Titon®
Holdings Plc

2015 Annual Report & Accounts

Annual Report and Financial Statements

for the year ended 30 September 2015

Contents

Chairman's Statement

Financial Performance

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).

Keith Ritchie Chairman

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.

"the Group Profit before Tax of £1,869,000 increased by 40% over last year"

Titon introduces new Wood Grain finish trickle vents in three shades

The H200 Q Plus is a new addition to the Titon range of MVHR units and is ideal for flats due to its low profile

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.

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.

The Asterion door cylinder received a 3 star Kitemark rating from BSI in 2015 and Secured By Design certification

Secured by Design
SBD
Police Preferred Specification

bsi.
Enhanced Security of Windows & Doors
KITEMARK

In March 2015 Titon exhibited at ISH in Frankfurt, the largest ventilation exhibition in Europe

Chairman's Statement (continued)

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
10 December 2015

Strategic Report

The Strategic Report has been prepared in accordance with Section 414C of the Companies Act 2006 (the "Act"). Its purpose is to inform shareholders of Titon Holdings PLC ("Titon" or "the Group") and help them to assess how the Directors have performed their legal duty under Section 172 of the Act to promote the success of the Company.

David Ruffell Chief Executive

Business Review

The principal activities of the Group are the design, manufacture and marketing of ventilation products and door and window fittings. In the UK 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 supplies window handles, hinges and locking mechanisms to its door and window-manufacturing customers. Overseas activities are important for the Group and largely involve the marketing of passive and powered ventilation products worldwide. An increasingly important part of the Group's business is located in Paju, South Korea where it has a manufacturing facility and where it supplies the local market in partnership with its Associate Company, Browntech Sales Co. Ltd.

The Consolidated Income Statement is set out on page 34. A summary of the results along with other selected Key Performance Indicators is as follows:

	2015 £'000	2014 £'000
Revenue	**22,258**	19,256
Profit before tax	**1,869**	1,333
Tax expense	**(160)**	(56)
Profit for the year after tax	**1,709**	1,277
Revenue per employee	**103**	102
Profit after tax per employee	**7.9**	6.8
Net cash and cash equivalents	**2,870**	2,149

Revenue, Profit before Tax and net cash are monitored against budget and against prior year performance on a monthly basis by the Directors. Significant variances are discussed at quarterly board meetings along with any necessary remedial action.

The Directors are satisfied with the 16% improvement in Revenue and the 40% increase in Profit before Tax during the year. A review of the Group's performance during the year is given in the Chairman's Statement. The Profit before Tax for the year has exceeded expectations due to strong performances by the Group's overseas businesses.

Business Model

The evolution of the business over recent years means that the Group now operates in two distinct business streams: one being its traditional trickle ventilation and window and door hardware business, in which Titon has operated since its formation in 1972, and the other being its mechanical ventilation business, which the Group entered in 2007. The trickle ventilation and window and door hardware stream of the business accounts for 79% (2014: 82%) of the Group's sales and the mechanical ventilation business 21% (2014: 18%) - see Business Segmentation information on page 46. The Group generally organises its sales and marketing activities into these business streams with manufacturing and other services supporting them both on a shared basis. The management of these two business streams also follows this split with regular meetings of the senior managers alongside the Directors.

In the UK, the Group has a direct sales force for both of its business streams and aims to gain specifications for its products through its dealings with house builders, architects, building services engineers and local authorities. Where specifications are not possible we aim to sell directly to our wide customer base of electrical contractors, installers and window fabricators.

Titon operates in a wide range of export markets and we have made sales to a total of 26 (2014: 26) different countries from the UK during this year. Our policy for exporting, in respect of both window and door hardware and mechanical ventilation products, is to appoint local distributors and to support them in building and supporting the Titon brand. Within our mechanical ventilation business we also manufacture products for customers in other European countries and aim to significantly increase our activities in Europe over the coming years.

Strategic Report (continued)

Business Model (continued)

At our South Korean subsidiary, Titon Korea Co. Ltd, almost all sales are made to our Associate Company, Browntech Sales Co. Ltd, which onward sells products to its customers in the new house construction sector. The Group entered the South Korean market in 2008 and has a majority 51% shareholding in Titon Korea Co. Ltd and a 49% minority holding in Browntech Sales Co. Ltd.

The Group also has a wholly owned subsidiary based in South Bend, Indiana in the USA. Sales into this market accounted for 5% of Group Revenues during the year (2014: 4%)

The Group manufactures products in the UK and in South Korea. Production in South Korea is entirely for the South Korean market, whilst products manufactured in the UK are sold into the UK market and all other export markets. Products manufactured in the UK factory account for 48% (2014: 49%) of overall Group turnover and products manufactured in South Korea account for 32% (2014: 29%). The remaining 20% (2014: 22%) of turnover is obtained by the sale of products bought-in from third party manufacturers. These bought-in products tend to be complementary to and are generally sold alongside our own manufactured lines.

Objectives and Strategy

Following the significant increase in Group profits over the past two years, the key performance objective for the Directors in 2015/16 is to maintain profit growth, in particular that of the UK trading company, Titon Hardware Ltd, where the Directors consider that the present operating margin is still insufficient.

As well as improving the short term profitability, the Directors are strongly focused on the Group's longer term growth plans and recognise that offering a regular flow of new products to the market greatly enhances the chances of success. Accordingly, the objective of strengthening our products through innovative in-house research and design and through improved outsourcing techniques is of high importance.

The strategies to achieve these objectives have been initiated and developed over the past few years and will be furthered during the current period. A summary of the current key strategies are:

Increasing overseas sales from the UK – although exports from the UK increased during the year, they still only account for 25% (2014: 16%) of factory output meaning that the Group is heavily reliant on the UK market. We expect to see a further increase in mechanical ventilation sales into Europe this year as a result of product development and distributorship initiatives taken over the past 2 years.

Bringing new products to the UK and European market - we have a number of new products launches scheduled in 2016 for both our window and door hardware and our mechanical ventilation business streams in the UK and in Europe. Additionally, in order that the many ideas that we have can be developed as quickly as possible, we have further strengthened our Research and Development team over the past year and will continue to focus resource on this key area. We also recognise that there are significant opportunities to source products and components from the Far East and we use the services of two locally based agents to assist us in this.

Developing our Korean activities – we will actively work with our Korean partners to build on the strong growth in sales and profits that have been achieved over the past few years. The Korean market is very dynamic and design led and we continually seek to improve the product range that we offer to our Korean customers. As part of that process, our UK design team are responsible for designing and developing new products and are currently working on a number of initiatives.

Control of overheads – the Group has undertaken rigorous control of overheads during the past few years and this is one of the reasons for the significant improvement in the Group's financial performance. The Directors appreciate that continuous monitoring of costs, even in better times, is a necessary and essential component in our strategy.

As noted in the Chairman's Statement, the level of construction activity within the UK is a major factor likely to affect the future development of the Group, in the short term. In the longer term the increase in usage of Mechanical Ventilation with Heat Recovery ("MVHR") systems both in the UK and in mainland Europe will be a key determinant of our growth. MVHR systems partially recover the heat that is expelled from a dwelling when it is being ventilated by using that heat to warm the incoming air. They are of benefit in new homes which are built to a very high standard of air tightness and where the cold air from outside cannot easily infiltrate the building naturally. It is currently estimated that less than one in five new-build dwellings in the UK are fitted with an MVHR system, meaning that the potential for growth is significant. Large scale growth is only likely, however, if the Government drives up energy efficiency standards in new homes through regulation, since house builders tend not to build to these higher standards on a voluntary basis due to the increased cost of doing so.

The concept of using MVHR systems is more accepted in many Western European countries and is the reason why we are increasing our selling activities in these markets. There are also growing opportunities to sell MVHR systems in Eastern Europe as these markets become aware of the availability of this technology along with their need to reduce energy consumption.

The demand for our products in South Korea has been increasing year on year due to the introduction of Building Regulations for ventilation in 2008. These Regulations specify that all new houses and apartments have to be adequately ventilated. The use of natural ventilation products over mechanical ventilation has been championed by the major South Korean social housing authorities and it is predominantly this that has helped us to achieve our high levels of growth. There is good evidence that the market for our products will continue to grow as the private house building sector embraces window ventilation products, in preference to mechanical systems, in order to reduce construction costs. Our subsidiary in South Korea does not sell mechanical ventilation and is, therefore, well placed to benefit from this change.

Risks and Uncertainties

The Group has established procedures for monitoring and controlling operational and financial risks and these are detailed in the Report on Risk Management on pages 9 to 13.

Employee Gender Breakdown

As at the end of the financial year the analysis by gender of employees, was as follows:

	2015 Male	**2015 Female**	**2015 Total**	2014 Male	2014 Female	2014 Total
Directors	**5**	**-**	**5**	6	-	6
Senior Managers	**7**	**1**	**8**	6	1	7
Other	**135**	**71**	**206**	109	71	180
Total	**147**	**72**	**219**	121	72	193

Social and Environmental Matters

The Group is committed to conducting its business in an ethical, socially responsible and environmentally sustainable manner. The Directors lead by example by encouraging and promoting the highest standards of integrity throughout all of their business dealings.

As far as it is possible to determine, the Group complies with all human rights, anti-corruption and environmental legislation, regulation and best practice in each of the countries where it conducts business. The following formal policies and codes are in place to promote and monitor this:

- Anti-Corruption Policy – this policy is in place to protect the Company in respect of employees offering payments or inducements to gain favour with customers or potential customers. It expressly forbids any such payments to be made and sets out the conditions where normal customer entertaining is acceptable.
- Code of Ethics for Overseas Suppliers – this code is in place to govern the conditions that overseas suppliers are required to adhere to in respect of wages and working hours, child labour and forced labour, discrimination, disciplinary procedures, Health and Safety and bribery and corruption.
- Whistleblowing Policy – this policy is in place in order that any employee who has concerns as to the Company being involved in either unlawful or improper activities can raise the issues in confidence and with reassurance that they will be protected from reprisals or victimisation.

Due to the small size of the Group, social, community and Human Rights issues are not reported on within this Strategic Report.

Strategic Report (continued)

The Group seeks to reduce its environmental impact in a way that benefits a broad group of stakeholders, including customers, shareholders, employees, and in particular, the local community. The Group has maintained its ISO 14001:2004 Environmental Management System within its UK manufacturing operation throughout the year, and places great emphasis on ensuring that it conducts its operations such that:

- Emissions to air, releases to water and land filling of wastes do not cause unacceptable environmental impacts and do not offend the community;
- Significant plant and process changes are assessed and positively pursued to prevent adverse environmental impacts;
- Energy is used efficiently and consumption is monitored;
- Natural resources are used efficiently;
- Raw material waste is minimised;
- Waste is reduced, reused or recycled where practicable;
- The amount of packaging used for our products is minimised.

As part of its processes, the Group's environmental performance is reviewed monthly by senior management and a programme of continuous improvement for the benefit of customers, employees and the environment has been adopted. Three 30kWp Photovoltaic Systems have been installed on the roofs of our Haverhill factory during the year. The electricity generated has been used in our manufacturing facilities during working hours and will have had a positive impact on the CO^2 figures reported below. A further 50kWp system will be installed before the end of 2015 and will further reduce our reliance on electricity generated from fossil fuel sources.

In accordance with Statutory Instrument 2008/410 the Group presents the following information in respect of its CO^2 emissions during the period.

Global Greenhouse Gas (GHG) emissions data for the period are:

	2015	2014
Source:	**tCO^2e**	tCO^2e
Combustion of fuel and operation of facilities	**638**	673
Electricity, heat, steam and cooling purchased for own use	**294**	263
Total tonnes of CO^2 equivalent	**932**	936
CO^2 emissions normalised per £ million of sales of manufactured product	**52**	63

These sources fall within our consolidated financial reporting. We do not have responsibility for any emission sources outside of our consolidated financial reporting, including those of our Associate Company.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered to fulfil our requirements under the CRC Energy Efficiency scheme, and emission factors from UK Government's GHG Conversion Factors for Company Reporting 2015.

This Strategic Report was approved by the Board on 18 December 2015 and signed on its behalf by:

D A Ruffell
Chief Executive

Report on Risk Management

The Board is responsible for ensuring that the Group maintains an effective risk management system. It determines the Group's approach to risk, its policies and the procedures that are implemented to mitigate exposure to risk.

Process for managing risk

The Board continually assesses and monitors the key risks in the business and has developed a risk management matrix to identify, report and manage its principal risks and uncertainties. This includes the recording of all principal risks and uncertainties, which is reviewed annually. Risks are fully analysed, their potential impact on the business assessed and relevant mitigations are established. The risk matrix is reviewed quarterly at Board Meetings along with the appropriateness and effectiveness of the key mitigating controls.

The table below highlights the principal risks and uncertainties that could have a material impact on the Group's performance and prospects and the mitigating activities which are aimed at reducing the impact or likelihood of a major risk materialising. The Board does recognise, however, that it will not always be possible to eliminate these risks entirely.

