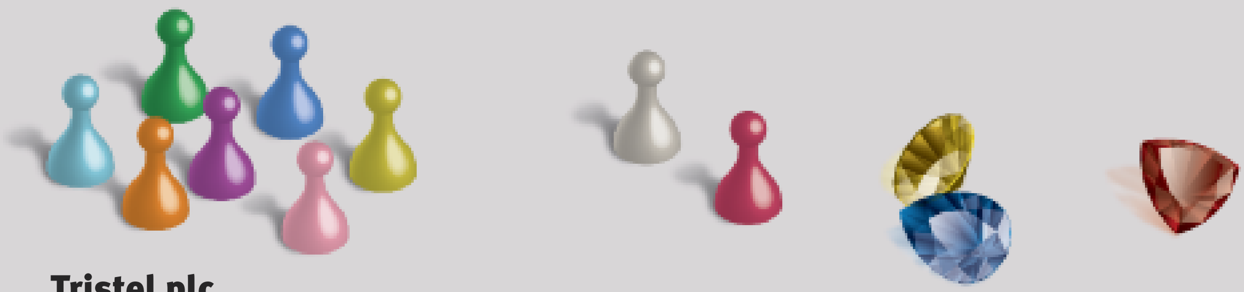
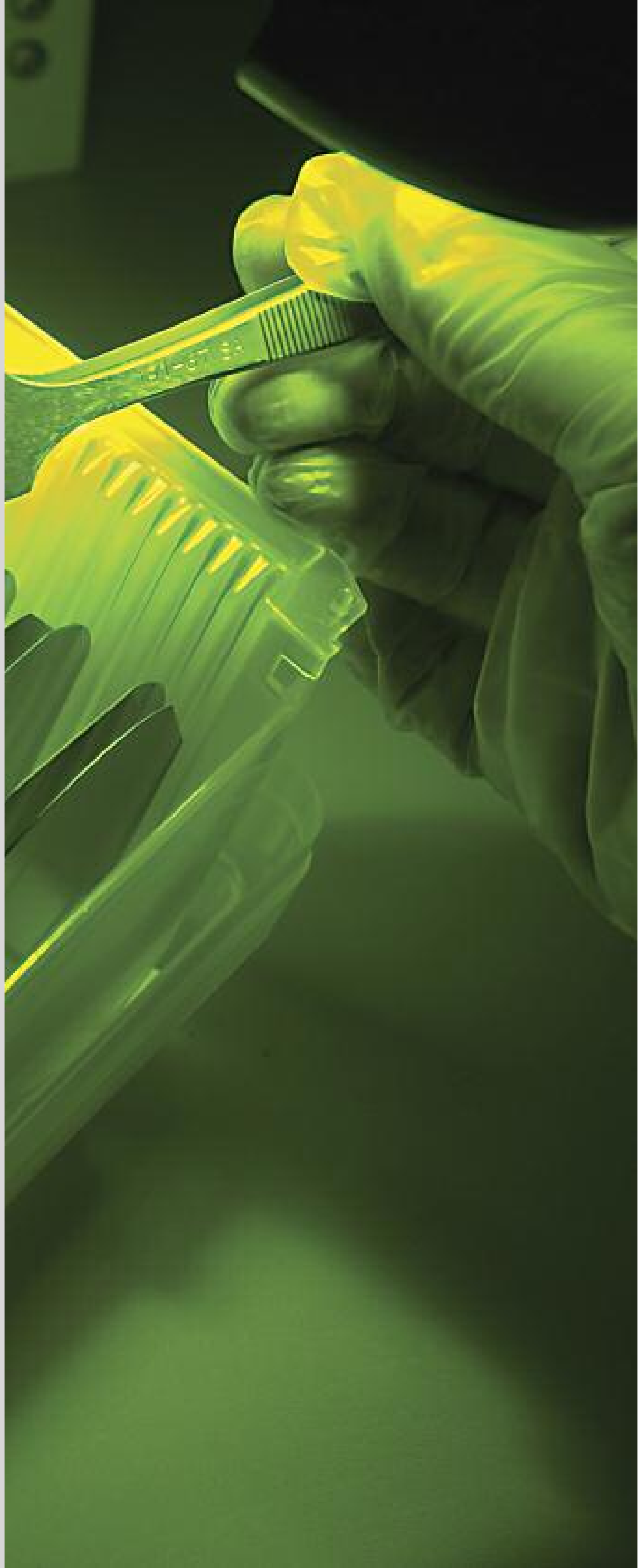


Tristel plc
Annual Report & Accounts
Year ended
30 June 2010

CONTENTS

INSIDE FRONT COVER

TAKING THE TRISTEL TECHNOLOGY INTO CLEAN ROOMS, WITH THE NEW CRYSTEL RANGE OF PRODUCTS.



Tristel in gear

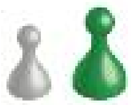
We are pleased to report another record year, our sixth as an AIM listed company.

Financial performance

COMPOUND ANNUAL GROWTH RATES OVER THE PERIOD 2005 – 2010

REVENUE

23.8%



PROFIT BEFORE TAX
amortisation of intangibles, share-based payments and non-recurring items

32.4%

PROFIT BEFORE TAX

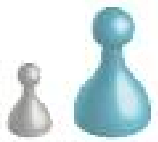
75.3%

DIVIDEND PER SHARE

29.6%

BASIC EARNINGS PER SHARE

74.1%



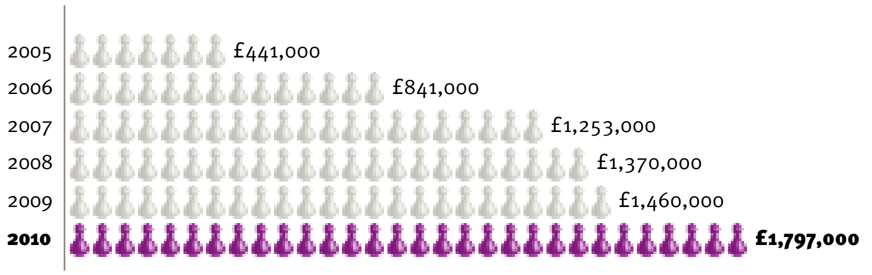
Operational highlights in 2010

- Successful integration of Animal Healthcare products into Newmarket manufacturing facility
- Incorporation of subsidiary and first sales of hospital infection control products into China

Financial highlights

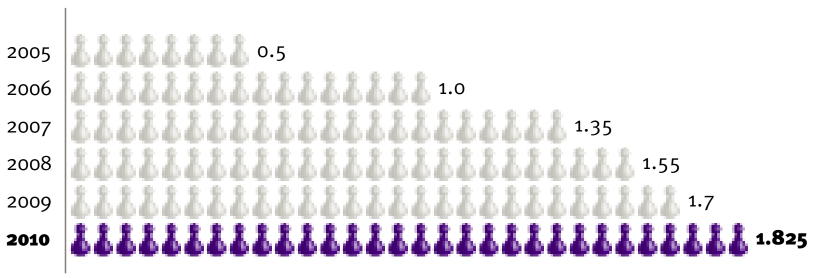
REVENUE

PROFIT BEFORE TAX, AMORTISATION OF INTANGIBLES, SHARE-BASED PAYMENTS AND NON-RECURRING ITEMS

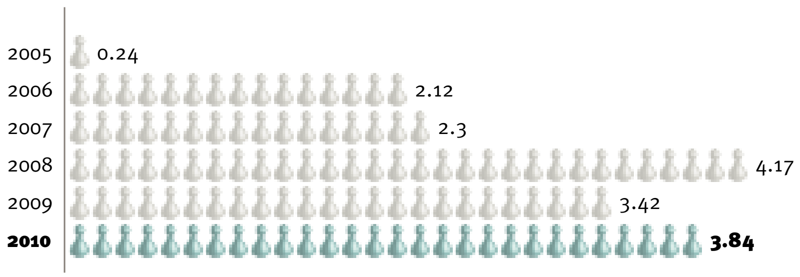


PROFIT BEFORE TAX

DIVIDEND PER SHARE *pence*



BASIC EARNINGS PER SHARE *pence*



Chairman's introduction

I am pleased to report that the year ended 30 June 2010 was another record year for your Company.

Turnover increased by **28%** to **£8,764,000** (2009: £6,847,000). This was attributable to higher sales of our proprietary chlorine dioxide based products which are primarily used to prevent hospital acquired infections (HAIs) and also to our first sales of the MediChem portfolio of products. We acquired the manufacturing rights and know-how for these products in July 2009. We act as contract manufacturer for the Medichem portfolio, supplying disinfectant and cleaning products to one customer – Medichem International (Marketing) Limited – which sells them on to its customers in the United Kingdom and overseas. The Medichem products are used primarily in animal healthcare.

The integration of the manufacture of the Medichem portfolio into our production facility in Newmarket has been successfully executed by our management team. The acquisition has met the objectives set when we concluded it and financed it via a share placing in July last year.

As a consequence of the expansion and diversification of our business and the change to our business model resulting from the Medichem portfolio acquisition, and in accordance with IFRS 8 Operating Segments, we have separately reported on the Medichem activities in this year's Annual Report and Accounts.

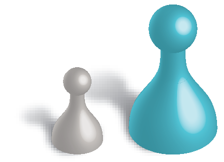
We maintained gross margins during the year to the level targeted in our annual financial plan and expense growth was controlled satisfactorily. All these achievements combined to produce a record underlying profit before tax and non-recurring item of £1,491,000, an increase of 16% over last year.

Having successfully bedded down the manufacture of the Medichem portfolio through the course of the year, in June 2010 we took the opportunity to settle early the deferred consideration payable over the course of the next five years.

In so doing, we negotiated a substantial discount that resulted in an exceptional profit of £233,000, lifting reported pre-tax profit to £1,724,000, an increase of 34.2% over last year.

BASIC EARNINGS PER SHARE CAGR

74.1%



3.84 *pence*
2010

EPS and dividend

Basic earnings per share were 3.84 pence (2009: 3.42 pence), an increase of 12.3%. The increase was impacted by two share issues in the year. In July 2009 we issued 2,688,287 ordinary shares at 41 pence to raise slightly more than £1 million which funded the Medichem portfolio acquisition. In November we issued a further 3,571,429 ordinary shares at 56 pence to meet institutional demand. The funds raised of approximately £2 million were deployed for general working capital purposes and gave us the ability at the end of our financial year to conclude the early settlement of the deferred consideration. Management has put both share issues to good effect.

Based upon the positive trading performance the Board is recommending that the final dividend be increased by 8.1% to 1.4 pence (2009: 1.295 pence), increasing the total annual dividend by 7.4% to 1.825 pence per share (2009: 1.7 pence). If approved, the final dividend will be paid on 17 December 2010 to shareholders on the register at 19 November 2010.

Employees

Our people are and always will be the mainstay of our business. The Board recognises the professionalism and commitment of the team and I would like to thank them for their efforts this year.

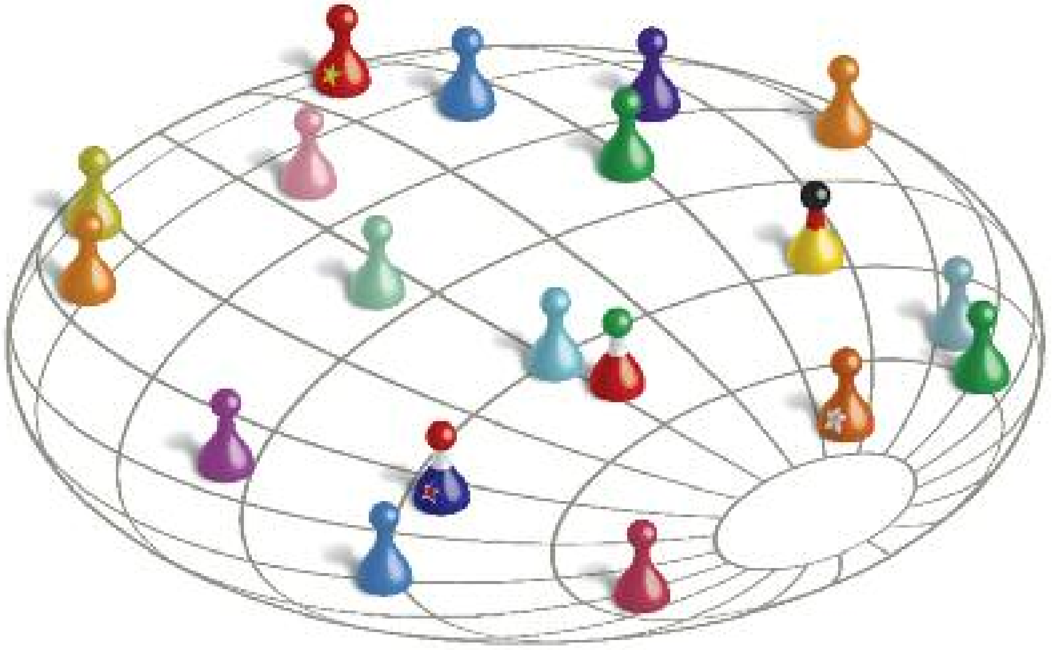
I would also like to introduce Liz Dixon as our finance director, appointed in June of this year. Liz has been an employee for the past three years and she becomes our first female main board director. Finally, I would like to thank Paul Barnes who resigned as finance director but remains as a non-executive director and chairman of the Audit Committee. Paul helped steer us toward and through our flotation and we are pleased that we can continue to call upon his experience and expertise.

Outlook

Although 2009-10 was another year of change and continued growth we have not been distracted from our absolute focus upon infection control and hygiene. Rather, we have diversified and strengthened the business by gaining exposure to animal healthcare and welfare via the Medichem portfolio acquisition.

Our business continues to expand around the globe. We are well and truly geared up to achieve our goal of making Tristel a recognisable force in the high-tech, critical end of global infection control and hygiene.

Francisco A Soler
Chairman
15 October 2010



Chief executive's review of activities

Tristel designs, develops, manufactures and sells infection control and hygiene products. They incorporate a variety of biocidal chemistries.

Those that contain Tristel's proprietary chlorine dioxide chemistry are targeted at human healthcare and are mostly used in hospitals. They are sold directly by Tristel to end users and distributors overseas.

A portfolio of products containing a variety of other biocidal chemistries is manufactured exclusively for Medichem International (Marketing) Limited which sells them through its own distribution channels to its clients. These are primarily in animal healthcare, specifically small animal and veterinary care. These products are collectively referred to as the 'Medichem' portfolio.

The rights to manufacture the Medichem portfolio and the know-how relating thereto were acquired on 3 July 2009. The Medichem portfolio comprises 12 product groups defined by their active ingredients and a total of 273 individual products. During the course of the year the manufacture of these product groups was successfully phased into our manufacturing plant in Newmarket.

The objectives for the acquisition were:-

- To diversify our infection control and hygiene business into animal healthcare and welfare whilst avoiding the financial investment and time required to establish our own distribution channels.
- To diversify the range of biocidal chemistries with which we formulate disinfectant and cleaning products thereby building our product development expertise.
- To gear up our manufacturing facility which had been under-utilised since its establishment in 2007, solely dedicated as it had been to the production of the Tristel products.

Reflecting the change to our business model resulting from the Medichem portfolio acquisition, and in accordance with IFRS 8 Operating Segments, we have separately reported on the Medichem activities, which are described as 'Animal Healthcare' in this year's Annual Report and Accounts.

The manufacture and sale of infection control products, the majority of which incorporate our proprietary chlorine dioxide chemistry, is described as 'Hospital Infection Control' and reported upon as a second operating segment.

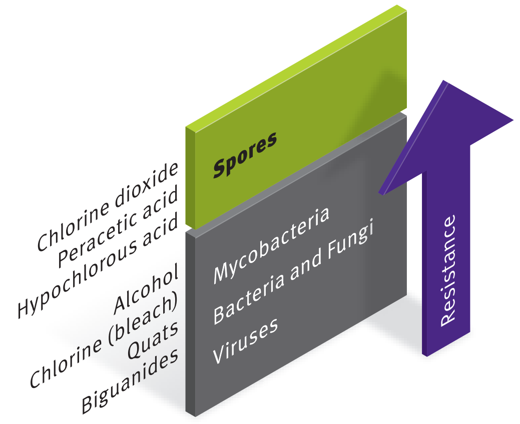
HOSPITAL INFECTION CONTROL

The majority of the infection control products that we manufacture and sell are deployed in hospitals and clinics to prevent Hospital Acquired Infections (HAIs). An HAI is an infection that a patient did not have or was not incubating on entering hospital.

