



For immediate release

8 March 2010

**TRISTEL plc**

## **UNAUDITED INTERIM RESULTS**

Tristel plc ("Tristel" or the "Group"), the infection and contamination control business, announces its interim results for the 26 week period ended 31 December 2009.

### **Results highlights**

- Revenue up 28.0% to **£4.027m** (2008: £3.146m)
- Gross profit up 24.1% to **£2.540m** (2008: £2.047m)
- Gross margin 63.1% (2008: 65.1%)
- Pre-tax profit up 39.9% to **£0.656m** (2008: £0.469m)
- Basic EPS **1.59p** (2008: 1.23p), a 29.3% increase
- Interim dividend of **0.425p** net per share (2008: 0.405p), a 5% increase
- Net assets of **£7.867m** (2008: £4.354m)
- Strong operational cashflow: net cash **£0.843m** at 31 December 2009 (2008: £0.011m overdraft)

### **Operational highlights**

- Successful integration of the manufacture of the Medichem product portfolio, boosting Group turnover and increasing utilisation of our manufacturing plant
- Increasing take up of Tristel surfaces range by UK hospitals aided by their inclusion in the National Patient Safety Agency's "Revised Healthcare Cleaning Manual"
- Overseas sales increased by 20% on previous period. Significant expansion opportunities overseas.
- Fund raising to satisfy institutional demand completed on 26 November 2009, raising £2m
- Funds deployed to accelerate registration programmes for Tristel products in key overseas markets
- Group is debt free

### **Commenting on current trading, Paul Swinney, Chief Executive of Tristel, said:**

"The first half has seen yet another strong performance from the Group. Integrating the manufacture of the Medichem portfolio of disinfectants, which we acquired on 3 July, has been challenging, but successful and has made a significant contribution to top line growth. Our Tristel products have continued to win new hospital customers in the United Kingdom and overseas, with overseas sales increasing by 20% on the comparable period last year.

"Reflecting our continuing progress we are pleased to announce the payment of an interim dividend of 0.425p, a 5% increase on last year."

For further information, please contact:

#### **Tristel PLC**

Paul Swinney, Chief Executive

Tel: 01638 721 500

#### **Walbrook PR Ltd**

Paul McManus

Tel: 020 7933 8787

Mob: 07980 541 893

paul.mcmanus@walbrookpr.com

**FinnCap**

Geoff Nash/Rhydian Bankes (Corporate  
Finance)

Simon Starr (Corporate Broking)

Tel: 020 7600 1658

## **Chairman's Statement**

The first half has seen a very strong performance from the Group. Manufacture of the Medichem portfolio of disinfectant products, which was acquired on 3 July 2009, has been successfully integrated into our Newmarket facility. The Medichem product range contributed £0.594m to the increase in the Group's first half turnover. By December 2009 we had taken over the blending and packing of approximately 65% of the portfolio by value and the remainder will be manufactured in house during the second half. Because of the phased transition of manufacture from the previous supplier, some of the gross margin from this activity has yet to be captured and we anticipate an improvement in margins in the second half.

Turnover in the Tristel portfolio of chlorine dioxide based disinfectants increased by 9.1%. We continue to make excellent progress in securing new hospital users of our surface disinfection products. In almost all cases we are replacing chlorine (hypochlorite) based products, chlorine being the chemistry most widely used by hospitals for general surfaces. Take up of our products has been greatly aided by our inclusion in the National Patient Safety Agency's "Revised Healthcare Cleaning Manual" published in June 2009. The Manual acknowledges Tristel as one of the new technologies benefitting hospitals for terminal cleans and during infection outbreaks.

Turnover generated by overseas distributors and subsidiaries increased to £0.184m in the first half, a 20% increase on the comparable period last year. We aim to continue this growth and are pressing ahead with the registration of Tristel products in many important markets, including Russia and China. We deployed part of the proceeds of the £2m share issue concluded in November 2009 to accelerate this process.

Overheads have been successfully controlled during the period with a 19.1% increase in overheads trailing revenue growth.

Pre-tax profits increased by 39.9% and Basic EPS by 29.3%

## **Dividend**

We are declaring an interim dividend of 0.425p, an increase of 5%. The dividend will be paid on 31 March 2010 to shareholders on the register at the close of business on 19 March 2010.

## **Current trading**

Infection control continues to be a key issue within the National Health Service. It is equally a top priority in all the overseas markets in which we operate. Our Tristel products are innovative, have a well proven safety record and are amongst the highest performing biocides. As a consequence, we believe that our core activity of hospital infection control will be resilient to the financial constraints being imposed on hospitals.

