25 February 2019

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

Half-year Report
Unaudited Interim Results for the six months ended 31 December 2018

Tristel plc (AIM: TSTL), the manufacturer of infection prevention and contamination control products utilising proprietary chlorine dioxide chemistry, announces its interim results for the six months ended 31 December 2018, ahead of guidance at the December AGM.

Financial highlights

- Revenue up 12% to **£12m** (2017: £10.7m)
- Overseas sales up 19% to **£6.4m** (2017: £5.4m), representing 53% of total sales (2017: 50%)
- Gross margin increased to **78%** from 75% in 2017
- EBITDA before share-based payments up 19% to **£3.2m** (2017: £2.7m)
- PBT before share-based payments up 20% to **£2.4m** (2017: £2m). Unadjusted PBT of **£2.2m** (£1.8m)
- EPS before share-based payments up **13%** to 4.5p (2017: 4p). Unadjusted EPS of **4.05p** (2017: 3.62p)
- Interim dividend of **2.04p** per share (2017: 1.6p), up 28%
- Cash of **£4.5m** (2017: £4.9m), after £2.96m paid in November for the Ecomed companies ("Ecomed Group")

Operational highlights

- Successful integration of the Ecomed Group acquired on 15 November 2018
- Received second expanded USA Environmental Protection Agency (EPA) approval for Duo surface disinfectant and first EPA approval for Jet surface disinfectant
- Successfully transferred the responsibility for CE marking Tristel's medical device products from BSI UK to BSI Amsterdam to mitigate Brexit-related risks
- Established a warehouse hub in Antwerp and leased a new 23,000 sq ft warehouse in Newmarket

Commenting on current trading, Paul Swinney, Chief Executive of Tristel, said: *"We are very pleased with our progress in the first half. Sales growth has been in the middle of our target range.*

Sales benefitted from just over one month's contribution of £0.4m from the Ecomed Group, whose audited and adjusted EBITDA for the calendar year 2018 of €1.17m compares to a threshold target of €0.84m, meaning that the conditions of the acquisition earn-out have already been met. We expect a solid contribution from Ecomed Group in the second half and for the acquisition to be materially earnings enhancing in the years ahead.

Sales growth in the UK human health division, which accounts for 84% of all UK sales, was up by 8% half-on-half. This is encouraging given that UK sales growth has been relatively flat for the past few years. Moreover, overseas sales continued to grow at a very healthy rate of 19%.

We continue to advance our USA regulatory project although the exact timing of further approvals remains hard to predict. This project commenced in 2015 and the cumulative investment made to end December 2018 has been £1.3m, with costs of £0.1m incurred in the first half.

The re-shaping of our Board has progressed with the appointment of Bart Leemans as an Executive Director and Dr Bruno Holthof as a Non-Executive Director.

We have put in place the best plans that we think possible to mitigate the potential effects of a no-deal Brexit and look forward with a high degree of confidence".

www.tristel.com

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Chairman's Statement

The Company has had a good first half, growing revenues by 12%. In mid-November we concluded the acquisition of the Ecomed Group which has given us a direct presence in Belgium, the Netherlands and France. The significance of this acquisition is that we are now directly represented throughout most of continental Europe and have a combined sales force in the UK and Europe of 31 people, up from 19 at 31 December 2017.

Encouragingly, the UK hospital business grew sales by 8% half-on-half after a period of flat performance. Our recently introduced new surface disinfectants have helped drive this uptick in sales growth. Further afield, Hong Kong delivered an excellent performance following our decision this time last year to establish a direct presence in that market. Only China, where we have a small four-person team, took a backward step. This was planned as we moved away from selling a capital equipment product through national distributors to concentrate our efforts on selling our consumable medical device disinfectants directly to hospitals, and to limit our focus to only Shanghai and Beijing hospitals for the next 12 months.

