

Chairman's Statement

Financial Performance

Following two years of losses in the aftermath of the global recession, I am pleased to report a return to profitability during this year. Net Profit before Taxation for the year to 30 September 2010 was £606,000 (2009: loss £210,000), achieved on increased Revenues of £15.6 million (2009: £14.1 million). Earnings per share for the year were 3.85p (2009: loss 1.91p).

Net Cash Balances at the year end were relatively unchanged at £3.11 million (2009: £3.10 million) with cash generation over the year restrained partly by the increase in working capital at our South Korean manufacturing operation. Capital Expenditure levels have also increased to £0.50 million this year (2009: 0.26 million) as a result of investment in new IT systems and in new products to be launched in 2010/11.

Reflecting the improved results but acknowledging the still difficult times ahead, the Directors are proposing a final dividend of 1.25p per share (2009: 1.0p). This, when added to the interim dividend paid on 24 June 2010 gives a total for the year of 2.25p (2009: 2.0p). If approved by shareholders at the forthcoming Annual General Meeting, the dividend will be payable on 22 February 2011 to shareholders on the register on 21 January 2011. The ex dividend date is 19 January 2011. The Directors have previously noted the importance of the level of dividend paid to shareholders and, subject to financial performance, intend to adopt a progressive dividend policy going forward.

Trading Commentary

Although trading conditions in many of our markets remain subdued, we are pleased to report a satisfactory outcome to the financial year. Building on the £102,000 Profit before Tax reported at the half year, we have seen steady growth in certain key areas of the business over the second half resulting in the increased profit levels now being reported. The overall increase in Revenue over the year was 11.1%, with a 9.2% improvement in the first half and 12.8% in the second half. Sales of own manufactured products have been boosted by growth at our South Korean subsidiary and now account for 64% of total Group Revenues (2009: 57%). This has contributed towards the improvement in Gross Margin.

Performance within the UK market, from where we derived over 80% of our Revenues (2009: 84%), has been particularly pleasing despite the general disarray in the UK housing market and the low levels of consumer confidence. We have achieved solid growth with our sales of both passive and powered ventilation products, which has helped us to improve efficiencies within our UK manufacturing operation. As expected, the UK residential ventilation market is changing rapidly as many developers realise the benefits of installing energy efficient heat recovery ventilation systems (MVHR). The growth in this market is being driven by the need to meet the upper levels of the Code for Sustainable Homes and will continue to increase as the Zero Carbon Homes initiative drives up building standards to even higher levels. Titon is now recognised as a major player in this fast developing market and was the first to design and launch the compact and efficient MVHR units widely used today. Our Research and Development team has been further enhanced throughout the year in order that we can maintain this market leading position and new additions to our product range will be launched in 2011.

Sales of some of our window and door hardware ranges have fared less well during the year, particularly those products that are sold into the UK commercial aluminium window market. Whilst this market held up strongly at the beginning of the recession it has fallen markedly over the past year as building of schools, hospitals and other commercial buildings stagnates. The expectation is that this market will continue to decline during the current financial year and it may be several years before any real recovery is evident.

Chairman's Statement (continued)

Outside the UK, our joint venture in South Korea is now showing the growth that was anticipated. Revenues from our Titon Korea factory increased by 132% over the year to £1.51 million (2009: £0.65 million) and further expansion is planned for the year ahead. As anticipated, this part of our business has operated profitably over the second half of the year. The full year combined result of Titon Korea Ltd and our interest in Browntech Sales Co. Ltd is now at breakeven level (2009: loss of £0.16 million). We will be upgrading and enhancing our product offering during the coming year in order to maintain our market leading position.

Employees

Employee numbers have increased from 171 at the beginning of the year to 190 at the 30 September 2010. The rise is largely as a result of a greater number of production operatives at both our UK and our Korean factories in response to increased throughput.

The past few years have been most difficult for all our employees as we have dealt with the severe impact of recession whilst implementing the changes necessary to shape the business for the future. Without the support and determination of our employees we would not be in the position of returning these results. We wish to sincerely thank them all for their contribution.

Mr Ron Brighton, The Managing Director of our UK Manufacturing Division has announced his retirement and will be leaving office at the end of April 2011, following 32 years of service. Ron has been a Titon Holdings Plc Main Board Director since 1997 and we wish to thank him for his loyal contribution to the success of the Company and wish him and his wife a long, healthy and happy retirement.