Through acquisition and organic growth the Group has become larger, more diversified in the areas within healthcare in which our technology and products are used, has gained exposure to animal healthcare through the Medichem portfolio and is more effectively using its manufacturing capability. We are well placed to continue our unbroken record of revenue and profits growth and look forward to a successful second half of the year.

Francisco A. Soler  
Chairman

8 March 2010

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

	6 months ended 31-Dec-09 (unaudited) £'000	6 months ended 31-Dec-08 (unaudited) £'000	Year ended 30-Jun-09 (audited) £'000
<b>Revenue</b>	<b>4,027</b>	3,146	6,847
Cost of sales	<b>(1,487)</b>	(1,099)	(2,402)
<b>Gross profit</b>	<b>2,540</b>	2,047	4,445
Other income	<b>10</b>	10	20
Administrative expenses – share based payments (IFRS2)	<b>(12)</b>	(20)	(14)
Administrative expenses – depreciation and amortisation	<b>(242)</b>	(193)	(402)
Administrative expenses – other	<b>(1,640)</b>	(1,377)	(2,766)
<b>Total administrative expenses</b>	<b>(1,894)</b>	(1,590)	(3,182)
<b>Operating profit</b>	<b>656</b>	467	1,283
Finance income	<b>2</b>	6	9
Finance costs	<b>(2)</b>	(4)	(7)
Net finance income	-	2	2
<b>Profit before taxation</b>	<b>656</b>	469	1,285
Taxation	<b>(184)</b>	(137)	(366)
<b>Profit for the period</b>	<b>472</b>	332	919
<b>Attributable to:</b>			
Equity holders of the parent	<b>480</b>	332	919
Minority interests	<b>(8)</b>	-	-
	<b>472</b>	332	919
<b>Profit per share from continuing operations attributable to equity holders of the parent</b>	<b>3</b>		
Basic (pence)	<b>1.59p</b>	1.23p	3.42p
Diluted (pence)	<b>1.52p</b>	1.19p	3.31p

All amounts relate to continuing operations.

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

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	6 months ended 31-Dec-09 (unaudited) £'000	6 months ended 31-Dec-08 (unaudited) £'000	Year ended 30-Jun-09 (audited) £'000
<b>Profit for the period</b>	<b>472</b>	332	919
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations	(10)	-	-
<b>Other comprehensive income, net of tax</b>	<b>(10)</b>	-	-
<b>Total comprehensive income for the period</b>	<b>462</b>	<b>332</b>	<b>919</b>
<b>Attributable to:</b>			
Equity holders of the parent	470	332	919
Minority interests	(8)	-	-
	<b>462</b>	<b>332</b>	<b>919</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

	Share capital	Share premium account	Merger reserve	Retained earnings	Total	Minority interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
01-Jul-08	269	2,663	478	905	4,315	-	4,315
Profit for the period ended 31 December 2008				332	332	-	332
Dividends paid				(313)	(313)	-	(313)
Share based payments – IFRS 2				20	20	-	20
<b>31-Dec-08</b>	<b>269</b>	<b>2,663</b>	<b>478</b>	<b>944</b>	<b>4,354</b>	<b>-</b>	<b>4,354</b>
Profit for the period ended 30 June 2009				587	587	-	587
Dividends paid				(109)	(109)	-	(109)
Share based payments – IFRS 2				(6)	(6)	-	(6)
Shares issued	-	-	-	-	-	-	-
<b>30-Jun-09</b>	<b>269</b>	<b>2,663</b>	<b>478</b>	<b>1,416</b>	<b>4,826</b>	<b>-</b>	<b>4,826</b>
Profit for the period ended 31 December 2009				480	<b>480</b>	<b>(8)</b>	472
Dividends paid				(383)	<b>(383)</b>	-	(383)
Share based payments – IFRS 2				12	<b>12</b>	-	12
Shares issued	62	2,888	-	-	<b>2,950</b>	-	2,950
Exchange differences on translating foreign operations				(10)	<b>(10)</b>	-	(10)
<b>31-Dec-09</b>	<b>331</b>	<b>5,551</b>	<b>478</b>	<b>1,515</b>	<b>7,875</b>	<b>(8)</b>	<b>7,867</b>