We were able to increase gross margin by 3% through a combination of better buying, product sales mix and efficiency gains. Operating expenses excluding the share-based payment charge increased by 16% half-on-half but were inflated by overhead of the Ecomed Group of £0.2m, and one-off acquisition costs of £0.2m. Excluding these Ecomed Group related costs, underlying operating expenses increased by 9%. The pre-tax margin before share-based payments increased by 1% to 20%.

The combination of organic growth and selective acquisition prepares us well to meet our revenue growth target of 10% to 15% this year. The table below shows the progress that we are making around the globe.

Global sales	First half 2018-19	First half 2017-18	Period-on-period growth	Period-on-period growth at constant currency
	£m	£m	%	%
Australia (subsidiary)	1.25	1.16	8%	15%
New Zealand (subsidiary)	0.41	0.37	11%	15%
Hong Kong (subsidiary)	0.46	0.22	109%	115%
China (subsidiary)	0.10	0.30	(67%)	(69%)
Germany & Central Europe (subsidiaries)	2.23	1.95	14%	13%
Northern Europe (subsidiaries)	0.40		100%	100%
All other overseas markets (distributors)	1.56	1.37	14%	14%
Total overseas sales	**6.41**	**5.37**	**19%**	**21%**
Total UK sales	**5.60**	**5.35**	**5%**	**5%**
Of which:				
Human health	4.73	4.40	8%	
Animal health	0.29	0.33	(12%)	
Contamination control	0.58	0.62	(6%)	
Global sales	**12.01**	**10.72**	**12%**	**13%**

USA regulatory project and our global outlook

In 2015 we announced our intention to seek regulatory approvals in the USA to enable us to enter the hospital market. With no prior experience of working with the USA government agencies, at the project's outset we were only able to estimate the cost and time the project might take with the advice of advisors. Consequently, from the start of the project we imposed a control measure on ourselves which has been to maintain a pre-tax margin before share-based payments of at least 17.5% whilst expensing all project costs. The table below summarises our progress to date.

Financial Year 30th June	**Agency: EPA** Product purpose: Surface disinfectant	**Agency: FDA** Product purpose: High-Level Medical Device disinfectant	Commercial achievements
2015	• Portfolio screening, engagement of consultants, selection of regulatory pathway • Selection of Duo for both EPA & FDA		
2016	• Standard EPA pathway to be pursued	• 01/16, 1st FDA pre-submission meeting request • 04/16, 1st FDA consultation • FDA 510(K) Predicate [1] pathway accepted	
2017	• 09/16, EPA pre-submission meeting request • 10/16, EPA consultation • 06/17, 1st EPA submission	• 11/16, 2nd FDA pre-submission meeting request • 02/17, 2nd FDA consultation	
2018	• 11/17, additional data requirements submitted • **4/18, 1st EPA approval granted**		• 11/17, Incorporated Tristel Inc. • 03/18 Manufacturing and marketing agreement with Parker Laboratories Inc.
2019	• 07/18, 2nd EPA submission – 21 additional micro claims for Duo & 1st application for Jet • **01/19, 2nd EPA approval granted – 14 claims admitted for Duo, and Jet approved**	• 07/18, pre-submission review lodged with FDA for written feedback • 9/18, FDA feedback received – advised by FDA to pursue De Novo[2] pathway	

[1] Predicate is following a previously granted pathway precedent
[2] De Novo pathway is one where the Company has to prepare and submit data and finding without reference to a previously approved pathway precedent

Just as we had no prior experience of obtaining regulatory approval in the USA, the EPA and FDA had no prior experience of chlorine dioxide, our proprietary chemistry, when used for medical device disinfection. Whilst these have been significant hurdles to overcome, we have succeeded in making considerable progress during the past four years. Conferring with consultants, peer companies and industry experts, we are led to believe that we should not be dismayed by the time it has taken to reach the point we are at today; nor by the cumulative cost, which amounted at 31 December 2018 to £1.3m. To date, we have met our goal of protecting the Group's pre-tax margin (before share-based payments), exceeding our minimum threshold in each of the past four years.

