

Titon Holdings Plc

Interim Financial Statements

for the six months ended 31 March 2009

Business Review

Financial performance

Turbulent trading conditions have resulted in a Loss before Tax of £366,000 for the six months to 31 March 2009 (2008: £151,000 profit). Group Revenue for the period was 20.4% lower at £6,768,000 (2008: £8,500,000).

Loss per share for the period was 3.02p (2008: earnings of 1.06p) and the Directors have declared an unchanged interim dividend of 1.0p per share (2008: 1.0p per share).

Our focus on cash preservation has continued and we are pleased to report Net Cash Balances at the end of period of £2.53million – unchanged from the start of the period. The maintenance of our cash position, despite the Loss before Tax, is largely due to reductions in inventory levels - from £2.51 million at 30 September 2008 to £2.15 million at 31 March 2009.

Trading commentary

The sharp deterioration in construction market activity experienced during 2007/2008 has, if anything worsened during the 6 month period as most of the economies in which we operate have officially entered into recession. Sales in the UK were down by 23.6% compared to the same period last year as speculative housing developments virtually ceased and commercial building programs slowed markedly. Similarly, most of our export markets have seen significant contractions in activity. Other participants within our market have reported sales declines of a similar magnitude.

Our strategy throughout this period has been to reduce our costs in line with the sales decline, to preserve our cash, and to continue to invest into the areas of the business where we anticipate growth opportunities, particularly Mechanical Ventilation Systems in the UK and in our South Korean 'Joint Venture'.

As we have downsized our business it has regrettably led to further redundancies – 16 during the period at a cost of £82,000. Employee numbers at the end of March 2009 were 169 compared to 239 a year earlier and we would like to offer our appreciation and our sincere best wishes to those who have had to seek employment elsewhere.

£126,000 of the Loss before Tax for the period arises from our South Korean 'Joint Venture' where the global recession has led to a slower than expected take-up of our products in that country as economic activity has weakened. The Directors are, however, pleased with the progress that is being made and anticipate a positive contribution in the second half year from this market.

Prospects

The new range of Titon designed and manufactured heat recovery products has been very well received, and a further increase in these product options, as well as new central mechanical extract units, will be available in the coming weeks. These highly efficient units, providing excellent SAP (Standard Assessment Procedure) ratings, are being launched at the time that the requirement for energy efficient products is expanding rapidly as a result of the Code for Sustainable Buildings.

Given the strong balance sheet, and the maintenance of the Board's firm control on costs and cash flow, the Group is well positioned to take full advantage of an upturn in the market whenever it may occur.

Principal risk and uncertainties

The key financial and non-financial risks faced by the Group are disclosed in the Group's Annual Report and Accounts for the year ended 30 September 2008 within the Directors' Report (pages 6 and 7) available at www.titonholdings.com. The Board considers that these remain a current reflection of the risks and uncertainties facing the business.

Responsibilities Statement

The Directors confirm that this condensed set of consolidated financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of Titon Holdings Plc are listed in the Titon Holdings Plc Annual Report and Accounts 2008. A list of current directors is maintained on the Group's website: www.titonholdings.com .

On behalf of the Board

J N Anderson
Chairman

13 May 2009

D A Ruffell
Chief Executive

Consolidated Interim Income Statement

for the six months ended 31 March 2009

	Note	6 Months to 31.3.09 unaudited £'000	6 Months to 31.3.08 unaudited £'000	Year to 30.9.08 audited £'000
Revenue	2	6,768	8,500	16,375
Cost of sales		(5,481)	(6,640)	(12,803)
Gross profit		1,287	1,860	3,572
Distribution costs		(278)	(310)	(762)
Administration costs		(1,393)	(1,446)	(2,958)
Finance income		29	47	101
Share of losses from associates		(11)	-	(12)
(Loss) / profit before tax		(366)	151	(59)
Tax credit / (expense)	3	47	(39)	(205)
(Loss) / profit for the period attributable to the equity holders of the parent	7	(319)	112	(264)
(Loss) / earnings per share - basic	5	(3.02p)	1.06p	(2.50p)
- diluted	5	(3.02p)	1.06p	(2.50p)

Consolidated Interim Statement of Recognised Income and Expense

for the six months ended 31 March 2009

	Note	6 Months to 31.3.09 unaudited £'000	6 Months to 31.3.08 unaudited £'000	Year to 30.9.08 audited £'000
(Loss) / profit for the period attributable to the equity holders of the parent	7	(319)	112	(264)
Exchange difference on re-translation of net assets of overseas subsidiary undertakings		17	7	(32)
Total recognised income and expense for the period attributable to equity holders of the parent		(302)	119	(296)

