidated		
	Six Months to 31.3.07	Six Months to 31.3.06	Year to 30.9.06	Six Months to 31.3.07	Six Months to 31.3.06	Year to 30.9.06	Six Months to 31.3.07	Six Months to 31.3.06	Year to 30.9.06
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
External	7,595	7,180	14,427	1,075	1,015	2,173	8,670	8,195	16,600
Intercompany	-	-	-	185	163	291	185	163	291
Total Revenue	7,595	7,180	14,427	1,260	1,178	2,464	8,855	8,358	16,891
Segment result	1,132	1,079	2,197	111	98	247	1,243	1,177	2,444
Unallocated expenses							(855)	(823)	(1,662)
Operating profit							388	354	728
Finance income							51	66	112
Profit before tax							439	420	894
Tax expense							(126)	(118)	(219)
Profit for the period attributable to the equity holders of the parent							313	302	675

3 Tax expense

	Six Months to 31.3.07 £'000	Six Months to 31.3.06 £'000	Year to 30.9.06 £'000
UK corporation tax	105	108	191
Adjustment in respect of prior years	-	-	(33)
Total UK corporation tax	105	108	158
Overseas tax	6	10	7
Adjustment in respect of over provision in prior years	-	-	(11)
Total overseas tax	6	10	(4)
Total current tax	111	118	154
Deferred tax	15	-	65
Total tax	126	118	219

Tax for the interim period is charged at 28.7% (six months to 31 March 2006: 28.1%) representing the best estimate of the average annual effective income tax rate for the full financial year.

4 Dividends

An interim dividend in respect of the six months ended 31 March 2007 of 2.3p per share, amounting to a total dividend of £243,000 was approved by the Directors of Titon Holdings Plc on 9 May 2007. These consolidated interim accounts do not reflect this dividend payable.

The interim dividend will be payable on 28 June 2007 to the shareholders on the register on 1 June 2007. The ex dividend date is 30 May 2007.

The following dividends have been recognised and paid by the Company:

	Date paid	Pence per share	Six Months to 31.3.07 £'000	Six Months to 31.3.06 £'000	Year to 30.9.06 £'000
Final	24.2.06	4.8	-	506	506
Interim	30.6.06	2.3	-	-	243
Final	21.2.07	4.8	507	-	-
			507	506	749

Notes to the Consolidated Interim Statement

at 31 March 2007 (continued)

5 Earnings per ordinary share

Basic earnings per share has been calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period, being 10,555,650 (six months ended 31 March 2006: 10,552,500; year ended 30 September 2006: 10,547,501).

Diluted earnings per share has been calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares and potential dilutive ordinary shares during the period, being 10,555,650 (six months ended 31 March 2006: 10,586,129; year ended 30 September 2006: 10,549,207). All dilutive ordinary shares relate to share options.

6 Property, plant and equipment

Acquisition and disposals

During the six months ended 31 March 2007, the Group acquired assets with a cost of £195,000 (six months to 31 March 2006: £1,071,000; year ended 30 September 2006: £1,485,000). Assets with a net book value of £11,000 were disposed of during the six months ended 31 March 2007 (six months ended 31 March 2006: £11,000; year ended 30 September 2006: £36,000).

7 Changes in Equity

	Share capital	Share premium reserve	Capital redemption reserve	Translation reserve	Share Schemes reserve	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2005	1,053	841	56	(3)	1	9,190	11,138
Profit for the period	-	-	-	-	-	302	302
Dividends paid	-	-	-	-	-	(506)	(506)
Shares issued under the Company's share option scheme	2	22	-	-	-	-	24
Share-based payment expense	-	-	-	-	1	-	1
Translation differences on overseas operations	-	-	-	12	-	-	12
At 31 March 2006	1,055	863	56	9	2	8,986	10,971
Profit for period	-	-	-	-	-	373	373
Dividends paid	-	-	-	-	-	(243)	(243)
Shares issued under the Company's share option scheme	1	2	-	-	-	-	3
Translation differences on overseas operations	-	-	-	8	-	-	8
At 30 September 2006	1,056	865	56	17	2	9,116	11,112
Profit for period	-	-	-	-	-	313	313
Dividends paid	-	-	-	-	-	(507)	(507)
Share-based payment expense	-	-	-	-	1	-	1
Translation differences on overseas operations	-	-	-	4	-	-	4
At 31 March 2007	1,056	865	56	21	3	8,922	10,923

Directors and Advisors

DIRECTORS

Executive
J N Anderson (Chairman)
D A Ruffell (Chief Executive)
T N Anderson
R Brighton
N C Howlett
C S Jarvis
C J Martin

Non-Executive
P W E Fitt (Vice-Chairman)
P E O'Sullivan
K A Ritchie

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