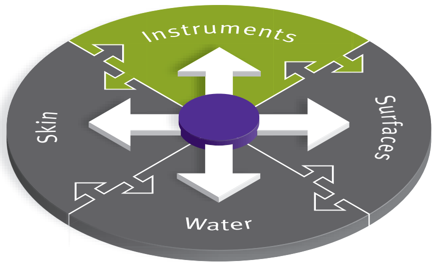
Microbiologists and infection control officers talk of the vectors, or routes, of transmission of infection within a hospital. These vectors are instruments, surfaces, water and skin.

Our chlorine dioxide chemistry is unique amongst the entire universe of biocidal chemistries in that it can be applied to all four vectors.

Whilst the four vectors require differing formulations of our chlorine dioxide chemistry, and often different packaging and delivery systems, the products are sold primarily through the same distribution channels. In the United Kingdom we sell our products directly to end users. In those national markets where we have established a direct presence with our own personnel we typically employ a hybrid model of direct sale to end users and sale through medical product distributors. Finally, in national markets where we have not established a direct presence we sell through medical product distributors.



SUPERIOR TECHNOLOGY
THE TABLE SHOWS THAT TRISTEL'S CHLORINE DIOXIDE CHEMISTRY IS ONE OF ONLY A FEW BIOCIDAL AGENTS THAT ARE RAPIDLY EFFECTIVE AGAINST SPORES.



INSTRUMENTS VECTOR

There is a vast array of medical instruments that are used for diagnostic and therapeutic procedures which cannot be sterilised by heat (autoclaved) because the materials with which they are constructed cannot withstand the high temperatures used. This group of instruments includes flexible endoscopes and ultrasound equipment.

Worldwide, the most commonly employed method for the disinfection of such equipment is the use of a chemical disinfectant, most frequently applied as a liquid. Tristel's chlorine dioxide chemistry is one of the safest and most effective biocidal agents that has emerged in the course of the past decade to disinfect endoscopic and ultrasound equipment.

In our past two Annual Reports we have explained how we have targeted specific areas within hospitals. We will continue the theme this year to explain our business strategy in Hospital Infection Control and how our product development and marketing strategy has changed over the past decade.

GI endoscopy

Up to our flotation in 2005 we focused solely upon gastro-intestinal (GI) endoscopy, the department in a hospital where the largest, most complex and expensive endoscopes are used. In this area, Tristel's endoscopy products led the way in the United Kingdom in the replacement of glutaraldehyde, the endoscope disinfectant used by all hospitals until Tristel emerged.

We continue today to supply Tristel products into GI endoscopy but we have restricted our activities in this area to the United Kingdom. This is because the decontamination of GI scopes requires sophisticated equipment to handle the liquid disinfectant. To enter this area in overseas markets would require us to become involved in the supply of such equipment, which is a strategic path that we have chosen not to follow. Furthermore, it is a highly contested area in which most of the major multinational infection control companies compete fiercely.

Ear, Nose and Throat (ENT); Cardiology; Urology; Human Reproductive Health (IVF) and Neo-natal

These hospital departments use many types of heat sensitive instrument, but almost all of the instruments are less complicated to decontaminate than GI endoscopes. Typically, the instruments are far smaller than those used in GI endoscopy and have only one or no lumen. The lumen of an endoscope is the hardest part of the instrument to disinfect because it is an internal channel that has to be flushed through.

Furthermore, we observe that these departments and their instruments often escape the closest scrutiny of the infection control officers that police hospital disinfection practice. As a consequence, these areas have been neglected, presenting us with an opportunity to create innovative decontamination solutions for them.

Finally, many of the clinicians who operate in these niche areas also practice in their own private rooms and clinics. In these locations, the expensive disinfection systems used in hospitals are simply not affordable or practical. With our low cost, easy to operate, disinfection systems our market can extend beyond the hospital and into the office-based market.

Since 2005, in order to create these niche opportunities, we have developed innovative (and patented) formulations, packaging and delivery systems that meet the very specific needs of these clinical areas and the disinfection challenges of the equipment used in them.

TRISTEL WIPES SYSTEM
DELIVERS CHLORINE DIOXIDE TO A SMALL ENDOSCOPE IN THE FORM OF AN IMPREGNATED WIPE.

One of the most successful innovations has been the Tristel Wipes System. By incorporating the three steps of the decontamination process – cleaning the instrument; disinfecting it with chlorine dioxide; and then rinsing it before next use – into three individual wipes (each with their own unique formulation to undertake the task), and combining the steps with an audit trail process, the Tristel Wipes System has become the most widely used disinfection method in ENT, Cardiology and IVF departments in the United Kingdom. The system is portable, allows the instrument to be returned to the consultant for her next patient in a matter of minutes, and requires no capital investment or maintenance. It is a manual process, but one that meets the requirements of the infection control team for a systematic, properly documented system supported by comprehensive training. Both the chlorine dioxide wipe and the entire wipes system are extensively patented.

To counter the fact that there is no published, evidence based data on the efficacy (or otherwise) of the disinfection techniques that have been used in these areas in the past, we have initiated an important clinical study at the Bay of Plenty Clinical School, New Zealand. This is expected to be published in peer reviewed journals by the end of our current financial year.

The Tristel Wipes System is being sold in the United Kingdom and Republic of Ireland, throughout much of Continental Europe and Scandinavia, in Russia, the UAE, Malaysia, South Africa and New Zealand and is currently being registered for sale in China, Hong Kong and Australia.

A substantial investment has been made in a second innovation that we have been developing over the past three years – the Stella disinfection system.

Whereas the Wipes System is a manual decontamination process, Stella is a more conventional immersion technique in which the instrument is soaked in the liquid disinfectant for the duration of time required to kill all organisms, in Tristel's case five minutes. Stella is able to flush automatically the lumen of an instrument, thereby enabling

it to decontaminate the single-lumened instruments widely used in urology, gynaecology and theatres.

One of the key features of Stella is that it does not require mains power supply or mains water and has no need for service or maintenance. It is battery powered. Stella has, as a consequence, enormous potential in all lesser resourced healthcare markets. The technology has been introduced to several of the world's non-governmental organisations (NGOs) and has been received with much interest. We believe that Stella can make a considerable difference to hygiene standards in the developing world.

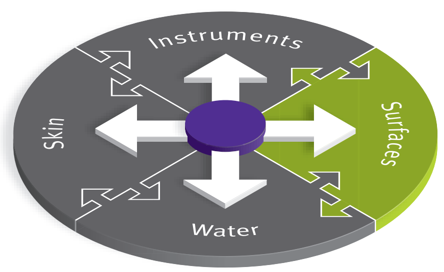
As with the Wipes System, we have taken the initiative to build a body of peer reviewed, published scientific evidence that will establish Stella's efficacy and its economic benefits to healthcare providers. Two clinical studies are in progress. In the Bay of Plenty Clinical School, Stella is being evaluated alongside the world's most widely used branded instrument disinfectant in a leading make of endoscope washer. In a second study which is pan European and multi-site, a new hysteroscope is being evaluated and the preferred decontamination technique for the instrument is the Stella system.

Future outlook

Our investments in product development, product registration and market introduction for both the Wipes System and Stella have largely been sunk. We are now in the process of rolling both systems out globally, although we intend to avoid North America where we will not contemplate the cost and risk of seeking a Food and Drug Administration (FDA) approval (without a partner). We are building the published science that will establish both systems as well documented and accepted decontamination technologies worldwide. In revenue terms, these are considered to be high growth areas for the business.

Our involvement in GI endoscopy will remain restricted to the United Kingdom and in revenue terms is considered to be a no growth area for the business.

STELLA
A TRAY THAT COMBINES PRECISE CONTROL OF THE DISINFECTANT; ITS AUTOMATIC DISPOSAL ENABLING SINGLE-USE, AND AN AUDIT TRAIL PROCESS. BATTERY POWERED AND TRANSPORTABLE, STELLA SITS BETWEEN A MANUAL AND A FULLY AUTOMATED DECONTAMINATION PROCESS.



SURFACES VECTOR

We created our first product for disinfecting the general environmental surfaces of a hospital – its floors, walls, worktops, mattresses and myriad other surfaces – in 2007. Whereas in the Instruments Vector the chemical glutaraldehyde was the target to replace, in the Surfaces Vector the target chemical to replace is chlorine.

Today, we have a range of Surfaces disinfectant products, all based on our chlorine dioxide chemistry.

A key characteristic of Tristel's chlorine dioxide chemistry is that it is rapidly effective against bacterial spores. Speed of kill is critical when it comes to disinfecting a surface, as once wetted the surface will dry naturally. If the disinfectant requires a longer contact time to kill a spore than the drying time will allow, the disinfectant will not complete its task. All of our surfaces products kill spores, and most importantly *Clostridium difficile* spores, in less than five minutes which is quick enough for a surface to remain wet in almost all conditions.

Packaging innovation can be as important in the use of disinfectants as the disinfectant chemistry itself. An example is Tristel Jet which we introduced in 2008.

TRISTEL JET
DELIVERS CHLORINE DIOXIDE TO A SURFACE IN THE FORM OF A GEL VIA A NON-AEROSOL TECHNOLOGY.

In most hospitals housekeeping staff typically clean the floors of a ward and nursing staff clean the near patient areas. On surfaces such as bedside tables the use of trigger sprays as used in the home would be most helpful for staff. However, because of the toxicity of many disinfectant chemistries and the fact that trigger sprays create aerosols, their use is not allowed in many hospitals. In response, Tristel created Jet, a unique packaging format that delivers our chlorine dioxide chemistry to a surface in the form of a gel, avoiding potentially harmful aerosols. Jet complements Fuse, our burstable sachet, and Duo, which applies chlorine dioxide as foam – the complete armory to disinfect all surfaces in a hospital.

In a departure from the Infection Control business model that we apply elsewhere in the world, in the Americas we have licensed our technology for surfaces disinfection to The Clorox Company (Clorox), a leading manufacturer and marketer of consumer and professional products, including its namesake bleach. Clorox, based in Oakland, California, is an S&P 500 company (stock symbol CLX) with annual sales is excess of US$5.5 billion and 8,300 employees worldwide. Clorox is taking responsibility for the Environmental Protection Agency (EPA) approvals process which is ongoing.

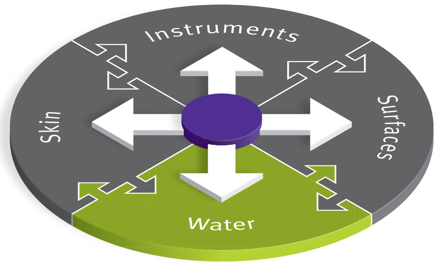
Future outlook

The Surfaces portfolio is essentially complete, although it would be complemented by a chlorine dioxide wipe which we are seeking to develop, as the disinfectant wipe used in the Tristel Wipes System for Instruments is not appropriate for widespread use by nursing and cleaning staff and an alternative is required.

As with Instruments, we are now in the commercial roll-out phase both in the United Kingdom and in overseas markets.

We view this vector as a high growth opportunity worldwide.

In the United States, the approvals process with the EPA is likely to continue for several years before the products licensed to Clorox can be sold.



WATER VECTOR

Chlorine dioxide is used to control *Legionella*, a bacterium found in drinking water supplies and cooling towers. *Legionella* is the cause of Legionnaire's Disease.

We commenced our involvement with this vector of transmission of infection (in both hospitals and the wider community) in 2006 when we acquired Vernagene Limited. This company was a distributor of a chlorine dioxide chemistry that is different from our proprietary formulation. It imported the chemistry from Bio-Cide International Inc., Oklahoma, United States. Vernagene had a profitable track record and a well established customer base.

We have maintained our presence in this market, which is described as L8 (legionella control), by partnering with Hertel, the global industrial services company with 10,000 employees worldwide and revenues of €760 million. We also sell into the food growing and processing and horticultural industries where chlorine dioxide reduces microbial contamination. Such contamination results in spoilage of produce and poses a health risk to consumers.

Future outlook

This vector, whilst not a growth opportunity, produces a consistent stream of revenue, profit and cash. It is a low investment segment of the Group's business. Over and above the revenue and profit resulting from the acquisition, it has also brought an important strategic benefit. The supply agreement with Bio-Cide was renewed on 13 June 2008 and has a 20-year term. It is an exclusive agreement for the entire European market. Furthermore, under the terms of the agreement with Bio-Cide, Tristel has become its representative in the industry group that is sponsoring the registration of sodium chlorite and chlorine dioxide under the Biocidal Products Directive (BPD). Tristel and Bio-Cide share in the costs and benefits of membership of this industry group.

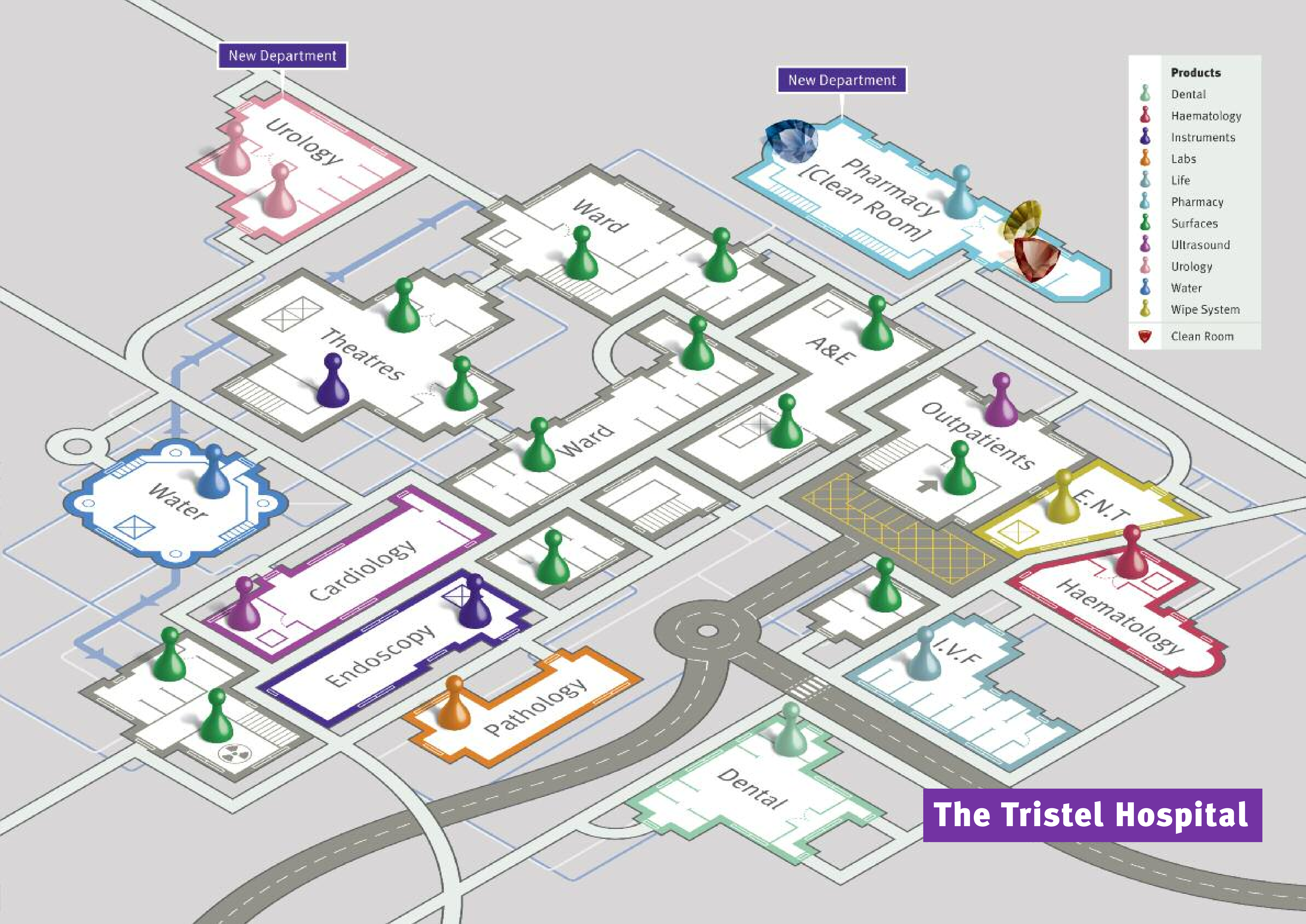
The active ingredients used in general purpose disinfectants, such as those used for surfaces, water and skin have to be registered under the BPD. This Directive has been introduced by the European Community (EC) to limit the number of active ingredients that can be used, primarily for ecological and environmental reasons. Sodium chlorite has been approved by the EC and our industry group is supporting it through the regulatory submission process. The industry's consensus view is that the cost of submission under the BPD will block the development and introduction of active ingredients that could be future alternatives to those already approved under the BPD. As a supplier of chlorine dioxide products, our long-term view is that the regulatory environment is favourable to the disinfection products that we market, and that our involvement in this vector has brought an important corollary benefit in that we are involved in shaping the future regulatory environment for our technology.

