

# **Titon Holdings Plc**

## **Business Review**

### **Financial performance**

I am very pleased to report a record half year for Titon, with a 61% increase in Profit before Tax and top line growth of 41%. Earnings per share also rose significantly (+34%) and the Interim Dividend is to be raised 20%. This performance would have been even better, too, without the costs associated with the Group's exit from commercial ducting fabrication in the UK referred to under Operations below.

### **Income Statement**

In six months ended 31 March 2017, Titon's net revenue (which excludes inter-segment activity) rose 29.1% to £14.01 million. On a constant currency basis, however, the increase was 20.4%.

The Gross Margin was sustained at 28.4% (2016: a restated 28.7% due to a re-classification of Research and Development expenses). EBITDA was £1.17 million (2016: £0.83 million) while Operating Profit or EBIT (Earnings before interest and tax) rose 56% to £0.85 million with operating margins at 6.1% (2016: 5.1%).

Net interest contributed £7,000 (2016: £4,000) while the share of profits from the Group's associate soared 75% to £320,000 (2016: £183,000) resulting in Profit before Tax of £1.18 million which was an increase of 61% year-on-year (2016: £0.74 million). The weakness of the British Pound added £143,000 to Profit before Tax, which means that on a constant currency basis, it would have been £1.04 million and 41% higher year-on-year.

Earnings per share for the half year increased 34% to 6.09 pence (2016: 4.55 pence). Taxation was sharply higher at 23.8% (2016: 16.8%) due to the higher proportion of profits made outside the UK in the period while the Non-controlling Interest's share of group profits almost doubled from £130,000 to £237,000.

An Interim Dividend in respect of the six months ended 31 March 2017 of 1.50 pence per share was approved by the Directors of Titon Holdings Plc on 10 May 2017. The Interim Dividend will be payable on 24 June 2017 to shareholders on the Register at 3 June 2017. The ex-dividend date is 2 June 2017.

### **Balance Sheet and Cash Flow**

Total Equity rose £2.92 million to £15.61 million with net cash at £2.71 million (31 March 2016: £2.46 million) which is equivalent to 17.3% of net assets (31 March 2016: 19.4%). There was a net cash inflow in the half year of £247,000 (2016: inflow of £45,000) which was driven primarily by cash generated from operations. Total capital expenditure in the half year was £279,000 (2016: £422,000).

Net current assets were £9.57 million (2016: £7.64 million).

### **Operations**

In the UK, the performance of our window and door hardware business has improved, with the value of sales from the Timber, PVCu and Aluminium divisions exceeding last year by 14% and also making good contributions to profits. Similarly, we have seen encouraging sales of the new hardware products which have been developed in the last few years and this should continue in the second half.

Sales in the Ventilation Systems division have continued to grow with UK revenue up 13% year on year with Export Sales more than doubling. We continue to achieve good sales of our MVHR products (Mechanical Ventilation with Heat Recovery) and the Group's increasingly wide range of such products affords a significant competitive advantage in the market place.

As already noted, sales of our core products in the UK were good in the half year. However, their profit contribution has been eroded by a decision to withdraw from a new venture which commenced some 12 months ago. Its focus was the fabrication, in partnership, of a new commercial ducting product. However, it was not embraced by the market at the prices that we had expected and would only have done so, we believe, with a greater focus on specification selling and significant investment by Titon. Both strategies would have been expensive and would have had no guarantee of success. As a result, and in conjunction with our partners, it was decided to cease our activities in this market. In turn, we have had to make provisions for stock, fixed assets and debts which we may not recover in the future totalling £234,000. This combined with the initial losses of the project means that Titon Hardware made a small loss in the first half.

# **Titon Holdings Plc**

## **Business Review (continued)**

The performance by our South Korean businesses, however, has been very positive in the period and Profit before Tax for Titon Korea (51% owned) nearly doubled. This reflects increased penetration, by the Company, of the domestic market in natural ventilation products and credit goes to our team on the ground. Our second South Korean business is the Associate company, Browntech Sales or BTS (49% owned) which distributes ventilation products in South Korea and invests in and develops schemes in the domestic residential real estate market. BTS recently purchased a greenfield site in an exclusive area of Seoul and expects to start work in the June quarter. We remain cognisant, of course, of both the geopolitical tensions on the Korean Peninsula at large and South Korea's complex domestic politics. Be that as it may, in Q1 of 2017, South Korea's GDP expanded at its fastest quarterly rate (0.9%) since Q2 2016. It was also 2.7% up on a year ago.

