Titon Holdings Plc

2014 Annual Report & Accounts

Annual Report and Financial Statements

for the year ended 30 September 2014

Contents

Chairman's Statement

Financial Performance

The result for the year to 30 September 2014 is a net Profit before Taxation of £1,333,000 (2013: £505,000), on Revenues 22.3 % higher at £19.3 million (2013: £15.7 million). The Profit after Taxation is £1,277,000 (2013: £476,000) resulting in Earnings per Share of 8.52p (2013: 2.87p).

Net cash balances at the year end were £2.15 million (2013: £2.12 million) and total capital expenditure during the year was £386,000 (2013: £408,000).

The Directors are proposing a final dividend of 1.5p per share (2013: 1.0p). This, when added to the interim dividend paid on 24 June 2014 gives a total for the year of 2.5p (2013: 2.0p). If approved by shareholders at the forthcoming Annual General Meeting, the dividend will be payable on 20 February 2015 to shareholders on the register on 30 January 2015. The ex dividend date is 29 January 2015.

Titon CME1 *Q Plus* mechanical extract units have been installed in a number of new residential developments in London.

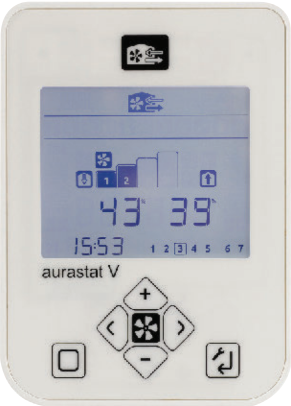
Trading Commentary

I am very pleased that the Group Profit before Tax of £1,333,000 has improved so significantly from the profit last year of £505,000. This is largely due to another very good result from our subsidiary in Korea, which has continued to trade well in the second half year. I am also pleased to report that the underlying trading performance in the United Kingdom has improved in the second half where we have made a small profit after a number of months of making losses.

Our overall Group Revenue has increased by 22.3% over the last financial period, which reflects the more benign market conditions in the UK and the growth in Korea: as you will see from the sales analysis contained in the Consolidated Financial Statements our partnership in Korea now generates nearly 30% of Group Revenue, which is a significant achievement for a business which only started trading in 2008.

Titon's SF Xtra is a new, high performance, surface mounted aluminium slot ventilator, the shortest ventilator available on the market capable of providing an Equivalent Area (EA) of up to 5,000mm^2.

As I have said before, the state of the UK economy has a major role to play in our fortunes as our biggest source of revenue is the UK, where we are principally involved in the replacement doors and windows market and the house building part of the construction sector. We all depend on the market to provide demand for our products and we are pleased to see that the UK economy continues to grow despite the weakness of demand in the Eurozone. Anecdotally, we believe that the replacement door and window industry has grown during the financial year. The Construction Products Association ("CPA") statistics show a rise in private housing repairs, maintenance and improvements of about 4% in 2013 and they forecast a rise of 6% in 2014. These numbers cover all improvements, not just doors and windows, and will therefore include significant amounts of insulation work.



The new aurastat® V controller with LCD display unit for the commissioning and monitoring of the HRV Q *Plus* range of MVHR units

They are not indicative of a boom and activity levels are still well down on pre-banking crisis levels. We have seen these better figures reflected in demand for our own door and window hardware products where sales have shown a small year-on-year increase. In the house building sector we continue to see strong growth statistics from the major house builders as consumer demand has increased. However, as previously recorded our sales are more aligned to the social housing sector where local authorities and housing associations tend to specify mechanical ventilation in far greater volumes than in the private sector. The public housing sector is dependent on Government funding and the current Affordable Homes Programme has a much smaller budget than the previous National Affordable Homes Programme meaning that overall the number of public housing units will be lower over this Parliament than the last one.

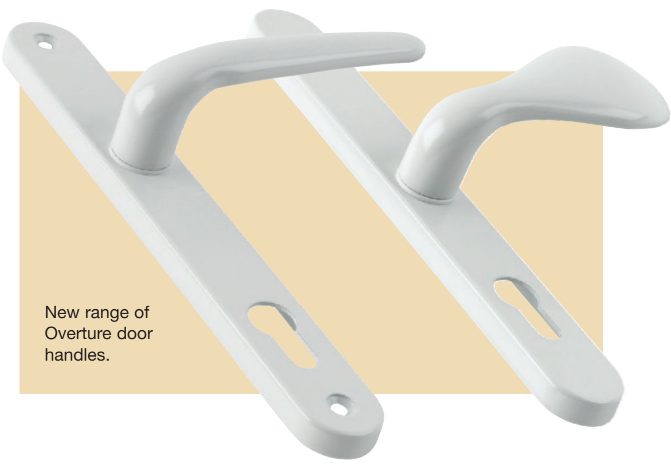
We are a long way off building the same number of homes in the UK as we did in 2007 when over 200,000 were constructed. According to data from the CPA we have seen an increase in 2013 of public housing starts of 22% against 2012 and they expect that the figure for 2014 will see a small increase over 2013, but tailing off in future years as reductions in funding from central Government lead to a reduction in activity at local government levels. We have been very pleased with the increase in sales of Ventilation Systems products during the financial year, which reflects the increased activity levels in the public housing sector and the demand for our products, which is driven by the need for mechanical ventilation to provide the right level of ventilation in new apartments.

We continue to spend considerable time and effort in developing new products both for our Hardware and Ventilation Systems businesses as we recognise that we have to offer more products to our customers than we do currently. In Ventilation Systems a high functionality control system, the Aurastat, has now been finished which allows accurate commissioning and monitoring of a Titon mechanical ventilation with heat recovery ("MVHR") unit. We expect that this will be very popular with customers in Europe where home occupiers typically require more sophisticated controllers than in the UK. I would like to thank our Design and Research & Development teams for all the hard work they have put in on this project and the refinements and improvements to the range of MVHR products during the year. In our Hardware business we are committed to winning more of our customers' expenditure on hardware to whom we sell mainly trickle vents. Progress has not been as quick as we hoped, but we are going to persevere.

Once again, the best performer for us has undoubtedly been our subsidiary in Korea, which saw an increase in revenues of 53.8% from £3.68m in 2013 to £5.66m in the current period. As I noted in the Interim Statement, this result has been due to higher sales both into the private house building sector and government housing market compared to 2013 and this has continued in the second half. David Ruffell and I visited Korea in early November 2014 to attend the audit meeting and once again, we were impressed by the effort that all of our Korean colleagues have made to build the business for which we thank them.

Our overall Group Revenue has increased by 22.3% over the last financial period

On our Consolidated Statement of Financial Position our cash balances remain strong, but the return they generate continues to fall. In the UK we have increased our stock levels this year to ensure that customer orders can be satisfied as quickly as possible and the increase in revenue in Korea has also led to both higher inventories and higher receivables. We will monitor these items closely in 2015.



New range of Overture door handles.

Chairman's Statement (continued)

Employees

Employee numbers within the Group have risen from 178 at the beginning of the year to 193 at 30 September 2014. The increase is largely in the UK reflecting the additional demand for our UK manufactured products.

There has been much discussion recently about the movement of people into the UK from the EU. Titon currently employs staff from at least 7 countries within the EU and we value their contribution. Having access to the European labour market is valuable, particularly as the levels of unemployment in the UK keep falling and UK businesses are taking on staff. 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.

Our Export Director, Chris Jarvis, will be leaving Titon next year after over 40 years with the Company. Chris was one of our very first employees when he joined John Anderson in the first Titon office in North Essex and was appointed Sales Director in October 1974. I thank Chris for all his hard work and particularly his dedication to Titon over the years and wish him very well in the future.

Prospects

We are encouraged that the recovery in the UK continues and that the economy is growing. The forecasts produced by the CPA indicate lower growth levels of house building and repairs, maintenance and improvement in both the private and public housing sectors in the period from 2015 to 2018, albeit remaining positive.

With the new products that we expect to launch we remain optimistic that we will see increased sales. However, we do need the UK economy, in particular, to continue to grow and for consumers to feel confident to make substantial home improvements. The big uncertainty next year will be the UK general election: on the one hand a change of government always leads to changes in policy and potentially, funding programmes; on the other hand a referendum on EU membership in 2017 and possibly a UK exit, could generate considerable uncertainty. This would have unpredictable consequences for the UK economy and Titon.

