

Titon Holdings Plc
2010 Interim Statement





Business Review

Financial performance

Titon is pleased to report a Profit before Tax of £102,000 for the six months to 31 March 2010 (2009: £366,000 loss) on Revenues 9.2% higher at £7,393,000 (2009: £6,768,000).

Earnings per share for the period were 0.76p (2009: loss of 3.02p) and the Directors have declared an unchanged interim dividend of 1.0p per share (2009: 1.0p per share).

Tight control of cash has been a focus of management throughout the recession and we are pleased to report Net Cash Balances at the 31 March 2010 of £2,863,000 (2009: £2,529,000).

Trading commentary

Approximately 80% of Group Revenues are derived from the UK market, where overall sales have only increased by 1% over the period. Within this market, we have seen growth in sales of mechanical ventilation systems being offset by a decline in our traditional window and door hardware sales.

The pick up in the UK new house building activity that started towards the end of the last financial year has been 'patchy' and disrupted by the extreme and lengthy winter weather conditions. Notwithstanding this, we are pleased with the strong sales growth of our whole house systems ventilation units, which have arisen as a result of the innovative design features of the products and the specifications that have been obtained from several of the country's leading house builders. Updated UK Building Regulations, scheduled to be introduced in October 2010, will help to underpin growth in this market, as will other energy efficiency initiatives such as the zero carbon homes programme.

Sales of our window and door hardware products have fallen due to a large decline in the commercial aluminium market. It was evident that this particular market was much later entering recession than the PVCu and timber window sectors and will certainly be much slower in returning to growth. Indeed, there is a strong belief that the current high level of unoccupied office buildings, combined with the inevitable slowdown in schools and hospital construction programmes, will adversely affect the aluminium window market for the foreseeable future.

The majority of the 9.2% sales increase for the period is as a result of growth at our Titon Korea subsidiary, where prior year sales were low since the business had only just been formed. Although still loss making, sales volumes in Korea are improving steadily as apartment construction levels increase and the demand for natural ventilation solutions becomes more widespread.

Prospects

Returning the Group to profitability following the recession has required great effort and determination from all of our employees. Whilst this is the second consecutive six-month period where a profit has been generated, the level of profit remains unacceptably low.

During the next six months we are confident that our percentage share of the UK mechanical ventilation market will continue to increase, as will the proportion of dwellings that require such systems. We also expect our Korean Joint Venture to begin to contribute towards profits.

The UK construction sector is likely to be adversely affected by the widely anticipated reduction in public sector spending. Despite this, we anticipate that the aforementioned factors will enable us to maintain our profitable recovery into the second half of the financial year.

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 2009 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.

Responsibility statement

The Directors confirm that, to the best of their knowledge, this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that this Interim Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The Directors of Titon Holdings Plc are listed on page 13 of this document. A list of current directors is maintained on the Group's website: www.titonholdings.com.

On behalf of the Board

J N Anderson
Chairman
12 May 2010

D A Ruffell
Chief Executive

Consolidated Interim Income Statement

for the six months ended 31 March 2010

	Note	6 Months to 31.3.10 unaudited £'000	6 Months to 31.3.09 unaudited £'000	Year to 30.9.09 audited £'000
Revenue	2	7,393	6,768	14,053
Cost of sales		(5,556)	(5,481)	(10,993)
Gross profit		1,837	1,287	3,060
Distribution costs		(326)	(278)	(625)
Administration costs		(1,383)	(1,393)	(2,654)
Operating profit / (loss)		128	(384)	(219)
Finance income		11	29	37
Share of losses from associates		(37)	(11)	(28)
Profit / (loss) before income tax		102	(366)	(210)
Income tax (expense) / credit	3	(22)	47	(8)
Profit / (loss) for the period attributable to the equity holders of the parent		80	(319)	(202)
Earnings / (loss) per share - basic	5	0.76p	(3.02p)	(1.91p)
- diluted	5	0.76p	(3.02p)	(1.91p)

Consolidated Interim Statement of Comprehensive Income

for the six months ended 31 March 2010

	6 Months to 31.3.10 unaudited £'000	6 Months to 31.3.09 unaudited £'000	Year to 30.9.09 audited £'000
Profit / (loss) for the period	80	(319)	(202)
Exchange difference on re-translation of net assets of overseas subsidiary undertakings	67	17	(14)
Total comprehensive income / (expense) for the period attributable to equity holders of the parent	147	(302)	(216)

The notes on pages 6 to 12 form an integral part of this condensed interim information.

