Tristel

For immediate release
14 March 2011

TRISTEL plc (“Tristel” or “the Company”)

Unaudited Interim Results for the six months ended 31 December 2010

Tristel plc (AIM: TSTL), the manufacturer of infection control, contamination control and hygiene products, announces its interim results for the six months ended 31 December 2010.

Financial highlights

- Revenue up 13.4% to **£4.565m** (2009: £4.027m)
- Overseas sales up 147% to £**0.386m** (2009: £0.156m)
- Gross margin increased to **65.5%** (2009: 63.1%)
- Pre-tax profit down 34% to **£0.433m** (2009: £0.656m) due to increased cost base relating to expansion
- Basic EPS **0.93p** (2009: 1.59p), reflecting profits and new shares issued during the period
- Interim dividend of **0.435p** net per share (2009: 0.425p), a 2.4% increase
- Net cash £1.153m (2009: £0.843m)

Operational highlights

- Diversification into hygiene and contamination control in Pharmaceutical and Personal care industries, with first sales achieved in January 2011
- Clean room manufacturing facility built on time and on budget
- Established German branch with first sales achieved during the period
- Equity fund raising of £3.9m completed on 23 November 2010
- Funds utilised to repay debt, accelerate clean room build and fund entry into Pharmaceutical & Personal care industries

Commenting on current trading, Paul Swinney, Chief Executive of Tristel, said:
“We are pleased with sales growth in the first half. We have focussed our sales efforts on hospital departments such as ENT, urology, ultrasound, as well as intensive care and isolation wards, and in these areas sales increased by 27.3%. The overall rate of sales growth has been lower due to a decline in sales to our legacy business that focussed on digestive endoscopy. Our drive into overseas markets continues to progress well with sales up 147% on last year, with export sales representing 8.4% of Group turnover in the period. Overheads have been purposefully increased to provide the Group with the infrastructure and platform for future growth.”

“We have invested heavily in our expansion programme in the first half and look forward to an acceleration in turnover growth in the second half in accordance with our internal plan and market expectations.”

For further information, please contact:

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Chairman's Statement

The first half has seen a strong performance from the Group. During the period we commenced the development of a third leg to the Group's business – hygiene and contamination control in the Pharmaceutical and Personal care industries – requiring a major investment in our Newmarket manufacturing facility and the construction of a clean room. Our shareholders supported this expansion programme with a £3.9m equity issue in November 2010. We have deployed these funds to repay bank debt, in partial settlement of a long term royalty obligation, and to meet building and fit-out costs. The clean room's construction has been completed both on time and on budget.

The second leg of our business is the supply of disinfectants to the animal healthcare market. This sector contributed £0.993m to Group turnover compared to £0.594m last year.

In our core and original business – Hospital infection control – sales growth has been more pedestrian at 4%. However, this masks strong growth in worldwide sales of our surfaces products of 57.3% and worldwide sales growth of the instrument disinfectants that we target at hospital departments such as ear, nose and throat, urology and ultrasound, of 37.2%. The overall growth in these two targeted areas of 27.3% was offset by our declining involvement in digestive endoscopy in the UK, the Group's original focus, and in legionella control and food processing.

Overseas sales increased by 147% from £0.156m to £0.385m.

The gross margin increased to 65.5% from 63.1% primarily as a result of the royalty settlement.

In order to position the Group for the planned acceleration in growth, we have undertaken a major recruitment drive in sales, business development and technical personnel in both the United Kingdom and our overseas operations in China and Germany. Group headcount at 31 December 2009 of 52 had increased to 78 by 31 December 2010 and by an additional 7 personnel since 1 January 2011. As a consequence, overheads increased during the half by 33.7% to £2.532m from £1.894m.

As a result of the increase in overheads profit before tax declined from £0.656m to £0.433m. The issue of 6,842,105 ordinary shares in November 2010, combined with the lower level of profits, has reduced earnings per share to 0.93p from 1.59p.

Dividend

We are declaring an interim dividend of 0.435p, an increase of 2.4%. The dividend will be paid on 15 April 2011 to shareholders on the register at the close of business on 25 March 2011. The corresponding ex-dividend date will be 23 March 2011.

