25 February 2015

TRISTEL plc
("Tristel" or the "Company")

Half Yearly Report
Unaudited Interim Results for the six months ended 31 December 2014

Tristel plc (AIM: TSTL), the manufacturer of infection prevention, contamination control and hygiene products, announces its interim results for the six months ended 31 December 2014.

Tristel's lead technology is a proprietary Chlorine dioxide formulation and the Company addresses three distinct markets:

- The Human Healthcare market (hospital infection prevention – via the Tristel brand)
- The Contamination Control market (control of contamination in critical environments – via the Crystel brand)
- The Animal Healthcare market (veterinary practice infection prevention – via the Anistel brand)

Financial highlights

- Revenue up 15% to **£7.4m** (2013: £6.4m)
- International sales up 26% to **£2.4m** (2013: £1.9m)
- Pre-tax profit before share based payments up 57% to **£1.1m** (2013: £0.7m)
- EBITDA up 25% to **£1.5m** (2013: £1.2m)
- Basic EPS up 85% to **1.91p** (2013: 1.03p)
- Interim dividend of **0.585p** per share (2013: 0.36p), an increase of 63%
- Cash generative, with net cash at period end of **£2.9m** (2013: £1.5m)

Commenting on current trading, Paul Swinney, Chief Executive of Tristel, said:
"Tristel has enjoyed another strong performance during the first half. Encouragingly, this has come from all areas of the business, both in the UK and overseas. Our operations in Germany, China and Hong Kong, and Australasia, where we have our own people on the ground, are developing particularly well.

"The balance sheet and cash flow are very sound and we are well placed to continue the growth of our business."

Tristel plc www.tristel.com
Paul Swinney, Chief Executive Tel: 01638 721 500
Liz Dixon, Finance Director

finnCap
Geoff Nash / Charlotte Stranner, Corporate Finance Tel: 020 7220 0500
Stephen Norcross, Corporate Broking

Walbrook PR Ltd Tel: 020 7933 8780 or tristel@walbrookpr.com
Paul McManus Mob: 07980 541 893
Lianne Cawthorne Mob: 07854 391 303

Chairman's statement

This is our tenth year as a public company and I am delighted to be back at the helm as Chairman, albeit on an interim basis.

The first half has been an excellent one for Tristel. The business has now achieved record sales in each consecutive six month period since December 2012. Encouragingly during the first half the growth has come from all areas of the business, both in the United Kingdom and overseas.

Investment for future growth

I have been with this business from the start and continue to be its largest shareholder. I remain convinced, as I was when I first encountered the investment opportunity some twenty years ago, that Tristel's chlorine dioxide technology represents a global opportunity. It addresses neglected areas of infection prevention within our hospitals and it improves patient safety and the work environment of hospital staff. Our vision is still to gain global recognition for our technology as the outstanding biocide for the decontamination of medical devices used in ambulatory care, and for critical surfaces within hospitals.

It is important for our Board to make clear the central themes of our strategy. They are to focus upon healthcare, to sell consumable products that perform essential functions for users at attractive margins whilst remaining a high growth business. If we achieve all these things we will be a profitable business generating superior net margins and return on capital exceeding those of our peers.

We have re-calibrated one of our key strategic financial goals to grow revenue by at least 50% over the next three years from the base line of £13.5m achieved in 2013-14. We have previously expressed this as a straight-line year-by-year goal. If we achieve this level of revenue growth and maintain careful control of our cost base, as we have during the past two years, our pre-tax margin will exceed our strategic goal of 15%. But by maintaining the target at 15% over the medium term it affords the Company the flexibility to invest in new products and markets, including, when we are ready for the challenge, North America, to secure long term sustainable growth and achieve our objective of establishing a global footprint for Tristel's technology.

Management is focussing on establishing a firm foundation for the next phase of future growth. We are in the process of both upscaling and upskilling our business.

