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15 May 2019

Titon Holdings PLC

Unaudited interim results for the six months to 31 March 2019

Titon Holdings Plc ("Titon", the "Group" or the "Company"), a leading international manufacturer and supplier of ventilation systems and window and door hardware, today announces its Interim Results for the six months ended 31 March 2019.

Financial Results

	Six months ended 31 March 2019	Six months ended 31 March 2018 (restated)*	% Change
Net revenue	£14.29m	£14.24m	-
Underlying EBITDA[1]	£1.35m	£1.05m	+29%
EBITDA	£1.17m	£1.05m	+12%
Underlying profit before tax[1]	£1.30m	£1.04m	+26%
Profit before tax	£1.12m	£1.04m	+8%
Underlying earnings per share[1]	8.69p	7.25p	+20%
Interim dividend per share	1.75p	1.75p	-

Financial highlights

- Underlying EBITDA increased 29% to £1.35 million
- Underlying profit before tax rose 26% to £1.30 million
- Underlying earnings per share ("EPS") were 20% higher at 8.69 pence
- Interim dividend is maintained at 1.75 pence per share
- Net cash of £3.84 million (2018: £2.74 million)
- Return on net assets ("RONA") [2] was 19.9% (2018: 16.3%)

Operational highlights

- South Korea's profit before tax increased 21% to £0.9 million; and it remains the Group's largest income generator
- Strong sales growth in mechanical ventilation systems in the UK and Continental Europe
- Revenue in the US rose 55% to £0.5 million
- The mechanical ventilation product range for the UK and Continental Europe was expanded in the period, including a new mechanical ventilation heat recovery ("MVHR") unit for larger homes
- UK showroom and meeting area upgraded

Executive Chairman Keith Ritchie said: "By any yardstick, the Group's first half performance was a very good one with both underlying profit before tax and earnings rising by a fifth or more. Despite the previously announced weak housing market in Korea, group net revenue was resilient and against these headwinds our Korean business performed well".

"Titon has a diversified and growing presence in international markets, together with an established and expanding range of products. We have a strong balance sheet and a team that I am proud of. As previously announced, testing conditions continue in South Korea but I look forward to results for the Group in the second half of the year in line with market expectations".

**Prior period figures for the year to 30 September 2018 and the six months to 31 March 2018 have been restated pursuant to the announcement made by the Company on 19 March 2019, further details of which are included in note 2 of the Interim Statement.*

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Notes:

[1] Underlying EBITDA, Operating profit, Profit before tax and EPS in the period are calculated by adding back an exceptional item of £181,000 which relates to transaction related costs in respect of a potential acquisition which did not proceed

[2] RONA is calculated by dividing Underlying profit before tax by Net Assets (including non-controlling interests, net of cash and intangibles) and expressed as an annualised figure. Asset Turn is calculated by dividing the group's net revenue by Net Assets as defined above.

Titon Holdings PLC

Interim results for the six months to 31 March 2019

Chairman's statement

Income Statement

In the six months to 31 March 2019, Titon's net revenue (which excludes inter-segment activity) rose 0.4%, to £14.3 million (2018: £14.2 million). The 2018 comparatives have been restated, where appropriate, due to an accounting change, which is explained below.

Gross margin improved to 29.3% (2018: 27.6%) due to the geographical mix of sales with the European and US operations providing an increased contribution in the period and an improvement in the profitability of mechanical ventilation systems in the UK and in Europe. At the same time, underlying EBITDA[1] was 29% higher at £1.35 million (2018: £1.05 million), whilst underlying operating profit[1] increased by 40% to £0.98 million (2018: £0.70 million) which meant that the Group's operating margin also rose to 6.9% (2018: 4.9%). The share of profits from the Group's associate, Browntech Sales Co., Ltd (BTS) in South Korea, dipped marginally to £0.31 million (2018: £0.33 million) as a result of the previously announced weaker housing market in Korea. In turn, underlying profit before tax[1] was 26% higher at £1.30 million (2018: £1.04 million).

Reported profit before tax rose by 8%, to £1.12 million (2018: £1.04 million). This is stated net of £181,000 of costs relating to a potential acquisition under consideration during the period which did not proceed, and which is shown separately in the income statement.

Underlying earnings per share[1] increased by a fifth to 8.69 pence (2018: 7.25 pence) with the apportionment of profits to minority shareholders higher at £0.22 million (2018: £0.16 million) which reflected the higher contribution from the Group's 51% owned subsidiary, Titon Korea.

An unchanged interim dividend in respect of the six months ended 31 March 2019 of 1.75 pence per share (2018: 1.75 pence) was approved by the Directors of Titon Holdings Plc on 14 May 2019. The interim dividend is payable on 21 June 2019 to shareholders on the register at 24 May 2019. The ex-dividend date is 23 May 2019.