OTHER

There is a fifth vector of infection transmission that we target, but with another company's technology and products. This is the airborne transmission of bacteria, fungal spores and viruses, which is of great importance in an area of a hospital such as haematology.

During the course of 2009 we secured the distributorship for the United Kingdom of the air hygiene products of the French company AirinSpace. We have enjoyed a less positive response to the technology and its potential benefits from United Kingdom hospitals than has been experienced by our counterparts on the Continent. Whilst the distributorship represents only a small part of our business plan, the presence within our group portfolio of this air hygiene product reinforces our holistic approach to combating HAIs and gives our sales team another interesting idea with which to engage our infection control audience.

The Tristel Hospital



OVERSEAS

Tristel has a clear strategy to expand its business internationally.

Export sales increased by 58.5% during the year from £472,000 to £748,000. In the majority of countries where we sell products, the business model employed is to use a national distribution partner. Additionally, we have established wholly owned or partially owned operations in the following countries:-

- ***Stella Performance Limited, New Zealand (100% owned)***
  SPL is based in Tauranga, North Island. Its team supervises product development, manufacture and all aspects of the supply chain process for the Stella decontamination system. The team also serves the New Zealand Hospital Infection Control market.
- ***Shanghai Stella Medical Equipment Co Limited, China (85% owned)***
  SSME is based in Shanghai and its team is undertaking the registration process for the three Tristel product groups – Wipes System; Stella and the Surfaces range. The team has appointed four distributors.
- ***Tristel Asia Limited, Hong Kong (85% owned)***
  TAL acts as an intermediate holding company for SSME and also undertakes warehousing and sales activities for the Hospital Infection Control products in Hong Kong.
- ***Tristel Italia Srl, Italy (20% owned)***
  TIL is a sales and marketing operation serving the Italian market.
- ***Tristel Germany (branch)***
  TG is a branch operation located in Berlin. The team is a sales and marketing operation serving the German market.

Future outlook

Tristel's Hospital Infection Control business has the opportunity to be global both in reach and scale. We know from our experiences of the past decade that the disinfection challenges we encounter in the United Kingdom are fundamentally similar in all hospitals in all countries worldwide. Where our product and marketing strategy has

made a success in the United Kingdom, this success can be replicated, with the right execution, in many other markets worldwide.

Finally, in Stella we believe we have a unique device that could make a significant difference to hygiene standards in the lesser resourced world, being powered by a rechargeable battery, requiring limited water and no maintenance. These are the limitations in many communities in many countries to the reduction of post-operative infection rates. We believe that the future prospects for Stella are very exciting.

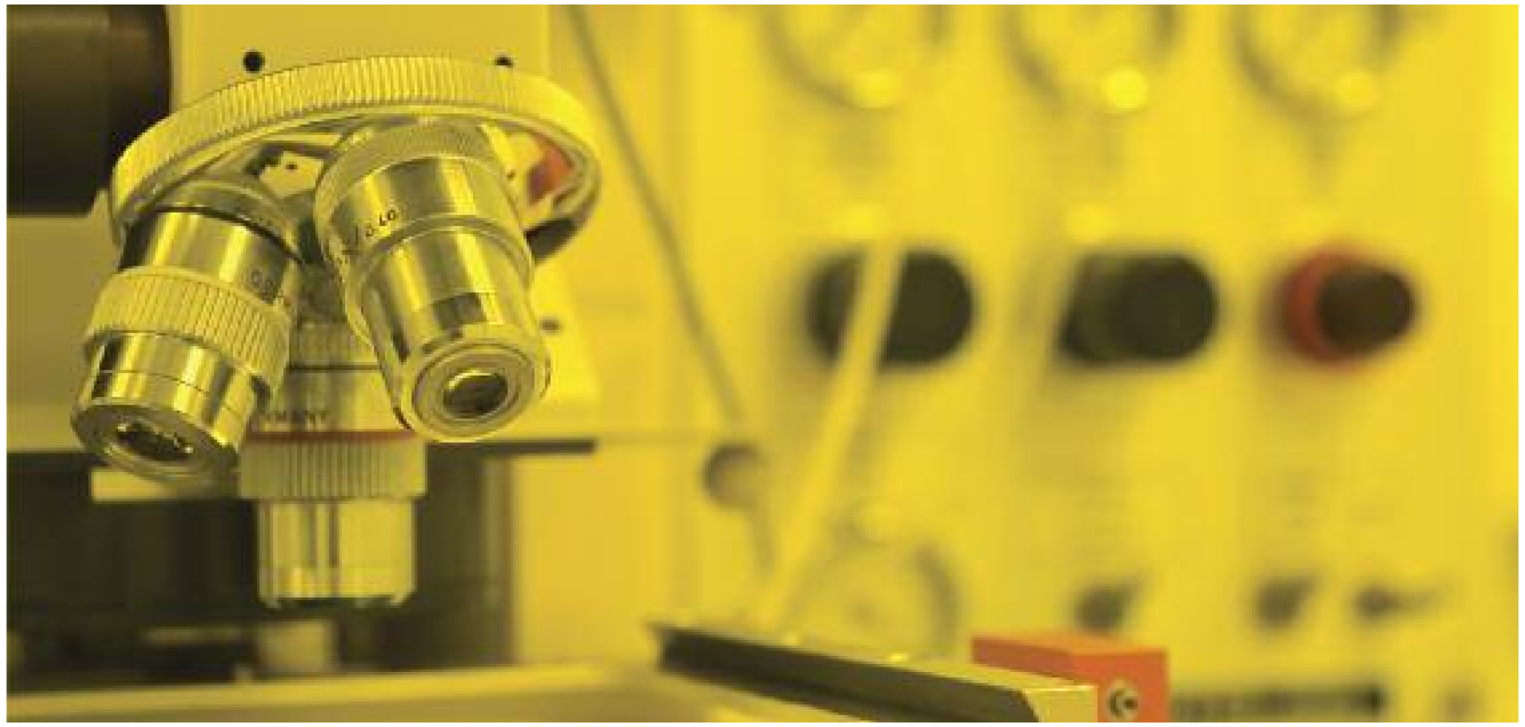
FINANCIAL PERFORMANCE – HOSPITAL INFECTION CONTROL

This is the first year in which we are reporting on two operating segments. The Animal Healthcare operating segment did not exist in the financial year 2008-09 as the activity only commenced with the acquisition of the Medichem portfolio on 3 July 2009.

ANIMAL HEALTHCARE

Medichem International (Marketing) Limited has established a strong presence in animal healthcare and welfare over the course of the past 17 years. It is a family owned and run business that Tristel has been very familiar with throughout the period. Its main brands are:-

- ***Trigene Advance***
  A range of surface disinfectants which are available as liquid concentrates, ready to use products, trigger sprays and wipes. The disinfectants are intermediate level biocides and the formulation is proprietary to Tristel. The Trigene range is sold by Medichem worldwide and is very popular in the small animal sector.
- ***Agrigene***
  Targeted at the larger animal market.
- ***Meddis***
  An intermediate level disinfectant which is used to decontaminate veterinary, dental and medical instruments.
- ***Perascope***
  A range of peracetic acid based products that are used for instrument disinfection in hospitals.
- ***MediGene, MediScrub, MediHex and MediDine***
  A range of hand disinfectants.
- ***Medizyme***
  An instrument cleaner.



Future outlook

The Medichem business is solidly based with a consistent track record of sales growth over the past decade. Since 3 July 2009 we have worked closely with Medichem's management to identify how their product portfolio could be strengthened with more effective formulations that we believe our R&D team can deliver. There are also opportunities to introduce Tristel's chlorine dioxide chemistry into the Medichem marketplace.

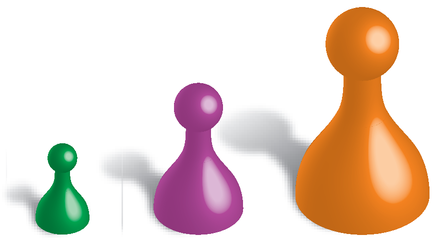
FINANCIAL PERFORMANCE – ANIMAL HEALTHCARE

As the Animal Healthcare operating segment was acquired during the financial year there are no comparable figures for the prior year.

Revenue generated was £1,643,000. This did not represent a full year's revenue as the manufacture of the Medichem product portfolio was gradually phased in through the 12-month period.

The operating result for the Animal Healthcare operating segment amounted to £306,000. Additionally, unallocated operating income and expense amounting to £230,000 is attributable to this segment. This figure includes the exceptional gain of £233,000 arising from the early settlement of the deferred consideration less incidental costs.

EXPANDING
GLOBAL SALES



GROUP RESULTS AND FINANCE

Revenue

Group revenue increased by 28% to £8,764,000 (2009: £6,847,000).

Margins and operating profit

The gross margin declined marginally to 64.4% from 64.9% in 2009, a better result than anticipated. At the time of the Medichem portfolio acquisition we had expected the contract manufacturing activity to depress the overall Group margin by a greater degree.

Excluding amortisation of intangibles, share-based payments and non-recurring items, operating profits increased by 25.8% to £1,836,000 (2009: £1,460,000) but the operating margin declined from 21.3% to 20.9%. The underlying pre-tax margin after stripping out the exceptional item also declined in the year to 17% from 18.8%.

The margin erosion at the operating and pre-tax levels reflects to a large degree the gearing up of the Group's human infrastructure (and resultant increase in its cost base) to take on the future challenges of international growth and the expansion of our manufacturing activity.

Earnings

The basic earnings per share were 3.84 pence (2009: 3.42 pence), an increase of 12.3%. The increase in EPS trailed that of after tax profits because the weighted average number of shares used in its calculation increased as a result of two share issues during the year. A total of 6,259,716 ordinary shares were issued during the year, increasing the total number of shares from 26,882,880 shares at the beginning of the year to 33,142,596 at its end.

Capital expenditure and investments

The acquisition of the Medichem assets which contributed £536,000 to profit during the year was made at a cost of £2,648,000.

A further £484,000 was invested in the development of our products, principally in relation to the Stella decontamination device. Sales of Stella units were achieved in the United Kingdom, New Zealand, China, Italy and the Middle East.

We continued to invest in our manufacturing plant in an amount of £394,000 to expand and improve our manufacturing capability.

Treasury and deployment of capital

The Group's working capital and capital expenditures have been financed by operating cash flow, the issue of new shares which generated £2,950,000, and bank funding of £1,253,000. The Group has adequate cash and borrowing facilities to fund its foreseeable working capital and capital expenditure needs.

The year ahead and post balance sheet events

The Tristel business continues to forge ahead at home and abroad.

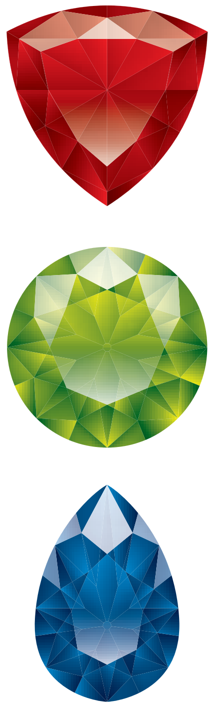
International expansion is a key element of our growth strategy and it is producing results, with export sales rising fourfold over the course of the past four years and representing an increasing percentage of Group sales. They accounted for 3.5% of Group sales in 2006-07, rising to 8.5% in 2009-10.

During the year our Chinese subsidiary commenced the registration process for the Stella decontamination system together with the Tristel Fuse consumable disinfectant which is used in the system, and also initiated the registration process for our Wipes System and our Surfaces range of products. Our team in Shanghai, supported by our technical team in Newmarket, England, worked remarkably quickly to obtain the Ministry of Health's approval for Stella and Fuse. This has been achieved since the beginning of the current financial year and the necessary formal licences required for the sale of the products are now in the process of being obtained. We have four provincial distributors who are ready to launch our products and more distributors waiting to be appointed. We anticipate that the remaining two product group registrations will be completed during the year.

Tristel
stella
Crystel

TRISTEL BRANDS
TRISTEL BRANDS ARE TARGETED AT SPECIFIC MARKET SEGMENTS, BUT WITH THE UNMISTAKABLE TRISTEL STYLE.

CRYSTEL



A NEW RANGE OF DISINFECTANTS AND CLEANING PRODUCTS.

In Germany we have established a branch office in Berlin and our first product sales have been made since the beginning of the current financial year. As with China, our focus will be on Stella and Fuse, the Wipes System and the Surfaces product range.

With distributors in over 20 countries, many of whom first introduced Tristel products into their national markets several years ago, we consider we are well placed to see the contribution of our international business grow.

One of the achievements of 2009-10 was the step change that we made in our manufacturing capability, demanded by taking on the production of the Medichem products. Upping our game to meet the challenge of manufacturing such a large and diverse product range has created the springboard to embark upon a new venture. This involves a substantial investment in our manufacturing facility, doubling our production capacity, and building a clean room that will enable us to manufacture sterile packed products. These products are disinfectants and cleaning products that are deployed in pharmaceutical, cosmetics and toiletries manufacturing plants. We have christened this new product range 'Crystel'.

The marketplace that we will be addressing with these products is substantial. We value the European market in the range of US$150-200 million and the competitor set is largely the same as that with which we compete in Hospital Infection Control. This initiative will add a third leg to our business and will leverage our capabilities as a manufacturer, our skills and experience in disinfectant and cleaning product chemical formulation, our ability to create innovative packaging and delivery systems, and our experience of regulatory affairs.

This is a very exciting development for Tristel that we believe will drive top line growth and the future profitability of the Group. We look forward to a successful year ahead.

Paul C Swinney
Chief executive
15 October 2010

Directors' biographies

Francisco A Soler (aged 64), Non-Executive Chairman (Member of Remuneration & Audit Committees)
Francisco Soler is a founding shareholder of the Group and has been an active investor in a number of companies around the world. Among them, he was a member of the Board of United States Can Company (US Can), a company that was listed on the New York Stock Exchange before being taken private by a private equity Group. He is chairman of The Bank of Miami N.A. He was chairman of Leisure Tennis Limited, the owner of the Harbour Club leisure facility in Central London, which was sold to Cannons Group Plc in August 1998 and of Harbour Club Milano which was sold to the Aspria Group in 2009. He is a Knight of the Order of Malta.

Paul C Swinney (aged 52), Chief Executive
Paul Swinney started his career with Brown, Shipley & Co in 1980. He worked for the European banking operations of Norwest Bank Minneapolis and Maryland National Bank, before joining OSI Finance, a specialist in shipping finance, in 1987. In 1993 he co-founded the business that was to become Tristel Plc. He has been chief executive and a shareholder since inception.

