



Titon Holdings Plc
2008 Interim Statement



Business Review

Financial performance

Profit before taxation for the six months was 65.6% lower than the same period last year at £151,000 (2007: £439,000) on turnover 2.0% lower at £8,500,000 (2007: £8,670,000). We have maintained our sales levels in the UK, whilst our export sales for the period have fallen by 17% to £891,000 (2007: £1,075,000).

Earnings per share for the period were 64.3% lower at 1.06p (2007: 2.97p) and the Directors have declared an interim dividend of 1.0p per share (2007: 2.3p per share).

Tight control over Working Capital along with reduced levels of capital expenditure have helped cash balances to increase by £256,000 over the six-month period to stand at £1,921,000 (2007: £1,671,000).

Trading commentary

As I reported in the last Annual Report and Accounts, trading during the second half of the 2006/2007 financial year was very difficult and the Group only just returned a profit over that six month period. I informed shareholders at the time that a programme of measures had been initiated that was designed to restore profitability during the current year. I am pleased to report that the result of these measures has been a modest profit for the first six months of this year. Some of the profit improvement measures that are being implemented will be phased in over the year as contractual commitments end and will not have had a full impact in the first half-year. We will continue to make every effort to improve the Group's profitability.

One of the results of our cost reduction programme has been a 5% fall in our payroll costs in the period when compared to the 2nd half of 2006/7. Our employees have not been given a pay increase this year and I would like to take this opportunity to thank them all for their contribution in these difficult circumstances. Overall employee numbers were 239 at the end of March 2008 compared to 256 at 30 September 2007.

Escalating raw material price increases have been a great issue for most manufacturers although, during this first half-year, we have been able to pass on some of this increased cost to our customers. We have, however, continued to see costs increase – not least as a result of the Euro strengthening by a further 12% in the six months against Sterling.

Towards the end of the period, confidence within the UK housing market has been adversely affected by the international financial credit crisis and the number of new housing starts has significantly reduced. It is apparent that the effects of this are not limited to the UK, with most European markets experiencing similar declines. The full impact of this change in market confidence is as yet unknown, but will almost certainly require a further adjustment to our cost base in the second half-year.

Prospects

New building processes are being introduced as construction of 'tighter' homes becomes a requirement for the Government's 'Sustainable Homes' initiative. Titon has already adjusted to the requirement for improved ventilation systems for domestic use

and is able to supply highly efficient units that provide excellent SAP (Standard Assessment Procedure) ratings. Additional products to be introduced later in the summer will further improve upon the performance of those currently available. Integrated within these systems our natural ventilation products will ensure both 'energy neutral' and 'fail-safe' options to help minimise the impact on our national energy resources; a factor which we believe to be essential as we progress.

As previously mentioned, most sectors of our markets remain under pressure and there is no doubt that the remainder of this year will be challenging. We will continue with our longer-term investment plans in the UK powered ventilation market whilst re-organising our traditional UK hardware business to reflect the current market conditions.

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 2007 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.

Statement of Directors' responsibilities

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 2007. A list of current directors is maintained on the Group's website: www.titonholdings.com. These remain a current reflection of the risks and uncertainties facing the business.

On behalf of the Board



John Anderson
Chairman
8 May 2008



David Ruffell
Chief Executive

Consolidated Interim Income Statement

for the six months ended 31 March 2008

	Note	Six Months to 31.3.08	Six Months to 31.3.07	Year to 30.9.07
		£'000	£'000	£'000
Revenue	2	8,500	8,670	17,285
Cost of sales		6,640	6,641	13,482
Gross profit		1,860	2,029	3,803
Distribution costs		310	292	618
Administration costs		1,446	1,349	2,828
		1,756	1,641	3,446
Operating profit		104	388	357
Finance income		47	51	102
Profit before tax		151	439	459
Tax expense	3	(39)	(126)	(15)
Profit for the period attributable to the equity holders of the parent	7	112	313	444
Earnings per share - basic	5	1.06p	2.97p	4.21p
- diluted	5	1.06p	2.97p	4.21p

Consolidated Interim Statement of Recognised Income & Expense for the six months ended 31 March 2008