In the US, we have seen another good contribution to the Group's Profit before Tax. The US market for natural ventilation is small and the Group has developed a good domestic reputation and trades profitably. Titon also continues to develop new products specifically for the American market and new opportunities continue to emerge.

### **Investors**

The Group's initiative with Hardman & Co., the corporate research house, is more than a year old now and continues very satisfactorily for shareholders. Note, too, that its reports can be accessed via the London Stock Exchange Regulatory News Service or RNS (<http://www.investegate.co.uk>). In addition, I was interviewed by Lord John Lee, who is also a shareholder, for his programme on Share Radio. This is the first UK national radio station dedicated to business, finance and money. Later this month, too, I am due to present Titon to a group of investors at an event organised by the UK Shareholders' Association, which is the oldest shareholder campaigning organisation in the UK. Indeed, we welcome all contact with shareholders or potential shareholders.

### **Outlook**

In the UK, both the Brexit negotiations and the imminent General Election create degrees of uncertainty. Nonetheless, we expect our core UK businesses to continue to grow in the second half. Another strong performance is also expected from South Korea and, while the US is a smaller region for Titon right now, it is doing well and we intend to commit further resources here. The same goes for the Group's exports to continental Europe.

This geographical diversity is a strength and, particularly, when it is combined with great products, great people and a strong balance sheet. I am confident that we will have a good result for the year.

### **Principal risk and uncertainties**

The key financial and non-financial risks faced by the Group are disclosed in the Group's Annual Report and Accounts for the year ended 30 September 2016 within the Strategic Report (page 5) available at [www.titonholdings.com](http://www.titonholdings.com). The Board considers that these remain a current reflection of the risks and uncertainties facing the business. The Board also considers that it is appropriate to adopt the going concern basis of accounting in preparing these financial statements and has not identified any material uncertainties which would prevent us so doing.

### **Responsibility Statement**

The Directors confirm that, to the best of their knowledge, this condensed set of consolidated financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that this Interim Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The Directors of Titon Holdings Plc are listed on page 15 of this document. A list of current directors is maintained on the Group's website [www.titonholdings.com](http://www.titonholdings.com).

On behalf of the Board

**KA Ritchie**  
Chairman

**10 May 2017**

# Titon Holdings Plc

## Consolidated Interim Income Statement

for the six months ended 31 March 2017

		<b>6 months to 31.3.17</b>	6 months to 31.3.16	Year to 30.9.16
		<b>unaudited</b>	unaudited & restated*	audited
	Note	<b>£'000</b>	£'000	£'000
<b>Revenue</b>	2	<b>14,012</b>	10,850	23,721
Cost of sales	1	<b>(10,032)</b>	(7,736)*	(16,673)
<b>Gross profit</b>		<b>3,980</b>	3,114	7,048
Distribution costs		<b>(488)</b>	(341)	(756)
Administrative expenses		<b>(2,361)</b>	(1,938)	(3,998)
Research and development expenses	1	<b>(282)</b>	(295)*	(539)
Other income		<b>5</b>	8	17
<b>Operating profit</b>		<b>854</b>	548	1,772
Finance income		<b>7</b>	4	8
Share of profits from associates		<b>320</b>	183	356
<b>Profit before tax</b>		<b>1,181</b>	735	2,136
Income tax expense	3	<b>(281)</b>	(120)	(184)
<b>Profit after income tax</b>		<b>900</b>	615	1,952
<b>Attributable to:</b>				
Equity holders of the parent		<b>663</b>	485	1,635
Non-controlling interest		<b>237</b>	130	317
<b>Profit for the period</b>		<b>900</b>	615	1,952
Earnings per share attributed to equity holders of the parent :				
Basic	5	<b>6.09p</b>	4.55p	15.21p
Diluted	5	<b>5.99p</b>	4.46p	14.95p