We have not included any contribution to revenue and profit from the USA in our internal budget for the current financial year (which is the final year of a three-year plan that we shared with our shareholders in 2016-17). There is also no material contribution from the USA in our market forecasts for this financial year and next. In July 2019, at our shareholder open day, we intend to set out our targets for the next three years to 2021-22. Again, we will not incorporate into that plan any revenue or profit contribution from the United States; and we will only do so once an FDA approval has been granted.

Furthermore, we have decided that our most prudent approach is to postpone commercialising the EPA approvals already obtained for our Duo and Jet products until we have greater visibility of the way ahead for the FDA project. We received the FDA's feedback on 25 September 2018 to the pre-submission written review which we lodged in July 2018. Their feedback was to follow a De Novo pathway rather than the Predicate pathway. We have digested the implications of this advice and have commenced the human factors and usability engineering evaluation and additional microbiological efficacy testing that are now required. We have started with a pilot human factors study and will submit the data generated to the FDA for further guidance before proceeding further. Given the opacity of the American regulatory system we conclude that at this moment it would be folly to try and predict when we may finally achieve FDA approval, but we will continue to invest in the FDA project and pursue that future approval.

To exploit the same market opportunity in the USA hospital market that we enjoy everywhere else in the world we ideally require approvals from both agencies. We will pursue a different commercial strategy with both than we would with one only, and it would be premature to push further and faster with Duo and Jet as surface disinfectants until the way forward with the FDA is clear.

In the first half our business generated a pre-tax margin before share-based payments of 20% which would have been 21% if USA costs were excluded. The Group's achievements to date have been founded upon our presence in a global marketplace that excludes the USA. Our geographical footprint covers 40 countries in which we already have the regulatory approvals required to sell our products. Many significant regulatory submissions which will open markets such as India and South Korea are close to grant: all achieved at a fraction of the cost of the USA.

Ecomed Group earn-out and share issue

In accordance with the terms of the acquisition agreement, the earn-out conditions have been met and the deferred consideration of €1.8m is payable in full. The vendors have elected to receive €384,300 of the consideration by the issue of ordinary shares at 242.7 pence and a cash payment of €1,415,700. The issue price of 242.7 pence was the price agreed for the consideration shares in the acquisition agreement. The exact number of shares to be issued will be determined on the consideration settlement date of 28 February with reference to the closing €/£ exchange rate on 27 February.

Earnings and Dividends

Adjusted earnings per share (EPS), before share-based payments, were 4.5 pence, up 13% from 4 pence last year. Basic EPS were 4.05 pence, a 12% increase from last year.

The Company has continued to be highly cash generative and on 31 December 2018 the cash balance was £4.5m (2017: £4.9m). Our cash balance followed the payment in November of the initial cash consideration payment for the Ecomed Group of £2.96m.

In line with the Company's ordinary dividend policy, the Board is recommending that the interim dividend is 2.04 pence (2017: 1.6 pence), an increase of 28%. The interim dividend will be paid on 30 April 2019 to shareholders on the register on 29 March 2019, with an ex-dividend date of 28 March 2019.

Outlook

The prospects for the Company remain very encouraging and we look forward to further progress in the second half of the year and beyond.

Paul Barnes
Chairman
25 February 2019

Condensed Consolidated Income Statement for the six months ended 31 December 2018

	Note	6 months ended 31-Dec-18 (unaudited) £'000	6 months ended 31-Dec-17 (unaudited) £'000	Year ended 30-Jun-18 (audited) £'000
Revenue	2	12,018	10,727	22,220
Cost of sales		(2,600)	(2,643)	(5,040)
Gross profit		9,418	8,084	17,180
Admin expenses - share based payments		(196)	(164)	(665)
Admin expenses - depreciation and amortisation		(781)	(713)	(1,564)
Admin expenses - other		(6,252)	(5,367)	(10,971)
Total administrative expenses		(7,229)	(6,244)	(13,200)
Operating profit		2,189	1,840	3,980
Finance income		2	1	2
Other income		(1)	-	-
Results from equity accounted associate		16	8	24
Profit before taxation		2,206	1,849	4,006
Taxation		(433)	(296)	(734)
Profit for the period		1,773	1,553	3,272
Attributable to:				
Equity holders of the parent		1,773	1,553	3,272
		1,773	1,553	3,272
Earnings per share from continuing operations attributable to equity holders of the parent				
Basic (pence)	4	4.05	3.62	7.62
Diluted (pence)		3.92	3.46	7.33

The above results were derived from continuing operations.