In Europe we expect our sales of Ventilation Systems products to increase as a result of the investment in both people and products that we have made in the last two years. We certainly hope that the Eurozone can increase its growth rate above the current low levels as this will help our sales of both hardware and mechanical products. However, the current outlook is not encouraging.

In Korea we anticipate a slower rate of growth than we have seen in the last two years as there is more competition in the natural ventilation market. We will also invest time and resources in identifying other products to sell in Korea given the very good relationships established with the window companies and developers.

In summary, the next twelve months will, no doubt, challenge us but our balance sheet remains strong and this will allow us to invest in our business where we need to and shareholders should gain comfort from this.

On behalf of the Board

Keith Ritchie

K A Ritchie
Chairman
10 December 2014

Strategic Report

The Strategic Report has been prepared in accordance with Section 414A of the Companies Act 2006 (the "Act"). Its purpose is to inform shareholders of the Company 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.

Business Review

The principal activities of the Titon 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 increasingly 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 31. A summary of the results along with other selected Key Performance Indicators is as follows:

	2014 £'000	2013 £'000
Revenue	**19,256**	15,740
Profit before tax	**1,333**	505
Tax expense	**(56)**	(29)
Profit for the year after tax	**1,277**	476
Revenue per employee	**102**	93
Profit after tax per employee	**6.8**	2.8
Net cash and cash equivalents	**2,149**	2,116

The Directors are satisfied with the 22% improvement in Revenue and the 164% increase in Profit before Taxation during the year. A review of the Group's performance during the year is given in the Chairman's Statement.

Business Model

The evolution of the business within the UK 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, where Titon has operated for 42 years 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 81.9% (2013: 84.5%) of the Group's sales and the mechanical ventilation business 18.1% (2013: 15.5%) - see Business Segmentation information on page 45. 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 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 OEM 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 have been subdued over recent years as the US construction market has struggled to recover from the 2008 recession and only accounted for 4% of Group Revenues in 2013/14.

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 49% (2013: 49%) of overall Group turnover and products manufactured in South Korea account for 29% (2013: 23%). The remaining 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 in 2013/14, the key performance objective for the Directors in 2014/15 is to continue to grow profits, in particular that of the UK trading company, Titon Hardware Ltd, where the Directors consider that the present operating margin is 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 – Exports from the UK account for just 16% (2013: 19%) of factory output and means that the Group is heavily reliant on the UK market. We expect to see a considerable increase in mechanical ventilation sales into Europe this year as a result of product development and recruitment initiatives taken over the past 18 months. We will reorganise other aspects of our export activities in the coming year in order to augment overseas distributor activities.

Bringing new products to the UK and European market - We have a number of new products launches scheduled in 2015 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 our R&D team has been significantly strengthened over the past few months. We also recognise that there are significant opportunities to source products and components from the Far East and have, in the past year, appointed 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 two years. In particular we plan to augment 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 since the recession and this is one of the key 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 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 of the Audit Committee on Page 25.

A major risk area that the Directors have identified in the recent past has been the Group's over-reliance on its two main markets of the UK and South Korea. Consequently, some of the strategies detailed above have been developed in response to this.

One consequence of our overseas expansion is the significance of our South Korean operation in relation to the overall Group performance, as is evident from the Segmental Analysis on Page 43. This business has grown very strongly over the past two years and the Directors are fully aware of the risks of shared ownership and of need to exert a high level of management and financial control over our Korean activities.

One of the biggest risks to the Group would be a change to the Building Regulations in the UK such that trickle vents would no longer be fitted in new build or replacement windows. We continue to monitor regulatory issues very closely and take an active role in trade associations and industry working groups to ensure that our views are heard. Worldwide markets for ventilation products are also largely determined by regulation. The Group recognises that changes in regulation are likely to accelerate and will, therefore, continue to place a high emphasis on consideration of regulatory developments worldwide.

Within our UK and European markets, a major uncertainty to business success comes from competition. In both the window and door hardware and the mechanical ventilation market sectors there is a very high degree of competition and manufacturing over-capacity with no sign of this abating. An example of this is that there are now some 258 MVHR products listed on the Government's SAP Q Product Characteristics Data Base for energy efficient MVHR products whereas there was only a handful when Titon launched its revolutionary HRV Q Plus range in 2008. The result of this growth in competition is a constant need to provide the right product/price offering into the different segments of our markets and to offer excellent customer service throughout the specification and supply chain.

Whilst the Group has a diverse range of customers there are certain key customers who account for a significant part of total revenue. There is a risk that the current performance of the Group may not be maintained if such relationships do not continue and nominated senior managers are therefore allocated responsibility to monitor key customer accounts. The Group considers it not to be in the interests of shareholders to disclose the names of key customers.

Some 22% of Group revenue (2013: 28%) comprises products purchased from other UK and European manufacturing entities. The ongoing supply of product lines by Maco Door and Window Hardware (UK) Ltd, Assa Abloy Limited, Sobinco S.A. and certain Ventilation Systems component suppliers are important to Group revenues and the relationships with key suppliers are handled by nominated senior managers.

The Group manufactures 78% (2013: 72%) of the products that it sells. Appropriate levels of inventory, along with duplication of key processes, tooling and component supplies have been established in order to minimise the risks involved by possible disruption to production facilities. In addition the Group has established procedures to minimise the risks of fire and other major disruption. The Group operates comprehensive ISO 9001:2008 procedures in the UK to ensure that product complaints are quickly and effectively dealt with. Monthly meetings are held that include members of the senior management team (including the Chairman and the Chief Executive) where both product quality and product complaint issues are discussed and appropriate action recommended. Effective Quality Control systems form part of the ISO 9001:2008 procedures and are embedded within the culture of the Group.

Strategic Report (continued)

Risks and Uncertainties (continued)

As with any manufacturing organisation, health and safety matters represent an increasing area of risk and the Directors have put in place an effective structure to support a robust Health and Safety policy.

The main financial risks that the Group faces are credit risk and foreign currency exchange risk. More information regarding the Group's approach to these risks is set out in note 20 to the consolidated financial statements. The Group's credit risk is primarily attributable to its trade receivables, but exposure is generally spread over a large number of customers and the Group adopts stringent procedures to ensure that credit risks are well managed. The Group's banking facilities are designed to ensure that there are sufficient funds available for current operations and the Group's further development plans. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Directors considers the overall translation risk to be limited given the long term nature and overall size of its foreign investments.

As part of its risk management strategy the Group maintains a comprehensive range of insurance policies covering its Directors, employees, assets and other risk areas, which are reviewed on an on-going basis.

Employee Gender Breakdown

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

	Male	Female	Total
Directors	6	-	6
Senior Managers	6	1	7
Other	109	71	180
Total	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 Supplier – 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 in this Strategic Report.

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. One significant environmental improvement that has been approved by the Board during the year is the installation of solar panels at the UK manufacturing facility. Three 30kWp Photovoltaic Systems will be installed on the roofs of our Haverhill factory. The electricity that is generated will be available for use in our premises during working hours and will be sold back to the electricity generating company when our factory is not operating in the evenings and at weekends. This investment is expected to lead to an overall 8% reduction in our UK consumption of power generated from other means. The project is expected to be completed before the end of 2014.

In accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations the Group presents the following information in respect of its CO^2 emissions during the period.

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

	2014	2013
Source	**tCO^2e**	tCO^2e
Combustion of fuel & operation of facilities	**673**	680
Electricity, heat, steam and cooling purchased for own use	**263**	234
Total tonnes of CO^2 equivalent	**936**	914
CO^2 emissions normalised per £ million of sales of manufactured product	**63**	81

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 2014.

This Strategic Report was approved by the Board on 18 December 2014 and signed on its behalf by:

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 2014.

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 page 6.

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's compliance with the UK Corporate Governance Code is set out in the report on page 22.

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 2014 Ordinary shares of 10p each	30 September 2013 Ordinary shares of 10p each
K A Ritchie	Executive Director and Chairman	**877,280**	927,280
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

As noted in the Chairman's Statement Mr CS Jarvis will leave Titon in 2015.

Details of Directors' share options are given in the Directors' Remuneration Report on page 19.

There were no other changes in Directors' beneficial shareholdings between 30 September 2014 and 18 December 2014.

Substantial shareholders

As at 30 September 2014, 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	19.7
Mrs A J Clipsham	790,579	7.5

The Company has not been notified of any changes to these holdings between 30 September 2014 and 18 December 2014.

