Titon Holdings Plc

2008 Annual Report & Accounts

Titon®

Annual Report and Financial Statements
for the year ended 30 September 2008

Contents

Business Review

Financial Performance

Net Loss before Tax for the year to 30 September 2008 was £0.06 million (2007: profit £0.46 million), on Revenue 5.3% lower at £16.38 million (2007: £17.29 million). A deferred tax charge of £195,000, primarily due to the phasing out of industrial buildings allowances, has contributed significantly to a reduction in Earnings per share to -2.5p (2007: 4.2p).

Net cash balances at the year-end were £2.5 million

In this extremely difficult year the Directors have paid great attention to preserving our cash reserves, which we have managed to successfully achieve whilst realigning our cost base to accommodate the recession. Net cash balances at the year-end were £2.5 million compared to £1.7 million at the start of the year. This prudent approach is designed to ensure that the Group will be well positioned to take advantage of new opportunities that should arise when our markets recover from their present sorry state.

The Directors have also considered the need for tight cash control when proposing the level of final dividend that should be paid to Shareholders. Consequently, we are proposing a final dividend of 1.0p per share at the forthcoming AGM (2007: 2.3p). This, when added to the interim dividend paid in May 2008, makes a total for the year of 2.0 p (2007: 4.6p). If approved by shareholders, the dividend will be payable on 20 February 2009 to shareholders on the register on 23 January 2009. The ex dividend date is 21 January 2009.

Trading Commentary

Naturally, as our financial results suggest, it has been a disappointing trading year for Titon, and not at all in line with original expectations. The quality and profitability of orders from our customers began to weaken early in the first half putting pressure on all aspects of our business. By the half year our revenues were approximately 2% lower than the corresponding period of the previous year and it was evident that our particular markets were already moving towards recession. As the year progressed, many of our plans for the future were put on hold to enable us to address the falling market and the stresses of accommodating the many problems associated with the downsizing of our operations. Our customers experienced greatly reduced order books, which in turn has led to difficulties in payment, redundancies for their staff – and in some cases, administration. During the second half, the UK housing market has deteriorated further and more rapidly, resulting in many builders and developers literally 'shutting up shop' and severely reducing their purchases from component suppliers. What initially appeared to be solid growth in the building industry, benefiting customers, employees and shareholders alike, was eventually exposed as a dream built on massive debts. The financial institutions involved have a great deal to answer to many industries and individuals throughout the world.

In July we announced our decision to invest £675,000 in a new 'Joint Venture' with our South Korean distributors, Browntech Sales Co. Ltd. This investment involved establishing a 'Titon' manufacturing base in that country as well as purchasing a 49% stake in Browntech Sales Co. Ltd. The worldwide credit crisis has also affected South Korea and construction activity there is in decline. We are, however, encouraged by the initial contracts that are being won and by the longer-term opportunities that exist.

Titon®

Business Review (continued)

Employees

At the start of the trading year, the number of Titon employees was 256. Although numbers had fluctuated to accommodate changing product ranges and temporary stock increases the level was, at that time, broadly compatible with overall market conditions and our plans for the future. As our markets deteriorated, and order levels reduced, it became clear that the situation was serious and our employee numbers were not sustainable. Most reluctantly, we initiated redundancies within the Group, losing a total of 44 from various departments through forced reductions. These redundancies along with natural wastage over the year have resulted in overall numbers falling by 70 to 186 at the end of the financial year - an overall 27% reduction, at a cost of £151,000. The starkness of this statement does not express my deep personal sadness for the circumstances that surround the decision on redundancies and the moral and social issues that arise. I can only give my sincere thanks to all those involved in this process, and my deep regrets to those who are no longer part of the Titon team.

Prospects

Situations continue to change almost daily, and it would be most unwise to forecast what may happen in the coming months. However, I can advise shareholders and our staff that Titon is currently financially strong and controlling its costs. We will continue to preserve cash and are optimistic about the forthcoming launch of a range of leading edge powered ventilation products. We are also proactively seeking out other opportunities in the ventilation market.

Global markets are currently suffering a major upheaval, unprecedented during Titon's existence. Our business is directly exposed to the housing market in the UK and it is the recovery of this market which is the key to our future. However, we will continue our fight for success, and we will continue to pursue all available business in the manner that is the trademark of the Group. Whilst there are a few encouraging signs in some markets, the next 12 months is certain to be a most challenging period.

On behalf of the Board

John Anderson
Chairman

D A Ruffell
Chief Executive
10 December 2008

Directors' Report

The Directors present their report and the Group financial statements for the year ended 30 September 2008.

Results and dividends

The consolidated income statement is set out on page 22 and shows a loss after tax of £264,000 (2007: profit £444,000) for the year.

The Directors recommend the payment of a final ordinary dividend of 1.0p (2007: 2.3p) per ordinary share. This, when taken with the interim dividend of 1.0p (2007: 2.3p) per ordinary share paid on 26 June 2008, gives a total dividend of 2.0p (2007: 4.6p) per ordinary share for the year ended 30 September 2008.

Principal activities, trading review and future developments

The principal activities of the Group are the design, manufacture and marketing of ventilation products and window fittings.

The Group markets a comprehensive range 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 handles, hinges and locking mechanisms to its window-manufacturing customers.

The Business Review contains information relating to trading activity throughout the year. Further explanation and analysis is given below.

Revenues, when compared to the corresponding period last year, have declined gradually throughout the period, reflecting the downturn in construction activity that has been widely reported by others. 1st half year sales were 2.0% lower than 2006/07 and 2nd half year sales were 8.6% down.

Whilst the first half-year produced a profit before tax of £151,000, the reduced market activity and the subsequent exceptional costs during the second half-year have resulted in a loss before tax of £210,000 during that period, and a full year net loss before tax of £59,000.

The Group has placed great emphasis during the year on reducing the costs of the business in line with the fall in revenues being experienced. To that end we have significantly reduced employee numbers as reported in the Business Review, leading to Revenue per Employee increasing to £70,000 compared to £66,000 in 2006/07. The cost of making staff reductions through redundancy was £151,000. The total annual cost savings through reduced numbers will be in excess of £1 million, including £600,000 in respect of the 44 redundancies. In addition to payroll savings, other cost saving measures were implemented during the year that will only have a full impact during 2008/09. These initiatives include the termination of the two leased premises that we recently vacated, at an annual saving of £80,000.

In July the Group announced the formation of a ‘Joint Venture’ agreement with our South Korean distributors, Browntech Sales Co., Ltd. (BTS). Under the agreement, the Group has invested £225,000 for a 49% shareholding in BTS and has provided a further £100,000 of loan capital. The Group has also invested £356,000 in a new Korean subsidiary, Titon Korea Co. Ltd (TK) and will have a 51% holding after the completion of the ‘Joint Venture’. The remaining 49% of TK will be held by a non-trading sister company to BTS, Browntech Co. Ltd, which will contribute its intellectual property interests to the business. Exclusive supply and distribution agreements have been established between TK and BTS. The initial costs of establishing the ‘Joint Venture’ and the trading losses since its inception, together amount to £125,000 and have been charged against Group profits during the period.

In addition to the ‘exceptional costs’ of making redundancies and establishing the Korean ‘Joint Venture’, there have been other factors that have contributed to the unsatisfactory financial performance. Firstly, the weakness of Sterling against the Euro has had a detrimental effect on our margins. The cost of the die-castings that the Group sources from Eastern Europe have been adversely effected by the depreciating pound as have the wide range of products that it sources from Western European for re-selling. Secondly, the incidence of bad debts has increased as the UK building industry, especially the new housing sector, entered recession. The bad debts charge in the year was £146,000 compared to only £27,000 in 2006/07.

Despite the trading loss recorded, the financial position of the Group remains strong with net assets of £10.2 million including £2.5 million of cash at the year-end. The Group has reduced inventories by £0.5m during the year to a level compatible with trading and aims to make further reductions over the coming year whilst maintaining the high levels of customer service synonymous with the Titon name.

The Directors believe that with new ventilation products due to be introduced in the coming year, Titon will have a greater market presence and a major opportunity to increase our sales when eventually the market recovers from the financial trauma now being experienced by most in the building sector.

Directors' Report (continued)

Principal risks and uncertainties

The Directors are fully aware that we are operating in an unprecedented and extremely volatile period. The damage inflicted by financial institutions both at home and abroad has totally destabilised our market, and has now led the UK and other countries around the world into recession. Construction activity has been particularly affected by recent events and the Group has seen sales volumes decline as reported above. The depth of the recession is still unknown, but indications are that many of the Group's markets will continue to deteriorate in 2009.

Financial instrument risk management

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign currency exchange risk. More information regarding the Group's approach to these risks are set out in note 22 to the consolidated financial statements.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. However, the Group has no significant concentration of credit risk, with exposure spread over a large number of customers and uses appropriate internal procedures to ensure credit risks are well managed.

Liquidity risk

The Group's banking facilitates are designed to ensure that there are sufficient funds available for the current operations and the Group's further development plans.

Foreign currency exchange risk

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translational risk. The Group considers the overall translational risk to be small given the nature and overall size of its foreign investments.

Operational risk management

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance. The Group has a system of risk management which identifies these items and seeks ways of mitigating such risks as far as possible. The key risks which the Group believes it is exposed to are noted below.

The policies that are adopted to identify and manage significant risks are set out on page 19.

Key Commercial Relationships

Whilst the Group has a diverse range of customers there are certain key customers who account for significant levels of revenue. Some risk exists that the current performance of the Group may not be maintained if such relationships were not to continue. Key customer accounts are therefore continuously monitored by nominated Directors. The Group considers it not to be in the interests of shareholders to disclose the names of key customers.

43% of Group revenue comprises products purchased from other UK and European manufacturing entities. The ongoing supply of product lines by Maco Door and Window Hardware (UK) Ltd, A/S Peder Nielsen Beslagfabrik, Securistyle Limited, Sobinco S.A. and certain mechanical ventilation suppliers are important to Group profits and the relationships with key suppliers are also handled by a nominated Director.

Competition

The market for the supply of Ventilation Systems and Window Hardware remains highly competitive. The Group seeks to manage the risk of losing customers to competition through the development of new products, through the specification of product with end users and through maintaining strong relationships and local representation with key customers.

The UK market for ventilation is largely determined by regulation. The Group recognises that the pace of bringing forward amendment to regulation will increase and it will, therefore, continue to place a high emphasis on regulatory developments.

Reliance on production facilities

The Group manufactures a significant proportion of the products that it sells. Inventory levels and duplication of key processes, tooling and component supplies have been established to minimise the risks involved in inability to supply customers. In addition the Group has established procedures to minimise the risks of fire and major disruption.

Product Quality and Product Breakdown

The Group operates comprehensive BS EN ISO 9001: 2000 procedures to ensure that product complaints are quickly and effectively dealt with. Monthly meetings are held that include members of the senior management team where both product quality and product complaint issues are discussed and appropriate action recommended. Effective Quality Control systems form part of the Company's BS EN ISO 9001: 2000 procedures and are embedded within the culture of the Company.

Other risks

As with any manufacturing organisation, health and safety matters represent an increasing area of risk. The Group employs a full time Health and Safety Officer and has an effective structure to support a robust Health and Safety policy. This includes a Health and Safety Management Committee and Health and Safety Representatives in all areas of the business.

The Group maintains a comprehensive range of insurance policies covering its employees, assets and other risk areas, which are reviewed on an on-going basis.

There have been no events since the balance sheet date that materially affect the position of the Group.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for its other stakeholders.