Consolidated Interim Balance Sheet

at 31 March 2009

		31.3.09 unaudited	31.3.08 unaudited	30.9.08 audited
	Note	£'000	£'000	£'000
Assets				
Property, plant and equipment	6	4,225	4,481	4,395
Intangible assets		56	39	61
Investments in associates		202	-	213
Financial assets		100	-	100
Total non-current assets		4,583	4,520	4,769
Inventories		2,150	2,924	2,507
Trade and other receivables		3,015	4,027	3,224
Corporation tax		42	17	-
Cash and cash equivalents		2,546	1,958	2,546
Total current assets		7,753	8,926	8,277
Total Assets		12,336	13,446	13,046
Liabilities				
Deferred tax		366	170	366
Total non-current liabilities		366	170	366
Trade and other payables		2,130	2,493	2,427
Bank overdraft		17	37	18
Corporation tax		-	-	5
Total current liabilities		2,147	2,530	2,450
Total Liabilities		2,513	2,700	2,816
Equity				
Share capital		1,056	1,056	1,056
Share premium reserve		865	865	865
Capital redemption reserve		56	56	56
Translation reserve		18	40	1
Share schemes reserve		6	3	6
Retained earnings		7,822	8,726	8,246
Total Equity attributable to the equity holders of the parent	7	9,823	10,746	10,230
Total Liabilities and Equity		12,336	13,446	13,046

Consolidated Interim Cash Flow Statement

for the six months ended 31 March 2009

	Note	6 Months to 31.3.09 unaudited £'000	6 Months to 31.3.08 unaudited £'000	Year to 30.9.08 audited £'000
Cash generated from operating activities				
(Loss) / profit before tax		(366)	151	(59)
Depreciation of property, plant & equipment		323	333	641
Amortisation on intangible assets		15	12	37
Decrease / (increase) in inventories		370	64	476
Decrease / (increase) in receivables		213	(240)	225
(Decrease) / increase in payables and other current liabilities		(297)	302	(11)
Profit on sale of plant & equipment		(2)	(6)	-
Share based payment – equity settled		-	-	3
Interest received		(29)	(47)	(101)
Share of associate loss		11	-	12
Cash generated from operations		238	569	1,764
Income taxes (paid) / received		-	(25)	27
Net cash generated from operating activities		238	544	1791
Cash flows from investing activities				
Acquisition of shares in associate		-	-	(225)
Purchase of property, plant & equipment	6	(153)	(153)	(405)
Purchase of intangible assets		(10)	-	(40)
Proceeds from sale of plant & equipment		2	14	42
Interest received		29	47	101
Net cash used in investing activities		(132)	(92)	(527)
Cash flows from financing activities				
Dividends paid to equity shareholders	4	(105)	(196)	(301)
Issue of loan to associate		-	-	(100)
Net cash used in financing activities		(105)	(196)	(401)
Net Increase / (decrease) in cash & cash equivalents		1	256	863
Cash & cash equivalents at beginning of period		2,528	1,665	1,665
Cash & cash equivalents at end of period		2,529	1,921	2,528
Cash & cash equivalents comprise:				
Cash at bank		2,546	1,958	2,546
Bank overdraft		(17)	(37)	(18)
Cash & cash equivalents at end of period		2,529	1,921	2,528

Notes to the Condensed Consolidated Interim Statements at 31 March 2009

1 Basis of preparation

These condensed and consolidated interim financial statements of the Group for the six months ended 31 March 2009 incorporate 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 2008 and in accordance with IAS 34, 'Interim financial reporting', as adopted by the European Union and were authorised by the Board of Directors for release on 13 May 2009.

The consolidated interim financial statements for the six months ended 31 March 2009 and 31 March 2008 have not been audited or reviewed. The results for the year end 30 September 2008 and the balance sheet as at that date are abridged from the Group's Annual Report and Financial Statements 2008, 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 an emphasis of matter paragraph 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		
	6 Months to 31.3.09	6 Months to 31.3.08	Year to 30.9.08	6 Months to 31.3.09	6 Months to 31.3.08	Year to 30.9.08	6 Months to 31.3.09	6 Months to 31.3.08	Year to 30.9.08
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
External	5,811	7,609	14,538	957	891	1,837	6,768	8,500	16,375
Intercompany	-	-	-	121	135	300	121	135	300
Total Revenue	5,811	7,609	14,538	1,078	1,026	2,137	6,889	8,635	16,675
Segment result	593	1,059	2,080	(41)	61	74	552	1,120	2,154
Unallocated expenses							(936)	(1,016)	(2,302)
Losses from associates							(11)	-	(12)
Finance income							29	47	101
(Loss) / profit before tax							(366)	151	(59)
Tax credit / (expense)							47	(39)	(205)
(Loss) / profit for the period attributable to the equity holders of the parent							(319)	112	(264)