Risk Matrix

Risk	Potential Impact	Mitigations
Associate companies The Group is exposed to the risks related to working with associate companies over which it does not have full operating control through its equity holding.	Failure to maintain good working relationships and to exert sufficient control and influence in respect of our South Korean associate company could affect the Group's ability to deliver on its objectives in this market.	The Group's senior management has a regular schedule of visits to meet with the Associate Company's management in Korea. A formal Distribution Agreement exists between the Group's Korean subsidiary (Titon Korea Co. Ltd.) and its Korean associate (Browntech Sales Co. Ltd.) which binds those companies together. The audit of the Associate Company is conducted by the Group Auditor's International Network Partner in South Korea.
Business disruption The Group's manufacturing and distribution operations could be subjected to disruption due to factors including incidents such as a major fire or a failure of essential IT equipment.	Incidents such as a fire at key premises or the failure of IT systems could result in the temporary cessation in activity or disruption of the Group's production facilities impeding the Group's ability to deliver its products to its customers, adversely affecting its financial results.	The Group has developed business continuity and disaster recovery plans. The Group maintains a significant amount of insurance to cover business interruption and damage to property from such events.

Report on Risk Management (continued)

Risk	Potential Impact	Mitigations
Reliance on key customers Parts of the Group's business are dependent on key customers.	Failure to manage relationships with key customers could lead to a loss of business affecting the financial results of the Group.	The Group's strategic objective is to broaden its customer base wherever possible. The Group focuses on delivering high levels of customer service and maintains strong relationships with major customers through direct engagement at all levels. The Group maintains customer service Key Performance Indicators (KPIs) which are monitored monthly through the Group's ISO 9001 procedures and intervention made where required. The Group closely manages its pricing, rebates and commercial terms with its customers to ensure that they remain competitive.
New product development The Group operates in very competitive markets where the continual development of new products is necessary.	Failure to provide customers with market leading products could lead to a loss of business affecting the financial results of the Group.	The Group continually seeks to innovate and develop its product lines to ensure its products are appropriate for the markets in which it operates. The Group maintains comprehensive patent, design and trademark coverage.
Recruitment and retention of key personnel The Group is dependent on the continued employment and performance of its senior management and other key skilled personnel.	Loss of any key personnel without adequate and timely replacement could disrupt business operations and the Group's ability to implement and deliver its growth strategies.	The Group has a formal succession plan in place that is reviewed periodically. The Group aims to provide competitive remuneration packages and bonus schemes to retain and motivate key personnel.
Economic conditions The Group is dependent on the level of activity in the construction industry in the countries in which it markets its products and is therefore susceptible to any changes in economic conditions.	Lower levels of construction industry activity within any of the key markets in which the Group operates could reduce sales and production volumes adversely, thus affecting the Group's financial results.	The Group closely monitors trends in the industry using a wide range of external data including the Construction Products Association's reports and forecasts in the UK, and other reports in the rest of the world. The Group monitors product demand on a weekly basis and is able to respond quickly in re-allocating or varying resources. The Group continually seeks to expand the geographical markets into which it sells its products.

Risk	Potential Impact	Mitigations
Government action and policy The Group's business is significantly affected by Building Regulations in its key markets as well as by government action and policies relating to public and private investment.	Many of the Group's products are provided to customers in order to help them to comply with Building Regulations in respect of ventilation. Changes to Regulations could adversely impact on sales volumes affecting the Group's financial results. Additionally, significant downward trends in government spending could have an adverse impact on the construction industry which could impact on sales and production volumes affecting the Group's financial results.	The Group closely monitors and attempts to influence Building Regulations through its work with industry working groups. The Group structures its operations so that it has a balanced exposure to the residential and commercial construction sectors and to the refurbishment sector so as to reduce the impact of any adverse government action or policy on any one of these sectors.
Government regulations and standards The Group is subject to the requirements of occupational health and safety laws, employment law and environmental regulations, within the markets in which it operates.	Failure of the Group to comply with Health and Safety law, employment law and environmental regulations could result in the Group being liable for fines. It could also require modification to operations, increase manufacturing and delivery costs, and could result in the suspension or termination of key operations, thereby impacting the Group's financial results.	The Group has a strong Health and Safety ethos combined with robust policies and procedures for the management of employee and visitor safety across its sites. The Group uses the services of EEF Ltd and lawyers in formulating employment practices and policies and when dealing with employee disputes and grievances. Within the UK, the Group operates an ISO 14001 Environmental policy, and procedures are in place to monitor compliance with the policy which is subject to external environmental audits on a periodic basis.
Product liability The Group manufactures electrical products that could cause injury to people or damage to property. The Group's products are also often incorporated into the fabric of a building or dwelling, which could be difficult to access, repair, recall or replace in the event of product failure.	A product safety issue or a failure or recall could result in a liability claim for personal injury or other damage leading to substantial money settlements, damage to the Group's brand reputation, costs and expenses and diversion of key management's attention from the operation of the Group, which could all affect the Group's financial results.	The Group operates comprehensive quality assurance systems and procedures within its UK manufacturing processes and is subject to regular external audit as part of its ISO 9001 accreditation. Comprehensive end of line testing is carried out on all in-house manufactured electrical products. Wherever required, the Group obtains certifications over its products to the relevant standards of the countries in which it markets its products. These certifications incorporate electrical safety testing. The Group maintains product liability insurance to cover personal injury and property damage claims from product failures.

Report on Risk Management (continued)

Financial risk management The Group's operations expose it to a variety of financial risks that include the effects of:		The Group has financial risk management procedures in place that seek to limit the adverse effects of these risks as follows:
Risk	**Potential Impact**	**Mitigations**
Fraud The risk that an employee or a group of employees could embezzle the Group's funds either directly or through co-operation with external accomplices.	A significant financial fraud could deplete the Group's assets and adversely affect the Group's financial results.	The Group has a series of Financial Control Procedures in place which are designed to eliminate this risk and which are reviewed regularly. Segregation of duty is a key component within these controls.
Foreign exchange risk The risk that the fair value of a financial instrument or future cash flows will fluctuate because of changes in foreign exchange rates. The Group's risk relates primarily to its trading activities in South Korea denominated in Korean Won. The Group is also exposed to foreign exchange risk in respect of cash flows denominated in Euros. This covers both sales of products in the Eurozone as well as purchases of materials.	Exchange rate fluctuations may adversely affect the Group's results.	It is not possible for the Group to mitigate exchange rate differences which impact the translation of its overseas subsidiaries' results and net assets. The Group undertakes some activities in the Eurozone where purchases of materials denominated in Euros provide an element of natural hedging for sales of finished products denominated in Euros.
Credit risk The Group is exposed to credit risk from its trading activities (primarily from trade receivables) and from its deposits with banks.	The failure of a counterparty to meet their financial obligations could lead to a financial loss for the Group.	Customer credit risk is subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on referencing and on third party scoring and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and deliveries are suspended when customers exceed their payment terms. Credit risk arising from cash deposits with banks are managed by the Group's finance department. Investments of surplus funds are made only with banks that have, as a minimum, a single A credit rating.

Risk	Potential Impact	Mitigations
Liquidity risk The risk that the Group will not be able to meets its financial obligations as they fall due.	Insufficient funds could result in the Group not being able to fund its operations.	The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group maintains close relationships with a number of UK banks in order to support liquidity requirements.
Interest rate risk The risk that interest rates could change impacting on the Group's results.	Increases to interest rates could result in significant additional interest rate payments being required on any borrowings. Decreases to interest rates could result in lower interest income on bank deposits.	Owing to the Group's size, no hedging activity is currently undertaken.

D A Ruffell
Chief Executive

Directors' Report

The Directors present their report and the Group and Company financial statements for the year ended 30 September 2015.

A detailed commentary on the results for the year is given in the Chairman's Statement on pages 2 to 4 and an explanation of the Group's business strategy is included within the Strategic Report on pages 5 and 6.

The Group's compliance with the UK Corporate Governance Code is set out in the report on page 24.

Directors and their interests in shares

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

		30 September 2015 Ordinary shares of 10p each (* or date of resignation if earlier)	30 September 2014 Ordinary shares of 10p each
K A Ritchie	Executive Director and Chairman	**877,280**	877,280
D A Ruffell	Chief Executive	**71,000**	71,000
J N Anderson	Non-executive Director and Deputy Chairman	**1,737,802**	1,737,802
T N Anderson	Sales & Marketing Director	**693,750**	693,750
N C Howlett	Managing Director, Ventilation Systems	**13,750**	13,750
C S Jarvis	Export Director	**45,000***	45,000

Mr C S Jarvis left Titon in March 2015.

Details of Directors' share options are given in the Directors' Remuneration Report on page 22.

There were no other changes in Directors' beneficial shareholdings between 30 September 2015 and 18 December 2015.

Substantial shareholders

As at 30 September 2015, 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	19.4
Mrs A J Clipsham	790,579	7.4

The Company has not been notified of any changes to these holdings between 30 September 2015 and 18 December 2015.

Share capital

The ordinary share capital at 30 September 2015 consisted of 10,625,600 Titon Holdings Plc shares of 10p each. 69,950 ordinary shares were issued during the year as a result of employees exercising share options. There were no other changes to the Company's ordinary share capital during the year.

Details of the authorised and issued share capital of the Company as at 30 September 2015 are set out in note 18 of the Notes to the Financial Statements.

All of the Company's shares are ranked equally and the rights and obligations attaching to the Company's shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in England and Wales or by writing to the Company Secretary.

Share capital (continued)

There are no restrictions on the voting rights of shares and there are no restrictions in their transfer other than;

- Certain restrictions as may from time to time be imposed by laws and regulations (for example insider trading laws); and
- Pursuant to the UK Listing Rules 'Model Rules' whereby Directors of the Company require approval to deal in the Company's shares (UK Listing Rules available from http://fshandbook.info/FS/html/FCA/LR).

Additionally, the Company is not aware of any agreements between shareholders of the Company that may result in restrictions on the transfer of ordinary shares or voting rights.

Proposed dividends

The Directors recommend the payment of a final ordinary dividend of 1.75p (2014: 1.5p) per ordinary share. This, when taken with the interim dividend of 1.25p (2014: 1.0p) per ordinary share paid on 23 June 2015, gives a total dividend of 3.0p (2014: 2.5p) per ordinary share for the year ended 30 September 2015.

Research and development

The Directors consider that research and development continues to play an important role in the Group's success as the need to provide increasingly energy efficient ventilation products will be a feature of our market over the coming years.

Investment in research and development amounted to £535,000 during the year (2014: £401,000). Development expenditure capitalised in 2015 amounted to an additional £84,000 (2014: £78,000) – see note 11 of the Financial Statements.

Principal risks and uncertainties

The Directors assess all of the significant risks and uncertainties facing the business and spend appropriate time considering them. The Group has a system of risk management, which identifies these items and seeks ways of mitigating such risks as far as is possible. The Report on Risk Management is set out on pages 9 to 13.

Employees

The Group recognises the importance of its employees in achieving its objectives and has contractual arrangements in place to encourage and reward loyalty and to safeguard the interests of the Group.

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.

The Group is an equal opportunities employer and its policies for recruitment, training, career development and promotion are based on the aptitude and abilities of the individual.

The Group's approach and responsibilities for social and community issues are not covered in this report.

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.

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, capital redemption reserve and accumulated retained earnings (see 'Consolidated Statement of Changes in Equity' on page 36). The translation reserve is not considered as capital. The consideration for Treasury Shares held at the end of the year has been debited to Shareholders' Equity. In order to maintain or adjust its working capital at an acceptable level and to 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.

Directors' Report (continued)

Environmental issues

An explanation of how the Group deals with its environmental responsibilities is included in the Strategic Report.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

Group and Company financial statements

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, and, as regards the parent company financial statements, UK Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the financial statements;
- prepare a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website (www.titonholdings.com) 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' responsibilities pursuant to DTR4

Each person who is a Director at the date of approval of this report, being those persons named on page 14, confirms that to the best of their knowledge:

- The Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group;
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that they face.

Directors' statement as to disclosure of information to auditors

The Directors at the time of approving the Directors’ Report are listed on page 14. 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 relevant audit information of which the Company's auditors are unaware; and
- Each Director has taken all steps a Director ought to have taken to make themselves aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the Company's auditors are aware of that information.

Directors liability insurance & 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.

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 18 December 2015 and the Board intends to seek shareholder approval to renew the authority at the forthcoming 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 and as at 30 September 2015 and 18 December 2015 the Company held 50,000 such shares in treasury. The Company may use this power again in the future depending on market conditions and the financial position of the Company.

Post balance sheet events

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

Going concern

The Group’s business activities, its financial position, together with the factors likely to affect the Group’s performance, are set out in the Strategic Report. In addition, note 20 to the financial statements includes the Group’s risk management objectives and policies; managing its financial risk and its exposures to credit risk, foreign exchange risk and liquidity risk.

The Group has considerable financial resources together with a diverse range of customers and suppliers, across different geographic areas and markets. As a consequence the Directors believe that the Group is well placed to manage business risks successfully.