Share capital

The ordinary share capital at 30 September 2014 consisted of 10,555,650 Titon Holdings Plc shares of 10p each. There were no changes during the year to the Company's ordinary share capital (see paragraph below on purchase of own shares).

Details of the authorised and issued share capital of the Company as at 30 September 2014 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 1.5p (2013: 1.0p) per ordinary share. This, when taken with the interim dividend of 1.0p (2013: 1.0p) per ordinary share paid on 24 June 2014, gives a total dividend of 2.5p (2013: 2.0p) per ordinary share for the year ended 30 September 2014.

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 £401,000 during the year (2013: £383,000). Development expenditure capitalised in 2014 amounted to an additional £78,000 (2013: £94,000) – 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 policies that are adopted to identify and manage significant risks are set out in the Audit Committee Report and the major risks that the Directors have identified are discussed in the Strategic Report.

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.

Directors' Report (continued)

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 33). The translation reserve is not considered as capital. The consideration for the Treasury Shares purchased in July 2014 has been debited to Shareholders' Equity. In order to maintain or adjust its working capital at an acceptable level and meet strategic investment needs, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets.

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

Environmental issues

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 10, 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 10. 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. As already announced the Company purchased 50,000 shares in July 2014 to be held in treasury. Apart from this purchase this authority was not used during the year nor in the period to 10 December 2014. 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. The Company may use this power 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 and other relevant information for a period of 15 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 18 February 2015 commencing at 11.00 a.m. A Notice convening the Annual General Meeting of the Company for 2015 may be found on page 66 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 2014.

The Directors' Report was approved by the Board on 18 December 2014 and signed by order of the Board.

Resolution 2 - to declare a final dividend

The Directors recommend a final dividend of 1.5 pence per ordinary share. Subject to approval by shareholders, the final dividend will be paid on 20 February 2015 to shareholders on the register on 30 January 2015.

Resolution 3 - to re-elect Mr Nicholas Charles Howlett as a Director

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

Resolution 4 - 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 5 - 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 6 – 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 19 February 2014, will expire at the forthcoming Annual General Meeting. Resolution 6 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 £250,000, representing approximately 23.7% of the nominal value of the ordinary shares in issue on 18 December 2014 (including treasury shares). The Company currently holds 50,000 shares in treasury.

The authority conferred by the resolution will expire on 17 May 2016 or, if sooner, at the 2016 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 7 - 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 19 February 2014 will expire at the forthcoming Annual General Meeting. Accordingly, Resolution 7 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 2014). The power conferred by this Resolution will expire on 17 May 2016 or, if sooner, at the 2016 Annual General Meeting.

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

Resolutions 8 and 9 – to approve the Directors' Remuneration Report and Directors' Remuneration Policy

Shareholders have an annual advisory vote on the report on Directors' remuneration and a binding vote, to be held at least every three years, on the remuneration policy of the Directors. As noted below the Remuneration Committee has proposed some changes to the Remuneration Policy so, accordingly, shareholders are being requested to vote, as Ordinary Resolutions, to receive and approve the Directors' Remuneration Report as set out on pages 16 to 19 (Resolution 8) and on the Directors' Remuneration Policy (Resolution 9) as set out on pages 20 and 21.

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 1,055,565 ordinary shares. This represents approximately 10% of the Company's ordinary shares in issue on 18 December 2014. 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 17 May 2016 or, if sooner, at the 2016 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 2014 there were options outstanding over 859,700 ordinary shares which, if exercised at that date, would have represented 8.1% 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 9.0% 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 2014 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 Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013.

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 28 to 30.

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

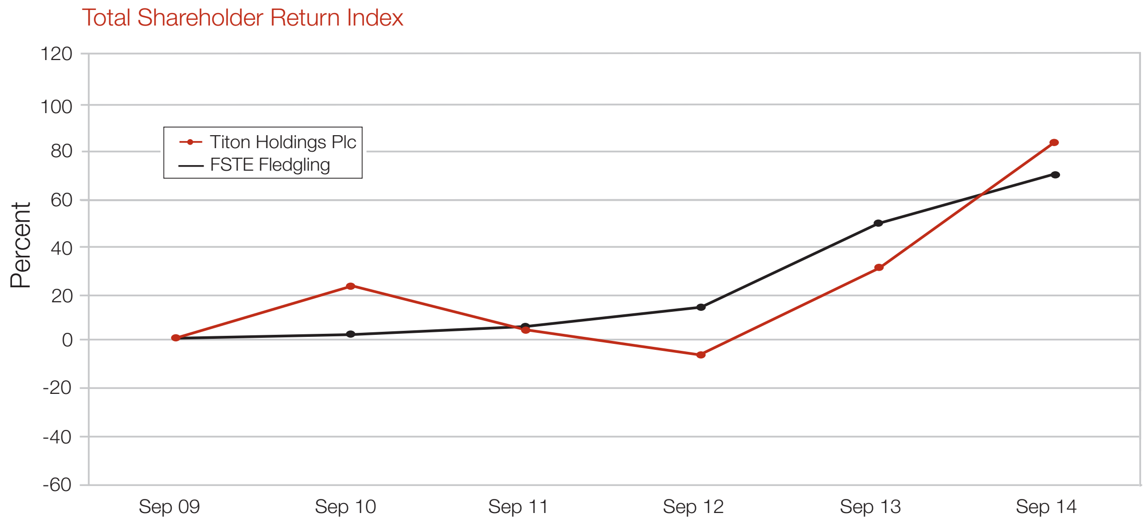
I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2014.

As noted last year new rules for the reporting of Directors' remuneration came into effect on 1 October 2013. These require companies to ask shareholders to approve the annual remuneration paid to Directors every year and to formally approve the Directors' Remuneration Policy on a three-yearly basis. Any change to the Directors' Remuneration Policy will require shareholder approval. The Remuneration Committee is proposing a change to the Directors' Remuneration Policy to include specific performance related elements within remuneration, which it believes will, rightly, link the achievement of Group annual financial objectives to Directors' remuneration. The vote on the Directors' Remuneration Report is, as previously, an advisory vote, whilst the vote on the Directors' Remuneration Policy is a binding one. An Ordinary Resolution will be put to shareholders at the forthcoming Annual General Meeting to be held on 18 February 2015, to receive and adopt the Directors' Remuneration Report. As it is proposed to amend the Directors' Remuneration Policy this will require approval by shareholders at the 2015 Annual General Meeting.

As confirmed by the figures contained within this report, there have been no significant changes in individual Director's levels of remuneration during the year and the total Directors' Remuneration has increased by 0.2%.

Performance graph

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



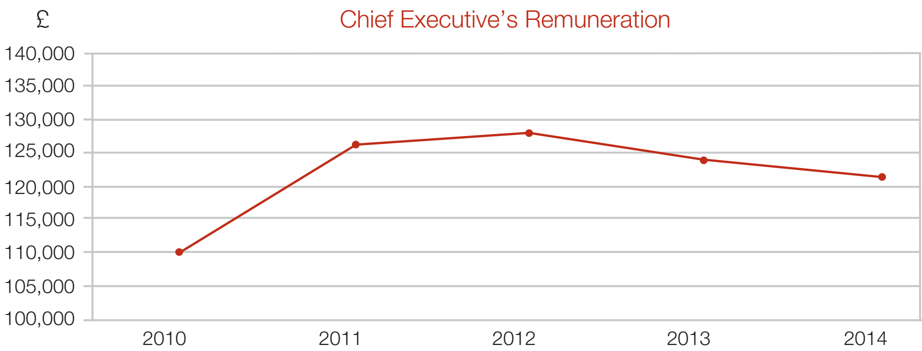
This graph shows the percentage change in value of £1 invested in the Company on 30 September 2009 (assuming dividends reinvested) compared with the percentage change in value of £1 (assuming dividends reinvested) in the FTSE Fledgling Index. The Directors consider the FTSE Fledgling Index to be an appropriate choice as the Company is included within it.

The elements of, and the movement in, the remuneration of the Chief Executive over the past 5 years is as follows:

Year ended 30 September	Salary £'000	Benefits in kind £'000	Pension benefits £'000	**Total £'000**	Percentage change %
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

Recommended practice is to exclude pension benefits from the above table. However, the introduction of a salary sacrifice scheme in 2011, when the Chief Executive sacrificed part of his salary for a payment into his pension fund, means that to exclude this element would distort the overall, year-on-year remuneration picture for the Chief Executive.

