

**TIDM** TON  
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September 2009  
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## Titon Holdings Plc Preliminary Announcement for the year ended 30 September 2009

### Business Review

#### Financial Performance

Loss before Tax for the year to 30 September 2009 was £210,000 (2008: loss £59,000), on Revenue 14.2% lower at £14.05 million (2008: £16.38 million). Losses per share were 1.91p (2008: 2.50p); the prior year figure having been adversely affected by a high deferred tax charge.

As reported at the interim stage, the loss for the first six months of the year was £366,000 as the sharp downturn in construction activity had a major impact on profitability. Difficult trading conditions continued into the third quarter but the fourth quarter saw some confidence return to the market and sales volumes improved. This increase in sales activity, combined with a much-reduced cost base, has allowed a modest profit of £156,000 to be recorded for the second half of the year.

One of our key objectives throughout the recession has been to preserve cash resources. We are pleased to report that Net Cash Balances at the year end were £3.10 million compared to £2.54 million at the start of the year. This has been achieved despite providing a further £400,000 working capital to the Korean manufacturing operation and maintaining the interim dividend. Tight control over our inventory levels has been necessary and these have fallen by £450,000 (18%) over the year to a level of £2.06 million (2008: £2.51 million).

Given the loss for the full year the Directors have considered very carefully the level of final dividend that should be paid and are proposing 1.0p per share (2008: 1.0p). This, when added to the interim dividend paid on 24 June 2009 makes a total for the year of 2.0p (2008: 2.0p). If approved by shareholders, at the forthcoming Annual General Meeting, the dividend will be payable on 22 February 2010 to shareholders on the register on 22 January 2010. The ex dividend date is 20 January 2010.

#### Trading Commentary

Trading results for the year reflect the severe conditions experienced across the majority of the markets in which we operate. Whilst the first half of the year for the industry continued to be tough, by June there were some signs of recovery. Even though it was still evident that many of our customers were experiencing difficulties, a measured optimism began to emerge. An increase in activity began to occur in the market, and those who were benefiting from this slight improvement started to place increased orders with us. In turn, this increase began to put stress on our reduced production capabilities, and consequently a small number of new temporary staff were employed.

Sales of our in-house manufactured mechanical ventilation range have shown strong growth throughout the year, albeit from a low base. We have steadily increased our mechanical ventilation sales team and our technical back up team over the year in order to capitalise on the market leading products that we have designed. Titon is now recognised as a significant player in the growing market of energy efficient ventilation systems and we anticipate building on this in the coming year.

Our 'joint venture' with our South Korean distributor, Browntech Sales Co. Ltd., is developing into a vibrant operation. It is understandable that there was a temporary slowdown in demand for its products during the early part of this year due to the global recession, but the business is now moving forward. Although this operation has been loss-making over the year, the increase in new contracts for our Titon Korea factory indicates a promising future for our investment.

## **Business Review (continued)**

### **Employees**

As reported at the interim stage, further redundancies have been made during the year mainly as a result of the decline in our window and door hardware sales. The total number of redundancies was 19 at a cost of £136,000. The downsizing that we have undertaken has been part of a traumatic period for the Group and those who have had to take redundancy, along with their families, have naturally suffered from this difficult process. Once again, we express our gratitude and best wishes to them.

The total number of employees was 171 as at 30 September 2009, 24 lower than at the end of September 2008. This decrease is in addition to the reduction of 61 in the previous financial year.

### **Prospects**

Market conditions continue to be uncertain, and forecasting remains extremely difficult. However, Titon remains financially strong and is well positioned to take maximum advantage of the UK market when it eventually emerges out of recession. We now have a highly focused work force, and a very exciting and competitive range of new powered ventilation products. Our in-house design and development team continues to develop innovative products to take advantage of the changing trends in domestic ventilation, and all of our sales teams are proactively seeking out new areas of opportunity. The next revision of the Building Regulations for England and Wales is expected to be announced over the coming weeks and to take effect some time in 2010. These Regulations are likely to increase the requirement for energy efficient ventilation systems over the next few years as building quality levels are further enhanced. The inclusion of trickle ventilators in all replacement windows is, once again, being considered.