Restatement

In an announcement on 19 March 2019, the Group explained that certain costs associated with products sold by Titon Korea in earlier accounting periods, up to and including 30 September 2018, had, in error, not been wholly taken into account in the relevant periods. This related to the incorrect accounting apportionment of costs and revenues between first and second fix installations of products manufactured by our 51% owned subsidiary Titon Korea and sold by BTS, our 49% owned associated company. We have now completed an analysis of this issue and I can confirm that the total equity attributable to equity holders of Titon as at 30 September 2018 has been reduced by £826,000 (or 5.1%) from the figure shown in the 2018 Annual Report. Subsequently, this and other comparative 2018 numbers, where they were impacted by the adjustment, have been restated. In terms of the income statement, there has also been a restatement of the results for the six months to 31 March 2018 and for the year to 30 September 2018. In the six months to 31 March 2018 revenue has been reduced by £248,000 to £14.2 million and profit before tax by £301,000 to £1.04 million. Similarly, in the fiscal year to 30 September 2018, revenue has been reduced by £172,000 to £29.8 million and profit before tax has been reduced by £209,000 to £2.77 million. See note 2 of the Interim Statement for further details.

Balance sheet and cash flow

Net assets including non-controlling interests rose 9.9% or £1.59 million to £17.6 million (31 March 2018: £16.0 million) with net cash of £3.84 million (31 March 2018: £2.74 million, 30 September 2018: £3.42 million) which is equivalent to 21.8% of net assets (31 March 2018: 17.1%, 30 September 2018: 19.9%). Of this net cash, £1.01 million (31 March 2018: £0.04 million) is held in Titon Korea and we expect a proportion of this amount to be distributed to the Company and to minority shareholders as a dividend in the second half of the year.

The half year saw cash generated from operations of £1.45 million (2018: outflow of £0.28 million). Of the £1.45 million, almost £1.33 million has been generated in Titon Korea where there has been a £0.75 million reduction in inventories since the year-end and where other working capital components have fallen in line with reducing levels of activity as noted in the segmental and operational review below. In the UK, inventories have increased by £0.30 million in the half year due to the decision to make additional purchases from Continental Europe ahead of the planned Brexit deadline of 29 March 2019. Capital expenditure in the period was also higher at £0.46 million (2018: £0.13 million) as we invested in new moulding machines, specialist tooling for new mechanical ventilation products plus the refurbishment of our showroom and meeting facilities at Haverhill. Net current assets were £10.0 million (2018: £9.5 million) with a Quick Ratio[3] of 2.08 (2018: 1.67).

RONA[2] was 19.9% (2018: 16.3%) with Asset Turn at 2.19 (2018: 2.24).

Segmental and operational review

UK and Continental Europe

Revenue in the UK increased 4% to £7.6 million (2018: £7.3 million) despite a degree of economic uncertainty in and around the run up to the planned Brexit date of 29 March 2019. In our Window and Door Hardware business in the UK, this included increased demand for our trickle vents, whilst sales of Titon's branded window and door hardware products also rose. I am pleased to report, too, that our UK Ventilation Systems division sales increased by more than 6% in the period as the reorganisation of our sales force began to make itself felt. We also have a number of new products in the research and development pipeline which we expect will contribute to our leading market positions when they emerge. The UK's segmental underlying profit before tax[1] declined in the period by 5% to £461,000 (2018: £484,000), which was due to higher costs in our Window and Door Hardware division.

Export sales of Ventilation Systems products also grew in the period by 28%. In fact, the majority of our key markets in Western Europe have seen good growth and we are beginning to establish good levels of business in Eastern Europe, where we have developed cold climate products for our customers.

Once again, we have expanded the range of mechanical ventilation products for UK and European markets and have introduced our largest heat recovery unit to date. The latter should prove particularly popular in export markets, where house sizes are typically larger than in the UK.

South Korea

On 14 February 2019, we announced a trading update in respect of our South Korean business. During the period, two factors contributed to the Group's performance in South Korea. Firstly, the domestic residential development market slowed down much faster than anticipated, which is reflected in a decline in housing permits issued of 13.7% in calendar 2018 in South Korea. At the same time, virulent dust-based air pollution, largely from China, intensified. The latter effect meant that demand for mechanical ventilation units rose at the expense of natural ventilation products. In turn, this meant that the trading performance of Titon Korea was expected to be substantially lower than market forecasts at that time. However, overheads have been reduced and the gross margin actually improved in the period.

BTS, the Group's associate company, which primarily distributes ventilation products in South Korea, was also affected by lower sales in the half year. Here again, a focus on reducing costs has meant that its contribution has not been significantly impacted. As noted earlier, the profit recognised in respect of associates (which is all BTS) was just 4% lower at £313,000 (2018: £326,000). In addition to its trading activities, there have been no changes in the status of BTS's investments in the residential real estate market.

In terms of the segmental contribution from South Korea, the two businesses, Titon Korea and BTS are added together. The revenue is solely Titon Korea (because the Company's share of BTS's profits are accounted for as an associate) which was 12% lower at £4.8 million (2018: £5.4 million). The profit contribution for South Korea, however, was 21% higher at £864,000. Note, too, that South Korea is the largest contributor to Group underlying profit before tax[1] with a 66% share in the first six months of fiscal 2019 (2018: 69%). At the post-tax level the contribution from Korea for the period was £743,000 (2018: £629,000) which represents 63% (2018: 66%) of the Group's underlying post-tax profits[1].