Elizabeth A Dixon (Aged 40), Finance Director
Elizabeth Dixon trained within a top 10 accounting firm before moving into industry with the Holiday Property Bond Group, where she developed her career through a series of finance roles, ultimately becoming UK finance manager. Having joined Tristel in 2007 as chief Group accountant, Elizabeth went on to join the Board of Tristel Solutions Ltd in August 2009 and was appointed as Group finance director in June 2010.

Paul M Barnes (aged 56), Non-Executive Director (Chairman of Audit Committee)
Paul Barnes is a Chartered Certified Accountant with extensive experience of developing SME businesses from concept to listing and sale. He was a founder and finance director of Tradepoint Financial Networks plc, which was admitted to trading on AIM and achieved formal recognition as a Recognised Investment Exchange during his time at the company. He was formerly finance director of Oxford Catalysts Plc. He was appointed to the Board of Tristel Solutions Ltd in June 2004 and was finance director through the Group's IPO and listing until June 2010.

Peter F H Stephens (aged 55), Non-Executive Director (Chairman of Remuneration Committee)
Peter Stephens was previously head of European Equities Sales at Salomon Brothers and Credit Lyonnais. Since 2001 he has been working as a self-employed venture capitalist. He studied at Oxford University and qualified as a barrister in 1978. He is a founding shareholder and was appointed as a director of the Company in May 2004.

Peter C Clarke (aged 46), Non-Executive Director
Peter Clarke is currently a consultant to H&R Healthcare Limited and Oliver, Bell and Kinge LLP. Prior to this he worked as a sales manager at LRG Limited, Databeat Systems Limited and Eurocopy plc. He is one of the founding shareholders and a Board member since inception.

Antonio F Soler (aged 34), Non-Executive Director
With degrees from Harvard College and INSEAD, Antonio Soler has worked in finance as an M&A specialist at Merrill Lynch & Co; in technology as a co-founder of Skillvest Ltd; and as a global strategist in the office of the chairman of Samsung in South Korea. Antonio currently works as a private equity investor and serves as a non-executive on six Company Boards.

Bruce C Green (aged 65), Non-Executive Director
Bruce Green is a Chartered Chemist, member of the Royal Society of Chemistry and a Chartered Scientist. He has been involved with the formulation of many famous brands both in the UK and in North America and holds numerous chemistry patents. He has acted as a consultant to Tristel since the establishment of the business in 1993 and is the original inventor of Tristel's proprietary chlorine dioxide technology.

Company Information for the year ended 30 June 2010

Directors
F A Soler
P C Swinney
E A Dixon (appointed 2 June 2010)
P M Barnes
P C Clarke
B C Green
A F Soler
P F H Stephens

Secretary
P M Barnes

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Registered Number
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Chartered Accountants – Registered Auditors
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Solicitors
Maclay Murray & Spens LLP
One London Wall
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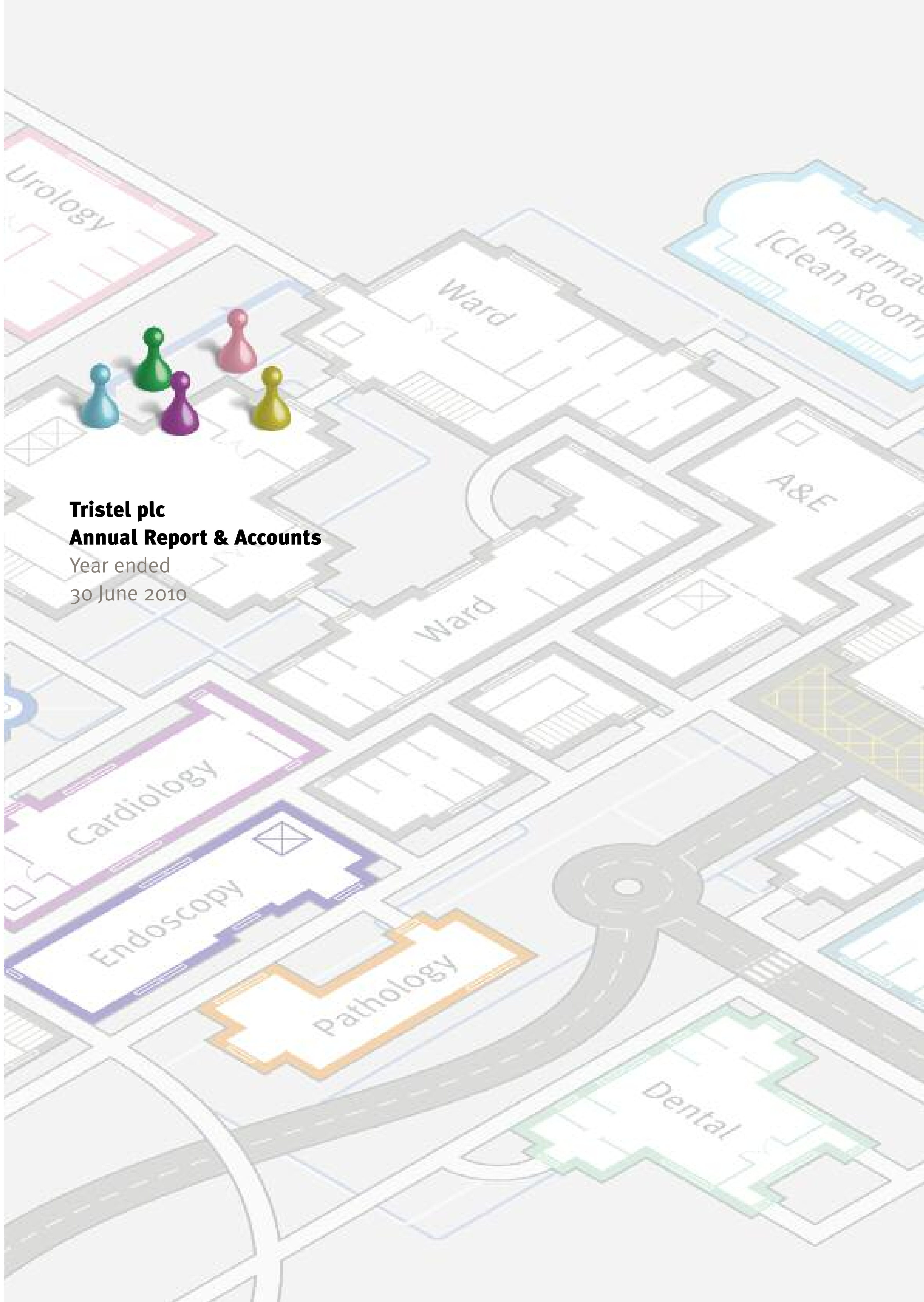


Directors' remuneration report for the year ended 30 June 2010

Introduction

It is not a requirement for Companies that have securities listed on AIM to comply with the disclosure requirements of Directors' Remuneration Report Regulations 2002 or to comply with the UKLA Listing Rules and the disclosure provisions under Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008. The Remuneration Committee, however, is committed to maintaining high standards of corporate governance and has taken steps to comply with the principles of best practice in so far as it can be applied practically given the size of the Company and the nature of its operations.

Remuneration report

The Board has applied the principles of good governance relating to directors' remuneration as described below.

Remuneration Committee

The Remuneration Committee comprises certain of the non-executive directors under the chairmanship of Peter Stephens. The Committee's constitution and operation is compliant with the provisions of the Combined Code on Corporate Governance published by the Financial Reporting Council. When setting its remuneration policy for executive directors, the Committee gives consideration to the provisions and principles of the Combined Code.

Remuneration policy for executive directors

The remuneration policy has been designed to ensure that executive directors should receive appropriate incentive and reward given their performance, responsibility and experience. When assessing this, the Remuneration Committee seeks to ensure that the policy aligns the interests of the executive directors with those of shareholders.

The Company's remuneration policy for executive directors is to:

- Consider the individual's experience and the nature and complexity of their work in order to set a competitive salary that attracts and retains management of the highest quality, whilst avoiding remunerating the director more than is necessary.
- Link individual remuneration packages to the Group's long-term performance through both bonus schemes and share option plans.
- Provide post retirement benefits through payment into defined contribution pension schemes.
- Provide employment related benefits including provision of life assurance and medical insurances.

Remuneration package for executive directors

Executive directors' remuneration packages are considered annually and comprise a number of elements as follows:

a) Base salary

The base salary is reviewed annually in June each year. The review process undertaken by the Remuneration Committee has regard to the profitability and ongoing development of the Group and the contribution that individuals will continue to make. Consideration is also given to the need to retain and motivate individuals and available information on the salary levels in comparable organisations. To assist in this process the Remuneration Committee draws on the findings of external salary surveys and undertakes its own research.

b) Annual performance incentive

The executive directors are eligible, at the discretion of the Remuneration Committee, for an annual bonus. The Remuneration Committee considers bonus awards, which are capped, at the beginning of each year and any such awards are determined by both the performance of the individual and the Group as a whole for the previous year.

c) Pensions and other benefits

The Group does not operate a Group pension scheme; instead individuals receive contributions to their private pension arrangements.

Other benefits provided are life assurance and private medical insurance. Currently no company cars are provided, but directors are paid an allowance for business miles travelled in accordance with HMRC guidelines.

d) Share options

Executive directors may, at the discretion of the Remuneration Committee, be awarded share options. Where share options are to be granted, they will be granted at the closing mid market value of the Company's ordinary shares on the day prior to grant or higher and vest over a period of up to three years.

Directors' remuneration report continued

Remuneration policy for non-executive directors

The remuneration of the non-executive directors is determined by the Board as a whole, based on a review of current practices in other equivalent companies. The non-executive directors do not receive any pension payments towards private arrangements, nor do they participate in any of the bonus schemes.

The non-executive directors each have service agreements that are reviewed annually by the Board. They are included in the one third of directors subject to retirement by rotation at each Annual General Meeting.

Directors' remuneration

The directors received the following remuneration during the year to 30 June 2010.

Name of director	Salary and fees £'000	Bonus £'000	Taxable benefits £'000	Share based pmts IFRS 2 £'000	2010 Total (excl. pension) £'000	2009 Total (excl. pension) £'000	2010 Pension £'000	2009 Pension £'000
Executive								
Paul Swinney	154	–	4	34	192	186	20	19
Elizabeth Dixon	5	–	–	1	6	–	–	–
Non-executive								
Francisco Soler	–	–	–	–	–	–	–	–
Paul Barnes	36	–	3	6	45	44	3	3
Peter Stephens	20	–	–	–	20	20	–	–
Peter Clarke	12	–	–	–	12	12	–	–
Antonio Soler	40	–	–	–	40	40	–	–
Bruce Green	12	–	–	–	12	12	–	–
Aggregate emoluments	279	–	7	41	327	314	23	22

Paul Swinney's service contract contains a provision that in the event of a change in control of the Group, he would receive a payment equivalent to 150% of his then prevailing annual salary.

Directors' share options

Aggregate emoluments disclosed above include the amount charged to the Income Statement in accordance with IFRS 2 in respect of the fair value of options granted or held by the directors to acquire ordinary shares in the Company. Details of options held by the directors are as follows:

	Total shares granted	Total shares vested at 1 July 2009	Shares vesting in the year	Total shares vested at 30 June 2010	Exercise price	Earliest date of exercise	Date of expiry
Executive							
Paul Swinney	250,000	250,000	–	250,000	59.50p	23/12/05	22/12/15
	250,000	–	250,000	250,000	53.75p	12/10/09	12/10/19
	250,000	–	250,000	250,000	53.75p	30/06/10	12/10/19
	500,000	–	–	–	65.00p	On change of control	12/10/19
Elizabeth Dixon	60,000	15,000	15,000	30,000	53.75p	23/07/08	23/07/18
	60,000	–	15,000	15,000	53.75p	04/08/09	04/08/19
Non-executive							
Paul Barnes	43,750	–	43,750	43,750	53.75p	12/10/09	12/10/19
	43,750	–	43,750	43,750	53.75p	30/06/10	12/10/19
	87,500	–	–	–	65.00p	On change of control	12/10/19

Options held by the directors are subject to vesting arrangements over the life of the options. An initial tranche of options became exercisable on the grant of the options. Further tranches become exercisable over periods ranging from 12 months to 36 months from grant, or as detailed in the specific instances above, on change of control of the Group.

Directors' remuneration report continued

Directors' shareholdings
The interests of the directors in the shares of the company at 30 June 2010 and 30 June 2009 were:

Ordinary 1p shares	30 June 2010	30 June 2009
Executive		
Paul Swinney	1,159,742	1,485,742
Elizabeth Dixon	1,009	1,009
Non-executive		
Francisco Soler	7,207,277	6,857,277
Peter Stephens	1,095,681	1,095,681
Paul Barnes	556,260	556,260
Peter Clarke	21,811	21,811
Antonio Soler	–	–
Bruce Green	950,016	924,016

The market price of the company's shares as at 30 June 2010 was 52.5p. The range during the year was 43p to 63p (source – London Stock Exchange).

Corporate governance report for the year ended 30 June 2010

Corporate governance
Companies who have their securities traded on the Alternative Investment Market (AIM) are not required to comply with the disclosure requirements of the Combined Code published by the Financial Reporting Council. The Board has determined that the Company should maintain high standards of corporate governance, and has adopted procedures and has taken steps to adopt the underlying principles required for good governance, in so far as appropriate given the size of the Company and the nature of its operations.

Board of Directors
The Company is controlled by the Board of Directors, which comprises two executives, one of whom is the chief executive officer, and six non-executive directors. The role of the chief executive officer and chairman are separate.

All directors are able to take independent advice to assist them in their duties if necessary.

The Board is responsible to shareholders for the proper management of the Group and meets formally at least eight times a year to set the overall direction and strategy of the Group, to review operating and financial performance and to consider and advise on senior management appointments. The Board also monitors and approves financial policy and budgets, including capital expenditure. All key operational decisions are subject to Board approval. The company secretary is responsible for ensuring that Board procedures are followed and that any and all applicable rules and regulations are complied with.

Directors are subject to election by shareholders at the first opportunity after their appointment. In addition, one third of the directors are subject to retirement by rotation at each Annual General Meeting.

Committees of the Board
Remuneration Committee
The Remuneration Committee comprises certain of the non-executive directors under the chairmanship of Peter Stephens. It reviews, inter alia, the performance of the executive directors and sets the scale and structure of their remuneration and basis of their service agreements, having due regard to the interests of the shareholders. The Remuneration Committee also determines the allocation of share options to executive directors. No director has a service agreement exceeding one year.

One of the policies of the Remuneration Committee is that no individual participates on discussions or decisions concerning his own remuneration.

The Directors' Remuneration Report is set out on pages 28 to 30.

Audit Committee
The Audit Committee comprises certain of the non-executive directors under the chairmanship of Paul Barnes. Under its terms of reference it meets at least three times a year and amongst other duties, overviews the monitoring of the Group's internal controls, accounting policies and financial reporting, and provides a forum through which the external auditors report. It meets at least once a year with the external auditors without executive management present.

Relations with shareholders
The Board considers effective communication with shareholders to be very important and encourages regular dialogue with both institutional and private investors. The Board responds promptly to questions received verbally or in writing. Directors regularly attend meetings with institutional shareholders and analysts throughout the year. Shareholders will be given at least 21 days notice of the Annual General Meeting at which they will be given the opportunity to discuss the Group's developments and performance.

The Company's website www.tristel.com contains full details of the Group's activities, press releases and other details, as well as a link to the relevant web page of the London Stock Exchange website for share price details, share trading activities and graphs, and Regulatory News Service (RNS) announcements.

Maintenance of a sound system of internal control
The directors have overall responsibility for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance that the assets of the Group are safeguarded and that shareholders' investments are protected. The system includes internal controls appropriate for the Group's size, and covers financial, operational, compliance (including Health and Safety) and risk management areas. There are limitations in any system of internal control, which can provide reasonable but not total assurance with respect to the preparation of financial information, the safeguarding of assets and the possibility of misstatement or loss.