Our global markets, whilst mirroring the problems experienced in our home market, have also shown a slight improvement in the last quarter, and we have shown our further commitment to this vital part of our business by increasing our export sales staff. Further initiatives to increase our overseas sales are planned for the coming year.

Whilst there are now a few encouraging signs in most of our markets, we acknowledge that 2009/2010 will still be a challenging one for Titon, but one which we approach with cautious enthusiasm.

On behalf of the Board

**J N Anderson**  
Chairman

**D A Ruffell**  
Chief Executive

**9 December 2009**

Titon Holdings Plc  
Preliminary Announcement for the year ended 30 September 2009

Unaudited Consolidated Income Statement  
for the year ended 30 September 2009

	<b>Unaudited</b>	
	<b>2009</b>	2008
	<b>£'000</b>	£'000
Revenue	<b>14,053</b>	16,375
Cost of sales	<b>(10,993)</b>	(12,803)
<b>Gross profit</b>	<b>3,060</b>	3,572
Distribution costs	<b>(625)</b>	(762)
Administrative expenses	<b>(2,654)</b>	(2,958)
Finance income	<b>37</b>	101
Share of losses from associate	<b>(28)</b>	(12)
<b>Loss before tax</b>	<b>(210)</b>	(59)
Tax credit / (expense)	<b>8</b>	(205)
<b>Loss for the year attributable to the equity holders of the parent</b>	<b>(202)</b>	(264)
Loss per share - basic	<b>(1.91p)</b>	(2.50p)
- diluted	<b>(1.91p)</b>	(2.50p)

Unaudited Consolidated Statement of Recognised Income and Expense  
for the year ended 30 September 2009

	<b>Unaudited</b>	
	<b>2009</b>	2008
	<b>£000</b>	£000
Loss for the year attributable to the equity holders of the parent	<b>(202)</b>	(264)
Exchange difference on retranslation of overseas operations	<b>(14)</b>	(32)
<b>Total recognised income and expense for the year attributable to equity holders of the parent</b>	<b>(216)</b>	(296)

Titon Holdings Plc  
Preliminary Announcement for the year ended 30 September 2009

Unaudited Consolidated Balance Sheet  
at 30 September 2009

	<b>Unaudited</b>	
	<b>2009</b>	2008
	<b>£'000</b>	£'000
<b>Assets</b>		
Property, plant and equipment	<b>3,972</b>	4,395
Intangible assets	<b>88</b>	61
Investments in associates	<b>185</b>	213
Financial assets	<b>103</b>	100
<b>Total non-current assets</b>	<b>4,348</b>	4,769
Inventories	<b>2,057</b>	2,507
Trade and other receivables	<b>2,947</b>	3,224
Corporation tax	<b>8</b>	-
Cash and cash equivalents	<b>3,096</b>	2,546
<b>Total current assets</b>	<b>8,108</b>	8,277
<b>Total Assets</b>	<b>12,456</b>	13,046
<b>Liabilities</b>		
Deferred tax	<b>361</b>	366
<b>Total non-current liabilities</b>	<b>361</b>	366
Trade and other payables	<b>2,266</b>	2,427
Bank overdraft	<b>23</b>	18
Corporation tax	<b>-</b>	5
<b>Total current liabilities</b>	<b>2,289</b>	2,450
<b>Total Liabilities</b>	<b>2,650</b>	2,816
<b>Equity</b>		
Share capital	<b>1,056</b>	1,056
Share premium reserve	<b>865</b>	865
Capital redemption reserve	<b>56</b>	56
Translation reserve	<b>(13)</b>	1
Share schemes reserve	<b>9</b>	6
Retained earnings	<b>7,833</b>	8,246
<b>Total Equity attributable to equity holders of the parent</b>	<b>9,806</b>	10,230
<b>Total Liabilities and Equity</b>	<b>12,456</b>	13,046

Titon Holdings Plc  
Preliminary Announcement for the year ended 30 September 2009

Unaudited Consolidated Cash Flow Statement  
for the year ended 30 September 2009

