

Chairman's Statement

The result for the year to 30 September 2015 is a net Profit before Taxation of £1,869,000 (2014: £1,333,000), on Revenues 16% higher at £22.3 million (2014: £19.3 million). The Profit after Taxation is £1,709,000 (2014: £1,277,000) resulting in Earnings per Share of 12.6p (2014: 8.52p).

Net cash balances at the year-end were £2.87 million (2014: £2.15 million) and total capital expenditure during the year was £626,000 (2014: £386,000).

The Directors are proposing a final dividend of 1.75p per share (2014: 1.5p). This, when added to the interim dividend paid on 23 June 2015 gives a total for the year of 3.0p (2014: 2.5p). If approved by shareholders at the forthcoming Annual General Meeting, the dividend will be payable on 19 February 2016 to shareholders on the register on 29 January 2016. The ex-dividend date is 28 January 2016.

Trading Commentary

I am pleased to report that the Group Profit before Tax of £1,869,000 increased by 40% over last year and has helped generate an increase in Earnings per Share of 48%. This is largely due to another very good result from our subsidiary in Korea, which has traded strongly throughout the year. I can also report that the underlying trading performance in the United Kingdom has continued to improve. Our overall Group Revenue has increased by 16% over the last financial period, which reflects the better conditions in the UK, the growth in Korea and an increase in sales in the USA

Sales for our UK door and window hardware products business have shown a small year-on-year increase. We have noted that the general level of repairs, maintenance and improvements in domestic housing tends to depend on the number of housing transactions taking place and this has been subdued during the year. In the private house building sector, the major house builders continue to record good trading results as they try to satisfy housing demand. Our sales of high value items are not directly correlated with the sales and growth of private house builders in the UK since they tend to specify minimum allowable standards of ventilation for private dwellings. As noted last year, the amount of funding for social housing has been reduced and we have also seen changes to the regulatory regime, which previously encouraged energy efficient products, such as mechanical ventilation with heat recovery ("MVHR"). As a result, we have noted a reduction in sales into this sector in the last quarter of the financial year. However, where noise, indoor air quality and proximity to traffic are key issues, there is a much greater need to ventilate using MVHR. We have been very pleased with the increase in sales of Ventilation Systems products during the financial year due to the continuing demand for apartments in the South East. We have also been pleased with the increase in demand for our MVHR products in Europe, where in some regions there is a requirement to fit MVHR as the only ventilation option.

Over the past few years we have spent considerable time and effort in developing new products both for our Hardware and Ventilation Systems businesses in order to expand our product offering and I believe that we now have an extensive range of products for our customers. I would like to thank our Design and Research & Development teams for the hard work they have put in during the year. In our Hardware business we now have a number of new products, including a high security locking cylinder for doors and have recently been accredited by Secured by Design for a number of our products. We expect to launch several new products early in 2016.

Chairman's Statement (continued)

Once again, the best performer for us has undoubtedly been our subsidiary in Korea, which saw an increase in revenues of 26% from £5.7m in 2014 to £7.2m in the current period. This result has been due to higher sales into the private house building sector compared to last year. David Ruffell and I visited Korea in November 2015 to attend the audit meeting and again, we were impressed by the effort that all of our Korean colleagues have made to grow the business, for which we thank them. The strong cash generating performance of the Korean businesses over the past two years have enabled them to repay all of the outstanding debt that they owed Titon in the UK. Our associate in Korea, Browntech Sales Co, Ltd, has subsequently loaned £390,000 of its surplus funds to a residential and commercial property development in Korea arranged by one of its major customers.

Employees

Employee numbers within the Group have risen from 193 at the beginning of the year to 219 at 30 September 2015. We have taken on some extra staff in the UK, but the bulk of the increase has been in Titon Korea due to the rapid growth of the business. In the UK we have noted the Government's proposals to introduce the National Living Wage from 1st April 2016. This will undoubtedly increase our wage costs as a significant number of our staff will fall within the scope of the new regime. In response to this, we will step up our efforts to improve the productivity of our manufacturing facilities in the UK.

I would like to thank all of our employees for their hard work during the year and I fully recognise that they make a very large contribution to the success of the Group.