The Group considers its capital to comprise ordinary share capital, share premium and accumulated retained earnings. Neither the translation reserve nor the share schemes reserve are considered as capital. There have been no changes in what the Group considers to be capital since 2006/07.

In order to maintain or adjust its working capital at an acceptable level and meet strategic investment needs, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets.

The Group does not seek to maintain any particular debt to capital ratio, but will consider investment opportunities on their merits and fund them in the most effective manner.

Environmental issues

As previously recorded, the Group has a high commitment to all environmental matters within our industry, and is pleased to record that, during the year, it achieved the requirements for the Environmental Management System ISO 14001: 2004 accreditation. This was granted in October 2007 at the start of the financial year, and the Group adopted recommended systems of control to ensure compliance for the benefit of customers, the Group, and most important of all, the environment.

Directors' responsibilities

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Group, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 1985.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 1985. The Directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and Article 4 of the IAS Regulation. The Directors have chosen to prepare financial statements for the Parent Company in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

Group financial statements

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- comply with IFRSs and disclose and explain any material departures in the financial statements.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' Report (continued)

Parent Company financial statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Directors' statement as to disclosure of information to auditors

The Directors at the time of approving the Directors' Report are listed below. Having made enquiries of fellow Directors and of the Officers of the Company, each of the Directors confirms that :

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- Each Director has taken all steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Directors and their interests in shares

The Directors of the Company throughout the year and at the year end and their beneficial interests in the ordinary share capital were as follows:

		30 September 2008 Ordinary shares of 10p each	30 September 2007 Ordinary shares of 10p each
J N Anderson	Chairman	2,237,802	2,237,802
D A Ruffell	Chief Executive	71,000	71,000
T N Anderson	Sales & Marketing Director	192,500	192,500
R Brighton	Managing Director (Manufacturing)	20,000	20,000
P W E Fitt	Non-executive Director and Vice Chairman	-	-
N C Howlett	Development & Sustainability Director	13,750	13,750
C S Jarvis	Export Director	45,000	45,000
C J Martin	Sales Director (Timber/ PVCu)	63,850	63,850
K A Ritchie	Non-executive Director	1,077,280	1,077,280
P E O'Sullivan	Non-executive Director	-	-

Details of Directors' share options are given in the Directors' Remuneration Report on page 15.
There were no changes in Directors' beneficial shareholdings between 30 September 2008 and 19 December 2008.

Directors liability insurance and indemnity

The Company has purchased liability insurance cover, which remains in force at the date of the report, for the benefit of the Directors of the Company which gives appropriate cover for legal action brought against them. The Company also provides an indemnity for its Directors (to the extent permitted by law) in respect of liabilities which could occur as a result of their office. This indemnity does not provide cover should a Director be proved to have acted fraudulently or dishonestly.

Substantial shareholders

As at 19 December 2008, the Company had been notified of the following voting interests in its ordinary share capital, disclosable under the Financial Services Authority's Disclosure and Transparency Rules of the following holdings, other than Directors' holdings, of 3 per cent or more in the ordinary share capital of the Company:

Name	Shares	%
Discretionary Unit Fund Managers Ltd	2,065,000	19.6
Mrs A Clipsham	893,579	8.5

Share capital

The ordinary share capital at 30 September 2008 consisted of 10,555,650 Titon Holdings Plc shares of 10p each. There were no changes during the year to the Company's ordinary share capital.

Details of the authorised and issued share capital of the Company as at 30 September 2008 are set out in note 19 of the Notes to the Financial Statements.

Purchase of own shares

The Company has authority from shareholders to purchase up to 10% of its own ordinary shares in the market. This authority was not used during the year nor in the period to 19 December 2008. The Board intends to seek shareholder approval to renew the authority at this year's Annual General Meeting.

In accordance with the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, companies are permitted to hold purchased shares rather than cancelling them. The Board has no current intention to purchase shares as treasury shares.

Going concern

The Directors have reviewed the budgets, projected cash flows and other relevant information. On the basis of this review the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Market value of land and buildings

The Directors do not consider that there is any significant difference between the market value of freehold land and buildings and their net book value, as shown in the financial statements.

Research and development

The Directors consider that research and development continues to play an important role in the Group's success. Investment in research and development amounted to £455,000 during the year (2007: £449,000).

Disabled employees

The Group gives full consideration to the career development and promotion of disabled persons, and to applications for employment from disabled persons, where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

The Group considers the training requirements of each disabled person on an individual basis.

Where an employee becomes disabled during the course of his or her employment, the Group will consider providing that employee with such means, including appropriate training, as will enable the employee to continue to carry out his or her job, where it reasonably can, or will attempt to provide an alternative suitable position.

Employee involvement

Employees are provided with information about the Group's activities via the Employee Consultative Committee, other staff meetings and staff notice boards. The Group aims to foster an environment in which employees and management can enjoy a free flow of information and ideas.

Staff members are, from time to time, invited to participate in the Group's share option schemes. Participation is based on seniority and length of service.

Directors' Report (continued)

Creditor payment policy

The majority of suppliers to the Group are of a long standing nature with whom mutually acceptable payment terms have been established over the relationship period. Generally payments will be made between 30 and 60 days from the end of the month of delivery. In certain circumstances payment terms will be agreed with suppliers as part of the overall terms of a transaction, and will be adhered to by the Group. The Parent Company does not make any trade purchases.

In respect of the Group, year end trade creditors represent 56 days (2007: 42 days) average purchases.

Donations

During the year the Group made various charitable donations amounting to £1,000 (2007: £1,000).

Annual General Meeting

The Annual General Meeting will be held at the Titon Manufacturing Division premises at Falconer Road, Haverhill, Suffolk, CB9 7XU on 17 February 2009 commencing at 10.00 a.m. A Notice convening the Annual General Meeting of the Company for 2009 may be found on page 52 of this document.

Explanatory notes in relation to resolutions 7,8,9 and 11 appear below.

Resolution 7:
Authorities to allot shares and disapply pre-emption rights

Resolution 7, which will be proposed as an Ordinary Resolution, will renew the Directors' authority to allot relevant securities up to an aggregate nominal amount of £250,000 being equivalent to approximately 23.7% of the existing share capital of the Company as at 19 December 2008 (calculated exclusive of treasury shares). The Company does not currently hold any shares in treasury. This authority will expire at the end of the next Annual General Meeting of the Company or on 16 May 2010, whichever shall occur earlier. There is no intention at present of making any issues of shares other than on the exercise of employee share options.

Resolution 8:
The disapplication of the statutory pre-emption rights

Resolution 8, which will be proposed as a Special Resolution, will renew the disapplication of the statutory pre-emption rights. It will permit the Directors, until the next Annual General Meeting of the Company or on 16 May 2010, whichever shall occur earlier, to allot shares otherwise than in accordance with the statutory pre-emption rights in connection with a rights issue or on an allotment of shares for cash up to an aggregate nominal amount of £50,000 which is equivalent to approximately 4.7% of the existing issued share capital of the Company. The authority sought and the limits set by this Resolution will apply to a sale by the Company of any shares it holds as treasury shares. Under legislation which came into effect in December 2003, companies are allowed to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. Treasury shares may then be cancelled, sold for cash or used to meet the Company's obligations under its employee share-based incentive schemes. Any subsequent transfers of treasury shares to satisfy the requirements of employee share-based incentive schemes will be made within the 10% anti-dilution limit for such share issues.

Resolution 9:
Authority to repurchase ordinary shares

Resolution 9, which will be proposed as a Special Resolution, will renew the Company's authority to make market purchases of up to 1,055,565 ordinary shares (representing approximately 10% of its present issued share capital) at a minimum price of 10 pence per share and a maximum price per share of not more than 5% above the average of the middle market values of an ordinary share as derived from the London Stock Exchange Daily Official List for the 5 business days before the purchase is made, such authority to expire on the earlier of 16 May 2010 or the end of the next Annual General Meeting of the Company. Shares repurchased by the Company will be held as treasury shares to the extent the Company may lawfully do so.

This proposal should not be taken as an indication that the Company will purchase shares at any particular price or indeed at all, and the Directors, who currently have no plans to make such purchases, will only consider making purchases if they believe that to do so would result in an increase in earnings per share and that such purchases would be in the best interests of shareholders generally.

The authority sought by Resolution 9 will apply equally to shares to be held by the Company as treasury shares.

As at 19 December 2008, there were options outstanding over 226,400 ordinary shares which, if exercised at that date, would have represented 2.1% of the Company's issued ordinary share capital. If the authority given by Resolution 9 were to be fully used, these would then represent approximately 2.3% of the Company's issued ordinary share capital.

Resolution 11:
Adoption of new Articles of Association

Resolution 11, which will be proposed as a Special Resolution, asks the shareholders to approve the adoption of new Articles of Association of the Company which have been amended to reflect the changes which have been enacted by the Companies Act 2006 in relation to Directors' conflicts of interests. The amendments to the Articles of Association will, if approved, take effect from the end of the Annual General Meeting.

The proposed new Articles of Association are available for inspection during usual business hours at the registered office of the Company on each business day before, and will be available at the place of the Annual General Meeting for fifteen minutes prior to and during, the Meeting.

The Companies Act 2006 sets out Directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008 a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a Director becomes a Director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The Companies Act 2006 also allows the Articles of Association to contain other provisions for dealing with Directors' conflicts of interest to avoid a breach of duty. The proposed changes to the Articles of Association would give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the new Articles should contain provisions relating to confidential information, attendance at Board Meetings and availability of board papers to protect a Director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors.

Other resolutions at the Annual General Meeting

Details of other resolutions to be proposed at the Annual General Meeting are set out in the enclosed Notice.

The Directors' Report was approved by the Board on 19 December 2008 and signed by order of the Board:

D A Ruffell
Secretary

Directors' Remuneration Report

The Remuneration Committee presents its report to shareholders on Directors' remuneration. Shareholders will be asked to approve the Directors' Remuneration Report and a resolution to that effect will be proposed at the Annual General Meeting on 17 February 2009. The report has been prepared in accordance with the requirements of the Companies Act 1985, the Listing Rules of the UK Listing Authority and the Combined Code appended to the Listing Rules.

Unaudited information

Remuneration Committee

The Company's policy on remuneration is determined by its Remuneration Committee. The Committee presently consists of Mr P W E Fitt - a Non-executive Director, Mr J N Anderson – Group Chairman and Mr D A Ruffell - Group Chief Executive. Such persons also comprised the Remuneration Committee during the year and Mr P W E Fitt chairs the Committee.

Remuneration policy

The Company's policy on remuneration is to offer competitive remuneration packages, which are designed to reward, retain and to motivate the Directors, having regard to the size and complexity of the Group. There are presently no specific performance related elements included within remuneration, and the Committee will review this policy during the coming year.

The individual components of the remuneration package offered are:

Basic salary

The basic salary of each Executive Director is determined by the Committee, giving due consideration to individual responsibility and performance and to salaries paid to Executive Directors of similar companies in comparable business sectors. Basic salaries are reviewed annually on 1 February.

Benefits

Benefits paid to Executive Directors comprise taxable non-cash emoluments and include the provision of company cars and private health insurance.

Pension contributions

Executive Directors are members of the Company's defined contribution pension scheme in which the Company's contribution is a fixed percentage at 10% of basic salary. Benefits are not pensionable.

In addition, the Executive Directors participate in the Company's Group Life Insurance Scheme which provides a lump sum payment of four times basic salary in the event of death in service.

Share option schemes

The Company provides share option schemes for Directors and for other members of staff. The Company grants options at the discretion of the Remuneration Committee.