The Group has continued to take steps to re-design its existing natural ventilation products and to introduce new products for the Korean market. We expect that that these will be available for sale early in 2020.

United States

The results from our US business have improved significantly in the period following the sharp decline experienced last year. Sales for the six months increased by 55% year-on-year to £510,000 (2018: £330,000) and we are pleased that the pipeline of opportunities remains healthy. Although Titon Inc. recorded a small statutory loss for the period under review (£12,000) this was sharply reduced from the 2018 half year loss (£77,000). It is important to note, too, that when the results are combined with the inter-segmental profits made in our UK factory on products sold in North America, the overall contribution is positive and exceeded our budget.

Website

I am pleased to report that we have upgraded our website to one which, we believe, possesses a much more contemporary feel. It also contains a lot more information about our products, which customers will find useful, plus we have added new product selector tools to assist users in easily finding the product they need. Please visit www.titon.com which also includes a new Investors tab.

Board

I would like to welcome Bernd Ratzke to the Titon Board. He joined at the end of March as an independent Non-Executive Director and brings a wealth of business experience from his long career as a corporate lawyer in the City and specifically as a former Head of Corporate at Baker & McKenzie. We look forward to his contribution and counsel.

Employees

Once again, I am indebted to all of Titon's employees for their talent and hard work. Without them, we would not have such a high quality and diversified business. To all of them, I offer my and the Board's sincere thanks.

Investors

We continue to work with Hardman & Co., the corporate research house, to raise our visibility in investment markets with, in my view, high quality research on the Group. The Company, last year, moved from the Main Market of the London Stock Exchange to AIM. The Board believes that AIM provides a more suitable regulatory environment for a business of Titon's size and structure, and provides more flexibility in relation to corporate transactions and equity fundraising, should such opportunities or initiatives arise or become relevant to the Group in the future. Once again, I reiterate the existence of Titon's dividend reinvestment programme. This is a straight-forward and cost-effective potential way to increase a shareholding in Titon; and it can be accessed by visiting the portal for our Registrars, Link Market Services Limited.

Outlook

By any yardstick, the Group's first half performance was a very good one with both underlying profit before tax[1] and earnings rising by a fifth or more. In February, however, we updated the market on current trading in our prime market of South Korea, where there has been a slow-down and a structural shift in product preference; both of which will impact the Group this year. It is not in Titon's nature to sit on its hands and already we have reduced overheads in South Korea and will be bringing on new products early next year.

Titon has operated in South Korea since 2008 and it is the market leader in natural ventilation products. For a number of years, too, South Korea has been the Group's largest profit contributor and in the half year, this remained the case with South Korea accounting for 63% of underlying profit after tax[1]. The domestic economy also ranks number 12 in the World and, although GDP growth forecasts have been reduced, Statista is forecasting GDP growth of 2.6% in 2019 and 2.8% in 2020, the envy of many of South Korea's peers. Specifically, too, government expenditure is rising and serving to replace some private sector activity; and we anticipate that this will underpin a modest return to growth in the housing market over the coming years. However, we also believe that the growing popularity of mechanical ventilation units at the expense of natural products will continue and we have already agreed with our South Korean partners to develop and sell mechanical units, which will happen in 2020. At the same time, domestic building regulations in South Korea continue to provide for the use of natural ventilation, which is cost effective, sustainable and environmentally friendly. Consequently, we are designing new natural ventilation products with a much higher level of filtering to deal with the intensity of the dust-borne pollution, for our customers that wish to continue with this cost effective and environmentally friendly means of providing ventilation.

In the UK we had reasonable growth in the markets for our products through the winter. UK GDP rose by 0.5% in the three months to end January this year and, whilst GDP is set to grow below historical trends, consensus forecasts are for GDP to increase at between 1% and 2% per annum in 2019 and 2020 respectively. Similarly, Experian is forecasting average volume growth in UK housebuilding of 3.3% per annum in 2019 through to 2021. This is despite the continued uncertainty surrounding the Brexit negotiations and the fact that the UK did not leave the EU, as scheduled, on 29 March 2019. The uncertainty is not helpful to business and particularly for medium sized companies like Titon, which do not have the resources to cater for every possible outcome of Brexit.

The Government has announced that there will be a review of building regulations concerning ventilation, as part of its response to the Hackitt report following the desperately tragic Grenfell fire. A consultation paper is to be issued over the summer and any change in regulations may create new opportunities for Titon; I believe that we are very well positioned to benefit from these. Above all, the Government and the industry want to make buildings safer, more sustainable and healthier.

Titon has a diversified and growing spread of international markets together with an established and expanding range of attractive products. We have a strong balance sheet and a team that I am proud of. As previously announced, testing conditions continue in South Korea but I look forward to results for the Group in the second half of the year in line with prevailing market expectations.