Prospects

The UK economy has continued to grow during 2015 and is expected to do so again in 2016, despite the increased labour costs to be incurred in the UK. As noted above, we will continue to launch new products in the UK and we remain optimistic that we will see increased sales. Notwithstanding the UK Government's recent announcements on new house building, we remain sceptical that this will lead to a large increase in build quantities in the short term. In Europe we expect our sales of Ventilation Systems products to continue to increase as a result of the investment in both people and products that we have made in the last two years. In Korea we anticipate a more moderate rate of growth than we have seen in recent years as our share of the market has probably reached its peak and there is more competition in the ventilation market.

In conclusion we are optimistic that we will continue to grow our businesses in 2016 but, no doubt, there will be challenges as we do so. The balance sheet remains strong and we will continue to invest in the people and products that will help us achieve growth.

On behalf of the Board.

K A Ritchie
Chairman
10th December 2015

Unaudited Consolidated Income Statement
for the year ended 30 September 2015

	Unaudited 2015 £'000	2014 £'000
Revenue	22,258	19,256
Cost of sales	(16,280)	(13,926)
Gross profit	5,978	5,330
Distribution costs	(628)	(578)
Administrative expenses	(3,799)	(3,624)
Other income	11	12
Operating profit	1,562	1,140
Finance income	9	5
Share of profits from associate	298	188
Profit before tax	1,869	1,333
Income tax expense	(160)	(56)
Profit after income tax	1,709	1,277
Attributable to:		
Equity holders of the parent	1,333	899
Non-controlling interest	376	378
Profit for the year	1,709	1,277
Earnings per share attributed to equity holders of the parent:		
Basic	12.60p	8.52p
Diluted	12.27p	8.36p

Unaudited Consolidated Statement of Comprehensive Income
for the year ended 30 September 2015

	Unaudited 2015 £'000	2014 £'000
Profit for the year	1,709	1,277
Other comprehensive income - items which may be reclassified to profit or loss in subsequent periods:		
Exchange difference on retranslation of net assets of overseas operations	(90)	69
Total comprehensive income for the year	1,619	1,346
Attributable to:		
Equity holders of the parent	1,258	968
Non-controlling interest	361	378
	1,619	1,346

Titon Holdings Plc
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Unaudited Consolidated Statement of Financial Position
at 30 September 2015

	Unaudited 2015 £'000	2014 £'000
Assets		
Property, plant and equipment	3,218	3,169
Intangible assets	623	661
Investments in associates	796	498
Deferred tax	83	46
Total non-current assets	4,720	4,374
Inventories	3,786	3,479
Trade and other receivables	4,992	4,589
Cash and cash equivalents	2,870	2,149
Total current assets	11,648	10,217
Total Assets	16,368	14,591
Liabilities		
Deferred tax	19	19
Total non-current liabilities	19	19
Trade and other payables	4,131	3,732
Corporation tax	125	162
Total current liabilities	4,256	3,894
Total Liabilities	4,275	3,913
Equity		
Share capital	1,063	1,056
Share premium reserve	891	865
Capital redemption reserve	56	56
Treasury shares	(27)	(27)
Translation reserve	(52)	23
Retained earnings	9,119	8,023
Total Equity attributable to equity holders of the parent	11,050	9,996
Non-controlling Interest	1,043	682
Total Equity	12,093	10,678
Total Liabilities and Equity	16,368	14,591

Titon Holdings Plc
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Unaudited Consolidated Statement of Changes in Equity
at 30 September 2015