There are presently two share option schemes; one Inland Revenue approved and the other unapproved in which employees may be invited to participate. Both of these schemes were introduced in February 1998. The exercise of options granted under these schemes is dependent upon the growth in the earnings per share of the Company, over any three consecutive financial years following the date of grant, exceeding the growth in the retail price index over the same period by at least 9 per cent.

The performance conditions are aimed to align Directors' performance to shareholder value and were selected by the Remuneration Committee on the advice of the Company's solicitors (the performance conditions are detailed in note 26 to the Financial Statements). Actual earnings per share performance will be determined by the Remuneration Committee.

Directors' contracts

All Executive Directors have service contracts, entered into on 1 August 2008, which are renewed annually and which provide for a 6 month notice period to be given either by the Company or by the Director. All Executive Directors' current contracts expire on 31 July 2009.

All three of the Non-executive Directors have service contracts, that do not contain notice periods and which expire on 31 January 2009. The remuneration for the Company's Non-executive Directors is set by the Board, and consists of fees for their services in connection with their role as Director and, where relevant, for additional services such as chairing Board Committees. They are not eligible for pension scheme membership and do not participate in any of the Company's share option schemes. Professor P E O'Sullivan has a one year contract, entered into on 1 February 2008, to provide consultancy services to a subsidiary company for the sum of £18,175.

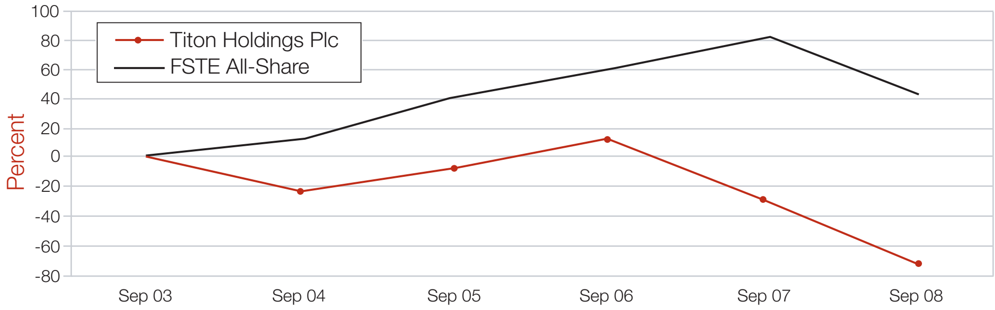
The Company's policy on the duration of, and notice periods and termination payments under, Directors' contracts is designed to attract and retain persons of the calibre required by the Company, with due regard being given to the interests of shareholders.

There are no pre-determined special provisions for Executive or Non-executive Directors with regard to compensation in the event of loss of office. The Remuneration Committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly.

The Directors may not directly or indirectly hold any directorship or engage or be interested in any other business other than the Company or any other Group company during the term of their contracts without the previous written consent of the Board.

Performance graph

The following graph shows the Company's 5-year performance, measured by total shareholder return, compared with the equivalent performance of the FTSE All-Share Index.



This graph shows the percentage change in value of £1 invested in the Company on 30 September 2003 (assuming dividends reinvested) compared with the percentage change in value of £1 (assuming dividends reinvested) in the FTSE All-Share Index. The Directors consider the FTSE All-Share Index to be an appropriate choice as the Company is included within it.

Directors' Remuneration Report (continued)

Audited Information

The following disclosures on Directors' remuneration and share options have been audited as required by part 3 of Schedule 7A of the Companies Act 1985.

Directors' remuneration

The remuneration paid to the Directors during the year was as follows:

	Basic Salary and fees	Benefits	Total emoluments		Pension contributions	
			2008	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Executive:						
J N Anderson	88	25	**113**	139	**5**	11
T N Anderson	67	11	**78**	72	**6**	6
R Brighton	68	10	**78**	78	**7**	7
N C Howlett	67	8	**75**	75	**6**	6
C S Jarvis	60	8	**68**	67	**6**	6
C J Martin	62	7	**69**	68	**6**	6
D A Ruffell	88	12	**100**	100	**9**	9
Non-Executive:						
P W E Fitt	11	-	**11**	12	**-**	-
P E O'Sullivan *	22	-	**22**	25	**-**	-
K A Ritchie	3	-	**3**	3	**-**	-
	536	81	**617**	639	**45**	51

* Inclusive of £19,616 relating to consultancy fees for 2008 (2007: £22,500).

The remuneration package of each Executive Director includes non-cash benefits comprising the provision of a company car and private health insurance.

The aggregate gains made by Directors on the exercise of share options during 2008 were £nil (2007: £nil).

Share options

Details of the interests of Directors who served during the year in options over ordinary shares are as follows:-

		Exercise price per share	At 1 October 2007	Lapsed during the year	At 30 September 2008
			Number	Number	Number
T N Anderson	(c)	103.5p	10,000	-	10,000
	(e)	91.0p	3,150	-	3,150
			13,150	-	13,150
R Brighton	(a)	86.5p	17,000	17,000	-
	(c)	103.5p	10,000	-	10,000
			27,000	17,000	10,000
N C Howlett	(a)	86.5p	6,250	6,250	-
	(c)	103.5p	10,000	-	10,000
	(d)	99.0p	10,000	-	10,000
			26,250	6,250	20,000
C S Jarvis	(a)	86.5p	17,000	17,000	-
	(c)	103.5p	10,000	-	10,000
	(e)	91.0p	10,000	-	10,000
			37,000	17,000	20,000
C J Martin	(b)	89.0p	1,250	-	1,250
	(c)	103.5p	10,000	-	10,000
			11,250	-	11,250
D A Ruffell	(a)	86.5p	17,000	17,000	-
	(c)	103.5p	25,000	-	25,000
	(e)	91.0p	14,000	-	14,000
			56,000	17,000	39,000

P W E Fitt, P E O'Sullivan and K A Ritchie had no interests in options over shares during the year.

There have been no changes to the number of share options held by Directors between 30 September 2008 and 19 December 2008.

The options are exercisable between the following dates:

(a)	11 March 2001	and	11 March 2008 (expired)
(b)	2 June 2002	and	2 June 2009
(c)	18 January 2005	and	18 January 2012
(d)	18 May 2008	and	18 May 2015
(e)	18 May 2009	and	18 May 2016

The Directors may only exercise share options if the growth in the earnings per share of the Company over any period of three consecutive financial years of the Company following the date of grant, exceeds the growth in the retail price index over the same period by at least 9 per cent.

At 30 September 2008 the market price of the Company's shares was 31.5p, and the range during the year was 26.5p to 87.5p.

The Directors' Remuneration Report was approved by the Remuneration Committee on 19 December 2008 and signed on its behalf by:

P W E Fitt
Remuneration Committee Chairman

Corporate Governance Report

Compliance with the Combined Code on Corporate Governance

There is a commitment to high standards of corporate governance throughout the Group. The Board confirms that the Company has complied throughout the accounting period with the provisions set out in Section 1 of the revised Combined Code, which was issued in June 2006, except in the following areas:

- The Company has seven Executive Directors and three Non-executive Directors. The Non-executive Directors are not deemed to be independent under the provisions of paragraph A.3.2 of the Code in respect of the Board comprising at least two independent Non-executive directors. However, the Executive Directors consider that the current Non-executive Directors are of sufficient character and independence to challenge the opinions of the Executive Directors whilst, at the same time, providing a valuable contribution themselves to the strategic direction of the Company.

- The Non-executive Directors have not met during the year to appraise the Chairman's performance and therefore the Company does not comply with paragraph A.1.3. The Non-executive Directors feel that in respect of this matter a formal process is unnecessary.

- The Company has not appointed a senior independent director and therefore the Company does not comply with part of paragraph A.3.3. The Directors do not consider this is to be necessary in a company of this size and complexity.

- The Company does not have a nomination committee and therefore does not comply with paragraphs A.4.1, A.4.2 and A.4.6. The Directors feel that the nomination and appointment of Directors can be adequately carried out by the Board as a whole.

- The Company has not undertaken performance evaluation of the Board as a whole, the Board Committees or the Non-executive Directors, and has therefore not complied with paragraph A.6.1. The Directors believe that this is not appropriate for a Company of this size and complexity. The Company operates an employee performance management system that encompasses the Executive Directors.

- The Company has one Non-executive Director who has served more than nine years on the Board. The Board does not intend to submit such Directors for annual re-election by shareholders and therefore the Company does not comply with paragraph A.7.2. The Executive Directors consider the continuity of experienced Non-executive Directors is important to the Company.

- The Company's Remuneration Committee does not consist exclusively of Non-executive Directors and therefore does not comply with paragraph B.2.1. The Directors consider that the current structure of the Committee is more appropriate for assessing Director's performance and contribution.

- Share options, as disclosed in the Directors' Remuneration Report, are the only performance related element of the Directors' total remuneration package. As this does not constitute a significant proportion of the Directors' total remuneration, the Company does not comply with paragraph B.1.1.

- The Company's Audit Committee currently comprises one Non-executive Director and the Chief Executive and therefore the Company does not comply with paragraph C.3.1. The Directors consider that this present structure is appropriate for a company of this size and complexity.

The Board is accountable to the Company's shareholders for good corporate governance and the statements set out on pages 16 to 19 describe how the principles identified in the Combined Code are applied by the Company.

Composition and operation of the Board of Directors

As at 30 September 2008 the Board consisted of the Chairman, the Chief Executive, five other Executive Directors and three Non-executive Directors.

The Board has a schedule of matters specifically reserved to it for decision including major capital expenditure decisions, business acquisitions and disposals and the setting of treasury policy. This also includes matters such as material financial commitments, commencing or settling major litigation and appointments to main and subsidiary Company Boards.

Board meetings take place quarterly with a further meeting to approve the Annual Report and Financial Statements.

To enable the Board to function effectively and Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of comprehensive management reporting information and discussion documents regarding specific matters.

The individual attendance by Executive Directors and Non-executive Directors at the Board and principal Board Committee Meetings held during the financial year is shown in the table below.

	Main Board	Remuneration Committee	Audit Committee
	5 meetings	1 meeting	1 meeting
J N Anderson	5	1	-
D A Ruffell	5	1	1
T N Anderson	4	-	-
R Brighton	5	-	-
N C Howlett	4	-	-
C S Jarvis	5	-	-
C J Martin	5	-	-
P W E Fitt	4	1	1
P E O'Sullivan	2	-	-
K A Ritchie	3	-	-

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access which every Director has to the Company Secretary. The Secretary is charged by the Board with ensuring that Board procedures are followed.

When new members are appointed to the Board, they are provided with advice from the Company Secretary in respect of their role and duties as a public company Director. Furthermore, all Directors have ongoing access to the Company Secretary for advice during the course of their appointment.

Appointments to the Board of both Executive and Non-executive Directors are considered by the Board as a whole.

Any Director appointed during the year is required, under the provisions of the Combined Code, to retire and seek election by the shareholders at the next Annual General Meeting. The Articles of Association also require that one third of the Directors retire by rotation each year and seek re-election at the Annual General Meeting. The Directors required to retire are those in office longest since their previous re-election and in practice this means that each Director retires at least every three years, in accordance with the requirements of the Combined Code.

The Directors who retire by rotation are Mr J N Anderson, Mr N C Howlett and Mr K A Ritchie. All three Directors, being eligible, offer themselves for re-election.

Mr John Neil Anderson aged 65 founded the Company in 1972 since when he has been Chairman. He has a service contract which expires on 31 July 2009.

