

RNS Number:4051N
Titon Holdings PLC
07 December 2006

Titon Holdings Plc
Preliminary announcement for the year ended 30 September 2006

Chairman's Statement

Financial Performance

Profit before taxation for the year to 30 September 2006 was 24.5% down at £0.89 million (2005: £1.18 million), on Revenue 1.0% higher at £16.60 million (2005: £16.44 million). Earnings per share were 20.8% lower at 6.40p (2005: 8.08p). This has been a heavy year for capital expenditure with a £1.48 million spend, compared to a £0.68 million depreciation charge, reducing our year-end cash reserves to £2.07 million (2005: £3.36 million).

The Directors are proposing a final dividend of 4.8p (2005: 4.8p), which when added to the interim dividend paid in May 2006, makes a total for the year of 7.1p (2005: 7.1p). The dividend will be payable on 23 February 2007 to shareholders on the register on 2 February 2007. The ex-dividend date is 31 January 2007.

Trading Commentary

This has been a difficult year, largely due to a combination of uncertainty in the timing of Building Regulation implementation and a significant downturn in market activity in the months of April and May, which disguised an improved performance toward the end of the year.

In my 2006 interim report I informed shareholders that the new Building Regulations (England and Wales) for Ventilation were published in April 2006, and that the requirement to fit trickle ventilators in all replacement windows had been included with effect from October 2006. It is now most disappointing to have to report that this important part of the Regulation was controversially withdrawn only two weeks before the proposed implementation date. The reason is that, following a challenge from sections of the window industry, the Government department involved decided that the costs might outweigh the benefits.

One of the key objectives highlighted in the original Regulatory Consultation Document was to address major health issues, such as asthma and other respiratory illnesses, through the improvement of indoor air quality. It is well documented that new tightly sealed double-glazed windows can reduce indoor air quality to an unacceptable level and this was an opportunity for the Government to introduce consistent regulation for controlled ventilation. However, rather than introduce such regulation it has allowed the window industry to fit trickle ventilators on the basis of "Good Practice", which in the view of the Directors may not achieve the health benefits hoped for by Government. We have invested some £0.3 million on specific plant and tooling to introduce product for this part of the Regulation, as well as a great deal of design, development and technical resource. We must now wait and see what the impact of the Good Practice Document will be in order to determine whether value is achieved for this investment. The indecision and change has been most disconcerting and I will update shareholders further at the interim stage of 2006/2007.

We have launched our new Titon range of Trimvent Select Xtra ventilators for both the new-build and replacement window market and they have been well received by the industry. These products provide a much increased airflow

performance over the majority of ventilators on the market and we are confident that, in combination with our powered ventilation range, they will provide effective compliant solutions for all domestic ventilation needs. We have provided an enhanced level of marketing activity to support our enlarged direct sales force and are pleased with the level of new customers and the specifications being gained.

Our Export sales have again increased and now account for 13% of total revenue. One disappointing aspect of our overseas activity was our US subsidiary, Titon Inc, where revenue was 9% lower, reflecting the downturn in US building activity over the year.

I reported last year that measures taken to reduce our cost base and improve manufacturing efficiency had benefited us. The difficulties of manufacturing in the UK are well known and efficiency improvements need to be ongoing in order for us to remain competitive. For this reason we continue to seek cost effective supply options from overseas to complement our UK manufacturing base.

Employees

Our overall employee base remains similar to last year, but includes a greater number of sales personnel. Our employees remain a vital part of the strength of our business and their continued support for the Group is most important as we seek new initiatives. I wish to thank them all for their efforts during these difficult and changing times.

Prospects

The implications of the Government U-turn on the replacement window regulations have yet to be determined. We will actively support the window industry with their efforts to introduce and adhere to Ventilation Good Practice and hope that this may have a positive impact. As far as new build is concerned, our new Trimvent Select Xtra products and our ability to provide total solutions via powered and passive products should enable us to increase market share.

The new financial year has started with reasonably strong sales being recorded. Although the recent increase in UK interest rates is likely to have a detrimental effect on demand as the year progresses, the Directors believe that the enhanced product offering, an increase in market activity and further cost saving initiatives should offset this.

John Anderson
Chairman

6 December 2006

Titon Holdings Plc
Preliminary announcement for the year ended 30 September 2006

Consolidated Income Statement
for the year ended 30 September 2006

	2006 £'000	2005 £'000
Revenue	16,600	16,436
Cost of sales	12,439	12,372

Gross profit	4,161	4,064
Distribution costs	690	648
Administrative expenses	2,689	2,388

	3,379	3,036

Operating profit	782	1,028
Finance income	112	151

Profit before tax	894	1,179
Tax expense	219	328

Profit for the year attributable to the equity holders of the parent	675	851

Earnings per share - basic	6.40p	8.08p
- diluted	6.40p	8.06p

Consolidated Statement of Recognised Income & Expense
for the year ended 30 September 2006

	2006 £'000	2005 £'000
Profit for the year attributable to the equity holders of the parent	675	851
Exchange difference on retranslation of net assets of subsidiary undertakings	20	(3)