**CONDENSED CONSOLIDATED BALANCE SHEET**  
AS AT 31 DECEMBER 2009

		6 months ended 31-Dec-09 (unaudited) £'000	6 months ended 31-Dec-08 (unaudited) £'000	Year ended 30-Jun-09 (audited) £'000
	Note			
<b>Non-current assets</b>				
Goodwill		779	779	779
Intangible assets	5	5,004	2,107	2,317
Property, plant and equipment		1,091	848	980
Investments		93	17	37
Deferred tax		87	33	31
		<b>7,054</b>	<b>3,784</b>	<b>4,144</b>
<b>Current assets</b>				
Inventories		998	874	801
Trade and other receivables		2,076	1,342	1,611
Cash and cash equivalents		843	-	18
		<b>3,917</b>	<b>2,216</b>	<b>2,430</b>
<b>Total assets</b>		<b>10,971</b>	<b>6,000</b>	<b>6,574</b>
<b>Capital and reserves attributable to the company's equity holders</b>				
Called up share capital		331	269	269
Share premium account		5,551	2,663	2,663
Merger reserve		478	478	478
Retained earnings		1,515	944	1,416
<b>Equity attributable to equity holders of parent</b>		<b>7,875</b>	<b>4,354</b>	<b>4,826</b>
Minority interest		<b>(8)</b>	-	-
<b>Total Equity</b>		<b>7,867</b>	<b>4,354</b>	<b>4,826</b>
<b>Current liabilities</b>				
Trade and other payables		1,137	1,046	963
Bank overdraft		-	11	356
Interest bearing loans and borrowings		29	48	51
Current tax liabilities		615	510	375
<b>Total current liabilities</b>		<b>1,781</b>	<b>1,615</b>	<b>1,745</b>
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings		-	31	3
Deferred consideration		1,323	-	-
<b>Total non-current liabilities</b>		<b>1,323</b>	<b>31</b>	<b>3</b>
<b>Total liabilities</b>		<b>3,104</b>	<b>1,646</b>	<b>1,748</b>
<b>Total equity and liabilities</b>		<b>10,971</b>	<b>6,000</b>	<b>6,574</b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

		6 months ended 31-Dec-09 (unaudited) £'000	6 months ended 31-Dec-08 (unaudited) £'000	Year ended 30-Jun-09 (audited) £'000
	Note			
<b>Cash flows from operating activities</b>				
Cash generated from operating activities	4	1,735	558	1,236
Interest paid		(2)	(4)	(7)
Corporation tax paid		-	-	(281)
		<b>1,733</b>	554	948
<b>Cash flows from Investing activities</b>				
Interest received		2	6	9
Purchases of intangible assets		(2,776)	(186)	(482)
Purchases of property, plant and equipment		(274)	(126)	(404)
Acquisition of investments		(56)	-	(20)
Proceeds on sale of property, plant and equipment		10	4	4
		<b>(3,094)</b>	(302)	(893)
<b>Cash flows from Financing activities</b>				
Loans repaid		(25)	(26)	(47)
Share issues		2,950	-	-
Equity dividends paid		(383)	(313)	(422)
		<b>2,542</b>	(339)	(469)
Increase/(decrease) in cash and cash equivalents		1,181	(87)	(414)
Cash and cash equivalents at the beginning of the period		(338)	76	76
<b>Cash and cash equivalents at the end of the period</b>		<b>843</b>	(11)	(338)



**1. PRINCIPAL ACCOUNTING POLICIES****Basis of Preparation**

For the year ending 30 June 2009, the Group prepared consolidated financial statements under International Financial Reporting Standards ('IFRS') as adopted by the European Commission. These will be those International Accounting Standards, International Financial Reporting Standards and related interpretations (SIC-IFRIC interpretations), subsequent amendments to those standards and related interpretations, future standards and related interpretations issued or adopted by the IASB that have been endorsed by the European Commission. This process is ongoing and the Commission has yet to endorse certain standards issued by the IASB.

These condensed consolidated interim financial statements have been prepared under the historical cost convention. They are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and which are, or are expected to be, effective at 30 June 2010. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2009. These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2009. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

**Accounting Policies**

The interim report is unaudited and has been prepared on the basis of IFRS accounting policies.

The accounting policies adopted in the preparation of this unaudited interim financial report are the same as the most recent annual financial statements being those for the year ended 30 June 2009 other than in respect of a new accounting policy for deferred consideration. The group adopted IFRS 8, Operating Segments, early by including them in the financial statements for the year ended 30 June 2009.

**Segments**

The Group adopted IFRS 8 with effect from its 30 June 2009 and reports its entire activities as one business. Accordingly, the Directors consider currently there to be only one reportable segment, being the development, manufacture and supply of products which utilise the group's chlorine dioxide technologies.