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 2018 within the Strategic Report (page 6) available at www.titon.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.

A list of current directors is maintained on the Group's website www.titonholdings.com.

On behalf of the Board

KA Ritchie
Chairman

14 May 2019

Notes

1 Underlying EBITDA, Operating profit, Profit before tax and EPS in the period are calculated by adding back an exceptional item of £181,000 which relates to transaction related costs in respect of a potential acquisition which did not proceed

2 RONA is calculated by dividing Underlying profit before tax by Net Assets (including non-controlling interests, net of cash and intangibles) and expressed as an annualised figure. Asset Turn is calculated by dividing the group's net revenue by Net Assets as defined above.

3. The Quick Ratio measures liquidity and is calculated by dividing Current Assets-less-inventories by Current Liabilities

Titon Holdings Plc

Consolidated Interim Income Statement

for the six months ended 31 March 2019

	Note	**6 months to 31.3.19 unaudited £'000**	6 months to 31.3.18 restated* unaudited £'000	Year to 30.9.18 restated* audited £'000
Revenue	2,3	**14,290**	14,237	29,774
Cost of sales	2	**(10,097)**	(10,300)	(21,170)
Gross profit		**4,193**	3,937	8,604
Distribution costs	2	**(728)**	(714)	(1,454)
Administrative expenses		**(2,258)**	(2,278)	(4,707)
Research and development expenses		**(232)**	(247)	(446)
Transaction related expenses		**(181)**	-	-
Other income		**6**	3	19
Operating profit		**800**	701	2,016
Finance income		**7**	9	13
Share of post-tax profits from associates		**313**	326	741
Profit before tax		**1,120**	1,036	2,770
Income tax expense	4	**(118)**	(78)	(315)
Profit after income tax		**1,002**	958	2,455
Attributable to:				
Equity holders of the parent		**782**	795	2,007
Non-controlling interest		**220**	163	448
Profit for the period		**1,002**	958	2,455
Earnings per share attributed to equity holders of the parent:				
Basic	6	**7.06p**	7.25p	18.21p
Diluted	6	**6.97p**	7.15p	17.94p

* See note 2 for details regarding the restatement of prior year results

Consolidated Interim Statement of Comprehensive Income

for the six months ended 31 March 2019

	6 months to 31.3.19 unaudited £'000	6 months to 31.3.18 restated* unaudited £'000	Year to 30.9.18 restated* audited £'000
Profit for the period	**1,002**	958	2,455
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	**(219)**	195	423
Total comprehensive income for the period	**783**	1,153	2,878
Attributable to:			
Equity holders of the parent	**649**	930	2,293
Non-controlling interest	**134**	223	585
	783	1,153	2,878

* See note 2 for details regarding the restatement of prior year results

Titon Holdings Plc

Consolidated Interim Statement of Financial Position

at 31 March 2019

	Note	**31.3.19** **unaudited** **£'000**	31.3.18 restated* unaudited £'000	30.9.18 restated* audited £'000	30.9.17 restated* audited £'000
Assets					
Property, plant and equipment		**3,853**	3,418	3,655	3,548
Intangible assets		**687**	530	737	638
Investments in associates		**2,831**	2,105	2,586	1,713
Deferred tax assets		**204**	436	348	375
Total non-current assets		**7,575**	6,489	7,326	6,274
Inventories		**5,246**	5,721	5,667	4,670
Trade and other receivables		**5,977**	8,103	7,799	6,644
Income tax receivable		**33**	79	12	79
Cash and cash equivalents		**3,839**	2,735	3,415	3,269
Total current assets		**15,095**	16,638	16,893	14,662
Total Assets		**22,670**	23,127	24,219	20,936
Liabilities					
Deferred tax liability		**11**	51	37	39
Total non-current liabilities		**11**	51	37	39
Trade and other payables		**5,088**	6,859	6,901	5,802
Income tax payable		**-**	235	154	63
Total current liabilities		**5,088**	7,094	7,055	5,865
Total Liabilities		**5,099**	7,145	7,092	5,904
Equity					
Share capital		**1,113**	1,113	1,113	1,098
Share premium reserve		**1,049**	1,049	1,049	985
Capital redemption reserve		**56**	56	56	56
Treasury shares		**(27)**	(27)	(27)	(27)
Foreign exchange reserve		**369**	351	502	216
Retained earnings		**13,171**	11,680	12,728	11,167
Total Equity attributable to the equity holders of the parent		**15,731**	14,222	15,421	13,495
Non-controlling Interest		**1,840**	1,760	1,706	1,537
Total Equity		**17,571**	15,982	17,127	15,032
Total Liabilities and Equity		**22,670**	23,127	24,219	20,936

