

Titon Holdings Plc

Interim Financial Statements

for the six months ended 31 March 2011

Business Review

Financial performance

Profit before Taxation for the six-month period ended 31 March 2011 was £29,000 (2010: £102,000) on Revenues 2.5% higher at £7,579,000 (2010: £7,393,000).

Earnings per share for the period were 0.59p (2010: 0.76p) and the Directors have declared an unchanged interim dividend of 1.0p per share (2010: 1.0p per share).

Net Cash Balances at 31 March 2011 were £3,012,000 (2010: £2,863,000).

Trading commentary

At the last year-end we commented that future prospects appeared very uncertain, largely due to the UK Government spending cutbacks and the lack of consumer confidence in the UK. This uncertainty has been most apparent during this six-month period and is reflected in these results.

Although the period began promisingly throughout October and November the extreme UK weather at the beginning of December, combined with the now traditional two week Christmas shutdown within the construction industry, led to a very poor result in that month. Whilst we anticipated that this might be a short-term setback, it was not to be. The lack of confidence that existed within the UK economy, combined with the December weather, was reflected in the poor October to December Quarter GDP figures. These GDP figures appeared to reduce confidence further and the momentum that had been apparent within our sector during late 2010 did not return in the Quarter Jan 2011 to March 2011. As a result, UK sales of £5,860,000 for the six months have fallen by 0.6% when compared to the same period of the previous year (2010: £5,893,000).

As anticipated, solid growth in sales of our Ventilation Systems has continued as house builders specify more of these types of products within their build programmes, and as our penetration within the market increases. We have recently launched new models and up-rated versions of our popular HRV Q Plus range, which have been well received by our expanding customer base. Although the number of competitors within the Heat Recovery Ventilation market is increasing we anticipate that we can maintain good levels of growth.

Sales of our trickle ventilators and other window hardware products in the UK have fallen during the period. This is particularly noticeable within our timber and PVCu window manufacturing customer base, which has reported a reduced demand for their windows. Whilst it is difficult to apportion the reason for the reduced demand evidence suggests that, in addition to the new build market, the social housing replacement window market and the private windows replacement market are all markedly lower.

The majority of the increase in Group Sales for the period is due to growth at our Titon Korea subsidiary, where turnover of £1,095,000 was 53% higher (2010: £717,000). This increase in volumes has led to an operating profit of £59,000 being generated from Titon Korea (2010: £43,000 loss). Many of our other overseas markets have seen considerably lower levels of demand as their economies adjust to the post recession austerity measures being introduced by Governments. Whilst being disappointed with the lower volumes, we take satisfaction that our customer base is being maintained.

Prospects

Although the reduction in profit is naturally concerning, it is consistent with the reduced levels of new house completions in the UK and the reduction in public spending.

The upgrades that we have made to our HRV Q Plus heat recovery ventilation range now enable us to sell them into certain overseas markets. We have been developing various distribution channels and opportunities for several months and will begin to benefit from this work in the second half.

We have recently introduced a new and comprehensive window and door hardware range, which will make us more competitive in a market where price is the key factor in obtaining business. We have also developed a range of sound attenuating trickle ventilators to address the increasing requirement for quieter ventilation solutions within windows. This range will be launched in the coming weeks.

The second half-year is usually more profitable than the first and we anticipate that this should be the case once again. During the next six months we expect that our percentage share of the UK mechanical ventilation market will continue to increase, as will the proportion of dwellings that are built with heat recovery ventilation systems. For our prospects to improve significantly, however, there needs to be a meaningful improvement in the quantity of dwellings being constructed and we are unsure when this will happen.