	Note	Six Months to 31.3.08	Six Months to 31.3.07	Year to 30.9.07
		£'000	£'000	£'000
Profit for the period attributable to the equity holders of the parent	7	112	313	444
Exchange difference on re-translation of net assets of overseas subsidiary undertakings		7	4	16
Total recognised income & expense for the period attributable to equity holders of the parent		119	317	460

Consolidated Interim Balance Sheet

at 31 March 2008

	Note	31.3.08 £'000	31.3.07 £'000	30.9.07 £'000
Assets				
Property, plant and equipment	6	4,481	4,854	4,662
Intangible assets		39	63	58
Total non-current assets		4,520	4,917	4,720
Inventories		2,924	3,344	2,983
Trade and other receivables		4,027	3,785	3,785
Corporation tax		17	-	31
Cash at bank		1,958	1,674	1,678
Total current assets		8,926	8,803	8,447
Total Assets		13,446	13,720	13,197
Liabilities				
Deferred tax		170	185	170
Total non-current liabilities		170	185	170
Trade and other payables		2,493	2,491	2,190
Bank overdraft		37	3	13
Corporation tax		-	118	-
Total current liabilities		2,530	2,612	2,203
Total Liabilities		2,700	2,797	2,373
Equity				
Share capital		1,056	1,056	1,056
Share premium reserve		865	865	865
Capital redemption reserve		56	56	56
Translation reserve		40	21	33
Share schemes reserve		3	3	3
Retained earnings		8,726	8,922	8,811
Total Equity attributable to the equity holders of the parent	7	10,746	10,923	10,824
Total Liabilities and Equity		13,446	13,720	13,197

Consolidated Interim Cash Flow Statement

for the six months ended 31 March 2008

	Note	Six Months to 31.3.08 £'000	Six Months to 31.3.07 £'000	Year to 30.9.07 £'000
Cash generated from operating activities				
Operating profit		104	388	357
Depreciation of property, plant & equipment		333	339	675
Amortisation on intangible assets		12	17	35
Decrease / (increase) in inventories		64	(391)	(33)
Increase in receivables		(240)	(160)	(149)
Increase / (decrease) in payables and other current liabilities		303	129	(168)
Profit on sale of plant & equipment		(6)	-	(31)
Share based payment - equity settled		-	1	1
Cash generated from operations		570	323	687
Income taxes paid		(25)	(68)	(121)
Net cash generated from operating activities		545	255	566
Cash flows from investing activities				
Purchase of plant & equipment	6	(153)	(195)	(363)
Purchase of intangible assets		-	(13)	(26)
Proceeds from sale of plant & equipment		14	11	66
Interest received		47	51	102
Net cash used in investing activities		(92)	(146)	(221)
Cash flows from financing activities				
Dividends paid to equity shareholders	4	(197)	(507)	(749)
Net cash used in financing activities		(197)	(507)	(749)
Net increase / (decrease) in cash & cash equivalents				
Cash & cash equivalents at beginning of period		1,665	2,069	2,069
Cash & cash equivalents at end of period		1,921	1,671	1,665
Cash & cash equivalents comprise:				
Cash at bank		1,958	1,674	1,678
Bank overdraft		(37)	(3)	(13)
Cash & cash equivalents at end of period		1,921	1,671	1,665

Notes to the Condensed Consolidated Interim Statements

at 31 March 2008

1 Basis of preparation

These condensed and consolidated interim financial statements of the Group for the six months ended 31 March 2008 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 2007 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 8 May 2008.

The accounting standard IFRS 7, Financial Instruments: Disclosures is mandatory for accounting periods beginning on or after 1 January 2007. As this interim statement contains only condensed financial statements, full IFRS 7 disclosures are not required at this stage. The full disclosures, including any sensitivity analysis to market risk will be given in the Group's Annual Report.