The Directors have reviewed the budgets, projected cash flows, principal risks and other relevant information for a period of 18 months from the balance sheet date. 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 believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Directors' Report (continued)

Annual General Meeting

The Annual General Meeting of Titon Holdings Plc ("the Company") will be held at the Company's Head Office at International House, Peartree Road, Stanway, Colchester, Essex, CO3 0JL on 17 February 2016 commencing at 11.00 a.m. A Notice convening the Annual General Meeting of the Company for 2016 may be found on page 69 of this document.

Shareholders are being asked to vote on various items of ordinary business, as listed below:

Resolution 1 – to receive and adopt the audited accounts

The Directors recommend that shareholders adopt the reports of the Directors and the Auditors and the audited accounts of the Company for the year ended 30 September 2015.

The Directors' Report was approved by the Board on 18 December 2015 and signed by order of the Board.

Resolution 2 - to declare a final dividend

The Directors recommend a final dividend of 1.75 pence per ordinary share. Subject to approval by shareholders, the final dividend will be paid on 19 February 2016 to shareholders on the register on 29 January 2016.

Resolution 3 - to re-elect Mr Keith Archibald Ritchie as a Director

The Chairman of the Remuneration Committee confirms that following performance evaluation Mr Ritchie continues to be effective and demonstrates commitment in his role.

Resolution 4 - to re-elect Mr David Alan Ruffell as a Director

The Chairman of the Remuneration Committee confirms that following performance evaluation Mr Ruffell continues to be effective and demonstrates commitment in his role.

Resolution 5 - to re-elect Mr John Neil Anderson as a Director

The Chairman confirms that following performance evaluation Mr Anderson continues to be effective and demonstrates commitment in his role.

Resolution 6 - to re-appoint BDO LLP as auditors

This resolution proposes that BDO LLP should be re-appointed as the Company's Auditors and authorises the Directors to determine their remuneration.

Resolution 7 – authority to allot shares

The Companies Act 2006 prevents directors of a public company from allotting unissued shares, other than pursuant to an employee share scheme, without the authority of shareholders in general meeting. In certain circumstances this could be unduly restrictive. The Directors' existing authority to allot shares, which was granted at the Annual General Meeting held on 18 February 2015, will expire at the forthcoming Annual General Meeting. Resolution 7 in the notice of Annual General Meeting will be proposed, as an Ordinary Resolution, to authorise the Directors to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £260,000, representing approximately 24.6% of the nominal value of the ordinary shares in issue on 18 December 2015 (excluding treasury shares). The Company currently holds 50,000 shares in treasury.

The authority conferred by the resolution will expire on 16 May 2017 or, if sooner, at the 2017 Annual General Meeting.

The Directors have no present plans to allot unissued shares other than on the exercise of share options under the Company's employee share option schemes. However, the Directors believe it to be in the best interests of the Company that they should continue to have this authority so that such allotments can take place to finance appropriate business opportunities that may arise.

Resolution 8 - to disapply pre-emption rights

Unless they are given an appropriate authority by shareholders, if the Directors wish to allot any of the unissued shares for cash or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must first offer them to existing shareholders in proportion to their existing holdings. These are known as pre-emption rights.

The existing disapplication of these statutory pre-emption rights, which was granted at the Annual General Meeting held on 18 February 2015 will expire at the forthcoming Annual General Meeting. Accordingly, Resolution 8 in the Notice of Annual General Meeting will be proposed, as a Special Resolution, to give the Directors power to allot shares or sell treasury shares without the application of these statutory pre-emption rights: first, in relation to offers of equity securities by way of rights issue, open offer or similar arrangements; and second, in relation to the allotment of equity securities for cash up to a maximum aggregate nominal amount of £50,000 (representing approximately 4.7% of the nominal value of the ordinary shares in issue on 18 December 2015). The power conferred by this Resolution will expire on 16 May 2017 or, if sooner, at the 2017 Annual General Meeting.

In addition, there are a number of items of special business which are detailed below.

Resolution 9 – to approve the Directors' Remuneration Report

Resolution 9 in the Notice of Annual General Meeting, which will be proposed as an Ordinary Resolution, is to receive and approve the Directors' Remuneration Report as set out on pages 20 to 23.

Resolution 10 - Company's authority to purchase its own shares

Resolution 10 in the Notice of Annual General Meeting, which will be proposed as a Special Resolution, will authorise the Company to make market purchases of up to 1,060,000 ordinary shares. This represents approximately 10% of the Company's ordinary shares in issue on 18 December 2015. The maximum price per share that may be paid shall be the higher of: (i) 5% above the average of the middle market quotations for an ordinary share for the five business days immediately before the day on which the purchase is made (exclusive of expenses); and (ii) 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 (exclusive of expenses). The minimum price shall not be less than 10p per share. The authority conferred by this resolution will expire on 16 May 2017 or, if sooner, at the 2017 Annual General Meeting.

Your Directors are committed to managing the Company's capital effectively and although they have no plans to make such purchases, buying back the Company's ordinary shares is one of the options they keep under review. Purchases would only be made after considering the effect on earnings per share and the benefits for shareholders generally.

The Company may hold in treasury any of its own shares that it purchases in accordance with the Companies Act 2006 and the authority conferred by this resolution. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with greater flexibility in the management of its capital base. As noted above the Company currently holds 50,000 shares in treasury.

As at 18 December 2015 there were options outstanding over 785,300 ordinary shares which, if exercised at that date, would have represented 7.4% of the Company's issued ordinary share capital (including treasury shares). If the authority given by Resolution 10 were to be fully used, these would then represent 8.2% of the Company's issued ordinary share capital.

Recommendation

The Directors believe that the resolutions which are to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole and recommend that all shareholders vote in favour of them, as each of the Directors intends to do, in respect of his or her beneficial holding.

The Directors' Report was approved by the Board on 18 December 2015 and signed on its behalf by:

D A Ruffell

Secretary

Directors' Remuneration Report

The Remuneration Committee submits this report in accordance with the requirements of SI 2008/410.

The law requires the Group's Auditors to audit certain disclosure provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is disclosed in their report on pages 30 to 33.

Remuneration Committee

The Committee presently consists of Mr J N Anderson, a Non-executive Director and the Deputy Chairman and Mr K A Ritchie, the Group Chairman. The Committee has been established by the Board to set Remuneration Policy and to deal with all matters relating to Directors' Remuneration and reporting thereon. It has clear Terms of Reference established by the Board.

Statement from the Chairman

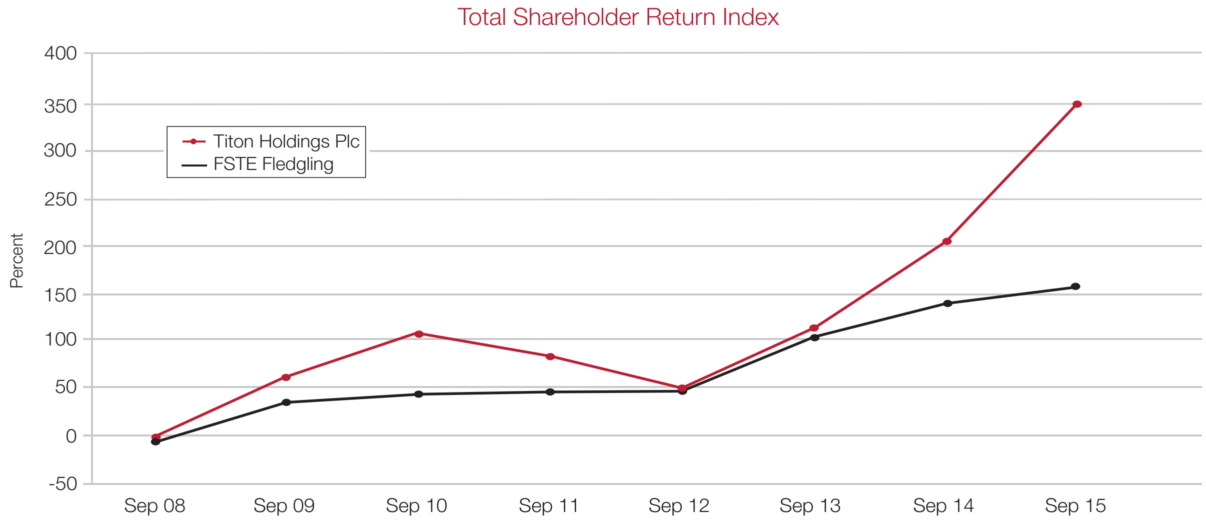
I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2015.

The Remuneration Committee is not proposing any change to the Directors' Remuneration Policy this year. The vote on the Directors' Remuneration Report is, as previously, an advisory vote. An Ordinary Resolution will be put to shareholders at the forthcoming Annual General Meeting to be held on 17 February 2016, to receive and adopt the Directors' Remuneration Report. I can report that at the 2015 AGM there were 4,586,351 votes in favour, 452 votes against and 170 votes withheld for the Resolution to receive and adopt the Directors' Remuneration Report. The Resolution to adopt the Directors' Remuneration Policy received 4,586,351 votes in favour, 452 votes against and 170 votes withheld.

The introduction of the performance related elements to Directors' remuneration this year has resulted in an increase in remuneration compared to 2014. Apart from the impact of this change there have been no significant changes in individual Director's levels of remuneration during the year.

Performance graph

The following graph shows the Company's 7 year performance, measured by total shareholder return, compared with the equivalent performance of the FTSE Fledgling Index.



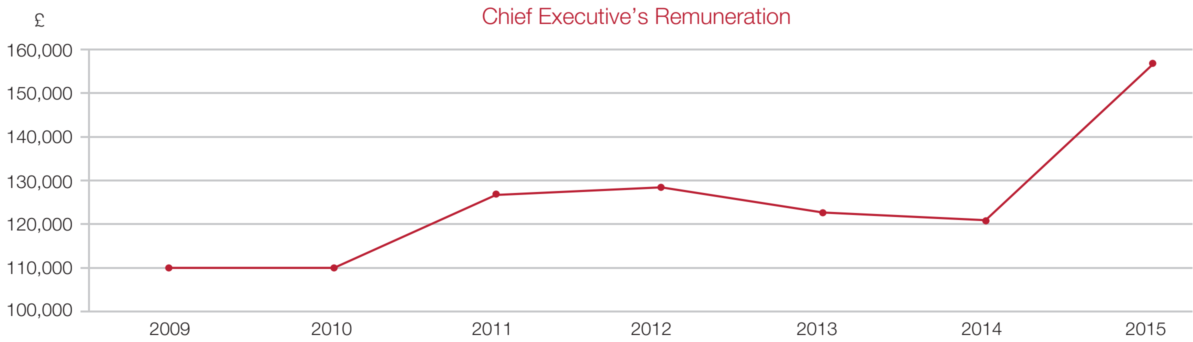
This graph shows the percentage change in value of £1 invested in the Company on 30 September 2008 (assuming dividends reinvested) compared with the percentage change in value of £1 (assuming dividends reinvested) in the FTSE Fledgling Index. The Directors consider the FTSE Fledgling Index to be an appropriate choice as the Company is included within it.

The elements of, and the movement in, the remuneration of the Chief Executive over the past 7 years is as follows:

Year ended 30 September	Salary £'000	Short term performance related remuneration £'000	Benefits in kind £'000	Pension benefits £'000	Total £'000	Percentage change %
2009	88	-	13	9	110	+0.9
2010	88	-	13	9	110	0.0
2011	92	-	14	20	126	+14.5
2012	92	-	16	20	128	+1.6
2013	92	-	17	15	124	(3.1)
2014	94	-	12	15	121	(2.4)
2015	101	28	12	16	157	+29.8

Recommended practice is to exclude pension benefits from the above table. However, because the Chief Executive sacrifices part of his salary for a payment into his pension fund, to exclude this element could be misleading.

The remuneration for the Chief Executive over this 7 year period is as follows:



The Remuneration of the Chief Executive has increased by 29.8% in the year (2014: a decrease of 2.4%). This compares to an average increase for all Group employees of 2.9% (2014: an increase of 3.6%) and this increase was taken into account when setting Directors' base salaries.

Directors' remuneration compared to certain other distributions are as follows:

	2015 £'000	2014 £'000	Percentage change %
Directors' remuneration	**697**	574	+21.4
Other employee remuneration	**5,239**	4,634	+13.0
Dividend payments to shareholders	**289**	211	+37.0

Directors' Remuneration Report (continued)

Directors' remuneration (audited)

The remuneration paid to the Directors during the year, together with a comparison of the previous year, is as follows:

	Year ended 30 September	Salary and fees (a)	Benefits in kind	Short term performance related remuneration (b)	Pension benefits	Total
Executive Directors:		£'000	£'000	£'000	£'000	£'000
T N Anderson	**2015**	**80**	**14**	**20**	**6**	**120**
	2014	75	13	-	5	93
N C Howlett	**2015**	**99**	**8**	**25**	**6**	**138**
	2014	75	6	-	5	86
C S Jarvis - left	**2015**	**31**	**8**	**-**	**6**	**45**
31 March 2015 (c)	2014	55	8	-	13	76
K A Ritchie	**2015**	**144**	**14**	**36**	**-**	**194**
	2014	131	13	-	3	147
D A Ruffell	**2015**	**101**	**12**	**28**	**16**	**157**
	2014	94	12	-	15	121
Non-executive Director:						
J N Anderson	**2015**	**43**	**-**	**-**	**-**	**43**
	2014	51	-	-	-	51
Totals	**2015**	**498**	**56**	**109**	**34**	**697**
	2014	481	52	-	41	574

(a) A 'salary sacrifice' system is in operation, where the Company makes a pension contribution on behalf of each Director, where applicable, and their salary is reduced by a corresponding amount.