Current trading

The second half has commenced with the launch in early March of the full range of non-sterile products for the Personal care industry and first sales have been made. In China and Germany we have continued to build our sales teams. In China we are eagerly awaiting receipt of the administrative documentation that will allow our Stella instrument decontamination system to be sold and we are also pursuing registration of our surfaces and sterilising wipe products.

We have many challenges ahead of us as we execute our expansion programme but we have made tremendous progress to date and we look forward to achieving further growth and progress in the second half.

Francisco A. Soler
Chairman 14 March 2010

CONDENSED CONSOLIDATED INCOME STATEMENT
RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Note	6 months ended 31-Dec-10 (unaudited) £'000	6 months ended 31-Dec-09 (unaudited) £'000	Year ended 30-Jun-10 (audited) £'000
Revenue		**4,565**	4,027	8,764
Cost of sales		**(1,577)**	(1,487)	(3,120)
Gross profit		**2,988**	2,540	5,644
Other income		**3**	10	20
Administrative expenses – share based payments (IFRS2)		**(13)**	(12)	(44)
Administrative expenses – depreciation, amortisation & impairment		**(301)**	(242)	(636)
Administrative expenses – other		**(2,218)**	(1,640)	(3,480)
Total administrative expenses		**(2,532)**	(1,894)	(4,160)
Operating profit		**459**	656	1,504
Finance income		**4**	2	7
Finance costs		**(30)**	(2)	(20)
Exceptional finance income		**-**	-	233
Net finance (cost) / income		**(26)**	-	220
Profit before taxation		**433**	656	1,724
Taxation		**(132)**	(184)	(529)
Profit for the period		**301**	472	1,195
Attributable to:				
Equity holders of the parent		**318**	480	1,215
Non controlling interests		**(17)**	(8)	(20)
		301	472	1,195
Earnings per share from continuing operations attributable to equity holders of the parent	4			
Basic (pence)		**0.93p**	1.59p	3.84p
Diluted (pence)		**0.88p**	1.52p	3.67p

All amounts relate to continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	6 months ended 31-Dec-10 (unaudited) £'000	6 months ended 31-Dec-09 (unaudited) £'000	Year ended 30-Jun-10 (audited) £'000
Profit for the period	**301**	472	1,195
Other comprehensive income			
Exchange differences on translating foreign operations	**(8)**	(9)	13
Other comprehensive income, net of tax	**(8)**	(9)	13
Total comprehensive income for the period	**293**	463	**1,208**
Attributable to:			
Equity holders of the parent	**310**	471	1,228
Non controlling interests	**(17)**	(8)	(20)
	293	463	1,208

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Share capital	Share premium account	Merger reserve	Retained earnings	Total	Minority interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1-Jul-09	269	2,663	478	1,416	4,826	-	4,826
Profit for the period ended 31 December 2009	-	-	-	480	480	(8)	472
Dividends paid	-	-	-	(383)	(383)	-	(383)
Share based payments – IFRS 2	-	-	-	12	12	-	12
Shares issued	63	2,887		-	2,950	-	2,950
Exchange differences on translating foreign operations	-	-	-	(9)	(9)	-	(9)
31-Dec-09	332	5,550	478	1,516	7,876	(8)	7,868
Profit for the period ended 30 June 2010	-	-	-	735	735	(12)	723
Dividends paid	-	-	-	(141)	(141)	(125)	(266)
Non controlling interests arising on consolidation	-	-	-	-	-	137	137
Share based payments – IFRS 2	-	-	-	32	32	-	32
30-Jun-10	332	5,550	478	2,142	8,502	(8)	8,494
Profit for the period ended 31 December 2010	-	-	-	318	318	(17)	301
Dividends paid	-	-	-	(464)	(464)	-	(464)
Share based payments – IFRS 2	-	-	-	13	13	-	13
Shares issued	68	3,603	-	-	3,671	-	3,671
Exchange differences on translating foreign operations	-	-	-	(8)	(8)	-	(8)
31-Dec-10	**400**	**9,153**	**478**	**2,001**	**12,032**	**(25)**	**12,007**