* See note 2 for details regarding the restatement of prior year results

Titon Holdings Plc

Consolidated Interim Statement of Changes in Equity

at 31 March 2019

	Share capital	Share premium reserve	Capital redemption reserve	Foreign exchange reserve	Treasury Shares	Retained earnings	**Total**	Non-controlling interest	**Total Equity**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
At 30 September 2017 as previously stated	**1,098**	**985**	**56**	**216**	**(27)**	**11,887**	**14,215**	**1,986**	**16,201**
Restatement of post-tax profit for prior years *	-	-	-	-	-	(720)	**(720)**	(449)	**(1,169)**
At 30 September 2017 (as restated)	**1,098**	**985**	**56**	**216**	**(27)**	**11,167**	**13,495**	**1,537**	**15,032**
Translation differences on overseas operations	-	-	-	135	-	-	**135**	60	**195**
Profit for the period (as restated)	-	-	-	-	-	795	**795**	163	**958**
Total comprehensive income for the period	-	-	-	135	-	795	**930**	223	**1,153**
Dividends paid	-	-	-	-	-	(295)	**(295)**	-	**(295)**
Share-based payment credit	-	-	-	-	-	13	**13**	-	**13**
Ordinary shares issued	15	64	-	-	-	-	**79**	-	**79**
At 31 March 2018 (as restated)	**1,113**	**1,049**	**56**	**351**	**(27)**	**11,680**	**14,222**	**1,760**	**15,982**
Translation differences on overseas operations	-	-	-	151	-	-	**151**	77	**228**
Profit for the period (as restated)	-	-	-	-	-	1,212	**1,212**	285	**1,497**
Total comprehensive income for the period	-	-	-	151	-	1,212	**1,363**	362	**1,725**
Dividends paid	-	-	-	-	-	(194)	**(194)**	-	**(194)**
Dividends paid to NCI in subsidiary	-	-	-	-	-	-	**-**	(416)	**(416)**
Share-based payment credit	-	-	-	-	-	30	**30**	-	**30**
At 30 September 2018 (as restated)	**1,113**	**1,049**	**56**	**502**	**(27)**	**12,728**	**15,421**	**1,706**	**17,127**
Accounting policy change IFRS 9	-	-	-	-	-	(38)	**(38)**	-	**(38)**
At 1 October 2018	1,113	1,049	56	502	(27)	12,690	**15,383**	1,706	**17,089**
Translation differences on overseas operations	-	-	-	(133)	-	-	**(133)**	(86)	**(219)**
Profit for the period	-	-	-	-	-	782	**782**	220	**1,002**
Total comprehensive income for the period	-	-	-	(133)	-	782	**649**	134	**783**
Dividends paid	-	-	-	-	-	(332)	**(332)**	-	**(332)**
Share-based payment credit	-	-	-	-	-	31	**31**	-	**31**
At 31 March 2019	**1,113**	**1,049**	**56**	**369**	**(27)**	**13,171**	**15,731**	**1,840**	**17,571**

* See note 2 for details regarding the restatement of prior year results

Titon Holdings Plc

Consolidated Interim Statement of Cash Flow

for the year ended 31 March 2019

	Note	**6 months to 31.3.19**	6 months to 31.3.18 restated*	Year to 30.9.18 restated*
		unaudited	unaudited	audited
		£'000	£'000	£'000
Cash generated from operating activities				
Profit before tax		**1,120**	1,036	2,770
Depreciation of property, plant & equipment		**266**	233	448
Amortisation of intangible assets		**107**	112	209
Profit on sale of plant & equipment		**-**	(12)	(16)
Share based payment – equity settled		**31**	13	43
Finance income		**(7)**	(9)	(13)
Share of associate's post-tax profit		**(313)**	(326)	(741)
		1,204	1,047	2,700
Decrease / (increase) in inventories		**335**	(934)	(836)
Decrease / (increase) in receivables		**1,675**	(1,235)	(890)
(Decrease) / increase in payables and other current liabilities		**(1,769)**	845	964
Cash generated / (used) from operations		**1,445**	(277)	1,938
Income taxes (paid) / refunded		**(175)**	45	(132)
Net cash generated from/(used in) from operating activities		**1,270**	(232)	1,806
Cash flows from investing activities				
Purchase of plant & equipment		**(464)**	(125)	(578)
Purchase of intangible assets		**(57)**	(4)	(315)
Proceeds from sale of plant & equipment		**-**	34	46
Finance income		**7**	9	13
Net cash used in investing activities		**(514)**	(86)	(834)
Cash flows from financing activities				
Exercise of share options		**-**	79	79
Dividends paid to equity shareholders of the parent	5	**(332)**	(295)	(489)
Dividends paid to Non-controlling shareholders of a subsidiary		**-**	-	(416)
Cash withdrawn from / (transferred to) treasury deposit accounts		**900**	(300)	300
Net cash generated from/(used in) from operating activities		**568**	(516)	(526)
Net increase / (decrease) in cash (excluding movement on treasury deposits)		**1,324**	(834)	446
Cash at beginning of the period (excluding treasury deposits)		**2,515**	2,069	2,069
Cash at end of the period (excluding treasury deposits)		**3,839**	1,235	2,515

The Group cash and cash equivalents figure on the Consolidated Interim Statement of Financial Position includes both the cash at 31 March 2019 and the cash on treasury deposit of £nil (March 2018: £1,500,000, September 2018: £900,000) and totals £3,839,000 at 31 March 2019 (March 2018: £2,735,000, September 2018: £3,415,000).