Condensed Consolidated Statement of Comprehensive Income for the six months ended 31 December 2018

	6 months ended 31-Dec-18 (unaudited) £'000	6 months ended 31-Dec-17 (unaudited) £'000	Year ended 30-Jun-18 (audited) £'000
Profit for the period	1,773	1,553	3,272
Items that will be reclassified subsequently to Profit and loss			
Exchange differences on translation of foreign operations	25	6	(112)
Other comprehensive income for the period	25	6	(112)
Total comprehensive income for the period	1,798	1,559	3,160
Attributable to:			
Equity holders of the parent	1,798	1,559	3,160
	1,798	1,559	3,160

Condensed Consolidated Statement of Financial Position as at 31 December 2018

	6 months ended 31-Dec-18 (unaudited) £'000	6 months ended 31-Dec-17 (unaudited) £'000	Year ended 30-Jun-18 (audited) £'000
Non-current assets			
Investment	709	589	589
Goodwill and other Intangible assets	12,738	6,815	6,952
Property, plant and equipment	1,339	1,518	1,328
Deferred tax asset	195	-	399
	14,981	8,922	9,268
Current assets			
Inventories	2,768	2,226	2,279
Trade and other receivables	4,650	3,871	4,332
Cash and cash equivalents	4,486	4,945	6,661
	11,904	11,042	13,272
Total assets	26,885	19,964	22,540
Capital and reserves			
Called up share capital	443	429	432
Share premium account	11,227	10,892	11,058
Merger reserve	1,865	478	478
Foreign exchange reserves	(41)	52	(66)
Retained earnings	7,184	4,986	6,518
Equity attributable to equity holders of parent	20,678	16,837	18,420
Non-controlling interests	7	7	7
Total equity	20,685	16,844	18,427
Current liabilities			
Trade and other liabilities	3,491	2,296	3,201
Contingent liability	1,567	-	-
Current tax liabilities	973	639	707
Total current liabilities	6,031	2,935	3,908
Non-current liabilities			
Deferred tax liability	169	185	205
Total liabilities	6,200	3,120	4,113
Total equity and liabilities	26,885	19,964	22,540

Condensed Consolidated Statement of Changes in Equity for the six months ended 31 December 2018

	Share Capital	Share Premium	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 2017	427	10,705	478	46	4,399	16,055	7	16,062
Transactions with owners								
Dividends paid	-	-	-	-	(1,130)	(1,130)	-	(1,130)
Shares issued	2	187	-	-	-	189	-	189
Share-based payments	-	-	-	-	164	164	-	164
Total transactions with owners	2	187	-	-	(966)	(777)	-	(777)
Profit for the period ended 31 December 2017	-	-	-	-	1,553	1,553	-	1,553
Other comprehensive income :-								
Exchange differences on translation of foreign operations	-	-	-	6	-	6	-	6
Total comprehensive income	-	-	-	6	1,553	1,559	-	1,559
31 December 2017	429	10,892	478	52	4,986	16,837	7	16,844
Transactions with owners								
Dividends paid	-	-	-	-	(688)	(688)	-	(688)
Shares issued	3	166	-	-	-	169	-	169
Share-based payments	-	-	-	-	501	501	-	501
Total transactions with owners	3	166	-	-	(187)	(18)	-	(18)
Profit for the period ended 30 June 2018	-	-	-	-	1,719	1,719	-	1,719
Other comprehensive income :-								
Exchange differences on translation of foreign operations	-	-	-	(118)	-	(118)	-	(118)
Total comprehensive income	-	-	-	(118)	1,719	1,601	-	1,601
30 June 2018	432	11,058	478	(66)	6,518	18,420	7	18,427
Transactions with owners								
Dividends paid	-	-	-	-	(1,303)	(1,303)	-	(1,303)
Shares issued	11	169	1,387	-	-	1,567	-	1,567
Share-based payments	-	-	-	-	196	196	-	196
Total transactions with owners	11	169	1,387	-	(1,107)	460	-	460
Profit for the period ended 31 December 2018	-	-	-	-	1,773	1,773	-	1,773
Other comprehensive income :-								
Exchange differences on translation of foreign operations	-	-	-	25	-	25	-	25
Total comprehensive income	-	-	-	25	1,773	1,798	-	1,798
31 December 2018	443	11,227	1,865	(41)	7,184	20,678	7	20,685