Mr Nicholas Charles Howlett, aged 47, has been with the Company since 1991 when he joined as the manager of one of our main production units. He was promoted to Works Manager in 1995 and became a subsidiary Company Director in 1998. He was appointed to the main Board in 2002 and holds the position of Development and

Corporate Governance Report (continued)

Sustainability Director. He has a service contract which expires on 31 July 2009.

Mr Keith Archibald Ritchie, aged 49, was appointed as a Non-executive Director in 2005. He is a chartered accountant employed by Bank of America in London, working in Global Corporate and Investment Banking. He has a service contract which expires on 31 January 2009.

A statement of Directors' interests and copies of their service contracts are available for inspection during usual business hours at the registered office of the Company on each business day before, and will be available at the place of the Annual General Meeting for fifteen minutes prior to and during the meeting.

The Remuneration Committee

The Remuneration Committee, which determines the Company's policy on Directors' remuneration, met once during the financial year and Mr P W E Fitt, Mr J N Anderson and Mr D A Ruffell attended the meeting.

Full details of Directors' remuneration and a statement of the Company's remuneration policy are set out in the Directors' Remuneration Report on pages 12 to 15.

The Audit Committee

The Audit Committee reports to the Board on matters concerning the Group's internal financial controls, financial reporting and risk management systems, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

The Audit Committee is appointed by the Board for a period of three years and comprises Mr P W E Fitt and Mr D A Ruffell and is chaired by Mr P W E Fitt.

The Audit Committee met once during the financial year and both Mr P W E Fitt and Mr D A Ruffell attended the meeting.

The Audit Committee terms of reference, established by the Board, are to:

- Monitor the integrity of the Group's financial statements and formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them;
- Review the Group's internal financial controls and risk management systems;
- Review arrangements by which staff may in confidence raise concerns about possible improprieties in matters of financial reporting or other matters;
- Consider at least annually the need for an internal audit function;
- Make recommendations to the Board of Directors for it to put to the shareholders for their approval in general meeting, in relation to the appointment or re-appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; and
- Develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.

The Board believes that due to the size of the business there is currently no requirement for an internal audit function. This position is reviewed annually.

The Company's auditors, BDO Stoy Hayward LLP, have been instructed to carry out non-audit work during the year as detailed in note 6 to the financial statements. The non-audit work primarily comprised tax compliance work. The provision of these services represents a low risk to auditor independence which is safeguarded by separation of staff and supervision within BDO Stoy Hayward LLP.

Communications with shareholders

The Board recognises the importance of communications with shareholders. The Business Review gives a detailed review of the business, and there is regular dialogue with institutional shareholders following the Group's preliminary announcement of the year end results and at the half year.

The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation.

Risk Management and Internal Control

The respective responsibilities of the Directors and the auditors in connection with the financial statements are explained on pages 7, 8, 20 and 21.

The Directors acknowledge that they are responsible for establishing and maintaining the Group's system of internal control and reviewing its effectiveness. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which complies with the guidance given by the Turnbull Committee. This has been in place throughout the year and up to the date of approval of the Annual Report. The process is regularly reviewed by the Board.

The key procedures that the Directors have established to provide effective internal control include:

- an appropriate control environment through the definition of the organisation structure and authority levels.
- the identification of the major business risks facing the Group and the development of appropriate procedures and controls to manage these risks.
- a comprehensive budgeting and reporting system with monthly results compared with budgets and with previous years.

The Directors have, through the Audit Committee, reviewed the effectiveness of the Group's system of internal control by reviewing the procedures noted above and are satisfied that it is appropriate to the size of the business.

The Corporate Governance Report was approved by the Board on 19 December 2008 and signed on its behalf by:

Independent Auditors' Report

Independent Auditors' report to the shareholders of Titon Holdings Plc

We have audited the Consolidated and Parent Company Financial Statements (the ''Financial Statements'') of Titon Holdings Plc for the year ended 30 September 2008 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Recognised Income and Expense and the related notes. These Financial Statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Consolidated Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the Parent Company Financial Statements and the Directors' Remuneration Report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether, in addition, the Consolidated Financial Statements have been properly prepared in accordance with Article 4 of the IAS Regulation. Additionally, we report to you whether, the information given in the Directors' Report is consistent with those Financial Statements. We also report to you if, in our opinion, the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Report reflects the Group's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Corporate Governance Report and the Five Year Summary and the Directors and Advisors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Consolidated Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 September 2008 and of its loss for the year then ended;
- the Consolidated Financial Statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Parent Company's Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Parent Company's affairs as at 30 September 2008;
- the Parent Company Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors

London
19 December 2008

Consolidated Income Statement

for the year ended 30 September 2008

		Note	2008 £'000	2007 £'000
Revenue		3	**16,375**	17,285
Cost of sales			**(12,803)**	(13,482)
Gross profit			**3,572**	3,803
Distribution costs			**(762)**	(618)
Administrative expenses			**(2,958)**	(2,828)
Finance income		5	**101**	102
Share of losses from associates		14	**(12)**	-
(Loss) / profit before tax		6	**(59)**	459
Tax expense		7	**(205)**	(15)
(Loss) / profit for the year attributable to the equity holders of the parent			**(264)**	444
Earnings per share	- basic	9	**(2.50p)**	4.21p
	- diluted	9	**(2.50p)**	4.21p

Consolidated Statement of Recognised Income and Expense

for the year ended 30 September 2008

	Note	2008 £'000	2007 £'000
(Loss) / profit for the year attributable to the equity holders of the parent	20	**(264)**	444
Exchange difference on retranslation of net assets of subsidiary undertakings	20	**(32)**	16
Total recognised income and expense for the year attributable to equity holders of the parent		**(296)**	460

The notes on pages 25 to 45 form part of these financial statements.

Consolidated Balance Sheet

at 30 September 2008

	Note	2008 £'000	2007 £'000
Assets			
Property, plant and equipment	10	**4,395**	4,662
Intangible assets	11	**61**	58
Investments in associates	14	**213**	-
Financial assets	16	**100**	-
Total non-current assets		**4,769**	4,720
Inventories	15	**2,507**	2,983
Trade and other receivables	16	**3,224**	3,785
Corporation tax		**-**	31
Cash and cash equivalents	21	**2,546**	1,678
Total current assets		**8,277**	8,477
Total Assets		**13,046**	13,197
Liabilities			
Deferred tax	17	**366**	170
Total non-current liabilities		**366**	170
Trade and other payables	18	**2,427**	2,190
Bank overdraft		**18**	13
Corporation tax		**5**	-
Total current liabilities		**2,450**	2,203
Total Liabilities		**2,816**	2,373
Equity			
Share capital	19	**1,056**	1,056
Share premium reserve	20	**865**	865
Capital redemption reserve	20	**56**	56
Translation reserve	20	**1**	33
Share schemes reserve	20	**6**	3
Retained earnings	20	**8,246**	8,811
Total Equity attributable to equity holders of the parent	20	**10,230**	10,824
Total Liabilities and Equity		**13,046**	13,197

The notes on pages 25 to 45 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board on 19 December 2008 and signed on its behalf by:

J N Anderson
Chairman

Consolidated Cash Flow Statement

for the year ended 30 September 2008

	Note	2008 £'000	2007 £'000
Cash generated from operating activities			
(Loss) / profit before tax		**(59)**	459
Depreciation of property, plant & equipment		**641**	675
Amortisation on intangible assets		**37**	35
Decrease / (increase) in inventories		**476**	(33)
Decrease / (increase) in receivables		**541**	(149)
Increase / (decrease) in payables and other current liabilities		**225**	(168)
Profit on sale of plant & equipment		**(11)**	(31)
Share based payment – equity settled		**3**	1
Interest received		**(101)**	(102)
Share of associate loss		**12**	-
Cash generated from operations		**1,764**	687
Income taxes refunded / (paid)		**27**	(121)
Net cash generated from operating activities		**1,791**	566
Cash flows from investing activities			
Acquisition of shares in associate		**(225)**	-
Purchase of property, plant & equipment		**(405)**	(363)
Purchase of intangible assets		**(40)**	(26)
Proceeds from sale of plant & equipment		**42**	66
Interest received		**101**	102
Net cash used in investing activities		**(527)**	(221)
Cash flows from financing activities			
Dividends paid to equity shareholders		**(301)**	(749)
Issue of loan to associate		**(100)**	-
Net cash used in financing activities		**(401)**	(749)
Net increase / (decrease) in cash & cash equivalents	24	**863**	(404)
Cash & cash equivalents at beginning of the year		**1,665**	2,069
Cash & cash equivalents at end of the year		**2,528**	1,665

The notes on pages 25 to 45 form part of these financial statements.

Notes to the Consolidated Financial Statements
at 30 September 2008

General information

The consolidated financial statements of the Group for the year ended 30 September 2008 incorporates Titon Holdings Plc ("the Company") and its subsidiaries (together referred to as "the Group"). Titon Holdings Plc shares are publicly traded on the Official List of the London Stock Exchange.

The nature of the Group's operations and its principal activities are set out in the Directors' Report on page 5.

The consolidated financial statements were authorised for release on 19 December 2008.

1 Summary of significant accounting policies

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the European Union and issued by the International Accounting Standards Board (IASB) and with those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS.

The Directors have prepared the parent company financial statements in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and these are presented separately on pages 46 to 51.

During the period, the following new standards, amendments and interpretations to existing standards were published.

i New IFRS standards applied by the Group

Standards, interpretations and amendments to existing standards published and effective in the current financial year relevant to the Group:

- IAS 1 (Amendment) - Capital Disclosures (effective for accounting periods beginning on or after 1 January 2007). This requires new disclosures about entities' management of their capital resources. Disclosure and Transparency Rules – the main impacts of the new DTR are in respect of time taken to publish interim results and the disclosures within interim results.
- IFRS 7 - Financial Instruments: Disclosures. New standard on disclosures (effective for accounting periods beginning on or after 1 January 2007) which replaces IAS 30 and the disclosure requirements in IAS 32 and locates in one place all disclosures relating to financial instruments. The new requirements incorporate many of IAS 32's disclosures as well as additional qualitative and quantitative disclosures on the risks arising from financial instruments.

ii New IFRS standards not applied by the Group

Standards, interpretations and amendments to existing standards that have been published as mandatory for later accounting periods but are not yet effective and have not been adopted early by the Group:

	Effective date (periods beginning)
• IFRS 8 – Operating Segments replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131 – Disclosures About Segments of an Enterprise and Related Information. The new standard uses a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.	1 January 2009
• IAS 1 - Presentation of Financial Statements Revised. This is a comprehensive revision introducing the requirement for a statement of comprehensive income that includes all non-owner changes in equity.	1 July 2009
• Revised IFRS 1 - First-time Adoption of international Financial Reporting Standards	1 July 2009
• Amendment to IFRS 2 - Share-based Payment: Vesting Conditions and Cancellations	1 January 2009
• Revised IFRS 3 - Business Combinations	1 July 2009

Notes to the Consolidated Financial Statements
at 30 September 2008

ii New IFRS standards not applied by the Group (continued)	Effective date (periods beginning)
• Amendments to IFRS 1 and IAS 27 - Cost of an Investment in a subsidiary, jointly-controlled entity or associate	1 January 2009
• IFRIC 15 - Agreements for the Construction of Real Estate	1 January 2009
• IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	1 October 2008
• IFRIC 17 - Distributions of Non-cash Assets to Owners	1 July 2009
• Amendment to IAS 23 - Borrowing Costs	1 January 2009
• Amendments to IAS 27 - Consolidated and Separate Financial Statements	1 July 2009
• Amendments to IAS 32 and IAS 1 - Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
• IAS 39 - Financial Instruments: Recognition and Measurement: Eligible Hedged Items	1 July 2009

(b) Basis of consolidation

Subsidiaries

The Group's consolidated financial statements incorporate the financial statements of the Company (Titon Holdings Plc) and the entities controlled by the Company (its subsidiaries) made up to 30 September 2008. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the financial statements.