In respect of this change in presentation of the Consolidated Interim Statement of Cash Flows, the comparative figures have been amended.

1 Accounting policies

a) General information

Titon Holdings Plc (the 'Company') is incorporated and domiciled in England and its shares are publicly traded on AIM. The registered office address is 894 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9YQ. The company's registered number is 1604952. The principal activities of the Group are as described in Note 3.

The Board considers the principal risks and uncertainties relating to the Group for the next six months to be the same as detailed in the last Annual Report and Financial Statements to 30 September 2018. The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 September 2018.

b) Basis of preparation

These condensed consolidated interim financial statements of the Group for the six months ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as the 'Group'). The prior year results for the six months to 31 March 2018 and twelve months to 30 September 2018 shown throughout this interim report have been restated where appropriate. See Note 2.

The condensed consolidated interim financial statements have been prepared in accordance with the AIM rules. Neither the six months results for 2019 nor the restated 6 months results for 2018 have been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. This condensed Interim Group financial Statements do not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the year ended 30 September 2018 do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006, but they have been derived from the audited Report and Accounts for that year, which have been filed with the Registrar of Companies as amended by the restatement described. 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.

This report should be read in conjunction with the Group's Annual Report and Accounts for the year ended 30 September 2018, which have been prepared in accordance with IFRS's as adopted by the European Union.

These unaudited interim Group financial Statements were approved for issue on 14 May 2019. Copies will be sent to shareholders within the next few weeks and is available on the Group's website at www.titonholdings.com and from the Company's registered office at 894 The Crescent, Colchester Business Park, Colchester, Essex CO4 9YQ

c) Accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the European Union as effective for periods beginning on or after 1 January 2018.

In preparing these condensed consolidated interim financial statements the Board have considered the impact of new standards which will be applied in the 2019 Annual Report and Accounts. Other than the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments, which are both effective for accounting periods starting on or after 1 January 2018, there are not expected to be any changes in the accounting policies compared to those applied at 30 September 2018.

A full description of accounting policies is contained with our 2018 Annual Report and Financial Statement, which is available on our website.

New accounting standards

The Group has adopted the following new standards (effective 1 January 2018) in these condensed consolidated interim financial statements:

- IFRS 15 Revenue from contracts with customers. IFRS 15 sets out a single and comprehensive framework for revenue recognition. The guidance in IFRS 15 is considerably more detailed than previous IFRS's for revenue recognition (IAS 11 Construction Contracts and IAS 18 Revenue and associated Interpretations). An assessment of the impact of IFRS 15 has been completed, including a comprehensive review of the contracts that exist across the Group's revenue streams.

  The key performance obligation of the Group has been identified as the point at which it delivers its products to its customers; apart from in Korea, where the additional performance obligation requiring the product to be installed to the customer's satisfaction has also been identified. As such, the Group's sale of goods performance obligations are satisfied when the customer receives the goods, apart from in Korea, where it is the point when the customer accepts that the product has been satisfactorily installed.

Revenue is recognised by the Group at a single point in time when control of goods passes on delivery, except for in Korea, where revenue is recognised over time when initial and secondary activities are completed.

In carrying out the review, no differences were identified between the effects of using the risk and rewards approach to determining when to recognise revenue under IAS 18 and the passing of control over goods and services for satisfied performance obligations under IFRS 15. As a result no material changes have been identified.

- IFRS 9 Financial instruments. IFRS 9 addresses the classification and measurement of financial assets and liabilities and replaces IAS 39. Among other things, the standard introduces a forward-looking credit loss impairment model whereby entities need to consider and take into account losses that may occur in the future (an "expected loss" model). The Board has considered the potential impact of the introduction of IFRS9 and determined that a reduction in reserves of £38,000 as at 30 September 2018 is necessary. This amount relates to a provision against amounts due from the Group's associate. No additional provisions are considered necessary for the transition of the Group's previous methodology to the expected credit loss approach.

The impact of new standards that have been issued but are not yet effective has also been considered, the most significant being IFRS 16. Whilst the Board has reviewed the implications for the Group and determined the likely impact, they have decided that early adoption is not appropriate.

- IFRS 16 Leases. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosure of leases and will replace IAS 17 Leases. Adoption of IFRS 16 will result in the Group recognising right of use assets and lease liabilities for all qualifying contracts that are, or contain, a lease. Instead of recognising an operating expense for its operating lease payments, the Group will instead recognise interest on its lease liabilities and amortisation on its right-of-use assets, impacting profit from operations and the finance expense. The standard is effective for accounting periods beginning on or after 1 January 2019 and contains several options and exemptions which are available at initial adoption. The Board has reviewed the expected impact of this standard and their current assessment, based on applying the modified retrospective transition method and adopting certain practical expedients, is that there will be a material impact on the Group's Statement of Financial Position when they are accounted for differently under IFRS16.