Over the last 18 months we have invested £400,000 in creating 20,000 sq ft of new factory, office and warehouse space. The new facility was completed by the end of September 2014 and officially opened on 2 October 2014. The investment programme for this expansion is now complete. During the first half of this year we have invested in the acquisition and implementation of a new enterprise resource planning information system. The capital and revenue investment will total £160,000 by the time it is completed. The first implementation has successfully taken place in our German operation and will have been rolled out across the Group by the end of the financial year. The investment in this programme will then be complete. Investment is also being made in our business development teams in the United Kingdom and in our overseas direct operations, recruiting the next generation of highly qualified individuals to help our senior management team drive the future development of the business.

Regulatory environment in Europe

The regulatory environment within Europe's biocides industry is going through a period of significant change. The Biocidal Products Regulation (BPR) is seeking to harmonise the European market for biocidal active substances and products containing them. The investment required by us over the next three to five years to meet the new regulations will be substantial and will be charged against our profits, but we are a well-resourced business, both in terms of our balance sheet and our skill-base, and we can meet the upcoming challenge. The same is probably not true of many of our smaller competitors and as such there is a significant opportunity for Tristel to gain market share over the coming years.

We are mid-stream in an extensive review of the Group's entire product portfolio so that we can establish where our investment in active substances is best placed. We do not formulate and manufacture products using only our proprietary chlorine dioxide chemistry and we have to evaluate where our involvement in other biocidal (non-chlorine dioxide) actives will make future economic sense. A rationalisation of our portfolio of chemistries may be the result. The objective will be to minimise the investment required to comply with regulations, whilst maintaining revenues via the substitution of non-chlorine dioxide with chlorine dioxide products. Our industry expects the BPR process to take many years to complete. We will report upon progress at the time of our preliminary results in October.

Results

Turnover has increased by 15% from the same period last year to £7.4m (2013: £6.4m). EBITDA has increased by 25% to £1.5m (2013: £1.2m) and profit before tax and share based payments has increased 57% to £1.1m (2013: £0.7m). Our conversion of profit to cash remained strong during the period and net cash increased from £2.6m at 30 June 2014 to £2.9m at 31 December 2014, after capital expenditure of £0.5m and payment of dividends amounting to £0.5m.

Dividends

In October 2011, when we were in the midst of the re-shaping of our product portfolio that was essential to survive the decline in our legacy endoscopy business, we stated that our dividend policy would be two times cover after profits returned to £1.5m, which they now have. We also stated that the interim dividend would be one-quarter of our expectation for the full year pay-out.

The cash generative nature of our business is clearly demonstrated by these interim results and those of last year. My philosophy is that the business should return to shareholders cash which is not required for future earnings enhancing investment. For now we will maintain our policy and we are declaring an interim dividend of 0.585 pence, payable on 13 April 2015 to shareholders on the register at 27 March 2015. The corresponding ex-dividend date is 26 March 2015. This compares to the interim dividend of 0.36 pence last year, and represents an increase of 63%. We will review both our policy and cash requirements of the business at the time of our preliminary results in October.

Outlook

Tristel has a resilient business model based upon repeat use consumable product sales. The business has a good geographical spread which will only expand further as we establish distributorships in more countries. We have a proprietary technology that is supported by widespread patent protection with nearly 100 patents granted (and many more pending) in countries representing two-thirds of the world's population. We have a strong balance sheet and remain both profitable and cash generative. Finally, we have the people, experience of our industry and physical resources to make further progress this year and into the foreseeable future.

Francisco Soler
25 February 2015

CONDENSED CONSOLIDATED INCOME STATEMENT

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

		6 months ended 31-Dec-14 (unaudited) £'000	6 months ended 31-Dec-13 (unaudited) £'000	Year ended 30-Jun-14 (audited) £'000
Revenue	Note 3	**7,412**	6,442	13,470
Cost of sales		**(2,301)**	(1,952)	(4,066)
Gross profit		**5,111**	4,490	9,404
Other income		**-**	-	-
Administrative expenses – share based payments		**(67)**	(22)	(15)
Administrative expenses – depreciation & amortisation		**(422)**	(449)	(885)
Administrative expenses – other		**(3,600)**	(3,296)	(6,685)
Non-recurring items		**-**	-	-
Total administrative expenses		**(4,089)**	(3,767)	(7,585)
Operating profit		**1,022**	723	1,819
Finance income		**7**	2	6
Finance costs		**(4)**	(6)	(10)
Results from equity accounted associate		**8**	5	8
Profit before taxation		**1,033**	724	1,823
Taxation		**(260)**	(155)	(551)
Profit for the period		**773**	569	1,272
Attributable to:				
Non-controlling interests		**-**	156	(26)
Equity holders of the parent		**773**	413	1,298
		773	569	1,272
Earnings per share from continuing operations attributable to equity holders of the parent	Note 4			
Basic (pence)		**1.91**	1.03	3.25
Diluted (pence)		**1.82**	1.03	3.25

