

Titon Holdings Plc

Interim Financial Statements

for the six months ended 31 March 2014

Business Review

Financial performance

Group Profit before Taxation for the six-month period ended 31 March 2014 was £551,000 (2013: £79,000) on Revenues 20.4% higher at £8,840,000 (2013: £7,340,000).

Earnings per share for the period were 2.39p (2013: 0.57p) and the Directors have declared an unchanged interim dividend of 1.0p per share (2013: 1.0p per share).

Net Cash Balances at 31 March 2014 were £1,851,000 (2013: £2,118,000).

Trading commentary

I am pleased to report that we have made significant progress in the six months ended 31st March 2014 as Group Profit before tax has risen to £551,000 versus £79,000 last year. As noted in our First Quarter 'Interim Management Statement' we have benefited from some good trading results from our partnership in Korea, which has continued in the Second Quarter.

Our overall revenues have grown when compared to last year by 20.4% which is pleasing. The main reason for the increase is the higher level of sales outside of the UK, which have risen by 62.4% over the comparative period. In the UK business has continued to be difficult although we have seen an improvement in sales from our Ventilation Systems division as the period progressed. At our UK Window and Door Hardware division sales are up marginally over last year. We have devoted significant time and resources in the last two years to widening the scope and scale of our window and door products but this has not yet resulted in the increase in sales that we expect. We will continue to work hard to achieve this in the second half year. In our Ventilation Systems division, as I noted last year, the social housing market has started to grow again after two difficult years and our range of Mechanical Ventilation with Heat Recovery ("MVHR") units is popular with our customers. We have introduced a number of new products and refinements to our MVHR range in the last few months. I would like to thank all of our talented staff for their hard work and their commitment in both Hardware and Ventilation Systems divisions.

In Korea our partnership has, again, shown improvement over last year with sales growing by 89.2% as we have expanded our penetration into both the private and government housing markets. David Ruffell and I visited Korea again at the end of February this year and were greatly impressed with the progress being made there and by the dedication and hard work shown by our Korean colleagues. We thank them sincerely for all of their efforts.

Export Sales from our UK factory were up by 12% over the comparative period due largely to some long awaited growth from our USA subsidiary following the protracted slowdown in construction activity there.

We were very pleased to see the introduction of our new online purchasing website, TitonDirect.co.uk, during the period. This website promotes some of our most popular window handles, trickle vents and whole house ventilation systems, as well as spare parts such as MVHR filters and window handle keys. Every business is looking to offer products online and we are no different and now that the website has been up and running for a few weeks we will start to develop it further.

Prospects

We anticipate that conditions in our main UK markets will remain muted during the next six months. We have seen some improvement within the Hardware division but we are not expecting that it will grow significantly in the second half year. There have been signs of progress in the Ventilation Systems division in the period, which we do expect to continue in the second half, along with a wider range of products, which should lead to increased sales.

We are optimistic that our partnership in Korea will continue to grow during 2014 and we will continue to support them, particularly on the design side, wherever possible.

Our balance sheet remains strong and we have significant cash balances, which will allow us to continue to invest in new products and markets in 2014.

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 2013 within the Strategic 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

KA Ritchie
Chairman

DA Ruffell
Chief Executive

7 May 2014

Titon Holdings Plc

Consolidated Interim Income Statement

for the six months ended 31 March 2014

		6 months to 31.3.14	6 months to 31.3.13 restated * (see Note 1)	Year to 30.9.13 restated * (see Note 1)
		unaudited	unaudited	audited
	Note	£'000	£'000	£'000
Revenue	2	8,840	7,340	15,740
Cost of sales		(6,471)	(5,763)	(12,059)
Gross profit		2,369	1,577	3,681
Distribution costs		(317)	(269) *	(554) *
Administrative expenses		(1,627)	(1,550) *	(3,134) *
Other income		12	225	237
Operating profit / (loss)		437	(17)	230
Finance income		1	6	13
Share of profit from associates		113	90	262
Profit before income tax		551	79	505
Income tax expense	3	(94)	(19)	(29)
Profit after income tax		457	60	476
Attributable to:				
Equity holders of the parent		252	7	303
Non-controlling interest		205	53	173
Profit for the period		457	60	476
Earnings per share - basic	5	2.39p	0.57p	2.87p
- diluted	5	2.36p	0.57p	2.87p