We are pleased to announce that Mr Kelvin Tabron will be appointed to the Board of the UK operating subsidiary, Titon Hardware Ltd. with effect from 1 January 2011. In the new position as Production Director, Kelvin's role will be to oversee the UK Manufacturing Division following Ron Brighton's retirement.

Prospects

It is very satisfying to report the steady improvement that has been achieved over the past 18 months, which would appear to signify that difficult times are now behind us. The reality, however, is that the future is still very uncertain. UK Government spending cutbacks are yet to impact fully on the economy and the likely outcome will be a further decline in social housing spending and public building construction. Additionally, the lack of consumer confidence and the difficulty in obtaining mortgage funding will continue to suppress private sector housing activity levels.

Against this backdrop, we will endeavour to maintain our momentum in the UK through greater penetration into the fast growing energy efficient ventilation market. We anticipate being able to sustain the improved results through this and through expansion of our overseas activities.

On behalf of the Board

J N Anderson
Chairman

9 December 2010

Unaudited Consolidated Income Statement
for the year ended 30 September 2010

	Unaudited 2010	2009
	£'000	£'000
Revenue	15,609	14,053
Cost of sales	(11,438)	(10,993)
Gross profit	4,171	3,060
Distribution costs	(670)	(625)
Administrative expenses	(2,833)	(2,654)
Operating profit / (loss)	668	(219)
Finance income	29	37
Share of losses from associate	(91)	(28)
Profit / (loss) before tax	606	(210)
Income tax (expense) / credit	(199)	8
Profit / (loss) for the year attributable to the equity holders of the parent	407	(202)
Earnings / (loss) per share - basic	3.85p	(1.91p)
- diluted	3.85p	(1.91p)

Unaudited Consolidated Statement of Comprehensive Income
for the year ended 30 September 2010

	Unaudited 2010	2009
	£'000	£'000
Profit / (loss) for the period	407	(202)
Exchange difference on retranslation of overseas operations	11	(14)
Total comprehensive income / (expense) for the year attributable to equity holders of the parent	418	(216)

Titon Holdings Plc
Preliminary Announcement for the year ended 30 September 2010

Unaudited Consolidated Statement of Financial Position
at 30 September 2010

	Unaudited 2010	2009
	£'000	£'000
Assets		
Property, plant and equipment	3,744	3,972
Intangible assets	214	88
Investments in associates	94	185
Financial assets	106	103
Total non-current assets	4,158	4,348
Inventories	2,523	2,057
Trade and other receivables	3,310	2,947
Corporation tax	-	8
Cash and cash equivalents	3,110	3,096
Total current assets	8,943	8,108
Total Assets	13,101	12,456
Liabilities		
Deferred tax	449	361
Total non-current liabilities	449	361
Trade and other payables	2,522	2,266
Bank overdraft	-	23
Corporation tax	117	-
Total current liabilities	2,639	2,289
Total Liabilities	3,088	2,650
Equity		
Share capital	1,056	1,056
Share premium reserve	865	865
Capital redemption reserve	56	56
Translation reserve	(2)	(13)
Share schemes reserve	9	9
Retained earnings	8,029	7,833
Total Equity attributable to equity holders of the parent	10,013	9,806
Total Liabilities and Equity	13,101	12,456

Titon Holdings Plc
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Unaudited Consolidated Statement of Changes in Equity
at 30 September 2010

	Share Capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Translation reserve £'000	Share schemes reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2008	1,056	865	56	1	6	8,246	10,230
Translation differences on overseas operations	-	-	-	(14)	-	-	(14)
Loss for the year	-	-	-	-	-	(202)	(202)
Total Comprehensive expense for the year	-	-	-	(14)	-	(202)	(216)
Dividends paid	-	-	-	-	-	(211)	(211)
Share-based payment expense	-	-	-	-	3	-	3
At 30 September 2009	1,056	865	56	(13)	9	7,833	9,806
Translation differences on overseas operations	-	-	-	11	-	-	11
Profit for the year	-	-	-	-	-	407	407
Total Comprehensive income for the year	-	-	-	11	-	407	418
Dividends paid	-	-	-	-	-	(211)	(211)
At 30 September 2010	1,056	865	56	(2)	9	8,029	10,013