Corporate governance report continued

The Board has considered its policies with regard to internal controls, as set out in the Turnbull Report, and undertook an assessment of the major areas of the business and methods used to monitor and control them. In addition to financial risk, the review covered operational, commercial, regulatory and health and safety. The risk review is an ongoing process with reviews being undertaken on a regular basis.

The key procedures designed to provide an effective system of internal controls that are operating up to the date of sign-off of this report are set out below.

Control environment

There is an organisational structure with clearly defined lines of responsibility and delegation of accountability and authority.

Risk management

The Group employs directors and senior personnel with the appropriate knowledge and experience for a business engaged in activities in its field of operations, and undertakes regular risk assessments and reviews of its activities.

Financial information

The Group prepares detailed budget and working capital projections, which are approved annually by the Board and are maintained and updated regularly throughout the year. Detailed management accounts and working capital cash flows are prepared on a monthly basis and through written commentary compared to budgets and projections to identify any significant variances.

Management of liquid resources

The Board is risk averse when investing any surplus cash funds. The Group's treasury management policy was adopted in July 2005, and is reviewed periodically.

The Board has considered it inappropriate to establish an internal audit function, given the size of the Group. However, this decision will be reviewed as the operations of the Group develop.

Report of the directors for the year ended 30 June 2010

The directors present their report with the financial statements of the Company and the Group for the year ended 30 June 2010.

Principal activity

The principal activity of the Group in the year under review was that of the design, manufacture and sale of infection control, hygiene and water treatment products. Tristel Plc is a Public Limited Company and is incorporated and domiciled in the United Kingdom.

Review of business and future developments

The chairman's introduction on pages 3 to 5 and the chief executive's review of activities on pages 6 to 24 report on activities during the year, post Balance Sheet events and likely future developments. They also report on the main trends and factors likely to affect the future development, performance and position of the Group's business.

Management consider the primary KPIs for the Group to be revenues and gross margin %. These are both measured and monitored closely. Current period revenue is £8,764,458 (2009: £6,846,682); Gross margin % for the year is 64.4% (2009: 64.9%).

In addition to financial KPIs, the directors measure and monitor closely various non-financial KPIs, these include:

i) the maintenance of the Group's quality system and certification required for the design, manufacture and sale of medical devices. This involves frequent quality control audits from the Group's Notified Body. A successful completion of these audits concludes without identification of major non-compliances by the Notified Body who test all areas of the Group's quality system including customer service, customer satisfaction and product quality assurance. During the year the Group underwent two audits and carried out bi-monthly desktop reviews of technical files. No major non-compliances were registered during the year; and

ii) staff retention and workplace satisfaction. Staff retention levels have historically been extremely high and continued at this level during the year. Workplace satisfaction amongst all staff is measured in an informal process that reflects the management style of the organisation.

The principal risks and uncertainties facing the Group are considered below.

Operating risks

These include the Group's ability to continue to supply in a timely manner the Group's existing product portfolio; the timing of developing new products to meet the requirements of customer demands; the successful implementation of new contracts; the achievement of the demanding service levels included in existing customer contracts; prolonged disruption to the Group's manufacturing base; the Group's ability to attract and retain the right quality and quantity of personnel; the failure of a product supplied by the Group and the ability to continue to develop and commercialise new products in such a way to produce a satisfactory level of profitability.

The Group keeps each of these risks under review working pro-actively in this regard. Each of the risks listed above, to a greater or lesser degree would have an impact on the financial performance of the Group.

External risks

The Group's performance is also subject to external macroeconomic conditions and changes in factors such as exchange rates, interest rates and inflation. An economic downturn due to a cutback on the supply of funds to the National Health Service, in particular, could negatively affect the Group's business.

Operations in emerging or new markets may have a higher than average risk of political or economic instability, and may carry increased credit and financial risk. As a result, careful consideration is given to operations in emerging or new markets before the Group enters that market.

Financial risks

The Group's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk, interest rate risk, liquidity risk and exchange rate risk. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. At present the Group does not use financial derivatives.

The Group's financial instruments comprise cash, liquid resources, trade receivables and payables. The main purpose of these financial instruments is the funding of the Group's activities. It has been the Group's policy throughout the period under review that no trading in financial instruments shall be undertaken.

Report of the directors continued

Credit risk
The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables, which are concentrated in a large number of low value customer accounts.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Cash flow risk
The Group's activities expose it primarily to the financial risks of changes in interest rates. Interest bearing assets and liabilities are held, wherever possible, at fixed rate to ensure certainty of cash flows. However, where borrowings are connected to base rate, consideration is given to the impact of, and potential for, fluctuation.

Liquidity risk
Group policy is to build and retain sufficient cash balances to meet its anticipated requirements over a two to three-year period. Surplus funds are placed on time deposits, with cash balances available for immediate withdrawal if required.

Results and dividends
There was a profit for the year after taxation amounting to £1,195,247 (2009: £918,941).

A final dividend of £382,947 (1.295p per share) was paid during the year in respect of the year ended 30 June 2009. (2008: £313,186 (1.165p per share)).

An interim dividend of £140,856 (0.425p per share) was paid during the year in respect of the year ended 30 June 2010 (2009: £108,876 (0.405p per share)) and the directors recommend a final dividend of 1.4p per share (2009: 1.295p per share). The total distribution of dividends for the year ended 30 June 2010 will be £604,852 (2009: £457,010).

A review of the Group's performance for the year ended 30 June 2010 is contained in the chairman's introduction on pages 3 to 5 and the chief executive's review of activities on pages 6 to 24.

Share issue
On 3 July 2009, the Company issued 2,688,287 new ordinary shares of 1p each for an aggregate consideration of £1,102,198. The shares were issued to assist the Group with the acquisition of the intellectual property and manufacturing rights for a portfolio of infection control products utilised in the veterinary and animal welfare sectors.

A further issue of 3,571,429 new ordinary shares of 1p each for an aggregate consideration of £2,000,000 was made on 26 November 2009 to meet institutional demand and aid working capital requirements.

Research and development
The Group continues to invest in research and development. The products currently being developed are expected to make significant contributions to the growth of the business. The directors regard investment in this area as a prerequisite for success in the medium to long term.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report above. Current economic conditions create a degree of uncertainty over the level of demand for the Group's products and services and the availability of finance through banking facilities.

The directors compile a 24 month budget and cash flow forecast each year, which is stress tested for potential future influences and events. Funding is sought as necessary, in the most appropriate and cost effective form, to a level which provides sufficient headroom to the Group's cash requirements. Bank borrowings in the form of a revolving facility secured on the company's debtor book was in place at the Balance Sheet date.

The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and financial statements.

Report of the directors continued

Directors
The directors shown below have held office during the period from 1 July 2009 to the date of this report.

PM Barnes	PC Clarke
EA Dixon (appointed 2.6.10)	BC Green
AF Soler	FA Soler
PFH Stephens	PC Swinney

One third of the directors retire by rotation and will be proposed for re-election at the Annual General Meeting.

The Group provides directors and officers indemnity insurance for the benefit of the directors of the Group. For the year to 30 June 2010, the policy cost £3,145 (2009: £4,385).

Details of directors' interests in the share capital of the Company are disclosed in the directors' remuneration report set out on pages 28 to 30.

Group's policy on payment of creditors
The Company's policy, which is also applied by the Group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Company at 30 June 2010 were equivalent to 33 days purchases (2009: 27 days).

Trade creditors of the Group at 30 June 2010 were equivalent to 57 days purchases (2009: 34 days), based on the average daily amount invoiced by suppliers during the year.

Corporate governance
Tristel plc is committed to maintaining high standards of corporate governance and has applied strong and appropriate policies, given the size of the Group, its current stage of development and the constitution of the Board, to reinforce its commitment to corporate governance and is detailed in the Corporate governance report.

Substantial shareholdings
Except for the directors' interests noted above, the directors are aware of the following who are interested in 3% or more of the Company's equity at 30 June 2010:

	Number of shares	% of issued share capital
Brewin Dolphin Securities	2,103,887	6.35%
Downing Corporate Finance	1,715,706	5.18%
M D Barnard & Co	1,582,100	4.77%
Williams De Broe	1,481,751	4.47%
Unicorn Asset Management	1,055,329	3.18%

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the directors continued

In so far as each of the directors is aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for re-appointment in accordance with the Companies Act 2006.

ON BEHALF OF THE BOARD
ELIZABETH DIXON
DIRECTOR
15 OCTOBER 2010

Independent auditor's report to the members of Tristel Plc for the year ended 30 June 2010

We have audited the financial statements of Tristel plc for the year ended 30 June 2010 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2010 and of the Group's and the parent company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

TIMOTHY LINCOLN
SENIOR STATUTORY AUDITOR
FOR AND ON BEHALF OF
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS
LEEDS
15 OCTOBER 2010

Consolidated Income Statement

for the year ended 30 June 2010

	NOTE	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Revenue		8,764	6,847
Cost of sales		(3,120)	(2,402)
Gross profit		5,644	4,445
Other operating income		20	20
Administrative expenses – share-based payments (IFRS 2)		(44)	(14)
Administrative expenses – depreciation, amortisation and impairment		(636)	(402)
Administrative expenses – other		(3,480)	(2,766)
Total administrative expenses		(4,160)	(3,182)
Operating profit		1,504	1,283
Finance income	4	7	9
Finance costs	4	(20)	(7)
Exceptional finance income	5	233	–
Profit before tax		1,724	1,285
Profit before tax attributable to:			
Non-controlling interests		(19)	–
Equity holders of parent		1,743	1,285
		1,724	1,285
Taxation	7	(529)	(366)
Profit for the year		1,195	919
Attributable to:			
Non-controlling interests		(20)	–
Equity holders of parent		1,215	919
Earnings per share from total and continuing operations attributable to equity holders of the parent			
Basic – pence	10	3.84	3.42
Diluted – pence	10	3.67	3.31

All amounts relate to continuing operations.

Statement of Consolidated Comprehensive Income

for the year ended 30 June 2010

	Year ended 30 June 2010 £'000	Year ended 30 June 2009 £'000
Profit for the period	1,195	919
Other comprehensive income		
Exchange differences on translation of foreign operations	13	–
Total comprehensive income for the period	1,208	919
Attributable to:		
Non-controlling interests	(20)	–
Equity holders of the parent	1,228	919
	1,208	919

Consolidated Statement of Changes in Equity

for the year ended 30 June 2010

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total attributable to owners of the parent £'000	Non-controlling interests £'000	Total equity £'000
1 July 2008	269	2,663	478	905	4,315	–	4,315
Transactions with owners:							
Dividends paid	–	–	–	(422)	(422)	–	(422)
Share-based payments – IFRS 2	–	–	–	14	14	–	14
	269	2,663	478	497	3,907	–	3,907
Profit for the year ended 30 June 2009	–	–	–	919	919	–	919
30 June 2009	269	2,663	478	1,416	4,826	–	4,826
Transactions with owners:							
Dividends paid	–	–	–	(524)	(524)	(125)	(649)
Shares issued	63	2,887	–	–	2,950	–	2,950
Non-controlling interests arising on consolidation	–	–	–	–	–	137	137
Share-based payments – IFRS 2	–	–	–	44	44	–	44
	332	5,550	478	936	7,296	12	7,308
Profit for the year ended 30 June 2010	–	–	–	1,215	1,215	(20)	1,195
Other comprehensive income							
Exchange differences on translation of foreign operations	–	–	–	(9)	(9)	–	(9)
30 June 2010	332	5,550	478	2,142	8,502	(8)	8,494

Company Statement of Changes in Equity

for the year ended 30 June 2010

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
1 July 2008	269	2,663	365	3,297
Transactions with owners:				
Dividends paid	–	–	(422)	(422)
Share-based payments – IFRS 2	–	–	14	14
	269	2,663	(43)	2,889
Profit for the year ended 30 June 2009	–	–	716	716
30 June 2009	269	2,663	673	3,605
Transactions with owners:				
Dividends paid	–	–	(524)	(524)
Dividends received	–	–	593	593
Shares issued	63	2,887	–	2,950
Share-based payments – IFRS	–	–	44	44
	332	5,550	786	6,668
Profit for the year ended 30 June 2010	–	–	857	857
30 June 2010	332	5,550	1,643	7,525

THE NOTES FORM PART OF THESE FINANCIAL STATEMENTS

Consolidated Balance Sheet

as at 30 June 2010

	NOTE	2010 £'000	2009 £'000
Non-current assets			
Goodwill	11	779	779
Intangible assets	12	5,150	2,317
Property, plant and equipment	13	1,021	980
Investments	14	72	37
Deferred tax	22	74	31
		7,096	4,144
Current assets			
Inventories	15	1,388	801
Trade and other receivables	16	2,475	1,611
Cash and cash equivalents	17	986	18
		4,849	2,430
Total assets		11,945	6,574
Capital and reserves attributable to the Company's equity holders			
Share capital	23	332	269
Share premium account		5,550	2,663
Merger reserve		478	478
Retained earnings		2,142	1,416
Equity attributable to equity holders of parent		8,502	4,826
Non-controlling interests		(8)	–
		8,494	4,826
Current liabilities			
Trade and other payables	18	1,612	963
Bank overdrafts	19	–	356
Interest bearing loans and borrowings	19	1,256	51
Current tax		583	375
		3,451	1,745
Non-current liabilities			
Interest bearing loans and borrowings	19	–	3
Total liabilities		3,451	1,748
Total equity and liabilities		11,945	6,574

THE FINANCIAL STATEMENTS WERE APPROVED AND AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS ON 15 OCTOBER 2010, AND WERE SIGNED ON ITS BEHALF BY:
ELIZABETH DIXON
DIRECTOR

THE NOTES FORM PART OF THESE FINANCIAL STATEMENTS

Company Balance Sheet
as at 30 June 2010

	NOTE	2010 £'000	2009 £'000
Non-current assets			
Intangible assets	12	3,534	1,033
Investments	14	1,938	1,640
Deferred tax	22	27	21
		5,499	2,694
Current assets			
Trade and other receivables	16	1,805	1,785
Cash and cash equivalents	17	796	–
		2,601	1,785
Total assets		8,100	4,479
Capital and reserves attributable to the Company's equity holders			
Share capital	23	332	269
Share premium account		5,550	2,663
Retained earnings		1,643	673
Equity attributable to equity holders of parent		7,525	3,605
Current liabilities			
Trade and other payables	18	221	328
Bank overdrafts	19	–	270
Current tax liabilities		354	276
Total liabilities		575	874
Total equity and liabilities		8,100	4,479

THE FINANCIAL STATEMENTS WERE APPROVED AND AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS ON 15 OCTOBER 2010, AND WERE SIGNED ON ITS BEHALF BY:

ELIZABETH DIXON
DIRECTOR

REGISTERED NUMBER
04728199

THE NOTES FORM PART OF THESE FINANCIAL STATEMENTS

Consolidated Cash Flow Statement
for the year ended 30 June 2010

	NOTE	2010 £'000	2009 £'000
Cash flows from operating activities			
Cash generated from operating activities	i	1,638	1,236
Interest paid		(20)	(7)
Corporation tax paid		(383)	(281)
		1,235	948
Cash flows from investing activities			
Interest received		7	9
Purchase of intangible assets		(3,095)	(482)
Acquisition of investments		(74)	(20)
Purchases of property, plant and equipment		(714)	(404)
Proceeds from sale of property, plant and equipment		442	4
Net cash used in investing activities		(3,434)	(893)
Cash flows from financing activities			
Loans received		1,253	–
Loans repaid		(51)	(47)
Share issues		3,102	–
Cost of share issues		(152)	–
Dividends paid		(649)	(422)
Net cash from/(used) in financing activities		3,503	(469)
Net increase/(decrease) in cash and cash equivalents		1,304	(414)
Cash and cash equivalents at the beginning of the period	ii	(338)	76
Exchange differences on cash and cash equivalents		20	–
Cash and cash equivalents at the end of the period	ii	986	(338)

