9 September 2019

Filta Group Holdings plc

("Filta" or the "Company" or the "Group")

Interim Results for the 6 months ended 30 June 2019

Filta Group Holdings plc (AIM: FLTA), a market-leading commercial kitchen services provider, is pleased to announce its unaudited Interim Results for the 6 months ended 30 June 2019.

Financial Highlights

- Revenues up 86% to £12.2 million (2018: £6.6 million) - Fryer Management and Site Services revenues, 81%, represent recurring business.
- Newly acquired Watbio contributed £4.2 million, 34% of Group revenue.
- Organic revenue growth of 21% from Filta's existing business.
- Gross profit up 50% to £5.0 million (2018: £3.4 million) supported by 9% organic growth.
- Adjusted EBITDA* £1.7 million (2018: £1.3 million).
- Adjusted Profit before tax** increased 14% to £1.3 million (2018: £1.1 million).
- Interim dividend increased 39% to 1.00p per ordinary share (2018: 0.72p).

Operational Highlights

- Watbio integrated with existing UK business, including migration of management information systems to Filta platform, disposal of surplus properties and introduction of more efficient operational practices.
- New scheduling software implemented in July supporting a 28% reduction in Watbio technician headcount and a 25% reduction in overtime costs.
- Operational efficiencies and cost reductions beginning to take effect with full benefit to operating margins expected during 4th quarter.
- 17 Mobile Filtration Units ("MFUs"), the principle driver of Fryer Management recurring revenues, added in the period bringing the total number of MFUs to 467.
- 9 new Franchise sales in the period, resulting in a franchise count of 204 at the period end.
- Europe continued to expand with five new franchises added in H1 2019 bringing the total franchise count to 17 and the MFU count to 20.

*Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortisation, acquisition related costs and share based payment expense

**Adjusted Profit before tax represents profit before tax before acquisition related costs, shared based payment expense and amortisation of acquired intangibles

Jason Sayers, CEO of Filta, commented:

"The acquisition of Watbio has contributed to us becoming one of the leading providers of FOG, Pump, Drain and Seal services in the UK, whilst the steady growth of our franchisees and franchise numbers in North America and Europe is ever-increasing our profile and market footprint. Whilst some of the timings of the efficiencies expected at the time of Watbio's acquisition have come through slightly later than projected, we are pleased with its performance and the exciting opportunities it presents for next year and beyond. We continue to see substantial opportunities for further growth in our respective markets, with our services being used by 2% or less of the available markets in each geography.

The strength of our operations in the UK, North America and Europe will drive our ongoing growth in each of these regions and our focus on quality of customer service, franchisee support and innovations will ensure that we remain a market leader in our industry. At the same time, we envisage that the demand for our services will continue to grow hand in hand with the increasing regulation relating to hygiene standards across the food preparation and provision industries. "

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Chief Executive's and Chairman's Statement
Overview

We are pleased to report strong performances across all of the Group's businesses in the six months ended 30 June 2019. The Group achieved revenue of £12.2 million, up 86% compared to the first half of the previous year (2018: £6.6 million), and an adjusted EBITDA of £1.7m (2018: £1.3m). The significant increase in revenue is largely due to the contribution of Watbio Holdings Ltd ("Watbio"), a national provider of grease management and Drain services, which was acquired in December 2018 and has contributed £4.2 million of the increase, with a further £1.4 million coming from strong organic growth (up 21%) in the original businesses.

The integration of the Watbio business has proceeded satisfactorily with very little loss of business and some high profile new customers gained during the period. Our focus through the period has been on bringing its operating margins into line with our Company-owned activities through efficiencies and cost reductions, including the rationalisation of properties, a reduction in staff where utilisation rates were low, improved vehicle leasing arrangements and the introduction of scheduling software to improve daily revenue generation. Whilst these actions have all been implemented and the benefits are beginning to come through, they will not be fully seen until the fourth quarter through better customer-servicing and higher gross profit margins.

Strong operating performances across all our business platforms during this period of consolidation have resulted in a gross profit in the first half of the year of £5.0m (2018: £3.4m). Profit before tax for the half year was £0.5 million (2018: £1.0 million), after taking account of post-acquisition restructuring charges, professional fees and higher amortisation costs resulting from the acquisition activity as well as a higher level of overheads reflecting investments in both people and systems to manage the increasing volume of business.