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 2010 within the Directors' Report (page 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 14 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

D A Ruffell
Chief Executive

11 May 2011

Titon Holdings Plc

Consolidated Interim Income Statement for the six months ended 31 March 2011

		6 months to 31.3.11 unaudited £'000	6 months to 31.3.10 unaudited £'000	Year to 30.9.10 audited £'000
	Note			
Revenue	2	7,579	7,393	15,609
Cost of sales		(5,765)	(5,556)	(11,438)
Gross profit		1,814	1,837	4,171
Distribution costs		(305)	(326)	(670)
Administration costs		(1,500)	(1,383)	(2,833)
Operating profit		9	128	668
Finance income		17	11	29
Share of profit / (losses) from associates		3	(37)	(91)
Profit before income tax		29	102	606
Income tax credit / (expense)	3	33	(22)	(199)
Profit for the period attributable to the equity holders of the parent		62	80	407
Earnings per share - basic	5	0.59p	0.76p	3.85p
- diluted	5	0.59p	0.76p	3.85p

Consolidated Interim Statement of Comprehensive Income for the six months ended 31 March 2011

		6 months to 31.3.11 unaudited £'000	6 months to 31.3.10 unaudited £'000	Year to 30.9.10 audited £'000
Profit for the period		62	80	407
Exchange difference on re-translation of net assets of overseas operations		12	67	11
Total comprehensive income for the period attributable to equity holders of the parent		74	147	418

The notes on pages 7 to 13 form an integral part of this condensed interim information.

Titon Holdings Plc

Consolidated Statement of Financial Position

at 31 March 2011

	Note	31.3.11 unaudited £'000	31.3.10 unaudited £'000	30.9.10 audited £'000
Assets				
Property, plant and equipment	6	3,703	3,799	3,744
Intangible assets		256	68	214
Investments in associates		97	148	94
Financial assets		106	103	106
Total non-current assets		4,162	4,118	4,158
Inventories		2,659	2,300	2,523
Trade and other receivables		3,183	3,236	3,310
Cash and cash equivalents		3,012	2,863	3,110
Total current assets		8,854	8,399	8,943
Total Assets		13,016	12,517	13,101
Liabilities				
Deferred tax		414	351	449
Total non-current liabilities		414	351	449
Trade and other payables		2,527	2,294	2,522
Corporation tax		119	24	117
Total current liabilities		2,646	2,318	2,639
Total Liabilities		3,060	2,669	3,088
Equity				
Share capital		1,056	1,056	1,056
Share premium reserve		865	865	865
Capital redemption reserve		56	56	56
Translation reserve		10	54	(2)
Share schemes reserve		9	9	9
Retained earnings		7,960	7,808	8,029
Total Equity attributable to the equity holders of the parent		9,956	9,848	10,013
Total Liabilities and Equity		13,016	12,517	13,101

The notes on pages 7 to 13 form an integral part of this condensed interim information.

Titon Holdings Plc

Consolidated Interim Statement of 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 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
Translation differences on overseas operations	-	-	-	(56)	-	-	(56)
Profit for the period	-	-	-	-	-	327	327
Total comprehensive income / (expense) for the period	-	-	-	(56)	-	327	271
Dividends paid	-	-	-	-	-	(106)	(106)
At 30 September 2010	1,056	865	56	(2)	9	8,029	10,013
Translation differences on overseas operations	-	-	-	12	-	-	12
Profit for the period	-	-	-	-	-	62	62
Total comprehensive income for the period	-	-	-	12	-	62	74
Dividends paid	-	-	-	-	-	(131)	(131)
At 31 March 2011	1,056	865	56	10	9	7,960	9,956

The notes on pages 7 to 13 form an integral part of this condensed interim information.