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



The Remuneration of the Chief Executive has decreased by 2.4% in the year. This compares to an average increase for all Group employees 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:

	2014 £'000	2013 £'000	Percentage change %
Directors' remuneration	**574**	573	+0.2
Other employee remuneration	**4,634**	4,022	+15.2
Dividend payments to shareholders	**211**	159	+32.7

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	Long term performance related remuneration	Pension benefits	Total
Executive Directors:		£'000	£'000	£'000	£'000	£'000	£'000
T N Anderson	**2014**	**75**	**13**	**-**	**-**	**5**	**93**
	2013	73	13	-	-	5	91
N C Howlett	**2014**	**75**	**6**	**-**	**-**	**5**	**86**
	2013	74	5	-	-	4	83
C S Jarvis	**2014**	**55**	**8**	**-**	**-**	**13**	**76**
	2013	54	8	-	-	13	75
K A Ritchie	**2014**	**131**	**13**	**-**	**-**	**3**	**147**
	2013	123	11	-	-	9	143
D A Ruffell	**2014**	**94**	**12**	**-**	**-**	**15**	**121**
	2013	92	17	-	-	15	124
Non-executive Directors:							
J N Anderson	**2014**	**51**	**-**	**-**	**-**	**-**	**51**
	2013	50	-	-	-	-	50
P W E Fitt - resigned	**2014**	**-**	**-**	**-**	**-**	**-**	**-**
01/02/2013 (b)	2013	3	-	-	-	-	3
P E O'Sullivan - resigned	**2014**	**-**	**-**	**-**	**-**	**-**	**-**
01/02/2013 (c)	2013	4	-	-	-	-	4
Totals	**2014**	**481**	**52**	**-**	**-**	**41**	**574**
	2013	473	54	-	-	46	573

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

(b) Inclusive of £2,050 relating to consultancy fees for 2013.

(c) Inclusive of £3,294 relating to consultancy fees for 2013.

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 2014 were £nil (2013: £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 2013	Granted during the year	Lapsed during the year	At 30 September 2014
			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
			63,100	25,000	-	88,100
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
			70,000	25,000	-	95,000
C S Jarvis	(b)	91.0p	10,000	-	-	10,000
	(c)	48.0p	20,000	-	-	20,000
			30,000	-	-	30,000
K A Ritchie	(d)	24.5p	100,000	-	-	100,000
	(e)	58.0p	-	50,000	-	50,000
			100,000	50,000	-	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
			89,000	50,000	-	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 2014 and 18 December 2014. The 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 2014 the market price of the Company's shares was 62.5p, and the range during the year was 41.5p to 79.0p.

Approval

The Directors' Remuneration Report was approved by the Remuneration Committee on 18 December 2014 and signed on its behalf by:

J N Anderson

Remuneration Committee Chairman

Directors' Remuneration Policy (unaudited)

The Group's policy on remuneration is to offer competitive remuneration packages, which are designed to reward, retain and to motivate the Directors, having regard to the size and complexity of the Group.

The individual components of the remuneration package for the Directors are:

Basic salary - The basic salary of each Executive Director is determined by the Committee, giving due consideration to individual responsibility and performance and to salaries paid to Executive Directors of the Group companies and similar companies in comparable business sectors. In determining any inflationary review, the level of such award given to other employees within the Group is taken into account. Basic salaries are reviewed annually on 1 October.

Benefits - Benefits paid to Executive Directors comprise taxable non-cash emoluments and include the provision of company cars. In addition, the Executive Directors participate in the Company's Group Life Insurance Scheme which provides a lump sum payment of four times basic salary.

Pension contributions - Executive Directors are members of the Company's defined contribution pension scheme in which the Company's contribution is a fixed percentage at 5% of basic salary. Benefits are not pensionable.

Annual Bonus - It is proposed this year that Executive Directors will be rewarded for the achievement of annual financial objectives. Specific performance measures and targets will be reviewed and set annually by the Remuneration Committee. The maximum payment that can be made is up to 50% of base salary but the usual bonus opportunity is up to 25% of salary based on achievement of results ahead of target. The performance target for each financial year will generally be based on the growth of Group profit before tax or the Group profit before tax relative to budget, although the Remuneration Committee may set other performance metrics from time to time as they see fit. The Remuneration Committee wants to retain the flexibility to set bonus targets which reward outperformance against targets. It is proposed that the level of payment will depend on the target results, i.e.:

- Minimum performance: Usual remuneration, but no bonus payment.
- Target performance: Usual remuneration and a bonus of 12.5% of base salary.
- Maximum performance: Usual remuneration and a bonus of up to 25% of salary.

Share option schemes

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

Options are currently held under three share option schemes in which employees have been invited to participate. One Inland Revenue approved scheme was introduced in February 1998. The ability to issue further options under this scheme has now expired. Two further share option schemes were introduced in March 2010; one Inland Revenue approved and the other unapproved.

The exercise of options granted under all share option schemes is dependent upon the growth in the earnings per share of the Company, over any three consecutive financial years following the date of grant, exceeding the growth in the retail price index over the same period by at least 9 per cent.

The performance conditions are aimed to align Directors' performance to shareholder value and were selected by the Remuneration Committee based on legal advice received (the performance conditions are detailed in note 24 to the Financial Statements). Actual earnings per share performance will be determined by the Remuneration Committee.

Directors' service contracts

All Executive Directors have service contracts, entered into on 1 August 2014, which are renewed annually and which provide for a 6 month notice period to be given either by the Company or by the Director. All Executive Directors' current contracts expire on 31 July 2015.

The Non-executive Director has a service contract that does not contain a notice period and expires on 31 July 2015. The remuneration for the Company's Non-executive Director is set by the Board and, where relevant, for additional services such as chairing Board Committees. The Non-executive Director is not eligible for pension scheme membership and does not participate in any of the Company's share option schemes.

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

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

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

Other policy matters

Any views expressed by shareholders on the remuneration being paid to Directors would be taken into consideration by the Remuneration Committee when reviewing the Directors' Remuneration Policy and in the annual review of Directors' salaries.

It is the Company's policy that Directors' notice periods and termination payments will be based on prevailing best practice guidelines.

The Directors' Remuneration Policy will be put to a vote of shareholders at least once every three years. An Ordinary Resolution for the approval of this Directors' Remuneration Policy will be put to shareholders at the forthcoming Annual General Meeting. If approved by shareholders, the Directors' Remuneration Policy will be effective immediately upon the passing of the Resolution.

Approval

The Directors' Remuneration Policy was approved by the Remuneration Committee on 18 December 2014 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. We fully recognise that even though Titon is a small company in relation to many of our listed peers we have a responsibility to strive to attain the highest standards of corporate governance that we can meet. With that aim the Deputy Chairman, as a Non-executive Director, and I have met on a number of occasions to review the UK Corporate Governance Code and to consider where we can satisfy as many of the provisions of the Code as is practical for us. I am pleased to report that we have now met three of the exceptions noted last year:

1. My performance as Chairman has been appraised by the Deputy Chairman. This has taken place using the same process as we use for every other employee;
2. We have established a Nominations Committee comprising the Deputy Chairman and me to be responsible for the nomination and appointment of directors to the Titon Holdings Board. No appointments have been made during the period;
3. The Deputy Chairman will submit himself for re-election to the Board on an annual basis as he has served for more than nine years on the Board.

We will review the exceptions every year and determine if there are realistic ways in which we can meet them. I have also asked the Deputy Chairman to be the initial contact for any communications with shareholders. This will allow shareholders to raise any issues that they have with him in the first instant rather than with the Executive Directors, although any shareholder has the right to discuss matters with me or with the Chief Executive should they so wish.

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 UK Corporate Governance Code as issued by the Financial Reporting Council ("FRC") in September 2012. 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. 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 Company has five 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 have 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 have no plans to comply with this provision in the short term.
- The Company's Audit Committee is currently comprised of 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 have 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 have no plans to comply with the provision in the short term.