## Consolidated Interim Statement of Comprehensive Income

for the six months ended 31 March 2017

		<b>6 months to 31.3.17</b>	6 months to 31.3.16	Year to 30.9.16
		<b>unaudited</b>	unaudited	audited
		<b>£'000</b>	£'000	£'000
<b>Profit for the period</b>		<b>900</b>	615	1,952
Other comprehensive income – items which may be reclassified to profit or loss in subsequent periods:				
Exchange difference on re-translation of net assets of overseas operations		<b>143</b>	76	917
<b>Total comprehensive income for the period</b>		<b>1,043</b>	691	2,869
Attributable to:				
Equity holders of the parent		<b>757</b>	511	2,198
Non-controlling interest		<b>286</b>	180	671
		<b>1,043</b>	691	2,869

The notes on pages 7 to 14 form an integral part of this condensed interim information.

# Titon Holdings Plc

## Consolidated Statement of Financial Position

at 31 March 2017

		31.3.17 unaudited	31.3.16 unaudited	30.9.16 audited
	Note	£'000	£'000	£'000
<b>Assets</b>				
Property, plant and equipment	6	3,576	3,443	3,511
Intangible assets		529	563	627
Investments in associates		1,824	979	1,464
Deferred tax		154	83	158
<b>Total non-current assets</b>		<b>6,083</b>	5,068	5,760
Inventories		4,976	3,884	4,586
Trade and other receivables		6,772	5,426	6,702
Cash and cash equivalents		2,705	2,458	2,438
<b>Total current assets</b>		<b>14,453</b>	11,768	13,726
<b>Total Assets</b>		<b>20,536</b>	16,836	19,486
<b>Liabilities</b>				
Deferred tax		40	19	25
<b>Total non-current liabilities</b>		<b>40</b>	19	25
Trade and other payables		4,706	4,015	4,526
Corporation tax		176	112	161
<b>Total current liabilities</b>		<b>4,882</b>	4,127	4,687
<b>Total Liabilities</b>		<b>4,922</b>	4,146	4,712
<b>Equity</b>				
Share capital		1,095	1,085	1,091
Share premium reserve		975	939	950
Capital redemption reserve		56	56	56
Treasury shares		(27)	(27)	(27)
Translation reserve		605	(26)	511
Retained earnings		10,910	9,440	10,479
<b>Total Equity attributable to the equity holders of the parent</b>		<b>13,614</b>	11,467	13,060
<b>Non-controlling Interest</b>		<b>2,000</b>	1,223	1,714
<b>Total Equity</b>		<b>15,614</b>	12,690	14,774
<b>Total Liabilities and Equity</b>		<b>20,536</b>	16,836	19,486

The notes on pages 7 to 14 form an integral part of this condensed interim information.

## Titon Holdings Plc

### Consolidated Interim Statement of Changes in Equity

at 31 March 2017

	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
<b>At 1 October 2015</b>	<b>1,063</b>	<b>891</b>	<b>56</b>	<b>(52)</b>	<b>(27)</b>	<b>9,119</b>	<b>11,050</b>	<b>1,043</b>	<b>12,093</b>
Translation differences on overseas operations	-	-	-	26	-	-	26	50	76
Profit for the period	-	-	-	-	-	485	485	130	615
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>485</b>	<b>511</b>	<b>180</b>	<b>691</b>
Dividends paid	-	-	-	-	-	(188)	(188)	-	(188)
Share-based payment expense	-	-	-	-	-	24	24	-	24
Ordinary shares issued	22	48	-	-	-	-	70	-	70
<b>At 31 March 2016</b>	<b>1,085</b>	<b>939</b>	<b>56</b>	<b>(26)</b>	<b>(27)</b>	<b>9,440</b>	<b>11,467</b>	<b>1,223</b>	<b>12,690</b>
Translation differences on overseas operations	-	-	-	537	-	-	537	304	841
Profit for the period	-	-	-	-	-	1,150	1,150	187	1,337
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>537</b>	<b>-</b>	<b>1,150</b>	<b>1,687</b>	<b>491</b>	<b>2,178</b>
Dividends paid	-	-	-	-	-	(136)	(136)	-	(136)
Share-based payment expense	-	-	-	-	-	25	25	-	25
Ordinary shares issued	6	11	-	-	-	-	17	-	17
<b>At 30 September 2016</b>	<b>1,091</b>	<b>950</b>	<b>56</b>	<b>511</b>	<b>(27)</b>	<b>10,479</b>	<b>13,060</b>	<b>1,714</b>	<b>14,774</b>
Translation differences on overseas operations	-	-	-	94	-	-	94	49	143
Profit for the period	-	-	-	-	-	663	663	237	900
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94</b>	<b>-</b>	<b>663</b>	<b>757</b>	<b>286</b>	<b>1,043</b>
Dividends paid	-	-	-	-	-	(245)	(245)	-	(245)
Share-based payment expense	-	-	-	-	-	13	13	-	13
Ordinary shares issued	4	25	-	-	-	-	29	-	29
<b>At 31 March 2017</b>	<b>1,095</b>	<b>975</b>	<b>56</b>	<b>605</b>	<b>(27)</b>	<b>10,910</b>	<b>13,614</b>	<b>2,000</b>	<b>15,614</b>