2 Restatement of prior year results

In March 2019 the Company discovered that correct accounting policy had not been followed at its Korean subsidiary and associate and that the Consolidated Statement of Financial Position as at previous year ends, up to and including 30 September 2018, had been misstated. A full explanation of the reason for the adjustment is included within the Chairman's Statement above and the required restatements have been included within these interim results.

The effect of the restatement on the relevant lines within the Consolidated Statement of Financial Position as at 30 September 2017 and 30 September 2018 is as follows:

	Originally stated as at 30/09/2017	Adjustment	Restated as at 30/09/2017	Originally stated as at 30/09/2018	Adjustment	Restated as at 30/09/2018
	£'000	£'000	£'000	£'000	£'000	£'000
Assets						
Investments in Associates	1,966	(253)	1,713	2,876	(290)	2,586
Deferred tax assets	116	259	375	52	296	348
	2,082	6	2,088	2,928	6	2,934
Liabilities						
Trade and other payables	4,627	1,175	5,802	5,554	1,347	6,901
Equity						
Total Equity attributable to the equity holders of the parent	14,215	(720)	13,495	16,247	(826)	15,421
Non-controlling interest	1,986	(449)	1,537	2,221	(515)	1,706
Total Equity	16,201	(1,169)	15,032	18,468	(1,341)	17,127

The effect on the relevant lines of the Income Statement for the 6 months to March 2018 and the 12 months to September 2018 is as follows:

	6 months to March 2018			12 months to September 2018		
	Originally stated	Adjustment	Restated	Originally stated	Adjustment	Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	14,485	(248)	14,237	29,946	(172)	29,774
Profit before tax	1,337	(301)	1,036	2,979	(209)	2,770
Income tax (expense)/credit	(132)	54	(78)	(352)	37	(315)
Profit after income tax	1,205	(247)	958	2,627	(172)	2,455
Attributable to:						
Equity holders of the parent	947	(152)	795	2,113	(106)	2,007
Non-controlling interest	258	(95)	163	514	(66)	448
Earnings per share attributable to equity holders of the parent						
Basic	8.64p		7.25p	19.17p		18.21p
Diluted	8.53p		7.15p	18.88p		17.94p

Additionally, during the period, the Directors have determined that it better reflects the classifications on the Income Statement to show carriage outwards as a Distribution Cost rather than being included within Cost of Sales. As a result of this, Distribution Costs for the 6 month period ended 31 March 2018 have been increased by £386,000 to £714,000 (previously reported as £328,000) and for the 12 month period to 30 September 2018 have been increased by £750,000 to £1,454,000 (previously reported as £704,000). Cost of Sales for the 6 month period ended 31 March 2018 have been reduced by £386,000 to £10,300,000 (previously reported as £10,686,000) and for the 12 month period to 30 September 2018 have been reduced by £750,000 to £21,170,000 (previously reported as £21,920,000). There has been no overall impact on profit before tax or any Statement of Financial Position line item in any period as a result of this reclassification

3 Revenue and segmental information

In identifying its operating segments, management 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 four 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.
North America	Sales of passive ventilation products to window and door manufacturers.
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.

3 Revenue and segmental information (continued)

Operating segment	United Kingdom £'000	South Korea £'000	North America £'000	All other countries £'000	Total £'000
6 months ended 31 March 2019					
Segment revenue	7,819	4,769	510	1,449	14,547
Inter-segment revenue	(257)	-	-	-	(257)
Total Revenue	**7,562**	**4,769**	**510**	**1,449**	**14,290**
Segment profit / (loss)	**280***	**864**	**(12)**	**(12)**	**1,120**
Income tax expense					(118)
Profit for the period					**1,002**
Depreciation and amortisation	334	39	-	-	373
Total assets	14,034	8,246	381	-	22,670
Total assets include: Investments in associates	2,831	-	-	-	2,831
Additions to non-current assets (other than financial instruments and deferred tax assets)	521	-	-	-	521

* Costs charged to the United Kingdom segment include £181,000 of transaction related costs.

The South Korean Segment profit includes the Group's share of the post-tax profit from the Group's associate undertaking, Browntech Sales Co. Ltd. Sales to Browntech Sales Co. Ltd. of £4.8 million represent 33% of Group Revenue. There are no other concentrations of revenue above 10% during the year. (see Note 7 - 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.