(b) In accordance with the proposals adopted last year performance related remuneration is due for this period to Executive Directors. Maximum performance was achieved in the period and a bonus of 25% of salary is payable.

(c) Not including £13,920 relating to statutory redundancy pay.

The remuneration package of each Executive Director includes non-cash benefits comprising the provision of a company car. The aggregate gains made by Directors on the exercise of share options during 2015 were £16,660 (2014: £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 2014	Exercised during the year	Lapsed during the year	At 30 September 2015
			Number	Number	Number	Number
T N Anderson	(b)	91.0p	3,150	-	-	3,150
	(c)	48.0p	34,950	(34,950)	-	-
	(d)	24.5p	25,000	-	-	25,000
	(e)	58.0p	25,000	-	-	25,000
			88,100	(34,950)	-	53,150
N C Howlett	(a)	99.0p	10,000	-	(10,000)	-
	(c)	48.0p	35,000	-	-	35,000
	(d)	24.5p	25,000	-	-	25,000
	(e)	58.0p	25,000	-	-	25,000
			95,000	-	(10,000)	85,000
C S Jarvis	(b)	91.0p	10,000	-	(10,000)	-
	(c)	48.0p	20,000	(20,000)	-	-
			30,000	(20,000)	(10,000)	-
K A Ritchie	(d)	24.5p	100,000	-	-	100,000
	(e)	58.0p	50,000	-	-	50,000
			150,000	-	-	150,000
D A Ruffell	(b)	91.0p	14,000	-	-	14,000
	(c)	48.0p	45,000	-	-	45,000
	(d)	24.5p	30,000	-	-	30,000
	(e)	58.0p	50,000	-	-	50,000
			139,000	-	-	139,000

J N Anderson 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 2015 and 18 December 2015.

Share options are exercisable between the following dates:

(a)	18 May 2008	and	18 May 2015
(b)	18 May 2009	and	18 May 2016
(c)	9 June 2014	and	9 June 2021
(d)	3 January 2016	and	3 January 2023
(e)	15 January 2017	and	15 January 2024

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 2015 the market price of the Company’s shares was 87.0p. The range during the year was 56.5p to 96p.

Details of the Directors’ Remuneration Policy are shown on the Group’s website (www.titonholdings.com) in the Corporate Governance section.

Approval

The Directors' Remuneration Report was approved by the Remuneration Committee on 18 December 2015 and signed on its behalf by:

J N Anderson

Remuneration Committee Chairman

Corporate Governance Report

Chairman's Introductory Statement

I am pleased to present the Corporate Governance Report for the last financial year. The main development in Corporate Governance during the financial period has been the changes to the UK Corporate Governance Code ("the Code"), which had effect from 1st October 2014. A number of revisions to the September 2012 version of the Code have been made, the main changes of which attempt to direct attention more on a Board's risk management of a business, its statements on the longer term viability of a company and the going concern basis of accounting. This has required us to place more focus on the risks that we run and we have adopted a new matrix based approach to record this, as set out in the Report on Risk Management on pages 9 to 13.

As I have noted in the past we take our corporate governance responsibilities very seriously. I can report to shareholders that we have applied the main principles of the Code throughout the financial period.

KA Ritchie

Chairman

Compliance with the UK Corporate Governance Code

The Board is accountable to the Company's shareholders for good corporate governance and the statements set out in this report describe how the principles identified in the Code are applied by the Company. Titon's business approach is based on openness and high levels of accountability and there is a commitment to high standards of corporate governance throughout the Group. With an international presence, the Group acts in accordance with the national laws of the various countries in which it operates and encourages the highest standards of business practice and procedure.

As part of this commitment to maintaining high standards of corporate governance, the Board applies, where they are deemed appropriate, the principles of corporate governance set out in the Code as issued by the Financial Reporting Council ("FRC") in September 2014. The Code can be found on the FRC website (www.frc.org.uk). Further explanation of how both the main provisions and the supporting provisions have been applied is set out below.

Please see the Audit Committee Report for a description of the main features of the internal control process and the risk management system in relation to the financial reporting process adopted by the Group. The disclosure of information on significant shareholdings in the Company is shown in the Directors' Report.

Under the Code the Directors are required to assess the viability of the Group: the Directors have reviewed the budgets, projected cash flows, principal risks and other relevant information for a period of 18 months from the balance sheet date. 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 and to meet its liabilities as they fall due. The Directors consider that a period of 18 months is appropriate as the assumptions made in the review about market conditions are expected to remain valid over this period. The Directors have also carried out a robust assessment of the principal risks facing the Group as documented in the Report on Risk Management on pages 9 to 13.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

The Group consolidated accounts are prepared by the Group Financial Controller and are reviewed by the Chief Executive. The review includes a detailed inspection of the accounts of all the constituent Companies that comprise the Group along with the relevant consolidation adjustments and journals.

The Directors confirm that the Group was compliant with all relevant provisions of Sections A to E of the Code throughout the accounting period and up to the date of the Directors' Report except in the following areas:

- The Board has not set out a division of responsibilities between the Chairman and the CEO in accordance with paragraph A.2.1 of the Code. Both the Chairman and CEO are executive officers. The division of responsibilities is clearly understood but is not written down. For a company of this size this is deemed to be acceptable.
- At the year-end the Company has four Executive Directors and one Non-executive Director and therefore does not comply with paragraph B.1.2 of the Code in respect of the Board comprising at least two independent Non-executive Directors. The Non-executive Director is not deemed to be independent under the provisions of paragraph B.1.1 of the Code as he is a significant shareholder and a previous chairman of the Company. However, the Executive Directors consider that the Non-executive Director is of sufficient character and independence to challenge the opinions of the Executive Directors whilst, at the same time, providing a valuable contribution to the strategic direction of the Company. The Directors consider that failure to comply with the Code in this respect poses no significant additional risk for shareholders and has no plans to comply with these provisions in the short term.

- The Company has not appointed a senior independent director and therefore the Company does not comply with part of paragraphs A.4.1 and E.1.1 of the Code. The Directors do not consider this is to be necessary in a company of this size and complexity. The Directors consider that failure to comply with the Code in this respect poses no significant additional risk for shareholders and has no plans to comply with this provision in the short term.
- The Company's Audit Committee currently comprises the Chairman 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 Directors consider that failure to comply with the Code in this respect poses no significant additional risk for shareholders and has no plans to comply with the provision in the short term.
- The Company's Remuneration Committee does not consist exclusively of Non-executive Directors and therefore does not comply with paragraph D.2.1. The Directors consider that the current structure of the Committee is more appropriate for assessing individual Directors' contribution and remuneration. The Directors consider that failure to comply with the Code in this respect poses no significant additional risk for shareholders and has no plans to comply with the provision in the short term.
- The Company's Nominations Committee does not comprise a majority of Non-executive directors and therefore does not comply with paragraph B.2.1 .The Directors do not consider that failure to comply with the Code in this respect poses any additional significant risk for shareholders and has no plans to comply with this provision.

Composition and operation of the Board of Directors

As at 30 September 2015 the Board consisted of the Executive Chairman, the Chief Executive, two other Executive Directors and one Non-executive Director.

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.

Scheduled Board meetings take place on a quarterly basis with further ad hoc meetings arranged as necessary. 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**
Total meetings held	**6**	**4**	**1**
K A Ritchie	6	4	1
D A Ruffell	6	-	1
T N Anderson	6	-	-
N C Howlett	6	-	-
C S Jarvis - left 31 March 2015	2	-	-
J N Anderson	6	4	-

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 Nominations Committee for endorsement by the Board as a whole.

Any Director appointed during the year is required, under the provisions of the 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 Code. The Non-executive Director will seek re-election at each Annual General Meeting.

Corporate Governance Report (continued)

The Directors who retire by rotation are Mr Keith Archibald Ritchie, Mr David Alan Ruffell and Mr John Neil Anderson. All three Directors, being eligible, offer themselves for re-election:

- Keith Ritchie joined Titon in April 2012 and became Executive Chairman as of 1st July 2012. Prior to that he was a Non-executive Director of Titon between February 2005 and June 2009. Keith is a member of the Institute of Accountants in England and Wales and has had a long career in the City of London working for a number of financial institutions including Bank of America Merrill Lynch and Deutsche Bank.
- David Ruffell joined Titon in 1988 at the time of its flotation on the Unlisted Securities Market. He was appointed Finance Director of Titon Hardware Limited in 1993 and joined the Titon Holdings Board in 1997 as Group Finance Director. He was appointed Group Chief Executive in 2002.
- Mr John Anderson aged 72 founded the Company in 1972 and was its Chairman until 2012 when he became a Non-executive Director. He holds the Chair of the Remuneration Committee and the Nominations Committee. He has a service contract which expires on 31 July 2016.

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 any weekday (excluding public holidays), and will be available at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting. All Executive Directors are subject to annual appraisals of their performance and membership of relevant board committees, as appropriate, during the financial year.

The Remuneration Committee

The Remuneration Committee Report is set out on pages 20 to 23. The Remuneration Committee's terms of reference, established by the Board, are to:

- Determine and to keep under review the Group's policy on remuneration.
- Determine the basic salaries and non-cash emoluments payable to all Executive Directors, including Executive Directors of subsidiary Group companies, giving due consideration to individual responsibility and performance and to salaries paid to Executive Directors of similar companies in comparable business sectors.
- Select the performance targets for the Executive Directors' bonus arrangements.
- Select the performance conditions relating to the Group's Share Option Schemes. Such performance conditions to be aimed to align Directors' interests to shareholder value.
- Make recommendations to the Board of Directors on other matters relating to remuneration in the Group.
- Prepare an annual report on remuneration to the Company's shareholders for approval by the Board for submission to a vote of shareholders at the Company's Annual General Meeting and to advise the Board if it believes that, in any year, there are particular matters relating to remuneration which should be put to the Company's shareholders.

Communications with shareholders

The Board recognises the importance of communications with shareholders. The Strategic Report on pages 5 to 8 gives a detailed review of the business, and there is regular dialogue with institutional shareholders at the time of the Group's preliminary announcement of the year end results and at the half year.

The Group's results and other announcements are published on the London Stock Exchange RNS service and on the Company's website.

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

Nominations Committee

The Nominations Committee comprises the Deputy Chairman and the Chairman. It is responsible for proposing candidates as Directors of Titon Holdings Plc for endorsement by the Board. The selection of suitable candidates will be based on the suitability of the person for the position regardless of age, ethnicity or gender. Candidates may be either internal or external and executive search consultants may be used in the process. The Nominations Committee has not met during the year as no appointments to the Board have been required.

The Corporate Governance Report was approved by the Board on 18 December 2015 and signed on its behalf by:

KA Ritchie

Chairman

Audit Committee Report

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.

Composition of the Audit Committee

The Audit Committee is appointed by the Board for a period of three years and comprises Mr K A Ritchie ACA and Mr D A Ruffell ACMA both of whom have financial experience.

Role of the Audit Committee

The Audit Committee operates within defined terms of reference and its main functions are:

- To monitor the internal financial control and risk management systems on which the Group is reliant.
- To consider whether there is a need for the Group to have its own internal audit function.
- 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.
- To review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matter.
- To meet the independent Auditor of the Group to review their proposed audit programme of work and the subsequent Audit Report and to assess the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work.
- To make recommendations to the Board in relation to the appointment, re-appointment or removal of the Auditor, and to negotiate their remuneration and terms of engagement on audit and non-audit work.
- To monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification.

Review of financial statements and risks identified

Financial statements issued by the Company need to be fair, balanced and understandable. The Audit Committee reviews the Annual Report as a whole and makes recommendations to the Board. The Committee is aware that several sections of the Annual Accounts are not subject to formal statutory audit, including the Strategic Report. Financial information in these sections is reviewed by the Committee, and subject to a review by the Auditors.

The Company's half-yearly report is reviewed by the Audit Committee prior to publication. The Audit Committee assesses annually whether it is appropriate to prepare the Group's financial statements on a going concern basis, and makes its recommendation to the Board. The Board's conclusions are set out in the Directors' Report.

In planning its own work, and reviewing the audit plan of the Auditors, the Audit Committee takes account of the most significant issues and risks, both operational and financial, likely to impact on the Group's financial statements.

The Committee considers that revenue recognition is a significant area of risk to accurate financial reporting and ensures that necessary credit note provisions and business rebate provisions are made. In relation to activities in Korea, revenues are only recognised once the customer has accepted the successful inclusion of our products into buildings rather than the delivery of product from our factory.