THE NOTES FORM PART OF THESE FINANCIAL STATEMENTS

Notes to the Consolidated Cash Flow Statement

for the year ended 30 June 2010

i. Reconciliation of profit before tax to cash generated from operations

	2010 £'000	2009 £'000
Profit before tax	1,724	1,285
Adjustments for:		
Depreciation of plant, property and equipment	312	241
Amortisation of intangible assets	187	161
Impairment of plant, property and equipment	23	–
Impairment of intangible assets	75	–
Impairment of investments	39	–
Share-based payments – IFRS 2	44	14
(Profit)/loss on disposal of property, plant and equipment	2	23
Government grants	(20)	(20)
Finance costs	20	7
Finance income	(7)	(9)
	2,399	1,702
Increase in inventories	(587)	(163)
Increase in trade and other receivables	(843)	(244)
Increase/(decrease) in trade and other payables	669	(59)
Cash generated from operations	1,638	1,236

ii. Cash and cash equivalents

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts

	30 June 2010 £'000	30 June 2009 £'000
Year ended 30 June 2010		
Cash and cash equivalents	986	18
Bank overdrafts	–	(356)
	(986)	(338)

	30 June 2009 £'000	30 June 2008 £'000
Year ended 30 June 2009		
Cash and cash equivalents	18	81
Bank overdrafts	(356)	(5)
	(338)	76

Company Cash Flow Statement

for the year ended 30 June 2010

	NOTE	2010 £'000	2009 £'000
Cash flows from operating activities			
Cash generated from operating activities	a	1,325	207
Interest paid		(2)	(2)
Corporation tax paid		(278)	(13)
		1,045	192
Cash flows from investing activities			
Purchase of intangible assets		(2,586)	(88)
Acquisition of investments		(418)	(20)
Interest received		6	4
Net cash used in investing activities		(2,998)	(104)
Cash flows from financing activities			
Shares issued		3,102	–
Cost of share issue		(152)	–
Dividends paid		(524)	(422)
Dividends received		593	–
Net cash from/(used in) financing activities		3,019	(422)
Net increase/(decrease) in cash and cash equivalents		1,066	(334)
Cash and cash equivalents at the beginning of the period	b	(270)	64
Cash and cash equivalents at the end of the period	b	796	(270)

Notes to the Company Cash Flow Statement

for the year ended 30 June 2010

a. Reconciliation of profit before tax to cash generated from operations

	2010 £'000	2009 £'000
Profit before tax	1,207	1,003
Amortisation of intangibles	85	74
Impairment of investment	164	–
Finance costs	2	2
Finance income	(6)	(4)
	1,452	1,075
Increase in trade and other receivables	(26)	(699)
Decrease in trade and other payables	(101)	(169)
Cash generated from operations	1,325	207

b. Cash and cash equivalents

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts

	30 June 2010 £'000	30 June 2009 £'000
Year ended 30 June 2010		
Cash and cash equivalents	796	–
Bank overdrafts	–	(270)
	796	(270)

	30 June 2009 £'000	30 June 2008 £'000
Year ended 30 June 2009		
Cash and cash equivalents	–	64
Bank overdrafts	(270)	–
	(270)	64

Notes to the Consolidated Financial Statements

for the year ended 30 June 2010

1. Accounting policies

Basis of accounting
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Changes in accounting policies
The Group has adopted the following new interpretations, revisions and amendments to IFRS issued by the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2009: *IAS 1 • Presentation of Financial Statements (Revised 2007)*

Changes in accounting policies – IAS 1 (revised 2007)
The adoption of the standard does not affect the financial position or results of the Group, but gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. IAS 1 (Revised 2007) affects the presentation of owner changes in equity and introduces a 'Statement of Comprehensive Income'. The Statement of Comprehensive Income has been shown in a single statement.

IAS 1 (Revised 2007) requires presentation of a comparative Balance Sheet as at the beginning of the first comparative period, in some circumstances. Management considers that this is not necessary this year because the 2007 Balance Sheet is the same as that previously published.

Changes in accounting policies – IFRS 3 business combinations (revised 2008) (effective from 1 July 2009)
The standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009. The new standard introduces changes to the accounting requirements for business combinations, but still requires use of the purchase method, and will have had a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009. As there have been no business combinations during the year Management does not expect the standard to have a material effect on the Group's financial statements.

Changes in accounting policies – IAS 27 consolidated and separate financial statements (effective from 1 July 2009)
The revised standard introduces changes to the accounting requirements for the loss of control, of a subsidiary and for changes in the Group's interest in subsidiaries. Management does not expect the standard to have a material effect on the Group's financial statements.

Basis of consolidation
The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2010. Where audited financial statements at this date are not available due to non concurrent year ends, Management accounts at 30 June 2010 have been used. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated Balance Sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

During the year to 30 June 2010 the Group acquired the manufacturing rights and know-how to a range of disinfection and cleaning products collectively associated with the name 'Medichem'. Incidental to the purchase of manufacturing rights the Group acquired 50% of the assets and liabilities of Medichem International Limited, the company which owns the 'Medichem' trademark. Further details are set out in note 12.

The Board do not consider that the acquired assets and liabilities meet the definition of a business combination, on the grounds that there is not a combination of inputs, outputs or processes moving forward. The Board further consider that they exercise significant influence of the assets and liabilities of Medichem International Limited, due to ownership of the know-how and manufacturing rights. Consequently 100% of the assets and liabilities and the result for the year have been consolidated on a line by line basis, with an adjustment made for non-controlling interests.

Business combinations completed prior to date of transition to IFRS
The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to 30 June 2005.

Accordingly the classification of the combination (acquisition, or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at the date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax is adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

The transitional provisions used for past business combinations apply equally to past acquisitions of interests in associates and joint ventures.

Significant judgments and estimates
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors consider that the key judgments and sources of estimation made in preparation of the financial statements relate to intangible assets, goodwill and research and development, where judgments are made to determine when a development project meets the Group's capitalisation criteria.

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

1. Accounting policies continued

Significant judgments and estimates continued

Tests have been undertaken using commercial judgments and a number of assumptions and estimates have been made to support their carrying amounts, assessed against expected financial returns. Further details on the judgements and estimates applied are included in the detailed accounting policies below and the notes to the financial statements.

Revenue recognition
Revenue is the amount receivable by the Group in the ordinary course of business with outside customers for the Group's products, shipped as a principal and for ancillary goods provided, excluding value added tax and trade discounts. Product revenue is recognised upon shipment of product.

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to the cash-generating unit acquired. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. The details of these assumptions are set out in note 11.

Intangible assets
All intangible assets are tested annually for impairment where they have an indefinite useful life, unless impairment indicators have arisen. Intangible assets are amortised from the date they are brought into use. The estimated useful life of the identified intangible assets is seven to 10 years. Where amortisation is charged, it is charged to the Income Statement on a straight-line basis over estimated useful lives of the asset.

Where an intangible asset has an indefinite useful life no amortisation is charged. Instead in accordance with IAS 36 the asset is tested annually for impairment, comparing the recoverable amount to the carrying amount. The recoverable amount is calculated by reference to future cash flows generated by the asset. Further details are set out in.

Intangible assets – patents, trademarks and licences
Patents, trademarks and licences that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Intangible assets – research and development
Research expenditure is written off as incurred. Development expenditure is also written off as incurred, except where the directors are satisfied, having due regard to the nature and scope of each development project assessed, as to the technical, commercial and financial feasibility of the project. In such cases, the identifiable expenditure of the relevant project is deferred and amortised over the period during which the Group is expected to benefit, as administration costs, as detailed below. Provision is made for any impairment.

Development costs	Straight-line over useful economic life of seven years, or over number of units sold

Development costs incurred are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

The amortisation of intangible assets is charged to Administrative Expenses in the Income Statement.

Property, plant and equipment
Property, plant and equipment are held at cost less accumulated depreciation and impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset less the estimated residual value of property, plant and equipment over their estimated useful economic lives as follows:

Buildings	Straight-line over 25 years
Short leasehold and improvements to property	Straight-line over the lease term
Plant and machinery	33% on cost and 20% on cost
Fixtures and fittings	25% on cost and 20% on cost
Motor vehicles	25% on cost

The residual value and useful economic life of property, plant and equipment are reviewed annually.

Impairment of tangible and intangible assets excluding goodwill
At each Balance Sheet date, the Group reviews the carrying amount of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

1. Accounting policies continued

Impairment of tangible and intangible assets excluding goodwill continued

generating unit) is reduced to its recoverable amount. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Foreign currency translation
The consolidated financial statements are presented in GBP, which is also the functional currency of the parent company.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than GBP are translated into GBP upon consolidation. The functional currency of the entities in the Group have remained unchanged during the reporting period.

Inventories
Inventories are valued on a first in first out basis (FIFO) at the lower of cost and net realisable value. Cost includes materials and direct labour. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving and defective items where applicable.

Cash and cash equivalents
Cash and cash equivalents comprise cash held by the Group and short term on demand bank deposits with an original maturity of three months or less. The assets are subject to an insignificant risk of change in value. The carrying amount of these assets approximates to their fair value.

Leased assets
In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset.

All leases are regarded as operating leases and the payments made under them are charged to the Income Statement on a straight-line basis over the lease term. Lease incentives are spread over the term of the lease.

Financial liabilities and equity
A financial liability is an obligation to pay cash or other financial asset, an equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Financial liabilities and equity instruments are classified according to the substance of the contracted arrangements entered into.

Financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Trade and other receivables
Trade receivables are initially recognised at fair value, plus transaction costs. Subsequently they are measured at amortised cost using the effective interest rate method.

Trade and other payables
Trade payables are initially recognised at fair value, net of direct issue costs. Subsequently they are measured at amortised cost using the effective interest rate method.

Dividends
Final dividends are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by shareholders, while interim dividends are recognised in the period in which the dividends are paid.

Equity
Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares
- 'Share premium' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- 'Merger reserve' represents merger relief taken in respect of the premium paid on the issue of shares to finance the acquisition of a subsidiary undertaking prior to the Group's IFRS transition date
- 'Retained earnings' represents the retained income and expenditure reserve
- 'Revaluation reserve' represents the unrealised valuation surplus on intangible assets and plant, property and equipment

Taxation
The charge for current tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed. It is calculated according to local tax rules, using tax rates enacted or substantively enacted by the Balance Sheet date.

Deferred tax is provided using the Balance Sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which an asset can be utilised. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

1. Accounting policies continued

Taxation continued

temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Income Statement, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land) in which case the related deferred tax is also charged or credited directly to equity.

Foreign currencies
Transactions denominated in foreign currencies are recorded at the rate of exchange ruling on the date of the transaction. At the Balance Sheet date monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date. These translation differences are dealt with in the Income Statement.

Government grants
Government grants relating to capital expenditure are treated as deferred income and released to the Income Statement over the expected useful lives of the assets concerned. Grants of a revenue nature are credited to the Income Statement so as to match them with the expenditure to which they relate.

Share-based payments
In accordance with IFRS 2 the fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period on the Group's estimate of shares or options that will eventually vest. In the case of options granted, the fair value is measured by a Black-Scholes pricing model. Further details are set out in note 23.

Where options are granted over the parent Company shares to employees of subsidiary undertakings, the cost of investment in the subsidiary is increased by the fair value of the options granted and assessed for impairment in accordance with IAS 36.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense and are charged to the Income Statement as incurred.

Pension costs
For money purchase schemes the amount charged to the Income Statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and the contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

EU Adopted IFRSs not yet applied
As of 30 June 2010, the following Standards and Interpretations are in issue but not yet effective and have not been adopted early by the Group:

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- Group Cash-settled Share-based Payment Transactions - Amendment to IFRS 2 (effective 1 January 2010)
- Improvements to IFRSs 2009 (various effective dates, earliest of which is 1 July 2009, but mostly 2010)
- Amendment to IFRS 1 Additional Exemptions for First-time Adopters (effective 1 January 2010)
- Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Prepayments of a Minimum Funding Requirement – Amendments to IFRIC 14 (effective 1 January 2011)
- Improvements to IFRS issued May 2010 (some changes effective 1 July 2010, others effective 1 January 2011)

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material effect on the financial statements of the Group.

Associates
Associates are those entities over which the Group has significant influence but which are neither subsidiaries nor interests in joint ventures. Investments in associates are recognised initially at cost and, when activities are, in the opinion and judgment of the directors, considered material, the results of the associate are subsequently accounted for using the equity method. Acquired investments in associates are also subject to purchase method accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognised as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Unless otherwise stated changes resulting from the profit or loss generated by the associate are reported in 'share of profits of associates' in the Consolidated Income Statement and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities.

Items that have been recognised directly in the associate's equity are recognised in the consolidated equity of the Group. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

2. Segmental analysis

The Group's operating segments are identified initially from the information which is reported to the chief decision maker. The operating segments are considered further based upon the nature of the product sold, the nature of production, the class of customer and the method of distribution. This year, with the introduction of contract manufacturing via the Intangible acquisition in July 2009, management considers the Groups revenue lines to be split into two operating segments. The first is derived from the principal activity of the business, being the manufacture, development and sale of infection control and hygiene products, the majority of which incorporate the Group's chlorine dioxide chemistry and are used primarily for infection control in hospitals (Hospital Infection Control); the second, which constitutes in excess of 10% of the business activity, relates to the contract manufacture of disinfection and cleaning products for sale to one entity and onward distribution by it principally into veterinary and animal welfare sectors (Animal Healthcare).

The accounting segments the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements, with the exception of:

- expenses relating to share-based payments; and
- research costs relating to new business activities are not included in arriving at the operating result of the entity's operating segments.

The operation is monitored and measured on the basis of the key performance indicators of each segment, and strategic decisions are made on the basis of the individual adjusted operating result. This is considered as the measure of the individual segment's profit or loss.

Sale of products	Hospital infection control	Animal healthcare	2010	2009 Hospital infection control
	£'000	£'000	£'000	£'000
Revenue				
From external customers	7,121	1,643	8,764	6,847
Segment revenues	7,121	1,643	8,764	6,847
Cost of material	2,185	935	3,120	2,402
Employee benefit expense	1,791	79	1,870	1,553
Depreciation and amortisation of non financial assets	472	33	505	402
Impairment of non financial assets	137	–	137	–
Other expenses	1,294	290	1,584	1,193
Segment operating results	1,242	306	1,548	1,297
Segment assets all held in the UK			11,945	6,574

Assets and liabilities for individual segments are not separately identifiable. The Group's revenues from external customers have been identified from internal reporting systems, and may be summarised as follows.

	Hospital infection control	Animal healthcare	2010	2009 Hospital infection control
	£'000	£'000	£'000	£'000
United Kingdom	6,373	1,643	8,016	6,375
Rest of the world	748	–	748	472
Group revenues	7,121	1,643	8,764	6,847

Revenues from external customers in the Group's domicile, the United Kingdom, as well as its other major markets the Rest of the World have been identified on the basis of internal management reporting systems, which are also used for VAT purposes.

Hospital infection control revenues were derived from a large number of customers, including £1,246,000 from a single customer which makes up 19.3% of this segment's revenue (2009: £603,000 being 8.8%). Animal healthcare revenues were all derived from a single customer (2009: £nil).

Segmental results	Hospital infection control	Animal healthcare	2010	2009 Hospital infection control
	£'000	£'000	£'000	£'000
Total segment results reported	1,242	306	1,548	1,297
Unallocated operating income and expenses	(54)	230	176	(12)
Group profit before tax	1,188	536	1,724	1,285

During the year ended 30 June 2010, 16.5% of the Group's revenues were earned from a single customer (2009: 8.8%).

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

3. Employees and directors

Group	2010 £'000	2009 £'000
Wages and salaries	1,660	1,360
Social security costs	153	141
Other pension costs	57	52
	1,870	1,553

The charge to share-based payments in accordance with IFRS 2 arises from transactions accounted for as equity-settled share-based payments. No remuneration is paid through the company.

The average monthly number of employees during the year was as follows:

	2010 Number	2009 Number
Executive directors	2	2
Non-executive directors	5	4
Sales and marketing	15	15
Administration	9	11
Production	19	12
	50	44

	2010 £'000	2009 £'000
Directors' emoluments	327	314
Aggregate pension contributions to money purchase schemes	23	22
	350	336

	2010 Number	2009 Number
Money purchase schemes	2	2

	2010 £'000	2009 £'000
Emoluments	192	186
Aggregate contributions to money purchase schemes	20	19
	212	205

Remuneration by director is detailed in the directors' remuneration report on page 29.