The notes on pages 7 to 14 form an integral part of this condensed interim information.

## Titon Holdings Plc

### Consolidated Interim Statement of Cash Flows

for the six months ended 31 March 2017

	Note	6 months to 31.3.17 unaudited £'000	6 months to 31.3.16 unaudited £'000	Year to 30.9.16 audited £'000
<b>Cash generated from operating activities</b>				
Profit before tax		1,181	735	2,136
Adjustments for:				
Depreciation of property, plant & equipment		214	197	400
Amortisation of intangible assets		98	82	156
Increase in inventories		(330)	(44)	(370)
Decrease / (increase) in receivables		24	(354)	(1,061)
Increase / (decrease) in payables and other current liabilities		129	(174)	(79)
Profit on sale of plant & equipment		(7)	(5)	(19)
Share based payment – equity settled		13	24	49
Interest received		(7)	(3)	(8)
Share of associate's profit		(320)	(183)	(356)
<b>Cash generated from operations</b>		<b>995</b>	<b>275</b>	<b>848</b>
<b>Income taxes paid</b>		<b>(247)</b>	<b>(133)</b>	<b>(217)</b>
<b>Net cash generated from operating activities</b>		<b>748</b>	<b>142</b>	<b>631</b>
<b>Cash flows from investing activities</b>				
Purchase of plant & equipment	6	(279)	(422)	(721)
Purchase of intangible assets		-	(22)	(163)
Proceeds from sale of plant & equipment		7	5	50
Interest received		7	3	8
<b>Net cash used in investing activities</b>		<b>(265)</b>	<b>(436)</b>	<b>(826)</b>
<b>Cash flows from financing activities</b>				
Exercise of share options		29	70	87
Dividends paid to equity shareholders	4	(245)	(188)	(324)
<b>Net cash used in financing activities</b>		<b>(216)</b>	<b>(118)</b>	<b>(237)</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>		<b>267</b>	<b>(412)</b>	<b>(432)</b>
Cash & cash equivalents at beginning of the period		2,438	2,870	2,870
<b>Cash &amp; cash equivalents at end of the period</b>		<b>2,705</b>	<b>2,458</b>	<b>2,438</b>
Cash & cash equivalents comprise:				
Cash at bank		2,705	2,458	2,438
<b>Cash &amp; cash equivalents at end of the period</b>		<b>2,705</b>	<b>2,458</b>	<b>2,438</b>

The notes on pages 7 to 14 form an integral part of this condensed interim information.

# Notes to the Condensed Consolidated Interim Statements

## at 31 March 2017

### 1 Basis of preparation

Titon Holdings Plc (the 'Company') is a company domiciled in England. The condensed consolidated interim financial statements of the Group for the six months ended 31 March 2017 comprise the Company and its subsidiaries (together referred to as the 'Group').

The IASB has issued revised and updated IFRIC amendments which have been adopted, with the exception of IAS 7, IAS 12 and IFRSs 9, 15 and 16 which are effective for reporting periods beginning after 1 January 2017.

The Group has commenced its evaluation of the impact of IFRS 15 and currently expects the impact on the UK business may be limited, but is working with its Korean operations to determine the effect on the timing of revenue recognition in both Titon Korea and the Group's associate, Browntech Sales Co. Ltd. With the exception of IFRSs 9, 15 and 16, where the Group is still assessing the possible future effects of these standards, the Group does not currently believe the adoption of these standards or interpretations would have a material impact on the consolidated results or financial position of the Group.