The carrying value of the Group's assets is an area where the Committee places great emphasis. In particular, calculating the carrying value for the Group's inventory is a significant risk factor as the Group has a wide range of product lines that fluctuate regularly in terms of their sales volumes. Consequently, every product line is assessed at the year end to ensure that adequate provisions for obsolescence are made.

A further significant risk considered by the Committee is the Group's investment in its Korean business and in particular the accuracy of accounting information. The Committee considers that regular trips to Korea by senior management combined with the detailed monthly reporting process that is in place are sufficient to monitor this risk.

Internal audit

The Board believes that due to the size of the business there is currently no requirement for an Internal Audit function. This matter is reviewed annually.

Audit Committee Report (continued)

Internal control

The respective responsibilities of the Directors in connection with the financial statements are set out on pages 16 and 17, and those of the Auditors are detailed in the Independent Auditors' Report on page 33.

The Audit Committee is responsible for ensuring that suitable internal controls systems to prevent and detect fraud and error are designed and is also responsible for reviewing the effectiveness of such controls. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in line with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, published in September 2014 and the FRC's Guidance on Audit Committees published in September 2012. This process has been in place for the year under review and up to the date of approval of this report, and accords with the guidance. In particular, the Committee has reviewed and updated the process for identifying and evaluating the significant risks affecting the Group and policies by which these risks are managed. The risks of any failure of such controls are identified in a Risk Matrix (set out in the Risk Management Report on pages 9 to 13) which is regularly reviewed by the Board and which identifies the likelihood and severity of the impact of such risks and the controls in place to mitigate the probability of such risks occurring.

Internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed. They do not eliminate the risk of failure to achieve business objectives. The following are the key components which the Group has in place to provide effective internal control:

- 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 principal aspects of the Group's internal control processes used in preparing the Group's consolidated accounts include second reviews of consolidation workings and Board review of the composition of the Group's financial information.

The Directors acknowledge that they are responsible for establishing and maintaining the Group's system of internal control and risk management and reviewing their effectiveness, which they have done during the year. 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 within the UK Corporate Governance Code (September 2014). Appropriate risk monitoring systems have been in place throughout the year and up to the date of approval of the Annual Report and have been regularly reviewed by the Board. The Report on Risk Management sets out the principal risks identified by the Directors, the potential impact and the mitigants that apply. No significant weaknesses have been identified in this report by the Directors during the year.

The Company has a shareholding in an associate company. Controls within this entity may not be reviewed as part of the Company's formal processes due to the local delegation of managerial responsibilities, but instead are reviewed as part of the normal management process.

External audit process

The Audit Committee meets at least twice a year with the Auditor. The Auditor provides a planning report in advance of the annual audit and a report on the annual audit. The Committee has an opportunity to question and challenge the Auditor in respect of each of these reports.

After each audit, the Audit Committee reviews the audit process and considers its effectiveness.

Auditor assessment and independence

The Group's external Auditor is BDO LLP, who has been the Group's auditor since 2006. During 2015 the Audit Committee conducted a full review of the services provided by the Auditor, and the related fees, and concluded that there was no need, at this stage, to conduct a competitive tender. However, the Committee is mindful of the latest Corporate Governance provisions relating to auditor tenure, and will keep this matter under consideration even though it does not apply to smaller companies. Accordingly, the Audit Committee recommends that BDO should be re-appointed as the Group's auditor for the next financial year.

The Committee also reviewed BDO's independence policies and procedures including quality assurance procedures. It was considered that those policies and procedures remained fit for purpose. The fees for audit services for the year were £54,000 (2014: £50,000).

The Audit Committee has approved and implemented a policy on the engagement of the auditor to supply non-audit services, taking into account the recommendations of the Accounting Practices Board and does not believe there to be any impediment to the Auditor's objectivity and independence. All non-audit work to be carried out by the Auditor must be approved by the Audit Committee in advance. The cost of non-audit services provided by the Auditor for the financial year ended 30 September 2015 was £4,000 (2014: £9,000) in relation to tax compliance services. The fees for non-audit services are considered not material in the context of the accounts as a whole.

The Audit Committee is satisfied that BDO remains independent. The Committee confirms that the non-audit work undertaken by the Company's Auditor satisfies and does not compromise the tests of the Auditor's independence, objectivity, effectiveness, resources and qualification. The costs of these services are considered by the Committee to be proportionate in relation to the fees for audit services.

K A Ritchie

Audit Committee Chairman

18 December 2015

Independent Auditor's Report to the members of Titon Holdings PLC

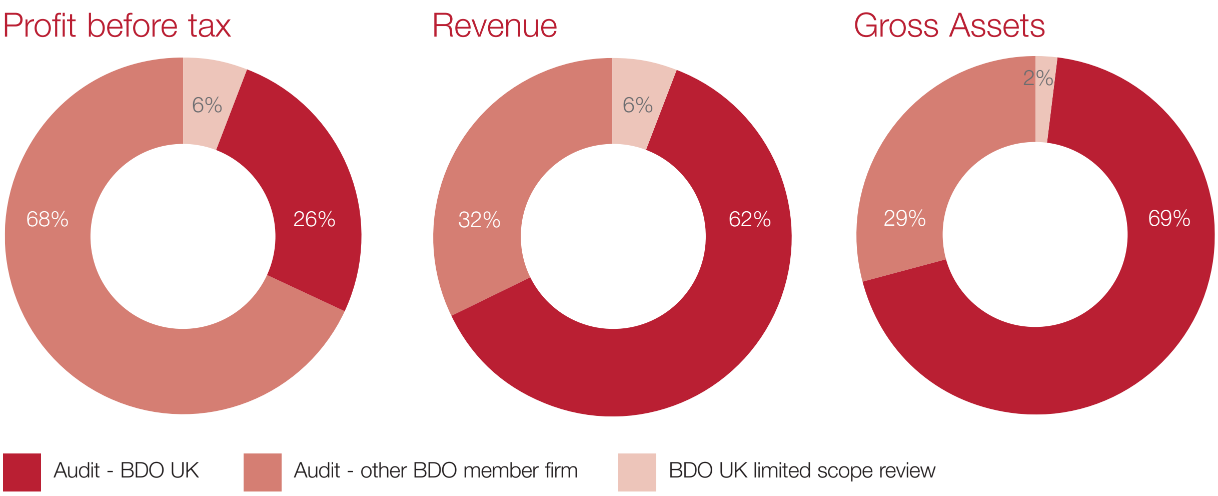
In our opinion:

- The financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2015 and the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the group financial statements of Titon Holdings plc for the year ended 30 September 2015 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes and the Company Balance Sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

An overview of the scope of our audit

The group conducts its operations principally within two main geographical regions, being Europe, through its subsidiary Titon Hardware Ltd, and South East Asia, through its subsidiary Titon Korea Co. Ltd. Titon Korea Co. Ltd. sells only to the group's associate, Browntech Sales Co. Ltd, which distributes the group's product to third parties, predominantly in South Korea. On the basis of its contribution to financial performance of the group during the year, we did not assess the contribution of Titon Inc., based in the United States of America, to be significant to our group audit. This determination was made on the basis of our review of key financial metrics, which are shown below.



Our group audit strategy involved the conduct of an audit to component-specific materiality in respect of each of Titon Hardware Ltd and the group's Korean investments, Titon Korea Co. Ltd and Browntech Sales Co. Ltd. In relation to Titon Korea Co. Ltd and Browntech Sales Co. Ltd, we were involved in planning the audit, in particular with regard to risk assessment and component materiality, and reviewing the significant areas of the audit. On the basis of this information we then discussed certain key matters further with the component auditor and group management.

Those discussions took place remotely from the UK as well as through my visit to the group's Korean operations where, with local management and the component auditor, I participated in the discussion of component audit findings in my capacity as group audit engagement partner. Those discussions included, but were not limited to, those matters we assessed as being significant risks in the context of the group audit.

The audit of the consolidation was undertaken, along with the audit of the Company and Titon Hardware Ltd, at the Company's head office near Colchester, Essex and at the Company's production facilities in Haverhill, Suffolk.

Our assessment of risks of material misstatement

Whilst we planned and conducted our audit so as to identify material misstatement in any area, we identified certain areas in which the risk of material misstatement was higher than in other areas and as such, in our judgment, required special audit consideration. These areas, together with our approach in respect of each, are set out below. We included these areas of focus in our discussions with the Group's Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on page 27.

The following risks had the greatest impact on our audit strategy and scope:

Inventory: valuation
We identified the group's inventory balance as carrying a heightened risk of material misstatement due to its size in the context of other assets and the potential for management judgements to affect the valuation of the inventory. Those judgements present themselves in two key areas: firstly, in the level of obsolescence provision recorded and secondly, through the apportionment of costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

As part of our audit of obsolescence provisioning, we performed retrospective analysis to confirm that the approach management uses, which is based on an analysis of historic sales volumes and current stock levels, is a reliable indicator of the future cost of carrying forward specific lines of inventory. Furthermore, we inspected inventory at our physical inventory observations to ascertain whether additional provisions should be made; we obtained explanations for certain adjustments made by management to the calculated provision to take into account known specific factors affecting expected future usage and we took in to account our findings from the procedures we conducted to verify the selling price of individual lines of inventory.

In our audit of apportionment of overhead costs, we obtained management's calculations of absorption rates and assessed the suitability of these rates over time in the light of production throughput and considered their overall suitability for apportioning costs. We also evaluated the type of costs which management had apportioned to the cost of inventory, and considered whether these were permissible under IAS 2 Inventories.

Revenue recognition
During our assessment of audit risk, we evaluated revenue recognition as a significant risk of material misstatement due to its prominence in the financial statements and some of the actual or potential complexities. Those complexities include the accounting for items which the group deducts from revenue (such as credit note accruals, warranty cost provisions or rebates) as well as the timing of revenue recognition at overseas components.

The application of the group's revenue recognition policy differs between the UK and the Korean components because of differences in how the group and its associate, as a supplier, engages with other entities in the construction supply chain. In Korea, the usual practice is for suppliers to contract with the construction contractor, whereas in Europe, sales are made to window manufacturers.

In respect of both the UK and the Korean components, we analysed the point of transfer of the risks and rewards of inventory ownership and we gained an understanding of management judgements affecting reported revenues regarding the cost of future warranty obligations originating from sales made during the year, rebates to which customers are contractually or constructively entitled and provisions for sales credits.

At Titon Korea Co. Ltd, which sells to the Group's equity-accounted associate, we evaluated the substance of the arrangements in the supply chain in which the group participates, the point of transfer of risk and beneficial ownership of the goods during the supply and installation process, and the importance of final acceptance procedures by the customers. We also assessed warranty provisions affecting revenues by comparing the amounts provided to claim experience.

Independent Auditor's Report (continued)

In Titon Hardware Ltd, a broader range of judgements exists by virtue of the more diverse customer base. In addition to our analysis of warranty, rebate and credit note provisions, in the light of prior experience and external evidence obtained, we also examined sales of goods recorded around the year end to determine whether revenue had been recorded in the appropriate period by reference to the point of transfer of the risks and rewards of ownership of the related inventory.

Our application of materiality

We set certain thresholds for materiality to enable us to identify those balances and amounts in the financial statements which may have a greater impact on decision-making by the users of the accounts. A materiality threshold also enables us to assess the significance of identified misstatements both individually and in aggregate.

During the planning of our audit, we decided to change the basis for our materiality threshold from that which we adopted in the prior year, moving to a profit-before tax basis from a turnover basis. This led to a 22% reduction in our materiality, which was ultimately set at £150,000, being 8 percent of the group's profit before tax. We believe this to be a more appropriate basis in the context of a more established profitability in the group as a whole and the increasing distribution of profit to shareholders.

We then applied both a measure of performance materiality and component materiality to our group audit, to ensure that our audit appropriately guarded against the risks that errors, when aggregated both within a component and within the group, are material to the financial statements. The component performance materiality thresholds we applied ranged from £37,000 at Titon Korea and Browntech Sales Co. to £103,000 at Titon Hardware.

We reported all misstatements we had identified which were greater than £3,000 to the Audit Committee as well as qualitative matters, such as disclosure misstatements.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Matters on which we are required to report by exception (continued)

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statements, set out on page 17, in relation to going concern and, on page 24, in relation to longer-term viability; and
- the part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Gary Hanson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor

London
United Kingdom
18 December 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement

for the year ended 30 September 2015

	Note	2015 £'000	2014 £'000
Revenue	3	**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	5	**9**	5
Share of profits from associate	13	**298**	188
Profit before tax	6	**1,869**	1,333
Income tax expense	7	**(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	9	**12.60p**	8.52p
Diluted	9	**12.27p**	8.36p

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2015

	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

The notes on pages 38 to 61 form part of these financial statements.