The Group's net debt was £1.6 million at 30 June 2019 (31 December 2018: £1.3 million net cash) including new lease-related debt of £1.0 million relating to property and vehicle leases now included as debt under IFRS 16.

The £3.1 million net change in the cash position during the period related primarily to the Watbio acquisition and included a final consideration payment, including related acquisition costs, of £1.8 million, the pay-down of an assumed financing facility of £0.7 million and related term debt repayments of £0.5 million.

Operating Review

As a result of the acquisition of Watbio, an increased proportion of the Group's revenues and earnings are derived from the provision of services through our Company-owned businesses. These services are recurring in nature and an essential element of our business model. As has been the case with FiltaSeal, we are building a customer base which is served by continuing maintenance contracts and arrangements from which we earn repeat revenue with a high degree of visibility.

Accordingly, we consider that it would be more helpful and meaningful to present our trading results according to a categorisation which better reflects the nature of the business, namely

- Fryer Management, the original core business which includes recurring franchise royalties, national accounts income, waste oil sales and other continuing income derived through our franchise network
- Franchise Development, which includes the sales and resales of franchises, as well as additional territory sales to existing franchisees, is a driver for increasing Fryer Management revenues
- Site Services, which comprises the recurring maintenance fees, either under contract or otherwise, from Watbio's FOG, Pump and Drain services, FiltaFOG and FiltaSeal
- Equipment Sales & Installation, which is the entry point to new customers and therefore drives

increasing revenues from Site Services.

As already stated, the Group has enjoyed revenue growth in each of its legacy businesses and added a further 54% by the acquisition of Watbio.

Fryer Management

Royalties and other revenue including from national accounts and waste oil sales, all of which is recurring in nature, from fryer management services provided through our franchise network increased by 28% over the same period last year to £5.5 million (2018: £4.3 million) and a gross profit of £2.4 million (2018: £2.0 million). The addition of 17 MFUs during the period will ensure further revenue growth over the second half and into future periods. The main growth drivers of fryer management services continue to be the expansion, by adding MFUs, of existing Franchise Owners and the steady recruitment of new Franchise Owners.

Franchise Development

Nine new franchise agreements, five in Europe, two in the UK and two in North America, were secured in H1 bringing our total franchise count to 204 throughout our global network. Franchises are operating 467 MFUs, up 17 during the current period and by 45 since the same time last year. We expect more franchises to be added in the second half of 2019, with a high level of interest currently being shown by potential franchisees.

Site Services

Site Services comprise our legacy FiltaSeal and FiltaFOG service offerings now complemented by Watbio's FOG, Pump and Drain services. We derived £4.4 million, 36% of the Group's total revenue, from Site Services, up by £3.2 million (2018: £1.2 million from FiltaSeal and FiltaFOG). The gross profit of £1.3 million represents an overall gross margin of 31% (2018: £0.6 million, gross margin 47%), which we expect to increase above 40% with the benefit of the cost savings and efficiencies introduced during the period.

Equipment Sales & Installation

This activity comprises FiltaFOG and FiltaPump Equipment Sales & Installation. With the benefit of an additional £1.2 million in revenue from Watbio and 34% growth from our legacy businesses, this area of the business contributed £1.5 million in revenue. We have secured a number of new customers, both through the Watbio acquisition and subsequently. Our customer base now includes a number of national chains, including Greene King, Mitchells and Butlers, McDonald's and Tesco.

Infrastructure

The Company has continued to invest in and expand its customer support capacity by sourcing talent for the marketing, information technology and sales support teams. We have also increased marketing spend to accelerate growth across the business.

New field service scheduling software, supporting the Equipment Sales & Installation and Site Service activities, has been implemented and is fully operational. This software and the integration of Watbio's financial and accounting records provide improved efficiencies while affording us the requisite scale to support future growth.

Dividends

The Board is pleased to declare an interim dividend of 1.00 pence per share (2018: 0.72 pence), representing an increase of 39% over the prior year and 30% of adjusted earnings per share (adjusted for non-cash and non-recurring items) of 3.37 pence. This will be paid on 4 October 2019 to shareholders on the register at the close of business on 20 September 2019.

Outlook

Since acquiring Watbio at the end of last year, we have been focused on integrating its operations with our existing FOG activities and ensuring that the identified cost-saving plans and operational efficiencies are realised. This work is now largely complete and since July this year we have begun to benefit from improved utilisation of technicians and vans, reduced property costs reflecting the consolidation of activities and savings through improved purchasing power. The benefits from these improvements will increase through the rest of the second half and we expect to enter 2020 with a gross margin run rate from the former Watbio activities substantially higher than at the start of 2019.