Consolidated Statement of Financial Position

at 31 March 2010

	Note	31.3.10 unaudited £'000	31.3.09 unaudited £'000	30.9.09 audited £'000
Assets				
Property, plant and equipment	6	3,799	4,225	3,972
Intangible assets		68	56	88
Investments in associates		148	202	185
Financial assets		103	100	103
Total non-current assets		4,118	4,583	4,348
Inventories		2,300	2,150	2,057
Trade and other receivables		3,236	3,015	2,947
Corporation tax		-	42	8
Cash and cash equivalents		2,863	2,546	3,096
Total current assets		8,399	7,753	8,108
Total Assets		12,517	12,336	12,456
Liabilities				
Deferred tax		351	366	361
Total non-current liabilities		351	366	361
Trade and other payables		2,294	2,130	2,266
Bank overdraft		-	17	23
Corporation tax		24	-	-
Total current liabilities		2,318	2,147	2,289
Total Liabilities		2,669	2,513	2,650
Equity				
Share capital		1,056	1,056	1,056
Share premium reserve		865	865	865
Capital redemption reserve		56	56	56
Translation reserve		54	18	(13)
Share schemes reserve		9	6	9
Retained earnings		7,808	7,822	7,833
Total Equity attributable to the equity holders of the parent		9,848	9,823	9,806
Total Liabilities and Equity		12,517	12,336	12,456

The notes on pages 6 to 12 form an integral part of this condensed interim information

Consolidated Interim Statement of 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 2008	1,056	865	56	1	6	8,246	10,230
Translation differences on overseas operations	-	-	-	17	-	-	17
Loss for the period	-	-	-	-	-	(319)	(319)
Total comprehensive income / (expense) for the period	-	-	-	17	-	(319)	(302)
Dividends paid	-	-	-	-	-	(105)	(105)
At 31 March 2009	1,056	865	56	18	6	7,822	9,823
Translation differences on overseas operations	-	-	-	(31)	-	-	(31)
Profit for the period	-	-	-	-	-	117	117
Total comprehensive income / (expense) for the period	-	-	-	(31)	-	117	86
Dividends paid	-	-	-	-	-	(106)	(106)
Share-based payment expense	-	-	-	-	3	-	3
At 30 September 2009	1,056	865	56	(13)	9	7,833	9,806
Translation differences on overseas operations	-	-	-	67	-	-	67
Profit for the period	-	-	-	-	-	80	80
Total comprehensive income for the period	-	-	-	67	-	80	147
Dividends paid	-	-	-	-	-	(105)	(105)
At 31 March 2010	1,056	865	56	54	9	7,808	9,848

The notes on pages 6 to 12 form an integral part of this condensed interim information