	Effective date (periods beginning)
<ul style="list-style-type: none"><li>IFRS 9 Financial Instruments. This IFRS replaces IAS 39 Financial Instruments: Recognition and Measurement in its entirety and uses a single approach to determine whether a financial asset is measured at amortised cost or fair value.</li></ul>	1 January 2018
<ul style="list-style-type: none"><li>IFRS 15 Revenue from Contracts with Customers. IFRS 15 is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. IFRS 15 supersedes: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue-Barter Transactions Involving Advertising Services.  The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</li></ul>	1 January 2018
<ul style="list-style-type: none"><li>IFRS 16 Leases. This IFRS sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor').  IFRS 16 eliminates and replaces the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. The amendments are not yet endorsed for use in the EU as the expected date of endorsement is not yet determined.</li></ul>	Expected Q4 2017

Otherwise, the condensed interim financial statements have been prepared using accounting policies set out in the Report and Accounts 2016 and have been applied consistently to all periods presented in these financial statements. They are in accordance with IAS 34. The six months results for both 31 March 2016 and 2017 have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. The financial information for the year end 30 September 2016 does not constitute the full statutory accounts for that period. The Company's Report and Accounts 2016 have been delivered to the Registrar of Companies. The independent auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The condensed interim financial statements do not constitute full accounts within the meaning of Section 434 of the Companies Act 2006.

The prior period figures for the six months to 31 March 2016 for Cost of Sales and Research and Development Expenses shown in the Consolidated Income Statement on page 6 have been restated to provide a comparable cost basis with the costs and expenses reported in the six month period to 31 March 2017 and the year ended 30 September 2016. Cost of Sales for the year to 31 March 2016 have been restated at £7,736,000 (previously reported as £8,031,000) and Research and Development Expenses have been restated at £295,000. The Research and Development Expenses were included within the figure for Cost of Sales and were not reported separately for the period ending 31 March 2016.

This restatement has had no effect on the profits recorded for the six month period to 31 March 2017 or for the year to 30 September 2016.

The interim report was approved by the Board and authorised for issue on 10 May 2017. Copies of the interim report will be sent to shareholders in the next few weeks.

This statement is being sent to shareholders, will be available on the Group's website at [www.titonholdings.com](http://www.titonholdings.com) and from the Company's registered office at 894 The Crescent, Colchester Business Park, Colchester, Essex CO4 9YQ.

## Notes to the Condensed Consolidated Interim Statements at 31 March 2017

### 2 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:

<b>Segment</b>	<b>Activities undertaken include:</b>
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 allocated to the business activities for which R&D is specifically performed. Sales Administration and Other Expenses are currently allocated to operating segments in the Group's reporting to the CODM. 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.

**Notes to the Condensed Consolidated Interim Statements**  
at 31 March 2017

**2 Revenue and segmental information (continued)**

Operating segment	United Kingdom £'000	South Korea £'000	North America £'000	All other countries £'000	Total £'000
<b>6 months ended 31 March 2017</b>					
Segment revenue	7,137	4,520	1,047	1,308	14,012
Inter-segment revenue	375	-	-	-	375
<b>Total Revenue</b>	<b>7,512</b>	<b>4,520</b>	<b>1,047</b>	<b>1,308</b>	<b>14,387</b>
<b>Segment profit</b>	<b>998</b>	<b>913</b>	<b>261</b>	<b>150</b>	<b>2,322</b>
<i>Allocated expenses</i>					
Research and Development expenses	(189)	-	-	(93)	(282)
Sales Administration expenses	(471)	-	-	(17)	(488)
Other Expenses	(347)	-	-	(31)	(378)
Finance income	7	-	-	-	7
<b>Profit before tax</b>	<b>(2)</b>	<b>913</b>	<b>261</b>	<b>9</b>	<b>1,181</b>
Tax expense					(281)
<b>Profit for the period</b>					<b>900</b>
Depreciation and amortisation	278	33	1	-	312
Total assets	12,048	7,906	582	-	20,536
Total assets include:					
Investments in associates	1,824	-	-	-	1,824
Additions to non-current assets (other than financial instruments and deferred tax assets and excluding changes in value of the non-current asset investment in the associate)	255	24	-	-	279