	Share Capital	Share premium reserve	Capital redemption reserve	Trans- lation reserve	Treasury shares	Retained earnings	Total	Non- controlling interest	Total equity
	£'000	£'000	£'000	£'000	£000	£'000	£'000	£'000	£'000
At 1 October 2013	1,056	865	56	(46)	-	7,282	9,213	304	9,517
Translation differences on overseas operations	-	-	-	69	-	-	69	-	69
Profit for the year	-	-	-	-	-	899	899	378	1,277
Total Comprehensive Income for the year	-	-	-	69	-	899	968	378	1,346
Dividends paid	-	-	-	-	-	(211)	(211)	-	(211)
Share-based payment expense	-	-	-	-	-	53	53	-	53
Purchase of treasury shares	-	-	-	-	(27)	-	(27)	-	(27)
At 30 September 2014	1,056	865	56	23	(27)	8,023	9,996	682	10,678
Translation differences on overseas operations	-	-	-	(75)	-	-	(75)	(15)	(90)
Profit for the year	-	-	-	-	-	1,333	1,333	376	1,709
Total Comprehensive Income for the year	-	-	-	(75)	-	1,333	1,258	361	1,619
Dividends paid	-	-	-	-	-	(289)	(289)	-	(289)
Share-based payment expense	-	-	-	-	-	52	52	-	52
Ordinary Shares issued	7	26	-	-	-	-	33	-	33
At 30 September 2015	1,063	891	56	(52)	(27)	9,119	11,050	1,043	12,093

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Unaudited Consolidated Statement of Cash Flows
for the year ended 30 September 2015

	Unaudited 2015 £'000	2014 £'000
Cash generated from operating activities		
Profit before tax	1,869	1,333
Depreciation of property, plant & equipment	403	419
Amortisation on intangible assets	163	145
Increase in inventories	(363)	(564)
Increase in receivables	(491)	(1,209)
Increase in payables and other current liabilities	454	736
Profit on sale of plant & equipment	(4)	(15)
Share based payment – equity settled	52	53
Interest received	(8)	(5)
Share of associate's profit	(298)	(188)
Cash generated from operations	1,777	705
Income taxes paid	(234)	(68)
Net cash generated from operating activities	1,543	637
Cash flows from investing activities		
Purchase of plant & equipment	(498)	(290)
Purchase of intangible assets	(128)	(96)
Proceeds from sale of plant & equipment	52	15
Interest received	8	5
Net cash used in investing activities	(566)	(366)
Cash flows from financing activities		
Exercise of Share Options	33	-
Purchase of Treasury Shares	-	(27)
Dividends paid to equity shareholders	(289)	(211)
Net cash used in financing activities	(256)	(238)
Net increase in cash & cash equivalents	721	33
Cash & cash equivalents at beginning of the year	2,149	2,116
Cash & cash equivalents at end of the year	2,870	2,149

Titon Holdings Plc
Notes to the Preliminary Announcement for the year ended 30 September 2015

1 Earnings per ordinary share

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

	2015	2014
	£'000	£'000
Numerator		
Earnings for the purposes of basic earnings per share being earnings after tax attributable to members of Titon Holdings Plc	1,333	899
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Denominator		
	Number	Number
Weighted average number of ordinary shares for the purposes of basic Earnings per share	10,575,600	10,543,150
Effect of dilutive potential ordinary shares : Share Options	288,288	209,539
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	10,863,888	10,752,689
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Earnings per share (pence)		
Basic	12.60p	8.52p
Diluted	12.27p	8.36p

2 Dividends

	2015	2014
	£'000	£'000
Final 2014 dividend of 1.5 pence (2013: 1.0 pence) per ordinary share proposed and paid during the year relating to the previous year's results	157	105
Interim dividend of 1.25 pence (2014: 1.0 pence) per ordinary share paid during the year	132	106
	<hr/>	<hr/>
	289	211

The Directors are proposing a final dividend of 1.75 pence (2014: 1.5 pence) per share. This will result in a final dividend totalling £185,948 (2014: £157,600), subject to approval by the shareholders at the Annual General Meeting. This dividend has not been accrued at the balance sheet date.