Associates

Where the group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated balance sheet at cost.

The group's share of post-acquisition profits and losses is recognised in the consolidated income statement, except that losses in excess of the group's investment in the associate are not recognised unless there is an obligation to make good those losses. Profits and losses arising on transactions between the group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Any premium paid for an associate above the fair value of the group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. The carrying amount of the investment in associates is subject to impairment in the same way as goodwill arising on a business combination described above (see accounting policy (h)).

(c) Foreign currency

Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated income statement.

On consolidation, the results of overseas operations are translated into Sterling, which is the functional currency of the parent company, at rates approximating those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "translation reserve").

Upon disposal of overseas subsidiaries exchange differences arising from the translation of the financial statements of foreign operations are recycled and taken to the consolidated income statement as part of the profit or loss on disposal. The Company has elected, in accordance with IFRS 1, that in respect of all foreign operations, any differences that have arisen before 1 October 2004 have been set to zero. Any gain or loss on the subsequent disposal of those foreign operations would exclude translation differences that arose before the date of transition to IFRS and include only subsequent translation differences.

All sales from the Group's UK business are invoiced in sterling.

(d) Property, plant and equipment

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below).

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as incurred.

Freehold land is not depreciated. Depreciation is provided on all other items of property, plant and equipment is to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Freehold buildings	-	2% per annum straight line
Improvements to leasehold property	-	20% per annum straight line (or the lease term, if shorter)
Plant and equipment	-	10% to $33^1/_3$ % per annum straight line
Motor vehicles	-	25% per annum straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable (see accounting policy (h)).

(e) Intangible assets

i Goodwill

Goodwill arising on acquisitions was set off against reserves in accordance with Accounting Standards applicable at the time of acquisition. For all business combinations occurring prior to 1 October 2004, their accounting treatment was not restated in preparing the Group's opening IFRS balance sheet at 1 October 2004. The Group took advantage of the exemption not to restate acquisitions prior to the date of transition.

Impairment charges are included in the administrative expenses line item in the consolidated income statement, except to the extent they reverse gains previously recognised in the consolidated statement of recognised income and expense. An impairment loss recognised for goodwill is not reversed.

ii Internally generated intangible assets (development costs)

Capitalised development costs are amortised over the periods the group expects to benefit from selling the products developed.

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- there is an intention to complete and sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated income statement as incurred.

iii Other intangible assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (h)).

iv Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

v Amortisation

Amortisation of internally generated development assets is charged to the income statement on a straight-line basis over the remaining estimated useful lives from the date that the products are available for sale to customers. The remaining useful lives of such development assets are assessed with the Directors annually.

For other intangible assets amortisation is charged to the income statement on a straight-line basis over the estimated useful lives from the date that they are available for use.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials	-	cost of purchase on first in, first out basis.
Work in progress and finished goods	-	cost of raw materials and labour, together with attributable overheads based on the normal level of activity.

Net realisable value is based on estimated selling price less further costs to completion and disposal. A charge is made to the income statement for slow moving finished goods stocks. The charge is reviewed at each balance sheet date.

Notes to the Consolidated Financial Statements

at 30 September 2008

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank overdrafts and treasury deposits for cash flow purposes. The Group has no long term borrowings and any available cash surpluses are placed on deposit.

(h) Impairment

The carrying amount of the Group's assets, other than deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment losses are recognised in the income statement.

Reversals of impairment

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

i Pension costs

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. Contributions to the pension scheme are charged to the income statement in the year in which they become payable.

ii Share-based payment transactions

The Company provides share option schemes for Directors and for other members of staff.

In accordance with IFRS 2 – Share-based payments, the fair value of the employee services received in exchange for the grant of options is recognised as an expense to the income statement over the vesting period of the option and the corresponding credit recognised to the Share Schemes Reserve within equity. The Black-Scholes option pricing model has been used for calculating the fair value of the Group's share options. The Directors believe that this model is the most suitable for calculating the fair value of the equity based share options. Details of the inputs to the option pricing model are shown in note 26 to the financial statements.

The fair value of the options are determined excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date the Group revises its estimates of the number of option awards that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity. No adjustment is made for failure to achieve market vesting conditions.

iii Accrued holiday pay

Provision is made at each balance sheet date for holidays accrued but not taken at the salary of the relevant employee at that date.

(j) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. They are discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

(k) Revenue

Revenue represents the value of goods delivered and accepted by external customers at invoiced amounts, less value added tax, net of customer settlement discounts.

(l) Finance income

Finance income comprises interest receivable on funds invested.

(m) Corporation and deferred taxes

Tax on the profit or loss for the periods presented comprises current and deferred tax.

i Corporation tax

Current tax is the expected corporation tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

ii Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

(n) Leased assets

Operating leases represent leasing agreements that do not give rights approximating to ownership. Annual rentals are charged to the income statement on a straight-line basis over the lease term. Lease incentives are recognised as an integral part of the total lease expense.

(o) Dividends

Equity dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

(p) Financial assets

The Group classifies its financial assets depending on the purpose for which the asset was acquired. The Group holds only one class of financial assets, namely loans and receivables which comprise trade and other receivables and cash and cash equivalents in the balance sheet.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value and subsequently carried at amortised cost.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within distribution expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Notes to the Consolidated Financial Statements

at 30 September 2008

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, such as short term fixed deposits with banks, and bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the balance sheet.

(q) Financial liabilities

The Group classifies its financial liabilities depending on the purpose for which the liability was acquired. The Group holds only one class of financial liabilities, namely trade payables.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost.

(r) Business combinations

The consolidated financial statements incorporate the results of business combinations (see note 12 for business combinations which took place during the year) using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

2 Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of Inventory

The Group reviews its inventory on a regular basis and, where appropriate, makes provision for slow moving and obsolete stock based on estimates of future sales activity. The estimate of the future sales activity will be based on both historical experience and expected outcomes based on knowledge of the markets in which the Group operates (see note 15 of the Consolidated Financial Statements).

Depreciation of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in note 1 (d). The selection of these estimated lives requires the exercise of management judgement.

Impairment of assets

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash-generating unit is determined based on value in-use calculations prepared on the basis of management's assumptions and estimates (see notes 1 (h) and 10 of the Consolidated Financial Statements).

Useful lives of intangible assets

Intangible assets are amortised over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods (see notes 1 (e) and 11 of the Consolidated Financial Statements).

Share-based payments

The charge for share-based payment is calculated in accordance with the assumptions described in note 26. The option valuation model used requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yields, risk-free rate of return and expected staff turnover. The Directors draw upon a variety of external sources to aid in the determination of the appropriate data to use in such calculations.

3 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.

Segment information about the geographic regions is presented below.

Geographic segments

	United Kingdom		Rest of the World		Consolidated	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000
External	**14,538**	15,275	**1,837**	2,010	**16,375**	17,285
Intercompany	**-**	-	**300**	297	**300**	297
Total Revenue	**14,538**	15,275	**2,137**	2,307	**16,675**	17,582
Segment result	**2,080**	2,173	**74**	138	**2,154**	2,311
Unallocated expenses					**(2,302)**	(1,954)
Losses from associates					**(12)**	-
Finance income					**101**	102
(Loss) / profit before tax					**(59)**	459
Tax expense					**(205)**	(15)
(Loss) / profit for the year attributable to the equity holders of the parent					**(264)**	444

Balance sheet	**2008 £'000**	2007 £'000
Assets - Segment total assets		
United Kingdom	**12,604**	12,980
Rest of World	**442**	217
Consolidated	**13,046**	13,197
Liabilities - Segment total liabilities		
United Kingdom	**2,668**	2,351
Rest of World	**148**	22
Consolidated	**2,816**	2,373

Notes to the Consolidated Financial Statements

at 30 September 2008

3 Revenue and segmental information (continued)

Other information	2008 £'000	2007 £'000
Capital additions		
United Kingdom	**327**	388
Rest of World	**118**	1
Consolidated	**445**	389
Depreciation and amortisation		
United Kingdom	**667**	705
Rest of World	**11**	5
Consolidated	**678**	710

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.

	2008 £'000	2007 £'000
Group manufactured products	**9,351**	9,929
Bought in products	**7,024**	7,356
Revenue	**16,375**	17,285

4 Directors and employees

Staff costs, including Directors, were as follows:	2008 £'000	2007 £'000
Wages and salaries	**4,662**	4,915
Employer's social security costs and similar taxes	**421**	457
Defined contribution pension cost	**237**	241
Share based payment expense – equity settled	**3**	1
	5,323	5,614

The average monthly number of employees during the year was as follows:	Number	Number
Manufacturing	**157**	187
Sales, marketing and administration	**76**	73
	233	260

Details of Directors' emoluments, pension contributions and interests in share options are given in the Directors' Remuneration Report set out on pages 12 to 15.

5 Finance income

	2008 £'000	2007 £'000
Bank interest receivable on short term deposits	**101**	102

6 (Loss) / Profit before tax

This is arrived at after charging/(crediting):		2008 £'000	2007 £'000
Depreciation of property, plant and equipment		**641**	675
Amortisation of intangible assets		**37**	35
Research and development expenditure written off		**455**	449
Operating lease rentals	- land and buildings	**137**	94
Auditors' remuneration	- to principal auditors for statutory audit	**36**	36
	- to principal auditors for tax compliance services	**6**	5
	- to principal auditors for other services	**3**	2
Audit of financial statements of subsidiaries pursuant to such legislation :			
Services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the company		**27**	-
All other services		**10**	-
Profit on disposal of fixed assets		**(11)**	(30)

7 Tax expense

	Note	2008 £'000	2007 £'000
UK corporation tax		**(26)**	34
Adjustment in respect of over provision in prior years		**5**	(28)
Total UK corporation tax		**(21)**	6
Total overseas tax		**31**	9
Total current tax		**10**	15
Deferred tax	17	**195**	-
Total tax		**205**	15

Notes to the Consolidated Financial Statements

at 30 September 2008

7 Tax expense (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:	**2008 £'000**	2007 £'000
(Loss) / profit before tax	**(59)**	459
Effect of:		
Expected tax charge based on the standard rate of corporation tax in the UK of 20.5% (2007: 19%)	**(12)**	87
Difference between tax rates	**-**	(38)
Additional deduction for R&D expenditure	**(33)**	(14)
Expenses not deductible for tax purposes	**31**	9
Unrelieved tax losses and other deductions	**19**	-
Adjustment in respect of IBAs	**221**	-
Effect of difference in exchange rates	**-**	(1)
Adjustments in respect of prior periods	**(21)**	(28)
Total tax charge for the year	**205**	15

The effective tax rate for the year is 347% (2007: 3.3%)

The total tax charge for the year is affected by the adjustment for Industrial Buildings Allowances (IBAs) which, under IFRS, will be phased out over a period of four years.

8 Dividends

	2008 £'000	2007 £'000
Final dividend of 2.3 pence (2007: 4.8 pence) per ordinary share paid and proposed during the year relating to the previous year's results	**196**	506
Interim dividend of 1.0 pence (2007: 2.3 pence) per ordinary share paid during the year	**106**	243
Unclaimed dividend returned	**(1)**	-
	301	749

The Directors are proposing a final dividend of 1.0 pence (2007: 2.3 pence) per share. This results in a final dividend totalling £106,000 (2007: after the waiver of dividend on 2,012,802 shares this resulted in a final dividend totalling £196,000), subject to approval by the shareholders at the Annual General Meeting. This dividend has not been accrued at the balance sheet date.