Consolidated Statement of Financial Position

at 30 September 2015

	Note	2015 £'000	2014 £'000
Assets			
Property, plant and equipment	10	**3,218**	3,169
Intangible assets	11	**623**	661
Investments in associates	13	**796**	498
Deferred tax	16	**83**	46
Total non-current assets		**4,720**	4,374
Inventories	14	**3,786**	3,479
Trade and other receivables	15	**4,992**	4,589
Cash and cash equivalents	19	**2,870**	2,149
Total current assets		**11,648**	10,217
Total Assets		**16,368**	14,591
Liabilities			
Deferred tax	16	**19**	19
Total non-current liabilities		**19**	19
Trade and other payables	17	**4,131**	3,732
Corporation tax		**125**	162
Total current liabilities		**4,256**	3,894
Total Liabilities		**4,275**	3,913
Equity			
Share capital	18	**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

The notes on pages 38 to 61 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board on 18 December 2015 and signed on its behalf by:

K A Ritchie
Chairman

Consolidated Statement of Changes in Equity

at 30 September 2015

	Share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Translation reserve £'000	Treasury shares £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'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**

The notes on pages 38 to 61 form part of these financial statements.

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	Amounts transferred from share capital on redemption of issued shares
Treasury shares	Weighted average cost of own shares held in Treasury
Translation reserve	Cumulative gains/losses arising on retranslating the net assets of overseas operations into Sterling
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere

Consolidated Statement of Cash Flows

for the year ended 30 September 2015

Cash generated from operating activities	Note	2015 £'000	2014 £'000
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	22	**721**	33
Cash & cash equivalents at beginning of the year		**2,149**	2,116
Cash & cash equivalents at end of the year	19, 22	**2,870**	2,149

The notes on pages 38 to 61 form part of these financial statements.

Notes to the Consolidated Financial Statements
at 30 September 2015

General information

The consolidated financial statements of the Group for the year ended 30 September 2015 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 Strategic Report on page 5. The consolidated financial statements were authorised for release on 18 December 2015.

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 2006 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 62 to 67.

During the period, the following new standards, amendments and interpretations to existing standards were published. None had an impact on the reported result of the Group.

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:

- IFRS 10 Consolidated Financial Statements - establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities.
- IFRS 11 Joint Arrangements - the principle in IFRS 11 is that a party to a joint arrangement recognises its rights and obligations arising from the arrangement rather than focusing on the legal form.
- IFRS 12 Disclosure of Interests in Other Entities - includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- IAS 27 Separate Financial Statements - contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with the applicable financial instruments standard (i.e. IAS 39 or IFRS 9).
- IAS 28 Investments in Associates and Joint Ventures – the standard now includes the required accounting for joint ventures as well as the definition and required accounting for associates.
- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities - the amendments provide an exception from the requirements for a qualifying entity to consolidate investees and, instead, requires them to present their investments in subsidiaries as a net investment that is measured at fair value. The exception means that entities will be able to measure all investments at fair value using the requirements in IFRS.
- Transition Guidance Amendments to IFRS 10 Consolidated-Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments clarify the transition and also provide additional transition relief, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities - this amendment to IAS 32 seeks to clarify rather than to change the off-setting requirements previously set out in IAS 32.
- Amendments to IAS 36 Recoverable Amounts Disclosures for Non-financial Assets - this narrow-scope amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

i New IFRS standards applied by the Group (continued)

- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – this narrow scope amendment to IAS 39 will allow hedge accounting to continue, if specific conditions are met, in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect the clearing with a central counterparty as a result of laws or regulation.
- IFRIC 21 Levies. This is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets on the accounting for levies imposed by governments. The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

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. With the exception of IFRSs 9 and 15, where the Group is still assessing the possible future effect of these Standards, the Group does not currently believe the adoption of these standards or interpretations would have a material impact on the consolidated results or financial position of the Group.

	Effective date (periods beginning)
• Annual Improvements to IFRSs 2010-2012 Cycle. These amendments affect the following IFRSs - IFRS 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets.	1 February 2015
• Annual Improvements to IFRSs 2011-2013 Cycle. These amendments affect the following IFRSs: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property.	1 January 2015
• Accounting for Acquisitions of Interests in Joint Operations: Amendments to IFRS 11. The amendments require the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in IFRS 11. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations.	1 January 2016
• Clarification of Acceptable Methods of Depreciation and Amortisation: Amendments to IAS 16 and IAS 38. The amendment to IAS 16 clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.	1 January 2016
• Agriculture: Bearer Plants: Amendments to IAS 16 and IAS 41. The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms.	1 January 2016
• Equity Method in Separate Financial Statements (Amendments to IAS 27). The amendments introduce an option for an entity to account for its investments in subsidiaries, joint ventures, and associates using the equity method in its separate financial statements. The accounting approach that is selected is required to be applied for each category of investment.	1 January 2016
• Annual Improvements to IFRSs (2012–2014 Cycle). These amendments affect the following IFRSs: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Prospective application), IFRS 7 Financial Instruments: Disclosures (Retrospective application), IAS 19 Employee Benefits (Beginning of earliest period presented), IAS 34 Interim Financial Reporting (Retrospective application).	1 January 2016
• Disclosure Initiative: Amendments to IAS 1. The IASB has issued amendments to IAS 1 Presentation of Financial Statements as part of an initiative to improve presentation and disclosure in financial reports.	1 January 2016
• Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The narrow-scope amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures introduce clarifications to the requirements when accounting for investment entities.	1 January 2016

Notes to the Consolidated Financial Statements
at 30 September 2015

1 Summary of significant accounting policies (continued)

	Effective date (periods beginning)
• IFRS 15 Revenue from Contracts with Customers. IFRS 15 is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. IFRS 15 supersedes: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue-Barter Transactions Involving Advertising Services. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	1 January 2018
• IFRS 9 Financial Instruments. This IFRS replaces IAS 39 Financial Instruments: Recognition and Measurement in its entirety and uses a single approach to determine whether a financial asset is measured at amortised cost or fair value.	1 January 2018

(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 2015. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

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

Non-controlling Interests

A non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests at the end of reporting period represent the non-controlling shareholders' portion of the fair values of the identifiable assets and liabilities of the subsidiary at the acquisition date and the non-controlling interests' portion of movements in equity since the date of the combination. Non-controlling interest is presented within equity, separately from the parent's shareholders' equity.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in deficit balance.

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 investors' 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 (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 and presentational currency of the 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 other comprehensive income.

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.

More than 95% of 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 less accumulated depreciation.

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 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 33.3% 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

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see accounting policy (h)). Amortisation is charged to Administrative Expenses within the Consolidated Income Statement.

i Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition and subject to annual impairment testing. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill associated with the acquisition of associates is included within the investment in associates.

Goodwill is not subject to amortisation, but is tested for impairment annually. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

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 all of the following can be demonstrated:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- there is an intention to complete the intangible asset and use or sell it;
- an ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are amortised using the straight line method over their remaining estimated useful lives from the date that the products are available for sale to customers, which is normally between 3 and 5 years. The remaining useful lives of such development assets are assessed by the Directors annually.

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

iii Computer software

Costs incurred on the acquisition of computer software are capitalised if they meet the recognition criteria of IAS 38 as described above. Computer software costs recognised as assets are written off over their estimated useful lives, which is normally between 3 and 10 years.

iv Other intangible assets

Other intangible assets arising on business combinations, including patents, are recorded at fair value at the date of acquisition. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives, which is normally 5 years. The remaining useful lives of such assets are assessed by the Directors annually.

v 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.

1 Summary of significant accounting policies (continued)

(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 inventories. The charge is reviewed at each balance sheet date.

(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

Other than in respect of goodwill, 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 asset's 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

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 Retained Earnings 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 24 to the financial statements.

The fair value of the options is 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.

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.

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 is derived principally from the sale of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, settlement discounts, rebates and warranty costs and value added tax. A sale is usually recognised when the significant risks and rewards of ownership have passed to the customer, which is upon the transport of the goods from the company's premises or depending on local contractual arrangements and practices, upon customer acceptance of goods.

(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.

Current tax

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

Deferred tax

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

Temporary differences are not provided on goodwill that is not deductible for tax purposes or on 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

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

1 Summary of significant accounting policies (continued)

(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.

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, and if the revised present value of cash flows is not significantly different from the carrying amount, no impairment is recorded

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

(q) Financial liabilities

The Group holds only one class of financial liabilities, namely trade payables. Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost.

(r) Business combinations

The consolidated financial statements incorporate the results of business using the purchase method. In the consolidated balance sheet, the Group's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The Group's share of the results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

(s) Treasury shares

Consideration paid or received for the purchase or sale of treasury shares is recognised directly in Equity, see page 36. The cost of treasury shares held is presented as a separate item ("Treasury shares"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is reflected in share premium.

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 14 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.

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).

Impairment of assets

Investments, property, plant and equipment and intangible assets 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), 10 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 24. 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

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 page.

3 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**
Unallocated expenses				
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: Investments in associates	796	-	-	796
Additions to non-current assets (other than financial instruments and deferred tax assets)	527	99	-	626

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

Sales to 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 (see Note 25 - Related party transactions).

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	Europe	USA	South East Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
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

Business segment **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**
Unallocated expenses				
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: Investments in associates	498	-	-	498
Additions to non-current assets (other than financial instruments and deferred tax assets)	345	40	1	386

The South Korea Segment profit includes the Group's share of 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	Europe	USA	South East Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
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

3 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 £'000	2014 £'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

4 Directors and employees

Staff costs, including Directors, were as follows:	**2015 £'000**	2014 £'000
Wages and salaries	**5,191**	4,584
Employer's social security costs and similar taxes	**478**	415
Defined contribution pension cost	**268**	282
Share based payment expense – equity settled	**52**	53
	5,989	5,334

The average monthly number of employees during the year was as follows:	**Number**	Number
Manufacturing	**148**	125
Sales, marketing and administration	**67**	64
	215	189

Details of Directors' emoluments, pension contributions and interests in share options are given in the Directors' Remuneration Report set out on pages 20 to 23.

5 Finance income

	2015 £'000	2014 £'000
Bank interest receivable on short term deposits	**9**	5

6 Profit before tax

This is arrived at after charging/(crediting):		2015 £'000	2014 £'000
Depreciation of property, plant and equipment		**403**	418
Amortisation of intangible assets		**163**	146
Research and development expenditure written off		**535**	401
Operating lease rentals - land and buildings		**107**	109
Operating lease rentals - vehicles and plant & equipment		**133**	112
Foreign exchange gains		**(35)**	(1)
Share based payment expense		**52**	53
Profit on disposal of fixed assets		**(4)**	(15)
Auditors' remuneration	- for the audit of these accounts	**17**	20
	- for the audit of those accounts of the company's subsidiaries	**33**	30
	- for tax compliance services	**4**	7
	- for other non-audit services	**-**	2
	- for the audit of the accounts of the Group's associate	**6**	6

7 Tax (expense) / credit

	Note	2015 £'000	2014 £'000
Current income tax:			
Corporation tax expense		**(208)**	(189)
Adjustment in respect of prior years		**11**	1
		(197)	(188)
Deferred tax:			
Origination and reversal of temporary differences	16	**37**	132
Adjustment in respect of prior years		**-**	-
		37	132
Income tax expense		**(160)**	(56)

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

	2015	2014
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)

The tax rate in the United Kingdom, being the primary economic environment in which the Group conducts its business, reduced from 21% to 20% on 1 April 2015.

Notes to the Consolidated Financial Statements
at 30 September 2015

8 Dividends

	2015 £'000	2014 £'000
Final 2014 dividend of 1.5 pence (2013: 1.0 pence) per ordinary share paid and proposed 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
	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.

9 Earnings per ordinary share

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

	2015 £'000	2014 £'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
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
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**10,863,888**	10,752,689
Earnings per share (pence)		
Basic	**12.60p**	8.52p
Diluted	**12.27p**	8.36p

The total number of options in issue is also disclosed in note 24.

10 Property, plant and equipment

	Freehold land and buildings	Improvements to leasehold property	Plant and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2013	3,453	53	7,020	336	10,862
Additions	-	-	230	60	290
Disposals	-	-	(206)	(66)	(272)
At 1 October 2014	3,453	53	7,044	330	10,880
Additions	2	-	419	77	498
Disposals	-	-	(94)	(97)	(191)
At 30 September 2015	**3,455**	**53**	**7,369**	**310**	**11,187**
Depreciation					
At 1 October 2013	1,105	53	6,180	226	7,564
Charge for the year	64	-	291	64	419
Disposals	-	-	(206)	(66)	(272)
At 1 October 2014	1,169	53	6,265	224	7,711
Charge of the year	65	-	284	54	403
Disposals	-	-	(68)	(77)	(145)
At 30 September 2015	**1,234**	**53**	**6,481**	**201**	**7,969**
Net book value at 30 September 2015	**2,221**	**-**	**888**	**109**	**3,218**
At 30 September 2014	2,284	-	779	106	3,169

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 2015, the Group had entered into contractual commitments for the acquisition of plant and equipment amounting to £178,000 (2014: £40,000).