Composition and operation of the Board of Directors

As at 30 September 2014 the Board consisted of the Executive Chairman, the Chief Executive, three 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	**5**	**2**	**1**
K A Ritchie	5	2	1
D A Ruffell	5	-	1
T N Anderson	5	-	-
N C Howlett	4	-	-
C S Jarvis	3	-	-
J N Anderson	5	2	-

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 Directors who retire by rotation are Mr Nicholas Charles Howlett and Mr John Neil Anderson. Both Directors, being eligible, offer themselves for re-election:

- Nicholas Howlett, aged 53, has been with the Company since 1991 when he joined as the manager of one of our main production units. He was promoted to Works Manager in 1995 and became a subsidiary Company Director in 1998. He was appointed to the Titon Holdings Plc Board in 2002 and holds the position of Managing Director, Ventilation Systems. He has a service contract which expires on 31 July 2015.
- Mr John Anderson aged 71 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 2015.

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 during the financial year.

Corporate Governance Report (continued)

The Remuneration Committee

The Remuneration Committee Report is set out on pages 16 to 19. The Remuneration Committee 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 proposed 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 9 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

As noted above a Nominations Committee has been established by the Board and comprises the Deputy Chairman and me. 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 are likely to 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 2014 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 Audit Committee

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

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 approved 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 Auditor, the Audit Committee takes account of the most significant issues and risks, both operational and financial, likely to impact on the Company'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 Company's inventory is a significant risk factor as the Company 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 are in place are sufficient to support this process.

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 12 and 13, and those of the Auditors are detailed in the Independent Auditors' Report on page 30.

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 Financial Reporting Council's Internal Control: Guidance to Directors (the Turnbull guidance) 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 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 minimise 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 and, by their nature, can only provide reasonable and not absolute assurance against mis-statement or loss. 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 Audit Committee reviewed the effectiveness of the Group's system of internal control by reviewing the procedures noted above and are satisfied that it is appropriate to the size of the business.

The 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 2014 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 £50,000 (2013: £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 2014 was £9,000 (2013: £9,000). This comprised £7,000 in relation to tax compliance and £2,000 in relation to other services. The Committee believes BDO are best placed to provide them on a cost effective basis. 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 2014

Independent Auditor's Report

Opinion on financial statements

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 2014 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 2014 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, the Parent Company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation 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).

Our assessment of audit scope and 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. As such, we spent more time in addressing those audit areas. These areas, together with our approach in respect of each, is listed below. This is not a complete list of all risks or areas of audit focus identified by our audit, nor are the audit responses a complete list of the work relevant to the matters identified. We discussed these areas of focus 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 25.

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 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 some of the actual or potential complexities. Those complexities include the accounting for deductions 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 two significant components because of differences in how the group, as a supplier, engages with other entities in the construction supply chain. In Korea, the usual practice is for component suppliers to contract with the construction contractor, whereas in Europe, sales are made to window manufacturers.

In respect of both 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 critically 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.

In Titon Hardware Ltd, a broader range of judgements exist 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 set our materiality level for the group's results at 1% of turnover, £192,000. We adopted turnover as the driver for materiality as it is a prominent KPI by which the Directors monitor the success of the group and is more stable and therefore comparable than other Income Statement measures of performance.

We applied different levels of materiality to the different components we had identified for our group audit, to guard against the risk that errors at different components, when aggregated, might be material to the group financial statements. We applied a materiality level of £132,000 and £54,000 in respect of Titon Hardware and Titon Korea Co. Ltd respectively.

We reported all misstatements we had identified which were greater than £3,800 to the Audit Committee as well as qualitative matters, such as disclosure misstatements.

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.

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 have been involved in planning the audit, in particular with regard to risk assessment and component materiality, reviewing the audit work carried out and the audit findings of the component auditor, referring to the group's accounting framework and detailed policies. 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 discussions 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.

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.

Independent Auditor's Report (continued)

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.

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' statement, set out on page 13, in relation to going concern; and
- the part of the corporate governance statement relating to the company's compliance with the nine 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 2014

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 2014

	Note	2014 £'000	2013 £'000 restated* (see Note 1)
Revenue	3	**19,256**	15,740
Cost of sales		**(13,926)**	(12,059)
Gross profit		**5,330**	3,681
Distribution costs		**(578)**	(554)*
Administrative expenses		**(3,624)**	(3,134)*
Other income		**12**	237
Operating profit		**1,140**	230
Finance income	5	**5**	13
Share of profits from associate	13	**188**	262
Profit before tax	6	**1,333**	505
Income tax expense	7	**(56)**	(29)
Profit after income tax		**1,277**	476
Attributable to:			
Equity holders of the parent		**899**	303
Non-controlling interest		**378**	173
Profit for the year		**1,277**	476
Earnings per share - basic	9	**8.52p**	2.87p
- diluted	9	**8.36p**	2.87p

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2014

	2014 £'000	2013 £'000
Profit for the year	**1,277**	476
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	**69**	(39)
Total comprehensive income for the year	**1,346**	437
Attributable to:		
Equity holders of the parent	**968**	264
Non-controlling interest	**378**	173
	1,346	437

The notes on pages 35 to 58 form part of these financial statements.

Consolidated Statement of Financial Position

at 30 September 2014

	Note	2014 £'000	2013 £'000
Assets			
Property, plant and equipment	10	**3,169**	3,298
Intangible assets	11	**661**	710
Investments in associates	13	**498**	310
Deferred tax	16	**46**	-
Total non-current assets		**4,374**	4,318
Inventories	14	**3,479**	2,855
Trade and other receivables	15	**4,589**	3,309
Cash and cash equivalents	19	**2,149**	2,151
Total current assets		**10,217**	8,315
Total Assets		**14,591**	12,633
Liabilities			
Deferred tax	16	**19**	105
Total non-current liabilities		**19**	105
Trade and other payables	17	**3,732**	2,934
Bank overdraft	19, 22	**-**	35
Corporation tax		**162**	42
Total current liabilities		**3,894**	3,011
Total Liabilities		**3,913**	3,116
Equity			
Share capital	18	**1,056**	1,056
Share premium reserve		**865**	865
Capital redemption reserve		**56**	56
Treasury shares		**(27)**	-
Translation reserve		**23**	(46)
Retained earnings		**8,023**	7,282
Total Equity attributable to equity holders of the parent		**9,996**	9,213
Non-controlling Interest		**682**	304
Total Equity		**10,678**	9,517
Total Liabilities and Equity		**14,591**	12,633

The notes on pages 35 to 58 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board on 18 December 2014 and signed on its behalf by:

K A Ritchie
Chairman

Consolidated Statement of Changes in Equity

at 30 September 2014

	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 2012	**1,056**	**865**	**56**	**(7)**	**-**	**7,096**	**9,066**	**131**	**9,197**
Translation differences on overseas operations	-	-	-	(39)	-	-	(39)	-	(39)
Profit for the year	-	-	-	-	-	303	303	173	476
Total Comprehensive Income for the year	-	-	-	(39)	-	303	264	173	437
Dividends paid	-	-	-	-	-	(158)	(158)	-	(158)
Share-based payment expense	-	-	-	-	-	41	41	-	41
At 30 September 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**

The notes on pages 35 to 58 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 2014

	Note	2014 £'000	2013 £'000
Cash generated from operating activities			
Profit before tax		**1,333**	505
Depreciation of property, plant & equipment		**419**	462
Amortisation on intangible assets		**145**	192
Increase in inventories		**(564)**	(323)
Increase in receivables		**(1,209)**	(209)
Increase in payables and other current liabilities		**736**	496
Profit on sale of plant & equipment		**(15)**	(19)
Share based payment – equity settled		**53**	41
Interest received		**(5)**	(13)
Share of associate's profit		**(188)**	(262)
Cash generated from operations		**705**	870
Income taxes paid		**(68)**	(37)
Net cash generated from operating activities		**637**	833
Cash flows from investing activities			
Purchase of plant & equipment		**(290)**	(280)
Purchase of intangible assets		**(96)**	(128)
Proceeds from sale of plant & equipment		**15**	23
Interest received		**5**	13
Net cash used in investing activities		**(366)**	(372)
Cash flows from financing activities			
Purchase of Treasury Shares		**(27)**	-
Dividends paid to equity shareholders		**(211)**	(158)
Net cash used in financing activities		**(238)**	(158)
Net increase in cash & cash equivalents	22	**33**	303
Cash & cash equivalents at beginning of the year		**2,116**	1,813
Cash & cash equivalents at end of the year	19, 22	**2,149**	2,116

The notes on pages 35 to 58 form part of these financial statements.

Notes to the Consolidated Financial Statements

at 30 September 2014

General information

The consolidated financial statements of the Group for the year ended 30 September 2014 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 2014.

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 59 to 64.