**Deferred Contingent Consideration on Purchase of Intangibles**

Where a liability arising from an intangible asset acquisition is contingent on future events, if it is considered that further consideration is probable and its fair value can be measured reliably, the probable contingent payment is included in the cost of the acquisition of the Intangible at the acquisition date, to be flexed, where appropriate against the final deferred payment.

## 2. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information for the six months ended 31 December 2009 and 31 December 2008 has not been audited and does not constitute full financial statements within the meaning of Section 434 of the Companies Act 2006.

The financial information relating to the year ended 30 June 2009 does not constitute full financial statements within the meaning of Section 434 of the Companies Act 2006. This information is based on the Group's statutory accounts for that period. The statutory accounts were prepared in accordance with International Financial Reporting Standards ("IFRS") and received an unqualified audit report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006. These financial statements have been filed with the Registrar of Companies.

## 3. EARNINGS PER SHARE

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

	6 months ended 31 December 2009 (unaudited)			6 months ended 31 December 2008 (unaudited)			Year ended 30 June 2009 (audited)		
	Number		Pence per share	Number of shares		Pence per share	Number		Pence per share
	Profit £'000	of shares '000		Profit £'000	of shares '000		Profit £'000	of shares '000	
Adjusted earnings per share*	765	30,193	2.53	564	26,883	2.1	1,460	26,883	5.43
Reconciliation to reported earnings (net of tax at 28%):									
amortisation of other intangibles	-89	-	-	-75	-	-	-161	-	-
share based payments (IFRS 2)	-12	-	-	-20	-	-	-14	-	-
corporation tax provision	-184	-	-	-137	-	-	-366	-	-
Basic earnings per share	<u>480</u>	<u>30,193</u>	<u>1.59</u>	<u>332</u>	<u>26,883</u>	<u>1.23</u>	<u>919</u>	<u>26,883</u>	<u>3.42</u>
Diluted earnings per share	<u>480</u>	<u>31,554</u>	<u>1.52</u>	<u>332</u>	<u>27,963</u>	<u>1.19</u>	<u>919</u>	<u>27,781</u>	<u>3.31</u>

\* Adjusted earnings per share, excluding non-cash share based payments and amortisation of other intangibles, have been included as the Directors consider that this figure provides a more useful measure of the ongoing business, as it is a more accurate reflection of cash utilisation.

#### 4. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	6 months ended 31-Dec-09 (unaudited) £'000	6 months ended 31-Dec-08 (unaudited) £'000	Year ended 30-Jun-09 (audited) £'000
Profit before taxation	656	469	1,285
Adjustments for:			
Depreciation and impairment	153	122	241
Amortisation – other intangibles	89	75	161
Share based payments expense (IFRS2)	12	20	14
(Profit)/Loss on disposal of property plant and equipment	3	(4)	23
Government grants	(10)	(10)	(20)
Finance costs	2	4	7
Effect of foreign exchange rates	(13)	-	-
Finance income	(2)	(6)	(9)
Operating cash flows before movement in working capital	890	670	1,702
Increase in inventories	(197)	(236)	(163)
(Decrease)/Increase in trade and other receivables	(465)	25	(244)
Increase/(Decrease) in trade and other payables	1,507	99	(59)
<b>Cash generated from operating activities</b>	<b>1,735</b>	<b>558</b>	<b>1,236</b>

#### 5. PURCHASE OF INTANGIBLES IN THE PERIOD

On 3<sup>rd</sup> July 2009 the Group acquired the intellectual property and manufacturing rights to a portfolio of infection control products manufactured by Medichem International (Manufacturing) Limited, a private company incorporated in England and Wales (“Medichem”). The total cost of the intangibles included in these Interim Financial Statements amounts to £2.48M of which deferred contingent consideration amounts to not less than £1.15 million but subject to a maximum of £1.4 million, payable over 5 years, calculated as a percentage of sales of Medichem products.

Monies totalling £1.08 million were paid during the period.

Management have included the maximum amount payable of £2.48M in these Interim Financial Statements, based on current performance and expectation and consider this amount to be the fair value of the purchase.

During the period to 31 December 2009, under the terms of the supply agreement between the Group and Medichem, in which Mr Tom Allsworth, (a shareholder in Tristel), is a director and shareholder, monies totalling £317,000 were payable (31 December 2008 £102).

In addition under the terms of a deed of assignment between the Group and Mr Tom Allsworth, monies totalling £17,000 (31 December 2008 £nil) were payable during the period.