	<b>Unaudited</b>	
	<b>2009</b>	2008
	<b>£'000</b>	£'000
<b>Cash generated from operating activities</b>		
Loss before tax	<b>(210)</b>	(59)
Depreciation of property, plant & equipment	<b>616</b>	641
Amortisation on intangible assets	<b>30</b>	37
Decrease in inventories	<b>437</b>	476
Decrease in receivables	<b>274</b>	541
(Decrease) / increase in payables and other current liabilities	<b>(161)</b>	225
Loss / (profit) on sale of plant & equipment	<b>8</b>	(11)
Share based payment – equity settled	<b>3</b>	3
Interest received	<b>(37)</b>	(101)
Share of associate loss	<b>28</b>	12
<b>Cash generated from operations</b>	<b>988</b>	1,764
Income taxes (paid) / refunded	<b>(11)</b>	27
<b>Net cash generated from operating activities</b>	<b>977</b>	1,791
<b>Cash flows from investing activities</b>		
Acquisition of shares in associate	-	(225)
Purchase of property, plant & equipment	<b>(206)</b>	(405)
Purchase of intangible assets	<b>(57)</b>	(40)
Proceeds from sale of plant & equipment	<b>5</b>	42
Interest received	<b>37</b>	101
<b>Net cash used in investing activities</b>	<b>(221)</b>	(527)
<b>Cash flows from financing activities</b>		
Dividends paid to equity shareholders	<b>(211)</b>	(301)
Issue of loan to associate	-	(100)
<b>Net cash used in financing activities</b>	<b>(211)</b>	(401)
<b>Net increase in cash &amp; cash equivalents</b>	<b>545</b>	863
Cash & cash equivalents at beginning of the year	<b>2,528</b>	1,665
<b>Cash &amp; cash equivalents at end of the year</b>	<b>3,073</b>	2,528

Titon Holdings Plc  
Notes to the Preliminary Announcement for the year ended 30 September 2009

1 Loss per ordinary share

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

	<b>Unaudited</b>	
	<b>2009</b>	2008
	<b>£'000</b>	£'000
<b>Numerator</b>		
Loss for the purposes of basic loss per share being loss after tax attributable to members of Titon Holdings Plc	<b>(202)</b>	(264)
<hr/>		
<b>Denominator</b>		
	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share – at the beginning and end of the year	<b>10,555,650</b>	10,555,650
<hr/>		
<b>Loss per share (pence)</b>		
Basic	<b>(1.91p)</b>	(2.50p)
Diluted	<b>(1.91p)</b>	(2.50p)
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2 Dividends

	<b>Unaudited</b>	
	<b>2009</b>	2008
	<b>£'000</b>	£'000
Final dividend of 1.0 pence (2008: 2.3 pence) per ordinary share paid and proposed during the year relating to the previous year's results	<b>106</b>	196
Interim dividend of 1.0 pence (2008: 1.0 pence) per ordinary share paid during the year	<b>105</b>	106
Unclaimed dividend returned	<b>-</b>	(1)
<hr/>		
	<b>211</b>	301
<hr/>		

The Directors are proposing a final dividend of 1.0 pence (2008: 1.0 pence) per share. This will result in a final dividend totalling £106,000 (2008: £106,000), 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 2009

3 Analysis of cash and cash equivalents

The table below provides an analysis of net cash and cash equivalents during the year ended 30 September 2009:

	<b>Unaudited</b>	
	<b>2009</b>	2008
	<b>£'000</b>	£'000
Cash available on demand	<b>221</b>	1,046
Short-term deposits	<b>2,875</b>	1,500
Cash at bank	<b>3,096</b>	2,546
Overdraft	<b>(23)</b>	(18)
	<b>3,073</b>	2,528
Net increase in cash equivalents	<b>545</b>	863
Cash and cash equivalents at beginning of year	<b>2,528</b>	1,665
Cash and cash equivalents at end of year	<b>3,073</b>	2,528

4 Revenue and segmental information

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

Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Titon Holdings Plc  
Notes to the Preliminary Announcement for the year ended 30 September 2009

Revenue and segmental information (continued)

Segment information about the geographic regions is presented below.