Prior period figures for Distribution Costs and Administration Expenses shown in the Consolidated Interim Income Statement on page 31 have been restated to provide a comparable cost basis with the costs and expenses reported in the year to 30 September 2014. Distribution costs for the year to 30 September 2013 have been restated at £554,000 (previously reported as £793,000) and Administration Expenses have been restated at £3,134,000 (previously reported as £2,895,000).

This restatement has had no effect on the profits recorded for the year to 30 September 2013 or to the year to 30 September 2014.

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:

- IAS 19 Employee Benefits - the main changes introduced by the amendment revolve around the accounting for defined benefit pension schemes.
- IAS 32 Offsetting Financial Assets and Financial Liabilities – the changes clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.
- IFRS 13 Fair Value Measurement - defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements.

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. 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)
• IFRS 10 Consolidated Financial Statements - establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.	1 January 2014
• 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.	1 January 2014

Notes to the Consolidated Financial Statements

at 30 September 2014

1 Summary of significant accounting policies (continued)

	Effective date (periods beginning)
• 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.	1 January 2014
• 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).	1 January 2014
• 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.	1 January 2014
• 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.	1 January 2014
• 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.	1 January 2014
• 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.	1 January 2014
• 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.	1 January 2014
• 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.	1 January 2014
• 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.	1 January 2014

(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 2014. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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.

1 Summary of significant accounting policies (continued)

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.

(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.

Notes to the Consolidated Financial Statements

at 30 September 2014

Summary of significant accounting policies (continued)

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.

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

Sales to one customer, Browntech Sales Co. Ltd (the Group's associate undertaking in South Korea), of £5.608m represent 29.1% of Group Revenue (2013: £3.680m – 23.4%). 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 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

Notes to the Consolidated Financial Statements

at 30 September 2014

3 Revenue and segmental information (continued)

Business segment **For the year ended 30 September 2013**	United Kingdom £'000	South Korea £'000	All other countries £'000	Consolidated £'000
Segment revenue	10,548	3,680	1,512	15,740
Inter-segment revenue	-	-	300	300
Total Revenue	**10,548**	**3,680**	**1,812**	**16,040**
Segment profit / (loss)	**1,806**	**649**	**(12)**	**2,443**
Unallocated expenses				
Research and Development expenses				(383)
Sales Administration expenses				(554)
Other Expenses				(1,014)
Finance income				13
Profit before tax				505
Tax expense				(29)
Profit for the year				**476**
Depreciation and amortisation	569	84	1	654
Total assets	10,130	2,356	147	12,633
Total assets include: Investments in associates	310	-	-	310
Additions to non-current assets (other than financial instruments and deferred tax assets)	376	32	-	408

The South Korean Segment profit includes the Group's share of losses 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 2013	United Kingdom	Europe	USA	South East Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
By entities' country of domicile	11,400	-	660	3,680	-	15,740
By country from which derived	10,548	737	660	3,762	33	15,740
Non-current assets						
By entities' country of domicile	3,987	-	1	331	-	4,318

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.

	2014 **£'000**	2013 £'000
Trickle ventilation and window and door hardware products	**15,763**	13,299
Mechanical ventilation products	**3,493**	2,441
Revenue	**19,256**	15,740

4 Directors and employees

Staff costs, including Directors, were as follows:	**2014** **£'000**	2013 £'000
Wages and salaries	**4,584**	3,987
Employer's social security costs and similar taxes	**415**	337
Defined contribution pension cost	**282**	217
Share based payment expense – equity settled	**53**	41
	5,334	4,582

The average monthly number of employees during the year was as follows:	**Number**	Number
Manufacturing	**125**	107
Sales, marketing and administration	**64**	63
	189	170

Details of Directors' emoluments, pension contributions and interests in share options are given in the Directors' Remuneration Report set out on pages 16 to 19.

5 Finance income

	2014 **£'000**	2013 £'000
Bank interest receivable on short term deposits	**5**	13

Notes to the Consolidated Financial Statements

at 30 September 2014

6 Profit before tax

This is arrived at after charging/(crediting):		2014 £'000	2013 £'000
Depreciation of property, plant and equipment		**418**	462
Amortisation of intangible assets		**146**	192
Research and development expenditure written off		**401**	383
Operating lease rentals - land and buildings		**109**	105
Operating lease rentals - vehicles		**112**	96
Foreign exchange gains		**(1)**	(59)
Share based payment expense		**53**	41
Profit on disposal of fixed assets		**(15)**	(19)
Auditors' remuneration	- for the audit of these accounts	**20**	30
	- for the audit of those accounts of the company's subsidiaries	**30**	20
	- for tax compliance services	**7**	7
	- for other non-audit services	**2**	2
	- for the audit of the accounts of the Group's associate	**6**	5

7 Tax (expense) / credit

	Note	2014 £'000	2013 £'000
Current income tax:			
Corporation tax expense		**(189)**	(59)
Adjustment in respect of prior years		**1**	(75)
		(188)	(134)
Deferred tax:			
Origination and reversal of temporary differences	16	**132**	30
Adjustment in respect of prior years		**-**	75
		132	105
Income tax expense		**(56)**	(29)

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

	2014 £'000	2013 £'000
Profit before tax	**1,333**	505
Effect of:		
Expected tax charge based on the standard rate of corporation tax in the UK of 22% (2013: 23.5%)	**(293)**	(119)
Additional deduction for R&D expenditure	**80**	54
Effect of Associate's results reported net of tax	**45**	-
Expenses not deductible for tax purposes	**-**	(31)
Difference in deferred tax rates	**10**	24
Other short term timing differences	**-**	(13)
Utilisation of unrecognised tax losses	**-**	56
Recognition of timing differences asset not previously recognised	**101**	-
Adjustments in respect of prior periods	**1**	-
Income tax expense	**(56)**	(29)

The tax rate in the United Kingdom, being the primary economic environment in which the Group conducts its business, reduced from 23% to 21% on 1 April 2014. The United Kingdom government reduced the standard rate of UK corporation tax to 20% from 1 April 2015.

8 Dividends

	2014 £'000	2013 £'000
Final 2013 dividend of 1.0 pence (2012: 0.5 pence) per ordinary share paid and proposed during the year relating to the previous year's results	**105**	53
Interim dividend of 1.0 pence (2013: 1.0 pence) per ordinary share paid during the year	**106**	105
	211	158

The Directors are proposing a final dividend of 1.5 pence (2013: 1.0 pence) per share. This will result in a final dividend totalling £157,600 (2013: £105,600), 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:

	2014 £'000	2013 £'000
Numerator		
Earnings for the purposes of basic earnings per share being Earnings after tax attributable to members of Titon Holdings Plc	**899**	303
Denominator	**Number**	Number
Weighted average number of ordinary shares for the purposes of basic Earnings per share	**10,543,150**	10,555,650
Effect of dilutive potential ordinary shares : Share Options	**209,539**	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**10,752,689**	10,555,650
Earnings per share (pence)		
Basic	**8.52p**	2.87p
Diluted	**8.36p**	2.87p

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

Notes to the Consolidated Financial Statements
at 30 September 2014

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 2012	3,453	61	7,069	411	10,994
Additions	-	-	229	54	280
Disposals	-	(8)	(275)	(129)	(412)
At 1 October 2013	3,453	53	7,020	336	10,862
Additions	-	-	230	60	290
Disposals	-	-	(206)	(66)	(272)
At 30 September 2014	**3,453**	**53**	**7,044**	**330**	**10,880**
Depreciation					
At 1 October 2012	1,041	61	6,098	310	7,510
Charge for the year	64	-	356	42	462
Disposals	-	(8)	(274)	(126)	(408)
At 1 October 2013	1,105	53	6,180	226	7,564
Charge of the year	64	-	291	64	419
Disposals	-	-	(206)	(66)	(272)
At 30 September 2014	**1,169**	**53**	**6,265**	**224**	**7,711**
Net book value					
At 30 September 2014	**2,284**	**-**	**779**	**106**	**3,169**
At 30 September 2013	2,348	-	840	110	3,298

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 2014, the Group had entered into contractual commitments for the acquisition of plant and equipment amounting to £40,000 (2013: £13,000).