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

**Notes to the Condensed Consolidated Interim Statements**  
at 31 March 2017

**2 Revenue and segmental information (continued)**

Operating segment	United Kingdom £'000	South Korea £'000	North America £'000	All other countries £'000	Total £'000
<b>6 months ended 31 March 2016</b>					
Segment revenue	6,031	3,365	685	769	10,850
Inter-segment revenue	263	-	-	-	263
<b>Total Revenue</b>	<b>6,294</b>	<b>3,365</b>	<b>685</b>	<b>769</b>	<b>11,113</b>
<b>Segment profit</b>	<b>1,194</b>	<b>499</b>	<b>159</b>	<b>-</b>	<b>1,852</b>
<i>Allocated expenses</i>					
Research and Development expenses	(205)	-	-	(90)	(295)
Sales Administration expenses	(311)	-	-	(30)	(341)
Other Expenses	(468)	-	-	(17)	(485)
Finance income	4	-	-	-	4
<b>Profit before tax</b>	<b>214</b>	<b>499</b>	<b>159</b>	<b>(137)</b>	<b>735</b>
Tax expense					(120)
<b>Profit for the period</b>					<b>615</b>
Depreciation and amortisation	253	26	-	-	279
Total assets	11,443	4,950	443	-	16,836
Total assets include:					
Investments in associates	979	-	-	-	979
Additions to non-current assets (other than financial instruments and deferred tax assets and excluding changes in value of the non-current asset investment in the associate)	420	23	1	-	444

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

**Notes to the Condensed Consolidated Interim Statements**  
at 31 March 2017

**2 Revenue and segmental information (continued)**

Operating segment	United Kingdom	South Korea	North America	All other countries	Total
	£'000	£'000	£'000	£'000	£'000
<b>12 months ended 30 September 2016</b>					
Segment revenue	12,901	7,110	1,715	1,995	23,721
Inter-segment revenue	750	-	-	-	750
<b>Total Revenue</b>	<b>13,651</b>	<b>7,110</b>	<b>1,715</b>	<b>1,995</b>	<b>24,471</b>
<b>Segment profit</b>	<b>2,843</b>	<b>1,158</b>	<b>281</b>	<b>196</b>	<b>4,478</b>
<i>Allocated expenses</i>					
Research and Development expenses	(327)	(23)	(21)	(168)	(539)
Sales Administration expenses	(559)	-	-	(62)	(621)
Other Expenses	(1,155)	-	-	(35)	(1,190)
Finance income	8	-	-	-	8
<b>Profit before tax</b>	<b>810</b>	<b>1,135</b>	<b>260</b>	<b>(69)</b>	<b>2,136</b>
Tax expense					(184)
<b>Profit for the period</b>					<b>1,952</b>
Depreciation and amortisation	508	47	1	-	556
Total assets	12,786	6,098	602	-	19,486
Total assets include:					
Investments in associates	1,464	-	-	-	1,464
Additions to non-current assets (other than financial instruments and deferred tax assets and excluding changes in value of the non-current asset investment in the associate)	839	43	2	-	884

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

## Notes to the Condensed Consolidated Interim Statements at 31 March 2017

### 2 Revenue and segmental information (continued)

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.

<b>6 months ended 31 March 2017</b>	United Kingdom	Europe	North America	Asia	All other regions	Total
<b>Revenues</b>	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	8,445	-	1,047	4,520	-	14,012
by country from which derived	7,110	1,266	1,047	4,585	4	14,012
<b>Non-current assets</b>						
By entities' country of domicile	4,245	-	2	1,836	-	6,083

One customer accounted for more than 10% of Group revenue and sales to this customer totalled £4.520m (included within South East Asia).

<b>6 months ended 31 March 2016</b>	United Kingdom	Europe	North America	Asia	All other regions	Total
<b>Revenues</b>	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	6,800	-	685	3,365	-	10,850
by country from which derived	6,024	723	685	3,365	53	10,850
<b>Non-current assets</b>						
By entities' country of domicile	4,065	-	2	1,001	-	5,068

One customer accounted for more than 10% of Group revenue and sales to this customer totalled £3.365m (included within South East Asia).