9 Earnings per ordinary share

The calculation of the basic and diluted earnings per share is based on the following data:	**2008 £'000**	2007 £'000
Numerator		
Earnings for the purposes of basic earnings per share being (loss) / profit after taxation attributable to members of Titon Holdings Plc	**(264)**	444
Denominator	**Number**	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share - at the beginning and end of the year	**10,555,650**	10,555,650
Earnings per share (pence)		
Basic	**(2.50p)**	4.21p
Diluted	**(2.50p)**	4.21p

Certain employee options have not been included in the calculation of diluted EPS because their exercise is contingent on the satisfaction of certain criteria that had not been met at the end of the year. The total number of options in issue is disclosed in the note 26.

10 Property, plant and equipment

	Freehold land and buildings £'000	Improvements to leasehold property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 October 2006	3,437	42	8,165	674	12,318
Additions	-	6	243	114	363
Disposals	-	-	(1,404)	(99)	(1,503)
At 1 October 2007	3,437	48	7,004	689	11,178
Additions	12	2	306	85	405
Disposals	-	-	(247)	(172)	(419)
At 30 September 2008	3,449	50	7,063	602	11,164
Depreciation					
At 1 October 2006	658	42	6,342	267	7,309
Charge for the year	63	3	456	153	675
Disposals	-	-	(1,398)	(70)	(1,468)
At 1 October 2007	721	45	5,400	350	6,516
Charge of the year	64	3	421	153	641
Disposals	-	-	(244)	(144)	(388)
At 30 September 2008	785	48	5,577	359	6,769
Net book value					
At 30 September 2008	**2,664**	**2**	**1,486**	**243**	**4,395**
At 30 September 2007	2,716	3	1,604	339	4,662

Notes to the Consolidated Financial Statements

at 30 September 2008

10 Property, plant and equipment (continued)

The Directors are not aware of any events or changes in circumstances during the year which would have a significant impact on the carrying value of the Group's property, plant and equipment at the balance sheet date.

At 30 September 2008, the Group had entered into contractual commitments for the acquisition of plant and equipment amounting to £112,000 (2007: £99,000).

11 Intangible assets

	Computer software	Development costs (Internally generated)	Total
	£'000	£'000	£'000
Cost			
At 1 October 2006	164	-	164
Additions	26	-	26
At 1 October 2007	190	-	190
Additions	1	39	40
At 30 September 2008	191	39	230
Depreciation			
At 1 October 2006	97	-	97
Charge for the year	35	-	35
At 1 October 2007	132	-	132
Charge for the year	37	-	37
At 30 September 2008	169	-	169
Net book value at the 30 September 2008	**22**	**39**	**61**
At 30 September 2007	58	-	58

The Group has contractual commitments for computer software of £12,000 (2007: £nil). All assets have an average useful economic life of 0.8 years (2007: 0.9 years)

12 Acquisitions during the period

On 31 July 2008 the Group completed the purchase of a shareholding in a South Korean company, Browntech Sales Co. Ltd (BTS), whose principle activity is the marketing of window ventilation products in South Korea. The Group invested £225,000 for a 49% shareholding and has provided a further £100,000 of unsecured loan capital which is repayable within 2 years.

The Group invested £356,000 in a new Korean subsidiary, Titon Korea Co. Ltd, during the year (see note 5 of the parent company accounts). The initial costs of establishing the subsidiary and trading losses since its inception are included within the consolidated financial statements.

13 Subsidiaries

A list of the investments in subsidiaries, including the name, country of incorporation and proportion of ownership is given in note 5 to the Parent Company's separate financial statements.

14 Associates

The following entities meet the definition of an associate, the Group considers it has power to exercise significant influence, and have been equity accounted in these consolidated financial statements:

Name of associate	Country of incorporation	Proportion of voting rights held at 30 September	
		2008	2007
Browntech Sales	South Korea	**49%**	-

The remaining 51% shareholding of BTS is held by South Korean investors who, through the their voting shares, have operational control of the company.

The Group's share of the aggregated amounts relating to associates are as follows:

	2008 £'000	2007 £'000
Total Assets	**268**	-
Total liabilities	**137**	-
Revenues	**59**	-
Profit / (losses)	**(12)**	-

Investments in associates at 30 September 2008 include £197,000 (2007: £nil) of goodwill.

The associate (BrownTech Sales Co Ltd – 'BTS') has a statutory accounting reference date of 31 December. In respect of the consolidated income statement for the year ended 30 September 2008, the associate has been included based on un-audited financial statements drawn up to for the two month period to 30 September 2008.

Transactions between the associate and the Group are set out in note 27.

15 Inventories

	2008 £'000	2007 £'000
Raw materials and consumables	**517**	416
Work in progress	**543**	660
Finished goods and goods for resale	**1,447**	1,907
	2,507	2,983

No inventories (2007: £nil) are carried at fair value less costs to sell.

The carrying value of inventory represents cost less appropriate provisions. During the year there was a net credit of £24,000 (2007: net credit £96,000) to the Consolidated Income Statement in relation to the inventory provisions. The movements in the inventory provisions are included within cost of sales in the Consolidated Income Statement.

Notes to the Consolidated Financial Statements
at 30 September 2008

16 Trade and other receivables

	2008 £'000	2007 £'000
Trade receivables	**3,029**	3,637
Loans to related parties	**100**	-
Other debtors	**84**	89
Prepayments and accrued income	**111**	59
Total trade and other receivables	**3,324**	3,785
Less : non-current portion – loans to related parties	**(100)**	-
Current portion	**3,224**	3,785

The average credit period taken on sale of goods by trade debtors is 62 days (2007: 66 days).

All non-current receivables relate to loans to related parties (see note 11 to the Parent Company accounts). The Directors are confident that the loan will be repaid and therefore the carrying amount of the loan is approximate to its fair value.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a trade receivable is considered uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against the provision account. Changes in the carrying amount of the provision account are recognised in the income statement.

Movement on the provision for impairment of trade receivables are as follows:	2008 £'000	2007 £'000
At the beginning of the year	**67**	66
Provision for receivables impairment	**156**	92
Receivables written off during the year as uncollectible	**(146)**	(27)
Unused amounts reversed	**(1)**	(64)
At the end of the year	**76**	67

As at 30 September 2008 trade receivables of £935,000 (2007: £1,284.000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	2008 £'000	2007 £'000
Up to 3 months	**891**	1,284
3 up to 6 months	**17**	-
6 up to 12 months	**27**	-
	935	1,284

16 Trade and other receivables (continued)

As at 30 September 2008 trade receivables of £41,000 (2007: £60,000) were past due and impaired. These relate to a number of customers. The ageing analysis of these receivables is as follows:

	2008 £'000	2007 £'000
Up to 3 months	**39**	44
3 up to 6 months	**2**	16
	41	60

17 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 21% (2007: 19%). The movement on the deferred tax account is as shown below:

	Accelerated capital allowances £'000	Other temporary differences £'000	Total £'000
At 1 October 2006	203	(32)	171
(Credit) / charge to the income statement	(47)	47	-
At 1 October 2007	156	15	171
(Credit) / charge to the income statement	219	(24)	195
At 30 September 2008	375	(9)	366

18 Trade and other payables - current

	2008 £'000	2007 £'000
Trade creditors	**1,647**	1,260
Other creditors	**28**	33
Other tax and social security taxes	**452**	604
Accruals	**300**	293
	2,427	2,190

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Year end trade creditors represent 56 days (2007: 42 days) average purchases.

The Directors consider that the carrying amount of trade payables approximate to their fair value.

Notes to the Consolidated Financial Statements
at 30 September 2008

19 Share capital

	2008 £'000	2007 £'000
Authorised		
13,600,000 ordinary shares of 10p each	**1,360**	1,360

The movement during the year on the Company's issued and fully paid ordinary shares of 10p each was as follows:

	2008 Number	2008 £'000	2007 Number	2007 £'000
At the beginning and end of the year	**10,555,650**	**1,056**	10,555,650	1,056

Share options
Options have been granted over the following number of ordinary shares which were outstanding at 30 September 2008:

Date granted	Number of shares	Subscription Price	Exercisable between		
16.12.98	14,450	89.5p	16.12.01	and	16.12.08
02.06.99	11,600	89.0p	02.06.02	and	02.06.09
18.01.02	119,450	103.5p	18.01.05	and	18.01.12
21.05.04	21,150	91.0p	21.05.07	and	21.05.14
18.05.05	21,300	99.0p	18.05.08	and	18.05.15
18.05.06	35,300	91.0p	18.05.09	and	18.05.16
16.05.07	3,150	127.5p	17.05.10	and	17.05.17
	226,400				

All share options are granted at market value at the date of grant.

No share options were exercised between 30 September 2008 and 19 December 2008.

20 Changes in equity

	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 2006	1,056	865	56	17	2	9,116	11,112
Profit for the year	-	-	-	-	-	444	444
Dividends paid	-	-	-	-	-	(749)	(749)
Share-based payment expense	-	-	-	-	1	-	1
Translation differences on overseas operations	-	-	-	16	-	-	16
At 30 September 2007	**1,056**	**865**	**56**	**33**	**3**	**8,811**	**10,824**
Loss for the year	-	-	-	-	-	(264)	(264)
Dividends paid	-	-	-	-	-	(301)	(301)
Share-based payment expense	-	-	-	-	3	-	3
Translation differences on overseas operations	-	-	-	(32)	-	-	(32)
At 30 September 2008	**1,056**	**865**	**56**	**1**	**6**	**8,246**	**10,230**

The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Share premium	Premium on shares issued in excess of nominal value
Capital redemption	Cancellation of 10p ordinary shares
Translation reserve	Cumulative gains/losses arising on retranslating the net assets of overseas operations into Sterling
Share scheme	Cumulative expense of equity settled share based payments recognised in the consolidated income statement
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement and statement of recognised income and expense

21 Cash and cash equivalents

Financial assets

The Group has floating rate financial assets which comprise treasury deposits, cash and overdrafts to finance its operations together with the retained profits generated by operating companies (refer to the ‘Financial Assets’ note on page 29 for further details).

The Group has no long term borrowings and any available cash surpluses are placed on deposit. The Group uses cash on deposit to manage short term liquidity risks which may arise.

Notes to the Consolidated Financial Statements
at 30 September 2008

21 Cash and cash equivalents (continued)

The Group's floating rate financial assets at 30 September were:

Currency	2008 £'000	2007 £'000
Sterling	**2,499**	1,639
US Dollar	**12**	7
Euro	**10**	32
South Korean Won	**25**	-
	2,546	1,678

The Sterling financial assets have a weighted average interest rate of 4.0% (2007: 4.9%), which was arranged monthly. The remainder comprise bank current accounts.

Financial liabilities

The Group's floating rate financial liabilities at 30 September 2008 comprise solely of a Sterling bank overdraft in the sum of £18,000 (2007: £13,000) repayable on demand. This liability is offset against bank deposits for the purposes of interest payment calculation.

The Board considers the fair value of the Group's financial assets and liabilities to be the same as their book value.

22 Financial instruments - risk management

The group is exposed through its operations to the following financial risks; credit risk, foreign exchange risk and liquidity risk.