Condensed Consolidated Statement of Cash Flows for the six months ended 31 December 2018

	6 months ended 31-Dec-2018 (unaudited) £'000	6 months ended 31-Dec-2017 (unaudited) £'000	Year ended 30-Jun-2018 (audited) £'000
Cash flows from operating activities			
Profit before tax	2,206	1,849	4,006
Adjustments to cash flows from non-cash items			
Depreciation of plant, property & equipment	337	276	548
Amortisation of intangible asset	444	437	950
Impairment of intangible asset	-	-	67
Share based payments - IFRS 2	196	164	665
(Profit)/loss on disposal of property, plant and equipment	(14)	-	(17)
Unrealised loss in foreign exchange	-	-	(78)
Finance income	(2)	(1)	(2)
	3,167	2,725	6,139
Working capital adjustments			
(Increase)/decrease in inventories	(489)	66	13
(Increase) in trade and other receivables	(285)	(126)	(587)
Increase/(decrease) in trade and other payables	290	(851)	54
Corporation tax paid	(3)	(375)	(1,124)
Net cash flow from operating activities	2,680	1,439	4,495
Cash flows from investing activities			
Interest received	2	1	2
Purchase of intangible assets	(382)	(263)	(997)
Purchase of investments	(3,080)	-	-
Purchase of property plant and equipment	(316)	(402)	(516)
Proceeds from sale of property plant and equipment	19	17	63
Net cash used in investing activities	(3,757)	(647)	(1,448)
Cash flows from financing activities			
Share issues	180	189	358
Dividends paid	(1,303)	(1,130)	(1,818)
Net cash used in financing activities	(1,123)	(941)	(1,460)
Net (Decrease)/increase in cash and cash equivalents	(2,200)	(149)	1,587
Cash and cash equivalents at the beginning of the period	6,661	5,088	5,088
Exchange differences on cash and cash equivalents	25	6	(14)
Cash and cash equivalents at the end of the period	4,486	4,945	6,661

Notes to the Financial Statements for the six months ended 31 December 2018

1 Accounting policies

Basis of Preparation

For the year ended 30 June 2018, the Group prepared consolidated financial statements under International Financial Reporting Standards ('IFRS') as adopted by the European Commission. 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) which are effective from 1 July 2018.

Standards effective from 1 January 2018

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2018:

• IFRS 9 Financial instruments (effective 1 January 2018)
• IFRS 15 Revenue from contracts with customers (effective 1 January 2018)

IFRS 15 - 'Revenue from contracts with customers' was adopted for the financial year commencing 1 July 2018. Under IFRS 15 the company must evaluate contracts with customers to determine the distinct performance obligations and consider the appropriate timing of revenue recognition based on when control of the product sales has passed to the buyer. Whilst the new financial reporting standard represents significant new guidance, the implementation of this guidance has not had a significant impact on the timing or amount of revenue recognised by the Group in any year.

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 2018.

The financial information for the six months ended 31 December 2018 and 31 December 2017 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 2018 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.

2 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 91% of Group revenues.

The second segment, which constitutes 3% 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 6% 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 and operating income are not attributable to individual segments.