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	6 months ended 31-Dec-10 (unaudited) £'000	6 months ended 31-Dec-09 (unaudited) £'000	Year ended 30-Jun-10 (audited) £'000
Non-current assets				
Goodwill		779	779	779
Intangible assets		5,983	5,004	5,150
Property, plant and equipment		1,335	1,091	1,021
Investments		85	93	72
Deferred tax		127	87	74
		8,309	7,054	7,096
Current assets				
Inventories		1,587	998	1,388
Trade and other receivables		3,057	2,076	2,475
Cash and cash equivalents		1,153	843	986
		5,797	3,917	4,849
Total assets		**14,106**	10,971	11,945
Capital and reserves attributable to the Company's equity holders				
Called up share capital	7	400	332	332
Share premium account		9,153	5,550	5,550
Merger reserve		478	478	478
Retained earnings		2,001	1,516	2,142
Equity attributable to equity holders of parent		**12,032**	7,876	8,502
Minority interest		**(25)**	(8)	(8)
Total Equity		**12,007**	7,868	8,494
Current liabilities				
Trade and other payables		1,511	1,136	1,612
Interest bearing loans and borrowings		38	29	1,256
Current tax liabilities		487	615	583
Total current liabilities		**2,036**	1,780	3,451
Non-current liabilities				
Interest bearing loans and borrowings		63	-	-
Deferred consideration		-	1,323	-
Total non-current liabilities		**63**	1,323	-
Total liabilities		**2,099**	3,103	3,451
Total equity and liabilities		**14,106**	10,971	11,945

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Note	6 months ended 31-Dec-10 (unaudited) £'000	6 months ended 31-Dec-09 (unaudited) £'000	Year ended 30-Jun-10 (audited) £'000
Cash flows from operating activities				
Cash generated from operating activities	6	**(114)**	1,748	1,638
Interest paid		**(30)**	(2)	(20)
Corporation tax paid		**(281)**	-	(383)
		(425)	1,746	1,235
Cash flows from Investing activities				
Interest received		**4**	2	7
Purchase of intangible assets		**(959)**	(2,776)	(3,095)
Purchase of property, plant and equipment		**(499)**	(274)	(714)
Acquisition of investments		**(13)**	(56)	(74)
Proceeds on sale of property, plant and equipment		**15**	10	442
Net cash (used in) investing activities		**(1,452)**	(3,094)	(3,434)
Cash flows from Financing activities				
Loans (repaid) / issued		**(1,155)**	(25)	1,202
Share issue		**3,900**	3,102	3,102
Cost of share issue		**(229)**	(152)	(152)
Equity dividends paid		**(464)**	(383)	(649)
Net cash from financing activities		**2,052**	2,542	3,503
Increase/(decrease) in cash and cash equivalents		**175**	1,194	1,304
Cash and cash equivalents at the beginning of the period		**986**	(338)	(338)
Exchange difference on cash and cash equivalents		**(8)**	(13)	20
Cash and cash equivalents at the end of the period		**1,153**	843	986

1. PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

For the year ending 30 June 2010, 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 (the 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 2011. 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 2010. 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 2010. 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 2010.

2. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information for the six months ended 31 December 2010 and 31 December 2009 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 2010 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 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. Management considers the Group's 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 which 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.