Consolidated Interim Statement of Cash Flows

for the six months ended 31 March 2010

	Note	6 Months to 31.3.10 unaudited £'000	6 Months to 31.3.09 unaudited £'000	Year to 30.9.09 audited £'000
Cash generated from operating activities				
Profit / (Loss) before tax		102	(366)	(210)
Depreciation of property, plant & equipment		297	323	616
Amortisation on intangible assets		20	15	30
(Increase) / decrease in inventories		(193)	370	437
(Increase) / decrease in receivables		(272)	213	274
Increase / (decrease) in payables and other current liabilities		28	(297)	(161)
(Profit) / loss on sale of plant & equipment		-	(2)	8
Share based payment - equity settled		-	-	3
Interest received		(11)	(29)	(37)
Share of associate loss		37	11	28
Cash generated from operations		8	238	988
Income taxes paid		-	-	(11)
Net cash generated from operating activities		8	238	977
Cash flows from investing activities				
Purchase of property, plant & equipment	6	(124)	(153)	(206)
Purchase of intangible assets		-	(10)	(57)
Proceeds from sale of plant & equipment		-	2	5
Interest received		11	29	37
Net cash used in investing activities		(113)	(132)	(221)
Cash flows from financing activities				
Dividends paid to equity shareholders	4	(105)	(105)	(211)
Net cash used in financing activities		(105)	(105)	(211)
Net (decrease) / increase in cash & cash equivalents		(210)	1	545
Cash & cash equivalents at beginning of period		3,073	2,528	2,528
Cash & cash equivalents at end of period		2,863	2,529	3,073
Cash & cash equivalents comprise:				
Cash at bank		2,863	2,546	3,096
Bank overdraft		-	(17)	(23)
Cash & cash equivalents at end of period		2,863	2,529	3,073

The notes on pages 6 to 12 form an integral part of this condensed interim information

Notes to the Condensed Consolidated Interim Statements at 31 March 2010

1 Basis of preparation

Titon Holdings Plc (the 'Company') is a company domiciled in England. The condensed consolidated interim financial statements of the Group for the six months ended 31 March 2010 comprise the Company and its subsidiaries (together referred to as the 'Group').

The IASB has issued the following revised and updated standards that are applicable to the Group and that resulted in changes in presentation for this accounting period; IAS 1 (revised) 'Presentation of financial statements' and IFRS 8 'Operating Segments'.

IAS 1 (revised) updates the presentation of the key statements of performance and position for the Group.

IFRS 8 introduces new requirements for segmental reporting to be based on the information provided to the Chief Operating Decision Maker (CODM). It also introduces additional disclosure and reconciliation requirements. The segmental reporting bases used in previous years are those which are currently reported to the CODM, hence the only changes to the segmental reporting for 2009/10 are in respect of the additional disclosure.

In addition, the following IFRIC amendments and IASs have been adopted, although they have no impact on the Group's reporting; IFRIC 9 'Reassessment of embedded derivatives', IFRIC 13 'Customer loyalty programmes', IFRIC 14 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction', IFRIC 16 'Hedges of a net investment in a foreign operation' and the amendments to IAS 23 'Borrowing Costs', IAS 32 'Presentation', IAS 39 'Financial instruments: recognition and measurement' and IFRS 2 'Share-based payment'. IFRIC 15 'Agreements for the construction of real estate' and various amendments to IAS 39 are still to be endorsed but these are not expected to have any impact on the Group.

Otherwise, the condensed interim financial statements have been prepared using accounting policies set out in the Report and Accounts 2009 and have been applied consistently to all periods presented in these financial statements. They are in accordance with IAS 34. The six months results for both 31 March 2009 and 2010 have neither been audited nor reviewed. The results for the year end 30 September 2009 and the balance sheet as at that date are not statutory accounts but are abridged from the Company's Report and Accounts 2009 which have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not contain references to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The condensed interim financial statements do not constitute full accounts within the meaning of Section 434 of the Companies Act 2006.

The interim report was approved by the Board and authorised for issue on 12 May 2010. Copies of the interim report will be sent to shareholders in the next few weeks.