Titon Holdings Plc
Notes to the Preliminary Announcement for the year ended 30 September 2015

3 Notes supporting the statement of cash flows

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

	2015	2014
	£'000	£'000
Cash available on demand	1,870	1,137
Short-term deposits	1,000	1,012
Cash at bank	2,870	2,149
Net increase in cash equivalents	721	33
Cash and cash equivalents at beginning of year	2,149	2,116
Cash and cash equivalents at end of year	2,870	2,149

4 Revenue and segmental information

In identifying its operating segments, management generally follows the Group's reporting lines, which represent the main geographic markets in which the Group operates. The segment reporting below is shown in a manner consistent with the internal reporting provided to the Board, which is the Chief Operating Decision Maker (CODM). These operating segments are monitored and strategic decisions are made on the basis of segment operating results. The Group operates three main business segments which are:

Segment	Activities undertaken include:
United Kingdom	Sales of passive and powered ventilation products to house builders, electrical contractors and window and door manufacturers. In addition to this, it is a leading supplier of window and door hardware.
South Korea	Sales of passive ventilation products to construction companies.
All other countries	Sales of passive and powered ventilation products to distributors, window manufacturers and construction companies

Inter-segment revenue is transacted on an arm's length basis and charged at prevailing market prices for a specific product and market or cost plus where no direct comparative market price is available. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Research and development entity-wide financial expenses are not allocated to the business activities for which R&D is specifically performed and it is not therefore reported as a separate operating segment. Sales Administration and Other Expenses are not currently allocated to operating segments in the Group's reporting to the CODM, and Other Expenses include mainly central and parent company overheads relating to group management, the finance function and regulatory requirements.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

The total assets for the segments represent the consolidated total assets attributable to these reporting segments. Parent company results and consolidation adjustments reconciling the segmental results and total assets to the consolidated financial statements, are included within the United Kingdom segment figures stated over the page.

Titon Holdings Plc
Notes to the Preliminary Announcement for the year ended 30 September 2015

4 Revenue and segmental information (continued)

Business segment

The Directors primary review of performance is by geographical regions.

For the year ended 30 September 2015	United Kingdom £'000	South Korea £'000	All other countries £'000	Consolidated £'000
Segment revenue	12,461	7,161	2,636	22,258
Inter-segment revenue	-	-	601	601
Total Revenue	12,461	7,161	3,237	22,859
Segment profit	2,606	1,264	286	4,156
<i>Unallocated expenses</i>				
Research and Development expenses				(535)
Sales Administration expenses				(568)
Other Expenses				(1,193)
Finance income				9
Profit before tax				1,869
Tax expense				(160)
Profit for the year				1,709
Depreciation and amortisation	528	38	-	566
Total assets	11,352	4,600	416	16,368
Total assets include:	796	-	-	796
Investments in associates				
Additions to non-current assets (other than financial instruments and deferred tax assets)	527	99	-	626

The South Korean Segment profit includes the Group's share of the profits from the Associate.

Sales to one customer, Browntech Sales Co. Ltd (the Group's associate undertaking in South Korea), of £7.161m represent 32.2% of Group Revenue (2014: £5.608m – 29.1%). There are no other concentrations of revenue above 10% during the year.

IFRS 8 requires entity wide disclosures to be made about the regions in which it earns its revenues and holds its non-current assets which are shown below.

For the year ended 30 September 2015	United Kingdom £'000	Europe £'000	USA £'000	South East Asia £'000	All other regions £'000	Total £'000
Revenues						
By entities' country of domicile	13,906	-	1,191	7,161	-	22,258
By country from which derived	12,461	1,389	1,191	7,189	28	22,258
Non-current assets						
By entities' country of domicile	3,898	-	1	821	-	4,720

Titon Holdings Plc
Notes to the Preliminary Announcement for the year ended 30 September 2015

4 Revenue and segmental information (continued)

For the year ended 30 September 2014	United Kingdom £'000	South Korea £'000	All other countries £'000	Consolidated £'000
Segment revenue	11,781	5,662	1,813	19,256
Inter-segment revenue	-	-	408	408
Total Revenue	11,781	5,662	2,221	19,664
Segment profit	2,181	884	127	3,192
<i>Unallocated expenses</i>				
Research and Development expenses				(401)
Sales Administration expenses				(578)
Other Expenses				(885)
Finance income				5
Profit before tax				1,333
Tax expense				(56)
Profit for the year				1,277
Depreciation and amortisation	530	34	-	564
Total assets	10,864	3,497	230	14,591
Total assets include:	498	-	-	498
Investments in associates				
Additions to non-current assets (other than financial instruments and deferred tax assets)	345	40	1	386

The South Korean Segment profit includes the Group's share of the profits from the Associate.