11 Intangible assets

	Computer software	Development costs (Internally generated)	Goodwill	Patents	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2012	693	296	78	244	1,311
Additions	32	94	-	2	128
At 1 October 2013	725	390	78	246	1,439
Additions	17	78	-	1	96
Disposals	(13)	-	-	-	(13)
At 30 September 2014	**729**	**468**	**78**	**247**	**1,522**
Amortisation					
At 1 October 2012	189	145	-	203	537
Charge for the year	65	91	-	36	192
Disposals	-	-	-	-	-
At 1 October 2013	254	236	-	239	729
Charge for the year	59	85	-	1	145
Disposals	(13)	-	-	-	(13)
At 30 September 2014	**300**	**321**	**-**	**240**	**861**
Net book value at 30 September 2014	**429**	**147**	**78**	**7**	**661**
At 30 September 2013	471	154	78	7	710

All assets have an average useful economic life of 5.1 years (2013: 6.2 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 £397,000 at 30 September 2014 (2013: £449,000) and a remaining amortisation period of 8 years (2013: 9 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.

Notes to the Consolidated Financial Statements
at 30 September 2014

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	Country of incorporation	Proportion of voting rights held at 30 September 2013 and 2014
Browntech Sales Co. Ltd	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:

	2014 £'000	2013 £'000
Total Assets	**2,347**	1,530
Total Liabilities	**1,519**	1,115
Revenues	**8,143**	5,620
Profit after tax	**423**	572

The associate Browntech Sales Co. Ltd has been included based on audited financial statements drawn up to for the year to 30 September 2014. Transactions between the associate and the Group are set out in note 25.

The Group's investment in the associate at 30 September 2014 includes £197,000 (2013: £197,000) of goodwill.

14 Inventories

	2014 £'000	2013 £'000
Raw materials and consumables	**1,051**	878
Work in progress	**109**	133
Finished goods and goods for resale	**2,319**	1,844
	3,479	2,855

No inventories (2013: £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 £188,000 (2013: net debit of £73,000) 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 £13,051,000 (2013: £11,279,000).

15 Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	**2,510**	2,019
Related parties receivables (see note 25)	**1,885**	995
Loans to related parties	**-**	115
Other receivables	**117**	110
Prepayments and accrued income	**77**	70
Total trade and other receivables	**4,589**	3,309

Other than the amounts due from related parties there were no significant concentrations of credit risk at either 30 September 2014 or 30 September 2013.

The average credit period taken on sale of goods by trade debtors is 64 days (2013: 58 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.

The loan to the related party of £115,000 at 30 September 2013, was repaid in full in November 2013.

Movement on the provision for impairment of trade receivables are as follows:	2014 £'000	2013 £'000
At the beginning of the year	**79**	89
Provision for receivables impairment	**65**	94
Receivables written off during the year as uncollectible	**(72)**	(90)
Unused amounts reversed	**(19)**	(14)
At the end of the year	**53**	79

As at 30 September 2014 trade receivables of £1,312,000 (2013: £895,000) 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:

	2014 £'000	2013 £'000
Up to 3 months	**1,295**	870
3 up to 6 months	**17**	25
	1,312	895

As at 30 September 2014 trade receivables of £53,000 (2013: £79,000) were past due and impaired. These relate to a number of customers. The ageing analysis of these receivables is as follows:

	2014 £'000	2013 £'000
Up to 3 months	**49**	52
3 up to 6 months	**4**	27
	53	79

Notes to the Consolidated Financial Statements

at 30 September 2014

16 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2013: 21%). The movement on the deferred tax account is as shown below:

	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)**

	Total deferred tax at 1 October 2012	Effect of rate change on opening balances	Credited / (debited) to income Statement	**Total deferred tax at 30 September 2013**
	£'000s	£'000s	£'000s	**£'000s**
UK Accelerated capital allowances	(391)	34	(1)	**(358)**
UK other temporary and deductible differences	38	(12)	26	**52**
Non-UK other temporary & deductible differences	45	-	(23)	**22**
UK available losses	98	(8)	89	**179**
Total deferred tax	**(210)**	**14**	**91**	**(105)**

There are no unrecognised deferred tax assets at 30 September 2014 (2013: unrecognised deferred tax assets, relating to temporary and deductible timing differences £101,000).

17 Trade and other payables - current

	2014 £'000	2013 £'000
Trade payables	**2,250**	1,987
Other payables	**223**	159
Other tax and social security taxes	**513**	303
Accruals	**746**	485
	3,732	2,934

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Year end trade creditors represent 62 days (2013: 66 days) average purchases. The Directors consider that the carrying amount of trade payables is approximate to their fair value.

18 Share capital

	2014 £'000	2013 £'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:

	2014 Number	**2014 £'000**	2013 Number	2013 £'000
At the beginning and end of the year	**10,555,650**	**1,056**	10,555,650	1,056

Treasury shares held by the Group	**2014 Number**	**2014 £'000**	2013 Number	2013 £'000
At the beginning of the year	-	-	-	-
Treasury shares purchased	**50,000**	**27**	-	-
At the end of the year	**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		
18.05.05	99.0p	16,300	18.05.08	and	18.05.15
18.05.06	91.0p	35,300	18.05.09	and	18.05.16
16.05.07	127.5p	3,150	17.05.10	and	17.05.17
09.06.11	48.0p	239,950	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
At 30 September 2014		**859,700**			
At 30 September 2013		552,850			

No share options were exercised between 30 September 2014 and 18 December 2014.

Notes to the Consolidated Financial Statements

at 30 September 2014

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 40 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 net of overdrafts (see below) at 30 September were:

Currency	2014 £'000	2013 £'000
Sterling	**1,946**	1,807
US Dollar	**60**	130
Euro	**86**	42
South Korean Won	**55**	135
Hong Kong Dollar	**2**	2
	2,149	2,116

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 0.2% (2013: 0.5%). The remainder comprise bank current accounts.

Financial liabilities

The Group had no floating rate financial liabilities at 30 September 2014 (2013: £35,000 - comprised solely of a Sterling bank overdraft repayable on demand). This liability is offset against bank deposits for the purposes of interest payment calculation.

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

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 12, describes the Group's objectives, policies and processes for managing those risks. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks 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 25 and 26.

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. Such credit ratings are taken into account by local business practices.

The Group's finance function has established a credit policy under which each new customer is analysed individually for 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. 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.

Notes to the Consolidated Financial Statements
at 30 September 2014

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 two factory unit leases in South Korea, one tenancy ended in November 2014, and has been renewed. Both tenancies end in February 2016. 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:	**2014 £'000**	2013 £'000
Not later than one year	**16**	19
Later than one year and not later than five years	**333**	316
	349	335

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:

	2014 £'000	2013 £'000
Cash available on demand	**1,137**	1,136
Short-term deposits	**1,012**	1,015
Cash at bank	**2,149**	2,151
Overdraft	**-**	(35)
	2,149	2,116
Net increase in cash equivalents	**33**	303
Cash and cash equivalents at beginning of year	**2,116**	1,813
Cash and cash equivalents at end of year	**2,149**	2,116

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 (2013: £17,000).

24 Share-based payments

Equity settled share option scheme

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

There are presently two equity settled share option schemes; one Inland Revenue approved and the other unapproved in which employees may be invited to participate. Both of these schemes were introduced in 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:

	2014	**2014**	2013	2013
	Number of share options	**Weighted average exercise price (pence)**	Number of share options	Weighted average exercise price (pence)
Outstanding at beginning of year	**552,850**	**43.3p**	332,850	58.2p
Granted during the year	**320,000**	**58.0p**	245,000	24.5p
Lapsed during the year	**(13,150)**	**91.0p**	(25,000)	56.6p
Outstanding at the end of the year	**859,700**	**48.0p**	552,850	43.3p

239,950 share options met the conditions of exercise, mentioned above, during the year (2013: nil).

The options outstanding at 30 September 2014 had a weighted average price of 48.0p (2013: 43.3p) and a weighted average remaining contractual life of 7.8 years (2013: 7.7 years). In the year to 30 September 2014 share options were granted on 15 January 2014. The charge to the income statement for options granted was £53,000 (2013: £41,000).

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.

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.

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

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

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

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. 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 18 of this document.

The Non-executive Directors received a fee for their 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	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Browntech Sales Co. Ltd	**5,608**	3,680	**1,885**	995

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. In addition, Titon Holdings Plc provided Browntech Sales Co. Ltd with a £100,000 unsecured loan, which was repaid in full on 20 November 2013 (see note 11 of the Parent Company financial statements).