Notes to the Condensed Consolidated Interim Statements
at 31 March 2009

2 Segment reporting (continued)

Balance Sheet	31.3.09	31.3.08	30.9.08
	£'000	£'000	£'000
Assets - Segment total assets			
United Kingdom	11,507	13,210	12,604
Rest of World	829	236	442
Consolidated	12,336	13,446	13,046
Liabilities - Segment total liabilities			
United Kingdom	2,246	2,664	2,668
Rest of World	267	36	148
Consolidated	2,513	2,700	2,816

3 Tax

	6 Months to 31.3.09	6 Months to 31.3.08	Year to 30.9.08
	£'000	£'000	£'000
UK corporation tax	(61)	29	(26)
Adjustment in respect of over provision in prior years	8	4	5
Total UK corporation tax	(53)	33	(21)
Overseas tax	22	6	31
Adjustment in respect of over provision in prior years	(16)	-	-
Total overseas tax	6	6	31
Total current tax	(47)	39	10
Deferred tax	-	-	195
Total tax	(47)	39	205

Tax for the interim period is charged at 12.8% (six months to 31 March 2008: 23.2%) representing the best estimate of the average annual effective income tax rate for the full financial year.

Notes to the Condensed Consolidated Interim Statements at 31 March 2009

4 Dividends

An interim dividend in respect of the six months ended 31 March 2009 of 1.0p per share, amounting to a total dividend of £105,000 was approved by the Directors of Titon Holdings Plc on 13 May 2009. These consolidated interim statements do not reflect the dividend payable.

The interim dividend will be payable on 25 June 2009 to the shareholders on the register on 29 May 2009. The ex dividend date is 27 May 2009.

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

	Date paid	Pence per share	6 Months to 31.3.09 £'000	6 Months to 31.3.08 £'000	Year to 30.9.08 £'000
Final in respect of the year end 30.09.07	18.2.08	2.3	-	196	196
Interim in respect of the year end 30.09.08	26.06.08	1.0	-	-	105
Final in respect of the year end 30.09.08	19.02.09	1.0	105	-	-
			105	196	301

5 Loss / earnings per ordinary share

Basic loss / 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 2008: 10,555,650; year ended 30 September 2008: 10,555,650).

Diluted loss/ earnings per share has been calculated by dividing the loss / 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 2008: 10,555,650; year ended 30 September 2008: 10,555,650).

6 Property, plant and equipment

Acquisition and disposals

During the six months ended 31 March 2009, the Group acquired assets with a cost of £163,000 (six months to 31 March 2008: £153,000; year ended 30 September 2008: £445,000). Assets with a net book value of £nil were disposed of during the six months ended 31 March 2009 (six months ended 31 March 2008: 8,000; year ended 30 September 2008: £31,000).

Notes to the Condensed Consolidated Interim Statements
at 31 March 2009

7 Changes in Equity

	Share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Translation reserve £'000	Share schemes reserve £'000	Retained earnings £'000	Total Equity £'000
At 1 October 2007	1,056	865	56	33	3	8,811	10,824
Profit for the period	-	-	-	-	-	112	112
Dividends paid	-	-	-	-	-	(197)	(197)
Share-based payment expense	-	-	-	-	-	-	-
Translation differences on overseas operations	-	-	-	7	-	-	7
At 31 March 2008	1,056	865	56	40	3	8,726	10,746
Loss for the period	-	-	-	-	-	(376)	(376)
Dividends paid	-	-	-	-	-	(104)	(104)
Share-based payment expense	-	-	-	-	3	-	3
Translation differences on overseas operations	-	-	-	(39)	-	-	(39)
At 30 September 2008	1,056	865	56	1	6	8,246	10,230
Loss for the period	-	-	-	-	-	(319)	(319)
Dividends paid	-	-	-	-	-	(105)	(105)
Translation differences on overseas operations	-	-	-	17	-	-	17
At 31 March 2009	1,056	865	56	18	6	7,822	9,823

8 Related party transactions

There have been no additional significant or unusual related party transactions to those disclosed in the Group's Annual Report for 30 September 2008.

9 Liability statement

Neither the Group nor the Directors accept any liability to any person in relation to the Interim Statement except to the extent that such liability could arise under English Law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

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

SECRETARY AND REGISTERED OFFICE

D A Ruffell
International House
Peartree Road
Stanway
Colchester
Essex CO3 0JL

COMPANY REGISTRATION NUMBER

1604952 (Registered in England & Wales)

WEBSITE

www.titonholdings.com

AUDITORS

BDO Stoy Hayward LLP
55 Baker Street
London
W1U 7EU

BROKERS

Evolution Securities Limited
100 Wood Street
London
EC2V 7AN

SOLICITORS

Macfarlanes
10 Norwich Street
London
EC4A 1BD

REGISTRARS AND TRANSFER OFFICE

Capita Registrars Ltd
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

BANKERS

Barclays Bank Plc
Witham Business Centre
Witham, Essex
CM8 2AT