6 months ended 31 March 2019	United Kingdom	Europe	North America	Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	9,011	-	510	4,769	-	14,290
by country from which derived	7,530	1,479	510	4,769	2	14,290
Non-current assets						
By entities' country of domicile	4,585	-	30	2,960	-	7,575

3 Revenue and segmental information (continued)

Operating segment	United Kingdom £'000	South Korea £'000	North America £'000	All other countries £'000	Total £'000
6 months ended 31 March 2018 (restated)*					
Segment revenue	7,457	5,417	330	1,237	14,441
Inter-segment revenue	(204)	-	-	-	(204)
Total Revenue	**7,253**	**5,417**	**330**	**1,237**	**14,237**
Segment profit / (loss)	**484**	**714**	**(77)**	**(85)**	**1,036**
Income tax expense					(78)
Profit for the period					**958**
Depreciation and amortisation	299	46	-	-	345
Total assets	12,815	9,972	340	-	23,127
Total assets include: Investments in associates	2,105	-	-	-	2,105
Additions to non-current assets (other than financial instruments and deferred tax assets)	129	-	-	-	129

* See note 2 for details regarding the restatement of prior year results

The South Korean Segment profit includes the Group's share of the post-tax profit from the Group's associate undertaking, Browntech Sales Co., Ltd. Sales to Browntech Sales Co., Ltd of £5.4 million represent 38% of Group Revenue. There are no other concentrations of revenue above 10% during the year. (see Note 7 - 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.

6 months ended 31 March 2018 (restated)*	United Kingdom	Europe	North America	Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	8,490	-	330	5,417	-	14,237
by country from which derived	7,005	1,419	330	5,473	10	14,237
Non-current assets						
By entities' country of domicile	4,109	-	1	2,372	-	6,482

3 Revenue and segmental information (continued)

Operating segment	United Kingdom	South Korea	North America	All other countries	Total
	£'000	£'000	£'000	£'000	£'000
12 months ended 30 September 2018 (restated)*					
Segment revenue	15,221	11,389	652	2,941	30,203
Inter-segment revenue	(429)	-	-	-	(429)
Total Revenue	**14,792**	**11,389**	**652**	**2,941**	**29,774**
Segment profit / (loss)	**1,005**	**1,875**	**(109)**	**(1)**	**2,770**
Income tax expense					(315)
Profit for the period					**2,455**
Depreciation and amortisation	607	49	1	-	657
Total assets	14,087	9,894	238	-	24,219
Total assets include: Investments in associates	2,586	-	-	-	2,586
Additions to non-current assets (other than financial instruments and deferred tax assets)	889	4	-	-	893

* See note 2 for details regarding the restatement of prior year results

The South Korea Segment profit includes the Group's share of the post-tax profits from Browntech Sales Co. Ltd. Sales to Browntech Sales Co. Ltd. of £11.4m represent 38% of Group Revenue. There are no other concentrations of revenue above 10% during the year (see Note 7 - 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.

12 months ended 30 September 2018 (restated)*	United Kingdom	Europe	North America	Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	17,733	-	652	11,389	-	29,744
by country from which derived	14,792	2,804	652	11,389	137	29,744
Non-current assets						
By entities' country of domicile	4,439	-	23	2,858	-	7,320

4 Taxation

	6 months to 31.3.19	6 months to 31.3.18 restated *	Year to 30.9.18 restated *
Current income tax:	**£'000**	£'000	£'000
Corporation tax expense	**-**	(127)	(307)
Adjustment in respect of prior years	**-**	-	17
	-	(127)	(290)
Deferred tax:			
Origination and reversal of temporary differences	**(118)**	49	(25)
Income tax expense	**(118)**	(78)	(315)

Taxation for the interim period is charged at 10.5% (six months to 31 March 2018: 13.8%) representing the best estimate of the average annual income tax rate for the full financial year.

5 Dividends

An interim dividend in respect of the six months ended 31 March 2019 of 1.75p per share, amounting to a total dividend of £193,965 was approved by the Directors of Titon Holdings Plc on 14 May 2019. These consolidated interim statements do not reflect the dividend payable.

The interim dividend will be payable on 21 June 2019 to the shareholders on the register on 24 May 2019. The ex-dividend date is 23 May 2019.

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

	Date Paid	Pence per share	**6 months to 31.3.19 £'000**	6 months to 31.3.18 £'000	Year to 30.9.18 £'000
Final in respect of the year end 30.09.17	27.02.18	2.70	**-**	295	295
Interim in respect of the year end 30.09.18	22.06.18	1.75	-	-	194
Final in respect of the year end 30.09.18	26.02.19	3.00	**332**	-	-
			332	295	489

6 Earnings per ordinary share

Basic earnings per share has been calculated by dividing the profits attributable to shareholders of Titon Holdings Plc by the weighted average number of ordinary shares in issue during the period, being 11,083,750 (six months ended 31 March 2018: 10,964,409; year ended 30 September 2018: 11,024,243).

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 11,225,961 (six months ended 31 March 2018: 11,101,308; year ended 30 September 2018: 11,189,455).

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		
	6 months to 31.3.19	6 months to 31.3.18 restated*	Year to to 30.9.18 restated*	**6 months to 31.3.19**	6 months to 31.3.18 restated*	Year to to 30.9.18 restated*
	£'000	£'000	£'000	**£'000**	£'000	£'000
Browntech Sales Co. Ltd	**4,769**	5,417	11,389	**1,118**	1,990	2,712

*See note 2 for details regarding the restatement of prior year results.

There have been no additional significant or unusual related party transactions to those disclosed in the Group's Annual Report for 30 September 2018.

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.