2 Segmental Analysis (continued)

	6 Months ended 31 December 2018 (unaudited)				6 Months ended 31 December 2017 (unaudited)				Year ended 30 June 2018 (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
Revenue	10,919	413	686	12,018	9,535	488	704	10,727	19,869	919	1,432	22,220
Cost of material	(2,216)	(145)	(239)	(2,600)	(2,213)	(179)	(251)	(2,643)	(4,161)	(369)	(510)	(5,040)
Gross profit	8,703	268	447	9,418	7,322	309	453	8,084	15,708	550	922	17,180
Centrally incurred income and expenses not attributable to individual segments:												
Depreciation and amortisation of non-financial assets				**(781)**				(713)				(1,564)
Other administrative expenses				**(6,252)**				(5,367)				(10,971)
Share-based payments				**(196)**				(164)				(665)
Segment operating profit				**2,189**				1,840				3,980
Segment operating profit can be reconciled to Group profit before tax as follows:												
Segment operating profit								1,840				3,980
Finance income				**2**				1				2
Finance costs				**(1)**				-				-
Results from equity accounted associate				**16**				8				24
Group profit				**2,206**				1,849				4,006

2 Segmental Analysis (continued)

	6 Months ended 31 December 2018 (unaudited)				6 Months ended 31 December 2017 (unaudited)				Year ended 30 June 2018 (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	4,731	295	584	5,610	4,397	337	620	5,354	8,912	665	1,258	10,835
Germany	1,995	-	16	2,011	1,881	-	27	1,908	3,989	-	34	4,023
Rest of the World	4,193	118	86	4,397	3,257	151	57	3,465	6,973	254	135	7,362
	10,919	413	686	12,018	9,535	488	704	10,727	19,874	919	1,427	22,220

3 Dividends

Amounts recognised as distributions to equity holders in the year:

	6 months ended 31 December 2018 (unaudited) £'000	6 months ended 31 December 2017 (unaudited) £'000	Year ended 30 June 2018 (audited) £'000
Ordinary shares of 1p each			
Final dividend for the year ended 30 June 2018 of 2.98p (2017:2.63p) per share **	1,303	1,130	1,130
Interim dividend for the year ended 30 June 2018 of 1.60p (2017: 1.40p) per share	-	-	688
	1,303	1,130	1,818
Proposed interim dividend for the year ended 30 June 2019 of 2.04p (2018: 1.60p) per share	893	688	-

** Based on shares in issue at 14 December 2018 of 43,730,048

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

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 2018 (unaudited)	6 months ended 31 December 2017 (unaudited)	Year ended 30 June 2018 (audited)
	£'000	**£'000**	**£'000**
Retained profit for the financial year attributable to equity holders of the parent	1,773	1,553	3,272
	Shares '000 Number	**Shares '000 Number**	**Shares '000 Number**
Weighted average number of ordinary shares for the purpose of basic earnings per share	43,744	42,884	42,956
Share options	1,511	1,942	1,688
	45,255	44,826	44,644
Earnings per ordinary share			
Basic (pence)	4.05	3.62	7.62
Diluted (pence)	3.92	3.46	7.33
	£'000	**£'000**	**£'000**
Retained profit for the financial year attributable to equity holders of the parent	1,773	1,553	3,272
Adjustments:			
Share based payments	196	164	665
Net adjustments	196	164	665
Adjusted earnings	1,969	1,717	3,937
Adjusted basic earnings per ordinary share (pence)	4.50	4.00	9.16

5 Acquisition

Ecomed

In November 2018, the Group acquired the operations of Ecomed in Belgium, Netherlands and France for initial consideration of €3.4 million in cash and €1.6 million from the issue of 573,860 shares at 242.7 pence each and a further earn out of €1.8m which was contingent on adjusted EBITDA targets for the 2018 calendar year. The targets were exceeded, and the maximum earn out is to be settled on 28 February 2019 by a cash payment of €1,415,700 and €384,300 by the issue of ordinary shares. The shares will be issued at a price of 242.7 pence and the exact number to be issued will be determined on the settlement date by reference to the closing €/£ exchange rate on 27 February 2019.