Consolidated Interim Statement of Comprehensive Income

for the six months ended 31 March 2014

		6 months to 31.3.14	6 months to 31.3.13	Year to 30.9.13
		unaudited	unaudited	audited
		£'000	£'000	£'000
Profit for the period		457	60	476
Exchange difference on re-translation of overseas operations		(27)	58	(39)
Total comprehensive income for the period		430	118	437
Attributable to:				
Equity holders of the parent		225	65	264
Non-controlling interest		205	53	173
		430	118	437

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 2014

		31.3.14 unaudited	31.3.13 unaudited	30.9.13 audited
	Note	£'000	£'000	£'000
Assets				
Property, plant and equipment	6	3,208	3,307	3,298
Intangible assets		658	695	710
Investments in associates		423	138	310
Total non-current assets		4,289	4,140	4,318
Inventories		3,061	2,996	2,855
Trade and other receivables		3,895	3,226	3,309
Corporation tax		-	75	-
Cash and cash equivalents		1,851	2,118	2,151
Total current assets		8,807	8,415	8,315
Total Assets		13,096	12,555	12,633
Liabilities				
Deferred tax		50	230	105
Total non-current liabilities		50	230	105
Trade and other payables		3,011	3,045	2,934
Bank overdraft		-	-	35
Corporation tax		173	16	42
Total current liabilities		3,184	3,061	3,011
Total Liabilities		3,234	3,291	3,116
Equity				
Share capital		1,056	1,056	1,056
Share premium reserve		865	865	865
Capital redemption reserve		56	56	56
Translation reserve		(73)	51	(46)
Retained earnings		7,449	7,052	7,282
Total Equity attributable to the equity holders of the parent		9,353	9,080	9,213
Non-controlling Interest		509	184	304
Total Equity		9,862	9,264	9,517
Total Liabilities and Equity		13,096	12,555	12,633

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	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total Equity £'000
At 1 October 2012	1,056	865	56	(7)	7,096	9,066	131	9,197
Translation differences on overseas operations	-	-	-	58	-	58	-	58
Profit for the period	-	-	-	-	7	7	53	60
Total comprehensive profit for the period	-	-	-	58	7	65	53	118
Dividends paid	-	-	-	-	(53)	(53)	-	(53)
Share-based payment expense	-	-	-	-	2	2	-	2
At 31 March 2013	1,056	865	56	51	7,052	9,080	184	9,264
Translation differences on overseas operations	-	-	-	(97)	-	(97)	-	(97)
Profit for the period	-	-	-	-	296	296	120	416
Total comprehensive profit for the period	-	-	-	(97)	296	199	120	319
Dividends paid	-	-	-	-	(105)	(105)	-	(105)
Share-based payment expense	-	-	-	-	39	39	-	39
At 30 September 2013	1,056	865	56	(46)	7,282	9,213	304	9,517
Translation differences on overseas operations	-	-	-	(27)	-	(27)	-	(27)
Profit for the period	-	-	-	-	252	252	205	457
Total comprehensive profit for the period	-	-	-	(27)	252	225	205	430
Dividends paid	-	-	-	-	(105)	(105)	-	(105)
Share-based payment expense	-	-	-	-	20	20	-	20
At 31 March 2014	1,056	865	56	(73)	7,449	9,353	509	9,862

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 2014

	Note	6 months to 31.3.14 unaudited £'000	6 months to 31.3.13 unaudited £'000	Year to 30.9.13 audited £'000
Cash generated from operating activities				
Profit before tax		551	79	505
Depreciation of property, plant & equipment		217	232	462
Amortisation on intangible assets		70	93	192
Increase in inventories		(240)	(357)	(323)
Increase in receivables		(609)	(54)	(209)
Increase in payables and other current liabilities		107	525	496
Profit on sale of plant & equipment		(5)	(6)	(19)
Share based payment – equity settled		20	2	41
Interest received		(1)	(6)	(13)
Share of associate's profit		(113)	(90)	(262)
Cash (used in) / generated from operations		(3)	418	870
Income taxes paid		(18)	(3)	(37)
Net cash (used in) / generated from operating activities		(21)	415	833
Cash flows from investing activities				
Purchase of plant & equipment	6	(127)	(55)	(280)
Purchase of intangible assets		(18)	(14)	(128)
Proceeds from sale of plant & equipment		5	6	23
Interest received		1	6	13
Net cash used in investing activities		(139)	(57)	(372)
Cash flows from financing activities				
Dividends paid to equity shareholders	4	(105)	(53)	(158)
Net cash used in financing activities		(105)	(53)	(158)
Net (decrease) / increase in cash & cash equivalents		(265)	305	303
Cash & cash equivalents at beginning of the period		2,116	1,813	1,813
Cash & cash equivalents at end of the period		1,851	2,118	2,116
Cash & cash equivalents comprise:				
Cash at bank		1,851	2,118	2,151
Overdraft		-	-	(35)
Cash & cash equivalents at end of the period		1,851	2,118	2,116

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 2014

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 2014 comprise the Company and its subsidiaries (together referred to as the 'Group').