Titon Holdings Plc

Consolidated Interim Statement of Cash Flows

for the six months ended 31 March 2011

	Note	6 months to 31.3.11 unaudited £'000	6 months to 31.3.10 unaudited £'000	Year to 30.9.10 audited £'000
Cash generated from operating activities				
Profit before tax		29	102	606
Depreciation of property, plant & equipment		269	297	560
Amortisation on intangible assets		26	20	38
Increase in inventories		(127)	(193)	(461)
Decrease / (Increase) in receivables		130	(272)	(360)
Increase in payables and other current liabilities		5	28	256
Profit on sale of plant & equipment		(14)	-	(12)
Interest received		(17)	(11)	(29)
Share of associate (profit) / loss		(3)	37	91
Cash generated from operations		298	8	689
Income taxes refunded		-	-	14
Net cash generated from operating activities		298	8	703
Cash flows from investing activities				
Purchase of plant & equipment	6	(228)	(124)	(332)
Purchase of intangible assets		(68)	-	(164)
Proceeds from sale of plant & equipment		14	-	12
Interest received		17	11	29
Net cash used in investing activities		(265)	(113)	(455)
Cash flows from financing activities				
Dividends paid to equity shareholders	4	(131)	(105)	(211)
Net cash used in financing activities		(131)	(105)	(211)
Net (decrease) / increase in cash & cash equivalents		(98)	(210)	37
Cash & cash equivalents at beginning of period		3,110	3,073	3,073
Cash & cash equivalents at end of period		3,012	2,863	3,110
Cash & cash equivalents comprise:				
Cash at bank		3,012	2,863	3,110
Cash & cash equivalents at end of period		3,012	2,863	3,110

The notes on pages 7 to 13 form an integral part of this condensed interim information.

Titon Holdings Plc

Notes to the Condensed Consolidated Interim Statements at 31 March 2011

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 2011 comprise the Company and its subsidiaries (together referred to as the 'Group').

The IASB has issued the following revised and updated IFRIC amendments and IASs which have been adopted, although they have no impact on the Group's reporting; amendments to IFRS 5 – Non-current assets held for sale and discontinued operations, amendments to IAS 7 – Classification of expenditure on unrecognised assets, amendments to IAS 17 – Classification of leases of land and buildings.

Otherwise, the condensed interim financial statements have been prepared using accounting policies set out in the Report and Accounts 2010 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 2010 and 2011 have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. The results for the year end 30 September 2010 and the balance sheet as at that date are not statutory accounts but are abridged from the Company's Report and Accounts 2010 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 2011. 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.

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 Board, which is the Chief Operating Decision Maker (CODM). These operating segments are monitored and strategic decisions are made on the basis of segment operating results. The Group operates three 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.
South Korea	Sales of passive ventilation products to construction companies
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 in this note.

Notes to the Condensed Consolidated Interim Statements
at 31 March 2011

2 Segment reporting (continued)

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	South Korea £'000	All other countries £'000	Total £'000
6 months ended 31 March 2011				
Segment revenue	5,860	1,095	624	7,579
Inter-segment revenue	-	-	62	62
Total Revenue	5,860	1,095	686	7,641
Depreciation and amortisation	276	17	2	295
Operating profit - segment result	981	59	10	1,050
Unallocated expenses				(1,041)
Profit from associates				3
Finance income				17
Profit before tax				29
Tax credit				33
Profit for the period attributable to the equity holders of the parent				62
Total assets	11,642	1,213	161	13,016
Total assets includes:				
Investments in associates	97	-	-	97
Additions to non-current assets (other than financial instruments and deferred tax assets)	296	-	-	296

Notes to the Condensed Consolidated Interim Statements
at 31 March 2011

2 Segment reporting (continued)

Business segment	United Kingdom £'000	South Korea £'000	All other countries £'000	Total £'000
6 months ended 31 March 2010				
Segment revenue	5,893	717	783	7,393
Inter-segment revenue	-	-	96	96
Total Revenue	5,893	717	879	7,489
Depreciation and amortisation	285	24	8	317
Operating profit / (loss) - segment result	1,020	(43)	21	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
Total assets	11,430	911	176	12,517
Total assets includes:				
Investments in associates	148	-	-	148
Additions to non-current assets (other than financial instruments and deferred tax assets)	46	73	5	124