11 Intangible assets

	Computer software	Development costs (Internally generated)	Goodwill	Patents	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2013	725	390	78	246	1,439
Additions	17	78	-	1	96
Disposals	(13)	-	-	-	(13)
At 1 October 2014	729	468	78	247	1,522
Additions	44	84	-	-	128
Disposals	(88)	(2)	-	-	(90)
At 30 September 2015	**685**	**550**	**78**	**247**	**1,560**
Amortisation					
At 1 October 2013	254	236	-	239	729
Charge for the year	59	85	-	1	145
Disposals	(13)	-	-	-	(13)
At 1 October 2014	300	321	-	240	861
Charge for the year	75	83	-	6	164
Disposals	(88)	-	-	-	(88)
At 30 September 2015	**287**	**404**	**-**	**246**	**937**
Net book value at 30 September 2015	**398**	**146**	**78**	**1**	**623**
At 30 September 2014	429	147	78	7	661

All assets have an average useful economic life of 4.8 years (2014: 5.1 years) except for Goodwill which has an indefinite useful economic life.

Included within Computer Software is the Group's Enterprise Resource Planning software system which has a carrying value of £346,000 at 30 September 2015 (2014: £397,000) and a remaining amortisation period of 7 years (2014: 8 years).

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 intangible assets at the balance sheet date.

12 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.

13 Associates

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

Name of associate	Principal activity	Country of incorporation	Proportion of voting rights held at 30 September 2014 and 2015
Browntech Sales Co. Ltd	Sales of window ventilators	South Korea	49%

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

The aggregated amounts relating to associates are as follows:

As at 30 September	**2015 £'000**	2014 £'000
Current assets	**3,605**	2,169
Non-current assets	**133**	178
Current liabilities	**2,383**	1,519
Non-current liabilities	**-**	-

For the year ended 30 September	**2015 £'000**	2014 £'000
Revenue	**10,412**	8,143
Profit after tax	**645**	423

The associate Browntech Sales Co. Ltd has been included based on audited financial statements drawn up to for the year to 30 September 2015. Transactions between the associate and the Group are set out in note 25.

The Group's investment in the associate at 30 September 2015 includes £197,000 (2014: £197,000) of goodwill.

14 Inventories

	2015 £'000	2014 £'000
Raw materials and consumables	**1,152**	1,051
Work in progress	**109**	109
Finished goods and goods for resale	**2,525**	2,319
	3,786	3,479

No inventories (2014: £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 debit of £215,000 (2014: net debit of £188,000) to the Consolidated Income in relation to the inventory provisions. The movements in the inventory provisions are included within cost of sales in the Consolidated Income Statement.

The value of inventory that has been recognised in cost of sales over the year was £15,263,000 (2014: £13,051,000).

15 Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	**2,530**	2,510
Related parties receivables (see note 25)	**1,976**	1,885
Other receivables	**236**	117
Prepayments and accrued income	**250**	77
Total trade and other receivables	**4,992**	4,589

Other than the amounts due from related parties there were no significant concentrations of credit risk at either 30 September 2015 or 30 September 2014.

The average credit period taken on sale of goods by trade debtors is 65 days (2014: 64 days).

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, based on its age and likely recoverability, 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:	2015 £'000	2014 £'000
At the beginning of the year	**53**	79
Provision for receivables impairment	**73**	65
Receivables written off during the year as uncollectible	**(3)**	(72)
Unused amounts reversed	**(48)**	(19)
At the end of the year	**75**	53

As at 30 September 2015 trade receivables of £1,198,000 (2014: £1,312,000) 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:

	2015 £'000	2014 £'000
Up to 3 months	**1,176**	1,295
3 up to 6 months	**22**	17
	1,198	1,312

As at 30 September 2015 trade receivables of £75,000 (2014: £53,000) were past due and impaired. These relate to a number of customers. The ageing analysis of these receivables is as follows:

	2015 £'000	2014 £'000
Up to 3 months	**72**	49
3 up to 6 months	**3**	4
6 up to 12 months	**-**	-
	75	53

16 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2014: 20%). The movement on the deferred tax account is as shown below:

	Total deferred tax at 1 October 2014	Effect of rate change on opening balances	Credited / (expensed) to Income Statement	**Total deferred tax at 30 September 2015**	Asset 2015 UK	Liability 2015 Non-UK
	£'000s	£'000s	£'000s	**£'000s**	£'000s	£'000s
UK Accelerated capital allowances	(271)	-	14	**(257)**	(257)	-
UK other temporary and deductible differences	81	-	(42)	**39**	39	-
Non-UK other temporary & deductible differences	46	-	(65)	**(19)**	-	(19)
UK available losses	171	-	130	**301**	301	-
Total deferred tax	**27**	**-**	**37**	**64**	**83**	**(19)**

	Total deferred tax at 1 October 2013	Effect of rate change on opening balances	Credited to income Statement	**Total deferred tax at 30 September 2014**	Asset 2014 Non-UK	Liability 2014 UK
	£'000s	£'000s	£'000s	**£'000s**	£'000s	£'000s
UK Accelerated capital allowances	(358)	17	70	**(271)**	-	(271)
UK other temporary and deductible differences	52	(3)	32	**81**	-	81
Non-UK other temporary & deductible differences	22	-	24	**46**	46	-
UK available losses	179	(8)	-	**171**	-	171
Total deferred tax	**(105)**	**6**	**126**	**27**	**46**	**(19)**

There are no unrecognised deferred tax assets at 30 September 2015 (2014: unrecognised deferred tax assets, relating to temporary and deductible timing differences £101,000).

17 Trade and other payables - current

	2015 £'000	2014 £'000
Trade payables	**2,221**	2,250
Other payables	**427**	223
Other tax and social security taxes	**534**	513
Accruals	**949**	746
	4,131	3,732

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Year end trade creditors represent 46 days (2014: 49 days) average purchases. The contractual maturities of these liabilities are from 30 days up to approximately 100 days.

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

18 Share capital

	2015 £'000	2014 £'000
Authorised		
13,600,000 ordinary shares of 10p each	**1,360**	1,360

The Company's issued and fully paid ordinary shares of 10p during the year is:

	2015 Number	2015 £'000	2014 Number	2014 £'000
At the beginning of the year	**10,555,560**	**1,056**	10,555,650	1,056
Share options exercised during the year	**69,950**	**7**	-	-
At the end of the year	**10,625,600**	**1,063**	10,555,650	1,056

Treasury shares held by the Group	2015 Number	2015 £'000	2014 Number	2014 £'000
At the beginning of the year	**50,000**	**27**	-	-
Treasury shares purchased	**-**	**-**	50,000	27
At the end of the year	**50,000**	**27**	50,000	27

Treasury shares held by the Group were acquired in July 2014. The Group has no current plans to dispose of these.

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

Date granted	Exercise Price	Number of shares	Exercisable between		
18.05.06	91.0p	25,300	18.05.09	and	18.05.16
09.06.11	48.0p	170,000	09.06.14	and	09.06.21
03.01.13	24.5p	245,000	03.01.16	and	03.01.23
15.01.14	58.0p	320,000	15.01.17	and	15.01.24
05.01.15	67.0p	25,000	05.01.18	and	05.01.25
At 30 September 2015		**785,300**			
At 30 September 2014		859,700			

No share options were exercised between 30 September 2015 and 18 December 2015.

19 Cash and cash equivalents

Financial assets

The Group has floating rate financial assets which comprise treasury deposits, cash to finance its operations together with the retained profits generated by operating companies (refer to the 'Financial Assets' note on page 44 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.

The Group's floating rate financial assets (see below) at 30 September were:

Currency	**2015 £'000**	2014 £'000
Sterling	**2,177**	1,946
US Dollar	**476**	60
Euro	**102**	86
South Korean Won	**113**	55
Hong Kong Dollar	**2**	2
	2,870	2,149

The Sterling financial assets comprises cash held on current account as well as short term deposits with banks and had a weighted average interest rate of 0.3% (2014: 0.2%). The remainder comprise bank current accounts.

Financial liabilities

The Group had no floating rate financial liabilities at 30 September 2015 (2014: £nil). Any 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.

20 Financial instruments - risk management

The group is exposed through its operations to 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 page 15, and the Report on Risk Management on pages 9 to 13 describe 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 from previous periods unless otherwise stated in this note.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies 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 policies 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 on pages 27 and 28.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risks arise are trade receivables, cash at bank, bank overdrafts, trade and other payables and loans to related parties (see Notes 15, 17 and 19).

20 Financial instruments - risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer, associate company or 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 along with local business practices.

The Group's finance function has established a credit policy under which each new customer is analysed individually for credit-worthiness 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 an on-going basis. Customers that fail to meet the Group's benchmark credit-worthiness 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 "A" rating.

Quantitative disclosures of the credit risk exposure in relation to Trade and other receivables, which are neither past due nor impaired, are disclosed in note 15.

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 (see Note 17). To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of 90 days or longer. 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.

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 Sterling, US Dollar or South Korean Won) 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 South Korea. 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 Titon Inc.'s net assets and the long term nature of the Group's investment in Titon Korea.

More than 95% of sales from the Group's UK business are invoiced in Sterling. Purchases made by the UK business from seven overseas suppliers are invoiced to the Group in the local currency of that supplier.

20 Financial instruments - risk management (continued)

As of 30 September 2015 the Group's net exposure to foreign exchange risk was as follows:

Net foreign currency financial assets / (liabilities)	Euro 2015	US Dollar 2015	**Total 2015**
	£'000	£'000	**£'000**
Total net exposure	(120)	459	**339**

The effect of a 10% weakening of the Euro and the US Dollar against Sterling at the reporting date of 30 September 2015 on these denominated trade and other receivables and trade and other payables carried at that date would, had all other variables held constant, have resulted in a decrease in post-tax profit for the year and decrease of net assets of £31,000. A 10% strengthening in the exchange rate would, on the same basis, have increased post-tax profit and increased net assets by £34,000.

21 Leases

Operating leases

The Group leases its headquarters offices in Stanway, Essex on a tenant repairing lease basis. The Group has the option to renew the lease at its expiry in September 2016. The Group has tenancy of four factory unit leases in South Korea. Three tenancies end in February 2016 and the remaining tenancy in July 2018. The Group also leases cars as lessee under non-cancellable operating leases with various terms, escalation clauses and renewal rights.

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

Operating lease rentals payable within:	**2015 £'000**	2014 £'000
Not later than one year	**71**	16
Later than one year and not later than five years	**330**	333
	401	349

22 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 £'000	2014 £'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

23 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 17) are £18,000 (2014: £18,000).

24 Share-based payments

Equity settled share option schemes

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 March 2010. 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.

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:

	2015	**2015**	2014	2014
	Number of share options	**Weighted average exercise price (pence)**	Number of share options	Weighted average exercise price (pence)
Outstanding at beginning of year	**859,700**	**43.0p**	552,850	43.3p
Granted during the year	**25,000**	**67.0p**	320,000	58.0p
Exercised during the year	**(69,950)**	**48.0p**	-	-
Lapsed during the year	**(29,450)**	**99.3p**	(13,150)	91.0p
Outstanding at the end of the year	**785,300**	**46.7p**	859,700	48.0p

During the year 239,950 share options, included in the table above, met the conditions of exercise (2014: 239,950).

At the end of the year 170,000 share options met the conditions of exercise and have a weighted average exercise price of 48.0p (2014: 239,950 at 48.0p). The options outstanding at 30 September 2015 had a weighted average price of 46.7p (2014: 48.0p) and a weighted average remaining contractual life of 7.2 years (2014: 7.8 years).

The charge to the income statement for options granted was £52,000 (2014: £53,000) of which £27,000 was the charge made in respect of key management personnel (2014: £29,000).

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.

In the year to 30 September 2015, 25,000 share options were granted on 5 January 2015. The inputs used to calculate the fair value of share options granted were as follows:

	2015	2014
Number of share options granted during the year	**25,000**	320,000
Exercise price (pence)	**67.0p**	58.0p
Share price volatility (c)	**102%**	116%
Dividend yields (d)	**5.0%**	5.0%
Risk free rate of return (e)	**1.28%**	2.18%
Expected vesting level (f)	**95%**	90%

24 Share-based payments (continued)

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 the 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. 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.

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

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

f) The expected vesting level is based on the likelihood of exercise given the prevailing share price against the option exercise price.

25 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. Their remuneration is disclosed in the Remuneration Report on page 22 of this document.

Remuneration paid to key management personnel during the year was as follows:

	2015 £'000	2014 £'000
Directors' remuneration	**697**	574
Social security costs and similar taxes	**86**	63
	783	637

The Non-executive Director received a fee for his services to the Titon Holdings Plc Board as disclosed in the Directors' Remuneration Report.

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

	Sale of goods		Amount owed by related party	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'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.

Parent Company Balance Sheet

at 30 September 2015

Company No. 01604952

	Note	**2015 £'000**	2014 £'000
Fixed assets			
Tangible assets	4	**2,237**	2,315
Investments in subsidiaries and associates	5	**779**	776
		3,016	3,091
Current assets			
Debtors	6	**3,661**	3,637
Cash at bank and in hand		**1,592**	1,576
		5,253	5,213
Creditors: amounts falling due within one year	7	**(144)**	(67)
Net current assets		**5,109**	5,146
Total assets less current liabilities		**8,125**	8,237
Capital and reserves			
Called up share capital	9	**1,063**	1,056
Share premium account	10	**891**	865
Capital redemption reserve	10	**56**	56
Treasury shares	9	**(27)**	(27)
Profit and loss account	10	**6,142**	6,287
Shareholders' funds	10	**8,125**	8,237

The notes on pages 63 to 67 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board on 18 December 2015 and signed on its behalf by:

K A Ritchie
Chairman

Notes to Parent Company Financial Statements

at 30 September 2015

Titon Holdings Plc (the Company) is incorporated in the United Kingdom under the Companies Act 2006. The address and the registered office are given on page 73.