Prior period figures for Distribution Costs and Administration Expenses shown in the Consolidated Interim Income Statement on page 2 have been restated to provide a comparable cost basis with the costs and expenses reported in the six month period to 31 March 2014. Distribution costs for the six month period to 31 March 2013 have been restated at £269,000 (previously reported as £380,000) and Administration Expenses have been restated at £1,550,000 (previously reported as £1,439,000). Distribution costs for the year to 30 September 2013 have been restated at £554,000 (previously reported as £793,000) and Administration Expenses have been restated at £3,134,000 (previously reported as £2,895,000).

This restatement has had no effect on the profits recorded for the 6 month period to 31 March 2013 or the year to 30 September 2013.

The IASB has issued the following revised and updated IFRIC amendments which have been adopted, although they have no impact on the Group's reporting; amendments to:

- IFRS 10 Consolidated Financial Statements - establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 11 Joint Arrangements - the principle in IFRS 11 is that a party to a joint arrangement recognises its rights and obligations arising from the arrangement rather than focusing on the legal form.
- IFRS 12 Disclosure of Interests in Other Entities - includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- IFRS 13 Fair Value Measurement - defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements.
- IAS 27 Separate Financial Statements - contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with the applicable financial instruments standard (i.e. IAS 39 or IFRS 9).
- IAS 28 Investments in Associates and Joint Ventures – the standard now includes the required accounting for joint ventures as well as the definition and required accounting for associates.
- IAS 19 Employee Benefits - the main changes introduced by the amendment revolve around the accounting for defined benefit pension schemes.

Otherwise, the condensed interim financial statements have been prepared using accounting policies set out in the Report and Accounts 2013 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 2013 and 2014 have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. The financial information for the year end 30 September 2013 does not constitute the full statutory accounts for that period. The Company's Report and Accounts 2013 have been delivered to the Registrar of Companies. The independent auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis 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 7 May 2014. 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.

Notes to the Condensed Consolidated Interim Statements
at 31 March 2014

2 Segment reporting (continued)

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 and door manufacturers. In addition to this, it is a leading supplier of window and door hardware.
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. Sales Administration and Other Expenses are not currently allocated to operating segments in the Group's reporting to the CODM, and Other Expenses include mainly central and parent company overheads relating to group management, the finance function and regulatory requirements.

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 2014				
Segment revenue	5,319	2,674	847	8,840
Inter-segment revenue	-	-	172	172
Total Revenue	5,319	2,674	1,019	9,012
Segment profit	892	627	60	1,579
Unallocated expenses				
Research and Development expenses				(211)
Sales Administration expenses				(287)
Other Expenses				(531)
Finance income				1
Profit before tax				551
Tax expense				(94)
Profit for the period				457
Depreciation and amortisation	271	16	-	287
Total assets	9,927	3,007	162	13,096
Total assets includes:				
Investments in associates	423	-	-	423
Additions to non-current assets (other than financial instruments and deferred tax assets)	104	40	-	144

Notes to the Condensed Consolidated Interim Statements
at 31 March 2014

2 Segment reporting (continued)

Business segment	United Kingdom £'000	South Korea £'000	All other countries £'000	Total £'000
6 months ended 31 March 2013				
Segment revenue	5,172	1,413	755	7,340
Inter-segment revenue	-	-	141	141
Total Revenue	5,172	1,413	896	7,481
Segment profit	647	205	9	861
Unallocated expenses				
Research and Development expenses				(200)
Sales Administration expenses				(273)
Other Expenses				(315)
Finance income				6
Profit before tax				79
Tax expense				(19)
Profit for the period				60
Depreciation and amortisation	278	46	1	325
Total assets	10,443	1,946	166	12,555
Total assets includes:				
Investments in associates	138	-	-	138
Additions to non-current assets (other than financial instruments and deferred tax assets)	58	11	-	69