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

Notes to the Condensed Consolidated Interim Statements

at 31 March 2010

2 Segment reporting

In identifying its operating segments, management generally follows the Group's reporting lines, which represent the main geographic markets in which the Group operates. The segment reporting below is shown in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM), who is the Chief Executive, and to the Board. These operating segments are monitored and strategic decisions are made on the basis of segment operating results. The Group operates two main business segments which are :

Segment	Activities undertaken include:
United Kingdom	Sales of passive and powered ventilation products to house builders, electrical contractors and window manufacturers. In addition to this, it is a leading supplier of window hardware to its window-manufacturing customers.
All other countries	Sales of passive and powered ventilation products to distributors, window manufacturers and construction companies

Inter-segment revenue is transacted on an arm's length basis and charged at prevailing market prices for a specific product and market or cost plus where no direct comparative market price is available. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Research and development entity-wide financial expenses are not allocated to the business activities for which R&D is specifically performed and it is not therefore reported as a separate operating segment. Research and development expenses are included within the total un-allocated expenses figures set out below.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

The total assets for the segments represent the consolidated total assets attributable to these reporting segments. Parent company results and consolidation adjustments reconciling the segmental results and total assets, to the consolidated financial statements, are included within the United Kingdom segment figures stated below.

Business segment	United Kingdom £'000	All other countries £'000	Total £'000
6 months ended 31 March 2010			
Segment revenue	5,893	1,501	7,393
Inter-segment revenue	-	96	96
Total Revenue	5,893	1,597	7,489
Depreciation and amortisation	285	32	317
Operating profit / (loss) - segment result	1,020	(23)	998
Unallocated expenses			(870)
Losses from associates			(37)
Finance income			11
Profit before tax			102
Tax expense			(22)
Profit for the period attributable to the equity holders of the parent			80

Notes to the Condensed Consolidated Interim Statements

at 31 March 2010

2 Segment reporting (continued)

Business segment	United Kingdom £'000	All other countries £'000	Total £'000
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6 months ended 31 March 2010

Total assets	11,430	1,087	12,517
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Total assets includes:

Investments in associates	148	-	148
Additions to non-current assets (other than financial instruments and deferred tax assets)	46	78	124

Business segment	United Kingdom £'000	All other countries £'000	Total £'000
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6 months ended 31 March 2009

Segment revenue	5,811	957	6,768
Inter-segment revenue	-	121	121

Total Revenue	5,811	1,078	6,889
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Depreciation and amortisation	313	25	338
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Operating profit / (loss) - segment result	593	(41)	552
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Unallocated expenses			(936)
Losses from associates			(11)
Finance income			29

Loss before tax			(366)
Tax credit			47

Loss for the period attributable to the equity holders of the parent			(319)
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Total assets	11,507	258	12,336
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Total assets includes:

Investments in associates	202	-	202
Additions to non-current assets (other than financial instruments and deferred tax assets)	146	17	163

Notes to the Condensed Consolidated Interim Statements

at 31 March 2010

Segment reporting (continued)

Business segment	United Kingdom £'000	All other countries £'000	Total £'000
12 months ended 31 March 2010			
Segment revenue	11,864	2,189	14,053
Inter-segment revenue	-	177	177
Total Revenue	11,864	2,366	14,230
Depreciation and amortisation	615	31	646
Operating profit - segment result	1,551	44	1,595
Unallocated expenses			(1,814)
Losses from associates			(28)
Finance income			37
Loss before tax			(210)
Tax expense			8
Loss for the period attributable to the equity holders of the parent			(202)
Total assets	5,778	904	12,456
Total assets includes:			
Investments in associates	185	-	185
Additions to non-current assets (other than financial instruments and deferred tax assets)	234	29	263

Notes to the Condensed Consolidated Interim Statements

at 31 March 2010

2 Segment reporting (continued)

IFRS 8 requires entity-wide disclosures to be made about the regions in which it earns its revenues and holds its non-current assets which are shown below.

6 months ended 31 March 2010	United Kingdom	Europe	USA	South East Asia	All other regions	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenues						
by entities' country of domicile	6,459	-	217	717	-	7,393
by country from which derived	5,893	536	217	731	16	7,393
Non-current assets						
by entities' country of domicile	3,960	-	11	147	-	4,118

No single customer accounted for more than 10% of Group revenue.