1 Significant accounting policies

a) Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. 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 29 ‘Financial Instruments- Disclosures’, not to disclose 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

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

Depreciation
Depreciation is provided to write off the cost of all tangible 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.

(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 24 of the Group Consolidated Financial Statements.

(e) Investments

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

(f) Dividends

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

Notes to Parent Company Financial Statements
at 30 September 2015

2 Profit for the year

As permitted by section 408(3) of the Companies Act 2006 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 2015 of £92,000 (2014: profit £4,000).

3 Dividends

	2015 £'000	2014 £'000
Final 2014 dividend of 1.50 pence (2013: 1.0 pence) per ordinary share paid and proposed during the year relating to the previous year's results	**157**	106
Interim dividend of 1.25 pence (2014: 1.0 pence) per ordinary share paid during the year	**132**	105
	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.

4 Tangible assets

	Freehold land and buildings	Motor vehicles	Total
Cost	£'000	£'000	£'000
At beginning of year	3,454	59	3,513
Additions	1	-	1
Disposals	-	-	-
At end of year	3,455	59	3,514
Depreciation			
At beginning of year	1,170	28	1,198
Charge for the year	64	15	79
Disposals	-	-	-
At end of year	1,234	43	1,277
Net book value at 30 September 2015	**2,221**	**16**	**2,237**
At 30 September 2014	2,284	31	2,315

5 Fixed asset investments

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

Name of subsidiary	Principal activity	Country of incorporation	Proportion of voting rights held at 30 September 2014 & 2015
Titon Hardware Ltd	Design, manufacture and marketing of window fittings and ventilators	England	100%
Titon Inc.	Distribution of Group products	USA	100%
Titon Korea Co. Ltd	Manufacture of window ventilators	South Korea	51%
Titon HK Holdings Ltd	Holding company	Hong Kong, China	100%
Titon Automation Ltd	Dormant company	England	100%
Titon Components Ltd	Dormant company	England	100%
Titon Developments Ltd	Dormant company	England	100%
Titon Investments Ltd	Dormant company	England	100%

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

Investment	2015 £'000	2014 £'000
At the beginning of the year	**551**	552
Investment in Titon HK Holdings Ltd	**3**	(1)
At the end of the year	**554**	551

The following entity met the definition of an associate company and has been equity accounted in the consolidated financial statements:

Name of associate	Principal activity	Country of incorporation	Proportion of voting rights held at 30 September 2014 & 2015
Browntech Sales Co. Ltd	Sales of window ventilators	South Korea	49%

Investment	2015 £'000	2014 £'000
At the beginning and end of the year	**225**	225

Notes to Parent Company Financial Statements
at 30 September 2015

6 Debtors

	2015 £'000	2014 £'000
Other debtors	**11**	9
Deferred tax (note 8)	**61**	-
Amounts owed by subsidiaries	**3,589**	3,628
	3,661	3,637

Amounts owed by subsidiaries are repayable on demand.

7 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Accruals and deferred income	**144**	67
	144	67

8 Deferred tax

Deferred tax is calculated in full on timing differences under the liability method using a tax rate of 20% (2014: 20%). The movement on the deferred tax account is as shown below:

	Accelerated capital allowances £'000
At the beginning of the year	**-**
Charge to the income statement	**61**
At the end of the year	**61**

9 Share capital

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

	2015 Number	2015 £'000	2014 Number	2014 £'000
At the beginning of the year	**10,555,650**	**1,056**	10,555,650	1,056
Share options exercised during the year	**69,950**	**7**	-	-
At the end of the year	**10,625,600**	**1,063**	10,555,650	1,056

9 Share capital (continued)

Treasury shares held by the Group	**2015 Number**	**2015 £'000**	2014 Number	2014 £'000
At the beginning of the year	**50,000**	**27**	-	-
Treasury shares purchased	**-**	**-**	50,000	27
At the end of the year	**50,000**	**27**	50,000	27

Treasury shares held by the Group were acquired in July 2014. The Group has no current plans to dispose of these.

10 Reconciliation of shareholders' funds and movements on reserves

	Share capital	Share premium reserve	Capital redemption reserve	Treasury shares	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2013	1,056	865	56	-	6,441	8,418
Profit for the year	-	-	-	-	4	4
Share-based payment expense	-	-	-	-	53	53
Dividends paid	-	-	-	-	(211)	(211)
Purchase of Treasury Shares	-	-	-	(27)	-	(27)
At 30 September 2014	1,056	865	56	(27)	6,287	8,237
Profit for the year	-	-	-	-	92	92
Share-based payment expense	-	-	-	-	52	52
Dividends paid	-	-	-	-	(289)	(289)
Ordinary shares issued	7	26	-	-	-	33
At 30 September 2015	**1,063**	**891**	**56**	**(27)**	**6,142**	**8,125**

Included within retained earnings is £111,000 of goodwill (2014: £111,000) arising on business combinations in prior years, and prior to the implementation of FRS 10.

11 Related party transactions

The Company has taken advantage of the exemption conferred by FRS 8 not to disclose transactions with wholly-owned members of the Group.

There have been no transactions with Browntech Sales Co. Ltd during the year other than any cash flows arising from the existing Equity and financing arrangements.

Five Year Summary

Summarised consolidated results

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Results					
Revenue	**22,258**	19,256	15,740	14,548	15,995
Gross profit	**5,978**	5,330	3,681	2,880	3,619
Operating profit / (loss)	**1,562**	1,140	230	(971)	5
Finance income	**9**	5	13	26	36
Share of profit / (losses) from associate	**298**	188	262	(39)	(7)
Profit / (loss) before tax	**1,869**	1,333	505	(984)	34
Income tax (expense) / credit	**(160)**	(56)	(29)	247	155
Profit / (loss) after tax	**1,709**	1,277	476	(737)	189
Dividends	**289**	211	158	211	237
Basic earnings / (loss) per share	**12.60p**	8.52p	2.87p	(6.83p)	1.62p
Assets Employed					
Property, plant & equipment	**3,218**	3,169	3,298	3,484	3,682
Net cash and cash equivalents	**2,870**	2,149	2,116	1,813	2,847
Net current assets	**7,392**	6,323	5,304	5,101	6,165
Financed by					
Shareholders' funds : all equity	**11,050**	9,996	9,213	9,066	9,981

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

Notice of Annual General Meeting

THIS INFORMATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares in Titon Holdings Plc, please forward this document and the accompanying documents to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Notice is hereby given that the Annual General Meeting of Titon Holdings Plc ("the Company") will be held at Titon's Head Office at International House, Peartree Road, Stanway, Colchester, Essex, CO3 0JL on 17 February 2016 at 11.00 a.m. for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which Resolutions 1 to 7 and 9 will be proposed as Ordinary Resolutions and of which Resolutions 8 and 10 will be proposed as Special Resolutions.

Explanatory notes in respect of the resolutions are set out on pages 18 to 19 of the Directors' Report which accompanies this Notice.

1. To receive and adopt the reports of the Directors and the Auditors and the audited accounts of the Company for the year ended 30 September 2015.

2. To declare a final dividend of 1.75p per ordinary share payable to shareholders on the Company's register of members at close of business on 29 January 2016 payable on 19 February 2016.

3. To re-elect Mr Keith Archibald Ritchie, who retires from the Board in accordance with Article 104, as a Director of the Company.

4. To re-elect Mr David Alan Ruffell who retires from the Board in accordance with Article 104, as a Director of the Company.

5 . To re-elect Mr John Neil Anderson, who retires from the Board in accordance with Article 104, as a Director of the Company.

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

7. That in place of all existing authorities, the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Relevant Securities"), up to a maximum aggregate nominal amount of £260,000 (representing approximately 24.6% of the nominal value of the ordinary shares in issue on 18 December 2015 for a period expiring (unless previously revoked, varied or renewed) on 16 May 2017 or, if sooner, at the end of the 2017 Annual General Meeting of the Company, but in each case the Company may, before such expiry, make an offer or agreement which would or might require Relevant Securities to be allotted after this authority expires and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if this authority had not expired.

8. That subject to the passing of Resolution 7 above and in place of all existing powers, the Directors be generally empowered pursuant to section 570 and 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of the Companies Act 2006) for cash, pursuant to the authority conferred by Resolution 6 as if section 561(1) of the Companies Act 2006 did not apply to such allotment, provided that this power shall expire on 16 May 2017 or, if sooner, the end of the 2017 Annual General Meeting of the Company. This power shall be limited to the allotment of equity securities:

    8.1 in connection with an offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement) in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of ordinary shares but subject to such exclusions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

Notice of Annual General Meeting

8.2 otherwise than pursuant to paragraph 8.1 up to an aggregate nominal amount of £50,000 (representing approximately 4.7% of the nominal value of the ordinary shares in issue on 18 December 2015);

but the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after this power expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Companies Act 2006 as if in the first paragraph of this resolution the words "pursuant to the authority conferred by Resolution 7 were omitted.

9. That the Directors' Remuneration Report set out on pages 20 to 23 of the Annual Report and Accounts for the year ended 30 September 2015, be approved.

10. That the Company be generally authorised pursuant to section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of its ordinary shares of 10p each on such terms and in such manner as the Directors shall determine, provided that:

10.1 the maximum number of ordinary shares hereby authorised to be purchased is 1,060,000 (representing approximately 10% of the nominal value of the ordinary shares in issue on 18 December 2015;

10.2 the maximum price which may be paid for each ordinary share shall be the higher of (i) 5% above the average of the middle market quotations for an ordinary share (as derived from The Stock Exchange Daily Official List) for the five business days immediately before the day on which the purchase is made (in each case exclusive of expenses); and (ii) 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 (exclusive of expenses);

10.3 the minimum price which may be paid for each ordinary share shall be 10p; and

10.4 this authority (unless previously revoked, varied or renewed) shall expire on 16 May 2017 or, if sooner, the end of the 2017 Annual General Meeting of the Company except in relation to the purchase of ordinary shares the contract for which was concluded before such date and which will or may be executed wholly or partly after such date.

By order of the Board

D A Ruffell
Secretary

11 January 2016

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

Notes:

Rights to appoint a proxy

1. Members of the Company are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. A proxy does not need to be a member of the Company. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. To appoint more than one proxy you may photocopy this form.

2. A proxy form which may be used to make such appointment and give proxy directions accompanies this notice. If you do not receive a proxy form and believe that you should have one, please contact Capita Asset Services on 0871 664 0300. Calls cost 10p per minute plus network extras. Calls outside the United Kingdom will be charged at the applicable international rate. Capita is open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

Procedure for appointing a proxy

3. To be valid, the proxy form must be received by post or (during normal business hours only) by hand at Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.00 a.m. on 15 February 2016. It should be accompanied by the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority.

4. The return of a completed proxy form will not preclude a member from attending the Annual General Meeting and voting in person if he or she wishes to do so.

Nominated persons

5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

6. The statement of the rights of members in relation to the appointment of proxies in notes 1, 2 and 3 above does not apply to Nominated Persons. The rights described in those notes can only be exercised by members of the Company.

Record date

7. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 6.00 p.m. on 16 February 2016, (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the right of any person to attend and vote at the Meeting.

Corporate representatives

8. Any corporation which is a member can appoint one or more corporate representatives, who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Total voting rights

9. As at 8 January 2016 (being the last business day prior to the publication of this notice) the Company's issued share capital comprised 10,625,600 ordinary shares. Each ordinary share carries 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 10,575,600. As at 18 December 2015 the Company held 50,000 shares as treasury shares.

Publication on website

10. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

11. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found on the website at www.titonholdings.com.

12. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.

Documents available for inspection

13. Copies of the service contract of each Executive Director and the letter of appointment of each Non-executive Director will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays and public holidays) and at Titon's Head Office at International House, Peartree Road, Stanway, Colchester, Essex, CO3 0JL, for at least 15 minutes prior to and during the Annual General Meeting.

Communications

14. Members who have general enquiries about the meeting should use the following means of communication. No other means of communication will be accepted. You may:

    - call the Capita shareholders' helpline on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 9:00am - 5.30pm Monday to Friday); or
    - write to Capita Asset Services, Shareholder Services, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

15. You may not use any electronic address provided in this notice of Annual General Meeting for communicating with the Company for any purposes other than those expressly stated.

Directors and Advisors

DIRECTORS

Executive

K A Ritchie (Group Chairman)
D A Ruffell (Chief Executive)
T N Anderson
N C Howlett

Non-executive

J N Anderson (Deputy Chairman)

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

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AUDITORS

BDO LLP
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SOLICITORS

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The Oriel
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