Our existing businesses, FiltaSeal and the legacy FiltaFOG work, have also benefitted from the improved scheduling software and we expect to see the revenues from these activities continue to grow at the rate achieved in the first half of 2019.

Franchise sales in the US have gathered momentum after an initial slow start to the year and, importantly, our existing franchisees continue to grow their own businesses with the numbers of MFUs, which underpin our royalty income, increasing every month.

Following the acquisition of Watbio, Filta has become one of the leading providers of FOG Services in the UK, making us well-placed to capitalise on recent changes to hygiene regulation. This, in conjunction with the underlying growth in our other business areas, gives us confidence in the outlook for the remainder of the year and beyond.

Tim Worlledge
Non-executive Chairman
6 September 2019

Jason Sayers
Chief Executive Officer
6 September 2019

Filta Group Holdings plc

Condensed consolidated statement of comprehensive income

for the six months ended 30 June 2019

	Notes	Unaudited 6 months ended 30 June 2019 £	Unaudited 6 months ended 30 June 2018 £	Audited Year ended 31 December 2018 £
Continuing operations				
Revenue	3	12,197,105	6,566,821	14,213,204
Cost of sales		(7,156,099)	(3,200,193)	(7,130,656)
Gross profit		5,041,006	3,366,628	7,082,548
Other income		22,036	8,305	24,507
Distribution costs		(104,770)	(58,894)	(151,209)
Administrative expenses		(4,344,136)	(2,283,643)	(5,173,569)
Operating profit		**614,136**	**1,032,396**	**1,782,277**
Analysed as:				
Adjusted EBITDA		1,719,295	1,279,283	2,642,436
Acquisition of subsidiaries costs		(119,776)	(64,677)	(158,598)
Depreciation and amortisation		(682,023)	(150,516)	(399,055)
Share based payments	6	(303,360)	(31,694)	(302,506)
		614,136	1,032,396	1,782,277
Finance costs, net		(140,543)	(19,510)	(40,439)
Profit before tax		473,593	1,012,886	1,741,838
Income tax expense		(113,766)	(198,458)	(421,667)
Profit from continuing operations		359,827	814,428	1,320,171
Discontinued operations				
Profit from discontinued operations		-	-	18,556
Net profit attributable to owners		**359,827**	**814,428**	**1,338,727**
Other comprehensive Income				
Exchange differences on translation of foreign operations		(23,799)	(4,855)	(29,388)
Total other comprehensive income		(23,799)	(4,855)	(29,388)
Profit and total comprehensive income		336,028	809,573	1,309,339
Earnings per share				
From continuing operations				
- Basic (pence)	2	**1.24**	**3.00**	**4.86**
- Diluted (pence)	2	**1.22**	**2.98**	**4.82**
From continuing and discontinued operations				
- Basic (pence)	2	**1.24**	**3.00**	**4.93**
- Diluted (pence)	2	**1.22**	**2.98**	**4.89**

Filta Group Holdings plc
Condensed consolidated statement of financial position
As at 30 June 2019

	Notes	Unaudited 30 June 2019 £	Audited 31 December 2018 £
Non-current assets			
Property, plant and equipment		1,359,408	1,493,180
Right of use asset	1	1,018,255	-
Deferred tax assets		755,210	754,728
Intangible assets		6,837,513	7,186,432
Goodwill		1,639,523	1,639,523
Deposits		5,115	2,491
Contract acquisition costs		360,544	342,557
Trade receivables	4	211,677	324,865
		12,187,245	11,743,776
Current assets			
Trade and other receivables	4	4,461,865	4,821,194
Contract acquisition costs		68,211	51,718
Inventories		1,626,966	1,386,383
Cash and cash equivalents		3,621,199	6,789,968
		9,778,241	13,049,263
Total assets		**21,965,486**	**24,793,039**
Current liabilities			
Trade and other payables	5	3,290,241	6,510,302
Borrowings		791,453	840,641
Lease liability	1	260,258	-
Deferred income		688,045	868,788
		5,029,997	8,219,731
Non-current liabilities			
Deferred tax liability		1,284,204	1,291,318
Borrowings		3,394,942	3,909,311
Lease liability	1	727,768	-
Deferred income		2,643,575	2,791,131
		8,050,489	7,991,760
Total liabilities		**13,080,486**	**16,211,491**
Equity			
Share capital		2,908,036	2,891,863
Share premium		3,653,736	3,372,351
Retained profits		2,803,893	2,711,352
Translation reserve		(407,764)	(383,965)
Other reserves	2	(72,901)	(10,053)
Total equity		8,885,000	8,581,548
Total equity and liabilities		**21,965,486**	**24,793,039**