Notes to the Condensed Consolidated Interim Statements
at 31 March 2011

2 Segment reporting (continued)

Business segment	United Kingdom	South Korea	All other countries	Total
	£'000	£'000	£'000	£'000
12 months ended 30 September 2010				
Segment revenue	12,560	1,514	1,535	15,609
Inter-segment revenue	-	-	197	197
Total Revenue	12,560	1,514	1,732	15,806
Depreciation and amortisation	553	40	5	598
Operating profit - segment result	2,401	80	31	2,512
Unallocated expenses				(1,844)
Losses from associates				(91)
Finance income				29
Profit before tax				606
Tax expense				(199)
Profit for the period attributable to the equity holders of the parent				407
Total assets	11,765	1,135	201	13,101
Total assets includes:				
Investments in associates	94	-	-	94
Additions to non-current assets (other than financial instruments and deferred tax assets)	412	84	-	496

Notes to the Condensed Consolidated Interim Statements
at 31 March 2011

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 2011	United Kingdom	Europe	USA	South East Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	6,288	-	196	1,095	-	7,579
by country from which derived	5,861	395	196	1,127	-	7,579
Non-current assets						
By entities' country of domicile	4,031	-	6	125	-	4,162

One customer accounted for more than 10% of Group revenue and sales to this customer are as follows:
Sales £1,095,000 (included within South East Asia)

6 months ended 31 March 2010	United Kingdom	Europe	USA	South East Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
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.

12 months ended 30 September 2010	United Kingdom	Europe	USA	South East Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	13,667	-	428	1,514	-	15,609
by country from which derived	12,560	1,056	428	1,557	8	15,609
Non-current assets						
By entities' country of domicile	4,008	-	8	142	-	4,158

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

Notes to the Condensed Consolidated Interim Statements
at 31 March 2011

3 Tax

	6 months to 31.3.11	6 months to 31.3.10	Year to 30.9.10
	£'000	£'000	£'000
UK corporation tax expense / (credit)	-	35	117
Adjustment in respect of under / (over) provision in prior years	2	(6)	(6)
Total UK corporation tax	2	29	111
Overseas tax	-	3	-
Total overseas tax	-	3	-
Total current tax	2	32	111
Deferred tax	(35)	(10)	88
Total tax (credit) / expense	(33)	22	199

Tax for the interim period is charged at 23% (six months to 31 March 2010: 21.6%) 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 2011 of 1.0p per share, amounting to a total dividend of £106,000 was approved by the Directors of Titon Holdings Plc on 11 May 2011. These consolidated interim statements do not reflect the dividend payable.

The interim dividend will be payable on 23 June 2011 to the shareholders on the register on 20 May 2011. The ex dividend date is 18 May 2011.

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

	Date paid	Pence per share	6 months to 31.3.11	6 months to 31.3.10	Year to 30.9.10
			£'000	£'000	£'000
Final in respect of the year end 30.09.09	22.02.10	1.00	-	106	106
Interim in respect of the year end 30.09.10	24.06.10	1.00	-	-	105
Final in respect of the year end 30.09.10	22.02.11	1.25	131	-	-
			131	106	211

Notes to the Condensed Consolidated Interim Statements at 31 March 2011

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 2010: 10,555,650; year ended 30 September 2010: 10,555,650).

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 2010: 10,555,650; year ended 30 September 2010: 10,555,650).

6 Property, plant and equipment

Acquisition and disposals

During the six months ended 31 March 2011, the Group acquired assets with a cost of £228,000 (six months to 31 March 2010: £124,000; year ended 30 September 2010: £332,000). Assets with a net book value of £nil were disposed of during the six months ended 31 March 2011 (six months ended 31 March 2010: £nil; year ended 30 September 2010: £nil).

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 31.3.11	6 months to 31.3.10	Year to to 30.9.10	6 months to 31.3.11	6 months to 31.3.10	Year to to 30.9.10
	£'000	£'000	£'000	£'000	£'000	£'000
Browntech Sales Co. Ltd	1,095	717	1,514	316	242	263

There have been no additional significant or unusual related party transactions to those disclosed in the Group's Annual Report for 30 September 2010.

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 (resigned 30th April 2011)
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