Unaudited Consolidated Statement of Cash Flows
for the year ended 30 September 2010

	Unaudited 2010	2009
	£'000	£'000
Cash generated from operating activities		
Profit/ (loss) before tax	606	(210)
Depreciation of property, plant & equipment	560	616
Amortisation on intangible assets	38	30
(Increase) / decrease in inventories	(461)	437
(Increase) / decrease in receivables	(360)	274
Increase / (decrease) in payables and other current liabilities	256	(161)
(Profit) / loss on sale of plant & equipment	(12)	8
Share based payment - equity settled	-	3
Interest received	(29)	(37)
Share of associate loss	91	28
Cash generated from operations	689	988
Income taxes refunded/ (paid)	14	(11)
Net cash generated from operating activities	703	977
Cash flows from investing activities		
Purchase of plant & equipment	(332)	(206)
Purchase of intangible assets	(164)	(57)
Proceeds from sale of plant & equipment	12	5
Interest received	29	37
Net cash used in investing activities	(455)	(221)
Cash flows from financing activities		
Dividends paid to equity shareholders	(211)	(211)
Net cash used in financing activities	(211)	(211)
Net increase in cash & cash equivalents	37	545
Cash & cash equivalents at beginning of the year	3,073	2,528
Cash & cash equivalents at end of the year	3,110	3,073

Titon Holdings Plc
Notes to the Preliminary Announcement for the year ended 30 September 2010

1 Earnings / (loss) per ordinary share

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

	Unaudited 2010	2009
	£'000	£'000
Numerator		
Profit / (loss) for the purposes of basic earnings / (loss) per share being profit / (loss) after tax attributable to members of Titon Holdings Plc	407	(202)
Denominator	Number	Number
Weighted average number of ordinary shares for the purposes of basic Earnings / (loss) per share - at the beginning and end of the year	10,555,650	10,555,650
Earnings / (loss) per share (pence)		
Basic	3.85p	(1.91p)
Diluted	3.85p	(1.91p)

2 Dividends

	Unaudited 2010	2009
	£'000	£'000
Final dividend of 1.0 pence (2009: 1.0 pence) per ordinary share paid and proposed during the year relating to the previous year's results	106	106
Interim dividend of 1.0 pence (2009: 1.0 pence) per ordinary share paid during the year	105	105
	211	211

The Directors are proposing a final dividend of 1.25 pence (2010: 1.0 pence) per share. This will result in a final dividend totalling £132,000 (2010: £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 2010

3 Notes supporting the Statement of Cash Flows

The table below provides an analysis of net cash and cash equivalents during the year ended 30 September 2010:

	Unaudited	
	2010	2009
	£'000	£'000
Cash available on demand	130	221
Short-term deposits	2,980	2,875
Cash at bank	3,110	3,096
Overdraft	-	(23)
	3,110	3,073
Net increase in cash equivalents	37	545
Cash and cash equivalents at beginning of year	3,073	2,528
Cash and cash equivalents at end of year	3,110	3,073

4 Revenue and segmental information

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. 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 manufacturers. In addition to this, it is a leading supplier of window hardware to its window-manufacturing customers.
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. Research and development expenses are included within the total un-allocated expenses figures set out below.

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.

Titon Holdings Plc
Notes to the Preliminary Announcement for the year ended 30 September 2010

Revenue and segmental information (continued)

Business segment

	Unaudited	Unaudited	Unaudited	Unaudited
For the year ended 30 September 2010	United Kingdom	South Korea	All other countries	Consolidated
	£'000	£'000	£'000	£'000
Segment revenue	12,560	1,514	1,535	15,609
Inter-segment revenue	-	-	197	197
Total Revenue	12,560	1,514	1,732	15,806
Depreciation and amortisation	553	5	40	598
Operating profit - segment result	2,401	80	31	2,512
Unallocated expenses				(1,844)
Losses from associates				(91)
Finance income				29
Profit before tax				606
Tax expense				(199)
Profit for the year attributable to the equity holders of the parent				407
Total assets	11,765	1,135	201	13,101
Total assets include:				
Investments in associates	94	-	-	94
Additions to non-current assets (other than financial instruments and deferred tax assets)	412	84	-	496

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.