Filta Group Holdings plc
Condensed consolidated statement of changes in equity
for the six months ended 30 June 2019

	Share Capital £	Share Premium £	Other Reserves £	Merger Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total Equity £
Balance at 1 January 2019	2,891,863	3,372,351	329,634	(339,687)	(383,965)	2,711,352	8,581,548
Profit for the year	-	-	-	-	-	359,827	359,827
Translation differences	-	-	-	-	(23,799)	-	(23,799)
Total comprehensive income					(23,799)	359,827	8,908,425
Dividends paid	-	-	-	-	-	(267,286)	(267,286)
Issue of share capital	16,173	281,385	-	-	-	-	297,558
Equity consideration paid	-	-	(250,000)	-	-	-	(250,000)
Shares based payments	-	-	187,152	-	-	-	187,152
Balance at 30 June 2019	**2,908,036**	**3,653,736**	**266,786**	**(339,687)**	**(407,764)**	**2,803,623**	**8,885,000**

	Share Capital £	Share Premium £	Other Reserves £	Merger Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total Equity £
Balance at 1 January 2018	2,713,266	131,400	43,786	(339,687)	(354,577)	1,862,967	4,057,155
Adjustment on initial application of IFRS 9, net of tax	-	-	-	-	-	(118,474)	(118,474)
At 1 January 2018 restated	2,713,266	131,400	43,786	(339,687)	(354,577)	1,744,493	3,938,681
Profit for the year	-	-	-	-	-	814,428	814,428
Foreign exchange translation	-	-	-	-	(4,855)	-	(4,855)
Total comprehensive income	-	-	-	-	(4,855)	814,428	809,573
Dividends paid	-	-	-	-	-	(176,434)	(176,434)
Issue of share capital	1,097	21,985	-	-	-	-	23,082
Share based payments	-	-	15,180	-	-	-	15,180
Balance at 30 June 2018	**2,714,363**	**153,385**	**58,966**	**(339,687)**	**(359,432)**	**2,382,487**	**4,610,082**
Profit for the year	-	-	-	-	-	524,299	524,299
Foreign exchange translation	-	-	-	-	(24,533)	-	(24,533)
Total comprehensive income	-	-	-	-	**(24,533)**	**524,299**	**499,766**
Dividends paid	-	-	-	-	-	(195,434)	(195,434)
Issue of share capital	177,500	3,371,572	-	-	-	-	3,549,072
Share issue expense	-	(152,606)	-	-	-	-	(152,606)
Equity consideration due	-	-	250,000	-	-	-	250,000
Share based payments	-	-	20,668	-	-	-	20,668
Balance at 31 December 2018	**2,891,863**	**3,372,351**	**329,634**	**(339,687)**	**(383,965)**	**2,711,352**	**8,581,548**

Filta Group Holdings plc
Condensed consolidated statement of cash flows
for the six months ended 30 June 2019