Company
No remuneration was paid by the company during the year.

Key compensation management	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
Short-term employee benefits	286	–	327	–
Post-employment benefits	23	–	29	–
Share-based payments IFRS 2	41	–	9	–
	350	–	365	–

The key management figures given above include directors.

Company
The Company had no employees during the year. Directors of the Company were remunerated through its subsidiary, an immaterial amount of this remuneration is considered to be in relation to Tristel Plc the Company.

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

4. Finance income and costs

	2010 £'000	2009 £'000
Finance income		
Deposit account interest	2	4
Staff loan interest	2	2
Other interest	3	3
	7	9
Finance costs		
Bank interest	(20)	(7)

5. Exceptional income

In July 2009 the Group acquired the manufacturing rights and know-how to a range of disinfection and cleaning products collectively associated with the name 'Medichem', whereby the consideration was payable over five years. Full details of the transaction are included in the Note 12 Intangibles on pages 55 to 56 of these financial statements.

In June 2010 an agreement was made with the vendor to settle the remaining deferred element of the consideration early. This took place during the year and resulted in a discount against fair value of £232,713. Given the nature of the discount the directors consider it to be an exceptional item.

The exceptional income increased the tax charge for the year by £67,487.

6. Profit before tax

The profit before tax is stated after charging/(crediting):	2010 £'000	2009 £'000
Cost of inventories recognised as expense	2,035	1,182
Depreciation – owned assets	312	241
Loss/(Profit) on disposal of property, plant and equipment	2	23
Impairment of property, plant and equipment	23	–
Patents and licences amortisation	86	75
Development costs amortisation	101	86
Impairment of development costs	75	–
Impairment of investments	39	–
Auditor's remuneration	64	56
Foreign exchange differences	(72)	1
Operating lease rentals		
– land and buildings	119	121
– vehicles and equipment	22	23
Research costs expensed	80	44

A more detailed analysis of auditor's remuneration is provided below:

	2010 £'000	2009 £'000
Audit services		
Audit of these financial statements	20	20
Audit of financial statements of subsidiaries	35	31
	55	51
Non-audit services		
Taxation services		
– Parent company	3	1
– Subsidiaries	4	2
Other services	2	2
	9	5
	64	56

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

7. Tax

The taxation charge represents:	2010 £'000	2009 £'000
Current taxation:-		
Corporation tax	563	375
Adjustment in respect of earlier years	9	(11)
Total current tax	572	364
Deferred tax:-		
Origination and reversal of temporary differences	(43)	2
Total deferred tax	(43)	2
Total tax charge in Income Statement	529	366

Factors affecting the tax charge
The tax assessed for the year differs from the standard rate of corporation tax in the UK. The difference is explained below:

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	1,724	1,285
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009: 28%)	482	360
Effects of:		
Expenses not deductible for tax purposes	28	4
Capital allowances in excess of depreciation	19	32
Different rate tax bands and change in tax rates	(2)	(13)
Enhanced relief on qualifying scientific research expenditure	(11)	(6)
Adjustment in respect of prior years	9	(11)
Total losses not utilised and other timing differences	4	–
Total tax charge for year	529	366

8. Parent company income statement

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £857,351 (2009: £716,483).

9. Dividends

Amounts recognised as distributions to equity holders in the year:	2010 £'000	2009 £'000
Ordinary shares of 1p each		
Final dividend for the year ended 30 June 2009 of 1.295p (2008: 1.165p) per share	383	313
Interim dividend for the year ended 30 June 2010 of 0.425p (2009: 0.405p) per share	141	109
	524	422
Proposed final dividend for the year ended 30 June 2010 of 1.4p (2009: 1.295p) per share	464	383

The proposed final dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in the financial statements.

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

10. Earnings per share

The calculations of earnings per share are based on the following profits and numbers of shares:

	2010 £'000	2009 £'000
Retained profit for the financial year attributable to equity holders of the parent	1,215	919
	Shares 'ooo Number	Shares 'ooo Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	31,668	26,883
Effect of dilutive potential ordinary shares		
Share options	1,495	898
	33,163	27,781
Earnings per ordinary share		
Basic	3.84p	3.42p
Diluted	3.67p	3.31p

The calculation of the weighted average number of shares is based on the year ended 30 June 2010 and 2009. The calculation of diluted earnings per share includes outstanding options on 1,937,500 ordinary shares at 30 June 2010 (1,160,000 – 30 June 2009).

11. Goodwill

Group	Total £'000
Cost	
At 30 June 2008	779
Additions	–
At 30 June 2009	779
Additions	–
At 30 June 2010	779
Net book value	
At 30 June 2010	779
At 30 June 2009	779

The acquired goodwill in respect of Tristel Technologies Limited was tested for impairment in accordance with IAS 36 and for this purpose the acquisition was identified as a single cash-generating unit. The value of goodwill as at 30 June 2010 was evaluated by reference to actual performance against forecasted profit and cash flow projections prepared for the CGU in June 2009 for the year to 30 June 2010 and in respect of future profit and cash flow forecasts prepared in June 2010 for the four years ending 30 June 2014. In evaluating the forecast performance in respect of the present value of the forecast cash flows, management adopted a discount rate of 10%. Historic performance has been referred to in estimating future turnover growth and gross margin percentages. In the opinion of the directors no goodwill impairment was considered necessary as the current value of future cash flows, based on value in use calculations exceed the carrying value of the asset. The carrying amount of goodwill at 30 June 2010 totalling £779,000 (2009: £779,000) is allocated to the cash-generating unit – Tristel Technologies Limited.

Company
The company has no goodwill to account for.

12. Intangible assets

In July 2009 the Group acquired the manufacturing rights and knowhow to a range of disinfection and cleaning products collectively associated with the name 'Medichem'. The fair value of the consideration, which was payable over five years and calculated at a percentage of sales during the period, was estimated at £2,510,682. In determining the fair value, the net present value of future cash flows has been calculated using a discount rate of 10%, which has been further adjusted for influencing factors such as fluctuating sales levels, to the degree that incidence is considered likely.

Incidental to the purchase of manufacturing rights the Group acquired assets and liabilities totalling £137,128, including trade marks at a cost of £25,000. This acquired intellectual property has an indefinite life, and as such has been tested for impairment in accordance with IAS 36. For this purpose the value of the asset has been evaluated by reference to the benefits of future profit and cash flows arising from the products manufactured. Historic performance information obtained during the due diligence process has been referred to in estimating future turnover growth and gross margin percentages. These estimates have been supported by performance in the post Balance Sheet period. In the opinion of the directors future cash generation arising from the manufacturing rights adequately supports the carrying amount and as such no amortisation or impairment provision has been provided on this asset in the current financial year.

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

12. Intangible assets continued

Group	Patents and licences £'000	Development – Marketable products £'000	Development – Products in development £'000	Totals £'000
Cost				
At 1 July 2008	1,655	1,099	32	2,786
Additions	88	327	67	482
At 30 June 2009	1,743	1,426	99	3,268
Reclassification	–	1	(1)	–
Additions	2,611	402	82	3,095
At 30 June 2010	4,354	1,829	180	6,363
Amortisation				
At 1 July 2008	631	159	–	790
Charge for year	75	86	–	161
At 30 June 2009	706	245	–	951
Charge for year	86	101	–	187
Impairment	–	–	75	75
At 30 June 2010	792	346	75	1,213
Net book value				
At 30 June 2010	3,562	1,483	105	5,150
At 30 June 2009	1,037	1,181	99	2,317

During the year a decision was made to discontinue two projects which sought to develop new and alternative delivery systems for the Group's core chemistry. Further investment into these projects is not thought to be viable at this time and accordingly a full impairment loss of £75,000 has been recognised.

Company	Patents and licences £'000	Totals £'000
Cost		
At 1 July 2008	1,437	1,437
Additions	88	88
At 30 June 2009	1,525	1,525
Additions	2,586	2,586
At 30 June 2010	4,111	4,111
Amortisation		
At 1 July 2008	418	418
Charge for year	74	74
At 30 June 2009	492	492
Charge for year	85	85
At 30 June 2010	577	577
Net book value		
At 30 June 2010	3,534	3,534
At 30 June 2009	1,033	1,033

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

13. Property, plant and equipment

Group	Buildings £'000	Short leasehold £'000	Improvements to property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
Cost							
At 1 July 2008	–	43	310	642	114	172	1,281
Additions	–	–	69	262	8	65	404
Disposals	–	–	–	(135)	(8)	(12)	(155)
At 30 June 2009	–	43	379	769	114	225	1,530
Net exchange differences	–	–	–	2	–	3	5
Additions	320	–	70	233	3	88	714
Disposals	(320)	(43)	–	(5)	–	(60)	(428)
At 30 June 2010	–	–	449	999	117	256	1,821
Depreciation							
At 1 July 2008	–	5	27	317	47	41	437
Charge for year	–	10	38	123	20	50	241
Eliminated on disposal	–	–	–	(112)	(4)	(12)	(128)
At 30 June 2009	–	15	65	328	63	79	550
Net exchange differences	–	–	–	–	–	2	2
Eliminated on disposal	(3)	(43)	–	(5)	–	(36)	(87)
Charge for year	3	5	46	178	19	61	312
Impairment	–	23	–	–	–	–	23
At 30 June 2010	–	–	111	501	82	106	800
Net book value							
At 30 June 2010	–	–	338	498	35	150	1,021
At 30 June 2009	–	28	314	441	51	146	980

Following early vacation of leased premises, an impairment loss in relation to non-recoverable leasehold improvements amounting to £23,000 has been recognised in these accounts.

Company
No property, plant or equipment is held by the Company.

14. Investments

Group	Cost of investment in Group undertakings £'000	Totals £'000
Cost		
At 1 July 2008	17	17
Additions	20	20
At 30 June 2009	37	37
Additions	74	74
At 30 June 2010	111	111
Impairment		
At 1 July 2009	–	–
Charge for the year	39	39
At 30 June 2010	39	39
Net book value		
At 30 June 2010	72	72
At 30 June 2009	37	37

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

14. Investments continued

Company	Shares in Group undertakings and associates £'000	Totals £'000
Cost		
At 1 July 2008	1,606	1,606
Additions	34	34
At 30 June 2009	1,640	1,640
Additions	462	462
At 30 June 2010	2,102	2,102
Impairment		
At 1 July 2009	–	–
Charge for the year	164	164
At 30 June 2010	164	164
Net book value		
At 30 June 2010	1,938	1,938
At 30 June 2009	1,640	1,640

Investments in the Company include amounts in relation to options granted over the parent Company shares to employees of subsidiaries amounting to £44,000 (2009: £14,000).

Shares in associates relates to the Groups 20% shareholding in Tristel Italia Srl. The associate's financial performance has failed to meet internal forecasts and as such shows signs of impairment. Future cash generation has been re-evaluated by reference to past performance to give a revised value in use, using a discount rate of 10%. An impairment loss of £39,000 has been recognised in these accounts.

Shares in Group undertakings includes the assets and liabilities of Medichem International Limited (MIL), acquired in conjunction with the manufacturing rights and know-how shown with intangible assets. The investment is tested for impairment by reference to the fair value of the assets and liabilities of MIL. During the year £250,000 of the retained earnings of MIL were distributed to shareholders, of which the Group received £125,000. The resulting reduction in fair value of the net assets of MIL has been recognised as an impairment loss in these accounts.

The Group or the Company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries
Tristel Solutions Limited (Incorporated in England and Wales)
Nature of business: Supply of infection control products

	2010	2009
Class of shares	Ordinary	Ordinary
Holding	100%	100%
	£'000	£'000
Aggregate capital and reserves	2,250	1,563
Profit for the year	481	210

Tristel Technologies Limited (Incorporated in England and Wales)
Nature of business: Supply of water purification products

	2010	2009
Class of shares	Ordinary	Ordinary
Holding	100%	100%
	£'000	£'000
Aggregate capital and reserves	–	544
Profit for the year	48	54

During April 2010, as part of an intra-group hive up, Tristel Technologies Limited transferred at book value all assets and liabilities to Tristel Solutions Limited.

Stella Performance Limited (Incorporated in New Zealand)
Nature of business: Supply of infection control products

	2010	2009
Class of shares	Ordinary	Ordinary
Holding	100%	100%
	£'000	£'000
Aggregate capital and reserves	(97)	(67)
(Loss) for the year	(41)	(67)

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

14. Investments continued

Shanghai Stella Medical Equipment Co Ltd (Incorporated in China)
Nature of business: Supply of infection control products

	2010	2009
Class of shares	Ordinary	–
Holding	85%	–
	£'000	£'000
Aggregate capital and reserves	23	–
(Loss) for the year	(182)	–

Tristel Asia Ltd (Incorporated in Hong Kong)
Nature of business: Supply of infection control products

	2010	2009
Class of shares	Ordinary	–
Holding	85%	–
	£'000	£'000
Aggregate capital and reserves	1	–

Medichem International Limited (Incorporated in England and Wales)
Nature of business: Supply of disinfection and cleaning products

	2010	2009
Class of shares	Ordinary	–
Holding	50%	–
	£'000	£'000
Aggregate capital and reserves	38	–
(Loss) for the year	(62)	–

Associated Company
Tristel Italia Srl (Incorporated in Italy)
Nature of business: Supply of infection control products

	2010	2009
Class of shares	Ordinary	Ordinary
Holding	20%	20%
	£'000	£'000
Aggregate capital and reserves	(29)	(34)
Loss for the period	(38)	(43)

The results of Tristel Italia Srl, have not been equity accounted into the financial statements of the Group by virtue of their immateriality, and therefore Tristel Italia Srl has been accounted for as if it were an investment.

Medichem International Limited holds the Trademark to the Medichem range of products. The Group holds 50% of the voting rights of the company, however it is deemed to have significant influence by virtue of its ownership of the manufacturing rights and know-how.

15. Inventories

Group	2010 £'000	2009 £'000
Raw materials	911	513
Finished goods	477	288
	1,388	801

Company
The Company has no inventories.

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

16. Trade and other receivables

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Current				
Trade receivables	1,659	1,045	–	–
Amounts owed by Group undertakings	89	105	1,714	1,738
Other receivables	90	148	77	33
Prepayments and accrued income	637	313	14	14
	2,475	1,611	1,805	1,785

Amounts owed to the Group by Group undertakings relate to the associate Tristel Italia Srl.

The directors consider that there are no irrecoverable amounts from the sale of goods. This position has been determined by reference to past default experience.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The credit risk on the Group is primarily attributable to its trade receivables. An allowance for impairment has been made where there was an identifiable loss event which, based on previous experience, was evidence of a reduction in recoverability of the cash flows.

In the animal healthcare segment, the Group has a single customer who owed £470,911 at 30 June 2010 (2009: £nil). In the hospital infection control segment, the credit risk is lessened due to the large number of customers. However, these are predominantly situated within a single market, healthcare.

17. Cash and cash equivalents

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank accounts	986	18	796	–
	986	18	796	–

Cash and cash equivalents comprise cash held by the Group and short term bank deposits with a maturity of three months or less. The carrying amount of these assets approximates to their fair value.

18. Trade and other payables

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Current				
Trade payables	1,145	403	48	14
Amounts owed to Group undertakings	–	–	143	270
Social security and other taxes	200	193	–	–
Accruals and deferred income	267	367	30	44
	1,612	963	221	328

Government grants of £3,295 (2009: £23,095) are included in the accruals and deferred income figure above.

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

19. Financial liabilities – borrowing

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank overdraft	–	356	–	270
Other loans	1,256	54	–	–
	1,256	410	–	270

Terms and loan repayment schedule	Group		Company	
	2010 1 year or less £'000	2009 1 year or less £'000	2010 1 year or less £'000	2009 1 year or less £'000
Current				
Bank overdraft	–	356	–	270
Other loans	1,256	51	–	–
	1,256	407	–	270

	Group		Company	
	2010 More than 1 year but less than 2 years £'000	2009 More than 1 year but less than 2 years £'000	2010 More than 1 year but less than 2 years £'000	2009 More than 1 year but less than 2 years £'000
Non current				
Other loans	–	3	–	–
	–	3	–	–

Borrowings are arranged at floating rates above bank base rate thus exposing the Group to cash flow interest rate risk. The directors consider that the borrowings are shown at their fair values.