Total recognised income and expense for the year attributable to equity holders of the parent	695	848

Titon Holdings Plc
Preliminary announcement for the year ended 30 September 2006

Consolidated Balance Sheet
at 30 September 2006

	2006 £'000	2005 £'000
Assets		
Property, plant and equipment	5,009	4,242
Intangible assets	67	6

Total non-current assets	5,076	4,248
Inventories	2,950	2,511
Trade and other receivables	3,624	3,695
Cash and cash equivalents	2,078	3,380
Total current assets	8,652	9,586
Total Assets	13,728	13,834
Liabilities		
Deferred tax	170	104
Total non-current liabilities	170	104
Trade and other payables	2,362	2,427
Bank overdraft	9	21
Corporation tax	75	144
Total current liabilities	2,446	2,592
Total Liabilities	2,616	2,696
Equity		
Share capital	1,056	1,053
Share premium reserve	865	841
Capital redemption reserve	56	56
Translation reserve	17	(3)
Share schemes reserve	2	1
Retained earnings	9,116	9,190
Total Equity attributable to equity holders of the parent	11,112	11,138
Total Liabilities and Equity	13,728	13,834

Titon Holdings Plc
Preliminary announcement for the year ended 30 September 2006

Consolidated Cash Flow Statement
for the year ended 30 September 2006

	2006	2005
	£'000	£'000
Cash generated from operating activities		
Operating profit	782	1,028
Depreciation of plant & equipment	682	594
Amortisation on intangible assets	25	5
(Increase) / decrease in inventories	(424)	69
Decrease / (increase) in receivables	76	(494)
(Decrease) / increase in payables and other current liabilities	(66)	270
Profit on sale of plant & equipment	(22)	(19)
Share based payment - equity settled	1	1

Cash generated from operations	1,054	1,454
Income taxes paid	(221)	(271)
Net cash generated from operating activities	833	1,183
Cash flows from investing activities		
Purchase of property, plant & equipment	(1,485)	(569)
Purchase of intangible assets	(86)	-
Proceeds from sale of plant & equipment	58	30
Interest received	112	151
Net cash used in investing activities	(1,401)	(388)
Cash flows from financing activities		
Dividends paid to equity shareholders	(749)	(747)
Proceeds from issue of share capital	27	-
Net cash used in financing activities	(722)	(747)
Net (decrease) / increase in cash & cash equivalents	(1,290)	48
Cash & cash equivalents at beginning of the year	3,359	3,311
Cash & cash equivalents at end of the year	2,069	3,359

Titon Holdings Plc

Notes to the preliminary announcement for the year ended 30 September 2006

1) Earnings per ordinary share

The calculation of the basic and diluted earnings per share is based on the following data:

	2006 £'000	2005 £'000
Earnings		
Earnings for the purposes of basic earnings per share being profit after taxation attributable to members of Titon Holdings Plc	675	851

Shares	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	10,547,501	10,528,800
Effect of dilutive potential ordinary shares : share options	1,706	48,052

Weighted average number of ordinary shares for the purposes of diluted earnings per share	10,549,207	10,576,852

Earnings per share (pence)		
Basic	6.40p	8.08p
Diluted	6.40p	8.06p

All dilutive ordinary shares relate to share options.

2) Dividends

	2006 £'000	2005 £'000
Final dividend of 4.8 pence (2005 : 4.8 pence) per ordinary share paid and proposed during the year relating to the previous year's results	506	505

Interim dividend of 2.3 pence (2005: 2.3 p) per ordinary share paid during the period	243	242

	749	747

The directors are proposing a final dividend of 4.8 pence (2005 : 4.8 pence) per share totalling £507,000 (2005 - £506,000), subject to approval by the shareholders at the Annual General Meeting. This dividend has not been accrued at the balance sheet date.

Titon Holdings Plc

Notes to the preliminary announcement for the year ended 30 September 2006

3) Analysis of cash and cash equivalents

	2006 £'000	2005 £'000
Cash available on demand	58	118
Short-term deposits	2,020	3,262
Overdraft	(9)	(21)

	2,069	3,359

Net cash (decrease) / increase in cash and cash equivalents	(1,290)	48
Cash and cash equivalents at beginning of year	3,359	3,311

Cash and cash equivalents at end of year	2,069	3,359

4) Basis of Preparation

This is the first year when the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The comparatives for 2005 have accordingly been restated from UK Generally Accepted Accounting Practice (UK GAAP).

The accounting policies of the Group under IFRS, including the exemptions taken under IFRS 1 "First-time Adoption of International Financial Reporting Standards", together with the restated IFRS financial statements for 2005, which include reconciliations of UK GAAP to IFRS, are set out in detail in the 2006 Interim Statement which is available from the Group's website on www.titon.com, and will be included in the full 2006 annual report and accounts.

The financial information set out above does not constitute the Group's statutory accounts for the years ended 30 September 2006 or 2005. Statutory

accounts for 2005, which were prepared under UK GAAP, have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The statutory accounts for 2006 which are prepared under IFRS adopted by the EU, on which the auditors have not yet reported, will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

This information is provided by RNS
The company news service from the London Stock Exchange

END