	6 months ended 31 December 2010 (unaudited)			**6 months ended 31 December 2009 (unaudited)**			**Year ended 30 June 2010 (audited)**		
	Hospital infection control	**Animal healthcare**	**Total**	**Hospital infection control**	**Animal healthcare**	**Total**	**Hospital infection control**	**Animal healthcare**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	**3,572**	**993**	**4,565**	3,433	594	4,027	7,121	1,643	8,764
Cost of material	**1,111**	**466**	**1,577**	1,128	359	1,487	2,185	935	3,120
Employee benefit expense	**1,184**	**59**	**1,243**	849	31	880	1,791	79	1,870
Depreciation & amortisation	**275**	**21**	**296**	230	12	242	472	33	505
Impairment	**-**	**5**	**5**	-	-	-	137	-	137
Other expenses	**761**	**211**	**972**	639	111	750	1,294	290	1,584
Segment operating results	**241**	**231**	**472**	587	81	668	1,242	306	1,548
Segmental results									
Segment operating results	**241**	**231**	**472**	587	81	668	1,242	306	1,548
Unallocated operating income and expense	**(30)**	**(9)**	**(39)**	(10)	(2)	(12)	(54)	230	176
Group profit before tax	**211**	**222**	**433**	577	79	656	1,188	536	1,724
Revenue from External customers									
United Kingdom	**3,186**	**993**	**4,179**	3,277	594	3,871	6,373	1,643	8,016
Rest of the world	**386**	**-**	**386**	156	-	156	748	-	748
Group revenues	**3,572**	**993**	**4,565**	3,433	594	4,027	7,121	1,643	8,764

4. EARNINGS PER SHARE

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

	6 months ended 31 December 2010 (unaudited)	6 months ended 31 December 2009 (unaudited)	Year ended 30 June 2010 (audited)
Retained profit for the period attributable to equity holders of the parent	**318**	480	1,215
	Shares '000 Number	**Shares '000 Number**	**Shares '000 Number**
Weighted average number of ordinary shares for the purpose of basic earnings per share	**34,283**	30,193	31,668
Effect of dilutive potential ordinary shares			
Share options	**1,931**	1,361	1,495
	36,214	31,554	33,163
Earnings per ordinary share			
Basic	**0.93p**	1.59p	3.84p
Diluted	**0.88p**	1.52p	3.67p

5. DIVIDENDS

Amounts recognised as distributions to equity holders in the period:	6 months ended 31 December 2010 (unaudited) £'000	6 months ended 31 December 2009 (unaudited) £'000	Year ended 30 June 2010 (audited) £'000
Ordinary shares of 1p each			
Final dividend for the year ended 30 June 2010 of 1.4p (2009: 1.295p) per share	**464**	383	383
Interim dividend for the year ended 30 June 2010 of 0.425p (2009: 0.405p) per share	**-**	-	141
	464	383	524
Proposed interim dividend for the year ended 30 June 2011 Of 0.435p (2010: 0.425p) per share	**174**	141	-

The proposed interim dividend has not been included as a liability in the financial statements.

6. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	6 months ended 31-Dec-10 (unaudited) £'000	6 months ended 31-Dec-09 (unaudited) £'000	Year ended 30-Jun-10 (audited) £'000
Profit before taxation	**433**	656	1,724
Adjustments for:			
Depreciation	**175**	153	312
Amortisation of intangibles	**121**	89	187
Impairment of plant, property and equipment	**-**	-	23
Impairment of intangibles	**5**	-	75
Impairment of investments	**-**	-	39
Share based payments expense (IFRS2)	**13**	12	44
(Profit)/Loss on disposal of property plant and equipment	**(5)**	3	2
Government grants	**(3)**	(10)	(20)
Finance costs	**30**	2	20
Finance income	**(4)**	(2)	(7)
Operating cash flows before movement in working capital	**765**	903	2,399
(Increase) /Decrease in inventories	**(199)**	(197)	(587)
(Increase) /Decrease in trade and other receivables	**(582)**	(465)	(843)
(Decrease) /Increase in trade and other payables	**(98)**	1,507	669
Cash generated from operating activities	**(114)**	1,748	1,638

7. SHARE ISSUE

On 23 November 2010 the company issued 6,842,105 new ordinary shares of 1p each, raising £3.9 million before costs. The funds were utilised to repay bank debt, to fund working capital and as a one off royalty payment to Bruce Green, the original inventor of the company's chlorine dioxide chemistry. In return for the one-off cash payment of £700,000, £528,000 of which is included in intangible fixed asset additions, an agreement was reached with Mr Green to halve the ongoing royalty rate from 5% to 2.5%, introduce a fixed term for the royalty contract and eliminate all consultancy fees due to him.