	Notes	Unaudited 6 months ended 30 June 2019 £	Unaudited 6 months ended 30 June 2018 £	Audited Year ended 31 December 2018 £
Operating activities				
Profit before tax		473,593	1,012,886	1,760,393
Adjustments for non-cash operating transactions:				
Finance costs		140,543	19,510	41,984
Depreciation		150,585	85,497	186,582
Amortisation		531,438	65,020	212,474
Loss on disposal of tangible fixed assets		-	-	7,051
Share based payment charge	6	303,360	31,694	302,056
		1,599,519	**1,214,607**	**2,510,990**
Movements in working capital:				
Decrease/(increase) in trade and other receivables		264,512	(457,496)	(279,474)
Increase in contract acquisition costs		(34,424)	-	(199,407)
(Decrease)/increase in trade and other payables		(1,088,008)	(248,307)	(225,003)
(Increase)/decrease in inventories		(405,313)	86,868	(508,421)
(Decrease)/increase in deferred revenue		(328,299)	202,207	722,592
Cash flow from operations		**7,987**	**797,879**	**2,021,277**
Taxes paid		(233,788)	(813,044)	(1,216,177)
Net cash flow (used in)/generated from operations		**(225,801)**	**(15,165)**	**805,100**
Investing activities				
Purchase of property, plant and equipment		(52,770)	(135,109)	(316,084)
Proceeds from disposals of property, plant and equipment		-	-	49,288
Disposal of discontinued operation, net of cash disposed of		-	49,285	-
Acquisition of subsidiary, including costs		(1,800,294)	-	-
Purchase of subsidiary undertakings, net of cash acquired		-	(152,260)	(3,738,358)
Purchase of other intangible assets		(93,755)	(51,303)	(104,913)
Net cash (used in)/generated from investing activities		**(1,946,819)**	**(289,387)**	**(4,110,067)**
Financing activities				
Repayments of borrowings		(459,205)	(262,039)	(252,935)
Net proceeds from borrowings		-	-	3,790,737
Net proceeds from issue of share capital		18,164	-	2,870,000
Payment of lease liabilities		(149,072)	-	-
Dividends paid to shareholders		(267,286)	(176,434)	(371,868)
Interest paid		(119,618)	(19,510)	(41,984)
Net cash used in financing activities		**(977,016)**	**(457,983)**	**5,993,950**
Net change in cash and cash equivalents		**(3,149,636)**	**(762,535)**	**2,688,983**
Cash and cash equivalents, beginning of period		**6,789,968**	**4,031,174**	**4,031,174**
Exchange differences on cash and cash equivalents		(19,133)	29,512	69,811
Cash and cash equivalents at end of period		**3,621,199**	**3,298,151**	**6,789,968**

1. Accounting Policies

Basis of preparation
The condensed consolidated financial statements for the six months ended 30 June 2019 and 2018 are unaudited and were approved by the Directors on 9 September 2019. They do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial statements for the year ended 31 December 2018 were prepared in accordance with International Financial Reporting Standards as adopted by the EU and have been delivered to the Registrar of Companies. The report of the auditor on those financial statements was unqualified and did not draw attention to any matters by way of emphasis of matter.

Applicable standards
The interim financial statements have been prepared in accordance with the accounting policies set out in the Group's Annual Report and Accounts for the year ended 31 December 2018, with the exception of the impact due to the adoption of IFRS 16 "Leases", which is discussed below.

Basis of consolidation
The Group's financial statements consolidate the financial statements of Filta Group Holdings plc and its subsidiaries.

Going concern
The condensed financial statements have been prepared on a going concern basis. At the period end the Group was profitable and had cash and cash equivalents of £3.6m. The Directors are satisfied that there are sufficient resources available for the Group to continue for the foreseeable future.

Leases
The Group has initially adopted IFRS 16, *Leases*, from 1 January 2019.

IFRS 16 introduces a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated and is presented as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, Filta determined at contract inception whether an arrangement was or contained a lease under IFRIC 4, *Determining Whether an Arrangement contains a Lease.* The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease component as a single lease component.

B. The Group's leasing activities and how these were accounted for

The Group primarily leases properties and vehicles.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

However, on transition to IFRS 16, the Group has applied practical expedients under IFRS 16 not to recognise right-of-use assets and leases liabilities for some leases of low-value assets (e.g. copiers) and for operating leases with a remaining lease term of less than 12 months as at 1 January 2019. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents the right-of-use assets as a non-current asset. The carrying amounts of right-of-use assets are as below:

	Right of use assets £
Balance at 1 January 2019	846,073
Balance at 30 June 2019	1,018,255

The Group presents lease liabilities in both current and non-current liabilities in the statement of financial position.

i. Summary of new accounting policies

The Group recognises a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured as:

- The initial measurement of the lease liability; plus
- Initial indirect costs; plus
- Prepaid lease payments; plus
- Estimated costs to dismantle, remove or restore; less
- Lease incentives received.

The lease liability is initially measured at:

- The present value of lease payments payable over the lease term plus the present value of expected payments at the end of the lease, discounted at the interest rate implicit in the lease, or the incremental borrowing rate, where the interest rate implicit in the lease cannot be readily determined.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.25%. The lease liability is subsequently increased by the interest cost and decreased by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The table below presents a reconciliation from operating lease commitments disclosed at 31 December 2018 to lease liabilities recognised at 1 January 2019.