Parent Company Balance Sheet

at 30 September 2014

Company No. 01604952

	Note	**2014 £'000**	2013 £'000
Fixed assets			
Tangible assets	4	**2,315**	2,389
Investments in subsidiaries and associates	5	**776**	777
		3,091	3,166
Current assets			
Debtors	6	**3,637**	3,909
Cash at bank and in hand		**1,576**	1,404
		5,213	5,313
Creditors: amounts falling due within one year	7	**(67)**	(61)
Net current assets		**5,146**	5,252
Total assets less current liabilities		**8,237**	8,418
Capital and reserves			
Called up share capital	9	**1,056**	1,056
Share premium account	10	**865**	865
Capital redemption reserve	10	**56**	56
Treasury shares	9	**(27)**	-
Profit and loss account	10	**6,287**	6,441
Shareholders' funds	10	**8,237**	8,418

The notes on pages 60 to 64 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board on 18 December 2014 and signed on its behalf by:

K A Ritchie
Chairman

Notes to Parent Company Financial Statements
at 30 September 2014

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 70.

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 restate within the parent company accounts details of financial instruments as these are included within the Group's consolidated financial statements.

(b) Property and other fixed assets

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 date.

(d) Share-based payment transactions

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

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

Disclosures in respect of share-based payments are made in note 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.

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 2014 of £4,000 (2013: loss £8,000).

3 Dividends

	2014	2013
	£'000	£'000
Final 2013 dividend of 1.0 pence (2012: 0.5 pence) per ordinary share paid and proposed during the year relating to the previous year's results	**106**	53
Interim dividend of 1.0 pence (2013: 1.0 pence) per ordinary share paid during the year	**105**	105
	211	158

The Directors are proposing a final dividend of 1.5 pence (2013: 1.0 pence) per share. This will result in a final dividend totalling £157,600 (2013: £105,600), 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	55	3,509
Additions	-	4	4
Disposals	-	-	-
At end of year	3,454	59	3,513
Depreciation			
At beginning of year	1,106	14	1,120
Charge for the year	64	14	78
Disposals	-	-	-
At end of year	1,170	28	1,198
Net book value at 30 September 2014	**2,284**	**31**	**2,315**
At 30 September 2013	2,348	41	2,389

Notes to Parent Company Financial Statements
at 30 September 2014

5 Fixed asset investments

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

Name of subsidiary	Principal activity	Country of incorporation	Proportion of voting rights held at 30 September 2013 & 2014
Titon Hardware Limited	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%

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

	2014 £'000	2013 £'000
At the beginning the year	**552**	550
Investment in Titon HK Holdings Ltd	**(1)**	2
At the end of the year	**551**	552

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

Name of associate	Principal activity	Country of incorporation	Proportion of voting rights held at 30 September 2013 & 2014
Browntech Sales Co. Ltd	Marketing of window ventilators	South Korea	49%

	2014 £'000	2013 £'000
At the beginning and end of the of the year	**225**	225

6 Debtors

	2014 £'000	2013 £'000
Other debtors	**9**	15
Deferred tax (note 8)	**-**	10
Amounts owed by subsidiaries	**3,628**	3,769
Amounts owed by associated undertakings (note 11)	**-**	115
	3,637	3,909

Amounts owed by subsidiaries are repayable on demand.

7 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Accruals and deferred income	**67**	61
	67	61

8 Deferred tax

Deferred tax is calculated in full on timing differences under the liability method using a tax rate of 20% (2013: 21%). The movement on the deferred tax account is as shown below:

	Accelerated capital allowances £'000
At the beginning of the year	10
Charge to the income statement	(10)
At the end of the year	**-**

9 Share capital

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

	2014 Number	2014 £'000	2013 Number	2013 £'000
At the beginning and end of the year	**10,555,650**	**1,056**	10,555,650	1,056

Treasury shares held by the Group	2014 Number	2014 £'000	2013 Number	2013 £'000
At the beginning of the year	-	-	-	-
Treasury shares purchased	**50,000**	**27**	-	-
At the end of the year	**50,000**	**27**	-	-

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

Notes to Parent Company Financial Statements

at 30 September 2014

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 2012	1,056	865	56	-	6,566	8,543
Loss for the year	-	-	-	-	(8)	(8)
Share-based payment expense	-	-	-	-	41	41
Dividends paid	-	-	-	-	(158)	(158)
At 30 September 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**

Included within retained earnings is £111,000 of goodwill (2013: £111,000) arising on business combinations in prior years, and prior to the implementation of FRS 10.

11 Related party loan

The Company provided Browntech Sales Co. Ltd with a £100,000 unsecured loan in September 2008 which was repayable with interest at 3% p.a. The gross amount receivable at 30 September 2013 was £115,000. The loan was repaid in full in November 2013.

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 Titon Korea Ltd or 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

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Results					
Revenue	**19,256**	15,740	14,548	15,995	15,609
Gross profit	**5,330**	3,681	2,880	3,619	4,171
Operating profit / (loss)	**1,140**	230	(971)	5	668
Finance income	**5**	13	26	36	29
Share of profit / (losses) from associate	**188**	262	(39)	(7)	(91)
Profit / (loss) before tax	**1,333**	505	(984)	34	606
Income tax (expense) / credit	**(56)**	(29)	247	155	(199)
Profit / (loss) after tax	**1,277**	476	(737)	189	407
Dividends	**211**	158	211	237	211
Basic earnings / (loss) per share	**8.52p**	2.87p	(6.83p)	1.62p	3.85p
Assets Employed					
Property, plant & equipment	**3,169**	3,298	3,484	3,682	3,744
Net cash and cash equivalents	**2,149**	2,116	1,813	2,847	3,110
Net current assets	**6,323**	5,304	5,101	6,165	6,304
Financed by					
Shareholders' funds : all equity	**9,996**	9,213	9,066	9,981	10,013

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 18 February 2015 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 6, 8 and 9 will be proposed as Ordinary Resolutions and of which Resolutions 7 and 10 will be proposed as Special Resolutions.

Explanatory notes in respect of the resolutions are set out on pages 14 to 15 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 2014.

2. To declare a final dividend of 1.5p per ordinary share payable to shareholders on the Company's register of members at close of business on 30 January 2015 payable on 20 February 2015.

3. To re-elect Mr Nicholas Charles Howlett, who retires from the Board in accordance with Article 104, as a Director of the Company.

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

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

6. 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 £250,000 (representing approximately 23.7% of the nominal value of the ordinary shares in issue on 18 December 2014 for a period expiring (unless previously revoked, varied or renewed) on 17 May 2016 or, if sooner, the end of the next 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.

7. That subject to the passing of Resolution 6 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 17 May 2016 or, if sooner, the end of the next Annual General Meeting of the Company. This power shall be limited to the allotment of equity securities:

    7.1 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

7.2 otherwise than pursuant to paragraph 7.1 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 2014);

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 6" were omitted.

8. That the Directors' Remuneration Report set out on pages 16 to 19 of the Annual Report and Accounts for the year ended 30 September 2014, be approved.

9. That the Directors' Remuneration Policy set out on pages 20 and 21 of the Annual Report and Accounts 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 1,055,565 (representing approximately 10% of the nominal value of the ordinary shares in issue on 18 December 2014;

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 17 May 2016 or, if sooner, the end of the next 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

12 January 2015

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

Notice of Annual General Meeting

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. Lines are open 8.30 a.m. - 5.30 p.m. Monday to Friday).

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 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF no later than 11.00 a.m. 16 February 2015. 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. 16 February 2015, (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 9 January 2015 (being the last business day prior to the publication of this notice) the Company's issued share capital comprised 10,555,650 ordinary shares. Each ordinary share 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 10,505,650. As at 18 December 2014 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 our shareholders' helpline on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8:30am - 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
C S Jarvis

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

www.titonholdings.com

AUDITORS

BDO LLP
55 Baker Street
London
W1U 7EU

SOLICITORS

Barlow Robbins LLP
The Oriel
Sydenham Road
Guildford
GU1 3SR

REGISTRARS AND TRANSFER OFFICE

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

BANKERS

Barclays Bank Plc
Witham Business Centre
Witham, Essex
CM8 2AT

TITON HOLDINGS PLC
International House, Peartree Road, Stanway, Colchester, Essex CO3 0JL

Tel: +44 (0)1206 713800
Email: enquiries@titon.co.uk
Web: www.titonholdings.com

Designed and Produced by Red Cell Ltd. 01376 561666