For the year ended 30 September 2010	United Kingdom	Europe	USA	South East Asia	All Other regions	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenues						
By entities' country of domicile	13,667	-	428	1,514	-	15,609
By country from which derived	12,560	1,056	428	1,557	8	15,609
Non-current assets						
By entities' country of domicile	4,015	-	14	142	-	4,171

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Notes to the Preliminary Announcement for the year ended 30 September 2010

Revenue and segmental information (continued)

Business segment

For the year ended 30 September 2009	United Kingdom	South Korea	All other countries	Consolidated
	£'000	£'000	£'000	£'000
Segment revenue	11,864	648	1,541	14,053
Inter-segment revenue	-	-	177	177
Total Revenue	11,864	648	1,718	14,230
Depreciation and amortisation	615	24	7	646
Operating profit / (loss) - segment result	1,551	(132)	176	1,595
Unallocated expenses				(1,814)
Losses from associates				(28)
Finance income				37
Loss before tax				(210)
Tax credit				8
Loss for the year attributable to the equity holders of the parent				(202)
Total assets	11,552	743	161	12,456
Total assets include:				
Investments in associates	185	-	-	185
Additions to non-current assets (other than financial instruments and deferred tax assets)	234	13	16	263

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.

For the year ended 30 September 2009	United Kingdom	Europe	USA	South East Asia	All Other regions	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenues						
By entities' country of domicile	12,817	-	588	648	-	14,053
By country from which derived	11,864	804	588	788	9	14,053
Non-current assets						
By entities' country of domicile	4,236	-	14	98	-	4,348

Titon Holdings Plc
Notes to the Preliminary Announcement for the year ended 30 September 2010

Revenue and segmental information (continued)

Business segments

The Group's operations are separated between Group manufactured products and bought in products. The following table provides an analysis of the Group's external revenue by source of products, irrespective of the geographical region of sale.

	Unaudited	2009
	2010	£'000
	£'000	£'000
Group manufactured products	10,025	8,077
Bought in products	5,584	5,976
Revenue	15,609	14,053

5 Tax expense / (credit)

	Unaudited	2009
	2010	£'000
	£'000	£'000
UK corporation tax expense / (credit)	117	(8)
Adjustment in respect of (over) / under provision in prior years	(6)	6
Total UK corporation tax	111	(2)
Deferred tax - origination and reversal of temporary differences	88	(6)
Total tax expense / (credit)	199	(8)

The charge for the year can be reconciled to the profit / (loss) per the income statement as follows:

	£'000	£'000
Profit / (loss) before tax	606	(210)
Effect of:		
Expected tax charge based on the standard rate of corporation tax in the UK of 28% (2009: 21%)	170	(44)
Additional deduction for R&D expenditure	(44)	(29)
Income not taxable	(6)	-
Expenses not deductible for tax purposes	12	40
Difference in deferred tax rates	106	-
Marginal relief	(5)	-
(Relieved) / unrelieved tax losses	(22)	27
Adjustment in respect of IBAs	(6)	(6)
Effect of difference in exchange rates	-	(2)
Adjustments in respect of prior periods	(6)	6
Total tax expense / (credit) for the year	199	(8)

The effective tax rate for the year is 32.8% (2009: 3.8%)

Titon Holdings Plc
Notes to the Preliminary Announcement for the year ended 30 September 2010

6 Basis of preparation

The financial information for the year ended 30 September 2010 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 2009 Financial Statements which is available from the Group's website at www.titonholdings.com.

Except for the implementation of IFRS 8 and IAS 1 there have been no changes to the accounting policies during the year.

- IAS 1 (revised) updates the presentation of the key statements of performance and position for the Group.
- IFRS 8 introduces new requirements for segmental reporting to be based on the information provided to the Chief Operating Decision Maker (CODM). It also introduces additional disclosure and reconciliation requirements. The segmental reporting bases used in previous years are those which are currently reported to the CODM, hence the only changes to the segmental reporting for 2009/10 are in respect of the additional disclosure.

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 2010 or 2009.

The financial information for the year ended 30 September 2009 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. The statutory accounts for 2010, 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 2011.

Titon Holdings Plc

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