All amounts relate to continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	6 months ended 31-Dec-14 (unaudited) £'000	6 months ended 31-Dec-13 (unaudited) £'000	Year ended 30-Jun-14 (audited) £'000
Profit/(loss) for the period	**773**	569	1,272
Other comprehensive income			
Items that will not be reclassified subsequently to Profit and loss			
Exchange differences on translation of foreign operations	**-**	9	15
Items that will be reclassified subsequently to Profit and loss			
Exchange differences on translation of foreign operations	**(11)**	22	34
Other comprehensive income for the period	**(11)**	31	49
Total comprehensive income for the period	**762**	600	1,321
Attributable to:			
Non-controlling interests *	**-**	165	(11)
Equity holders of the parent	**762**	435	1,332
	762	600	1,321

* During the period a 15% minority interest in Tristel Asia limited was purchased by the Group, increasing its holding in the subsidiary to 100%.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Share capital	Share premium account	Merger reserve	Foreign exchange reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
30 June 2013	400	9,151	478	(127)	1,126	11,028	(151)	10,877
Transactions with owners								
Dividends paid	-	-	-	-	(128)	(128)	-	(128)
Share-based payments	-	-	-	-	23	23	-	23
Total transactions with owners	-	-	-	-	(105)	(105)	-	(105)
Profit for the period ended 31 Dec 2013	-	-	-	-	413	413	156	569
Other comprehensive income:- Exchange differences on translation of foreign operations	-	-	-	22	-	22	9	31
Total comprehensive income	-	-	-	22	413	435	165	600
31 December 2013	400	9,151	478	(105)	1,434	11,358	14	11,372
Transactions with owners								
Dividends paid	-	-	-	-	(144)	(144)	-	(144)
Shares issued	2	133	-	-	-	135	-	135
Share-based payments	-	-	-	-	(8)	(8)	-	(8)
Total transactions with owners	2	133	-	-	(152)	(17)	-	(17)
Profit for the period ended 30 Jun 2014	-	-	-	-	885	885	(182)	703
Other comprehensive income:- Exchange differences on translation of foreign operations	-	-	-	12	-	12	6	18
Total comprehensive income	-	-	-	12	885	897	(176)	721
30 Jun 2014	402	9,284	478	(93)	2,167	12,238	(162)	12,076
Transactions with owners								
Dividends paid	**-**	**-**	**-**	**-**	**(512)**	**(512)**	**-**	**(512)**
Shares issued	**5**	**233**	**-**	**-**	**-**	**238**	**-**	**238**
Adjustment for change of controlling interests	-	-	-	**3**	**(172)**	**(169)**	**169**	**-**
Share-based payments	**-**	**-**	**-**	**-**	**67**	**67**	**-**	**67**
Total transactions with owners	**5**	**233**	**-**	**3**	**(617)**	**(376)**	**169**	**(207)**
Profit for the period ended 31 Dec 2014	-	-	-	-	**773**	**773**	-	**773**
Other comprehensive income:- Exchange differences on translation of foreign operations	-	-	-	**(11)**	-	**(11)**	-	**(11)**
Total comprehensive income	**-**	**-**	**-**	**(11)**	**773**	**762**	**-**	**762**
31 Dec 2014	**407**	**9,517**	**478**	**(101)**	**2,323**	**12,624**	**7**	**12,631**

