

FINANCIAL RESULTS

Profit before taxation for the six months was 19.1% lower than the same period last year at £568,000 (2003: £702,000) on turnover 5.4% higher at £8,434,000 (2003: £8,004,000). Basic earnings per share were 16.7% down at 3.78p (2003: 4.54p) and the Directors have declared an unchanged interim dividend of 2.3p (2003: 2.3p).

COMMENTARY

Although Group sales have increased during this period, our disappointing profit can be mainly attributed to two factors. The first being that our sales growth has been in lower margin Bought-In product lines, with sales of Titon manufactured items dropping slightly. The second factor is that the reduction in margins brought about by increasing competition has continued. We are in the process of addressing these issues.

Whilst considerable expenditure has been directed towards meeting changes in Building Regulations, we are unable to complete new product development to meet future ventilation requirements until guidance regarding product performance is issued by the Authorities. Although the ability to produce innovative new products is currently constrained, we continue to invest in our 'in-house' development programme.

PROSPECTS

Whilst uncertainty remains in the Regulatory sector in the coming months, we aim to make progress by introducing exciting new products for niche markets. We are pleased to announce that we have recently launched three unique powered ventilation product ranges. 'Sonair' is a wall mounted acoustic powered unit which ventilates, re-circulates and cleans the air whilst having excellent noise reducing properties and a low operating sound level. Another innovative introduction is the 'Vent-trex' combined extract/trickle ventilator, ideal for both new-build and refurbishment. We are also pleased to introduce to the market the 'PAX 200' range of extract fans offering quality airflow with minimum energy usage. These new product lines will enhance our current range of ventilation products, and will complement and operate in conjunction with the passive ventilation systems which Titon continue to develop for future markets.

We are confident that, when the proposed Building Regulations are introduced, Titon will be in a much improved position to capitalise on the new opportunities. Meanwhile, we anticipate that results for the second half year will be broadly similar to the first half.

J N Anderson
Chairman
6 May 2004

Interim Results

for the six months ended 31 March 2004

	Six Months to 31.3.04 (Unaudited) £'000	Six Months to 31.3.03 (Unaudited) £'000	Year to 30.9.03 (Audited) £'000
Turnover	8,434	8,004	16,310
Operating profit	502	617	1,369
Interest receivable	66	85	153
Interest payable and similar charges	-	-	(3)
Profit on ordinary activities before taxation	568	702	1,519
Taxation	(170)	(211)	(433)
Profit attributable to shareholders	398	491	1,086
Dividend payable	(242)	(242)	(718)
Retained profit	156	249	368
Earnings per share - basic	3.78p	4.54p	10.19p
- diluted	3.74p	4.53p	10.16p
Ordinary dividend per share	2.3p	2.3p	7.1p

Notes:

1. 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 10,518,956 (Year ended 30 September 2003: 10,657,159; Six months ended 31 March 2003: 10,812,969).

Diluted earnings per share has been calculated by dividing the Profit attributable to shareholders by the weighted average number of dilutive potential ordinary shares during the period, being 10,629,489 (Year ended 30 September 2003: 10,693,452; Six months ended 31 March 2003: 10,835,581).

2. The actual results for the year ended 30 September 2003 are an abridged version of the Company's 2003 accounts which have been filed with the Registrar of Companies. The Report of the Auditors on the 2003 accounts was unqualified.

The results for the six months ended 31 March 2004 have been prepared on a basis consistent with the accounting policies set out in the statutory accounts for the year ended 30 September 2003.

3. The interim dividend will be payable on 1 July 2004 to the shareholders on the register on 4 June 2004. The ex dividend date is 2 June 2004.
4. 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.

Consolidated Balance Sheet

at 31 March 2004

	31.3.04 (Unaudited) £'000	31.3.03 (Unaudited) £'000	30.9.03 (Audited) £'000
Fixed assets			
Tangible assets	4,210	4,058	4,025
Current assets			
Stocks	2,574	2,507	2,442
Debtors	3,701	3,352	3,248
Cash at bank and in hand	3,242	3,917	3,897
	9,517	9,776	9,587
Creditors			
Amounts falling due within one year	2,980	3,332	3,046
Net current assets	6,537	6,444	6,541
Total assets less current liabilities	10,747	10,502	10,566
Deferred taxation	(68)	(98)	(68)
	10,679	10,404	10,498
Capital and reserves			
Called up share capital	1,053	1,050	1,050
Share premium	841	819	819
Capital redemption reserve	56	56	56
Profit and loss account	8,729	8,479	8,573
	10,679	10,404	10,498
Equity shareholders' funds			

Consolidated Cash Flow Statement

for the six months ended 31 March 2004

	Six Months to 31.3.04 (Unaudited) £'000	Six Months to 31.3.03 (Unaudited) £'000	Year to 30.9.03 (Audited) £'000
Net cash inflow from operating activities	660	574	1,667
Return on investments			
Interest received	66	85	153
Interest paid	-	-	(3)
	66	85	150
Taxation			
UK corporation tax	(232)	(208)	(449)
Capital expenditure			
Purchase of tangible fixed assets	(507)	(1,023)	(1,309)
Sale of tangible fixed assets	30	25	43
	(477)	(998)	(1266)
Equity dividends paid	(504)	(504)	(746)
Cash outflow before use of liquid resources	(487)	(1,051)	(644)
Management of liquid resources			
Disposal of treasury deposits	800	1,700	1,100
Financing			
Issue of ordinary share capital	25	-	-
Purchase of ordinary share capital	-	(560)	(560)
Increase/(decrease) in cash	338	89	(104)