6 months ended 31 March 2009	United Kingdom	Europe	USA	South East Asia	All other regions	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenues						
by entities' country of domicile	6,310	-	307	151	-	6,768
by country from which derived	5,811	371	307	275	4	6,768
Non-current assets						
by entities' country of domicile	4,457	-	20	106	-	4,583

One customer accounted for more than 10% of Group revenue and sales to this customer are as follows:

Sales £862,000 (included within United Kingdom £5,811,000)

6 months ended 30 September 2009	United Kingdom	Europe	USA	South East Asia	All other regions	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenues						
by entities' country of domicile	12,817	-	588	648	-	14,053
by country from which derived	11,864	804	588	788	9	14,053
Non-current assets						
by entities' country of domicile	4,236	-	14	98	-	4,348

One customer accounted for more than 10% of Group revenue and sales to this customer are as follows:

Sales £1,601,000 (included within United Kingdom £11,869,000)

Notes to the Condensed Consolidated Interim Statements at 31 March 2010

3 Tax

	6 Months to 31.3.10	6 Months to 31.3.09	Year to 30.9.09
	£'000	£'000	£'000
UK corporation tax	35	(61)	(8)
Adjustment in respect of (under) / over provision in prior years	(6)	8	6
Total UK corporation tax	29	(53)	(2)
Overseas tax	3	22	-
Adjustment in respect of under provision in prior years	-	(16)	-
Total overseas tax	3	6	-
Total current tax	32	(47)	(2)
Deferred tax	(10)	-	(6)
Total tax	22	(47)	(8)

Tax for the interim period is charged at 21.6% (six months to 31 March 2009: 12.8%) 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 2010 of 1.0p per share, amounting to a total dividend of £105,000 was approved by the Directors of Titon Holdings Plc on 12 May 2010. These consolidated interim statements do not reflect the dividend payable.

The interim dividend will be payable on 24 June 2010 to the shareholders on the register on 28 May 2010. The ex dividend date is 26 May 2010.

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

	Date paid	Pence per share	6 Months to 31.3.10	6 Months to 31.3.09	Year to 30.9.09
			£'000	£'000	£'000
Final in respect of the year end 30.09.08	20.02.09	1.0	-	105	105
Interim in respect of the year end 30.09.09	25.06.09	1.0	-	-	106
Final in respect of the year end 30.09.09	22.02.10	1.0	105	-	-
			105	105	211

Notes to the Condensed Consolidated Interim Statements

at 31 March 2010

5 Earnings / loss per ordinary share

Basic earnings / loss per share has been calculated by dividing the profit / loss 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 2009: 10,555,650; year ended 30 September 2009: 10,555,650).

Diluted earnings / loss per share has been calculated by dividing the profit / loss 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 2009: 10,555,650; year ended 30 September 2009: 10,555,650).

6 Property, plant and equipment

Acquisition and disposals

During the six months ended 31 March 2010, the Group acquired assets with a cost of £124,000 (six months to 31 March 2009: £163,000; year ended 30 September 2009: £206,000). No assets were disposed of during the six months ended 31 March 2010 (six months ended 31 March 2009: £nil; year ended 30 September 2009: £13,000).

7 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions between subsidiary companies and the associate company, which is a related party, were as follows:

	Sale of goods			Amount owed by related party		
	6 Months to 31.3.10	6 Months to 31.3.09	Year to 30.9.09	6 Months to 31.3.10	6 Months to 31.3.09	Year to 30.9.09
	£'000	£'000	£'000	£'000	£'000	£'000
Browntech Sales Co.Ltd	717	151	648	242	108	194

There have been no additional significant or unusual related party transactions to those disclosed in the Group's Annual Report for 30 September 2009.

8 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

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 LLP
 Kings Wharf
 20-30 Kings Road
 Reading
 RG1 3EX

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



TITON HOLDINGS PLC

International House, Peartree Road, Stanway, Colchester, Essex CO3 0JL

Tel: +44 (0)1206 713800 **Fax:** +44 (0)1206 543126

Email: enquiries@titon.co.uk **Web:** www.titon.com