**Geographic segments**

	United Kingdom		Rest of the World		Consolidated	
	<b>2009</b> <b>£'000</b>	2008 £'000	<b>2009</b> <b>£'000</b>	2008 £'000	<b>2009</b> <b>£'000</b>	2008 £'000
External	<b>11,864</b>	14,538	<b>2,189</b>	1,837	<b>14,053</b>	16,375
Intercompany	-	-	<b>177</b>	300	<b>177</b>	300
<b>Total Revenue</b>	<b>11,864</b>	14,538	<b>2,366</b>	2,137	<b>14,230</b>	16,675
Segment result	<b>1,551</b>	2,080	<b>44</b>	74	<b>1,595</b>	2,154
Unallocated expenses					<b>(1,814)</b>	(2,302)
Losses from associate					<b>(28)</b>	(12)
Finance income					<b>37</b>	101
Loss before tax					<b>(210)</b>	(59)
Tax credit / (expense)					<b>8</b>	(205)
Loss for the year attributable to the equity holders of the parent					<b>(202)</b>	(264)

<b>Balance Sheet</b>	<b>2009</b> <b>£'000</b>	2008 £'000
<b>Assets - Segment total assets</b>		
United Kingdom	<b>11,544</b>	12,604
Rest of World	<b>904</b>	442
<b>Consolidated</b>	<b>12,448</b>	13,046
<b>Liabilities - Segment total liabilities</b>		
United Kingdom	<b>2,403</b>	2,668
Rest of World	<b>239</b>	148
<b>Consolidated</b>	<b>2,642</b>	2,816



Titon Holdings Plc  
Notes to the Preliminary Announcement for the year ended 30 September 2009

5	Tax (credit) / expense	<b>2009</b>	2008
		<b>£'000</b>	£'000
	UK corporation tax credit	<b>(8)</b>	(26)
	Adjustment in respect of under provision in prior years	<b>6</b>	5
	Total UK corporation tax	<b>(2)</b>	(21)
	Total overseas tax	-	31
	Total current tax	<b>(2)</b>	10
	Deferred tax	<b>(6)</b>	195
	Total tax (credit) / expense	<b>(8)</b>	205

	The charge for the year can be reconciled to the loss per the income statement as follows:	<b>2009</b>	2008
		<b>£'000</b>	£'000
	Loss before tax	<b>(210)</b>	(59)
	Effect of:		
	Expected tax charge based on the standard rate of corporation tax in the UK of 21% (2008: 20.5%)	<b>(44)</b>	(12)
	Additional deduction for R&D expenditure	<b>(29)</b>	(33)
	Expenses not deductible for tax purposes	<b>40</b>	31
	Unrelieved tax losses and other deductions	<b>27</b>	19
	Adjustment in respect of IBAs	<b>(6)</b>	221
	Effect of difference in exchange rates	<b>(2)</b>	-
	Adjustments in respect of prior periods	<b>6</b>	(21)
	Total tax (credit) / expense for the year	<b>(8)</b>	205

The effective tax rate for the year is 3.8% (2008: 347%)

The total tax charge for 2008 was affected by the adjustment for Industrial Buildings Allowances (IBAs) which will be phased out over a period of four years.

**Titon Holdings Plc**  
**Notes to the Preliminary Announcement for the year ended 30 September 2009**

6 Basis of preparation

The financial information for the year ended 30 September 2009 together with the comparative year has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The accounting policies of the Group under International Financial Reporting Standards (IFRSs) are set out in detail in the 2008 Financial Statement which is available from the Group's website at [www.titonholdings.com](http://www.titonholdings.com). There have been no changes to the accounting policies during the year.

The information in this preliminary announcement does not constitute the statutory accounts of the Group within the meaning of Section 435 of the Companies Act 2006 for the year ended 30 September 2009 or 2008.

The financial information for the year ended 30 September 2008 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under the Companies Act 1985, s 237(2) or (3). The statutory accounts for 2009, 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 which will be held on 17 February 2010.

**Titon Holdings Plc**

Registered Office: International House, Peartree Road, Stanway, Colchester, Essex CO3 0JL.  
Registered in England and Wales (registered no. 1604952).