The consolidated interim financial statements for the six months ended 31 March 2008 and 31 March 2007 have not been audited or reviewed. The results for the year end 30 September 2007 and the balance sheet as at that date are abridged from the Group's Annual Report and Financial Statements 2007, 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		
	Six Months to 31.3.08	Six Months to 31.3.07	Year to 30.9.07	Six Months to 31.3.08	Six Months to 31.3.07	Year to 30.9.07	Six Months to 31.3.08	Six Months to 31.3.07	Year to 30.9.07
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
External	7,609	7,595	15,275	891	1,075	2,010	8,500	8,670	17,285
Intercompany	-	-	-	135	185	297	135	185	297
Total Revenue	7,609	7,595	15,275	1,026	1,260	2,307	8,635	8,855	17,582
Segment result	1,059	1,132	2,173	61	111	138	1,120	1,243	2,311
Unallocated expenses							(1,016)	(855)	(1,954)
Operating profit							104	388	357
Finance income							47	51	102
Profit before tax							151	439	459
Tax expense							(39)	(126)	(15)
Profit for the period attributable to the equity holders of the parent	112	313	444						

Notes to the Condensed Consolidated Interim Statements

at 31 March 2008

2 Segment reporting (continued)

Balance Sheet	31.3.08	31.3.07	30.9.07
	£'000	£'000	£'000
Assets - Segment total assets			
United Kingdom	13,210	13,400	12,980
Rest of World	236	320	217
Consolidated	13,446	13,720	13,197
Liabilities - Segment total liabilities			
United Kingdom	2,664	2,769	2,351
Rest of World	36	28	22
Consolidated	2,700	2,797	2,373

3 Tax expense	Six Months to 31.3.08	Six Months to 31.3.07	Year to 30.9.07
	£'000	£'000	£'000
UK corporation tax	29	105	34
Adjustment in respect of over provision in prior years	4	-	(28)
Total UK corporation tax	33	105	6
Overseas tax	6	6	9
Adjustment in respect of over provision in prior years	-	-	-
Total overseas tax	6	6	9
Total current tax	39	111	15
Deferred tax	-	15	-
Total tax	39	126	15

Tax for the interim period is charged at 23.2% (six months to 31 March 2007: 28.7%) 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 2008 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 2008. These consolidated interim accounts do not reflect this dividend payable.

The interim dividend will be payable on 26 June 2008 to the shareholders on the register on 30 May 2008. The ex dividend date is 28 May 2008.

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

	Date paid	Pence per share	Six Months to 31.3.08 £'000	Six Months to 31.3.07 £'000	Year to 30.9.07 £'000
Final in respect of the year end 30.09.06	21.2.07	4.8	-	507	507
Interim in respect of the year end 30.09.07	30.6.07	2.3	-	-	242
Final in respect of the year end 30.09.07	18.2.08	2.3	197	-	-
			<hr/>	<hr/>	<hr/>
			197	507	749

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 2007: 10,555,650; year ended 30 September 2007: 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 2007: 10,555,650; year ended 30 September 2007: 10,555,650).

6 Property, plant and equipment

Acquisition and disposals

During the six months ended 31 March 2008, the Group acquired assets with a cost of £153,000 (six months to 31 March 2007: £195,000; year ended 30 September 2007: £363,000). Assets with a net book value of £8,000 were disposed of during the six months ended 31 March 2007 (six months ended 31 March 2006: £11,000; year ended 30 September 2007: £35,000).

Notes to the Condensed Consolidated Interim Statements

at 31 March 2008

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 2006	1,056	865	56	17	2	9,116	11,112
Profit for the 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
Profit for period	-	-	-	-	-	131	131
Dividends paid	-	-	-	-	-	(242)	(242)
Translation differences on overseas operations	-	-	-	12	-	-	12
At 30 September 2007	1,056	865	56	33	3	8,811	10,824
Profit for period	-	-	-	-	-	112	112
Dividends paid	-	-	-	-	-	(197)	(197)
Translation differences on overseas operations	-	-	-	7	-	-	7
At 31 March 2008	1,056	865	56	40	3	8,726	10,746

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 2007.

9 Subsidiaries

Liquidation of subsidiary

Titon BV a subsidiary company formerly incorporated in the Netherlands was liquidated on 5 October 2007. A final distribution was made to the parent company Titon Holdings Plc. Foreign exchange differences which had arisen from the translation of the financial statements of Titon BV were recycled and taken to the income statement.

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

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