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014

	31-Dec-14	31-Dec-13	30-Jun-14
	(unaudited)	(unaudited)	(audited)
	£'000	£'000	£'000
Non-current assets			
Goodwill	667	667	667
Intangible assets	5,593	5,584	5,637
Property, plant and equipment	1,319	1,159	1,277
Deferred tax	44	306	83
	7,623	7,716	7,664
Current assets			
Inventories	1,997	1,836	2,063
Trade and other receivables	2,764	2,431	2,690
Cash and cash equivalents	2,945	1,621	2,664
	7,706	5,888	7,417
Total assets	**15,329**	13,604	15,081
Capital and reserves attributable to the Company's equity holders			
Called up share capital	407	400	402
Share premium account	9,517	9,151	9,284
Merger reserve	478	478	478
Foreign exchange reserves	(101)	(105)	(93)
Retained earnings	2,323	1,434	2,167
Equity attributable to equity holders of parent	**12,624**	11,358	12,238
Minority interest	**7**	14	(162)
Total Equity	**12,631**	11,372	12,076
Current liabilities			
Trade and other payables	2,109	1,955	2,538
Interest bearing loans and borrowings	27	55	42
Current tax liabilities	329	196	213
Total current liabilities	**2,465**	2,206	2,793
Non-current liabilities			
Interest bearing loans and borrowings	-	26	8
Deferred tax	233	-	204
Total liabilities	**2,698**	2,232	3,005
Total equity and liabilities	**15,329**	13,604	15,081

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

		6 months ended 31-Dec-14 (unaudited) £'000	6 months ended 31-Dec-13 (unaudited) £'000	Year ended 30-Jun-14 (audited) £'000
Cash flows generated from operating activities				
Cash generated from operating activities	Note 6	**1,070**	1,628	3,250
Corporation tax		**(70)**	(28)	21
		1,000	1,600	3,271
Cash flows used in investing activities				
Interest received		**7**	2	6
Purchase of intangible assets		**(181)**	(197)	(479)
Purchase of property, plant and equipment		**(244)**	(285)	(677)
Proceeds on sale of property, plant and equipment		**8**	16	72
		(410)	(464)	(1,078)
Cash flows used in financing activities				
Loans repaid		**(25)**	(36)	(66)
Interest paid		**-**	(6)	(10)
Share issues		**238**	-	135
Equity dividends paid		**(512)**	(128)	(272)
		(299)	(170)	(213)
Increase in cash and cash equivalents		**291**	966	1,980
Cash and cash equivalents at the beginning of the period		**2,664**	627	627
Exchange difference on cash and cash equivalents		**(10)**	28	57
Cash and cash equivalents at the end of the period		**2,945**	1,621	2,664

1. PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

For the year ended 30 June 2014, 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 2015. 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 2014. 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 2014. 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 consistent with the most recent annual financial statements being those for the year ended 30 June 2014.

2 PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information for the six months ended 31 December 2014 and 31 December 2013 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 2014 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 Board considers the Group's revenue lines to be split into three operating segments, which span the different Group entities. The operating segments consider the nature of the product sold, the nature of production, the class of customer and the method of distribution. The Group's operating segments are identified from the information which is reported to the chief operating decision maker.

The first segment concerns the manufacture, development and sale of infection control and hygiene products which incorporate the Company's chlorine dioxide chemistry, and are used primarily for infection control in hospitals ("Human Health"). This segment generates approximately 86% of Group revenues.

The second segment, which constitutes 5% of the business activity, relates to manufacture and sale of disinfection and cleaning products, principally into veterinary and animal welfare sectors ("Animal Health").

The third segment addresses the pharmaceutical and personal care manufacturing industries ("Contamination Control"). This activity has generated 9% of the Group's revenue for the period.

The operation is monitored and measured on the basis of the key performance indicators of each segment, these being revenue and gross profit; strategic decisions are made on the basis of revenue and gross profit generating from each segment.

The Group's centrally incurred administrative expenses, operating income, assets and liabilities are not attributable to individual segments.