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note, read in conjunction with the 'Capital Management' section of the Directors' Report on pages 6 and 7, describes the Group's objectives, policies and processes for managing those risks. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are trade receivables, cash at bank, bank overdrafts, trade and other payables and loans to related parties.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and polices and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Audit Committee reviews and reports to the Board on the effectiveness of policies and processes put in place.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The Group's finance function has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and trade references. Purchase limits are established for each customer, which represents the maximum open amount without requiring senior management's approval. These limits are reviewed on a on-going basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

Credit risk also arises from cash and cash equivalents and deposits with banks. The Group has cash and cash equivalents with banks with a minimum “AA” rating.

Quantitative discloses of the credit risk exposure in relation to Trade and other receivables, which are neither past due nor impaired, are disclosed in the note 16.

Foreign exchange risk

Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the Group companies are operating. Although its global market penetration reduces the Group's operational risk in that, it has diversified into several markets, the Group's net assets arising from such overseas operations are exposed to currency risk resulting in gains or losses on retranslation into Sterling. Only in exceptional circumstances would the Group consider hedging its net investments in overseas operations as generally it does not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging techniques.

Foreign exchange risk also arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency (primarily Pound Sterling or US Dollar) with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group has two overseas subsidiaries in the USA and the South Korea respectively. Their revenues and expenses, other than those incurred with the UK business, are primarily denominated in their functional currency. The Board does not believe that there are any significant risks arising from the movements in exchange rates with these companies due to the insignificance to the Group of their net assets.

All sales from the Group's UK business are invoiced in Sterling. Purchases made by the UK business from four overseas suppliers are invoiced to the Group in the local currency of that supplier.

Liquidity risk

Liquidity risk arises from the Group's management of working capital in that the Group may encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 90 days. The Board receives cash flow projections as well as information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The liquidity risk of each Group entity is managed locally. Each operation has a facility with the Group, the amount of the facility being based on budgets. The budgets are set locally and agreed by the Board in advance, enabling the Group's cash requirements to be anticipated. Where facilities of Group entities need to be increased, approval must be sought from the Board.

23 Leases

Operating leases

The Group leases its headquarters offices in Stanway, Essex on a tenant repairing lease which ends in March 2009, but for which negotiations are in progress to extend until September 2011. The property lease on a small industrial unit in Haverhill, Suffolk ends in December 2008 and is not being renewed. The one year tenancy of the factory unit in South Korea will be renewed for a further period in 2009.

At the year end the Group had total commitments under non-cancellable operating leases, in respect of land and buildings, as set out below:

Operating leases which expire within:	**2008 £'000**	2007 £'000
Not later than one year	**49**	-
Later than one year and not later than five years	**-**	157

Notes to the Consolidated Financial Statements
at 30 September 2008

24 Notes supporting the cash flow statement

The table below provides an analysis of net cash and cash equivalents during the year ended 30 September 2008:

	2008 £'000	2007 £'000
Cash available on demand	**1,046**	378
Short-term deposits	**1,500**	1,300
Cash at bank	**2,546**	1,678
Overdraft	**(18)**	(13)
	2,528	1,665
Net cash increase / (decrease) in cash equivalents	**863**	(404)
Cash and cash equivalents at beginning of year	**1,665**	2,069
Cash and cash equivalents at end of year	**2,528**	1,665

25 Pensions

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to these funds during the year (see note 4). The unpaid contributions outstanding at the year end, included in accruals (note 16) are £nil (2007: £30,000).

26 Share-based payments

Equity settled share option scheme

The Group provides share option schemes for Directors and for other members of staff.

There are presently two equity settled share option schemes; one Inland Revenue approved and the other unapproved in which employees may be invited to participate. Both of these schemes were introduced in February 1998. The exercise of options granted under these schemes is dependent upon the growth in the earnings per share of the Group, over any three consecutive financial years following the date of grant, exceeding the growth in the retail price index over the same period by at least 9 per cent.

In accordance with IFRS 2, the fair value of outstanding equity settled share based option awards to employees, which have been granted after 7 November 2002, but not vested as at 1 January 2005, are recognised as an expense to the income statement.

The vesting period of all share option schemes is three years. If the options remain unexercised after a period of ten years from the date of grant, or on an employee leaving the group, the options expire.

Details of the share options outstanding during the year are as follows:

	2008	**2008**	2007	2007
	Number of share options	**Weighted average exercise price (pence)**	Number of share options	Weighted average exercise price (pence)
Outstanding at beginning of year	**358,650**	**95.7p**	361,800	95.0p
Granted during the year	**-**	**-**	6,300	127.5p
Lapsed during the year	**(132,250)**	**90.6p**	(9,450)	89.2p
Outstanding at the end of the year	**226,400**	**98.7p**	358,650	95.7p

There were no share options which met the conditions of exercise, mentioned above, during the year (2007: nil).

The weighted average share price at the date of exercise for share options exercised during the period was nil (2007: nil). The options outstanding at 30 September 2008 had a weighted average price of 98.7p (2007: 95.7p) and a weighted average remaining contractual life of 3.3 years (2007: 4.0 years). In the year to 30 September 2008 no new share options were granted. The aggregate of the estimated fair values of the options granted in the year was £nil (2007: £1,000).

The Black-Scholes option pricing model has been used for calculating the fair value of the Group's share options. The calculated fair values of the share option awards are adjusted to reflect actual and expected vesting levels.

The inputs to the Black-Scholes model were as follows:

	2008	2007
Weighted average exercise price (pence)	-	127.5p
Share price volatility	-	30.0%
Expected life of the share option	-	6 years
Risk free rate of return	-	5.21%
Expected dividend yield	-	6.50%

There were no new share options granted in the year.

Assumptions used in the option pricing model

a) The expected life (the period between the date of grant and exercise) of a share option is 6 years.

b) Each issue of share option awards is assessed, at date of grant, to calculate the total fair value. The fair value of share options is charged to the income statement over the 3 year vesting period.

c) Share price volatility is calculated by looking back six years from the date of grant for each share option, as it is expected that the historic volatility in the share price is the best measure of likely movement in the share price in the future and therefore during the life of the share option from the date of grant until the date of exercise.

d) Volatility has been calculated using the historic weekly movement, rather than daily movement, in the Company's share price as this is, in the opinion of the Directors, the most reasonable measure of the share price.

e) Dividend yields are expected to be similar to those in recent years.

f) A risk free rate of return has been used based on the Bank of England zero coupon rates.

27 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There were no transactions, agreements or other arrangements, direct or indirect, during the year in which the Directors had any interest. Key management who hold the authority and responsibility for planning, directing and controlling activities of the Group are comprised solely of the Directors. Their remuneration is disclosed in the Remuneration Report on page 14 of this document.

Transactions between subsidiary companies and the associate company, which is a related party, were as follows:

	Sale of goods Year ended 30 September		Amount owed by related party Year ended 30 September	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000
Browntech Sales	**42**	-	**29**	-

The amount owed by Browntech Sales to the Group at 30 September 2008 is the unpaid portion of goods sold by subsidiaries to the associate. The Group expects trading debts between subsidiaries and associates to be settled on a standard commercial basis.

Parent Company Balance Sheet

at 30 September 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	4	**2,680**	2,753
Investments in subsidiaries	5	**550**	202
Investments in associates	5	**225**	-
		3,455	2,955
Current assets			
Debtors	6	**3,069**	4,574
Other debtors - due after one year	11	**100**	-
Cash at bank and in hand		**2,382**	1,639
		5,551	6,213
Creditors : amounts falling due within one year	7	**(134)**	(102)
Net current assets		**5,417**	6,111
Total assets less current liabilities		**8,872**	9,066
Provisions for liabilities	8	**11**	(138)
		8,883	8,928
Capital and reserves			
Called up share capital	9	**1,056**	1,056
Share premium account	10	**865**	865
Capital redemption reserve	10	**56**	56
Profit and loss account	10	**6,906**	6,951
Equity shareholders' funds	10	**8,883**	8,928

The notes on pages 47 to 51 form part of these financial statements..

These financial statements were approved and authorised for issue by the Board on 19 December 2008 and signed on its behalf by:

J N Anderson
Chairman

Notes to Parent Company Financial Statements

at 30 September 2008

Titon Holdings Plc (the Company) is incorporated in the United Kingdom under the Companies Act 1985. The address and the registered office are given on page 55.

1 Significant accounting policies

(a) Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 1985. They have been prepared under the historical cost convention, except for the treatment of certain financial instruments, in accordance with applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP) and law.

The Company has taken advantage of the exemption allowed under FRS 26 'Financial Instruments: Recognition and Measurement', not to restate within the parent company accounts details of financial instruments as these are included within the Group's consolidated financial statements.

(b) Property and other fixed assets

(i) Owned assets

Items of property and other fixed assets are stated at cost or deemed cost less accumulated depreciation (see below).

(ii) Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold land, over their expected useful lives. It is calculated, on a straight line basis, at the following annual rates:

Freehold buildings	-	2%
Motor vehicles	-	25%

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If there is any impairment to the value of tangible fixed assets a charge is recognised in the profit and loss account.

(c) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(d) Share-based payment transactions

The Company provides share option schemes for Directors and for other Group employees.

The fair value of the employee services received in exchange for the grant of options is recognised as an expense to the profit and loss account. The amount expensed to the profit and loss account over the vesting period is determined by reference to the fair value of the options, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date the Company revises its estimates of the number of options awards that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the profit and loss account, with a corresponding adjustment to equity shareholders' funds. No adjustment is made for failure to achieve market vesting conditions.

Disclosures in respect of share-based payments are made in note 26 of the Group Consolidated Financial Statements.

(e) Investments

Fixed asset investments are held at cost less any provision for impairment.

Notes to Parent Company Financial Statements

at 30 September 2008

2 Profit for the year

As permitted by section 230 of the Companies Act 1985 the Company has elected not to present its own profit and loss account for the year. Titon Holdings Plc reported a profit after tax for the financial year ended 30 September 2008 of £253,000 (2007 : £146,000).

3 Directors and employees

Staff costs, including Directors, were as follows:	**2008 £'000**	2007 £'000
Wages and salaries	**516**	531
Employer's social security costs and similar taxes	**59**	62
Defined contribution pension cost	**46**	51
	621	644

The average monthly number of employees during the year was as follows:	**Number**	Number
	10	10

The Directors' emoluments for the period are disclosed in the Directors' Remuneration Report on page 14 of this document.

4 Tangible assets

	Freehold land and buildings	Motor vehicles	Total
Cost	£'000	£'000	£'000
At beginning of year	3,437	82	3,519
At end of year	3,450	82	3,532
Depreciation			
At beginning of year	721	45	766
Charge for the year	65	21	86
At end of year	786	66	852
Net book value at 30 September 2008	**2,664**	**16**	**2,680**
At 30 September 2007	2,716	37	2,753

5 Fixed asset investments

The Company has invested £356,000 in a new Korean subsidiary, Titon Korea Co. Ltd during the year and holds a 100% shareholding at 30 September 2008.

The liquidation of a dormant subsidiary, Titon BV formerly incorporated in the Netherlands, was completed on 5 October 2007 and a final distribution was made to the parent company.

	£'000
At the beginning of the year	202
Investments during the year	356
Disposal of investments	(8)
At the end of the year	550

Investments comprise 100% direct shareholdings of the ordinary share capital in the following principal subsidiaries, all of which are included in the Consolidated Financial Statements:

Name of subsidiary	**Principal activity**	**Country of incorporation**
Titon Hardware Limited	Design, manufacture and marketing of window fittings and ventilators	England
Titon Inc.	Distribution of Group products	USA
Titon Korea	Manufacture of window ventilators	South Korea

For the subsidiaries listed above, the country of operation is the same as the country of incorporation.