Other loans comprise a revolving facility from Royal Bank of Scotland and a term loan from Lombard North Central Plc both issued to the Company's subsidiary Tristel Solutions Ltd.

The revolving facility of £2m is reviewed annually in June. Interest is payable at 2.25% above base and service charges at 0.39% with a minimum annual charge of £20,000. The balance is secured upon the Company's debtor book, and a guarantee from the company.

The term loan is repayable by fixed instalments over 36 months, ending 31 July 2010. Interest is payable at 2% above base rate. This loan is secured via a guarantee from the Company.

20. Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- market risk
- interest rate risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. The credit risk on the Group's principal financial assets, cash and bank balances and trade and other receivables has been assessed. Credit risk on liquid funds and financial instruments is limited because the holders are banks with high credit ratings assigned by international credit rating agencies.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. This risk is managed via the assessment of counterparties prior to transacting with them.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

20. Financial instruments continued

Market risk
Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk
Interest rate risk is the risk the Group faces where borrowings are subject to floating rates above bank base rate. The Group seeks to secure fixed-rate borrowings wherever possible. Further interest rate risk exists where changes in short-term deposit rates adversely affect the coupon the Group earns on its short term deposits. The Group places surplus working capital funds with AA rated financial institutions and seeks to maximise the returns on short-term deposits by using fixed-rate deposits wherever possible.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital and the level of dividends to ordinary shareholders. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Financial assets and liabilities
The Group's activities are financed by cash at bank.

Credit risk
Exposure to credit
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group carrying amount		Company carrying amount	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Cash and cash equivalents	986	(338)	796	(270)
Trade and other receivables excluding prepayments	1,838	1,298	1,791	1,771
	2,824	960	2,587	1,501

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Group carrying amount		Company carrying amount	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
United Kingdom	1,611	1,094	77	1,579
Rest of World	227	204	1,714	192
	1,838	1,298	1,791	1,771

The Group's and the Company's trade and other receivables have been reviewed for indicators of impairment. A doubtful debt of £6,528 (2009: £15,268) has been provided against but no other receivables were considered to be impaired.

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Not past due	1,280	1,032	1,791	1,771
Past due 0-30 days	428	188	–	–
Past due 31-120 days	101	73	–	–
Past due 120 days +	29	5	–	–
	1,838	1,298	1,791	1,771

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of the trade receivables past due but not impaired are as follows:

Of the Group 31-120 days + balance, 83% of the £130,000 (2009: 96% of the £78,000) has been paid since year end. The remaining balances are considered fully recoverable.

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

20. Financial instruments continued

Liquidity risk
The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Group	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6 to 12 months £'000
30 June 2010				
Non-derivative financial liabilities				
Trade and other payables	1,412	1,412	1,412	–
Borrowings – Other loans	1,256	1,256	1,256	–
	2,668	2,668	2,668	–
30 June 2009				
Non-derivative financial liabilities				
Trade and other payables	770	770	770	–
Borrowings – Other loans	58	58	24	29
	828	828	794	29

Company	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6 to 12 months £'000
30 June 2010				
Non-derivative financial liabilities				
Trade and other payables	78	78	78	–
30 June 2009				
Non-derivative financial liabilities				
Trade and other payables	58	58	58	–

The carrying amounts of the Group's financial assets and liabilities as at 30 June 2010 may also be categorised as follows:

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Current assets				
Cash and cash equivalents	986	18	796	–
Trade and other receivables	2,475	1,611	1,805	1,785
	3,461	1,629	2,601	1,785

All of the above relate to the IAS 39 category 'loans and receivables'.

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Current liabilities				
Interest bearing loans and borrowings	1,256	51	–	–
Trade and other payables	1,412	770	221	328
Bank overdrafts	–	356	–	270
	2,668	1,177	221	598
Non current liabilities				
Interest bearing loans and borrowings	–	3	–	–

All of the above relate to the IAS 39 category 'other financial liabilities'.

Liquidity needs are managed by regular review of the timing of expected receivables and the maintenance of cash on deposit.

Interest rate risk
The Group is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates, however this is not a material risk to the business.

Currency risk
The Group has a limited element of currency risk as it buys certain chemicals, parts and equipment from overseas manufacturers and sells finished products into overseas markets. However, foreign currency risk is not significant.

Interest rate and currency profile
The Group's financial assets comprise cash at bank and short-term investments. At 30 June 2010 the average interest rate earned on the temporary closing balances was 0.1% (2009: 0.1%).

Sensitivity analysis
The Group's sensitivity to interest rates and currency exchange rates are considered immaterial.

Fair values versus carrying amounts
There is no difference between fair values and carrying amounts of financial assets and liabilities.

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

21. Leasing agreements

Group	2010 £'000	2009 £'000
Amounts repayable under non-cancellable operating leases fall due:		
Within one year	107	138
Between one and five years	88	202
In more than five years	–	–
	195	340

Leases comprise of non-cancellable operating leases in relation to property and manufacturing equipment.

Company
The company has no lease agreements.

22. Deferred tax

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Balance at 1 July	31	33	21	30
Charged/(credited) to Income Statement for the year	43	(2)	6	(9)
Balance at 30 June	74	31	27	21

Recognised deferred tax assets
Deferred tax assets are attributable to the following:

	Tax losses £'000	Group Accelerated tax depreciation £'000	Total £'000	Company Accelerated tax depreciation £'000
Balance at 30 June 2008	–	33	33	30
Charged to Income Statement for the year	(24)	22	(2)	(9)
Balance at 30 June 2009	(24)	55	31	21
Charged to Income Statement for the year	26	17	43	6
Balance at 30 June 2010	2	72	74	27

Net deferred tax asset	Group £'000	Company £'000
Balance at 30 June 2010	74	27
Balance at 30 June 2009	31	21

The Group deferred tax liability at 30 June 2010 has been recognised at 28% (2009: 28%) as it expected that this will be the rate applicable on reversal of the temporary differences.

23. Called up share capital

Authorised	Number	Class	Nominal value	£
30 June 2009 and 30 June 2010	60,000,000	Ordinary	1p	600,000
Allotted, issued and fully paid				
1 July 2008	26,882,880			268,829
Issued during the year	–			–
30 June 2009	26,882,880			268,829
Issued during the year	6,259,716			62,597
30 June 2010	33,142,596			331,426

In July 2009, 2,688,287 ordinary shares were issued at £0.41 per share, being the market price at the date of allotment. The proceeds, after deduction of associated costs, amounted to £1,045,274, resulting in a credit to the Share premium account of £1,019,336. The shares were issued to assist the Group with the acquisition of Manufacturing rights to a range of products sold predominantly into veterinary and animal welfare sectors.

In November 2009 a further 3,571,429 shares were issued at £0.56 per share. The proceeds, after deduction of associated costs, amounted to £1,912,730, resulting in a credit to the Share premium account of £1,867,956. The shares were issued to meet institutional demand and assist the Groups working capital. (2009: none)

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

22. Called up share capitals

Share-based payments
During the year ended 30 June 2010 the Group and the Company had 12 share-based payment arrangements, which are described below:

Type of arrangement	Senior Management Share Option Plan	General Employee Share Option Plan	General Employee Share Option Plan	General Employee Share Option Plan	General Employee Share Option Plan	General Employee Share Option Plan
Date of grant	23/12/05	23/12/05	09/02/06	25/05/07	30/11/07	23/07/08
Share price at grant date	45p	45p	45p	62.5p	53p	42p
Exercise price	59.5p	53.75p	53.75p	53.75p	53.75p	53.75p
Number of employees	1	8	2	2	3	1
Number of shares under option	250,000	610,000	45,000	120,000	140,000	60,000
Vesting period (from date of grant)	Between 23/12/05 and 23/12/08	Between 23/12/05 and 23/12/08	Between 09/02/06 and 09/02/09	Between 25/05/07 and 25/05/10	Between 30/11/07 and 30/11/10	Between 23/07/08 and 23/07/10
Contractual life of option	10 years	10 years	10 years	10 years	10 years	10 years
Expected volatility	20%	20%	20%	27%	27%	27%
Expected average life from vesting	3 years	3 years	3 years	3 years	3 years	3 years
Risk free rate	4.6%	4.6%	4.6%	5%	5%	1.5%
Expected dividend yield	2.2%	2.2%	2.2%	2.4%	2.5%	4%
Possibility of ceasing employment before vesting	–	25%	50%	50%	33%	25%
Fair value per option:						
25% on vesting	0.027p	0.040p	0.040p	0.166p	0.096p	0.029p
25% in 12 months	0.037p	0.051p	0.051p	0.181p	0.110p	0.035p
25% in 24 months	0.047p	0.061p	0.061p	0.194p	0.121p	0.040p
25% in 36 months	0.054p	0.070p	0.070p	0.204p	0.130p	0.044p
100% on vesting	–	–	–	–	–	–

Type of arrangement	General Employee Share Option Plan	General Employee Share Option Plan	General Employee Share Option Plan	Senior Management Share Option Plan	General Employee Share Option Plan	General Employee Share Option Plan
Date of grant	17/04/09	04/08/09	12/10/09	12/10/09	08/03/10	08/03/10
Share price at grant date	37.5p	–	–	–	–	–
Exercise price	53.75p	53.75p	53.75p	Between 53.75p & 65p	60.5p	60.5p
Number of employees	15	1	9	2	2	1
Number of shares under option	170,000	60,000	90,000	1,175,000	20,000	60,000
Vesting period (from date of grant)	On 19/04/09	Between 04/08/09 and 04/08/12	On 12/10/09	Half between 12/10/09 and 12/10/11 Half on change of control	On 08/03/10	Between 08/03/10 and 08/03/13
Contractual life of option	10 years	10 years	10 years	10 years	10 years	10 years
Expected volatility	27%	25%	25%	25%	25%	25%
Expected average life from vesting	3 years	3 years	3 years	3 years	3 years	3 years
Risk free rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Expected dividend yield	4%	4%	4%	4%	4%	4%
Possibility of ceasing employment before vesting	25%	25%	25%	–	25%	25%
Fair value per option:						
25% on vesting	–	0.028p	–	0.052p	–	0.042p
25% in 12 months	–	0.032p	–	0.059p	–	0.047p
25% in 24 months	–	0.036p	–	0.038p	–	0.051p
25% in 36 months	–	0.038p	–	–	–	0.053p
100% on vesting	0.018p	–	0.028p	–	0.042p	–

The expected volatility is based on historical volatility over the past two years (taking account of the short dividend history). The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in the assumptions about a number of options that are expected to become exercised. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised as different to that on vesting.

Fair values have been determined using the Black-Scholes model.

Notes to the Consolidated Financial Statements continued
for the year ended 30 June 2010

23. Called up share capital continued

A reconciliation of option movements over the year to 30 June 2010 is shown below:

	2010 Number	2010 Weighted average exercise price	2009 Number	2009 Weighted average exercise price
Outstanding at 1 July	1,275,000	54.84p	1,165,000	54.96p
Granted	1,405,000	57.88p	230,000	53.75p
Forfeited	–	–	(120,000)	53.75p
Outstanding at 30 June	2,680,000	56.94p	1,275,000	54.84p
Exercisable at 30 June	1,937,500	55.01p	1,160,000	54.95p

The total charge at 30 June 2010 relating to employee share-based payment plans, in accordance with IFRS 2, was £94,928 (2009: £51,408) all of which related to equity-settled share-based payment transactions.

24. Related party disclosures

Transactions between the Group and Bruce Green
Under the terms of a technology licence agreement between the Group and Bruce Green, a director and shareholder in the Company, royalties of £323,886 (2009: £258,856) were payable during the year to Bruce Green Limited, a company owned by Mr Green. At 30 June 2010 the Group owed Mr Green £84,532 (2009: £57,596).

Transactions between the Group and Tom Allsworth
Under the terms of supply agreements between the Group and Medichem (International) Manufacturing Limited, a private company incorporated in England and Wales, in which Mr Tom Allsworth, a shareholder in the Company, is a director and shareholder, monies totalling £772,177 (2009: £13,985) were payable and monies totalling £207,464 (2009: £112,000) were receivable during the year.
At 30 June 2010 the Company owed Medichem (International) Manufacturing Limited £58,254 (2009: £4,630) and was owed £22,838 (2009: £124,120).

Transactions between the Group and Mark Fraundorfer
Under the terms of supply agreements between the Group and Astromed Limited, Hangover Limited, IVC Limited, Urotech Limited, Fraundorfer Urology Limited, Aspiring Holdings Limited, and Promed Urology Limited, all companies in which Mr Mark Fraundorfer, a director of subsidiary Stella Performance Limited, is a shareholder and director, £25,847 was payable during the year (2009: £22,864).

Transactions between the parent and subsidiary companies
During the year the Company charged its subsidiary companies, Tristel Solutions Limited and Tristel Technologies Limited £1,100,000 and £150,000 respectively, in respect of management fees (2009: £900,000 and £300,000 respectively).

As at the year end the Company was owed £1,626,889 (2009: £1,545,547) by its subsidiary Company Tristel Solutions Limited, in respect of intra-Group transactions, consisting of management fees receivable and recharged costs. The Company owed £1 (2009: £269,650) to its subsidiary Company Tristel Technologies Limited, in respect of intra-Group transactions, consisting of management fees receivable and recharged costs. The Company also owed £143,163 (2009: was owed £87,372) by its subsidiary Company Stella Performance Limited in respect of intra-Group transactions and recharged costs.

Hive up
At 30 April 2010 there was a transfer of trade and a sale at book value of all assets and liabilities from subsidiary company Tristel Technologies Limited to fellow subsidiary Tristel Solutions Limited. After this date Tristel Technologies Limited has been dormant.

Transactions between the parent and associate companies
During the year the Group charged its associate Company Tristel Italia Srl £9,059 (2009: £26,901) in respect of finished goods.

At the year end the Company was owed £87,566 (2009: £104,754) by its associate Tristel Italia Srl in respect of intra-Group transactions, consisting of cash advances and recharged costs.

Transactions with directors
Paul Swinney, a director of the Company, was granted options over 1,000,000 of the parent company Tristel plc's 1p ordinary shares; this option was granted at prices ranging between 53.75p and 65p. Following an initial release of 25% of the total option grant, these options are released 25% upon achievement of specific targets and 50% on change of control. Once exercisable the options are exercisable at any time up to 12 October 2014.

Paul Barnes, a director of the Company, was granted options over 175,000 of the parent company Tristel plc's 1p ordinary shares; this option was granted at prices ranging between 53.75p and 65p. Following an initial release of 25% of the total option grant, these options are released 25% upon achievement of specific targets and 50% on change of control. Once exercisable the options are exercisable at any time up to 12 October 2014.

Elizabeth Dixon, a director of the Company, was granted options over 60,000 of the parent company Tristel plc's 1p ordinary shares; this option was granted at a price of 53.75p. Following an initial release of 25% of the total option grant, these options are released evenly over a three-year period from the date of grant (4 August 2009) and once exercisable are exercisable at any time up to 4 August 2015.

(No share options were granted to directors during 2009.) Details of directors' and key management compensation are disclosed in note 3.

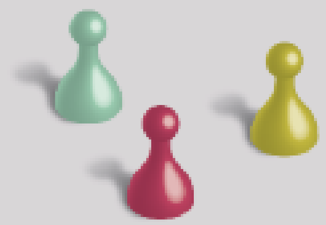
25. Contingent liabilities

A contingent liability exists in respect of unlimited multilateral guarantees given by the Company to its bankers for borrowing facilities granted to other Group undertakings. At 30 June 2010 the net Group borrowings amounted to £1,253,060 (2009: £249, 921).

Notes

Notes

DESIGN: SILK PEARCE



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