	£
Operating lease commitments disclosed as at 31 December 2018	570,612
(Less): short term and low value leases recognised on a straight-line basis as an expense	(8,031)
Undiscounted operating lease commitments at 31 December 2018	562,581
Discounted using the Group's incremental borrowing rate of 4.25% at the date of initial application	429,791
Add: finance lease liabilities recognised as at 31 December 2018	168,448
Add: new finance leases effective 1 January 2019	229,760
Lease liabilities recognised as at 1 January 2019	828,000

Group has applied judgement to determine the lease term for some lease contracts which include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

C. *Adjustments recognised on adoption of IFRS 16*

i. *Impact on transition*

Upon initial adoption, the Group measured the right-of-use assets in an amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

	1 January 2019 £
Right of use assets	846,073
Lease liabilities	828,000

The difference between the ROU assets and lease liability values as at 1 Jan 2019 relate to the existing finance leases prior to the adoption of IFRS 16.

ii. *Impacts for the period*

In relation to those leases under IFRS 16, for the six months ended 30 June 2019, the Group has recognised amortisation and interest costs of £142,674 and £19,351 respectively.

2. Earnings per share

The calculation of earnings per share is based on the following earnings and number of shares:

	Unaudited 6 months ended 30 June 2018 £	Unaudited 6 months ended 30 June 2018 £	Audited Year ended 31 December 2018 £
Earnings attributable to equity holders of the Company	359,827	814,428	1,338,727
Weighted average number of shares			
Basic	28,999,198	27,141,812	27,204,089
Dilutive effect of share options and awards	570,829	232,459	224,199
Diluted	29,570,027	27,374,271	27,428,288

3. Segmental Analysis

In January 2019, following the acquisition of Watbio Holdings, the Company began to make a number of changes to its organisational structure and management system consistent with its integration of the Watbio. With these changes, the Company has updated its reportable segments. The Company continues to have four reportable segments as follows:

The Site Service's segment includes our legacy Seal replacement service as well as capabilities in providing preventive maintenance and reactive services in the markets we serve. The Equipment Sales & Installation segment represents the provision of design, sale and installation solutions. The Franchise Development and Fryer Management segments remain unchanged. The Group also has three geographic segments: United Kingdom, North America and Europe.

Previously reported segment information has been recast, as applicable, for all periods presented to reflect the changes in the Company's reportable segments.

The segments represent components of the Company for which separate financial information is available that is utilised on a regular basis by the chief operating decision maker (which takes the form of the Board of Directors), in determining how to allocate resources and evaluate performance. The segments are determined based on several factors, including client base, homogeneity of products, technology, delivery channels and similar economic characteristics.

Revenue and non-current assets by origin of geographical segment for all entities in the Group is as follows:

Revenue

	Unaudited 6 months ended 30 June 2019 £	Unaudited 6 months ended 30 June 2018 £	Audited Year ended 31 December 2018 £
United Kingdom	6,579,387	2,225,383	4,752,287
North America	5,351,629	4,257,501	9,204,340
Europe	266,089	83,938	256,577
Total continuing operations	**12,197,105**	**6,566,821**	**14,213,204**
Discontinued operations	-	-	13,915
Total	**12,197,105**	**6,566,821**	**14,227,119**

Non-current assets

	Unaudited As at 30 June 2019 £	Audited As at 31 December 2018 £
United Kingdom	9,715,411	9,277,362
North America	2,072,150	2,005,116
Europe	399,684	461,298
Total	**12,187,245**	**11,743,776**

Product and services revenue analysis

Revenue

	Unaudited 6 months ended 30 June 2019 £	Unaudited 6 months ended 30 June 2018 £	Audited Year ended 31 December 2018 £
Franchise Development	807,747	749,447	1,487,927
Fryer Management	5,532,384	4,329,659	9,337,232
Equipment Sales & Installation	1,493,116	257,294	676,350
Site Services	4,363,858	1,230,421	2,711,695
Total continuing operations	**12,197,105**	**6,566,821**	**14,213,204**
Discontinued operations	-	-	13,915
Total	**12,197,105**	**6,566,821**	**14,227,119**

No customer has accounted for more than 10% of total revenue during the periods presented.