3 SEGMENTAL ANALYSIS - continued

	6 months ended 31 December 2014 (unaudited)				**6 months ended 31 December 2013 (unaudited)**				**Year ended 30 June 2014 (audited)**			
	Human Health	**Animal Health**	**Cont'n Control**	**Total**	**Human Health**	**Animal Health**	**Cont'n Control**	**Total**	**Human Health**	**Animal Health**	**Cont'n Control**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	**6,322**	**397**	**693**	**7,412**	5,536	327	579	6,442	11,518	762	1,190	13,470
Cost of material	**(1,798)**	**(153)**	**(350)**	**(2,301)**	(1,549)	(121)	(282)	(1,952)	(3,216)	(255)	(595)	(4,066)
Gross profit	**4,524**	**244**	**343**	**5,111**	3,987	206	297	4,490	8,302	507	595	9,404
Centrally incurred income and expenditure not attributable to individual segments:-												
Dep'n & amort'n of non- financial assets				**(422)**				(449)				(885)
Other administrative expenses				**(3,600)**				(3,296)				(6,685)
Share based payments				**(67)**				(22)				(15)
Segment operating profit				**1,022**				723				1,819
Segment operating profit can be reconciled to Group profit before tax as follows:-												
Segment operating profit				**1,022**				723				1,819
Results from equity accounted associate				**8**				5				8
Finance income				**7**				2				6
Finance costs				**(4)**				(6)				(10)
Group profit				**1,033**				724				1,823

The Group's revenues from external customers are divided into the following geographical areas:

	6 months ended 31 December 2014 (unaudited)				**6 months ended 31 December 2013 (unaudited)**				**Year ended 30 June 2014 (audited)**			
	Human healthcare	**Animal healthcare**	**Cont'n control**	**Total**	**Human healthcare**	**Animal healthcare**	**Cont'n control**	**Total**	**Human healthcare**	**Animal healthcare**	**Cont'n Control**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom	**4,230**	**258**	**518**	**5,006**	3,809	231	451	4,491	7,439	550	950	8,939
Rest of the World	**2,092**	**139**	**175**	**2,406**	1,727	96	128	1,951	4,079	212	240	4,531
Group Revenues	**6,322**	**397**	**693**	**7,412**	5,536	327	579	6,442	11,518	762	1,190	13,470

4 EARNINGS PER SHARE

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

	6 months ended 31 December 2014 (unaudited)	6 months ended 31 December 2013 (unaudited)	Year ended 30 June 2014 (audited)
Retained profit for the period attributable to equity holders of the parent	**773**	413	1,298
	Shares '000 Number	**Shares '000 Number**	**Shares '000 Number**
Weighted average number of ordinary shares for the purpose of basic earnings per share	**40,523**	39,985	39,989
Share options	**2,127**	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**42,650**	39,985	39,989
Earnings per ordinary share			
Basic (pence)	**1.91**	1.03	3.25
Diluted (pence)	**1.82**	1.03	3.25

5 DIVIDENDS

	6 months ended 31 December 2014 (unaudited) £'000	6 months ended 31 December 2013 (unaudited) £'000	Year ended 30 June 2014 (audited) £'000
Amounts recognised as distributions to equity holders in the period:			
Ordinary shares of 1p each			
Final dividend for the year ended 30 June 2014 of 1.26p (2013: 0.32p) per share	**512**	128	128
Interim dividend for the year ended 30 June 2014 of 0.36p (2013: 0.08p) per share	**-**	-	144
	512	128	272
Proposed interim dividend for the year ending 30 June 2015 of 0.585p (2014: 0.36p) per share	**-**	144	512

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

6 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	6 months ended	**6 months ended**	**Year ended**
	31-Dec-14	**31-Dec-13**	**30-Jun-14**
	(unaudited)	**(unaudited)**	**(audited)**
	£'000	**£'000**	**£'000**
Profit/(loss) before taxation	**1,033**	724	1,823
Adjustments for:			
Depreciation	**198**	207	416
Amortisation of intangibles	**224**	242	469
Results from associates	**(8)**	5	(8)
Share based payments expense (IFRS2)	**67**	22	15
(Profit)/loss on disposal of property plant and equipment	**(4)**	(3)	2
Loss on disposal of intangible asset	**-**	-	5
Finance costs	**4**	6	10
Finance income	**(7)**	(2)	(6)
Operating cash flows before movement in working capital	**1,507**	1,201	2,726
Decrease/(increase) in inventories	**66**	32	(195)
(Increase)/decrease in trade and other receivables	**(74)**	123	(136)
(Decrease)/increase in trade and other payables	**(429)**	272	855
Cash generated from / (used in) operating activities	**1,070**	1,628	3,250