Notes to the Condensed Consolidated Interim Statements
at 31 March 2014

2 Segment reporting (continued)

Business segment	United Kingdom	South Korea	All other countries	Total
	£'000	£'000	£'000	£'000
12 months ended 30 September 2013				
Segment revenue	10,548	3,680	1,512	15,740
Inter-segment revenue	-	-	300	300
Total Revenue	10,548	3,680	1,812	16,040
Segment profit / (loss)	1,806	649	(12)	2,443
Unallocated expenses				
Research and Development expenses				(383)
Sales Administration expenses				(554)
Other Expenses				(1014)
Finance income				13
Profit before tax				505
Tax expense				(29)
Profit for the period				476
Depreciation and amortisation	569	84	1	654
Total assets	10,130	2,356	147	12,633
Total assets includes:				
Investments in associates	310	-	-	310
Additions to non-current assets (other than financial instruments and deferred tax assets)	376	32	-	408

Notes to the Condensed Consolidated Interim Statements
at 31 March 2014

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 2014	United Kingdom	Europe	USA	South East Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	5,821	-	345	2,674	-	8,840
by country from which derived	5,495	313	345	2,675	12	8,840
Non-current assets						
By entities' country of domicile	4,080	-	-	209	-	4,289

One customer accounted for more than 10% of Group revenue and sales to this customer totaled £2,631,000 (included within South East Asia)

6 months ended 31 March 2013	United Kingdom	Europe	USA	South East Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	5,633	-	294	1,413	-	7,340
by country from which derived	5,172	405	294	1,459	10	7,340
Non-current assets						
By entities' country of domicile	3,907	-	-	233	-	4,140

One customer accounted for more than 10% of Group revenue and sales to this customer totaled £1,413,000 (included within South East Asia)

12 months ended 30 September 2013	United Kingdom	Europe	USA	South East Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	11,400	-	660	3,680	-	15,740
by country from which derived	10,548	737	660	3,762	33	15,740
Non-current assets						
By entities' country of domicile	3,987	-	-	331	-	4,318

One customer accounted for more than 10% of Group revenue and sales to this customer totaled £3,680,000 (included within South East Asia)

Notes to the Condensed Consolidated Interim Statements
at 31 March 2014

3 Tax

	6 months to 31.3.14	6 months to 31.3.13	Year to 30.9.13
	£'000	£'000	£'000
Current income tax:			
Corporation tax expense	(149)	-	(59)
Adjustment in respect prior years	-	1	(75)
	(149)	1	(134)
Deferred tax:			
Origination and reversal of temporary differences	55	(20)	30
Adjustment in respect prior years	-	-	75
	55	(20)	105
Total tax expense	(94)	(19)	(29)

Tax for the interim period is charged at 22.0% (six months to 31 March 2013: 20.0%) 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 2014 of 1.0p per share, amounting to a total dividend of £106,000 was approved by the Directors of Titon Holdings Plc on 7 May 2014. These consolidated interim statements do not reflect the dividend payable.

The interim dividend will be payable on 24 June 2014 to the shareholders on the register on 30 May 2014. The ex dividend date is 28 May 2014.

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

	Date paid	Pence per share	6 months to 31.3.14	6 months to 31.3.13	Year to 30.9.13
			£'000	£'000	£'000
Final in respect of the year end 30.09.12	22.02.13	0.5	-	53	53
Interim in respect of the year end 30.09.13	24.06.13	1.0	-	-	106
Final in respect of the year end 30.09.13	21.02.14	1.0	105	-	-
			105	53	159

Notes to the Condensed Consolidated Interim Statements at 31 March 2014

5 Earnings per ordinary share

Basic earnings per share has been calculated by dividing the profits 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 2013: 10,555,650; year ended 30 September 2013: 10,555,650).

Diluted earnings per share has been calculated by dividing the profits attributable to shareholders by the weighted average number of ordinary shares and potential dilutive ordinary shares during the period, being 10,670,161 (six months ended 31 March 2013: 10,555,650; year ended 30 September 2013: 10,555,650).

6 Property, plant and equipment

Additions and disposals

During the six months ended 31 March 2014, the Group acquired assets with a cost of £127,000 (six months to 31 March 2013: £55,000; year ended 30 September 2013: £280,000).

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 31.3.14	6 months to 31.3.13	Year to to 30.9.13	6 months to 31.3.14	6 months to 31.3.13	Year to to 30.9.13
	£'000	£'000	£'000	£'000	£'000	£'000
Browntech Sales Co. Ltd	2,631	1,413	3,680	1,482	539	995

There have been no additional significant or unusual related party transactions to those disclosed in the Group's Annual Report for 30 September 2013.

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

KA Richie (Chairman)
D A Ruffell (Chief Executive)
T N Anderson
N C Howlett
C S Jarvis

Non-executive

J N Anderson (Deputy Chairman)

SECRETARY AND REGISTERED OFFICE

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