<b>12 months ended 30 September 2016</b>	United Kingdom	Europe	North America	Asia	All other regions	Total
<b>Revenues</b>	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	14,896	-	1,715	7,110	-	23,271
by country from which derived	12,848	1,934	1,715	7,155	69	23,721
<b>Non-current assets</b>						
By entities' country of domicile	4,272	-	3	1,485	-	5,760

Sales to Browntech Sales Co. Ltd (the Group's associate undertaking in South Korea) of £7.110m represent 30.0% of Group Revenue. There are no other concentrations of revenue above 10% during the year (see Note 7 - Related party transactions).

**Notes to the Condensed Consolidated Interim Statements**  
at 31 March 2017

**3 Tax**

	<b>6 months to 31.3.17</b>	6 months to 31.3.16	Year to 30.9.16
	<b>£'000</b>	£'000	£'000
Current income tax:			
Corporation tax expense	<b>(219)</b>	(120)	(256)
Adjustment in respect of prior years	<b>(43)</b>	-	3
	<b>(262)</b>	(120)	(253)
Deferred tax:			
Origination and reversal of temporary differences	<b>(19)</b>	-	69
Income tax expense	<b>(281)</b>	(120)	(184)

Tax for the interim period is charged at 25.4% (six months to 31 March 2016: 25.0%) representing the best estimate of the average annual effective income tax rate for the full financial year.

**4 Dividends**

An interim dividend in respect of the six months ended 31 March 2017 of 1.50p per share, amounting to a total dividend of £164,000 was approved by the Directors of Titon Holdings Plc on 10 May 2017. These consolidated interim statements do not reflect the dividend payable.

The interim dividend will be payable on 23 June 2017 to the shareholders on the register on 2 June 2017. The ex-dividend date is 1 June 2017.

The following dividends have been recognised and paid by the Company:

	<b>6 months to 31.3.17</b>	6 months to 31.3.16	Year to 30.9.16
	<b>£'000</b>	£'000	£'000
	<b>£'000</b>	£'000	£'000
Final in respect of the year end 30.09.15	-	188	188
Interim in respect of the year end 30.09.16	-	-	136
Final in respect of the year end 30.09.16	<b>245</b>	-	-
	<b>245</b>	188	324

## Notes to the Condensed Consolidated Interim Statements at 31 March 2017

### 5 Earnings per ordinary share

Basic earnings per share has been calculated by dividing the profits attributable to shareholders by the weighted average number of ordinary shares in issue during the period, being 10,878,695 (six months ended 31 March 2016: 10,663,414; year ended 30 September 2016: 10,752,964).

Diluted earnings per share has been calculated by dividing the profits attributable to shareholders by the weighted average number of ordinary shares and potential dilutive ordinary shares during the period, being 11,077,090 (six months ended 31 March 2016: 10,877,509; year ended 30 September 2016: 10,937,093).

### 6 Property, plant and equipment

#### Additions and disposals

During the six months ended 31 March 2017, the Group acquired assets with a cost of £279,000 (six months to 31 March 2016: £444,000; year ended 30 September 2016: £721,000).

### 7 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.

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

	Sale of goods			Amount owed by related party		
	<b>6 months to 31.3.17</b>	6 months to 31.3.16	Year to to 30.9.16	<b>6 months to 31.3.17</b>	6 months to 31.3.16	Year to to 30.9.16
	<b>£'000</b>	£'000	£'000	<b>£'000</b>	£'000	£'000
Browntech Sales Co. Ltd	<b>4,520</b>	3,365	7,110	<b>2,879</b>	1,985	2,575

There have been no additional significant or unusual related party transactions to those disclosed in the Group's Annual Report for 30 September 2016.

### 8 Liability statement

Neither the Group nor the Directors accept any liability to any person in relation to the Interim Statement except to the extent that such liability could arise under English Law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

## **Directors and Advisors**

### **DIRECTORS**

#### **Executive**

KA Ritchie (Chairman)  
D A Ruffell (Chief Executive)  
T N Anderson  
T D Gearey  
N C Howlett

#### **Non-executive**

J N Anderson (Deputy Chairman)  
K Sargeant

### **SECRETARY AND REGISTERED OFFICE**

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Essex CO4 9YQ

### **COMPANY REGISTRATION NUMBER**

1604952 (Registered in England & Wales)

### **WEBSITE**

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### **BANKERS**

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