4. Trade and other receivables

Trade and other receivables consist of the following:

Group	Unaudited 6 months ended 30 June 2019 £	Audited Year ended 31 December 2018 £
Trade receivables, net	3,538,900	4,054,398
Prepayments and other receivables	665,708	572,491
Franchise payment plans	468,934	519,170
	4,673,542	**5,146,059**

Accounts receivable include amounts that the Filta Group has agreed may be settled over extended repayment terms.

5. Trade and other payables

Group	Unaudited 6 months ended 30 June 2019 £	Audited Year ended 31 December 2018 £
Trade payables	1,945,526	2,877,737
Taxes and social security	202,800	413,782
Accruals and other payables	1,141,915	3,218,783
	3,290,241	**6,510,302**

Analysis of trade and other payables
These are classified as short term and are expected to be settled within 12 months from the reporting date.

6. Share option scheme

The Company maintains an EMI Share Option Scheme to incentivise executives and employees of Filta Group Holdings and its subsidiaries. For U.K. employees, Options have been awarded over a total of 1,632,500 ordinary shares, of which a total of 840,000 were issued on 11 January 2019 to our new Watbio employees. The options vest, subject to the satisfaction of certain conditions, over a period of 5 years from the date of grant. All options issued will meet the vesting conditions between 2019 and 2024 and are exercisable at any time after vesting and within 10 years from the grant date.com

As at 30 June 2019, a total of 1,192,500 (2018: 210,000) were outstanding, having a range of exercise prices from 0.97p to 2.30p (2018: 0.97p to 1.74p) and a weighted average exercise price of 2.05p (2018:1.10p). These outstanding awards have a weighted average contractual life of 9.33 years (2018: 6.68 years).

All qualifying U.S. employees have been awarded share acquisition rights (SARs). The SARs are conditional bonuses whose value will be calculated by reference to the amount by which the price of the Company's ordinary shares has risen above the grant price, thus providing holders of SARs the same reward value as if the SARs were share options. The qualifying conditions and timing of vesting are identical to those within the share option scheme for UK employees. All SARs are settled in cash when exercised.

An option will normally only be exercisable to the extent it has fully vested, and any applicable non-market performance conditions have been satisfied or waived. Options shall lapse to the extent unexercised on the tenth anniversary of the date of grant or such earlier date as specified by the Board at the date of grant.

As at 30 June 2019, a total of 600,000 (2018: 330,000) were outstanding, having a range of exercise prices from 0.97p to 2.30p (2018: 0.97p) and a weighted average exercise price of 1.54p (2018: 0.97p). These outstanding awards have a weighted average contractual life of 8.69 years (2018: 8.84 years).

Movement in the number of share options outstanding during the year, including grants, exercises and forfeitures were as follows:

	Share options	**Share acquisition rights**	**Total**
Outstanding at 1 January 2018	**232,500**	**330,000**	**562,500**
Granted during the year	-	-	-
Forfeited during the year	(22,500)	-	(22,500)
Outstanding 31 December 2018	**210,000**	**330,000**	**540,000**
Granted during the period	1,190,000	285,000	1,475,000
Forfeited during the period	(177,500)	(7,500)	(185,000)
Exercised during the period	(30,000)	(7,500)	(37,500)
Outstanding 30 June 2019	**1,192,500**	**600,000**	**1,792,500**
Exercisable at 30 June 2019	**20,000**	**102,500**	**122,500**

During the period ended 30 June 2019 the Company recognised total expense of £303,360 (2018: £31,694) related to the fair value of the share-based payment arrangements. This included £187,152 (2018: £2,442) related to equity-settled share options and £116,208 (2018: £29,252) from cash-settled SARs.

These amounts were determined using the Black Scholes model, with the following assumptions for each type of award granted:

Stock Options	
Weighted average share price	224.9p
Exercise price	205.4p
Risk free rate	2.00%
Dividend yield	0.0%
Volatility	50.2%

Share Appreciation Rights	
Weighted average share price	224.9p
Exercise price	154.4p
Risk free rate	1.97%
Dividend yield	0.0%
Volatility	50.5%

7. Dividends

An interim dividend of 1.00p per share will be paid, out of the Company's available distributable reserves, on 4 October 2019, to shareholders on the register at 20 September 2019. In accordance with IAS 10, dividends are recorded only when paid and are shown as a movement in equity rather than as a charge to the Income Statement.

8. Date of approval of interim financial statements

The unaudited consolidated interim financial statements were approved by the Board on 6 September 2019. Electronic copies are available on the Filta Group Holdings plc website, www.filtaplc.com.