IFRS 8 requires entity wide disclosures to be made about the regions in which it earns its revenues and holds its non-current assets which are shown below.

For the year ended 30 September 2014	United Kingdom £'000	Europe £'000	USA £'000	South East Asia £'000	All other regions £'000	Total £'000
Revenues						
By entities' country of domicile	12,827	-	767	5,662	-	19,256
By country from which derived	11,786	959	767	5,667	77	19,256
Non-current assets						
By entities' country of domicile	3,864	-	1	509	-	4,374

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Notes to the Preliminary Announcement for the year ended 30 September 2015

4 Revenue and segmental information (continued)

Business segments

Within geographical segments the Directors also monitor the revenue performance of the Group within its two identified business streams. The Group's operations are separated between trickle ventilation and window and door hardware products and mechanical ventilation products. The following table provides an analysis of the Group's external revenue, irrespective of the geographical region of sale.

	2015	2014
	£'000	£'000
Trickle ventilation and window and door hardware products	17,589	15,763
Mechanical ventilation products	4,669	3,493
Revenue	22,258	19,256

5 Tax (expense) / credit

	2015	2014
	£'000	£'000
Current income tax:		
Corporation tax expense	(208)	(59)
Adjustment in respect of prior years	11	(75)
	(197)	(134)
Deferred tax:		
Origination and reversal of temporary differences	37	30
Adjustment in respect of prior years	-	75
	37	105
Income tax expense	(160)	(29)

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

Profit before tax	1,869	1,333
Effect of:		
Expected tax charge based on the standard rate of corporation tax in the UK of 20.5% (2014: 22.0%)	(383)	(293)
Additional deduction for R&D expenditure	148	80
Effect of Associate's results reported net of tax	65	45
Expenses not deductible for tax purposes	12	-
Difference in deferred tax rates	(3)	10
Other short term timing differences	(10)	-
Recognition of timing differences asset not previously recognised	-	101
Adjustments in respect of prior periods	11	1
Income tax expense	(160)	(56)

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Notes to the Preliminary Announcement for the year ended 30 September 2015

6 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.

Key management who hold the authority and responsibility for planning, directing and controlling activities of the Group are comprised solely of the Directors. Aside from compensation arrangements, there were no transactions, agreements or other arrangements, direct or indirect, during the year in which the Directors had any interest.

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

	Sales of goods		Amount owed by related party	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Browntech Sales Co. Ltd	7,161	5,608	1,976	1,885

Trading debts between subsidiaries and Browntech Sales Co. Ltd are created only when the ultimate customer has accepted the successful inclusion of our products into buildings.

7 Principal risks and uncertainties

The key financial and non-financial risks faced by the Group are disclosed in the Group's Annual Report and Accounts for the year ended 30 September 2014 within the Strategic Report (page 7 and 8) available at www.titonholdings.com. The Board considers that these remain a current reflection of the risks and uncertainties facing the business.

8 Basis of preparation

The financial information for the year ended 30 September 2015 together with the comparative year has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The accounting policies of the Group under International Financial Reporting Standards (IFRSs) are set out in detail in the 2014 Financial Statements which is available from the Group's website at www.titonholdings.com.

Except for the implementation of the new Standards, interpretations and amendments to existing Standards, set out on pages 35 and 36 of the Notes to the 2014 Financial Statements, which have had no material impact on the consolidated results or financial position of the Group, there have been no changes to the accounting policies during the year.

The information in this preliminary announcement does not constitute the statutory accounts of the Group within the meaning of Section 435 of the Companies Act 2006 for the year ended 30 September 2015 or 2014.

Titon Holdings Plc

Notes to the Preliminary Announcement for the year ended 30 September 2015

8 Basis of preparation (continued)

The financial information for the year ended 30 September 2014 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The statutory accounts for 2015, on which the auditors have not yet reported, will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement. The independent Auditors' Report will be based on those statutory accounts once they are complete. The statutory accounts will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held on 17 February 2016.

For further information please contact:

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Titon Holdings Plc

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