The following entities meet the definition of an associate company and have been equity accounted in the consolidated financial statements:

Name of associate	**Principal activity**	**Country of incorporation and operation**	**Proportion of voting rights held at 30 September**	
			2008	2007
BrownTech Sales Co. Ltd	Marketing of window ventilators	South Korea	**49%**	-

In July 2008 the Company completed the formation of a 'joint venture' agreement with a South Korean company, BrownTech Sales Co. Ltd (BTS). Under the agreement, the Company has invested £225,000 for a 49% shareholding in BTS.

6 Debtors

	2008 £'000	2007 £'000
Sundry debtors	**7**	6
Amounts owed by subsidiaries	**3,062**	4,568
	3,069	4,574

Amounts owed by subsidiaries are payable on demand.

Notes to Parent Company Financial Statements

at 30 September 2008

7 Creditors: Amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	**1**	2
Bank overdraft	**18**	-
Corporation tax	**26**	15
Accruals	**89**	85
	134	102

8 Provisions for liabilities

Deferred tax is calculated in full on timing differences under the liability method using a tax rate of 21% (2007: 19%). The movement on the deferred tax account is as shown below:

	Accelerated capital allowances £'000	Other temporary differences £'000	Total £'000
At 1 October 2007	143	(5)	138
(Credit) / charge to the income statement	(154)	5	(149)
At 30 September 2008	**(11)**	**-**	**(11)**

9 Share capital

	2008 £'000	2007 £'000
Authorised		
13,600,000 ordinary shares of 10p each	**1,360**	1,360

The movement during the year on the Company's issued and fully paid ordinary shares of 10p each was as follows:

	2008 Number	**2008 £'000**	2007 Number	2007 £'000
At the beginning of the year	**10,555,650**	**1,056**	10,555,650	1,056

10 Reconciliation of shareholders funds and movement on reserves

	Share capital	Share premium reserve	Capital redemption reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000
At 30 September 2007	1,056	865	56	6,951	8,928
Profit for the year	-	-	-	253	253
Dividends paid	-	-	-	(301)	(301)
Share-based payment expense	-	-	-	3	3
At 30 September 2008	1,056	865	56	6,906	8,883

Included within retained earnings is £111,000 of goodwill (2007: £111,000) arising on business combinations in prior years, and prior to the implementation of FRS 10.

11 Related party loan

The Company provided BrownTech Sales Co. Ltd with a £100,000 unsecured loan in September 2008 which is repayable with interest at 3% p.a. within 2 years.

Five Year Summary

Summarised consolidated results

	IFRS	IFRS	IFRS	IFRS	UK GAAP
	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Results					
Revenue	16,375	17,285	16,600	16,436	16,401
Gross Profit	3,572	3,803	4,161	4,064	3,896
Net Interest	101	102	112	151	125
Share of losses from associates	(12)	-	-	-	-
Taxation	205	15	219	328	305
Dividends	301	749	749	747	749
Basic earnings per share	(2.50p)	4.21p	6.40p	8.08p	7.19p
Assets Employed					
Property, plant & equipment	4,395	4,662	5,009	4,242	4,291
Net funds	2,546	1,678	2,069	3,359	3,311
Net current assets	5,827	6,274	6,206	6,994	6,335
Financed by					
Shareholders' funds : all equity	10,230	10,824	11,112	11,138	10,531

The five year summary does not form part of the audited financial statements.

The amounts disclosed for 2004 are stated on the basis of UK GAAP as it is not practicable to restate amounts for periods prior to the date of transition to IFRS.

UK GAAP results have not been retrospectively restated to reflect changes to financial reporting standards in subsequent years.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Titon Holdings Plc ("the Company") will be held at the Titon Manufacturing Division premises at Falconer Road, Haverhill, Suffolk, CB9 7XU on 17 February 2009 at 10.00 am for the following purposes:

Ordinary Business

1. To receive and adopt the financial statements and reports of the Directors and of the Auditors for the year ended 30 September 2008.

2. To declare a final dividend of 1.0p per share on the ordinary shares of the Company for the year ended 30 September 2008.

3. To re-elect Mr John Neil Anderson as a Director of the Company.

4. To re-elect Mr Nicholas Charles Howlett as a Director of the Company.

5. To re-elect Mr Keith Archibald Ritchie as a Director of the Company.

6. To re-appoint BDO Stoy Hayward LLP as Auditors of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions, of which Resolutions 8, 9 and 11 will be proposed as a Special Resolution and Resolutions 7 and 10 will be proposed as Ordinary Resolutions.

7. THAT

(a) In accordance with Section 80 of the Companies Act 1985 ("the Act") the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80) within the terms of the restrictions and provisions following, namely:

(i) this authority shall (unless previously revoked, varied or renewed) expire at the end of the next Annual General Meeting of the Company following the passing of this Resolution or on 16 May 2010 whichever shall occur earlier; and

(ii) this authority shall be limited to the allotment of relevant securities up to an aggregate nominal amount of £250,000 (representing approximately 23.7% of the existing issued share capital of the Company as at 19 December 2008 (being the latest practicable date before publication of this document).

(b) For the purpose of sub-paragraph (a) above the said authority shall allow and enable the Company to make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

8. THAT

(a) Conditionally upon the passing of Resolution 7 above and in accordance with Section 95 of the Act, the Directors be and are hereby given power to allot equity securities (within the meaning of Section 94(2) to 94(3A) of the Act) for cash, pursuant to the authority conferred by Resolution 7 above, as if sub-section (1) of Section 89 of the Act did not apply to such allotment provided that:

(i) the power hereby granted shall be limited :

(aa) to the allotment of equity securities in connection with or pursuant to an offer by way of rights to holders of shares in the Company and other persons entitled to participate therein, in the proportion (as nearly as may be) to such holders' holding of such shares (or, as appropriate, to the number of shares which such other persons are for these purposes deemed to hold) subject only to such exclusions or other arrangements as the Directors may feel necessary or expedient to deal with fractional entitlements or legal, regulatory or practical problems under the laws of or the requirements of any territory, any recognised regulatory body or stock exchange; and

(bb) to the allotment (otherwise than pursuant to sub-paragraph (i) (aa) of this proviso) of equity securities up to an aggregate nominal amount of £50,000 (representing approximately 4.7% of the existing issued share capital of the Company as at 19 December 2008 (being the latest practicable date before publication of this document);

(ii) the power hereby granted shall (unless previously revoked, varied or renewed) expire at the end of the next Annual General Meeting of the Company following the passing of this Resolution or on 16 May 2010 whichever shall occur earlier.

(b) The said power shall allow and enable the Company to make an offer or agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred herein had not expired.

(c) This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of Section 94 (3A) of the Act as if in sub-paragraph (a) of this Resolution the words "pursuant to the authority conferred by Resolution 7 above" were omitted.

9. THAT

The Company be and is hereby generally authorised pursuant to Section 166 of the Act to make market purchases (within the meaning of Section 163(3) of the Act) of its ordinary shares, on such terms and in such manner as the Directors shall determine, provided that:

(i) the maximum number of ordinary shares hereby authorised to be purchased is an aggregate of 1,055,565 shares;

(ii) the price per share shall not be more than the higher of:

(aa) 5% above the average of the middle market values of an ordinary share of the Company (as derived from the London Stock Exchange Daily Official List) for the 5 business days before the purchase is made; and

(bb) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out

(in each case exclusive of expenses)

(iii) the price per share shall not be less than 10 pence per ordinary share; and

(iv) the authority conferred by this Resolution shall expire (unless previously revoked, varied or renewed) at the end of the next Annual General Meeting of the Company following the passing of this Resolution or on 16 May 2010, whichever shall occur earlier (except in relation to the purchase of ordinary shares the contract for which was concluded before such date which will or may be executed wholly or partly after such date).

10. THAT

The Directors' Remuneration Report set out on pages 12 to 15 of the annual report and financial statements for the year ended 30 September 2008 be and is hereby approved.

11. THAT

The Articles of Association produced to the meeting (and for the purpose of identification signed by the Chairman of the meeting) be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

By order of the Board

Registered Office
International House
Peartree Road
Stanway
Colchester
Essex CO3 0JL

D A Ruffell
Secretary
19 December 2008

Notice of Annual General Meeting

Notes:

1. In accordance with Regulation 41 of The Uncertificated Securities Regulations 2001, only those members entered on the register of members of the Company as at 10:00 a.m. on 15 February 2009 (or, in the case of an adjournment, 48 hours before the time of the adjourned meeting) shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 10:00 a.m. on 15 February 2009 shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

2. A copy of the service contract of each Executive Director, the letter of appointment of each Non-executive Director, the proposed new Articles of Association of the Company and a comparison showing all proposed changes to the Articles of Association are available for inspection during usual business hours at the registered office of the Company on each business day before, and will be available at the place of the Annual General Meeting for fifteen minutes prior to and during, the Meeting.

3. Every member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.

4. A proxy form is enclosed with this notice. Instructions for use are shown on the form.

5. To be valid, the form of proxy must be deposited with the company's registrars, Capita Registrars Ltd at PO Box 25, Beckenham, Kent BR3 4BR, NOT LATER THAN 10:00 a.m. on 15 February 2009, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority. The completion and return of the form of proxy will not, however, preclude you from attending and voting at the meeting if you so wish.

6. Relating to persons nominated under section 146 of the Companies Act 2006 ("the 2006 Act"):

   The right to appoint a proxy does not apply to persons nominated to enjoy information rights under section 146 of the 2006 Act ("nominated persons"). Nominated persons who have been sent a copy of this notice of Annual General Meeting are hereby informed, in accordance with section 149(2), of the 2006 Act that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the registered member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

   The statement of the rights of members relating to the appointment of proxies in notes 3, 4 and 5 above do not apply to nominated persons. The rights described in those notes can only be exercised by members of the Company.

7. As at 18 December 2008 (being the last business day prior to the publication of this notice) the Company's issued share capital comprised 10,555,650 ordinary shares. Each ordinary share carried the right to one vote on a poll at a general meeting of the Company and, therefore, the total voting rights in the Company as at that date are 10,555,650. As at 18 December 2008, the Company held no ordinary shares as treasury shares.

8. You may not use any electronic address, fax number or telephone number provided in this notice or in any accompanying document for delivering this proxy form or communicating with the Company for any purposes other than those expressly stated.

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

D A Ruffell
International House
Peartree Road
Stanway
Colchester
Essex
CO3 0JL

COMPANY REGISTRATION NUMBER

1604952 (Registered in England & Wales)

WEBSITE

www.titonholdings.com

LISTING DETAILS

Market – UK Listed
Reference – TON

AUDITORS

BDO Stoy Hayward LLP
55 Baker Street
London
W1U 7EU

BROKERS

Evolution Securities Limited
100 Wood Street
London
EC2V 7AN

SOLICITORS

Macfarlanes
10 Norwich Street
London EC4A 1BD

REGISTRARS AND TRANSFER OFFICE

Capita Registrars Ltd
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

BANKERS

Barclays Bank Plc
Witham Business Centre
Witham
Essex CM8 2AT

TITON HOLDINGS PLC
International House, Peartree Road, Stanway, Colchester, Essex CO3 0JL
Tel: +44 (0)1206 713800 **Fax:** +44 (0)1206 543126
Email: enquiries@titon.co.uk **Web:** www.titonholdings.com

Designed and Produced by Red Cell Ltd. 01376 561666